

#### 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 AND SEEK PROFESSIONAL ADVICE, BEFORE MAKING ANY INVESTMENT DECISION.

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

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

#### ADVICE FOR INSTITUTIONAL INVESTORS AND HIGH NET WORTH INDIVIDUAL INVESTORS IN CASE OF BOOK BUILDING

Submission of Multiple Bids and Consolidated Bids is not allowed under the Public Offering Regulations, 2017. For details, please refer section 12 of the Prospectus



## ZAREA LIMITED (FORMERLY VISION 2A PRIVATE LIMITED)

### Initial Public Offering Prospectus

**Date and place of incorporation:** September 16<sup>th</sup>, 2020, Lahore | INCORPORATION NUMBER: 0158011 | REGISTERED ADDRESS: Zarea Limited, Delta 6 Office No. 6011, NASTP, Abid Majeed Road Lahore Cantt., Pakistan Zarea Limited: Mr. Ali Alam Qamar (Chief Executive Officer), Phone: +92-42-32176455 Email: [ceo@zarea.pk](mailto:ceo@zarea.pk) | Syed Muhammad Akram (Company Secretary), Phone: +92-42-32176455, Email: [cosecretary@zarea.pk](mailto:cosecretary@zarea.pk) | Mr. Usman Iftikhar (Chief Investment Officer), Phone: +92-42-32176455, Email: [cio@zarea.pk](mailto:cio@zarea.pk) | WEB ADDRESS: <https://zarea.pk/>

**Issue Size:** 62,500,000 Ordinary Shares equivalent to 23.81% of the total post-IPO paid up capital of Zarea Limited of face value of PKR 1.0/- each.

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

**Book Building Method & Floor Price:** The entire issue will be offered through the Book Building at a floor Price of PKR 16/- per share (including premium of PKR 15/- per share) with a maximum price band of up to 40% i.e., PKR 22.4 per share. Justification of premium is given under "Valuation Section" in section 4A. The bidders shall be allowed to place bids for hundred percent (100%) of the Issue size and the Strike Price shall be the price at which the hundred percent (100%) of the Issue is subscribed. However, the successful bidders shall be provisionally allotted only seventy-five percent (75%) of the Issue size i.e., 46,875,000 shares and the remaining twenty five percent (25%) i.e., 15,625,000 shares shall be offered to the retail investors through general public portion. In case retail portion of the Issue remains unsubscribed, the unsubscribed shares will be allotted to the successful bidders on pro rata basis.

**Retail/General Public Portion:** General Public portion of the Issue comprises of 15,625,000 Ordinary Shares (25% of total Issue) at the Strike Price. In case retail portion of the Issue remains unsubscribed, the unsubscribed shares will be allotted to the successful Bidders of Book Building on a pro rata basis.

**Public comments:** Draft Prospectus was placed on PSX's website for seeking public comments starting from 28<sup>th</sup> October 2024 to 4<sup>th</sup> November 2024. Public comments received were duly responded back by the Joint Consultant to the Issue.

**REGISTRATION OF ELIGIBLE INVESTORS:** The registration of eligible investors will commence at 9:00 am on 6<sup>th</sup> February 2025 and will close at 3:00 pm on 11<sup>th</sup> February 2025. For further details please refer to section 12.1.9.

**BIDDING PERIOD DATES:** From 10<sup>th</sup> February 2025 to 11<sup>th</sup> February 2025 (both days inclusive) From: 9:00 am to 5:00 pm

**DATES OF PUBLIC SUBSCRIPTION:** From 17<sup>th</sup> February 2025 to 18<sup>th</sup> February 2025 (both days inclusive) From: 9:00 am to 5:00 pm

<b>Joint Consultant to the Issue &amp; Book Runner</b>  	<b>Book Building Portion will be Credit Underwritten by</b>  
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#### **Bankers to the Book Building portion of the Issue:**

Faysal Bank Limited

#### **Bankers for the Retail portion of the Issue:**

Faysal Bank Limited	Meezan Bank Limited	Dubai Islamic Bank Limited
MCB Bank Limited	JS Bank Limited	United Bank Limited

For Retail portion, investors can submit application(s) through both electronic and physical mode. Electronic/online applications can be submitted through PSX's e-IPO system (PES) and CDC's Centralized E-IPO system (CES). PES can be accessed via web link <https://eipo.psx.com.pk> and CES can be accessed via web link [www.cdceipo.com](http://www.cdceipo.com); ILink through Memo dated August 22, 2024 has instructed all its member banks to remove the limits on transfer of funds for transactions executed through eIPO platforms. For details, please refer to section 13.1.4 of the Prospectus.

#### **Date of Publication of this Prospectus: 31<sup>st</sup> January 2025**

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

#### **For further queries you may contact**

**Zarea Limited:** Mr. Ali Alam Qamar (Chief Executive Officer), Phone: +92-42-32176455 Email: [ceo@zarea.pk](mailto:ceo@zarea.pk) | Syed Muhammad Akram (Company Secretary), Phone: +92-42-32176455, Email: [cosecretary@zarea.pk](mailto:cosecretary@zarea.pk) | Mr. Usman Iftikhar (Chief Investment Officer), Phone: +92-42-32176455, Email: [cio@zarea.pk](mailto:cio@zarea.pk) **Topline Securities Limited:** Muhammad Ismail (Senior Associate - Corporate Finance) Phone: +92-21-35303330 EXT: 151; E-mail: [ismail@topline.com.pk](mailto:ismail@topline.com.pk) and Abdul Hafeez (Associate - Corporate Finance), Phone: +92-21-35303330 EXT: 151; E-mail: [Abdul.Hafeez@topline.com.pk](mailto:Abdul.Hafeez@topline.com.pk) **Growth Securities Limited:** Zeeshan (Director and Head of Sales), Phone: +92-21-32463001-3; E-mail: [investmentbanking@growthsecurities.com.pk](mailto:investmentbanking@growthsecurities.com.pk) and Muhammad Iqbal (Director), Phone: +92-21-32463000, E-mail: [iqbalkarim@growthsecurities.com.pk](mailto:iqbalkarim@growthsecurities.com.pk)

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

**RISK FACTORS:**

- a) Ecommerce and technology sector is less capital intensive; coupled with low barriers to entry and facilitation by the government of Pakistan to promote IT sector. New entrants may impact profitability margins of the company.
- b) In FY24, the company earned investment gain of PKR 34.5 million. There is a possibility that this gain may not be sustained, impacting the profitability of the Company.
- c) The Company provides credit to its customers due to which it has a Receivable Turnover of 130 days. This increases the credit risk of the company and increases the possibility of negative cashflows. For further details, refer to Section 5.2.11.
- d) Currently, Zarea is enjoying favorable tax treatment/exemption due to Zone Enterprise License. Any changes in tax treatment could adversely affect the Company's profitability. For further details, refer to Section 3.17.
- e) As the Company's revenue depends on customers buying from Zarea's Platform, there is a possibility of losing key customers due to service disruptions, dissatisfaction, or competitive pressures which could impact Zarea's profitability margins.
- f) Zarea's revenue is dependent on Platform Usage Fee earned from its platform. Any disruptions in internet connectivity or in Zarea's platform could adversely affect the revenues.

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

**E-STAMP**

ID: PB-LHR-121F22D22D1A6D<sup>98</sup>  
 Type: Low Denomination  
 Amount: Rs 300/-  
 Description: CERTIFICATE OR OTHER DOCUMENT - 19  
 Applicant: ZAREA LTD [35000-0000000-0]  
 Representative From: ZAREA LTD  
 Agent: ALI [35000-0000000-0]  
 Address: LAHORE  
 Issue Date: 20-Aug-2024 5:15:03 PM  
 Delisted On/Validity: 27-Aug-2024  
 Amount in Words: Three Hundred Rupees Only  
 Reason: AFFIDAVIT IN FAVOUR OF C.E.O PAKISTAN STOCK EXCHANGE  
 Vendor Information: Muddasar Hussain | PB-LHR-2805 | Daroghawala Lahore

Scan for online verification

Muddasar Hussain  
 STAMP VENDOR  
 LIC # 2805  
 Daroghawala Lahore



نوٹ: یہ گرانٹریکشن تاریخ اجرا سے سات دنوں تک کے لیے قابل استعمال ہے۔ ای اسٹامپ کی تصدیق بذریعہ کیو آر کوڈ سے کی جاسکتی ہے۔

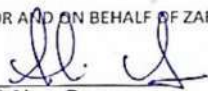
Date: 20/9/24

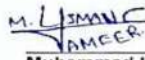
**UNDERTAKING**

We, (1) ALI ALAM QAMAR SON OF MOMIN QAMAR, HAVING OFFICE AT DELTA 6 OFFICE NO.6011, NASTP ABID MAJEED ROAD LAHORE CANTT., BEARING CNIC NUMBER 35201-6331948-3 BEING THE CHIEF EXECUTIVE OFFICER OF Zarea Limited (THE "ISSUER"); AND (2) MUHAMMAD USMAN AMEER SON OF MUHAMMAD AMEER, HAVING OFFICE AT DELTA 6 OFFICE NO.6011, NASTP ABID MAJEED ROAD LAHORE CANTT., BEARING CNIC NUMBER 38401-6810332-5, BEING THE CHIEF FINANCIAL OFFICER OF THE COMPANY, DO HEREBY CERTIFY THAT;

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

FOR AND ON BEHALF OF ZAREA LIMITED

  
 Ali Alam Qamar  
 Chief Executive Officer  
 Zarea Limited

  
 Muhammad Usman Ameer  
 Chief Financial Officer  
 Zarea Limited

  
 Muddasar Hussain  
 Notary Public Lahore

ATTESTED  
  
 G. M. CHAUDHRY ADV.  
 OATH COMMISSIONER LHR.

## SUPPLEMENT TO THE PROSPECTUS

**Note:** This Supplement shall be published within 1 working day of the close of Bidding Period in at least all those newspapers in which the Prospectus of Zarea Limited was published.

This Supplement is being published pursuant to The Public Offering Regulations, 2017 and in continuation of the Prospectus of Zarea Limited earlier published on 31<sup>st</sup> January 2025

## Zarea Limited

- FLOOR PRICE: PKR 16/- PER SHARE
- STRIKE PRICE: PKR XX/- PER SHARE
- ISSUE PRICE: PKR XX/- PER SHARE
- PRICE BAND (40% above the FLOOR PRICE): PKR 22.40/- PER SHARE

Category wise Breakup of Successful Bidders

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

### Glossary of Technical Terms

ACT	Securities Act, 2015
AOV	Average Order Value
AI	Artificial Intelligence
ATL	Active Taxpayers List
BM	Building Material
Bn	Billion
BOD	Board of Directors
BVPS	Book Value Per Share
CAGR	Compound Annualized Growth Rate
CDC / CDCPL	Central Depository Company of Pakistan Limited
CDS	Central Depository System
CEO	Chief Executive Officer
CES	Centralized e-IPO System
CFO	Chief Financial Officer
CFS	Challenge Fund for SMEs
CIO	Chief Investment officer
CMO	Chief Marketing Officer
Commission / SECP	Securities and Exchange Commission of Pakistan
Companies Act	Companies Act, 2017
COO	Chief Operating Officer
CTO	Chief Technology Officer
EPS	Earnings Per Share
FBR	Federal Board of Revenue
FIIP	Financial Inclusion and Infrastructure Project
FY	Fiscal Year
GBP	Great Britain Pound
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GMV	Gross Merchandise Value
INR	Indian Rupee
IoT	Refers to collective network of connected devices & technologies
GPL	Goldfinger Private Limited
INR	Indian Rupee
Mn	Million
MOU	Memorandum of Understanding
MT	Metric Tons
NBFC Rules	Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003
NBFC Regulation	Non-Banking Finance Companies and Notified Entities Regulations, 2008
NFIS	National Financial Inclusion Strategy
NICOP	National Identity Card for Overseas Pakistani
NOC	No Objection Certificate
p.a.	Per Annum

PSDP	Public Sector Development Program
p.q.	Per Quarter
PES	PSX's e-IPO System
PKR or Rs.	Pakistan Rupee(s)
PSX / Exchange	Pakistan Stock Exchange Limited
PUF	Platform Usage Fee
R&D	Research & Development
SBP	State Bank of Pakistan
SME	Small & Medium Sized Enterprises
SMEDA	Small and Medium Enterprise Development Authority
TTM	Trailing Twelve Months
UI	User Index
UIN	Unique Identification Number
WBG	World Bank Group
YOY	Year on Year change
Zarea Limited/ Company / Issuer / Zarea / ZL	Zarea Limited

## DEFINITIONS

<b>Application Money</b>	The total amount of money payable by a successful investor which is equivalent to the product of the Strike Price/Issue Price and the number of shares subscribed and allotted.
<b>Banker to the Book Building</b>	Any bank(s) with whom an account is opened and maintained by the Issuer for keeping the Bid amount.  <b>Faysal Bank Limited</b> has been appointed, in this IPO, as the Banker to the Book Building.
<b>Bid</b>	An indication to make an offer during the Bidding Period by a Bidder to subscribe to the Ordinary Shares of Zarea Limited at a price at or above the Floor Price, including upward revisions thereto. <b>An Eligible Investor shall not make a Bid with price variation of more than 10% of the prevailing indicative Strike Price subject to a maximum price band of 40% of the Floor Price. Please refer to Section 12.1.2 for details.</b>
<b>Bid Amount</b>	The amount equal to the product of the number of Shares Bid for and the Bid Price.
<b>Bid Collection Center</b>	Designated offices of the Book Runner, specified branches of the Banker to the Book Building and offices of any other institutions specified by the Book Runner where Bids are received and processed. For this Issue, addresses of the Bid Collection Centers are provided in Section 12.1.6 of this Prospectus.
<b>Bid Price</b>	The price at which Bid is made for a specified number of shares.
<b>Bid Revision</b>	The Eligible Investors can revise their Bids upward subject to the provision of Regulation 10(2)(iii) of the PO Regulations. The Bids can be revised with a price variation of not more than 10% from the prevailing indicative Strike Price in compliance with Regulation 10(2)(iii) of the PO Regulations.  <b>As per Regulation 10(2)(vi) of the PO Regulations, the Bidder shall not make downward revision both in terms of Bid Price and Bid Volume; Provided that in case of upward revision of the Bid Price, the number of shares Bid for i.e., Bid Volume may be adjusted ensuring that the Bid amount or Bid money remains the same.</b>  <b>As per Regulation 10(2)(vii) of the PO Regulations, the Bidder shall not withdraw their Bids.</b>
<b>Bidder</b>	An Eligible Investor who makes Bids for shares in the Book Building process.
<b>Bidding Form</b>	The form prepared by the Issuer for the purpose of making Bids.
<b>Bidding Period</b>	The period during which Bids for subscription of shares are received.  The Bidding Period shall be of two days, from <b>10<sup>th</sup> February 2025 to 11<sup>th</sup> February 2025</b> both days inclusive (daily from 9:00 a.m. to 5:00 p.m.).
<b>Book Building</b>	A process undertaken to elicit demand for shares offered through which Bids are collected from the Bidders and a book is built which depicts demand for the shares at different price levels.
<b>Book Building Account</b>	An account opened by the Issuer with the Bankers to the Book Building.
<b>Book Building Portion</b>	The part of the total Issue allocated for subscription through the Book Building.

<b>Book Runner</b>	<p>A securities broker or a scheduled bank who holds a valid license from the Commission to act as an Underwriter and has been appointed as Book Runner by the Issuer.</p> <p>Topline Securities Limited and Growth Securities (Pvt.) Limited has been appointed as Joint Book Runner for this Issue.</p>
<b>Book Building System / System</b>	<p>An online electronic system operated by the Designated Institution for conducting Book Building.</p>
<b>Collection Banks for General Public/ Retail Portion</b>	<p>Mentioned below are the Collection Banks for the General Public portion. Account details for collection Banks are mentioned in section 13.1.7 of the Prospectus:</p> <ol style="list-style-type: none"> <li>1. Faysal Bank Limited</li> <li>2. Meezan Bank Limited</li> <li>3. MCB Bank Limited</li> <li>4. JS Bank Limited</li> <li>5. Dubai Islamic Bank Limited</li> <li>6. United Bank Limited</li> </ol>
<b>Company's Legal Advisor</b>	<p><b>Mohsin Tayebaly &amp; Co.</b>            First Floor, DIME Centre, BC-4, Block 9, Kehkashan            Clifton, Karachi            Office Phone Number +92-21-111-682-529  <a href="http://www.mtclaw.com.pk">http://www.mtclaw.com.pk</a></p>
<b>Consolidated Bids</b>	<p>A Bid which is fully or partially beneficially owned by persons other than the one named therein.</p>
<b>Designated Institution</b>	<p>Pakistan Stock Exchange Limited ("PSX") is acting as the Designated Institution for this Issue and its Book Building system will be used for price discovery.</p>
<b>Dutch Auction Method</b>	<p>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 offered under the Book Building Portion are subscribed.</p>
<b>e-IPO facility</b>	<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) <b>PSX's e-IPO System (PES):</b> To facilitate investors, the Pakistan Stock Exchange Limited ("PSX") has developed an e-IPO System ("PES") through which applications for subscription of securities offered to the General Public can be made electronically. PES has been made available in this Issue and can be accessed through the web link (<a href="https://eipo.psx.com.pk">https://eipo.psx.com.pk</a>). Payment of subscription money can be made through 1LINK's and NIFT's member banks available for PES. 1Link through Memo dated August 22, 2024 has instructed all its member banks to remove the limits on transfer of funds for transactions executed through eIPO platforms</p> <p>For making application through PES, investors must be registered with PES. The PES registration form is available 24/7, all throughout the year. Registration is free of cost and can be done by:</p> <ul style="list-style-type: none"> <li>• the investor himself, or</li> </ul>



- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account. Similarly, an e-IPO application can be filed by:

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

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](mailto:itss@psx.com.pk).

Investors who are registered with PES can submit their applications through the web link, <https://eipo.psx.com.pk>, 24 hours a day during the subscription period which will close at midnight on 18<sup>th</sup> February 2025.

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

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

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

Investors who do not have CDS account may visit [www.cdcpakistan.com](http://www.cdcpakistan.com) for information and details.

For further guidance and queries regarding CES and opening of CDS account, investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: [info@cdcpak.com](mailto:info@cdcpak.com) or contact Mr. Farooq Ahmed Butt, Senior Manager – Operations, at Phone 021-34326030 and email: [farooq\\_butt@cdcpak.com](mailto:farooq_butt@cdcpak.com). Investors who are registered with CES can submit their applications through the web link [www.cdceipo.com](http://www.cdceipo.com) 24 hours a day during the subscription period which will close at midnight on 18<sup>th</sup> February 2025.

<b>IPO Facilitation Account (IFA):</b>	<p>Investors not having investor account or sub account can subscribe IPO application by opting for the IPO facilitation account. IPO Facilitation Account is an account to be maintained by CDC separately for each IPO wherein securities of such successful applicants who do not have CDS Accounts at the time of making subscription application, shall be parked for a certain period of time. Subsequent to parking, all the successful applicants shall be intimated via email to open an Investor Account with CDC or Sub-Account with any of the CDS Participants (i.e. licensed securities brokers or commercial banks). Upon opening of CDS Account, successful applicants shall approach CDC Investor Account Services and securities of such successful applicants shall be moved from the IFA to their respective CDS Accounts.</p>
<b>Eligible Investor</b>	<p>An Individual and Institutional Investor, whose Bid Amount is not less than the minimum Bid size of PKR 1,000,000/- (One Million Rupees only).</p>
<b>Floor Price</b>	<p>The minimum price per share set by the Issuer in consultation with Lead Manager. For this Issue, Floor Price is PKR 16/- per share.</p>
<b>GDP</b>	<p>GDP is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.</p>
<b>General Public</b>	<p>All Individual and Institutional Investors including both Pakistani (residents &amp; non-residents) and foreign investors.</p>
<b>Initial Public Offering (IPO)</b>	<p>Initial Public Offering or IPO means first time offer of securities to the General Public.</p>
<b>Institutional Investors</b>	<p>Any of the following entities:</p> <ul style="list-style-type: none"> <li>▪ A financial institution;</li> <li>▪ A Company as defined in the Companies Act, 2017;</li> <li>▪ An insurance Company established under the Insurance Ordinance, 2000;</li> <li>▪ A securities broker;</li> <li>▪ A fund established as Collective Investment Scheme under the Non-Banking Finance Companies and Notified Entities Regulations, 2008;</li> <li>▪ A fund established as Voluntary Pension Scheme under the Voluntary Pension System Rules, 2005;</li> <li>▪ A private fund established under Private Fund Regulations, 2015;</li> <li>▪ Any employee's fund established for beneficial of employees;</li> <li>▪ Any other fund established under any special enactment;</li> <li>▪ A foreign Company or any other foreign legal person; and</li> <li>▪ Any other entity as specified by the Commission.</li> </ul>
<b>Issue</b>	<p>Issue of 62,500,000 Ordinary Shares representing 23.81% of total Post-IPO Paid-Up Capital having a Face Value of PKR 1/- each.</p>
<b>Issue Price</b>	<p>The price at which Ordinary Shares of the Company are issued to the General Public. The Issue Price will be the Strike Price.</p>
<b>Issuer</b>	<p>Zarea Limited (the "Company" or the "Issuer" or "Zarea" or "ZL").</p>
<b>Key Employees</b>	<p>Chief Executive Officer, Directors, Chief Financial Officer and Company Secretary of the Company.</p>

<b>Lead Manager</b>	<p>Any person licensed by the Commission to act as a Consultant to the Issue/Lead Manager.</p> <p>Topline Securities Limited and Growth securities have been appointed as Joint Lead Manager by the Issuer for this Issue.</p>
<b>Limit Bid</b>	The Bid at a Limit Price.
<b>Limit Price</b>	The maximum price prospective Bidder is willing to pay for a share under Book Building.
<b>Listing Regulations</b>	<p>Chapter 5 of the Rule Book of the Pakistan Stock Exchange Limited, titled 'Listing of Companies and Securities Regulations'.</p> <p><a href="https://www.psx.com.pk/psx/themes/psx/uploads/PSX-Rulebook-October-17-2024.pdf">https://www.psx.com.pk/psx/themes/psx/uploads/PSX-Rulebook-October-17-2024.pdf</a></p>
<b>Margin Money</b>	<p>The partial or total amount, as the case may be, paid by a Bidder at the time of registration as an Eligible Investor. The Book Runner shall collect full amount of the Bid money as Margin Money in respect of Bids placed by an Individual Investor and not less than twenty-five percent (25%) of the Bid money as Margin Money in respect of Bids placed by an Institutional Investor.</p> <p>Book Runner can waive margin money for institutional investors at its own discretion.</p>
<b>Minimum Bid Size</b>	The Bid amount equal to PKR 1,000,000/-. (Rupees One Million only).
<b>Ordinary Shares</b>	Ordinary Shares of Zarea Limited having face value of PKR 1.0/-each.
<b>PO Regulations</b>	<p>The Public Offering Regulations, 2017</p> <p><a href="https://www.secp.gov.pk/document/public-offering-regulations-2017-updated-september-15-2021/?wpmddl=43440&amp;refresh=63ce67a067fd21674471328">https://www.secp.gov.pk/document/public-offering-regulations-2017-updated-september-15-2021/?wpmddl=43440&amp;refresh=63ce67a067fd21674471328</a></p>
<b>Price Band</b>	Floor Price with an upper limit of 40% above the Floor Price, allowing Bidder to make Bid at Floor Price or within the Price Band.
<b>Prospectus</b>	Prospectus means any document described or issued as a prospectus and includes any document, notice, circular, material, advertisement, and offer for sale document, publication or other invitation offering to the public (or any section of the public) or inviting offers from the public for the subscription or purchase of any securities of a Company or body corporate or entity.
<b>Related Employees</b>	Related Employees mean such employees of the Issuer, the Lead Manager, the Underwriter & Book Runner, who are involved in the Issue. Please refer to Sections 3A(iv) & 3A(vii) for further details.
<b>Sponsor</b>	<p>A person who has contributed initial capital in the issuing Company or has the right to appoint majority of the directors on the board of the issuing Company directly or indirectly;</p> <p>A person who replaces the person referred to above; and</p> <p>A person or group of persons who has control of the issuing Company whether directly or indirectly.</p>
<b>Step Bid</b>	Step Bid means a series of Limit Bids at increasing prices. In case of a Step Bid, the amount of each step 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 PO Regulations, at which the shares are issued to the successful Bidders.

**Supplement to the Prospectus**

The Supplement to the Prospectus shall be published within one (1) working day of the closing of the Bidding Period at least in all those newspapers in which the Prospectus was earlier published and disseminated through the Exchange where shares are to be listed.

**INTERPRETATION:**

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

**Table of Contents**

1. APPROVALS AND LISTING ON THE SECURITIES EXCHANGE.....	14
2. SUMMARY OF THE PROSPECTUS .....	16
3 OVERVIEW, HISTORY AND PROSPECTS.....	20
3A SHARE CAPITAL AND RELATED MATTERS .....	47
4 PRINCIPAL PURPOSE OF THE ISSUE AND FUNDING ARRANGEMENTS .....	51
4A VALUATION SECTION .....	60
5 RISK FACTORS.....	64
6 FINANCIAL INFORMATION .....	75
7 BOARD OF DIRECTORS AND MANAGEMENT .....	137
8. LEGAL PROCEEDINGS AND OVERDUE LOANS.....	145
9. UNDERWRITING, ARRANGEMENT, COMMISSION, BROKERAGE AND OTHER EXPENSES .....	146
10. MISCELLANEOUS INFORMATION .....	148
11 MATERIAL CONTRACTS .....	152
12 BOOK BUILDING PROCEDURE/INSTRUCTIONS FOR REGISTRATION AND BIDDING.....	153
13. APPLICATION AND ALLOTMENT INSTRUCTIONS FOR RETAIL PORTION .....	168
14. SIGNATORIES TO THE PROSPECTUS .....	176
15. MEMORANDUM OF ASSOCIATION.....	177
16. REGISTRATION FORM.....	181
17. BIDDING FORM .....	182
18. GENERAL SUBSCRIPTION FORM .....	184

## 1. APPROVALS AND LISTING ON THE SECURITIES 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 Zarea Limited for the issue, circulation, and publication of this offering document (hereinafter referred to as the "Prospectus") vide their letter No. SMD/PO/SA.88/03/2024/274 Dated January 16, 2025.

#### DISCLAIMER:

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

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

### 1.2. APPROVAL OF PROSPECTUS BY PSX

The Prospectus of the Company has been approved by PSX vide letter No. PSX/ GEN-1771 dated December 03, 2024 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.**

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

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

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

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

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

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

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

Zarea Limited (the "Company" or the "Issuer" or "Zarea" or "ZL") 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 eighth day together with surcharge at the rate of two percent (2.0%) for every month or part thereof from the expiration of the eighth day and, in addition, shall be liable to a penalty of level 3 on the standard scale of up to PKR 100 Mn and per day penalty of Rs. 500,000 during which the default continues, as defined in Section 479 of the Companies Act, 2017 in accordance with the provisions of sub-section (2) of Section 69 of the Companies Act.

As required under sub-section (3) of Section 69 of the Companies Act, the Application Money including the Bid Money, in case of Book Building, shall be deposited and kept in a separate bank account in a scheduled bank as 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 ZL

Zarea Limited (“ZL” or “the Company”) is one of the digital technology companies specializing in the commodity trading market of Pakistan. The Company has a proprietary platform that offers a comprehensive procurement platform where buyers can procure goods at the competitive rates and monitor prices with an intuitive ease to use interface.

The prime focus of the Company is on the transformation and digitalization of B2B commodity marketplaces and other consumer centric functions of organization while also providing services such as Logistics & Storage facilitation, Credit sales and Data analytics. These services not only enhance the user experience but also strengthen customer retention and provide significant opportunities for long-term growth, enabling ZL to increase its market share in the rapidly evolving digital economy.

ZL provides an E-commerce marketplace for commodities, including cement, steel, other building materials, and agri biomass, connecting B2B buyers and suppliers, while charging platform fees to generate revenue. ZL also has plans to add coal, chemicals, grains & pulses, sugar, fertilizers, cotton & yarn, and agricultural perishables to expand and diversify its product portfolio.

For investors, this expansion presents a compelling opportunity, as ZL capitalizes on Pakistan’s growing digital economy and its increasing demand for efficient, technology-driven commodity trading solutions. The platform's scalable model and diversified product portfolio position ZL for long-term revenue growth and profitability.

### 2.2 SPONSORS OF ZL

The sponsors of ZL are as follows:

- Mr. Ali Alam Qamar
- Goldfinger Private Limited (Mr. Ali Alam Qamar holds 99.999% and Chaudhry Muhammad Rafay holds 0.001%)
- Ms. Misbah Momin (mother of Mr. Ali Alam Qamar)

### 2.3 SALIENT FEATURES OF THE ISSUE

<b>Total Issue Size</b>	62,500,000 ordinary shares having face value of PKR 1 each.
<b>% of total Post-IPO Paid Up Capital</b>	23.81
<b>Floor Price</b>	PKR 16/- per share (including premium of PKR 15/- per share)
<b>Method of Offering</b>	100% Book Building

The Issue comprises 62,500,000 Ordinary Shares of Face Value of PKR 1/- each, which constitutes 23.81% of the total Post-IPO Paid Up Capital of the Company. This Issue of 62,500,000 Ordinary Shares will be offered through the 100% Book Building process at a Floor Price of PKR 16/- per share. Initially, 75% of the issue size i.e., 46,875,000 ordinary shares will be provisionally allotted to Successful Bidders and 25% of the issue i.e., 15,625,000 Ordinary Shares will be offered to Retail Investors. Unsubscribed shares, if any, of the General Subscription portion will be allocated to Successful Bidders of the Book Building portion on a pro-rata basis.

### 2.4 PRE AND POST ISSUE SHAREHOLDING OF THE SPONSORS

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

Sponsors Shareholding Pattern					
Sponsors	Designation	Pre-Issue Shareholding	% of Total Shareholding	Post-Issue Shareholding	% of Total Shareholding
Mr. Ali Alam Qamar	CEO/Director	108,999,996	54.5%	108,999,996	41.5%



M/S Goldfinger Private Limited	Sponsor	90,000,000	45.0%	90,000,000	34.3%
Mrs. Misbah Momin	Chairperson	1,000,000	0.5%	1,000,000	0.4%
<b>Total of Sponsors</b>		<b>199,999,996</b>	<b>100.0%</b>	<b>199,999,996</b>	<b>76.20%</b>

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

The total proceeds of PKR 1,000 million (calculated at floor price), would be utilized to fund the following:

- Meeting working capital requirement
- Capital expenditure in line with growing needs of the Company in terms of
  - Logistics & operations to improve efficiency
  - Technological infrastructure to maintain and upgrade its online platform
- Marketing of its online platform to achieve growth through user acquisition
- Fund new office development as well as to provide staff vehicles to attain employee retention
- Improve HR function

Given below is a summary of how the Company intends to utilize the proceeds raised from the IPO however for further details please refer to Section 4 of the prospectus:

Utilization of IPO Proceeds			
Item	Estimated Cost (PKR)	Percentage (%) of Total Proceeds	Basis of Estimation
Working Capital	450,000,000	45.0	Management estimates
Logistics	240,000,000	24.0	Quotation
Technology	125,000,000	12.5	Quotation
Marketing	75,000,000	7.5	Quotation and Management Estimates
Office and Vehicles	60,000,000	6.0	Quotations
Human Resource	50,000,000	5.0	Management Estimates
<b>Total</b>	<b>1,000,000,000</b>	<b>100.0</b>	

Source: Company Management

## 2.6 JUSTIFICATION OF PREMIUM

Justification given by the Lead Manager in favor of Floor Price of PKR 16/- per share may be seen under Section 4A of the Prospectus titled, 'Valuation Section'.

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

No qualified opinion was given on the financial statements of the Company by its Auditor during the last three financial years FY24, FY23 and FY22 by the Company's Auditor i.e. Naveed Zafar Ashfaq Jaffery & Co, Chartered Accountants.

## 2.8 FINANCIAL INFORMATION (PLEASE REFER TO SECTION 6 FOR DETAILED FINANCIALS AND COMMENTARY ON KEY RATIOS)

Accounts of the Company can be accessed from Company's website: <https://zarea.pk/investor-relations/>  
The key financial information of the Company is given as follows:

Unconsolidated Audited Accounts	FY21	FY22*	FY23*	FY24*	3MFY25**
<b>Key Financial Highlights</b>					
Issued share capital (PKR)	20,000,000	20,000,000	20,000,000	200,000,000 <sup>1</sup>	200,000,000
Net Worth (PKR)	67,034,033	102,142,234	213,394,307	597,644,357	687,833,656
Net Revenue (PKR)	11,752,862	116,403,660	159,066,226	441,761,852	191,844,458
Gross Margin <sup>2</sup>	100%	74%	79%	70%	63%
Operating Margin <sup>3</sup>	74%	65.7%	70%	58%	52%
Profit after Tax (PKR)	5,034,033	23,608,201	81,252,073	292,811,085	107,847,132
Profit after Tax Margin <sup>4</sup>	42.8%	20%	51%	66%	56%
Earnings per share <sup>5</sup> (outstanding number of shares at year end)	2.52	11.80	40.63	1.46 <sup>6</sup>	0.54
Earnings per share (post stock split)	0.25	1.18	4.06	1.46	0.54
Breakup value per share <sup>7</sup>	33.5	51.1	106.7	2.99	3.44
Total borrowings	0	0	0	0	0
Total debt to equity	0	0	0	0	0
Cashflow from operations (PKR)	(2,581,020)	41,964,975	31,893,366	(28,856,946)	172,195,705

Source: Audited Accounts

\*Restated Audited Accounts

\*\*Unaudited Management Accounts

Consolidated Audited Accounts	FY24*	3MFY25**
<b>Key Financial Highlights</b>		
Issued share capital	200,000,000	200,000,000
Net Worth	597,794,357	687,981,800
Net Revenue	441,761,852	191,844,458
Gross Margin <sup>8</sup>	70%	63%
Operating Margin <sup>9</sup>	58%	52%
Profit after Tax	292,711,085	107,845,276
Profit after Tax Margin <sup>10</sup>	66%	56%
Earnings per share <sup>11</sup> (outstanding number of shares at year end)	1.46 <sup>12</sup>	0.54
Earnings per share (post stock split)	1.46	0.54
Breakup value per share <sup>13</sup>	2.99	3.44
Total borrowings	0	0
Total debt to equity	0	0
Cashflow from operations	(28,856,946)	172,193,850

Source: Audited Accounts

\*Restated Audited Accounts

\*\*Unaudited Management Accounts

Zarea Agritech Pvt. Limited*	FY24
<b>Financial Highlights</b>	
Issued share capital (PKR)	1,000,000
Net Worth (PKR)	900,000
Net Revenue (PKR)	-

<sup>1</sup> Two (2) million shares with Face value of PKR 10 per share were converted into 20 million shares with Face Value of PKR 1 per share via Stock Split to make its shares more accessible and appealing to wider investor audience, especially retail investors, thereby supporting its growth objective and aligning with common market practices. Further, loan from sponsors amounting to PKR 180 million was converted into 180 million shares with face value of PKR 1 per share via Right shares issuance

<sup>2</sup> Gross profit/sales

<sup>3</sup> (Gross Profit - Selling and Distribution expenses - Administration expenses)/ sales

<sup>4</sup> Profit after tax/sales

<sup>5</sup> Profit after tax/number of shares

<sup>6</sup> Earnings per share was PKR 3.99 for FY24 based on weighted average number of shares

<sup>7</sup> Total equity / number of shares

<sup>8</sup> Gross profit/sales

<sup>9</sup> (Net Revenue - Selling and Distribution Expense)/sales

<sup>10</sup> Profit after tax/sales

<sup>11</sup> Profit after tax/number of shares

<sup>12</sup> Earnings per share was PKR 3.99 for FY24 based on weighted average number of shares

<sup>13</sup> Total equity / number of shares

Gross Margin <sup>14</sup>	n/a
Operating Margin <sup>15</sup>	n/a
Profit after tax	(100,000)
Profit after Tax Margin <sup>16</sup>	n/a
Earnings per share <sup>17</sup>	(1)
Breakup value per share <sup>18</sup>	9
Total borrowings	-
Total debt to equity	-
Cashflow from operations (PKR)	-

Source: Audited Accounts of Zarea Agritech Private Limited

\*There were no operations of Zarea Agritech in FY24

## 2.9 LEGAL PROCEEDINGS

There are no pending Legal proceedings of ZL as well as any of its associates over which it has control of June 30, 2024. For further details please refer to section 8.

**Note: There are no pending litigations against the Company, Sponsors, Substantial Shareholders and Directors.**

## 2.10 RISK FACTORS

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

## 2.11 SUMMARY OF RELATED PARTY TRANSACTIONS

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

Amount in PKR						
Related Party	Relationship	Nature of Transaction	FY21	FY22	FY23	FY24
<b>Loan from Sponsors / Shareholders</b>						
Ali Alam Qamar	Director	Loan from Sponsors / Shareholders	42,000,000	53,500,000	58,500,000	90,000,000
Gold Finger (Pvt.) Limited	Common Directorship*	Loan from Sponsors / Shareholders	-	-	25,000,000	90,000,000
<b>Total Loan from Sponsors / Shareholders</b>			<b>42,000,000</b>	<b>53,500,000</b>	<b>83,500,000</b>	<b>180,000,000</b>
<b>Right share issued</b>			-	-	-	<b>(180,000,000)</b>
<b>Closing Balance</b>			<b>42,000,000</b>	<b>53,500,000</b>	<b>83,500,000</b>	-

Source: Audited Financial Statements of Zarea Limited

\*Ali Alam Qamar is the common director/sponsor of Zarea Limited and Goldfinger Private Limited

The loans provided by sponsors / shareholders are for business expansion. This is interest free and repayable at the discretion of the entity. This loan shall be paid through banking channels. During the year FY24, all loan from sponsors / shareholders and Related parties has been converted into right shares. The Company has issued Right shares against Loan amount.

<sup>14</sup> Gross profit/sales

<sup>15</sup> (Gross Profit - Selling and Distribution expenses – Administration expenses)/ sales

<sup>16</sup> Profit after tax/sales

<sup>17</sup> Profit after tax/number of shares

<sup>18</sup> Total equity / number of shares

### 3 OVERVIEW, HISTORY AND PROSPECTS

#### 3.1. COMPANY'S BACKGROUND AND HISTORY

<b>Name of Company</b>	Zarea Limited
<b>Incorporation Number</b>	0158011
<b>Date of Incorporation as Private Limited Company and Place</b>	September 16, 2020, in Lahore
<b>Date of Initiation of Business</b>	October 2020, in Lahore
<b>Year of Conversion into Public Limited Company</b>	April, 15 2024

ZL, initially registered as Vision 2A Private Limited which was incorporated on September 16, 2020. The Company formally changed its name from Vision 2A Private Limited to Zarea (private) Limited on August 22<sup>nd</sup>, 2022. It was later converted into a public limited Company on April 15, 2024, under the Companies Act, 2017. The Company's registered office is at Delta 6 Office No. 6011, NASTP Abid Majeed Road Lahore Cantt. The Company is one of the players in e-commerce and is currently engaged in employing technology to streamline raw materials and commodities procurement in Pakistan.

ZL is a Digital Technology Company that specializes in B2B commodity trading in Pakistan. ZL provides a platform that connects B2B buyers and sellers through its website (Zarea.pk) and mobile app (Zarea). The platform is accessible for everyone and the Company charges Platform Usage Fee (PUF) on each transaction completed on its platform and earns revenue. For each commodity, PUF is charged as a fixed percentage of the total value of transaction and is part of the gross transaction value charged to the customer. This fixed percentage varies for each commodity and ranges between 1% to 10%. Typically, the PUF is collected at the time of delivery and since delivery may be carried out by a logistics provider or supplier, thus, the collection is carried out by them. Since its inception in 2020, ZL has successfully dealt with four commodities sectors which are Cement, Agri Biomass, Steel, and Other Building & Finishing materials and has plans to introduce more commodities as mentioned in Section 4A(iv).

ZL's key focus is to drive significant growth by expanding its user base and increasing transaction volumes on its platform. This will be achieved through targeted marketing efforts aimed at attracting a larger network of B2B buyers and sellers, as well as by diversifying its product offerings into additional commodity sectors. By continually enhancing the platform's functionality and expanding the range of commodities traded, ZL aims to capture a larger market share in Pakistan's rapidly evolving digital economy, ensuring sustained revenue growth and long-term value creation for its investors.

ZL is the parent entity of Zarea Agritech Private Limited and holds 75% of the shareholding. The remaining 25% is owned by Goldfinger Private Limited. Zarea Agritech Private Limited was incorporated 01-March 2024 and according to Memorandum of Association, the principal line of business of Zarea Agritech Private Limited shall be to cultivate, grow, collect, process, produce, set-up and carry on the business of agriculture products trading, farming, crop farming, fruit farming, tunnel farming, and to purchase, seeds, feeds, fertilizers, pesticides, irrigation systems, for the purpose. Currently Zarea Agritech is non-operational. Operations are expected to start from 01- March 2025.

##### 3.1.1. BUSINESS MODEL OF ZL

Zarea Limited operates as an e-commerce marketplace specializing in connecting buyers and sellers of various commodities. Its business model centers around two functions: the Platform (Marketplace) Model as its core revenue stream, and the Investment in Commodities Model as a secondary or non-core activity to support seasonal demand in agricultural commodities. Here's a breakdown of Zarea's business structure and operations.

- **Platform (Marketplace) Model – Core Business Model**

The Platform Model forms the backbone of Zarea’s operations. Zarea acts as a facilitator, bringing together buyers and sellers on a digital platform. In this model, Zarea does not maintain physical inventory. Instead, when a customer places an order on the platform, Zarea’s sales team conducts a comprehensive KYC (Know Your Customer) check, coordinates logistics, and confirms the order with the supplier. Once confirmed, the order is processed by the designated supplier, who directly delivers the goods to the customer.

Zarea attracts and onboards suppliers through a strategic mix of outbound and inbound activities. The sales and supply chain teams engage potential vendors via on-ground outreach, including visits to supplier locations, trade hubs, and industry associations. This is complemented by digital campaigns, such as email marketing, social media outreach, and online advertising, along with participation in industry events and leveraging local networks. Suppliers interested in joining can access a streamlined online registration process supported by referrals and social media initiatives.

The supply chain team carefully evaluates suppliers to ensure they meet platform standards, assessing expertise, location, capacity, and market reputation. This comprehensive approach builds a reliable supplier network, enabling Zarea to maintain quality and deliver value to buyers and sellers. Currently, the supplier’s network of ZL comprises of whole sellers, distributors, local traders, sales agencies etc.

Zarea generates revenue through platform usage fees, which are calculated as a percentage of each transaction's gross value. This PUF ranges from 1% to 10% of the total transaction value. These fees, charged to the customer, are collected upon delivery either by the supplier, logistics provider, or Zarea itself. As a marketplace facilitator, Zarea recognizes these fees as revenue in its profit and loss statement.

Zarea’s supply chain team is responsible for the facilitation of payment settlement which is done between the buyer and the seller. Buyers are provided with various payment methods such as e-banking channels.



*\*Process Flow*

- **Investment Gain in Commodities Model – Secondary/Non-Core Activity**

Zarea also earns its income in the Investment in Commodities Model, primarily focusing on seasonal agricultural biomass commodities. Given the limited availability of these items during off-seasons but consistently high demand, Zarea provides short-term advances to selected suppliers of these commodities to secure supply during peak times. This advance ensures Zarea can meet customer demand without holding inventory, as purchases are made on behalf of customers as orders are placed.

When customer orders come in, these advances are converted into credit sales. This model aligns with industry norms and provides flexibility to customers purchasing seasonal commodities. Sales from this activity are recorded as part of revenue on Zarea's profit or loss statement and the purchase costs is recorded as cost of sales.

- **Breakup of Total Revenue**

The following is the breakup of revenue earned from each Business Model described as above:

Revenue Breakup	FY21	FY22	FY23	FY24
Particulars	PKR	PKR	PKR	PKR
PUF	11,752,862	54,357,650	114,912,232	281,060,855
Sale of Commodities	-	62,046,011	44,153,994	160,700,997
<b>Total</b>	<b>11,752,862</b>	<b>116,403,661</b>	<b>159,066,226</b>	<b>441,761,852</b>

- **Key Operational Features**

- ✓ **Logistics:** Zarea employs an open-market approach to logistics, sourcing transportation quotes for each order based on volume and delivery location. This allows Zarea to select the most cost-effective and reliable service provider, ensuring goods are delivered directly to the buyer in an efficient and economical manner.
- ✓ **Warehousing Facilitation:** Although Zarea does not own any warehousing facilities, it connects customers with trusted warehouse providers as a value-added service at no extra charge. This service allows customers a convenient storage solution, but Zarea itself remains uninvolved in any warehousing operations or ownership.
- ✓ **Credit Sales:** In line with industry practices, Zarea occasionally offers short-term credit sales for agricultural biomass commodities however since its inception, these credit arrangements are purely transactional and interest-free, allowing flexibility to customers without any associated financing charges or regulatory implications. This approach reinforces Zarea's commitment to ease of transaction without engaging in financial services. It is pertinent to note that Zarea business does not fall within the ambit of Digital Lending as defined under the NBFC Regulations nor does it undertake business specified to be undertaken by Lending NBFCs as defined under the NBFCs Rules. Hence no financing activities are being carried out by Zarea for which any license is required. Further, in order to avail credit sales, a buyer has to provide its NTN number, incorporation certificate, 1 year bank statement, and copy of postdated cheque to mitigate the risk of default by the buyer.
- ✓ **Data Analytics:** Zarea also leverages data analytics to provide insights on market trends, pricing, and supply-demand changes, helping both buyers and suppliers make well-informed decisions. These analytics enhance profitability and operational efficiency across the platform by assisting in pricing and inventory management.

- **Market Positioning**

Zarea functions as an e-commerce marketplace, not an online spot commodity market. Its platform provides a digital space where suppliers can list their products, and buyers can purchase these items at listed prices. Unlike an online spot commodity market, which involves real-time price changes and trades for immediate settlement, Zarea operates as an e-commerce model and does not engage in live trading or price-setting activities. Zarea does not facilitate speculative trading or handle any financial derivatives.

While Zarea does not directly market specific sellers, it may occasionally run promotional campaigns for categories or products or sectors on its social media to enhance overall engagement. However, these are general promotions.

### 3.1.2. MAJOR COMMODITIES ON ZL'S PLATFORM<sup>19</sup>

ZL's main aim is to simplify and democratize access to the commodity market. Commodities offered through ZL platform are given as follows:

- Cement
- Agri biomass
- Building & finishing
- Steel

### 3.1.3. BRIEF HISTORY & BACKGROUND OF SPONSORS<sup>20</sup>

ZL has three sponsoring shareholders, whose details are provided below:

Sponsors Shareholding Pattern					
Sponsors	Designation/Relation	Pre-Issue Shareholding	% of Total Shareholding	Post-Issue Shareholding	% of Total Shareholding
Mr. Ali Alam Qamar	CEO	108,999,996	54.5%	108,999,996	41.5%
M/s Goldfinger Private Limited	Shareholder	90,000,000	45.0%	90,000,000	34.3%
Ms. Misbah Momin	Director	1,000,000	0.5%	1,000,000	0.4%
<b>Total of Sponsors</b>		<b>199,999,996</b>	<b>100.0%</b>	<b>199,999,996</b>	<b>76.20%</b>

- **Goldfinger Private Limited** directly holds 45% shares in ZL and has appointed Mr. Nauman ul Hasan to act as its Nominee director. The owner of GPL is Ali Alam Qamar who owns 99.99% and Chaudhry Muhammad Rafay owns the remaining 0.001%. The principal line of business of GPL is to invest its own capital in stocks, bonds, mutual funds or any other securities or its related instruments. GPL does not act as an Investment Company or Non-banking Finance Company and Brokerage House hence does not invite deposits from the public.

The ultimate beneficial owner of ZL and GPL is Mr. Ali Alam Qamar.

### 3.2. PATTERN OF SHAREHOLDING OF ZL (Pre and Post IPO position)

The pattern of shareholding for the Company as of 30<sup>th</sup> June 2024 is as follows:

Shareholding Pattern					
Sponsors/Directors	Particular/Relation	Pre-Issue Shareholding	% of Total Shareholding	Post-Issue Shareholding	% of Total Shareholding
Ms. Misbah Momin	Chairperson	1,000,000	0.5%	1,000,000	0.4%
Mr. Ali Alam Qamar	CEO & Director	108,999,996	54.5%	108,999,996	41.5%
GoldFinger Pvt Ltd	Shareholder	90,000,000	45.0%	90,000,000	34.3%
Mr. Juneid Akram	Non-Executive Director	1	0.0%	1	0.0%
Mr. Sohail Wajahat Siddiqui	Independent Director	1	0.0%	1	0.0%
Mr. Muhammad Afzal Chaudhry	Independent Director	1	0.0%	1	0.0%
Ms. Meezan Fahd Mukhtar	Non-Executive Director	1	0.0%	1	0.0%
<b>Other</b>	<b>Particulars</b>	<b>Pre-Issue</b>	<b>% of Total</b>	<b>Post-Issue</b>	<b>% of Total</b>

<sup>19</sup> Company Management

<sup>20</sup> As per sponsor profile provided by ZL

Shareholders	Shareholding	Shareholding	Shareholding	Shareholding
General Public	0	0%	62,500,000	23.8%
<b>Total</b>	200,000,000	100%	262,500,000	100%

### 3.3. REVENUE DRIVERS

ZL earns its revenue from the PUF charged to users as a percentage of the order value per transaction. Besides earning PUF, ZL also earns its revenue by direct sale of selected commodities i.e. Agri Biomass to its buyers. Please refer to Section 3.8 for commodity wise breakup of PUF and Section 3.9 for details on sale of commodities.

#### 3.3.1. INCREASING PENETRATION OF THE INTERNET & MOBILE

The annual mobile cellular subscribers in Pakistan have risen from 162.28 million to 192.53 million in FY24, reflecting a CAGR of 3.47% over the past five years (FY19-FY24)<sup>21</sup>. Digitalization is primarily driven by the widespread adoption of mobile technology, with a mobile tele-density rate of approximately 79.44%<sup>22</sup> as of September 2024 and around 193 million mobile cellular subscribers, a significant portion of whom use smartphones. As mobile phone usage expands, there is a growing potential to explore and develop current and future commodities markets in Pakistan. This increase in market size also drives demand for mobile apps and other digital experiences, creating an opportunity for ZL to enhance revenue from its online platform and diversify its consumer base by reaching untapped digital market segments.

The rise in smartphone usage enables ZL to access a broader audience via its online platform, facilitating revenue growth. Additionally, mobile e-commerce, on the rise globally and in Pakistan, reflects changing consumer behavior. Smartphones provide real-time communication and tracking within the supply chain, enabling ZL to improve delivery times, reduce operational costs, and boost customer satisfaction, leading to increased revenue. Leveraging smartphone usage also allows ZL to use data analytics to gain insights into consumer preferences and market trends, aiding in the tailoring of marketing strategies and enhancement of customer services. The convenience and accessibility offered by smartphones foster innovation in customer engagement, strengthening business-customer relationships.

#### 3.3.2. RISE OF DIGITAL PAYMENT SOLUTIONS

The rise of digital payment solutions can be a significant growth driver for ZL by streamlining the transaction process, making it faster and more efficient. For ZL this means quicker order processing and payment collection, improving cash flow and reducing the time between sales and revenue realization. Digital payment solutions will further provide ZL's customers a more convenient and secure way for them to pay, Leading to an enhanced customer experience for buyers.

Digital Payment solutions would enable ZL to reach a broader audience and can help them tap into new customer segments i.e. businesses that prefer digital transactions. The world bank has reported a significant increase in the use of digital financial services globally, especially in emerging markets like Pakistan.<sup>23</sup> This would increase the market reach of ZL and drive revenue growth.

#### 3.3.3. GOVERNMENT SUPPORT AND DIGITAL INITIATIVES

Government policies regarding digital initiatives and corporate governance greatly impact the revenues of a Company. Governments often provide subsidies, tax breaks and financial incentives to promote digital transformation and economic growth. Such as the Special Technology Zone Authority has provided ZL with Zone Enterprise License which provides various incentives such as exemption from all taxes under the Income Tax Ordinance, 2001, exemption from tax on import of Capital Goods, exemption from property tax, and exemption from sales tax under the Sales Tax Act, 1990.

The government of Pakistan has since long laid significant emphasis on advancing the digital policies with their Digital

<sup>21</sup> <https://www.pta.gov.pk/category/telecom-indicators/164>

<sup>22</sup> <https://www.pta.gov.pk/category/telecom-indicators/165>

<sup>23</sup> Digital-Financial-Services.pdf (worldbank.org)



Pakistan Policy 2018<sup>24</sup> highlights of which is following:

1. **E-Commerce Development:** The policy promotes a robust e-commerce ecosystem, which includes supporting digital payment solutions, enabling effective e-commerce platforms, and promoting online transaction facilities through initiatives like the National E-Commerce Gateway, RAAST and mobile banking enhancements. This focus directly benefits ZL by streamlining digital transactions and enhancing user trust, which can lead to increased trade volume and transaction efficiency on the platform.
2. **E-Agriculture Initiatives:** For platforms like ZL that serve commodity trading, especially in agriculture, the policy's emphasis on digitizing agriculture is highly relevant. This includes the development of an Agriculture Information Portal for real-time updates on market prices, supply-demand trends, and weather forecasts. Such data accessibility enables ZL to offer value-added services, providing farmers and traders with crucial market insights, which can drive engagement and increase revenue potential.
3. **Digital Skills and Human Resource Development:** By promoting digital skills and training programs, especially in rural areas, the policy aims to bridge the digital divide. This would empower a larger workforce with the necessary skills to participate in digital platforms, potentially expanding ZL's customer base and creating a broader pool of digital-savvy users across Pakistan

These policies collectively create a more supportive environment for ZL. Enhanced infrastructure, access to government incentives, and greater digital literacy contribute to ZL's potential for scaling its operations and expanding its market reach. Furthermore, the e-commerce and e-agriculture initiatives could increase transaction frequency and user engagement on the platform, translating into higher revenue and a strong position within Pakistan's digital economy.

### 3.3.4. DIGITAL SHIFT POST COVID

The COVID-19 pandemic significantly accelerated the global digital shift, transforming the way businesses, governments, and individuals operate<sup>25</sup>. Likewise other sectors, the e-commerce sector experienced a significant boost<sup>26</sup> as consumers turned to online shopping for convenience and safety, leading to record breaking sales on platforms such as Amazon<sup>27</sup>. Digital payment systems also saw widespread adoption, further enabling the shift towards a cashless economy. This accelerated digital transformation has driven innovation, increased efficiency, and opened new avenues for growth across industries globally.

In Pakistan, the digital shift, particularly in e-commerce, has seen remarkable progress, driven by increased internet penetration and a growing middle class. The pandemic acted as a catalyst, pushing traditional businesses to adopt online platforms to stay afloat. E-commerce giants like Daraz, as well as emerging local platforms, experienced substantial growth in user base and sales volumes. The government's initiatives to promote digital payments and improve digital infrastructure, such as the RAAST payment system<sup>28</sup>, have further supported this shift. Small and medium-sized enterprises (SMEs) leveraged social media and digital marketplaces to reach a broader audience, overcoming geographical limitations. This surge in e-commerce has not only expanded market access for businesses but also provided consumers with greater convenience and a wider range of choices, driving the digital economy's growth in Pakistan resulting in a wider consumer base for ZL leading to increase in transactions.

### 3.3.5. CONSTRUCTION ACTIVITY IN PAKISTAN

Growth in construction sector in Pakistan is driven by government infrastructure projects, urbanization, and an increasing population. The government's focus on developing housing schemes, roads, and other infrastructure projects is expected to boost the demand for construction materials, benefiting ZL. The construction sector grew by 5.86%<sup>29</sup> in FY 2024 despite harsh economic conditions. This increased activity in the construction sector is expected to drive higher sales for ZL's cement, steel, and building materials, contributing to revenue growth.

<sup>24</sup> [https://moib.gov.pk/Downloads/Policy/DIGITAL\\_PAKISTAN\\_POLICY\(22-05-2018\).pdf](https://moib.gov.pk/Downloads/Policy/DIGITAL_PAKISTAN_POLICY(22-05-2018).pdf)

<sup>25</sup> <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>

<sup>26</sup> <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/how-covid-19-has-pushed-companies-over-the-technology-tipping-point-and-transformed-business-forever>

<sup>27</sup> [Amazon Prime Day 2023 Rakes in Record \\$12.7 Billion, Surpassing Last Year's Revenue by 6.4% - Alibaba.com Reads](https://www.amazon.com/prime-day-2023-rakes-in-record-12-7-billion-surpassing-last-years-revenue-by-6-4%-%20-%20alibaba.com-reads)

<sup>28</sup> <https://tribune.com.pk/story/2482014/pakistan-to-connect-raast-payment-system-globally>

<sup>29</sup> [https://finance.gov.pk/survey/chapter\\_24/Highlights.pdf](https://finance.gov.pk/survey/chapter_24/Highlights.pdf)

### 3.3.6. INCREASE IN COMMODITY TRADE

The global and domestic demand for various commodities is on the rise. As markets continue to recover and grow, ZL is well-positioned to capitalize on the increasing trade of commodities such as Agri biomass, cement, and steel. By ensuring transparency, quality, and timely delivery, ZL can attract more buyers and sellers to its platform, further driving revenue growth and market share.

### 3.4. COST DRIVERS

Key Cost drivers	FY 22		FY 23		FY 24	
	PKR	% of total Expense	PKR	% of total Expense	PKR	% of total Expense
<b>Cost of Goods Sold</b>	30,550,000	77	33,621,244	70	131,017,772	71
<b>Administrative &amp; General Expense<sup>30</sup></b>	2,796,191	7	5,200,902	11	24,640,049	13
<b>Selling and Distribution Expenses</b>	6,582,266	16	8,882,572	19	28,759,730	16
<b>Finance Cost*</b>	849	0	70,133	0	79,577	0
<b>Total</b>	39,929,306	100	47,774,851	100	184,497,128	100

Source: Audited Financial Statements

\*Bank Charges

#### 3.4.1. EXPLANATION OF KEY COST DRIVERS

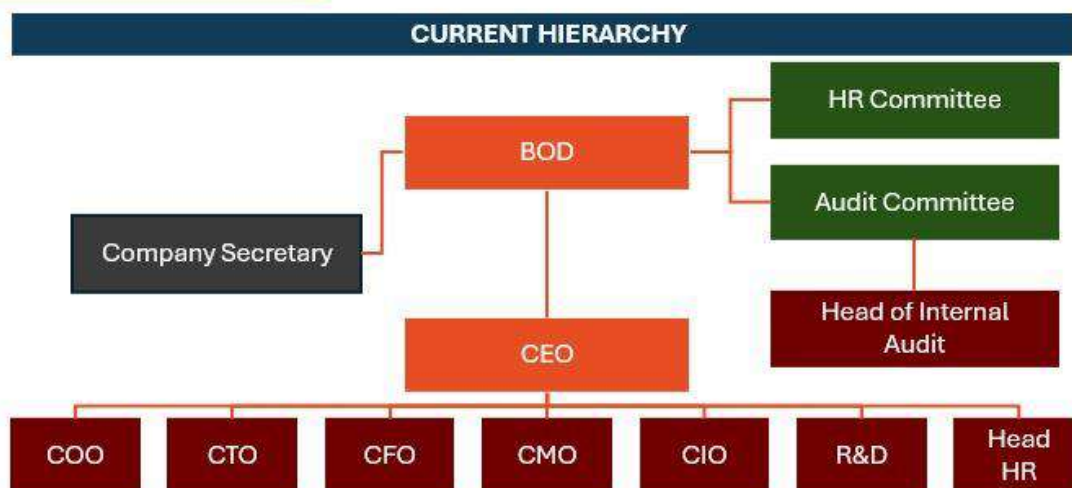
Key Cost Drivers	Explanation
<b>Cost of Goods Sold</b>	It includes the purchase cost of Agri Biomass commodities that are directly sold by ZL. Revenue from these transactions is recorded as sales, while the corresponding purchase costs are included in the cost of sales. Further details of this business model are provided in Section 3.1.1.
<b>Administrative and General Expenses</b> 1-Salaries, Benefits and allowances 2-Repair and Maintenance 3-Legal & Professional Charges 4-Fee and Subscription 5-General Office Expense 6-Software Maintenance Expenses 7-Charity & Donations 8-Auditor's Remunerations 9-Depreciation 10-Ammortization	The Administrative and General Expenses for ZL's e-commerce marketplace encompass several key components critical to our operational efficiency and sustainability. This includes Salaries, Benefits, and Allowances, which cover compensation and incentives for its workforce, ensuring that it attracts and retains top talent. Repair and Maintenance costs are essential for the upkeep of its physical and IT infrastructure. Legal and Professional Charges account for fees paid to external consultants and legal advisors, crucial for compliance and strategic guidance. Fee and Subscription costs include payments for industry memberships (Corporate Membership of Entrepreneurs Organization Lahore) and essential services. General Office Expenses cover day-to-day operational costs such as utilities and supplies. Software Maintenance Expenses ensure its technological platforms remain secure and functional. Contributions under Charity and Donations reflect its commitment to social responsibility. Auditor's Remunerations are payments made for external audit services to ensure transparency and accuracy in financial reporting. Depreciation pertains to the allocation of the cost of

<sup>30</sup> The relative increase in administrative expenses compared to selling and distribution expenses is due to increase in HR cost, Admin and professional services availed by the company.

	tangible assets over their useful lives, and Amortization applies similarly to intangible assets, both ensuring accurate asset valuation and financial health assessment.
<b>Selling and Distribution Expenses</b> 1-Salaries, Benefits and Allowances 2-Travelling and Conveyance 3-Entertainment Expense 4-Advertisement and Marketing	The Selling and Distribution Expenses for ZL’s e-commerce marketplace are crucial in driving its market presence and customer engagement. These expenses primarily include Salaries, Benefits, and Allowances, which ensure that its sales and distribution teams are well-compensated and motivated. Travelling and Conveyance expenses are essential for enabling its sales force to reach new and existing clients, facilitating face-to-face interactions that drive sales. Entertainment Expenses are incurred to foster client relationships and partnerships through business entertainment activities. Lastly, Advertisement and Marketing costs are pivotal in promoting ZL’s brand, attracting new customers, and retaining existing ones through various channels such as digital marketing, print media, and promotional campaigns. These expenses collectively support ZL’s efforts to expand its market reach and enhance its competitive edge.
<b>Finance Cost</b>	Finance costs include bank charges

3.5. COMPANY ORGANOGRAM

**ORGANIZATIONAL STRUCTURE**



- Management
- Operations
- Sales & Marketing
- Accounts & Finance
- Supply Chain
- Technology

### 3.6. MAJOR EVENTS IN THE HISTORY OF THE ISSUER

As disclosed in Section 3.1, ZL was incorporated in 2020 and was registered as a private limited Company in the same year. Major milestones and key events have shaped ZL's identity today as one of the commodity trading marketplaces in Pakistan.

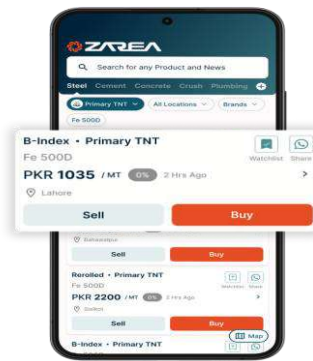
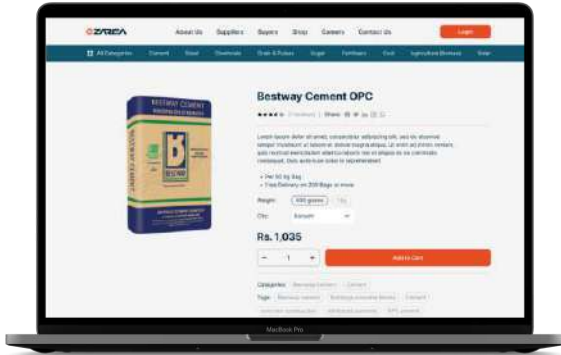
Years	Key Milestones
September 2020	<b>Incorporated as Private Limited Company:</b> Established as a Private Limited Company in Pakistan with a bootstrapped equity of PKR 20 million, setting the foundation for a high-growth commodities e-commerce platform.
October 2020	<b>Launch of E-commerce Operations:</b> Launched our web app (Zarea.pk) and entered the market, offering construction and finishing materials to customers
June 2021	<b>Media Recognition:</b> Featured in prominent Pakistani media outlets such as Profit, Business Recorder, GEO, Dawn, and others, establishing brand credibility and recognition in the marketplace.
December 2021	<b>Supplier Network Expansion:</b> Successfully onboarded over 50 suppliers, marking a significant milestone in building a robust and diverse supply chain.
January 2022	<b>Sector Expansion:</b> Expanded e-commerce operations into the agriculture sector, broadening the scope of our e-commerce offerings to cater to a vital industry in Pakistan.
June 2022	<b>Technology Innovation:</b> Launched advanced data analytics tools to monitor daily prices of 10+ commodities across Pakistan, empowering customers with real-time market insights.
April 2023	<b>Rebranding to Zarea 2.0:</b> Unveiled a new identity as "Zarea 2.0 by rebranding its logo," reflecting our renewed vision and commitment to innovation and customer satisfaction.
June 2023	<b>Hyper-Growth:</b> Achieved over 5,000 transactions across 10+ cities, onboarded 100+ suppliers, and garnered 8.23 million impressions, reinforcing Zarea's position as a key player in the e-commerce sector.
December 2023	<b>Strategic Licenses &amp; Expansion:</b> Acquired the prestigious Zone Enterprise License from the Special Technology Zones Authority, securing a 10-year tax exemption starting from date of grant of license till 10 <sup>th</sup> December 2033. <b>Geographic Expansion:</b> Extended operations to Khyber Pakhtunkhwa (KPK) province and launched internship programs as Corporate Social Responsibility to support industry education and growth.
June 2024	<b>Profitability Milestone:</b> ZL's reserves exceeding PKR 350 million and platform usage revenue surpassing PKR 280 million

Source: Company Management

### 3.7. TECHNOLOGICAL INFRASTRUCTURE OVERVIEW<sup>31</sup>

- **Technology**

According to Zarea’s management, Zarea offers access to over 20 years of commodities data<sup>32</sup>. The User Interface is designed for B2B interactions. Features include WhatsApp login via OTP, a site map, FAQs, live order tracking, 24/7 customer support, multiple digital payment channels, and an online cart and checkout process. ZL regularly conducts maintenance such as bug fixes Bug Fixes, Performance Optimization, Routine Updates and Security Enhancements. ZL will utilize 12.5% of the IPO proceeds to further improve its Technology infrastructure. For further details, please refer to Section 4.5.3.



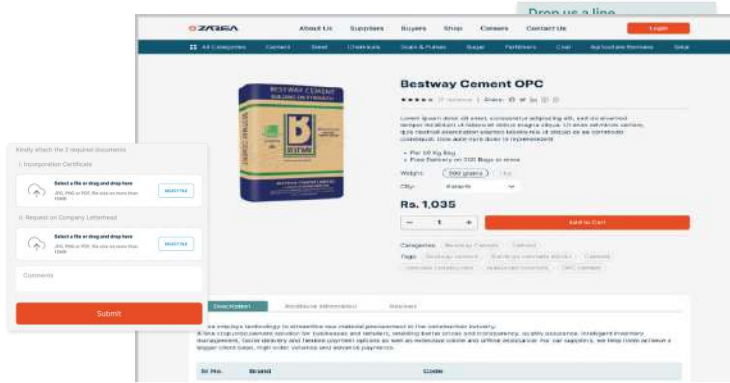
- **For Sellers**

For Sellers, the platform provides access to bulk orders. The platform also supports vendor registration for SMEs, retailers, corporates, and individual vendors.



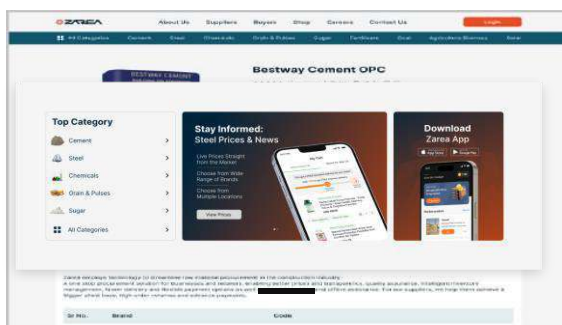
<sup>31</sup> Company Management Information

<sup>32</sup> Zarea sources data from reputable and credible aggregating platforms, including Karandaaz, Pakistan Bureau of Statistics, Trading Economics, Zarea Official



**Register as an SME, Retailer, Corporate & individual Vendor**

Vendors can join the Zarea Platform as an SME, retailer, corporate entity, or individual vendor.

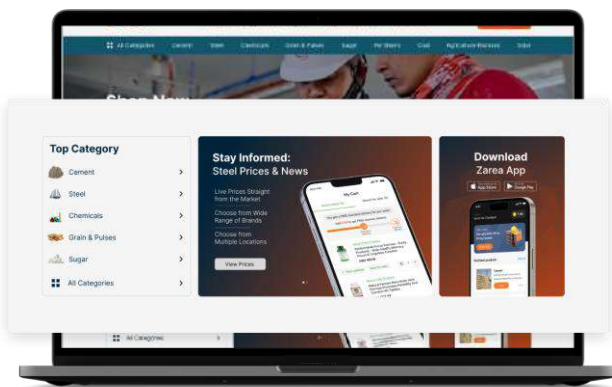


- **For Buyers**

For Buyers, the platform provides access to various commodities, on time delivery, credit sales to Agri Biomass and data analytics. Buyers can obtain quotations, utilize data & analytics tools, and benefit from quality assurance. Please refer to Section 3.1.1 for further clarity.

- **Faster Logistics, Scheduled Delivery, and Priority Delivery Options**

With scheduled delivery, goods arrive at the specified time, and priority delivery options are available for urgent shipments.



### Discount Deals and Promotions

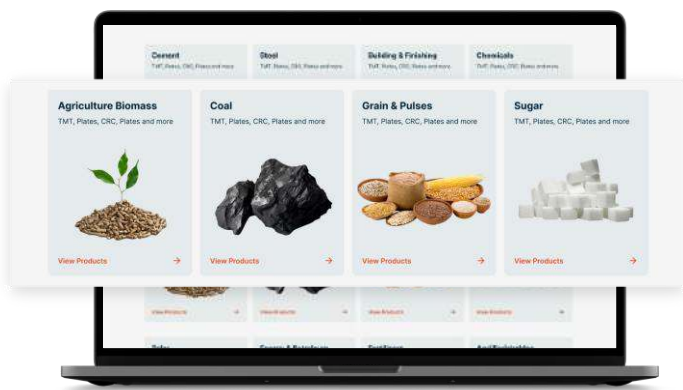
These discounts are provided through various mechanisms, including:

- **Vendor Collaboration:** Zarea collaborates directly with vendors to negotiate special discounts, passing on these cost benefits to customers. Vendors may agree to temporary price reductions to promote their products, especially in bulk or during peak seasons.
- **Platform-Funded Discounts:** Occasionally, Zarea provides platform-funded discounts as part of promotional campaigns to encourage transactions. These discounts are strategically planned to boost user engagement and market penetration.

The accounting treatment for platform-funded discounts categorizes them as a selling and distribution expense. This approach reflects the cost incurred by Zarea in promoting sales and customer acquisition. Vendor-funded discounts, on the other hand, do not impact its financials as they are absorbed directly by the vendors.

- **Services**

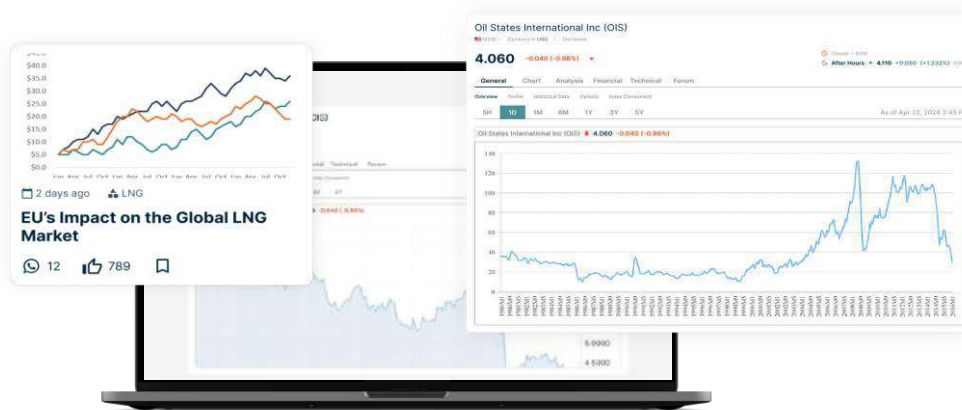
Zarea’s services encompass a range of offerings which are provided under section 3.1.1.



- **Commodities**

The daily prices of commodities can be viewed, allowing users to stay updated with real-time market trends.

- **Daily Market News Updates**



Zarea Platform's Daily Market News Updates provides news coverage on global markets and commodities, delivering crucial information directly to users. With timely updates on market trends, economic events, and key financial developments, one can make well-informed decisions and stay competitive in the fast-paced world of commodity trading.

### 3.8. PRODUCT PORTFOLIO (PLATFORM)

ZL's mission is to digitalize commodities trade for SMEs and retailers. Its buyers include SMEs, retailers and large corporations. The following are the number of customers in these segments:

	FY21	FY22	FY23	FY24
SMEs & Retailers	48	148	275	363
Large Size Entities	3	5	7	10

Source: Company Management

ZL is a reliable name in the commodities E-commerce market which connects its consumers to suppliers through its online platform. Following are the commodities ZL provides access to:

Commodity	FY21		FY22		FY23		FY24	
	PUF (PKR)	% of Total	PUF (PKR)	% of Total	PUF (PKR)	% of Total	PUF (PKR)	% of Total
Cement	5,035,017	42.84%	32,570,833	59.92%	55,573,495	48.36%	133,073,043	47.35%
Agri Biomass	-	-	4,651,038	8.56%	15,810,287	13.76%	81,152,280	28.87%
Other Building Material	6,183,808	52.62%	13,424,988	24.70%	34,570,760	30.08%	48,837,480	17.38%
Steel	534,037	4.54%	3,710,790	6.83%	8,957,690	7.80%	17,998,052	6.40%
<b>Total</b>	<b>11,752,862</b>	<b>100%</b>	<b>54,357,649</b>	<b>100%</b>	<b>114,912,232</b>	<b>100%</b>	<b>281,060,855</b>	<b>100%</b>

Source: Company Management

#### 3.8.1. Cement

The following is the contribution of Cement Buyers for FY24:

Cement Buyers Contribution			
Description	No. of Transactions	Amount	% of Total PUF
Top 5 Buyers Contribution	517	19,538,609	6.95
Top 10 Buyers Contribution	762	28,743,904	10.23

Source: Company Management

The following is the contribution of Cement sellers for FY24:

Cement Sellers Contribution		
Description	Qty (MT)	% of Total Qty Sold
Top 5 Sellers Contribution	11,932	5.67%
Top 10 Sellers Contribution	14,645	6.96%

Source: Company Management

#### 3.8.2. Agri Biomass

The following is the contribution of Agri Biomass Buyers for FY24:

Agri Biomass Buyers Contribution			
Description	No. of Transactions	Amount	% of Total PUF
Top 5 Buyers Contribution	730	26,173,470	9.31
Top 10 Buyers Contribution	962	30,837,867	10.97

Source: Company Management



The following is the contribution of Agri Biomass sellers for FY24:

Agri Biomass Sellers Contribution		
Description	Qty (MT)	% of Total Qty Sold
Top 5 Sellers Contribution	17,195	8.17%
Top 10 Sellers Contribution	21,124	10.04%

Source: Company Management

Agri Biomass commodities include bagasse, wheat straw, rice husk, and corn cob.

### 3.8.3. Other Building and Finishing Materials

The following is the contribution of Other Building and Finishing Materials Buyers for FY24:

Other Building and Finishing Materials Buyers Contribution			
Description	No. of Transactions	Amount	% of Total PUF
Top 5 Buyers Contribution	240	5,331,367	1.90
Top 10 Buyers Contribution	386	8,551,442	3.04

Source: Company Management

The following is the contribution of Other Building and Finishing Materials sellers for FY24:

Other Building and Finishing Materials Sellers Contribution		
Description	Qty (Trucks)	% of Total Qty Sold
Top 5 Sellers Contribution	188	8.50%
Top 10 Sellers Contribution	266	12.03%

Source: Company Management

### 3.8.4. Steel

The following is the contribution of Steel Buyers for FY24:

Steel Buyers Contribution			
Description	No. of Transactions	Amount	% of Total PUF
Top 5 Buyers Contribution	121	4,460,280	1.59
Top 10 Buyers Contribution	177	6,469,977	2.30

Source: Company Management

The following is the contribution of Steel sellers for FY24:

Steel Sellers Contribution		
Description	Qty (MT)	% of Total Qty Sold
Top 5 Sellers Contribution	512	0.24%
Top 10 Sellers Contribution	643	0.31%

Source: Company Management

Note: Percentage of total Qty sold is calculated by divided individual Qty sold of each commodity by total qty of Cement, Steel and Agri Bio mass. Other building material is calculated separately as its unit of measurement is in Trucks.

### 3.9. PRODUCT PORTFOLIO (DIRECT SALE OF COMMODITIES)

In PKR	FY21	FY22	FY23	FY24
Commodities - Sales	-	62,046,011	44,153,994	160,700,997
Commodities – Cost of Sales	-	(30,550,000)	(33,621,244)	(131,017,772)
Gain	-	31,496,011	10,532,750	29,683,225

Source: Audited Financial Statements of Zarea Limited

Advances in commodities pertain to Zarea’s investment in agricultural biomass commodities during the on-season, which are sold in the off-season, capitalizing on predictable price appreciation driven by supply-demand dynamics. The commodities include bagasse, wheat straw, rice husk, and corn cob, which historically have experienced a price appreciation of 30-70% during the off-season every year. This investment approach has resulted in gains of PKR 29.7 million in 2024, PKR 10.5 million in 2023, and PKR 31.5 million in 2022 for ZL.

This approach is sustainable due to the inherent nature of the agricultural cycle and the consistent historical trend of price increases in the off-season of agricultural biomass commodities. Consequently, the gains generated by this are likely to continue, as it relies on well-established market trends and the predictable supply-demand imbalance in these commodities.

### 3.10. MARKETING ACTIVITY IN 2021-2024

Google Analytics (Calendar Year)				
Particulars	2021	2022	2023	2024(8 months)
Total Organic Traffic (No.)	45,968	120,844	167,268	103,785
Total organic Keywords (No.)	6,023	10,905	11,414	10,188
Total Impression (No. in Mn)	4.1	4.5	4.87	3.53
Total Clicks (No.)	134,000	146,000	202,000	86,700
Total Desktop User (No.)	28,843	32,874	30,582	14,183
Total Mobile Users (No.)	120,847	152,009	135,161	43,086
Total Sessions (No.)	118,838	173,316	180,783	135,039
Total Scrolled Users (No.)	72,585	87,463	96,533	65,432
Marketing Expense (PKR)	2,045,216	687,936	471,265	5,271,335

Source: Company Management

The following is the breakdown of these Google Analytics figures:

- Total Organic Traffic (No.):** This is the number of people who found the website through unpaid search results (not through ads). In 2021, 46,000 people visited this way, and it increased to around 167,000 in 2023. For 2024 (the first 8 months), it’s already at 103,785.
- Total Organic Keywords (No.):** These are the unique search terms or words that people used to find the website in unpaid search results. It grew from about 6,000 keywords in 2021 to 11,400 in 2023. For the first 8 months of 2024, it’s slightly lower at 10,188, indicating some fluctuation in how people are searching.
- Total Impressions (in Millions):** This is the number of times the website appeared in search results, even if people didn’t click on it. The website showed up around 4 million times in 2021, rising to 4.87 million in 2023. In 2024, it’s already been seen 3.53 million times in just eight months.

4. **Total Clicks (No.):** These are the actual clicks the website got from search results. Starting at 134,000 in 2021, clicks rose to over 202,000 in 2023. In 2024, it has 86,700 clicks so far, so they're on track to match or surpass the previous years.
5. **Total Desktop Users (No.):** This is the number of people accessing the website on desktop computers. The desktop users increased slightly from 28,843 in 2021 to around 30,582 in 2023 but are currently lower in 2024, at 14,183 for eight months.
6. **Total Mobile Users (No.):** The number of people using mobile devices to access the website grew significantly, from about 121,000 in 2021 to 152,000 in 2022. It dropped slightly in 2023 to 135,161 and has reached 43,086 so far in 2024.
7. **Total Sessions (No.):** A session is a period of activity on the website (each time someone visits and interacts with it). The sessions rose from about 119,000 in 2021 to 180,783 in 2023. In 2024, there have been 135,039 sessions in the first eight months.
8. **Total Scrolled Users (No.):** This number shows how many people scrolled down the page, meaning they engaged more deeply. From 72,585 in 2021, it increased to 96,533 in 2023. For 2024, 65,432 users have scrolled so far.
9. **Marketing Expense (PKR):** This is the money spent on marketing the website in Pakistani Rupees (PKR). There was a big increase in spending in 2024, reaching 5,271,335 PKR so far, compared to only 471,265 PKR in 2023. This suggests the company is investing more heavily in promoting the site this year.



## Google Analytics Audience - 2022

Continent: Region: Channel: Device: 1 Jan 2022 - 31 Dec 2022

Users: **120,844** Sessions: **173,316** Bounce Rate: **68.37%** Goal Completions: **22,070** Avg. Time on Page: **00:01:38**



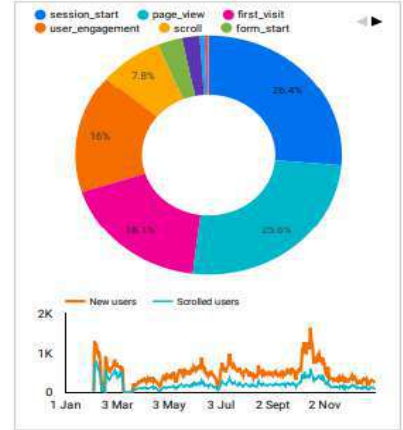
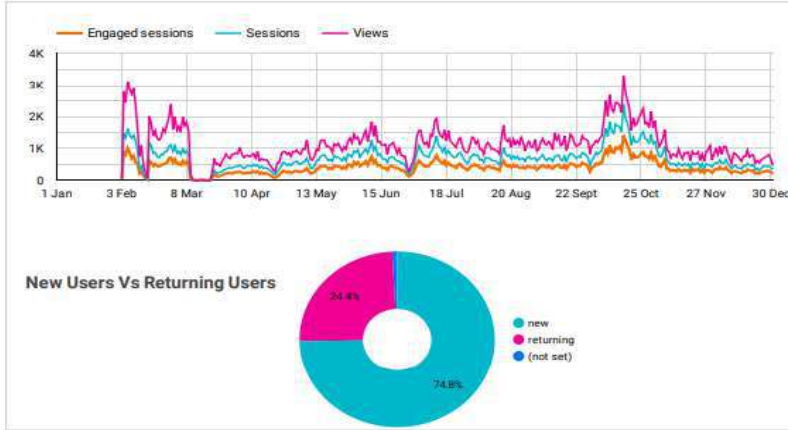
Source / Medium	Acquisition			Behavior			Conversions		
	Sessions	Users	New Users	Bounce Rate	Pages / Session	Avg. Session Duration	Goal Conversion Rate	Goal Completions	Goal Value
google / organic	146,581	104,201	104,242	69.42%	1.94	00:01:34	6.31%	9,266	\$0
(direct) / (none)	16,135	9,145	8,964	59.1%	2.5	00:02:19	38.9%	6,277	\$0
google / qpc	5,669	4,991	3,957	72.78%	1.86	00:01:22	86.24%	5,456	\$0
m.facebook.com...	1,348	1,125	1,014	70.99%	1.99	00:01:03	9.06%	122	\$0
bing / organic	1,087	758	738	51.61%	2.83	00:02:35	8.46%	92	\$0
l.facebook.com / ...	266	131	87	27.82%	4.35	00:03:59	78.95%	210	\$0
yahoo / organic	244	177	168	67.62%	1.92	00:01:21	5.33%	13	\$0
rss / rss	243	208	176	79.01%	1.44	00:01:31	2.47%	6	\$0
-	219	219	217	100%	1	00:00:00	58.9%	129	\$0



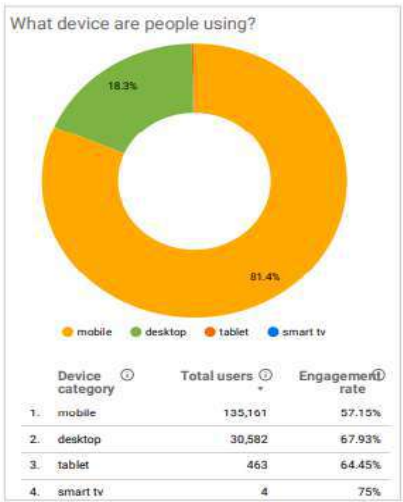
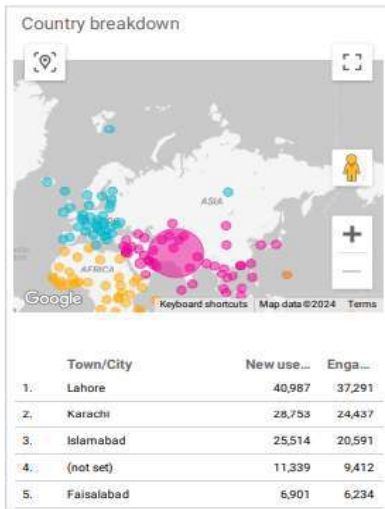
## Google Analytics Audience - 2023

Continent ▼ | Region ▼ | Default cha... ▼ | Device cate... ▼ | 1 Jan 2023 - 31 Dec 2023 ▼

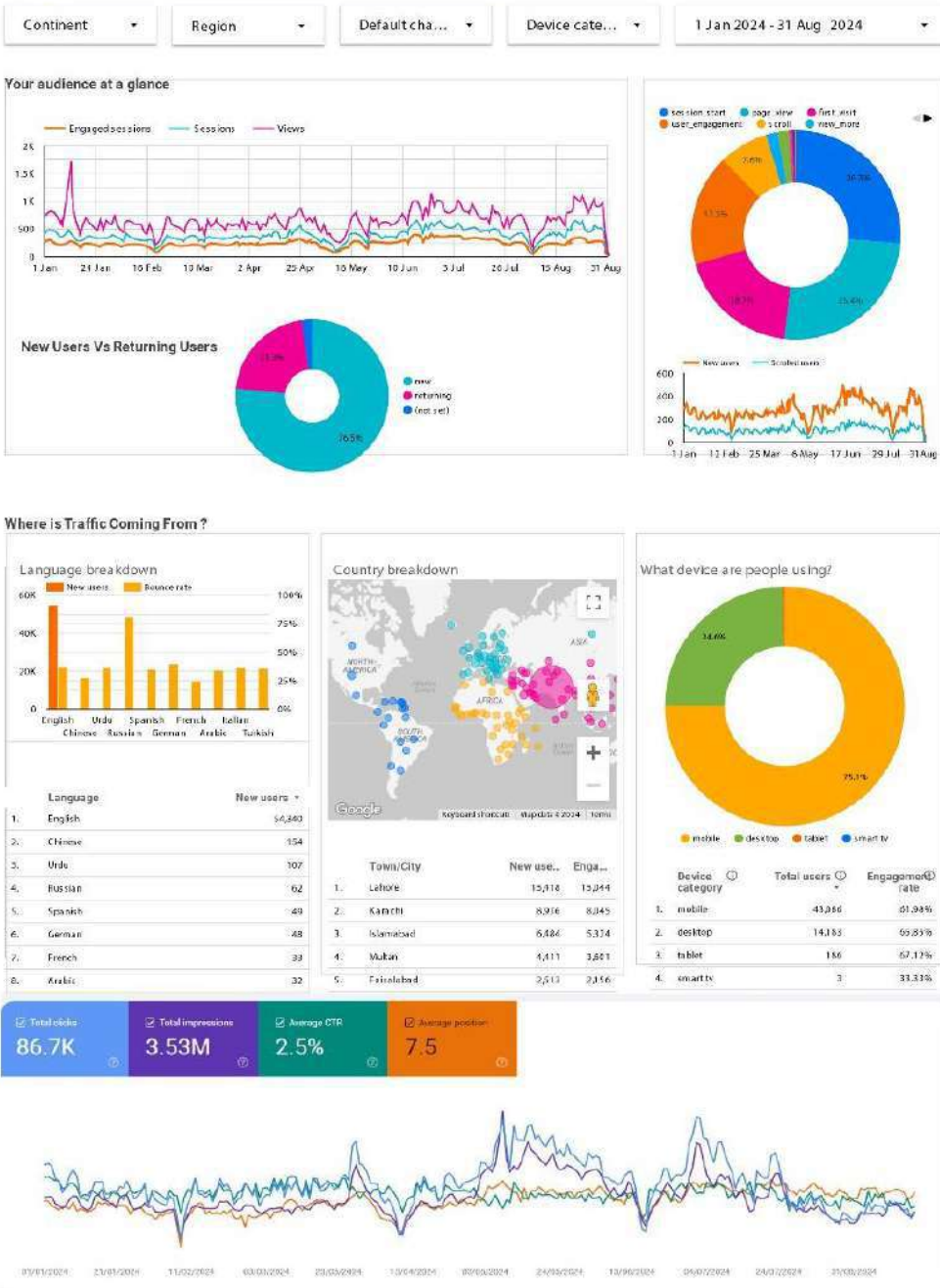
### Your audience at a glance



### Where is Traffic Coming From ?

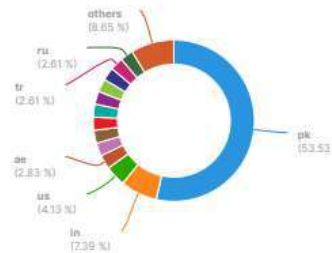


## Google Analytics Audience - 2024



### Organic Search: Keywords By Country

PK | Domain | zarea.pk



### Backlinks: Follow vs Nofollow

zarea.pk

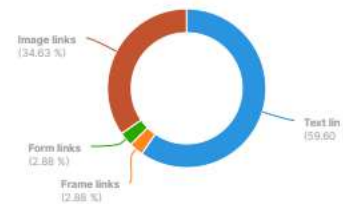
3.0K Follow links, 1.5K Nofollow links



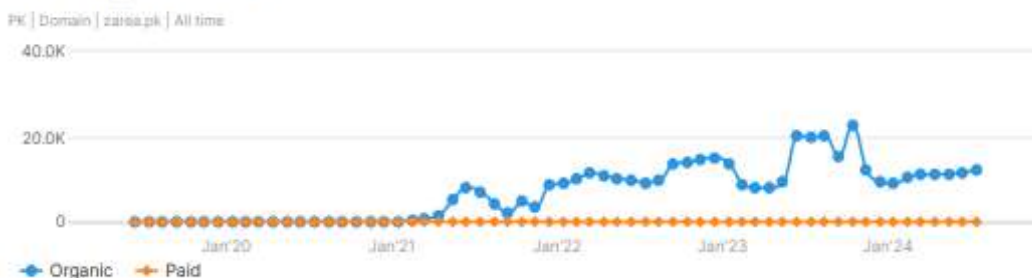
### Backlinks Types

zarea.pk

2.8K Text links, 1 Frame links, 37 Form links, 1.6K Image links



**Traffic: Organic vs Paid**



**Organic Search: Traffic chart**



**Organic Search: Keywords chart**



**3.11. DEMAND FOR THE PRODUCTS AND OUTLOOK**

The business model for ZL solely depends on consumers’ buying commodities from their online platform irrespective of the size and nature of business, hence the demand for its products and their outlook will vary with the prospects and outlook of the E-Commerce industry.

**3.12. E-COMMERCE MARKET OVERVIEW<sup>33</sup>**

Pakistan is the 46<sup>th</sup> largest market for E-Commerce, with a revenue of \$5.2 billion in CY23<sup>34</sup>. This development occurred during the pandemic period when online sales significantly went up globally, like consumers elsewhere, Pakistanis saw online platforms as safer alternative to BM stores many of which of shuttered down amidst lockdowns. Post covid the E-Commerce industry in Pakistan continued to expand & revenue increased steadily.

Some factors behind this growth include government measures such as Digital Pakistan Policy, the aim was to boost ecommerce activity by facilitating payment service providers & operators in line with comparative digital models launched in neighboring countries. Pakistan is still largely a cash-based informal economy resulting in most of the transactions being conducted in cash, except for large ones which usually require a brank draft or pay order. In terms of payment method, the E-Commerce market in Pakistan is fragmented, where no single service provider dominates.

<sup>33</sup> Pakistan - eCommerce (trade.gov)

<sup>34</sup> Pakistan - eCommerce (trade.gov)

Cash on delivery emerges as the prevalent method used by online shoppers. Pakistan is a predominantly cash based economy. Factors such as low banking coverage, lack of trust in digital payments, poor connectivity, and high cost of transaction means that it can be difficult to sway consumers from the traditional cash on delivery method. To break this norm, SBP launched a digital payment system called “Raast” to facilitate affordable small value retail payments. In addition, last year, the SBP issued No-Objection certificate to five applicants<sup>35</sup> for initial digital banking service: Easy Paisa DB (Telenor Pakistan B.V & Ali Pay Holding Ltd.), Hugo Bank (Getz Bros & Co., Atlas Consolidated Pte. Ltd. and M & P Pakistan Pvt. Ltd.), KT Bank (Kuda Technologies Ltd., Fatima Fertilizer Ltd. and City School Pvt. Ltd.), Mashreq Bank (Mashreq Bank UAE), and Raqami (Kuwait Investment Authority through – PKIC and EnerTech Holding Co.).

The E-Commerce sector has mainly focused on consumer products and accessories. Some leading E-Commerce websites in Pakistan include<sup>36</sup>:

- OLX
- Daraz
- Pakwheels
- Zameen
- Shophive
- Naheed Super Market
- Cheetay
- Food Panda

According to industry reports 95% of E-Commerce companies receive payments for their online orders via cash on delivery<sup>37</sup>. This increases the liquidity requirements, forcing the companies to have large teams for cash receipt management, which further increases operational costs. This coupled with the fact that only 24% of the country’s population has a bank account<sup>38</sup>, significantly increases the cost of doing business for E-Commerce companies. Some large players in the E-Commerce space have started to utilize digital payments in the hope that the industry will come together to coax its consumers away from cash on delivery to online payments.

### 3.12.1. COMPARING PAKISTAN’S E-COMMERCE POLICY WITH INDIA AND BANGLADESH<sup>39</sup>

Sub-continental countries (India, Pakistan, and Bangladesh) have diverse e-commerce policies shaped by their stages of digital trade and economic priorities. Pakistan's 2019 e-commerce policy created a national council to support digital trade and youth and women entrepreneurs but faces operational challenges due to limited digital infrastructure and regulatory clarity. In contrast, neighboring countries prioritize local business protection, limiting foreign e-commerce influence to promote domestic growth. Bangladesh also restricts foreign investment to specific countries like China, safeguarding local industries from international competition. India and Bangladesh focus on digital payments and initiatives like India’s Open Network for Digital Commerce to prevent monopolies and foster inclusivity. Pakistan, however, is still developing its digital payment infrastructure and improving internet access, particularly in remote areas. While all three nations encourage youth and SME empowerment, other countries more effectively include youth and women in policymaking, promoting inclusive growth. Pakistan's policy provides a foundation but needs improved regulations, infrastructure, and global integration to align with the more established frameworks of its neighbors.

### 3.12.2. COMMODITIES SECTOR

#### • CEMENT:

Cement Sector is organized with most players listed on PSX. Overall economic growth and government spending on development projects are the main drivers of the sector’s growth. In FY24, Local Offtake decreased to 38 million metric tons from 40 million metric tons in FY23 resulting in a 5% YOY decrease. Total production in FY24 stood at 45 million Metric Tons which is constant to FY23 however in FY24 Local offtake decreased by 2 million Metric Tons & Exports increased by 2 million Metric Tons.

<sup>35</sup> <https://www.sbp.org.pk/press/2023/Pr1-13-Jan-2023.pdf>

<sup>36</sup> Pakistan - eCommerce (trade.gov)

<sup>37</sup> Pakistan - eCommerce (trade.gov)

<sup>38</sup> Pakistan - eCommerce (trade.gov)

<sup>39</sup> mphil-economics-2021-syed-talha-ali--comparative-assessment-of-e-commerce-policy-of-pakistan-with-india-and-bangladesh.pdf (pide.org.pk)



### Cement Production and Consumption

Particulars	FY21	FY22	FY23	FY24
Offtake Local (Million MT)	48	48	40	38
Exports (Million MT)	9	5	5	7
Total Offtake (Million MT)	57	53	45	45
North Region (avg price / 50kg)	613	764	1,064	1230
South Region (avg price / 50kg)	613	777	1,081	1189

Source: All Pakistan Cement Manufacturers Association (APCMA)

#### • STEEL

The data for steel products from FY21 to FY24 shows distinct trends across two categories: Billets/Ingots and Hot Rolled Coils/Sheets/Strips/Plates. Billets/Ingots production rose significantly by 26.4% in FY22, reaching 6,039,666 units, but then saw a steady decline, decreasing by 11.6% in FY23 and a further 7.9% in FY24, landing at 4,914,000 units. Meanwhile, H/C.R.Sheets/Strips/Coils/Plates displayed moderate growth, increasing by 7.3% in FY22 and 2.2% in FY23, peaking at 3,613,600 units, before experiencing a slight decline of 2.5% in FY24, ending at 3,523,000 units. While billets/ingots showed a pattern of growth followed by a steady drop, H/C.R.Sheets production remained relatively stable, with only minor fluctuations.

### Steel Production

Particulars	FY21	FY22	FY23	FY24
Billets/Ingots (MT)	4,777,000	6,039,666	5,338,000	4,914,000
H/C.R.Sheets/Strips/Coils/plates etc. (MT)	3,296,450	3,535,700	3,613,600	3,523,000

Source: Pakistan Bureau of Statistics (PBS)

#### • SUGAR

Sugarcane is an important agricultural and cash crop of Pakistan. Sugarcane crop alone contributed 0.8% to the country's GDP and 3.5% in agriculture value addition during FY23<sup>40</sup>. Total production of sugar clocked in at 6.7 million MT in Sugar year 2023 which is 23% lower than 7.9 million MT in Sugar year 2022. The total consumption was met by the opening stock and production during the year resulting in a decline in imports and increase in exports<sup>41</sup>.

Sugar Production and Consumption (Sugar year 1 <sup>st</sup> October to 30 <sup>th</sup> September)			
Million Metric Tons	2021	2022	2023
Opening Stock	0.8	1.5	2.1
Domestic Production	5.7	7.9	6.7
Imports	0.28	0.31	0.0
Exports	0	0	0.3
Domestic Consumption	5.3	5.9	6.0
Closing Stock	1.5	2.1	0.9

Source: Pakistan Sugar Mills Association

#### • FERTILIZER

The fertilizer industry has a pivotal role in agricultural economy. The government has provided substantial support to the fertilizer industry in the shape of cheap gas, tax holidays, waiving off import duties on machinery etc. during the last 4-5 decades. Urea, the main fertilizer, has 71.7% share in total production capacity<sup>42</sup>.

Production of Fertilizers (000 MT)				
Particulars	FY21	FY22	FY23	9MFY24
Urea	6,295	6,442	5,994	5,108

<sup>40</sup> [https://finance.gov.pk/survey/chapter\\_24/2\\_agriculture.pdf](https://finance.gov.pk/survey/chapter_24/2_agriculture.pdf)

<sup>41</sup> [https://www.psmacentre.com/documents/Annual\\_Report\\_2023.pdf](https://www.psmacentre.com/documents/Annual_Report_2023.pdf)

<sup>42</sup> <https://www.app.com.pk/national/fertilizer-production-increase-by-16-6-to-7171-thousand-tons-during-july-march/#:~:text=Urea%2C%20the%20main%20fertilizer%2C%20has,loss%20of%2021%20thousand%20tones>

Super Phosphate	105	98	71	66
Ammonium Nitrate	786	828	820	674
Dia-Ammonium Phosphate	789	897	635	598
Nitro Phosphate	876	836	741	615
<b>Total</b>	<b>8,851</b>	<b>9,101</b>	<b>8,261</b>	<b>7,061</b>

Source: Economic Survey of Pakistan 2023-24

#### • COAL

Coal is an important energy source, and the power sector uses a significant share of coal for electricity generation. Indigenous coal resources are reasonably substantial and sufficient to meet the country's requirements on a long-term sustainable basis. Domestic coal production is expected to increase in the coming years, starting with mining activity at Thar Coalfield Block-I and expanding the existing mine at Block-II. Indigenous coal production is mainly consumed by power generation plants situated at Thar Coalfield, whereas production from other coalfields is utilized in brick kilns. Furthermore, power plants and the industrial sector consumed imported coal.<sup>43</sup>

Production and Consumption of Coal (Million MT)				
Particulars	FY21	FY22	FY23	9MFY24
Power	11.9	12.8	15.5	11.9
Cement	10.8	5.6	5.4	2.8
Brick Kilns	5.8	9.3	3.0	2.6
<b>Total consumption</b>	<b>28.5</b>	<b>27.7</b>	<b>23.9</b>	<b>17.3</b>
Local Production	9.3	9.6	15.0	13.9
Import	18.9	18.1	8.9	3.4

Source: Economic Survey of Pakistan

#### • COTTON

During FY24, the cotton area under cultivation increased to 2.4 million hectares against 2.1 million hectares in FY23. Production recorded an increase to 10.2 million bales in 9MFY24. It has share of 0.7% in GDP and 2.9% in agriculture value addition<sup>44</sup>.

Production of Cotton				
Particulars	FY21	FY22	FY23	9MFY24
Total Production (000 Bales)	7,064	8,329	4,910	10,223
Total Production (000 MT)	1,202	1,417	845	1,739
Area under Cultivation (000 hectares)	2,079	1,937	2,144	2,424


Source: Economic Survey of Pakistan 2023-24

### 3.13. COMPETITORS LISTED ON PSX

There are no competitors of ZL that are listed on PSX.

### 3.14. INTELLECTUAL PROPERTY RIGHTS

As per Zarea's management, as of 30 June 2024, the Company does not hold any registered intellectual property, including but not limited to patents, trademarks, copyrights, or any other forms of intellectual property rights. However, ZL have filed trademark for Zarea Logo and Copyright for literary work of Zarea Software with intellectual property organization of Pakistan and it is in process, whose details are given below:

Intellectual Property			
Trade Mark	Trademark Application No.	Application Date	Current Status
	762239	11 <sup>th</sup> July 2024	In Process
Copy Right	Copy Right Application No.	Application Date	
Zarea.pk	3180/2024	31 <sup>st</sup> July 2024	In Process

Source: Company Management

<sup>43</sup> [https://finance.gov.pk/survey/chapter\\_24/14\\_energy.pdf](https://finance.gov.pk/survey/chapter_24/14_energy.pdf)

<sup>44</sup> [2\\_agriculture.pdf](#)

### 3.15. MATERIAL PROPERTY

As per Zarea's management, as of 30<sup>th</sup> June 2024, the Company does not hold any material property, including real estate, buildings, land, or any other property classified as material property.

### 3.16. LIST OF IT VENDORS

Alpha Software (Pvt.) Ltd ("Alpha Venture") is ZL's IT infrastructure vendor and has been providing software support development and related services. These costs have been capitalized as intangible assets as per Audited Financial Statements of ZL.

Key Vendors and their Respective Payments (Amount in PKR)					
Vendor	Country	Services	FY22	FY23	FY24
Alpha Venture	Pakistan	Software support and maintenance	-	3,563,628	18,600,000

Source: Company Management and Audited Accounts

Alpha Venture is a digital transformation company specializing in building and scaling brands, enterprise platforms, and bespoke products. Their services encompass software development, e-commerce solutions, enterprise systems, custom applications, data and AI products, ERP implementations, and growth marketing strategies. Alpha Venture has successfully executed projects across various regions, including South Asia, the Middle East, and the United States, delivering innovative solutions that drive digital transformation for businesses worldwide.

### 3.17. APPROVALS & CERTIFICATIONS

License & Certification				
Particulars	License No	Authority	Date of Registration	Validity
Zone Enterprise License	01-C-10001-103	Special Technology Zones Authority	11-12-2023	10-12-2033

Zone Enterprise License is a license issued by Special Technology Zones Authority. This license provides various incentives such as exemption from all taxes under the Income Tax Ordinance, 2001, exemption from tax on import of Capital Goods, exemption from property tax, and exemption from sales tax under the Sales Tax Act, 1990<sup>45</sup>. This tax exemption is valid for 10 years starting from the grant of license till its expiry i.e. 10<sup>th</sup> December 2033.

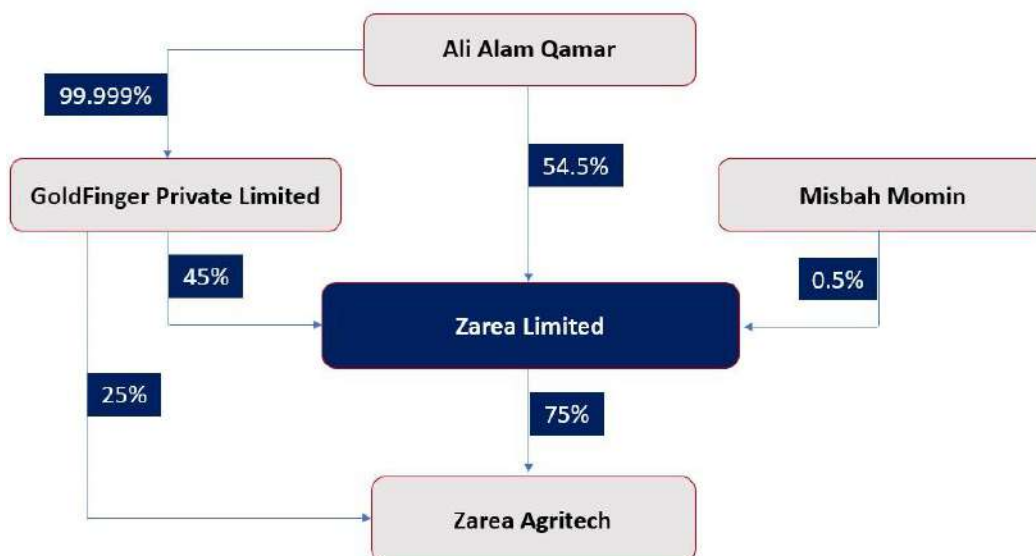
### 3.18. GROUP STRUCTURE OF THE ISSUER SHOWING SHAREHOLDING IN RELATIVE AND ABSOLUTE TERM.

The group structure is as follows:

- GPL:** GPL is majorly owned by Mr. Ali Alam Qamar who holds 99.999% shareholding, i.e. 99,999 shares out of total paid up shares of 100,000.  
 GPL currently holds 45% of ZL, 90,000,000 shares out of the total paid up shares of 200,000,000.
- ZL:** other than GPL, Mr. Ali Alam Qamar and Ms. Misbah Momin hold 54.5% i.e. 108,999,996 shares and 0.5% i.e. 1,000,000 shares respectively.  
 The ultimate owner of ZL is Mr. Ali Alam Qamar who owns ZL directly and/or indirectly 99.5% i.e. 198,999,096 shares.
- Zarea Agritech Private Limited:** It is a 75% owned subsidiary of ZL. The remaining 25% is owned by GPL. The ultimate owner of this Company is also Mr. Ali Alam Qamar.

For further clarity, please refer to the flowchart below showing Pre-IPO sponsor shareholding and group structure.

<sup>45</sup> <https://www.stza.gov.pk/zone-enterprise/>



### 3.19. ASSOCIATED COMPANIES

The Associated companies of ZL include the following:

Associated Companies				
Sr#	Name of Company	Nature of relation	Name of Director	Nature of Business
1	Goldfinger Private limited	Holding Company with 45%	Mr. Ali Alam Qamar	Investment in shares
2	Zarea Agritech Private Limited	75% owned subsidiary of ZL	Mr. Ali Alam Qamar	Agricultural Technologies
3	Misbah Momin Foundation*	Associated due to common directorship	Ms. Misbah Momin	Non-profit organization
5	Seven world view SMC Pvt. Ltd.	Associated due to common directorship	Ms. Misbah Momin	Media
6	Indis Private Limited	Associated due to common directorship	Mr. Sohail Wajahat Siddique	Information Technology
7	Alpha Packaging Pvt. Ltd.	Associated due to common directorship	Mr. Sohail Wajahat Siddique	Packaging
8	J Sons Infinite Pvt. Ltd.	Associated due to common directorship	Mr. Juneid Akram	General Trading

Source: Company Management

\*Mr. Ali Alam Qamar is also an employee of Misbah Momin Foundation

### 3.20. RELATED PARTY TRANSACTIONS

The related party transactions for the Company are tabulated as follows:

Related Party	Relationship	Nature of Transaction	FY21	FY22	FY23	FY24
<b>Loan from Sponsors / Shareholders</b>						
Ali Alam Qamar	Director	Loan from Sponsors / Shareholders	42,000,000	53,500,000	58,500,000	90,000,000
Gold Finger (Pvt.) Limited	Common Directorship*	Loan from Sponsors / Shareholders	-	-	25,000,000	90,000,000
<b>Total Loan from Sponsors / Shareholders</b>			<b>42,000,000</b>	<b>53,500,000</b>	<b>83,500,000</b>	<b>180,000,000</b>

<b>Right share issued</b>	-	-	-	<b>(180,000,000)</b>
<b>Closing Balance</b>	<b>42,000,000</b>	<b>53,500,000</b>	<b>83,500,000</b>	-

Source: Audited Financial Statements of Zarea Limited

\*Ali Alam Qamar is the common director/sponsor of Zarea Limited and Goldfinger Private Limited

The loans provided by sponsors / shareholders are for business expansion. This is interest free and repayable at the discretion of the entity. This loan shall be paid through banking channels. During the year FY24, all loan from sponsors / shareholders and Related parties has been converted into right shares. The Company has issued Right shares against Loan amount.

### 3.21. GLOBAL & LOCAL INDUSTRY OVERVIEW AND SECTOR ANALYSIS

Company Name	Country	Industry	Total Funding	Establishment	Current Stage
<b>Local Competitors</b>					
Dastgyr	Pakistan	E-Commerce	\$41 <sup>46</sup> million	2020	Series A
Bazaar	Pakistan	E-Commerce	\$107.8 <sup>47</sup> million	2020	Series B
Zaraye	Pakistan	E-Commerce	\$2.1 <sup>48</sup> million	2021	Pre-seed
<b>International Competitors</b>					
Of Business	India	E-Commerce	\$869 <sup>49</sup> million	2015	Series G
Infra Market	India	E-Commerce	\$500 <sup>50</sup> million	2016	Debt financing
Travis Perkins	United Kingdom	Ecommerce, Building, Construction, Home Improvement	Listed on LSE, market capitalization of 1.98 billion Pounds <sup>51</sup> as at 18 <sup>th</sup> October, 2024.	1960	Public Limited

#### 3.21.1. DASTGYR

Dastgyr is a B2B e-commerce marketplace for FMCG, Construction, and Chemicals products in emerging markets. Dastgyr provides retail services that apply wholesale research to the lowest possible rates on inventories on a wide variety of products. Dastgyr Technologies has raised a total of \$41M in funding over 5 rounds. Its latest funding was raised on Jun 14, 2022, from a Series A round. They provide a marketplace to connect sellers with buyers, giving them unprecedented access to trade. They also provide value added logistics as a service (LaaS) so sellers can increase their order volumes and bottom line.

#### 3.21.2. BAZAAR<sup>52</sup>

Bazaar is empowering small and medium sized retailers who form the backbone of Pakistan's retail economy. Bazaar's mobile app gives these small business owners access to a large assortment of goods from multiple local and international brands as well as unbranded products on a single platform - which can be ordered at any day of the week

<sup>46</sup> <https://profit.pakistantoday.com.pk/2022/06/14/b2b-marketplace-dastgyr-announces-37m-series-a-raise-as-it-widens-services-beyond-kiryana-stores/>

<sup>47</sup> <https://www.dawn.com/news/1680122>

<sup>48</sup> <https://www.dawn.com/news/1684978>

<sup>49</sup> <https://www.ofbusiness.com/about/info>

<sup>50</sup> <https://inc42.com/buzz/with-ipo-on-the-card-infra-market-plans-fresh-funding-of-up-to-200-mn-at-higher-valuation/>

<sup>51</sup> <https://www.google.com/finance/quote/TPK:LON?sa=X&ved=2ahUKEwj197K6Z2JAxXDTaQEHLRNDQ3ecFegQISRAI>

<sup>52</sup> [Bazaar Retail and Bazaar Industrial both comes under the umbrella of Bazaar.](#)

with free next day delivery to storefronts. Bazaar provides access to 100k+ retailers across 50+ cities and towns<sup>53</sup>. They reduce costs to serve via data insights and supply chain optimization as well as benefit from exclusive distribution partnership with Bazaar Prime. In the industrial sector, they deliver valuable market intelligence and data insights for informed decision making, supported by a robust supply chain infrastructure and a dedicated sales force equipped with advanced technology.

### 3.21.3. ZARAYE

Zaraye is a leading B2B platform, connecting manufacturers with suppliers across the country. They aim to digitize sourcing processes, increasing efficiency in the textile, construction, and polymers industry<sup>54</sup>. The Zaraye B2B app connects buyers directly to suppliers, to solve the inefficient textile, construction, and polymer procurement process. Zaraye is a one-stop solution that helps buyers get the best prices with ease and convenience. Zaraye has developed innovative software "Zortal" for global businesses and organizations, providing an efficient solution to automate numerous organizational processes such as procurement, inventory, warehousing, user management, and sales.

### 3.21.4. OF BUSINESS

OFB Tech (Of Business) helps SMEs in manufacturing and infrastructure sectors procure raw materials on credit terms. It integrates technology to offer better products, prices, and timelines, with support. Key materials include metals, chemicals, and building materials. It also provides financing through Oxyzo Financial Services and tech services like Bid Assist for growth opportunities.

Of Business last raised funding in December 2021, securing \$325 million at a valuation of \$5 billion, and has aimed to acquire 25 companies.

### 3.21.5. INFRA MARKET

Infra Market is an online marketplace for construction and infrastructure materials in India, designed to streamline procurement for builders and contractors. Founded by Sandeep Kumar, the platform offers a wide range of products, including cement, steel, and ready-mix concrete, and focuses on leveraging technology for efficiency and competitive pricing. The company has rapidly grown and expanded its operations, attracting significant investment to enhance its offerings in the construction sector.

### 3.21.6. TRAVIS PERKINS

Travis Perkins plc, a FTSE 100 company, is a leading player in the builders' merchanting, home improvement and e-commerce market across the UK and Europe. Founded in 1988 through a merger between Travis & Arnold and Sandell Perkins, the Group has grown to operate over 720 stores. As the industry evolves, Travis Perkins has significantly expanded its e-commerce capabilities, offering a comprehensive online platform that streamlines the purchasing process for customers. This digital presence enables customers to access a vast range of building materials, tools, and supplies online, ensuring convenience and efficiency in managing construction, repair, and maintenance projects.

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<sup>53</sup> <https://www.bazaartech.com/#:~:text=At%20Bazaar,%20we%20are%20building%20the%20commerce%20and>

<sup>54</sup> [Largest Online B2B Raw Material Platform \(zaraye.co\)](#)

### 3A SHARE CAPITAL AND RELATED MATTERS

#### 3A (i) SHARE CAPITAL

Share Capital				
Current Issued, & Paid-up-Capital	No. Of Shares	Face Value per Share (PKR)	Premium per Share (PKR)	Total (PKR)
<b>Authorized Capital</b>				
Ordinary Shares of PKR 1/- each	400,000,000*	1	0	400,000,000
<b>Issued, Subscribed &amp; Paid-up Capital</b>				
Ordinary Shares of PKR 1/- each fully paid in cash	20,000,000	1	0	20,000,000
Ordinary Shares of PKR 1/- each for consideration of loan from sponsors	180,000,000	1	0	180,000,000
Issued as Bonus Shares: Ordinary Shares of PKR 1/- each	0	0	0	0
<b>Total</b>	<b>200,000,000</b>	<b>1</b>	<b>0</b>	<b>200,000,000</b>
<b>Shares held by Directors/ Sponsors</b>	<b>No. of Shares</b>	<b>Face Value (PKR)</b>	<b>Premium (PKR)</b>	<b>Total (PKR)</b>
Mr. Ali Alam Qamar	108,999,996	1	0	108,999,996
Goldfinger Pvt Ltd	90,000,000	1	0	90,000,000
Ms. Misbah Momin	1,000,000	1	0	1,000,000
Mr. Juneid Akram	1	1	0	1
Mr. Muhammad Afzal Chaudhry	1	1	0	1
Mr. Sohail Wajahat Siddiqui	1	1	0	1
Ms. Meezan Fahd Mukhtar	1	1	0	1
Mr. Nouman ul Hassan (Nominee Director of Goldfinger Pvt. Limited)	0	1	0	0
<b>Other Shareholders</b>	0	0	0	0
<b>Sub Total</b>	<b>200,000,000</b>	<b>1</b>	<b>0</b>	<b>200,000,000</b>
<b>New issue of ordinary shares</b>	<b>No. of Shares</b>	<b>Face Value (PKR)</b>	<b>Premium (PKR)</b>	<b>Total (PKR)</b>
<b>New shares Issuance through IPO</b>	<b>62,500,000</b>	<b>1</b>	<b>15</b>	<b>62,500,000</b>
<b>Paid Up Capital Post IPO</b>				
<b>Total Paid Up Capital Post IPO</b>	<b>262,500,000</b>	<b>1</b>	<b>937,500,000</b>	<b>262,500,000</b>
<b>Allocation</b>	<b>No. Of shares</b>			
Allocations to institutions / individual Investors through Book Building process at Strike Price	46,875,000	1	15	750,000,000
General Public Portion	15,625,000	1	15	250,000,000
<b>Total Issue Size</b>	<b>62,500,000</b>	<b>1</b>	<b>15</b>	<b>1,000,000,000</b>

\*The company increased its authorized paid-up shares by further 100,000,000 of face value of PKR 1/- each on 22<sup>nd</sup> July 2024 post audit FY24

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

Shares held by Sponsors	Particular	No. of Shares	Face Value (PKR)	Total Value (PKR)	% Post IPO Paid-Up Capital
Mr. Ali Alam Qamar	CEO/ Director	108,999,996	1	108,999,996	41.52
Goldfinger (Pvt.) Limited	Private limited	90,000,000	1	90,000,000	34.29
Ms. Misbah Momin	Chairperson	1,000,000	1	1,000,000	0.38
<b>Total Paid up Capital Post IPO</b>		<b>262,500,000</b>	<b>1</b>	<b>262,500,000</b>	<b>76.19</b>

Note:

- As per regulation 5(1) of the PO Regulations, the Sponsors of the Company shall retain their entire shareholding in the Company (i.e. 199,999,996 shares) for a period of not less than twelve months from the last date for public subscription;
- As per regulation 5(2) of the PO Regulations, the Sponsors of the Company shall retain not less than twenty-five percent of the Post Issue Paid-Up Capital of the Company for not less than three financial years from the last date for the public subscription;
- As per regulation 5(3) of the PO Regulations, the shares of the Sponsors mentioned at (1) and (2) above shall be kept unencumbered in a blocked account with the CDC;
- As per regulation 5(4) of the PO Regulations, subject to compliance with sub-regulation 1 and 2 of Regulation 5, and with the prior approval of the securities exchange, the Sponsors of the Company may sell their shareholding through block-sale to any other person who shall be deemed Sponsor for the purposes of the PO Regulations.

### 3A (iii) PRESENT ISSUE

The Issue comprises 62,500,000 Ordinary Shares of Face Value of PKR 1/- each, which constitutes 23.81% of the total Post-IPO Paid Up Capital of the Company. This Issue of 62,500,000 Ordinary Shares will be offered through the 100% Book Building process at a Floor Price of PKR 16/- per share. Initially, 75% of the issue size i.e., 46,875,000 ordinary shares will be provisionally allotted to Successful Bidders and 25% of the issue i.e., 15,625,000 Ordinary Shares will be offered to Retail Investors. Unsubscribed shares, if any, of the General Subscription portion will be allocated to Successful Bidders of the Book Building portion on a pro-rata basis. The Book Building Portion has been underwritten by Topline Securities Limited and Growth Securities (Pvt.) Limited.

### 3A (iv) RELATED EMPLOYEES OF THE COMPANY (ZL)

Zarea Limited		
Sr. No.	Name	Designation
1	Ali Alam Qamar	Chief Executive Officer
2	Usman Iftikhar	Chief Investment officer
3	Muhammad Usman Ameer	Chief Financial Officer
4	Syed Muhammad Akram	Company Secretary
5	Muhammad Aamir	Investment Associate

### 3A (v) SHARES ISSUED IN PRECEDING YEARS

Sr. No.	No. of Shares	Description	Consideration	Face Value per share (PKR)	Premium	Total Value (PKR)	Date of Issuance/ Allotment
1	2,000,000	Initial Capital	Cash	10	Nil	20,000,000	14/09/2020
2	20,000,000*	1:10 Stock Split	None	1	Nil	20,000,000	11/12/2023
3	180,000,000	Right Issue	Against Loan from sponsors	1	Nil	180,000,000	28/02/2024
<b>Total</b>	<b>200,000,000</b>			<b>1</b>	<b>Nil</b>	<b>200,000,000</b>	

\* Two (2) million shares with Face value of PKR 10 per share were converted into 20 million shares with Face Value of PKR 1 per share via Stock Split to make its shares more accessible and appealing to wider investor audience, especially retail investors, thereby supporting its growth objective and aligning with common market practices.



**3A (vi) EMPLOYEE STOCK OPTION SCHEME**

There is no Employee Stock Option Scheme.

**3A (vii) RELATED EMPLOYEES OF THE JOINT LEAD MANAGER & BOOK RUNNER**

Topline Securities Limited		
Sr. No.	Name	Designation
1	Mohammad Sohail	Chief Executive Officer
2	Muhammad Nadeem	Head of Corporate Finance & Advisory
3	Muhammad Ismail Memon	Senior Associate Corporate Finance & Advisory
4	Abdul Hafeez	Associate Corporate Finance & Advisory
5	Zirar Khalid	Associate Corporate Finance & Advisory

Growth Securities (Pvt.) Limited		
Sr. No.	Name	Designation
1	Muhammad Shahid	Chief Executive Officer
2	Zeeshan	Director / Head of Sales
3	Muhammad Iqbal	Director
4	Kamran	Head of Settlement / Compliance Officer

**Note:**

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

**UNDERTAKING OF THE SPONSORS OF THE ISSUER REGARDING IPO UTILIZATION**
**E-STAMP**

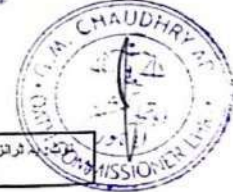

ID: PB-LHR-98DF78DF1D1FD2F5  
 Type: Low Denomination  
 Amount: Rs 300/-

Description: CERTIFICATE OR OTHER DOCUMENT - 19  
 Applicant: ZAREA LTD [35000-0000000-0]  
 Representative From: ZAREA LTD  
 Agent: ALI [35000-0000000-0]  
 Address: LAHORE  
 Issue Date: 1-Oct-2024 12:50:15 PM  
 Delisted On/Validity: 8-Oct-2024  
 Amount in Words: Three Hundred Rupees Only  
 Reason: UNDERTAKING IN FAVOR OF PAKISTAN STOCK EXCHANGE  
 Vendor Information: Muddasar Hussain | PB-LHR-2805 | Daroghawala Lahore



Scan for online verification

Muddasar Hussain  
 STAMP VENDOR  
 LIC # 4805  
 Daroghawala Lahore



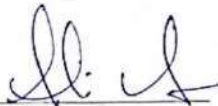
اس تحریر کی تاریخ اجرا سے سات دنوں تک کے لیے قابل استعمال ہے اس اسٹامپ کی تصدیق بذریعہ کیو آر کوڈ سے کی جاسکتی ہے۔

**UNDERTAKING BY THE SPONSORS OF THE ISSUER**
Date: 20/09/2024

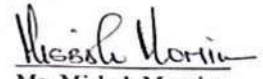
**The Chief Executive**  
 Pakistan Stock Exchange Limited  
 Stock Exchange Building  
 Stock Exchange Road  
 Karachi

We, the undersigned, on behalf of Zarea Limited, do hereby state on solemn affirmation as under:

- That we (i) Ali Alam Qamar, s/o Momin Qamar bearing CNIC no. 35201-6331948-3 resident of 5-Bridge Colony, Lahore Cantt., (ii) Misbah Momin, w/o Momin Qamar bearing CNIC no. 35201-2189435-6 resident of 5-Bridge Colony, Lahore Cantt, and (iii) M/s Goldfinger (Private) Limited having registered office at 103/2 Fazil Road, St. Johns park, Lahore are the sponsors and majority shareholders of Zarea Limited (the "Issuer"); and
- That the IPO proceeds of Zarea Limited shall be utilized as per the purpose disclosed in the Prospectus.



Ali Alam Qamar  
 Chief Executive Officer  
 Zarea Limited



Ms. Misbah Momin  
 Chairperson/Director  
 Zarea Limited



Nouman Ul Hassan  
 Nominee Director of  
 M/S Goldfinger (Private)  
 Limited  
 CNIC: 31301-8308399-3

ATTESTED  
 G. M. CHAUDHRY ADV.  
 OATH COMMISSIONER LHR

## 4 PRINCIPAL PURPOSE OF THE ISSUE AND FUNDING ARRANGEMENTS

### 4.1. PRINCIPAL PURPOSE OF THE ISSUE

The total proceeds of PKR 1,000 million raised at a floor price of PKR 16/- would be utilized to facilitate working capital requirement, expansion in Logistics & Technology, Marketing, Office and vehicles. The purpose is to achieve growth through user acquisition i.e. increase customer base. Details of excess funds raised have been disclosed in section 4.6.

One of the major utilizations of these proceeds is to enhance the customer base by increasing the number of commodities in their portfolio of products available at its platform. Moreover, ZL aims to make this digital process seamless and efficient as it plans to upgrade and invest in its technological infrastructure. ZL also plans to spend on the Marketing of its online platform which is around 7.5% of the total issue size (PKR 1,000 million).

### 4.2. SOURCE OF FUNDING

The Company plans to raise PKR 1,000 million through an Initial Public Offering (IPO). This funding will be used to facilitate working capital requirement, expansion in Logistics & Technology, Marketing, Office and vehicles. The Company will issue 62,500,000 Ordinary shares at a Floor price of PKR 16/- share. Proceeds from IPO will be used to achieve growth through user acquisitions and entering new markets. Additionally, a portion of funds will be allocated to meet increasing working capital requirements.

Mode of Financing	Value (PKR)	Contribution
IPO Proceeds	1,000,000,000	100%
<b>Total</b>	<b>1,000,000,000</b>	<b>100%</b>

### 4.3. UTILIZATION OF IPO PROCEEDS

Breakup of Utilization of IPO Proceeds				
Item	%	Estimated Cost (PKR) <sup>55</sup>	Basis of Estimation	Name of Vendor
Working Capital	45.0	450,000,000	Management's estimates	-
Logistics	24.0	240,000,000	Quotation	The Right Man Body Maker, IGI General Insurance Limited, Ghandhara DF private Limited, and Hafiz Karachi Low Bed Trailer Services
Technology	12.5	125,000,000	Quotation	Alpha Software (Pvt) Ltd./Alpha Venture
Marketing	7.5	75,000,000	Quotation & Management's estimates	Hafiz Brothers Media Solutions Private Limited
Office and Cars	6.0	60,000,000	Quotation	Artisan Living Furniture and Interiors, Electroline, and Honda Showroom located at Koral Chowk, Islamabad Highway, Islamabad
Human Resource	5.0	50,000,000	Management's estimates	-
<b>Total</b>	<b>100.0</b>	<b>1,000,000,000</b>		

Source: Company Management

<sup>55</sup> As per undertaking dated 20<sup>th</sup> September 2024 provided by ZL

#### 4.4. SEGMENT WISE UTILIZATION OF IPO PROCEEDS

Segment wise Breakup of Utilization of IPO Proceeds						
Utilization of IPO Proceeds	Segment 1		Segment 2		Total	
	Platform Usage Fee	% of Total	Sale of Agri Biomass Commodities	% of Total	Estimated Cost	% of Total
Working Capital	-		450,000,000	45.0%	450,000,000	45.0
Logistics	240,000,000	24.0%	-	-	240,000,000	24.0
Technology	125,000,000	12.5%	-	-	125,000,000	12.5
Marketing	60,000,000	6.0%	15,000,000	1.5%	75,000,000	7.5
Office and Cars	60,000,000	6.0%	-	-	60,000,000	6.0
Human Resource	50,000,000	5.0%	-	-	50,000,000	5.0
<b>Total</b>	<b>535,000,000</b>	<b>53.5%</b>	<b>465,000,000</b>	<b>46.5%</b>	<b>1,000,000,000</b>	<b>100.0</b>

Source: Company Management

#### 4.5. ADDITIONAL DISCLOSURES RELATING TO THE PURPOSE OF THE ISSUE

##### 4.5.1. WORKING CAPITAL

The PKR 450 million allocated for working capital will primarily be utilized to strengthen relationships with key suppliers through advance payments and deposits, ensuring a stable supply chain, timely order fulfillment, and resilience against market volatility. Additionally, these funds will support transaction facilitation with customers, encouraging more purchases, expanding the customer base, and maintaining a steady cash flow. These resources will circulate within the company's working capital cycle, continually replenishing as they progress through the operational cash cycle. This strategic approach to working capital aims to enhance Zarea's operational efficiency, provide a competitive edge, fortify its supply chain, and support overall growth.

##### Basis for Estimation of Working Capital Requirement

Zarea Limited's management has estimated the working capital requirement at PKR 450 million, based on a combination of historical transaction data, projected growth in Agri-related transactions, and seasonality factors inherent to the agricultural commodities sector. This estimation considers the following key elements:

##### Projected Growth and Platform Expansion:

The working capital requirement reflects anticipated growth in user base, transaction volumes, and platform expansion over the forecast period. Specifically, the transaction volume in agricultural commodities is projected to increase from 1,536 in FY 2024 to 2,458 in FY 2025, requiring Zarea to support a larger scale of operations leading to increase in working capital requirement.

##### Commodity-Specific Working Capital Needs:

Zarea's estimation includes specific working capital allocations for seasonal commodities that require advance payments to secure supply. The breakdown for each commodity is as follows:

Allocation	2025 (F)
Working capital for Rice Husk	50 Mn
Working capital for Corn Cob	50 Mn
Working capital for Wheat Straw	150 Mn
Working capital for Baggas	200 Mn
<b>Total Working Capital Requirement</b>	<b>450 Mn</b>

Zarea's working capital consists of advances to suppliers and trade receivables from customers. These components are revolving in nature, meaning they are continuously cycled as advances are converted into purchases and subsequently into receivables with each completed sale. This efficient cycle supports Zarea's business model, ensuring liquidity and responsiveness to customer demand. It is pertinent to note here that since inception, the Company has not extended any credit finance/lending services to the suppliers and the end consumers/users.

#### 4.5.2. LOGISTICS

Currently, ZL's delivery of sold commodities is managed by third-party logistics partners, and ZL charges a commission to these vendors. To enhance service quality, increase operational efficiency, and drive revenue growth, ZL is poised to launch a new business line dedicated to managing its logistics operations. This strategic move is designed to align with ZL's long-term vision of offering end-to-end solutions for its customers and stakeholders.

Buyers and sellers will continue to use ZL's platform for their trading needs, but now it will take charge of delivering the commodities through its newly established logistics wing which will be operated under ZL.

Starting in 4QFY25, an initial fleet of 9 trucks will be deployed with a total capital expenditure of PKR 240 million. This utilization of funds would enhance ZL's control over the delivery process, leading to cost efficiency and increased margins. Furthermore, ZL will enhance its scalability & integrate technology solutions i.e. GPS tracking, automated warehousing & real time inventory management. These operational advantages will differentiate ZL from its competitors and allow them to adapt to the changing market trends.

Logistics Capex							
Particulars	Specifications	Qty	Cost / Unit	Amount	Vendor	Expected Date of Order	Expected Date of Delivery
Dongfeng F14251ax31y Prime Mover 6x4 375hp Turbocharged & Intercooler	Capacity 60 Tons	9	18,000,000	162,000,000	Ghandhara DF (Private) Limited	April 2025	June 2025
Body Structure for Prime Mover Body	-	9	6,543,222	58,888,998	The Right Man Body Maker	June 2025	July 2025
Tyres size 11/20 (China) along with Rim	-	126	119,928.57	15,111,000	Hafiz Karachi Low-Bed Trailer Services	June 2025	July 2025
Insurance including tracker for 9 vehicles	-	-	-	4,000,000	IGI General Insurance Limited	May 2025	-
<b>Total</b>		<b>18</b>		<b>239,999,998</b>			

Source: As per quotations provided by Company Management

#### 4.5.3. TECHNOLOGY

As ZL will enhance and expand their digital platform, including the introduction of mobile applications and other digital incentives, it expects a substantial increase in the number of transactions. This improvement may make the platform more interactive and user friendly, which in turn would increase the number of transactions.

Breakup of Technology Capex				
Item	%	Estimated Cost (PKR)	Basis of Estimation	Vendor
AI Technology	40	50,000,000	Quotation	Alpha Software Pvt. Ltd. (Alpha Venture)
Supply chain management software	24	30,000,000	Quotation	
Data Infrastructure	16	20,000,000	Quotation	
IoT Automation	12	15,000,000	Quotation	
Implementation & Support	8	10,000,000	Quotation	

<b>Total</b>	<b>100</b>	<b>125,000,000</b>		
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Source: As per quotations provided by Company Management

Expected Execution Schedule		
Item	Start Timeline	Completion Timeline
<b>AI Transformation</b> <ul style="list-style-type: none"> <li>Smart demand forecasting</li> <li>AI-Powered logistics and transportation</li> <li>Optimized supplier management</li> <li>Intelligent procurement</li> </ul>	Third Quarter 2025	Second Quarter 2026
<b>ERP &amp; Supply Chain</b> <ul style="list-style-type: none"> <li>Integration of AI tools with existing ERP</li> <li>Custom SCM software development</li> <li>User training and support</li> </ul>	Fourth Quarter 2025	First Quarter 2026
<b>Data Infrastructure</b> <ul style="list-style-type: none"> <li>Data warehousing and processing capabilities</li> <li>In-house data analysts and capabilities</li> <li>Cloud storage solutions</li> </ul>	Third Quarter 2025	Fourth Quarter 2025
<b>IoT &amp; Automation</b> <ul style="list-style-type: none"> <li>Smart sensors and IoT devices for real-time tracking</li> <li>Automation of repetitive tasks using RPA</li> <li>Integration of IoT data with AI systems</li> </ul>	Fourth Quarter 2025	First Quarter 2026
<b>Implementation and Support</b> <ul style="list-style-type: none"> <li>Project management and consulting services</li> <li>Technical support and maintenance</li> <li>Staff training programs and workshops</li> </ul>	Third Quarter 2025	Second Quarter 2026

Details of Technology Capex	
<b>AI Based Transformation – PKR 50 million (40%)</b>	
Smart Demand Forecasting - 20%   10M 3 Months Estimated Completion: Quarter 4 2025	<ol style="list-style-type: none"> <li>Development of predictive models to anticipate demand</li> <li>Implementation of machine learning algorithms for forecasting</li> <li>Integration with historic data and market trends</li> </ol>
AI Powered logistics & Transportation - 30%   15M 5 Months Estimated Completion: Quarter 1 2026	<ol style="list-style-type: none"> <li>AI driven optimization of stock levels using market insights</li> <li>Real-time inventory tracking and automated replenishment</li> <li>Utilization of historical inventory data to predict stocks effectively</li> </ol>
Optimized Supplier Management - 20%   10M 3 Months Estimated Completion: Quarter 1 2026	<ol style="list-style-type: none"> <li>Optimized evaluation and ranking based on performance metrics</li> <li>Risk assessment tools to identify &amp; mitigate potential disruptions</li> <li>Better collaboration through predictive analytics using historical</li> </ol>
Intelligent Procurement - 30%   15M 6 Months Estimated Completion: Quarter 2 2026	<ol style="list-style-type: none"> <li>Smart Procurement systems to streamline purchasing decisions</li> <li>Cost optimization based on data to negotiate better deals</li> <li>Automating procurement processes and reducing manual errors</li> </ol>
<b>ERP &amp; Supply Chain – PKR 30 million (24%)</b>	
Synergy - %35   10.5M	Integration of AI tools with existing ERP
Innovation - %60   18M	Custom SCM software development
Empowerment - %5   1.5M	User training and support
<b>Data Infrastructure – PKR 20 million (16%)</b>	
Optimization - 50%   10M	Data warehousing and processing capabilities
Expertise - 25%   5M	In-house data analysts and capabilities

Scalability - 25%   5M	Cloud storage solutions
<b>IoT and Automation – PKR 15 million (12%)</b>	
Connectivity - 15%   2.25M	Smart sensors and IoT devices for real-time tracking
Efficiency - 30%   4.5M	Automation of repetitive tasks using RPA
Fusion - 55%   8.25M	Integration of IoT data with AI systems
<b>Implementation and Support – PKR 10 million (8%)</b>	
Consultancy - 30%   3M	Project management and consultancy services
Service - 60%   6M	Technical support and maintenance
Training - 10% - 1M	Staff training programs and workshops

Source: Company Management

Technology Capex Execution Map		Estimated Timeline
Planning & Initial setup	<ol style="list-style-type: none"> <li>1. Conduct comprehensive supply chain assessments.</li> <li>2. Identify high-impact AI integration opportunities</li> <li>3. Develop tailored transformation roadmap</li> </ol>	Q3 – 2025
Design & Development	<ol style="list-style-type: none"> <li>1. Engineer AI solutions for priority areas</li> <li>2. Integrate with existing ERP and data infrastructure</li> <li>3. Implement IoT and automation technologies</li> </ol>	Q4 – 2025
Pilot & Optimization	<ol style="list-style-type: none"> <li>1. Launch controlled pilots in key operational areas</li> <li>2. Rigorously test and refine AI models</li> <li>3. Quantify performance improvements</li> </ol>	Q1 – 2026
Scaled Implementation	<ol style="list-style-type: none"> <li>1. Roll out optimized solutions across the organization</li> <li>2. Provide robust change management and training</li> <li>3. Establish AI governance and maintenance protocols</li> </ol>	Q2 – 2026

Source: Company Management

#### 4.5.4. MARKETING

Marketing is a critical component of ZL's business expansion plan. To boost platform traffic and brand recognition, ZL will invest PKR 75 million in advertising and marketing campaigns aimed at expanding its customer base and driving sales growth.

These initiatives will include digital marketing, social media campaigns, networking events, and traditional advertising channels. By leveraging advanced analytics and customer insights, ZL will tailor its strategies to target specific demographics and regions, maximizing each campaign's impact and reaching the most relevant customers.

ZL will build strong brand equity by highlighting its commitment to quality, reliability, and innovation. This includes promoting its extensive commodity offerings, cutting-edge digital platform, and superior customer service. By positioning itself as a trusted marketplace, ZL aims to attract and retain customers.

Collaborations with industry influencers and strategic partnerships are vital to ZL's marketing strategy. Partnering with reputable figures and organizations in the commodities sector will amplify its reach and enhance its brand image.

ZL plans to invest in content marketing and educational initiatives to engage its audience. By providing valuable insights, market analysis, and expert advice, it can establish itself as a thought leader, attracting potential customers and building long-term relationships.

ZL will hold networking events such as conferences, seminars, and exhibitions to create brand awareness among customers and suppliers. These events will showcase its offerings, share industry knowledge, and foster relationships, strengthening its market position and visibility.

Marketing efforts will be complemented by continuous improvements to the user experience on ZL's platform. Ensuring a seamless, intuitive, and user-friendly interface will enhance customer satisfaction and encourage repeat business. Customer feedback will be used to refine and optimize the platform.

Breakup of Marketing				
Item	%	Estimated Cost (PKR)	Basis of estimation	Vendor
Traditional Media <sup>56</sup>	53.34	40,000,000	Quotation	Hafiz Brothers Media Solutions Private Limited
Networking events	33.33	25,000,000	Management's estimates	NA
Digital & social media	13.33	10,000,000	Management's estimates	NA
<b>Total</b>	<b>100</b>	<b>75,000,000</b>		

Source: Company Management

#### 4.5.5. OFFICE CAPEX & VEHICLES

ZL plans to make significant investments in its infrastructure to support its ambitious expansion goals. The Company will invest a total of PKR 60 million in office capex and vehicles to support its expanding operations. It includes PKR 30 million for office capital expenditure for upgrading and expanding office spaces. This includes modernizing facilities, acquiring state-of-the-art equipment and enhancing technological infrastructure. By creating a more efficient and conducive work environment, ZL aims to boost employee productivity and streamline operations. These enhancements will also support the growing workforce, which is essential for managing the increased volume of transactions and customer interactions as the Company expands.

Breakup of Office Capex				
Item	%	Estimated Cost (PKR)	Basis of Estimation	Vendor
Office Renovation & Furniture	66.67	20,000,000	Quotation	Artisan Living Furniture & Interiors
Computer Equipment	33.33	10,000,000	Quotation	Electroline
<b>Total</b>	<b>100</b>	<b>30,000,000</b>		

Source: As per quotations provided by Company Management

Office Renovation and Furniture			
Item	Qty	Cost/Unit (PKR)	Amount (PKR)
Linear Work Station	61	44,000	2,684,000
Marcus Desk Executive	8	305,000	2,440,000
Arc Econo Chair (Staff)	40	40,000	1,600,000
Manager High Back Executive Chairs	8	145,000	1,160,000
Staff Work Station	40	25,000	1,000,000
Managers Chairs with headrest	12	81,000	972,000
Traditional Visitor Chairs	10	94,000	940,000
Sofa Cooper 3-seater	3	305,000	915,000
Harp Manager Chair without headrest	12	69,000	828,000
Smart Chair Millennium Brown	10	73,000	730,000
Marlon Manager High back chairs	10	70,000	700,000
Executive Chair Millennium	11	60,000	660,000
Ozone Meeting Table(4-person)	14	43,000	602,000
Antonin Executive Table (Right)	1	460,000	460,000
Ariel linear Work Station (2 person)	10	45,000	450,000
Conte twin Seat Sofa	3	140,000	420,000
Antonin center Table	8	50,000	400,000
Arc Desk	2	190,000	380,000
Grace Sofa 3seater	2	185,000	370,000
Castel barstool	8	40,000	320,000
Fin Visitor Chairs	12	23,000	276,000
Panda Ottoman Stool	8	32,000	256,000
Orient Visitor Chairs	4	60,000	240,000
Glasgow Executive Chairs	2	110,000	220,000

<sup>56</sup> Traditional media only include billboard



Conte Side Table	5	43,000	215,000
Rodea Executive Sofa (3Seater)	1	200,000	200,000
Snare Executive Chair without Headrest	3	45,000	135,000
Sero Sofa Dark Beige (2-seater)	1	130,000	130,000
Apex Visitor Chairs	2	55,000	110,000
Lunar Work Station for 4-person	3	25,000	75,000
Callisto Anchor Side Table	1	50,000	50,000
Ozone 2.0 Office Filling Cabinet	1	32,000	32,000
Marcus Side Table	1	30,000	30,000
<b>Total</b>	<b>317</b>		<b>20,000,000</b>

Source: As per quotations provided by Company Management

<b>Computer Equipment*</b>			
<b>Item</b>	<b>Qty</b>	<b>Unit Cost (PKR)</b>	<b>Amount (PKR)</b>
DDR5 BEAST 8.9 PC	4	890,000	3,560,000
Dell Latitude 3440 I7-1355U 8GB 512GB 1Y Laptop	6	358,000	2,148,000
MSI GeForce RTX 3080 10G GAMING Z TRIO Graphic Card	3	329,999	989,997
Apple MacBook Pro MTL83 M3 14.2" 1TB SSD Space Gray 2023	2	474,950	949,900
HP Scanjet Enterprise Flow 5000 S5 Scanner	2	255,000	510,000
VIEWSONIC PG707W Business Projector	2	225,500	451,000
Dell S3221QS 32" Curved 4K UHD Monitor	2	200,000	400,000
HP LaserJet MFP M440dn(8AF47A) Printer	2	198,000	396,000
Samsung Shield T7 1TB USB 3.2 External SSD	6	37,000	222,000
Sennheiser RS 160 RF Wireless Headphones	4	27,355	109,420
TP Link Archer AX55 AX3000 Dual Band Gigabit Wi-Fi 6 Router	3	35,499	106,497
Samsung 1TB 970 EVO Plus NVMe M.2 Internal SSD	2	30,500	61,000
Transcend Jet Drive Go 300 Flash Drive 128GB For IOS	6	8,999	53,994
Corsair 64GB Flash USB Voyager 3.0	6	6,599	39,594
Amaze A812 DP TO HDMI ADAPTER	2	1,299	2,598
<b>Total</b>	<b>52</b>		<b>10,000,000</b>

Source: As per quotations provided by Company Management

\*Expected date of delivery is 4QFY25

In addition to upgrading its office infrastructure, ZL has announced an investment of PKR 30 million in the purchase of six new Honda City vehicles for its marketing & sales department employees, aiming to enhance its outreach and sales effort, connect with a wider audience and expand its customer base. This investment will strengthen the Company's market presence, improve customer engagement and drive business development, with the new vehicles providing a reliable mode of transportation for employees and serve as an asset in promoting the Company's brand and values, demonstrating ZL's commitment to its employers and customers.

<b>Breakup of Vehicle Capex*</b>				
<b>Vehicles</b>	<b>Estimates</b>	<b>Vendor</b>	<b>Expected Date of Order</b>	<b>Expected Date of Delivery</b>
No. of vehicles	6	Honda Showroom located at Koral Chowk, Islamabad Highway, Islamabad	April, 2025	June, 2025
Cost per Vehicle (PKR)	5,000,000			
<b>Total Cost of Vehicles (PKR)</b>	<b>30,000,000</b>			

Source: As per quotations provided by Company Management

\*Expected date of delivery is 4QFY25

#### 4.5.6. HUMAN RESOURCE

ZL plans to expand the scale of its current operations, it will undertake significant hiring efforts, including filling key management positions. The Company aims to bring in highly competent individuals for the key hiring that will play a crucial part in steering the Company through its expansion and ensuring the successful execution of its strategic objectives. In addition to these key management positions, ZL will hire multiple staff members in operational and

administrative roles to support its growing operations. This includes adding permanent personnel in logistics, supply chain management, and Sales team to ensure smooth and efficient day-to-day functioning. To streamline operations across its various commodity sectors, ZL intends to hire dedicated department heads for new departments, such as Logistics and new commodities. These leaders will be responsible for overseeing sector-specific activities, ensuring clear lines of responsibility, and optimizing performance within their respective areas. The department heads will be supported by regional sales managers, area sales managers, and sales assistants, creating a robust and well-coordinated sales force capable of driving growth across different regions. Overall, ZL plans to invest PKR 50 million in expanding its human resource capacity. This investment will cover recruitment, onboarding, and training costs for the new hires, ensuring they are well-prepared to contribute effectively to the Company's growth.

<b>Breakup of Human Resource Estimated Expense</b>			
<b>Description</b>	<b>Headcount</b>	<b>Average monthly salary</b>	<b>Annual Expense</b>
Hiring at Chief level positions - 1 Logistics - 1 Data Analytics - 1 Supply Chain	3	425,000	15,300,000
Hiring of Department Heads - 1 Logistics - 2 Supply Chain - 2 Sales	5	350,000	21,000,000
Hiring of Department Officers - 3 Logistics - 2 Supply Chain - 1 Sales	6	110,000	7,920,000
Recruitment and Training	-		5,780,000
<b>Total</b>			<b>50,000,000</b>

Source: Company Management

#### 4.6. CURRENT BUSINESS EXPANSION

Since its inception, ZL has successfully dealt with four commodities sectors, achieving impressive performance and growth. Building on this success, ZL is now expanding its portfolio to include additional commodity sectors. Expanding ZL's commodity sectors is a strategic move driven by several compelling factors. By diversifying its offerings, ZL can cater to a broader audience, thereby increasing its market share and spreading risk across different sectors.

##### 4.6.1. RATIONALE FOR EXPANSION

ZL intends to launch more commodities which are Chemicals, Coal, Grains, Agriculture & Perishables, Cotton & Yarn, Fertilizers and Sugar. The increase in the product portfolio would mean more transactions for ZL which in turn will result in higher revenue potential. The existing customers would be exposed to multiple types of sector commodities increasing the AOV per transaction and improving the overall customer experience. This expansion into new markets provide ZL with more data points for analysis leading to better market insights and allow ZL to predict trends & optimize pricing. ZL's expansion into more commodities positively affects the economic growth of the industry & country it serves.

#### 4.7. IMPLEMENTATION PLAN

<b>Implementation Plan</b>	
<b>Description</b>	<b>Expected completion timeline (Calendar Year)</b>
Working capital	2Q 2025 – 3Q 2025
Logistics	2Q 2025 – 3Q 2025
Technology	3Q 2025 - 2Q 2026
Marketing	2Q 2025 – 3Q 2025
Office & Cars	2Q 2025 – 3Q 2025
Human Resource	2Q 2025 – 3Q 2025

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

Any excessive funds raised, in case the Strike Price is determined above the Floor Price, would be utilized to fund the internal working capital requirement of ZL existing business and to fund the expansion plan.

Utilization of excess IPO funds, based on scenarios where the strike price is set above the floor price				
Item	Up to 10%	>10% Up to 20%	>20% Up to 30%	>30% Up to 40%
Working Capital	80,000,000	160,000,000	240,000,000	320,000,000
Marketing	20,000,000	40,000,000	60,000,000	80,000,000
<b>Total</b>	<b>100,000,000</b>	<b>200,000,000</b>	<b>300,000,000</b>	<b>400,000,000</b>

Source: Company Management

#### 4.9. UNDERTAKING ON REPORTING OF UTILIZATION OF PROCEEDS

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

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

## 4A VALUATION SECTION

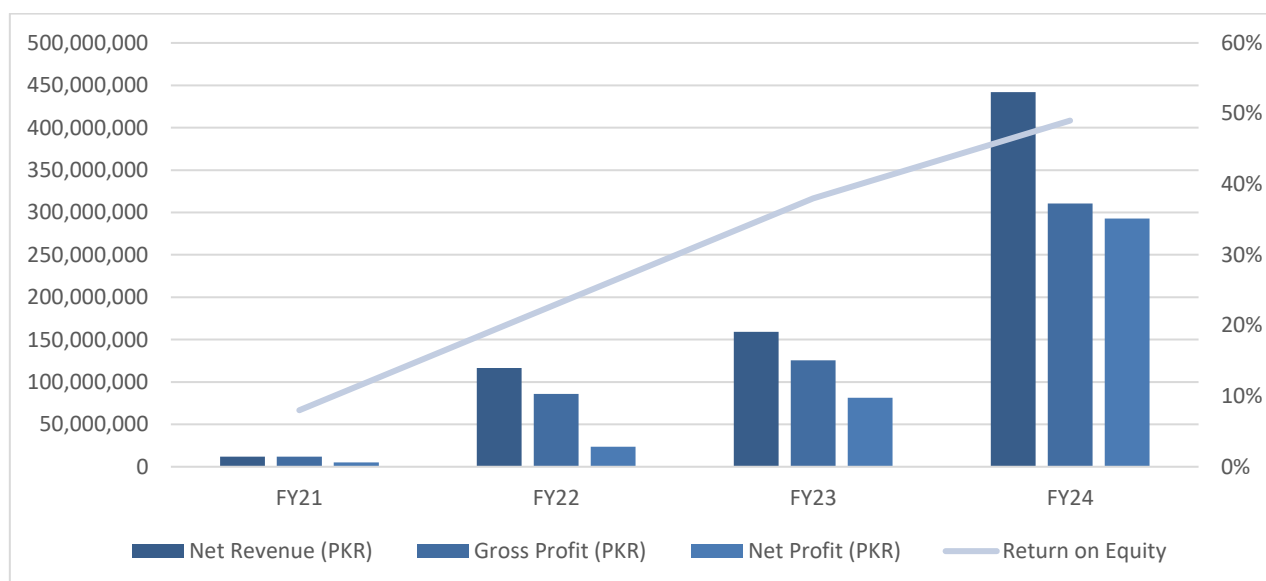
The issue is being offered at a Floor Price of PKR 16/- per share. The Joint Lead Managers have reviewed the business performance of the Company and in their opinion, the Floor Price of PKR 16/- per share is justified based on:

### 4A (i) ROBUST FINANCIAL AND OPERATIONAL PERFORMANCE

Over the last 3 years, ZL has shown substantial growth in its revenue base on an annual basis from FY 2021 to FY 2024. Revenue in absolute terms has witnessed a notable hike at a CAGR of 235% from FY 2021 to FY 2024. This increase coupled with lower increase in costs has resulted in noticeable growth in the Net Margin which was 42.8% in 2021 and went up to 66% in 2024. Overall, Net profit witnessed a hike at a CAGR of 287% from FY21 to FY24.

Unconsolidated Financial Highlights					
Particulars	FY21	FY22	FY23	FY24	CAGR
Net Revenue (PKR)	11,752,862	116,403,660	159,066,226	441,761,852	235%
Gross Profit (PKR)	11,752,862	85,853,660	125,444,982	310,744,080	123%
Net Profit (PKR)	5,034,033	23,608,201	81,252,072	292,811,085	287%
Gross Profit Margin	100%	74%	79%	70%	-
Net Profit Margin	42.8%	20%	51%	66%	-
Return on Equity	8%	23%	38%	49%	-

*FY 2021 - FY 2024 Extracted from Audited financial statements of ZL*



### 4A (ii) ESTABLISHED BRAND OF ZL

Since its inception in 2020, ZL has earned a good reputation as the digital platform for the supply and distribution of commodities. ZL's commitment to excellence has positioned it as a trusted partner for businesses across the nation. By leveraging advanced technology and a customer-centric approach, ZL streamlines the entire procurement process, ensuring efficiency and transparency at every stage. The platform's robust logistics network and dedicated customer support team further enhance its reliability and effectiveness.

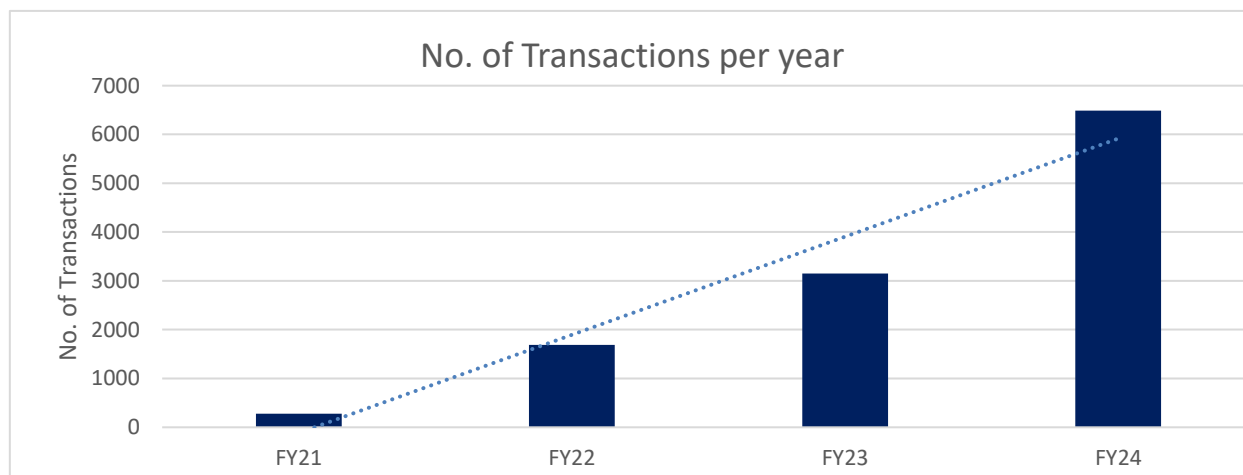
### 4A (iii) STRONG CUSTOMER BASE

ZL has established a strong and loyal customer base across four key commodity sectors throughout its operational history. Building on this success, the Company is poised to expand its platform by introducing new commodity sectors, further diversifying its offerings and enhancing its customer base. This strategic move is expected to attract a wider range of customers, solidify ZL's market position, and drive business growth. The number of transactions increased by

511% YOY from 276 transactions in FY21 to 1,686 transactions in FY22. These transactions further increased by 87% YOY to 3,150 transactions in FY23 and then by 106% YOY to 6,490 transactions. This increasing trend is shown in the graph below.

Customer Analytics	FY21	FY22	FY23	FY24
No. of Customers	51	153	282	373
No. of Transactions	276	1,686	3,150	6,490

Source: Company Management



#### 4A (iv) GROWTH POTENTIAL

The Company plans to expand by adding newer commodities to its platform. This diversification can allow the Company to mitigate risks associated with market volatility, reduce reliance on current commodities, and capitalize on emerging opportunities across different sectors. This expanded portfolio can also enhance cross-selling opportunities, allowing ZL to maximize the value of each customer interaction. ZL has been generating revenue and the addition of more commodities to its portfolio holds potential for revenue growth. Currently, these commodities have undergone a soft launch on the ZL platform. However, it has not been fully launched commercially. This phased approach allows ZL to test market dynamics and optimize its offerings before the official launch, ensuring a successful integration into ZL platform.

Commodity	Expected Official Launch Date*
Coal	January 2025
Sugar	January 2025
Chemical	March 2025
Textile (Cotton & Yarn)	July 2026
Grains & Pulses	July 2026
Fertilizers	September 2026
Agriculture Perishables	January 2027

Source: Company Management

#### 4A (v) EXPERIENCED MANAGEMENT

Led by Mr. Ali Alam Qamar, the CEO and primary sponsor of ZL. Ali Alam Qamar, a graduate of Aitchison College, Lahore, with a BSc in Management from SOAS University of London and a master's in finance from the University of Cambridge, brings a wealth of knowledge to the company. His specialized training in Sustainable Finance and Investments from Harvard University, along with his extensive background in operations, supply chain management, and finance, makes him a visionary leader. His strategic leadership and commitment to revolutionizing procurement in Pakistan ensure that the recruitment process for ZL is both rigorous and effective, ensuring that only the most qualified individuals join the team. The management staff possesses the appropriate educational qualifications and relevant experience in their areas of expertise. Please refer to Section 7.3 for profile of key management.

#### 4A (vi) LOGISTICS AND DELIVERY IMPROVEMENTS

Timely and reliable delivery is a critical factor in customer satisfaction. According to a survey by PwC, 88%<sup>57</sup> of consumers are willing to pay more for same day or faster delivery. By utilizing the proceeds to improve logistics, ZL will reach a wider geographic area and expand into new customer segments further building on the statement by world bank<sup>58</sup> who highlighted that improved logistics can significantly reduce the time and cost of reaching distant markets.

#### 4A (vii) JUSTIFICATION FOR FLOOR PRICE

During the recent fiscal year (FY24), Zarea limited (ZL) has demonstrated remarkable growth across its financial metrics. The company's net profit surged by 260% YOY reaching PKR 292.8 million compared to PKR 81.3 million in FY23. This growth trajectory is underscored by a robust 3-year compounded annual growth rate (CAGR) of 287%, escalating from PKR 5,034,033 in FY21 to PKR 292,811,085.

ZL attributes its operational success to its strategic investment in technology and its platform. The increase in customer base and number of transactions shows how well the platform is accepted by the customers. This trend in growth of transactions could further be fueled by additional commodities which would be commercially launched as per section 4A (iv). This expansion could open new markets for ZL, increasing the customer base as well as number of transactions leading to rise in overall profitability. This diversification could also mitigate the risk of dependence on few products.

ZL's move to bring in-house logistics with an initial investment of PKR 240 million and a fleet of 9 trucks will lead to significant improvements in both cost management and operational efficiency. By taking direct control of deliveries, ZL can reduce reliance on third-party logistics, adding another stream of income which could further improve the profitability of the Company. This shift will also allow ZL to provide faster, more reliable service, enhancing customer satisfaction and helping the company scale operations more effectively. The integration of technology solutions like GPS tracking and automated warehousing will optimize routes, streamline inventory management, and boost overall efficiency. Overall, this investment could attract more customers leading to more transactions and eventually higher revenues.

Based on our review, the Joint Lead Managers are of the opinion that the company's unwavering commitment to operational excellence, coupled with favorable dynamics within the technology sector, historical performance of the Company, diversified users and expansion into new products indicates sustainability of business performance in the future which justifies the Floor Price of PKR 16/- per share.

The issue is being offered at a Price-to-Earnings ("PE") multiple of 9.21x at a Floor Price of PKR 16/- per Ordinary Share based on the TTM earnings as of 30<sup>th</sup> September 2024 compared to industry average of 25.75 times. As per 3MFY25 management accounts of Zarea Limited, the EPS is PKR 0.54 per share which translates to an annualized EPS of PKR 2.16 hence at Pre-issue Price-to-Earnings ("PE") multiple of 7.41x.

#### 4A (viii) POST IPO FREE FLOAT DISCLOSURE

Post IPO, the share capital of the Company will increase from 200,000,000 Ordinary Shares to 262,500,000 Ordinary Shares. The free float status post IPO of the Company is presented in the table below:

Description	Number of shares	% Shareholding	Total Free Float
Held by Sponsors, Directors and Other Shareholders	200,000,000	76.19%	
Public Offering	62,500,000	23.81%	23.81%
<b>Total</b>	<b>262,500,000</b>	<b>100.00%</b>	<b>23.81%</b>

<sup>57</sup> Global Consumer Insights Survey | PwC Turkey

<sup>58</sup> <https://www.worldbank.org/en/topic/infrastructure/publication/shrinking-economic-distance-understanding-how-markets-and-places-can-lower-transport-costs-in-developing-countries>

**4A (ix) PEER GROUP ANALYSIS OF ZL**

Peer Analysis is shown as follows:

Company <sup>59</sup>	Share Price <sup>60</sup> (PKR)	EPS <sup>61</sup> (PKR)	BVPS <sup>62</sup> (PKR)	P/E <sup>63</sup>	P/B <sup>64</sup>	ROE (%) <sup>65</sup>	ROA (%) <sup>66</sup>	Free Float Shares (Mn)	Free Float (%)
Symmetry Group	18.76	0.50	3.35	37.42	5.60	14.97	11.28	114.098	40.00
Octopus Digital	70.01	0.78	16.30	90.25	4.29	4.76	4.08	47.178	30.00
Avanceon Limited	58.09	4.50	28.81	12.91	2.02	15.62	4.80	124.506	30.00
Netsol Technologies	158.19	12.60	114.10	12.55	1.39	11.04	8.31	31.442	35.00
Systems Limited	575.48	23.86	124.68	24.12	4.62	19.13	13.12	174.767	59.97
Weighted Average – Technology Sector**				25.75	4.14	-	-	-	-
Technology Sector - Median				24.12	4.29				
KSE 100 Multiple <sup>67</sup>				6.27	-	-	-	-	-
Zarea – Pre-issue	16.00	1.74	3.44	<b>9.21*</b>	<b>4.65</b>	50.51	48.37	-	-
Zarea – Post issue	16.00	1.32	2.62	<b>12.09*</b>	<b>6.10</b>	20.58	20.22	62.500	23.81

\*As per 3MFY25 management accounts of Zarea Limited, the EPS is PKR 0.54 per share which translates to an annualized EPS of PKR 2.16 hence taking the Pre-issue P/E to 7.41 and Post-issue P/E to 9.72.

\*\*There are no listed competitors of ZL, and the above-listed peer companies are not directly comparable to ZL thus no direct comparison can be drawn in terms of financial performance

<sup>59</sup> All numbers are based on Consolidated Financial Statements

<sup>60</sup> Share price as at 14<sup>th</sup> January 2025

<sup>61</sup> TTM (1<sup>st</sup> October 2023 to 30<sup>th</sup> September 2024) Profit after tax/number of shares

<sup>62</sup> Total equity as at 30<sup>th</sup> September 2024/number of shares

<sup>63</sup> Share price/EPS

<sup>64</sup> Share price/BVPS

<sup>65</sup> TTM (1<sup>st</sup> October 2023 to 30<sup>th</sup> September 2024) Profit after tax/total equity

<sup>66</sup> TTM (1<sup>st</sup> October 2023 to 30<sup>th</sup> September 2024) Profit after tax/total assets

<sup>67</sup> KSE 100 multiples TTM as of 20<sup>th</sup> November 2024.

## 5 RISK FACTORS

### 5.1. INTERNAL RISKS

#### 5.1.1. OPERATIONAL RISK

It is essential to acknowledge the potential risk of losing key employees which could disrupt operations and impact overall business performance. Currently ZL experiences high employee turnover.

	FY2021	FY2022	FY2023	FY2024
Staff Turnover in terms of No of Employees	3	5	7	6
Total Employees	10	18	23	29
Staff Turnover as % of Total Employees	30%	27.78%	30.43%	20.69%

\*Management Information

Operational risks such as supply chain disruptions, regulatory changes, or strategic missteps could impact ZL's business continuity.

#### 5.1.2. NEGATIVE CASHFLOW

Zarea's cash flow from operating activities for FY2024 reflects a net outflow of PKR 28,856,946, which could pose a risk for potential investors. This negative cash flow is primarily driven by substantial changes in working capital, including significant increases in trade and other receivables and advances, investments in commodities.

#### 5.1.3. SPONSOR DEPENDENT RISK

ZL is dependent on a single sponsor i.e. Ali Alam Qamar, who directly owns 108,999,996 shares of Zarea Limited and indirectly owns 89,910,000 shares of Zarea Limited through Goldfinger Private Limited (Ali Alam Qamar owns 99.9% shares of Goldfinger Private Limited), hence he is the ultimate sponsor of Zarea Limited. This concentration of ownership creates a succession planning risk.

#### 5.1.4. CYBERSECURITY RISK

As a digital platform dealing with financial transactions and sensitive data, ZL faces the risk of cybersecurity breaches, including data theft, hacking attempts, or malware infections. Lack of security or hacking attacks on the website may lead to loss of reputation and customer dissatisfaction eventually affecting revenue and financial health of the Company. Currently, the Company has not been affected in the past due to cyber theft.

#### 5.1.5. CUSTOMER CONTINUITY RISK

For Zarea, buyer continuity arises from the potential loss or reduced activity of key buyers, which could significantly impact revenue and profitability. As a marketplace, Zarea's success heavily relies on retaining a broad and active buyer base. Moreover, there are no contracts with buyers which further increases the risk of losing key buyers.

The following are the buyer retention ratios of Zarea in last 4 years:

	FY21	FY22	FY23	FY24
Opening No. of Buyers	-	51	153	282
New Buyer	67	136	208	215
Buyers left	16	34	79	124
No. of Buyers at Year End	51	153	282	373
<b>Buyer Retention Rate<sup>68</sup> (%)</b>	-	<b>33.33</b>	<b>48.37</b>	<b>56.03</b>

\*Source: Company Management

#### 5.1.6. SUPPLIER CONTINUITY RISK

Supplier continuity risk refers to the potential disruption in ZL's operations due to the failure or unreliability of key suppliers. As ZL relies on various suppliers to provide commodities any disruption in supply chains—caused by geopolitical instability, financial difficulties, or logistical challenges—could adversely impact ZL's ability to meet customer demands. Further, there are no contracts with the suppliers and the transactions are conducted on arm's length basis. Moreover, these suppliers are distributors of the product and not the actual producers/companies of such products. This could further increase the risk of supply disruptions.

<sup>68</sup> (No. of customers at the year-end – new customers)/opening no. of customers



#### **5.1.7. CONTRACTUAL RISK**

ZL operates as an online marketplace for the buying and selling of commodities, where transactions are conducted on an arm's length basis without formal contracts between ZL, its buyers, and sellers. This arrangement means that both buyers and sellers are free to shift to other competing platforms at any time.

The absence of contractual obligations exposes ZL to the risk of reduced buyer and seller retention, which could disrupt transaction volumes and revenue generation. Since ZL does not control the supply or demand directly and serves only as an intermediary, any shift in market preferences or the emergence of alternative platforms offering better terms could negatively impact ZL's user base, market position, and profitability.

#### **5.1.8. RISKS ASSOCIATED WITH IN-HOUSE LOGISTICS OPERATIONS**

ZL plans to establish an in-house logistics wing, transitioning from its current reliance on third-party logistics providers. While this move is expected to enhance operational efficiency and margins, it exposes ZL to new risks, including fleet management challenges, increased operational costs, and compliance with regulatory and safety standards.

The logistics sector is highly competitive, and ZL's ability to compete effectively will depend on successful technology integration and maintaining service quality. Any failure in execution, unforeseen cost overruns, or disruptions in logistics operations could adversely impact ZL's financial performance and overall business operations.

#### **5.1.9. SYSTEM RELIABILITY**

As a digital platform, ZL relies heavily on its technology infrastructure to facilitate smooth transactions and provide real-time data to users. Any system outages, software bugs, or cybersecurity breaches could disrupt operations, leading to transaction failures, customer dissatisfaction, and potential revenue loss. Ensuring the reliability and security of ZL's digital platform is essential for maintaining user trust and the smooth functioning of the marketplace.

#### **5.1.10. USER ADOPTION AND RETENTION**

ZL's success depends on its ability to attract and retain users on its platform. Poor user experience, inadequate marketing strategies, or lack of innovative features could result in low user adoption rates and high churn, directly impacting revenue generation.

#### **5.1.11. DATA MANAGEMENT**

The accuracy and integrity of data are critical to effective commodity trading. Poor data management practices can lead to incorrect transaction processing, financial discrepancies, and reputational damage. Maintaining high data quality is especially crucial for commodity pricing, transaction histories, and customer records. Discrepancies in data could lead to dissatisfaction of buyers and suppliers, reducing the number of transactions on Zarea platform and profitability of the Company.

#### **5.1.12. TRANSACTION PROCESSING ERRORS**

Errors in calculating the Platform Usage Fee (PUF) or miscommunication regarding commodity pricing can lead to disputes with users, affecting trust in the platform and potentially resulting in financial losses for both the company and its customers.

#### **5.1.13. SCALABILITY CHALLENGES**

As ZL continues to grow, it may face challenges in scaling its technology infrastructure and operations efficiently. Inadequate scaling can result in slowdowns and operational inefficiencies. This leads to dissatisfaction of buyers and suppliers which could result in a decline in number of transaction and profitability. Further, it is common to experience slowdowns on platform when the traffic on the platform is high.

#### **5.1.14. RISK OF NON-COMPLIANCE WITH REGULATION OF SECP AND PSX**

Non-compliance with the Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange (PSX) regulations could lead to legal penalties, reputational damage, operational disruptions, delisting or suspension in trading of shares.

## **5.2. EXTERNAL RISKS**

### **5.2.1. RISK RELATED TO ABOLISHMENT OF TAX BREAKS/INCENTIVES FOR TECH COMPANIES**

Zarea currently benefits from tax breaks and incentives provided to tech companies, and any changes or abolishment of these policies could significantly increase the company's tax burden, impacting profitability. Such policy changes may reduce Zarea's competitive advantage and strain its financial resources.

### **5.2.2. CAPITAL MARKET RISK**

Post listing on PSX, the price of the Company's shares will be determined by market forces driven by local and global socio-economic events, capital and money market behavior, competitive scenarios, and Company performance. The value of the shares will be subject to fluctuation based on the combined impact of these forces.

### **5.2.3. UNDER SUBSCRIPTION RISK**

There is a risk that Zarea's IPO may face under-subscription, which could limit the funds raised and impact the company's planned growth initiatives. Market volatility and investor caution could affect demand, leading to lower-than-expected subscription levels.

### **5.2.4. ECONOMIC SLOWDOWN**

An economic downturn or recession can reduce demand for commodities, leading to lower trading volumes on ZL's platform. This directly impacts revenue from PUF, as fewer transactions and participants engage in the market. Additionally, increased price volatility and financial strain on users may further dampen activity.

### **5.2.5. THREAT OF NEW ENTRANTS**

There are low costs related to incorporating a business such as a digital platform compared to developing a manufacturing facility plant. Major costs include developing a software, hiring of skilled technology developers and branding the marketplace. Increase in competition from new entrants in the commodity trading sector could erode market share and pressure profitability.

### **5.2.6. TECHNOLOGY OBSOLESCENCE RISK**

The rapid pace of technological advancements presents both opportunities and challenges for ZL. Competitors who adopt superior technology, artificial intelligence, or more innovative business models could gain a competitive advantage, leaving ZL at risk of falling behind. The ability to integrate cutting-edge solutions into the platform will be critical for maintaining market leadership and ensuring operational efficiency.

### **5.2.7. COMMODITY PRICE VOLATILITY**

Commodity prices are often subject to fluctuations due to a variety of factors, including supply and demand imbalances, geopolitical tensions, natural disasters, or changes in trade policies. This volatility creates uncertainty in pricing, which can impact transaction profitability on ZL's platform, as both buyers and sellers may experience difficulties in predicting costs or revenues. Moreover, for Agri Biomass commodities where ZL provides advance to suppliers, it may incur a loss on sale of commodities if the commodity price moves unfavorably impacting overall profitability.

### **5.2.8. VENDOR CONCENTRATION RISK**

The risk of a significant portion of ZL's business relies on a limited number of suppliers or vendors. The Company is not currently dependent on few suppliers rather it maintains a diversified supplier base. For further details on suppliers' concentration, please refer to section 3.8 where top five suppliers' contribution of each commodity are mentioned.

### **5.2.9. LIQUIDITY RISK**

Since Zarea currently does not hold debt financing, hence liquidity risk is very low. However, if Zarea further increases its trade receivables and does not recover its payment timely, it can pose a liquidity risk for the few credit sales it conducts on its platform.

### **5.2.10. EXPANSION DELAY RISK**

Logistics is essential in the digital marketplace. Poor logistics infrastructure can cause delivery delays, leading to customer dissatisfaction and potential revenue loss. Furthermore, delays in adding new products due to limited IT infrastructure can hinder revenue growth.

**5.2.11. CREDIT RISK**

Risk of financial loss due to counterparty default or inability to recover debts from customers.

Description	30 June 2022		30 June 2023		30 June 2024	
	Gross Amount	Impairment	GrossAmount	Impairment	GrossAmount	Impairment
Days Receivables						
1-30	22,680,032	-	18,782,223	-	51,976,187	-
31-60	16,200,023	-	13,415,874	-	45,676,043	-
61-90	12,960,018	-	10,732,699	-	22,050,503	-
91-120	9,720,014	-	8,049,524	-	29,925,683	-
121-150	3,240,005	-	2,683,175	-	7,875,180	-
151-180	-	-	-	-	-	-
Above 180	-	-	-	-	-	-
<b>Total</b>	<b>64,800,092</b>	<b>-</b>	<b>53,663,495</b>	<b>-</b>	<b>157,503,596</b>	<b>-</b>

\*Management Information

**NOTE: IT IS STATED THAT TO THE BEST OF OUR BELIEF AND KNOWLEDGE ALL MATERIAL RISK FACTORS HAVE BEEN DISCLOSED AND THAT NOTHING HAS BEEN CONCEALED IN THIS RESPECT**

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



Certificate by Chief Executive Officer and Chief Financial Officer of the Company

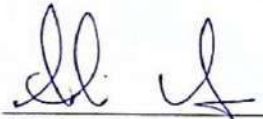
Dated: 20/09/2024

We being the Chief Executive Officer and Chief Financial Officer of **Zarea Limited** (“the Issuer”) accept absolute responsibility for the disclosures made in the Prospectus. We hereby certify that we have reviewed the 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 ordinary shares being offered through this Prospectus and that nothing has been concealed.

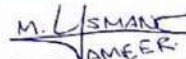
The information contained in this Prospectus is true and correct to the best of our knowledge and the opinions and intends expressed herein are honestly held.

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

For and on behalf of **Zarea Limited**



Ali Alam Qamar  
Chief Executive Officer  
Zarea Limited



Muhammad Usman Ameer  
Chief Financial Officer  
Zarea Limited

## UNDERTAKING BY THE COMPANY AND ITS SPONSORS

**E-STAMP**



ID: PB-LHR-8FD1C5D9FD87F814  
Type: Low Denomination  
Amount: Rs 300/-

Description: CERTIFICATE OR OTHER DOCUMENT - 19  
Applicant: ZAREA LTD [35000-0000000-0]  
Representative From: ZAREA LTD  
Agent: Ali [35000-0000000-0]  
Address: LAHORE  
Issue Date: 24-Oct-2024 12:14:44 PM  
Delisted On/Validity: 31-Oct-2024  
Amount in Words: Three Hundred Rupees Only  
Reason: UNDERTAKING IN FAVOR OF IPO  
Vendor Information: Muddasar Hussain | PB-LHR-2805 | Daroghawala Lahore



Scan for online verification



Muddasar Hussain  
Stamp Vendor  
Lic No: 05  
Daroghawala Lahore

نوٹ: یہ ٹرانزیکشن تاریخ اجرا سے سات دنوں تک کے لیے قابل استعمال ہے ای اسٹامپ کی تصدیق پڑنے کو آر کوڈ سے کی جاسکتی ہے۔

Dated: 04/10/2024

## UNDERTAKING BY THE COMPANY AND ITS SPONSORS

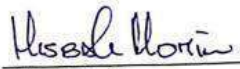
The Company and its Sponsors undertake that

- (1) Neither Issuer, nor its directors, sponsors, or substantial shareholders have been holding the office of directors, or have been sponsors or substantial shareholders in any company:
  - a. Which has been declared defaulter by the securities exchange; or
  - b. Whose TRE Certificate has been cancelled or forfeited by the securities exchange; PMEX or any other registered stock exchange of Pakistan
  - c. Which has been delisted by a securities exchange due to non-compliance of its regulations.
- (2) None of the sponsors, substantial shareholders, directors or management of the company as well as the company itself or its associated company 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 which is pending before any Court of Law/Regulatory Body/Investigation Agency in or outside of the country;

For and on behalf of Zarea Limited

  
 Ali Alam Qamar  
 Chief Executive Officer  
 Zarea Limited  
 CNIC: 35201-6331948-3

  
 Nouman Ul Hassan  
 Nominee Director of  
 M/S Goldfinger ( Private )  
 Limited  
 CNIC: 31301-8308399-3

  
 Misbah Momin  
 Chairperson / Director  
 Zarea Limited

**ATTESTED**  
 G. M. CHAUDHRY ADV.  
 OATH COMMISSIONER LHR

## STATEMENT BY THE ISSUER



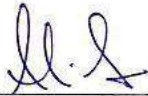
## STATEMENT BY THE ISSUER

Dated: 04/10/2024

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

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

For and behalf of **Zarea Limited**,



Ali Alam Qamar  
Chief Executive Officer  
Zarea Limited

STATEMENT BY CONSULTANT TO THE ISSUE/LEAD MANAGER



Dated: 25-09-2024

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

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

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

For and on behalf of Topline Securities Limited



Mohammad Sohail  
Chief Executive Officer

8th Floor, Horizon Tower, Plot 2/6, Block 3, Clifton, Karachi-Pakistan.  
TEL: +92-21-35303330-32 | [www.topline.com.pk](http://www.topline.com.pk)



## GROWTH SECURITIES (PVT) LTD.

Room # 82 83, Second Floor, Pakistan Stock Exchange Building, I.I. Chundrigar Road, Karachi-74000.

Ph: (+92-21) 32463002-04 Fax: (92-21) 32463005 <http://www.growthsecurities.com.pk>

E-mail: [info@growthsecurities.com.pk](mailto:info@growthsecurities.com.pk), [growthsecurities102@gmail.com](mailto:growthsecurities102@gmail.com)

Trading Right Entitlement Certificate Holder of Pakistan Stock Exchange Limited  
(Formerly: Karachi Stock Exchange Limited)


Dated: 25-09-2024

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

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

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

For and on behalf of Growth Securities Pvt Ltd



Mohammad Shahid  
Chief Executive Officer



**STATEMENT BY BOOK RUNNER**

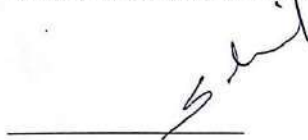


Dated: 25-09-2024

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

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

For and on behalf of Topline Securities Limited



Mohammad Sohail  
Chief Executive Officer

8th Floor, Horizon Tower, Plot 2/6, Block 3, Clifton, Karachi-Pakistan.  
TEL: +92-21-35303330-32 | [www.topline.com.pk](http://www.topline.com.pk)



## GROWTH SECURITIES (PVT) LTD.

Room # 81, 82 & 83, Second Floor, Pakistan Stock Exchange Building, I.I. Chundrigar Road, Karachi-74000.

Ph: (+92-21) 32463001-04 <http://www.growthsecurities.com.pk>

E-mail: [info@growthsecurities.com.pk](mailto:info@growthsecurities.com.pk), [growthsecurities102@gmail.com](mailto:growthsecurities102@gmail.com)

Trading Right Entitlement Certificate Holder of Pakistan Stock Exchange Limited  
(Formerly: Karachi Stock Exchange Limited)

Dated: 25-09-2024

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

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

For and on behalf of Growth Securities (Pvt) Ltd



Muhammad Shahid  
Chief Executive Officer

## 6 FINANCIAL INFORMATION

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

#### Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants

A member firm of



**PrimeGlobal**

An Association of  
Independent Accounting Firms

201-Regency Plaza, M.M. Alam Road,  
Gulberg-II, Lahore-Pakistan  
Ph: +92 42-35876891-3  
Fax: +92 42-35764959  
Email: lhr@nzaj.com.pk  
Web: www.nzaj.com.pk

The Board of Directors

Zarea Limited  
Delta-6, NASTP OFFICE,  
Abid Majeed Road,  
Lahore, Cantt.

28<sup>th</sup> August, 2024

Dear Board Members

#### **Auditor's certificate on issued, subscribed and paid-up capital as required under clause 14(i) of section 1 of the First Schedule to the Public Offering Regulations, 2017**

We have been requested to provide you a certificate confirming the issued, subscribed and paid-up capital of Zarea Limited (the "Company") based on the audited consolidated and unconsolidated financial statements of the Company for the year ended 30 June 2024, for onward submission to Pakistan Stock Exchange Limited (PSX) as required under Clause 14(i) of section 1 of the First Schedule to the Public Offering Regulations, 2017.

#### **Scope of Certificate**

The engagement scope is to provide auditors' certificate on the issued, subscribed and paid-up capital of the Company. We have been informed that this certificate is required under clause 14(i) of section 1 of the First schedule to the Public Offering Regulations, 2017.


#### **Management Responsibility**

It is the management's responsibility to ensure compliance with clause 14(i) of section 1 of the First Schedule to the Public Offering Regulation, 2017. Reviewing compliance to the legal requirement is beyond the scope of this engagement. This certificate does not relieve the management from its responsibilities.

#### **Auditors' Responsibility**

Our responsibility is to certify the issued, subscribed and paid-up capital of the Company as at 30 June 2024 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 (ICAP).

**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountants

 **PrimeGlobal** | An Association of Independent Accounting Firms

**Zarea Limited**

*Auditor's certificate on issued, subscribed and paid-up capital  
as required under clause 14(i) of section 1 of the First Schedule  
to the Public Offering Regulations, 2017  
28<sup>th</sup> August, 2024*

Our verification was limited to tracing the amount of issued, subscribed and paid-up capital from the audited consolidated and unconsolidated financial statements of the Company for the year ended 30<sup>th</sup> June, 2024.

**Certificate**

Based on the procedures mentioned above, we certify that the break-up of issued, subscribed and paid-up share capital of the Company as at 30<sup>th</sup> June, 2024 is as follows:

	<b>As at 30<sup>th</sup> June, 2024</b>	
	<b>(Number of shares)</b>	<b>(Rupees)</b>
Ordinary shares of Rs. 1 each fully paid in cash	200,000,000	200,000,000
Ordinary shares of Rs. 1 each issued as bonus shares	-	-

The shares of the Company have been subscribed by the following:

<b>Name of shareholders</b>	<b>(Rupees)</b>
Ali Alam Qamar	109,000,000
Goldfinger Private Limited	90,000,000
Mrs. Misbah Momin	1,000,000
<b>Total</b>	<b>200,000,000</b>

**Restriction on use and distribution**

This certificate is being issued on the specific request of Company's management for the purpose of inclusion in prospectus to be issued for Initial Public Offer and for onward submission to PSX. Accordingly, this certificate cannot be used or distributed to any other third party without our prior consent. This certificate is restricted to the facts stated herein.

Yours faithfully,



## 6.2. AUDITOR CERTIFICATE ON BREAK-UP VALUE PER SHARE

### 6.2.1. CONSOLIDATED

**Naveed Zafar Ashfaq Jaffery & Co.**

Chartered Accountants

A member firm of



**PrimeGlobal**

An Association of  
Independent Accounting Firms

201-Regency Plaza, M.M. Alam Road,  
Gulberg-II, Lahore-Pakistan  
Ph: +92 42-35876891-3  
Fax: +92 42-35764959  
Email: lhr@nzaj.com.pk  
Web: www.nzaj.com.pk

The Board of Directors

Zarea Limited  
Delta-6, NASTP OFFICE,  
Abid Majeed Road,  
Lahore, Cantt.

28 August 2024

Dear Board Members

**Auditor's certificate on the break-up value per share as required under clause 14(ii) of section 1 of the First Schedule to the Public Offering Regulations, 2017**

We have been requested to provide you with a certificate verifying the calculation of break-up value per share of Zarea Limited ("the Group") as at 30 June 2024 based on audited consolidated financial statements of the Group for the year ended 30 June 2024, for onward submission to Pakistan Stock Exchange Limited (PSX) as required under Clause 14(ii) of section 1 of the First Schedule to the Public Offering Regulations, 2017.

**Scope of Certificate**

The engagement scope is to provide auditors' certificate on the calculation of break-up value per ordinary share of the Group as of 30 June 2024. We have been informed that this certificate is required under clause 14(ii) of section 1 of the First schedule to the Public Offering Regulations, 2017.

Breakup value per share is computed by dividing Shareholders' equity with number of shares issued based on audited consolidated financial statements of the Group for the year ended 30 June 2024, in accordance with the directives of the Institute of Chartered Accountants of Pakistan contained in Technical Release 22.

**Management Responsibility**

It is the management's responsibility to ensure compliance with the legal requirements for which purposes the calculation of the break-up value per share is being certified and that all requirements in this respect are fulfilled. Reviewing compliance to the legal requirement is beyond the scope of this engagement. This certificate does not relieve the management from its responsibilities.

**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountants

 PrimeGlobal | An Association of Independent Accounting Firms

#### Auditors' Responsibility

Our responsibility is to certify the break-up value in accordance with the requirements of TR 22. The certificate shall be issued as per the 'Guidelines for the Issuance of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan.

Our verification was limited to agreeing the amount of total equity and number of shares issued to the audited consolidated financial statements of the Group for the year ended 30 June 2024 and checking the mathematical accuracy of the calculation.

#### Certificate

Based on the procedures mentioned above, we certify that the break-up value per share of the Group as at 30 June 2024, is as follows:


As at 30 June 2024		(Rupees)
Issued, subscribed and paid-up capital	A	200,000,000
Unappropriated profit	B	397,569,357
Non-Controlling Interest	C	225,000
Total Equity	D = A+B+C	597,794,357
Number of ordinary shares	E	200,000,000
Break-up value per share	F = D/E	2.99

#### Restriction on use and distribution

This certificate is being issued on the specific request of the Group's management for the purpose of inclusion in prospectus to be issued for Initial Public Offer and for onward submission to PSX. Accordingly, this certificate cannot be used or distributed to any other third party without our prior consent. This certificate is restricted to the facts stated herein.

Yours faithfully,

Signature: \_\_\_\_\_

  
for Naveed Zafar Ashfaq Jaffery & Co.

## 6.2.2. UNCONSOLIDATED

**Naveed Zafar Ashfaq Jaffery & Co.**
**Chartered Accountants**

A member firm of


**PrimeGlobal**

 An Association of  
Independent Accounting Firms

 201-Regency Plaza, M.M. Alam Road,  
Gulberg-II, Lahore-Pakistan  
Ph: +92 42-35876891-3  
Fax: +92 42-35764959  
Email: lhr@nzaj.com.pk  
Web: www.nzaj.com.pk

The Board of Directors

 Zarea Limited  
Delta-6, NASTP OFFICE,  
Abid Majeed Road,  
Lahore, Cantt.

28 August 2024

Dear Board Members

**Auditor's certificate on the break-up value per share as required under clause 14(ii) of section 1 of the First Schedule to the Public Offering Regulations, 2017**

We have been requested to provide you with a certificate verifying the calculation of break-up value per share of Zarea Limited ("the Company") as at 30 June 2024 based on audited unconsolidated financial statements of the Company for the year ended 30 June 2024, for onward submission to Pakistan Stock Exchange Limited (PSX) as required under Clause 14(ii) of section 1 of the First Schedule to the Public Offering Regulations, 2017.

**Scope of Certificate**

The engagement scope is to provide auditors' certificate on the calculation of break-up value per ordinary share of the Company as of 30 June 2024. We have been informed that this certificate is required under clause 14(ii) of section 1 of the First schedule to the Public Offering Regulations, 2017.

Breakup value per share is computed by dividing Shareholders' equity with number of shares issued based on audited unconsolidated financial statements of the Company for the year ended 30 June 2024, in accordance with the directives of the Institute of Chartered Accountants of Pakistan contained in Technical Release 22.

**Management Responsibility**

It is the management's responsibility to ensure compliance with the legal requirements for which purposes the calculation of the break-up value per share is being certified and that all requirements in this respect are fulfilled. Reviewing compliance to the legal requirement is beyond the scope of this engagement. This certificate does not relieve the management from its responsibilities.

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

 PrimeGlobal | An Association of Independent Accounting Firms

#### Auditors' Responsibility

Our responsibility is to certify the break-up value in accordance with the requirements of TR 22. The certificate shall be issued as per the 'Guidelines for the Issuance of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan.

Our verification was limited to agreeing the amount of total equity and number of shares issued to the audited unconsolidated financial statements of the Company for the year ended 30 June 2024 and checking the mathematical accuracy of the calculation.

#### Certificate


Based on the procedures mentioned above, we certify that the break-up value per share of the Company as at 30 June 2024, is as follows:

As at 30 June 2024		(Rupees)
Issued, subscribed and paid-up capital	A	200,000,000
Unappropriated profit	B	397,644,357
Total Equity	C = A+B	597,644,357
Number of ordinary shares	D	200,000,000
Break-up value per share	E = C/D	2.99

#### Restriction on use and distribution

This certificate is being issued on the specific request of the Company's management for the purpose of inclusion in prospectus to be issued for Initial Public Offer and for onward submission to PSX. Accordingly, this certificate cannot be used or distributed to any other third party without our prior consent. This certificate is restricted to the facts stated herein.

Yours faithfully,

Signature:   
for Naveed Zafar Ashfaq Jaffery & Co.



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

#### Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants

A member firm of



**PrimeGlobal**

An Association of  
Independent Accounting Firms

201-Regency Plaza, M.M. Alam Road,  
Gulberg-II, Lahore-Pakistan  
Ph: +92 42-35876891-3  
Fax: +92 42-35764959  
Email: lhr@nzaj.com.pk  
Web: www.nzaj.com.pk

The Board of Directors

Zarea Limited  
Delta-6, NASTP OFFICE,  
Abid Majeed Road,  
Lahore, Cantt.

December 31, 2024

Dear Board Members

#### 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 a report on certain information of Zarea Limited (the "Company") and its subsidiaries (together the "Group") for onward submission to Pakistan Stock Exchange Limited (PSX) as required under Clause 1 of Section 2 of the First Schedule to the Public Offering Regulation, 2017.

#### Scope of Report

The engagement scope is to certify the following information of the Group to be submitted to PSX and included 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 Regulations, 2017:

- Profits and losses and assets and liabilities, of the Company as a whole with combined profits and losses of its subsidiaries, and individually with profit and losses of each subsidiary concern.
- The details of dividend (date, rate, class of shares) paid by Company during last two financial years immediately preceding the issue of prospectus of the Company. And if no accounts have been made up in respect of any part of the period of two years ending on a date three months before the issue of the prospectus, containing a statement of that fact.

#### Management Responsibility

It is the management's responsibility to ensure compliance with the legal requirements for which purposes the report is being requested and that all requirements in this respect are fulfilled. Reviewing compliance to the legal requirement is beyond the scope of this engagement. This report does not relieve the management from its responsibilities.

**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountants

 **PrimeGlobal** | An Association of  
Independent Accounting Firms

**Zarea Limited**

*Auditor's report under clause 1 of section 2 of the First Schedule to the  
Public Offering Regulations, 2017*

*Date: December 31, 2024*

**Auditors' Responsibility**

Our responsibility is to issue a report 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 financial information included in the annexed Statement with the audited consolidated and unconsolidated financial statements of the Company and its subsidiaries for the years ended 30 June 2024 and 30 June 2023.

**Certificate**

Based on the procedures mentioned above, we certify that the information contained in the annexed Statement of Group Financial Information is correct. The Statement is based on audited Financial Statements.

**Restriction on use and distribution**

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

Yours faithfully,

Signature:



*Auditor's report under clause 1 of section  
2 of the First Schedule to the Public  
Offering Regulations, 2017*

December 31 2024

**Statement of Group Financial Information  
Based on Audited Consolidated Financial Statements  
Zarea Limited**

**Consolidated Statement of Assets and Liabilities**

	As at 30 June 2024 (Rupees)	As at 30 June 2023 (Rupees)	As at 30 June 2022 (Rupees)
<b>Non-Current Assets</b>			
Property and Equipments	25,891,413	-	-
Intangible Assets	22,058,377	-	-
Long term Security Deposits	2,230,875	-	-
<b>Total</b>	<b>50,180,665</b>	-	-
<b>Current Assets</b>			
Investments held for trading	70,653,024	-	-
Advances for Commodities	241,982,657	-	-
Trade and Other receivables	157,503,596	-	-
Advances & Prepayments	15,364,620	-	-
Cash and bank balances	94,013,441	-	-
<b>Total</b>	<b>579,517,338</b>	-	-
<b>Non-Current Liabilities</b>			
Deffered Tax	-	-	-
<b>Total</b>	-	-	-
<b>Current Assets</b>			
Trade and Other Payables	31,903,646	-	-
<b>Total</b>	<b>31,903,646</b>	-	-

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*Auditor's report under clause 1 of section  
2 of the First Schedule to the Public  
Offering Regulations, 2017*

**Zarea Limited**

**Consolidated Statement of Comprehensive Income**

	For the Year 2024 (Rupees)	For the Year 2023 (Rupees)	For the Year 2022 (Rupees)
Revenue- Net	441,761,852	-	-
Cost of Sales	(131,017,772)	-	-
Gross Profit	<b>310,744,080</b>	-	-
Administrative and General Expenses	(24,740,049)	-	-
Selling and Distribution Expenses	(28,759,730)	-	-
Investments Gain/(Loss)	34,521,421	-	-
Finance Costs	(79,577)	-	-
<b>Profit before taxation</b>	<b>291,686,145</b>	-	-
Taxation	1,024,940	-	-
<b>Net profit after taxation</b>	<b>292,711,085</b>	-	-
Other Comprehensive Income	-	-	-
<b>Total Comprehensive Income</b>	<b>292,711,085</b>	-	-
Attributable to:		-	-
Owners of Zarea Limited	292,736,085	-	-
NCI	(25,000)	-	-

**Detail of Dividend paid**

	For the Year 2024 (Rupees)	For the Year 2023 (Rupees)	For the Year 2022 (Rupees)
Dividend Paid	-	-	-

NZAS/6

*Auditor's report under clause 1 of section 2 of the First Schedule to the Public Offering Regulations, 2017*

**Zarea Limited**

**Unconsolidated Statement of Assets and Liabilities**

	As at 30 June 2024 (Rupees)	As at 30 June 2023 (Rupees)	As at 30 June 2022 (Rupees)
<b>Non-Current Assets</b>			
Property and equipments	25,891,413	12,239,641	6,256,923
Intangible Assets	22,058,377	4,309,771	906,075
Long term Security Deposits	2,230,875	-	-
Investment in Subsidiary	750,000	-	-
<b>Total</b>	<b>50,930,665</b>	<b>16,549,412</b>	<b>7,162,998</b>
<b>Current Assets</b>			
Investments held for trading	70,653,024	36,131,603	31,746,011
Advances for Commodities	241,982,657	72,845,210	-
Trade and Other receivables	157,503,596	53,663,495	64,800,092
Advances & Prepayments	15,364,620	-	379,976
Cash and bank balances	93,013,441	67,426,298	28,096,632
<b>Total</b>	<b>578,517,338</b>	<b>230,066,606</b>	<b>125,022,711</b>
<b>Non-Current Liabilities</b>			
Deffered Tax	-	1,024,940	508,964
<b>Total</b>	<b>-</b>	<b>1,024,940</b>	<b>508,964</b>
<b>Current Assets</b>			
Trade and Other Payables	31,803,646	32,196,771	29,534,511
<b>Total</b>	<b>31,803,646</b>	<b>32,196,771</b>	<b>29,534,511</b>

11/25/26

*Auditor's report under clause 1 of section  
2 of the First Schedule to the Public  
Offering Regulations, 2017*

**Zarea Limited**

**Unconsolidated Statement of Comprehensive Income**

	For the Year 2024 (Rupees)	For the Year 2023 (Rupees)	For the Year 2022 (Rupees)
Revenue-Net	441,761,852	159,066,226	116,403,660
Cost of Sales	(131,017,772)	(33,621,244)	(30,550,000)
Gross Profit	310,744,080	125,444,982	85,853,660
Administrative and General Expenses	(24,640,049)	(5,200,902)	(2,796,191)
Selling and Distribution Expenses	(28,759,730)	(8,882,572)	(6,582,266)
Investments Gain/(Loss)	34,521,421	(7,614,408)	(44,416,509)
Finance Costs	(79,577)	(70,133)	(849)
Other Income	-	-	265,000
<b>Profit before taxation</b>	<b>291,786,145</b>	<b>103,676,968</b>	<b>32,322,845</b>
Taxation	1,024,940	(22,424,895)	(8,714,644)
<b>Net profit after taxation</b>	<b>292,811,085</b>	<b>81,252,073</b>	<b>23,608,201</b>
Other Comprehensive Income	-	-	-
<b>Total Comprehensive Income</b>	<b>292,811,085</b>	<b>81,252,073</b>	<b>23,608,201</b>

**Detail of Dividend paid**

	For the Year 2024 (Rupees)	For the Year 2023 (Rupees)	For the Year 2022 (Rupees)
Dividend Paid	-	-	-

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*Auditor's report under clause 1 of section 2 of the First Schedule to the Public Offering Regulations, 2017*

**Zarea AgriTech Private Limited**

**Statement of Assets and Liabilities**

	As at 30 June 2024 (Rupees)	As at 30 June 2023 (Rupees)	As at 30 June 2022 (Rupees)
<b>Current Assets</b>			
Cash and bank balances	1,000,000	-	-
<b>Total</b>	<b>1,000,000</b>	-	-

**Current Assets**

	As at 30 June 2024 (Rupees)	As at 30 June 2023 (Rupees)	As at 30 June 2022 (Rupees)
Trade and Other Payables	100,000	-	-
<b>Total</b>	<b>100,000</b>	-	-

**Zarea AgriTech Private Limited**

**Statement of Profit or Loss**

	For the Year 2024 (Rupees)	For the Year 2023 (Rupees)	For the Year 2022 (Rupees)
Sales	-	-	-
Cost of Sales	-	-	-
<b>Gross profit</b>	-	-	-
Administrative and General Expenses	(100,000)	-	-
Selling and Distribution Expenses	-	-	-
Finance Costs	-	-	-
Other Income	-	-	-
<b>Profit before taxation</b>	<b>(100,000)</b>	-	-
Taxation	-	-	-
<b>Net profit/(Loss) after taxation</b>	<b>(100,000)</b>	-	-
Other Comprehensive Income	-	-	-
<b>Total Comprehensive Income</b>	<b>(100,000)</b>	-	-

**Detail of Dividend paid**

	For the Year 2024 (Rupees)	For the Year 2023 (Rupees)	For the Year 2022 (Rupees)
Dividend Paid	-	-	12,20,000

#### 6.4. AUDITOR'S CERTIFICATE ON OPERATING MARGIN

### Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants

A member firm of



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Fax: +92 42-35764959  
Email: lhr@nzaj.com.pk  
Web: www.nzaj.com.pk

The Board of Directors

Zarea Limited  
Delta-6, NASTP OFFICE,  
Abid Majeed Road,  
Lahore, Cantt.

**December 31, 2024**

Dear Board Members

**Auditor's certificate on operating margin and net margin of the Company based on consolidated and unconsolidated financial statements for the years ended 30 June 2022, 30 June 2023 and 30 June 2024.**

We have been requested to provide you with a certificate on the operating margin and net margin of Zarea Limited ("the Company") based on audited consolidated and unconsolidated financial statements of the Company for the years ended 30 June 2022, 30 June 2023 and 30 June 2024 for onward submission to Securities and Exchange Commission of Pakistan (SECP) for the purpose of Company's prospectus to be issued for the initial public offer.

#### Scope of Certificate

The engagement scope is to provide auditors' certificate on the operating margin and net margin of the Company for the years ended 30 June 2022, 30 June 2023 and 30 June 2024. We have been informed that this certificate is required by the SECP for the purpose of Company's prospectus.

#### Management Responsibility

It is the management's responsibility to ensure compliance with the legal requirements for which purposes the operating margin and net margin is being certified and that all requirements in this respect are fulfilled. Reviewing compliance to the legal requirement is beyond the scope of this engagement. This certificate does not relieve the management from its responsibilities.

#### Auditors' Responsibility

Our responsibility is to certify the operating margin and net margin in accordance with generally accepted accounting principles. The certificate shall be issued as per the 'Guidelines for the Issuance of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan.



**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountants

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**Zarea Limited**

*Auditor's certificate on operating margin and net operating margin of the Company based on consolidated and unconsolidated financial statements for the years ended 30 June 2022, 30 June 2023 and 30 June 2024*

December 31 2024

Our verification was limited to the amounts of revenue, operating profit and profit after taxation, the audited consolidated and unconsolidated financial statements of the Company for the years ended 30 June 2022, 30 June 2023 and 30 June 2024 and checking mathematical accuracy of the calculation.

**Certificate**

Based on the procedures mentioned above, we certify that the operating and net operating margin of the Company based on audited accounts, are as follows:


**Unconsolidated:**

		June 30, 2022	June 30, 2023	June 30, 2024
Revenue	A	116,403,660	159,066,226	441,761,852
Operating Profit	B	76,475,203	111,361,508	257,344,301
Net Profit after tax	C	23,608,201	81,252,073	292,811,085
Operating margin	B/A	66 %	70 %	58 %
Net margin	C/A	20 %	51 %	66 %

**Consolidated:**

		June 30, 2022	June 30, 2023	June 30, 2024
Revenue	A	-	-	441,761,852
Operating Profit	B	-	-	257,244,301
Net Profit after tax	C	-	-	292,711,085
Operating margin	B/A	-	-	58 %
Net margin	C/A	-	-	66 %

**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountants

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**Note:**

“There were no operations of subsidiary company during 2022, 2023 and 2024.”

**Restriction on use and distribution**

This certificate is being issued on the specific request of Company's management for the purpose of inclusion in prospectus to be issued for Initial Public Offer and for onward submission to SECP. Accordingly, this certificate cannot be used or distributed to any other third party without our prior consent. This certificate is restricted to the facts stated herein.

Yours faithfully

Signature: Naveed Zafar Ashfaq Jaffery & Co

## 6.5. SHARIAH COMPLIANCE CERTIFICATE



الحمد لله رب العالمين، والصلاة والسلام على سيد الأنبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

### SHARIAH COMPLIANCE OF ZAREA LIMITED

We, Al-Hilal Shariah Advisors (Pvt.) Limited, have conducted Shariah Compliance Screening of Zarea Limited based on the financial statements of June 30, 2024.

We have thoroughly analyzed the financial statements on the basis of various Shariah screening criteria prevailing in the market including the criteria of Pakistan Stock Exchange and the criteria issued by our Shariah Supervisory Council. In light of the information provided and our evaluation, we found that the company has passed 5 out of 6 shariah screening filters while 1 filter i.e. Illiquid Assets to Total Assets ratio is slightly below the desired threshold level.

The Shariah Supervisory Council of Al Hilal Shariah Advisors concluded that the issue of considerable illiquid assets remains a problem for services sector companies, since they do not have considerable illiquid assets because of their nature of business and asset light model which becomes a hurdle for meeting Shariah compliance screening criteria. In this regard, the Shariah Supervisory Council of Al Hilal Shariah Advisors recommends that the illiquid Assets to Total Assets ratio may not be considered while evaluating shariah compliance for such service providing companies given that the company financials meet the other desired criteria.

As per the above statement, the Shariah Supervisory Council has resolved the company to be Shariah Compliant. Hence it is permissible to invest in shares of Zarea Limited. And Allah knows best.

This certificate is valid for Initial Public Offering only.

For and on behalf of Al-Hilal Shariah Advisors (Pvt.) Limited.



Mufti Irshad Ahmed Aijaz  
Member Shariah Supervisory Council




Faraz Younus Bandukda, CFA  
Chief Executive

## 6.6. CONSOLIDATED AUDITED FINANCIAL STATEMENTS FY24

**Naveed Zafar Ashfaq Jaffery & Co.**
**Chartered Accountants**

A member firm of


**PrimeGlobal**

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Web: [www.nzaj.com.pk](http://www.nzaj.com.pk)
**INDEPENDENT AUDITOR'S REPORT**
**To the Members of Zarea Limited**  
**Report on the Audit of Revised Consolidated Financial Statements**
**Opinion**

We have audited the annexed revised consolidated financial statements of Zarea Limited (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated statement of financial position, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Group's affairs as at June 30, 2024 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountants

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### Emphasis of Matter

We draw attention to Note 27 of the Financial Statements, which outlines the adjustments made to revenue and cost of sales. Previously, we have issued an audit report to the members for audit of the financial statements for the year ended June 30, 2024 on August 27, 2024 with UDIN: AR202410575PB0rvETOU. The previous Audit Report was unqualified. These financial statements have been revised by management based on advice from SECP in respect of upcoming Initial Public Offer (IPO) and were approved by the Board of Directors on the January 18, 2025. Subsequent to issuing of the audit report, material reclassifications were made as detailed in Note 16 and 16(a), which involved adjustments relating to sale of agri-biomass commodities revenue amounting to Rs. 160,700,997, and cost of sales amounting to Rs. 131,017,772, respectively. These have been reclassified from Investment Gain/(Loss) in Note 19. However, these reclassifications have no impact on the profit for the year.

Our opinion is not modified in respect of this matter.

### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountants

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountants

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#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Group as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) expenditure incurred during the year was for the purpose of the Group's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Shahid Mohsin Shaikh (FCA).



Lahore

Date: January 18, 2025

UDIN: AR202410575Xev6G5LSa

**ZAREA LIMITED**  
**GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at June 30, 2024

	Notes	June 2024 Rupees	June 2023 Rupees
<b>NON-CURRENT ASSETS</b>			
Property and Equipments	4	25,891,413	12,239,641
Intangible Assets	5	22,058,377	4,309,771
Long term Security Deposits		2,230,875	-
		<u>50,180,665</u>	<u>16,549,412</u>
<b>CURRENT ASSETS</b>			
Investments held for trading	6	70,653,024	36,131,603
Advances for Agriculture Commodities	7	241,982,657	72,845,210
Trade and Other receivables	8	157,503,596	53,663,495
Advances & Prepayments	9	15,364,620	-
Cash and bank balances	10	94,013,441	67,426,298
		<u>579,517,338</u>	<u>230,066,606</u>
<b>TOTAL ASSETS</b>		<u>629,698,003</u>	<u>246,616,018</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital</b>			
<b>Authorized capital</b>			
300,000,000 ordinary shares of Rs. 1/- each		300,000,000	25,000,000
<b>Issued, subscribed &amp; paid-up capital</b>			
200,000,000 ordinary shares of Rs.1/- each fully paid in cash	11	200,000,000	20,000,000
Consolidated Reserves		397,569,357	109,894,307
Non-controlling Interest		225,000	-
		<u>597,794,357</u>	<u>129,894,307</u>
Loan from Sponsors/Shareholders	12	-	83,500,000
		<u>597,794,357</u>	<u>213,394,307</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax Liability	13	-	1,024,940
		-	<u>1,024,940</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	14	31,903,646	32,196,771
		<u>31,903,646</u>	<u>32,196,771</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>629,698,003</u>	<u>246,616,018</u>
Contingencies and Commitments	15	-	-

12/24/24

The annexed notes 1 to 30 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**



**ZAREA LIMITED**  
**GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the Year ended 30 June 2024

	<i>Notes</i>	June 2024 Rupees	June 2023 Rupees
Revenue-Net	16	441,761,852	159,066,226
Cost of Sales	16(a)	(131,017,772)	(33,621,244)
<b>Gross Profit</b>		<b>310,744,080</b>	<b>125,444,982</b>
Administrative and General Expenses	17	(24,740,049)	(5,200,902)
Selling and Distribution Expenses	18	(28,759,730)	(8,882,572)
Investments Gain/(Loss)	19	34,521,421	(7,614,408)
Finance Costs	20	(79,577)	(70,133)
<b>Profit before taxation</b>		<b>291,686,145</b>	<b>103,676,968</b>
Taxation	21	1,024,940	(22,424,895)
<b>Net profit after taxation</b>		<b>292,711,085</b>	<b>81,252,073</b>
<b>Other Comprehensive Income</b>		-	-
<b>Total Comprehensive Income</b>		<b>292,711,085</b>	<b>81,252,073</b>
Attributable to:			
- Owners of Zarea Limited		292,736,085	81,252,073
- NCI		(25,000)	-
<b>Basic &amp; Diluted earning per share</b>	25	<b>3.99</b>	<b>40.63</b>

The annexed notes 1 to 30 form an integral part of these financial statements.

N24376

  
CHIEF EXECUTIVE

  
DIRECTOR

**ZAREA LIMITED**  
**GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the Year ended 30 June 2024

Particulars	Issued, subscribed and paid-up capital	Loan from Shareholders/ Sponsors	Consolidated Reserves	Non-Controlling Interest	Total Equity
	<i>Rs</i>				
BALANCE AS AT July 01, 2022	20,000,000	53,500,000	28,642,234	-	102,142,234
Profit for the year	-	-	81,252,073	-	81,252,073
Other Comprehensive income	-	-	-	-	-
Incremental Depreciation (Net of Tax)	-	-	-	-	-
Loan from Shareholders / Sponsors	-	30,000,000	-	-	30,000,000
Issuance of shares	-	-	-	-	-
Balance as at July 1, 2023	20,000,000	83,500,000	109,894,307	-	213,394,307
Profit/ (Loss) for the year	-	-	292,736,085	(25,000)	292,711,085
Other Comprehensive income	-	-	-	-	-
Incremental Depreciation (Net of Tax)	-	-	-	-	-
Loan from Shareholders / Sponsors	-	96,500,000	-	-	96,500,000
Issuance of shares	180,000,000	(180,000,000)	-	-	-
Share Issuance Expense	-	-	(5,061,035)	-	(5,061,035)
NCI recognized at acquisition	-	-	-	250,000	250,000
Balance as at June 30, 2024	200,000,000	-	397,569,357	225,000	597,794,357

The annexed notes 1 to 30 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

**ZAREA LIMITED**  
**GROUP CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the Year ended 30 June 2024

Notes	2024 Rupees	2023 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	291,685,145	103,676,968
<b>Adjustment for non-cash items</b>		
Depreciation & Amortization	2,613,621	1,177,288
Capital Loss	6,974,809	8,815,056
Unrealized (Gain) / loss	(41,496,230)	(1,200,648)
Finance costs	79,576	70,133
<b>Operating profit before working capital changes</b>	<b>259,857,921</b>	<b>112,538,796</b>
<b>Working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Trade and Other Receivables	(103,840,100)	11,136,597
Advances & Prepayments	(15,364,620)	379,976
Advance for Commodities	(169,137,447)	(72,845,210)
<b>Increase / (decrease) in current liabilities</b>		
Trade and Other Payables	2,391,737	(19,246,660)
Income Tax Paid	(2,684,860)	-
Finance Costs paid	(79,577)	(70,133)
	(288,714,867)	(80,645,430)
<b>Net cash flows from operating activities</b>	<b>(28,856,946)</b>	<b>31,893,366</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in share Capital	180,000,000	-
Loan from Sponsors / Shareholders	(83,500,000)	30,000,000
Share Issuance Expense	(5,061,035)	-
<b>Net cash flows from financing activities</b>	<b>91,438,965</b>	<b>30,000,000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property and Equipment	(15,414,001)	(7,000,072)
Intangible Assets	(18,600,000)	(3,563,628)
Investment in Securities	-	(12,000,000)
Long term security Deposits	(2,230,875)	-
Acquisition of subsidiary- net of cash	250,000	-
<b>Net cash flows from investing activities</b>	<b>(35,994,876)</b>	<b>(22,563,700)</b>
<b>Net increase in cash and cash equivalents</b>	<b>26,587,143</b>	<b>39,329,666</b>
Cash and cash equivalents at the beginning of the year	67,426,298	28,096,632
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>94,013,441</b>	<b>67,426,298</b>

The annexed notes 1 to 30 form an integral part of these financial statements.

  
Chief Executive

  
Director

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**ZAREA LIMITED**  
**NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS**  
 For the Year ended 30 June 2024

**1 Legal status and Nature of Business**

**1 The Group comprises of :**

- > Zarea Limited - Holding Company
- > Zarea Agri Tech Private Limited - Subsidiary Company ( 75% Owned by Zarea Limited and 25% Owned by Goldfinger Private Limited

Zarea Limited-Holding Company is registered as a public limited company in Pakistan . The company was incorporated on 16 September 2020 under the Companies Act, 2017.

The principal activity of the company is to act as an online market place that has created a software application through which customers and vendors connect for purchase and sale. The company charges a platform usage fee for allowing access to its software application.

The company's registered office is situated at 6011- Delta 6 NASTP, Abid Majeed Rd, Lahore Cantt. Subsidiary Company (Zarea Agri-Tech) is a Private Limited company . The company was incorporated on 01-March 2024 under the Companies Act, 2017.

The principal activity of the company is to sale and purchase of Commodities

The company's registered office is situated at 6011- Delta 6 NASTP, Abid Majeed Rd, Lahore Cantt.

**2 Basis of preparation**

The significant accounting policies applied in the preparation of these financial statements are set out below:

**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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and

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 Basis of Consolidated**

These Consolidated financial statements include the financial statements of the Holding Company and its Subsidiary.

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Further, the group also considers whether:

It has power to direct the relevant activities of the subsidiaries;

It is exposed to variable returns from the subsidiaries; and

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**ZAREA LIMITED**  
**NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2024**

Decision making power allows the group to affect its variable returns from the subsidiaries. Subsidiaries are consolidated from the date on which the group obtains control and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the holding company, using consistent accounting policies in majority of the cases. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the group, where required.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Where the ownership of subsidiary is less than hundred percent and therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of controls, is accounted for as an equity transaction. If the group loses control over a subsidiary, it derecognizes the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in other comprehensive income, and recognizes fair value of considerations received, any investment retained, surplus or deficit in profit or loss, and reclassifies the groups share of components previously recognized in other comprehensive income to profit or loss.

The assets, liabilities, income and expenses of subsidiary companies and consolidated on a line by line basis and carrying value of investments held by the holding company is eliminated against the subsidiary companies' shareholders' equity in these consolidated financial statements.

### **2.3 Subsidiaries**

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

### **2.4 Functional and presentation currency**

The financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation

### **2.5 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgments were exercised in application of accounting policies are as follows:

- determining residual values and useful life of assets;
- provisions;
- recognition of taxation;
- contingencies and commitments.

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**ZAREA LIMITED**  
**NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year ended 30 June 2024

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**2.6 Summary of significant accounting policies**

The significant accounting policies adopted in the preparation of these financial statements are set out below:

**2.7 Property, plant and Equipment**

**(a) Owned assets**

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Depreciation is charged to profit or loss using the straight line method whereby the cost less residual value of an operating asset is written off over its estimated useful life. Depreciation is charged on additions from the month of its acquisition whereas no depreciation is charged on assets disposed off during the month. The rates of depreciation are stated in note 4 to the financial statements. The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.

The Group assesses at each reporting date whether there is any indication that property and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period in which it is incurred.

**(b) Capital Work In Progress**

Capital work in progress is stated at cost less any identified impairment loss.

**2.8 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life on straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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**ZAREA LIMITED**  
**NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year ended 30 June 2024

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

**Capital work-in-progress**

Capital work in progress is stated at cost less any identified impairment loss

**2.9 Good Will**

Goodwill is initially measured as at the acquisition date, being the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree; and (b) the net of the acquisition date amount of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Group's interest in the identifiable net assets exceeds the fair value of consideration, the Group recognises the resulting gain in the profit or loss on the acquisition date.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating unit (CGU) (or the groups of CGUs) that are expected to benefit from the synergies of the operations irrespective of whether other assets or liabilities of the acquiree are assigned to these units or group of units.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on pro rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognised directly in the consolidated profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

**2.10 Trade and Other Receivables**

Trade receivables and other receivables are recognised at transaction price less an allowance for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

**2.11 Advances, Deposits and Prepayments**

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

**2.12 Investment in Subsidiary**

Investment in Subsidiary is stated as cost less accumulated Impairment, if any.

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**ZAREA LIMITED**  
**NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year ended 30 June 2024

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**2.13 Investment held for trading**

Investments in shares held for trading are initially recognized at fair value and subsequently measured at fair value through profit or loss (FVTPL) as per IFRS 9. These investments are acquired with the intention of short-term profit-taking, and any unrealized gains or losses arising from changes in fair value are recognized directly in the income statement. Transaction costs related to the acquisition of these investments are expensed as incurred. Upon disposal, the difference between the carrying amount and the sale proceeds is recognized in the income statement. Dividends from these investments are recognized in profit or loss when the company's right to receive payment is established.

**2.14 Cash and Cash Equivalents**

Cash and cash equivalent, for the purpose of statement of cash flows, comprise of cash in hand and balance at bank, including both current and non checking bank accounts

**2.15 Trade and Other Payables**

Trade payables and other payables are recognized initially at fair value plus directly attributable cost, if any and subsequently measured at amortized cost.

**2.16 Basic and diluted earning per share**

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**2.17 Related party transactions**

Transactions involving related parties arising in the normal course of business are conducted at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Parties are said to be related if they are able to influence the operating and financial decisions of the Group and vice versa.

**3 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**3.1 Financial assets**

The financial assets of the Group mainly include trade debts, loans, deposits, short-term investments, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Group, the financial assets of the Group are measured and classified under IFRS 9 as follows;

Trade debts, short-term investments and other financial assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

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**ZAREA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year ended 30 June 2024**

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

At each date of statement of financial position, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset

The Group uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

**3.12 Off Setting of Financial Assets and Financial Liabilities**

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

**3.13 Revenue recognition**

Revenue from contracts with customers is recognised when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods according to the negotiated contractual terms. The Group has generally concluded that it acts as a principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

**Platform Usage Revenue**

This is the platform usage fee charged by the company for allowing access to the application. The Company charges a platform usage fee of each transaction.

**Sale of Agri Biomass Commodities**

Revenue is recognized to the extent it is probable that economic benefits will flow to the Company and the revenue can be measured reliably. Revenue from sale of agri biomass commodities is recognized when the significant risks and rewards of ownership have been transferred to the customers, typically at the point of delivery.

**3.14 Taxation**

Income tax comprises of current tax and deferred tax.

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), in which case the tax amounts are recognized directly in other comprehensive income or equity.

**Current Tax**

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

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**ZAREA LIMITED**  
**NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year ended 30 June 2024

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**Deferred Tax**

Deferred tax is recognised using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial consolidated statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

Deferred tax is recognised for tax losses, minimum tax, alternative corporate tax and depreciation available for carry forward to the extent of realisation of the related tax benefit through future taxable profits, based on projections, is probable. The carrying amount of deferred tax assets is reviewed at each consolidated consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

As the provision for taxation has been made partially under the normal basis and partially under the final tax regime, therefore, the deferred tax liability has been recognised on a proportionate basis in accordance with TR 27 issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the consolidated statement of financial position date.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

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**ZAREA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year ended 30 June 2024

4 Property and Equipment										
2023										
Particulars	COST				Rate %age	DEPRECIATION			Net book value as at June 30, 2023	
	As at July 01, 2022	Additions	Disposals	As at June 30, 2023		As at July 01, 2022	For the year	As at June 30, 2023		
	R u p e e s					R u p e e s				
Computers	5,479,123	2,471,897	-	7,951,020	10	844,943	643,738	-	1,488,681	6,462,339
Office Equipment	826,450	2,627,950	-	3,454,400	10	28,707	187,197	-	215,904	3,238,496
Furniture	1,000,000	1,900,225	-	2,900,225	10	175,000	186,421	-	361,421	2,538,804
	<u>7,305,573</u>	<u>7,000,072</u>	<u>-</u>	<u>14,305,645</u>		<u>1,048,650</u>	<u>1,017,356</u>	<u>-</u>	<u>2,066,006</u>	<u>12,239,639</u>
2024										
Particulars	COST				Rate %age	DEPRECIATION			Net book value as at June 30, 2024	
	As at July 01, 2023	Additions	Disposals	As at June 30, 2024		As at July 01, 2023	For the year	As at June 30, 2024		
	R u p e e s					R u p e e s				
Computers	7,951,020	1,220,940	-	12,171,960	10	1,488,681	913,762	-	2,402,444	9,769,516
Office Equipment	3,454,400	1,477,531	-	7,931,931	10	215,904	471,547	-	687,450	7,244,480
Furniture	2,900,225	5,715,530	-	9,615,755	10	361,421	376,918	-	738,339	8,877,416
	<u>14,305,645</u>	<u>8,414,001</u>	<u>-</u>	<u>29,719,646</u>		<u>2,066,006</u>	<u>1,762,227</u>	<u>-</u>	<u>3,828,233</u>	<u>25,891,413</u>

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**ZAREA LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year ended 30 June 2024

5 Intangible Asset										
Particulars	2023					2024				
	COST					Amortization				Net book value as at June 30, 2023
	As at July 01, 2022	Additions	Disposals	As at June 30, 2023	Rate % age	As at July 01, 2022	For the year	Adjustment	As at June 30, 2023	
R u p e e s					R u p e e s					
Software	1,006,750	3,563,628	-	4,570,378	10	100,675	159,932	-	260,607	4,309,771
	<u>1,006,750</u>	<u>3,563,628</u>	<u>-</u>	<u>4,570,378</u>		<u>100,675</u>	<u>159,932</u>	<u>-</u>	<u>260,607</u>	<u>4,309,771</u>
Particulars	2024					2024				
	COST					Amortization				Net book value as at June 30, 2024
	As at July 01, 2023	Additions	Disposals	As at June 30, 2024	Rate % age	As at July 01, 2023	For the year	Adjustment	As at June 30, 2024	
R u p e e s					R u p e e s					
Software	4,570,378	18,600,000	-	23,170,378	10	260,607	851,394	-	1,112,001	22,058,377
	<u>4,570,378</u>	<u>18,600,000</u>	<u>-</u>	<u>23,170,378</u>		<u>260,607</u>	<u>851,394</u>	<u>-</u>	<u>1,112,001</u>	<u>22,058,377</u>

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**ZAREA LIMITED**  
**NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year ended 30 June 2024

	Carrying Value		Fair Value	
	2024 June	2023 June	2024 June	2023 June
<b>6 Investment held for trading</b>				
Investment in Shares	58,217,271	66,562,749	70,653,024	36,131,603
6.1 Investment is measured at fair value through profit or loss	58,217,271	66,562,749	70,653,024	36,131,603
<b>7 Advances for Commodities</b>				
Advances for Commodities (Unsecured - Considered Good)			241,982,657	72,845,210
			<del>241,982,657</del>	<del>72,845,210</del>
<b>8 Trade and Other Receivables</b>				
Trade Receivables (Unsecured - Considered Good)			157,503,596	53,663,495
			157,503,596	53,663,495
<b>9 Advances &amp; Prepayments</b>				
Advances to employees (Unsecured - Considered Good)			14,964,620	-
Prepayments			400,000	-
			15,364,620	-
<b>10 Cash and Bank Balances</b>				
Cash in hand			59,003,405	45,743,202
Cash at bank			35,010,036	21,683,097
			94,013,441	67,426,298
<b>11 Share Capital</b>				
<b>Authorized Share Capital</b>				
Authorized share capital			300,000,000	25,000,000
300,000,000 (2023: 2,500,000) ordinary shares of Rs. 1 (2023: Rs 10) each fully paid in cash				
<b>Issued, subscribed and-paid up capital</b>				
Issued, subscribed and-paid up capital			200,000,000	20,000,000
200,000,000 (2023: 2,000,000) ordinary shares of Rs. 1 (2023: Rs 10) each fully paid in cash				
<b>12 Loan from Sponsors / Shareholders</b>				
Loan from Sponsors / Shareholders			90,000,000	58,500,000
Loan from Related Parties			90,000,000	25,000,000
			180,000,000	83,500,000
Right share issued			(180,000,000)	-
			-	83,500,000

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**NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year ended 30 June 2024

	2024	2023
	Rupees	Rupees
<b>13 <u>Deferred Tax Liability</u></b>	Note	
Deferred Tax	-	1,024,940
	-	<b>1,024,940</b>
<b>14 <u>Trade and Other Payables</u></b>		
Accrued Expenses	2,083,124	300,000
Taxation Payable	29,820,522	31,896,771
	<b>31,903,646</b>	<b>32,196,771</b>
<b>15 <u>Contingencies and Commitments</u></b>		
There are no contingencies and commitment appearing at the date of statement of financial position of the Company.		
<b>16 <u>Revenue</u></b>		
Platform Usage Fee	16.1	281,060,855
Sale of Agri Biomass Commodities	16.2	114,912,232
		44,153,994
		<b>441,761,852</b>
		<b>159,066,226</b>
<b>16.1</b>	This is the platform usage fee charged by the company for allowing access to the application. The company charges a platform usage fee of each transaction.	
<b>16.2</b>	The sale of agriculture commodities is conducted through the e-commerce platform, with the selling price recognized as revenue, reflecting the Company's direct involvement in procurement.	
<b>16(a) <u>Cost of Sales</u></b>		
Agri Biomass Commodities	131,017,772	33,621,244
<b>17 <u>Administrative and General Expenses</u></b>		
Salaries, Benefits and Allowances	15,793,238	2,474,166
Repair and Maintenance	643,990	317,319
Legal and Professional Charges	386,900	10,370
Fee and Subscription	766,000	25,320
General Office Expenses	2,944,175	698,685
Software maintenance Expenses	356,725	147,754
Charity and Donation	17.1	535,400
Auditor's remuneration	700,000	300,000
Depreciation	1,762,227	1,017,356
Amortization	851,394	159,932
	<b>24,740,049</b>	<b>5,200,902</b>
<b>17.1</b>	Donation to following organisation exceeds 10% of the company's total amount of donation or 1 million, whichever is higher	
- MM Foundation	464,000	50,000
<b>18 <u>Selling and Distribution Expenses</u></b>		
Salaries, Benefits and Allowances	17,812,835	6,331,547
Travelling and Conveyance	4,843,004	1,693,500
Entertainment Expenses	243,964	130,515
Postage, Telephone and Telegram	378,210	255,745
Advertisement & Marketing expenses	5,481,717	471,265
	<b>28,759,730</b>	<b>8,882,572</b>

N2A/2024

**NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year ended 30 June 2024

	Note	2024	2023
		Rupees	Rupees
<b>19 Investments Gain/(Loss)</b>			
Unrealized Gain / ( Losses ) on investments		41,496,230	1,200,648
Realized Gain / ( Losses ) on investments		(6,974,809)	(8,815,056)
		<u>34,521,421</u>	<u>(7,614,408)</u>
<b>20 Finance Cost</b>			
Bank Charges		79,577	70,133
		<u>79,577</u>	<u>70,133</u>
<b>21 Income tax</b>			
Current Tax		-	21,564,978
Prior year Adjustment-2021		-	343,942
Deferred Tax		(1,024,940)	515,975
		<u>(1,024,940)</u>	<u>22,424,895</u>
21.1 Zarea Limited is licensed as Zone Enterprise under Special Technology Zones Authority Act, 2021. Hence, income of the company is exempt from income tax and minimum tax. As a result, the Company is not subject to income tax and no provision for taxation is required.			

**22 Chief Executive and Directors Remuneration**

Chief Executive and no director withdraw any salary and other benefits from the company.

**23 TRANSACTIONS WITH RELATED PARTIES**

The related parties of the Company comprise of directors and key management personnel. Transactions with related parties include advance for working capital requirements. These transactions are as follows:

Name of the related party	Relationship with related party	Nature of Transactions	2024 June Rupees	2023 June Rupees
All Alam Qamar	Director	Loan from Sponsors	90,000,000	58,500,000
Goldfinger Private Limited	Common Directorship	Loan from Sponsors	90,000,000	25,000,000
			<u>180,000,000</u>	<u>83,500,000</u>

**24 Financial Instruments**

	Amortized Cost		Total	
	June 2024	June 2023	June 2024	June 2023
<b>Financial Assets</b>				
Trade and Other receivables	157,503,596	53,663,495	157,503,596	53,663,495
Cash and bank balances	94,013,441	67,426,298	94,013,441	67,626,298
	<u>251,517,037</u>	<u>121,089,793</u>	<u>251,517,037</u>	<u>121,289,793</u>
<b>Financial Liabilities</b>				
Trade and other payables	31,903,646	32,478,445	31,903,646	32,478,445
	<u>31,903,646</u>	<u>32,478,445</u>	<u>31,903,646</u>	<u>32,478,445</u>

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**NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year ended 30 June 2024

	Note	2024	2023
		Rupees	Rupees
25 <b>Earning per Share - Basic &amp; Diluted</b>			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit after taxation		292,711,085	81,252,073
Weighted average number of ordinary shares		73,309,589	2,000,000
Basic earning per share		3.99	40.63

Profit after taxation for the year ended June 30, 2023 had been inadvertently shown as Rs. 103,676,968, which has now been rectified and shown as Rs. 81,252,073 and the corresponding effect on Earnings per Share has also been incorporated.

26 <b>Number of Employees</b>			
Total number of employees		29	23
Average number of employees		33	23

27 **Adjustment to Revenue and Cost Recognition**

The financial statements for the year ended 2024 have been reissued to necessarily restate revenue and cost of sales in the Group Consolidated Statement of Comprehensive Income.

Previously, the net gain arising from the sale of agri-biomass commodities was presented under "Investment Gain/(loss)" in the Group Consolidated Statement of Comprehensive Income. However, for better understanding of the users regarding operations and financial performance of the Company, it has been considered necessary to reclassify Other Income. Consequently, the revenue and associated costs of agri-biomass commodities business have been reclassified to "Gross Sales" and "Cost of Sales," respectively.

The said reclassification has no impact on the previously reported net profit, total comprehensive income, or equity for the reporting period.

28 **Subsequent Events**

After the reporting period, the Board of the company had approved the listing of its shares on the Pakistan Stock Exchange (PSX). So far, the company has successfully obtained approval from the PSX to proceed with the listing. Consequently, the shares of the company will be listed in due course of time. This development aligns with the company's strategic objective of enhancing capital market access and fostering long-term growth.

29 **Date of Authorization for issue**

These financial statements were issued on January 18, 2024 by the board of directors of the Company.

30 **General**

Figures have been rounded off to the nearest rupee.

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Director

  
Chief Executive



## 6.7. LATEST UNAUDITED MANAGEMENT ACCOUNTS AS AT 30TH SEPTEMBER 2024

## 6.7.1. CONSOLIDATED

**ZAREA LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
As at September 30, 2024

Rupees	Notes	September 2024 (Unaudited)	June 2024 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property and equipments	5	44,721,772	25,891,413
Intangible Assets		26,483,201	22,058,377
Long term Security Deposits		2,230,875	2,230,875
		<u>73,435,848</u>	<u>50,180,665</u>
<b>CURRENT ASSETS</b>			
Investments held for trading		105,138,063	70,653,024
Investment in Mutual Funds	6	47,505,745	-
Advances for Agriculture Commodities		184,593,942	241,982,657
Trade and Other receivables		135,225,629	157,503,596
Advances & Prepayments		23,288,770	15,364,620
Cash and bank balances		149,146,932	94,013,441
		<u>644,899,081</u>	<u>579,517,338</u>
<b>TOTAL ASSETS</b>		<u>718,334,929</u>	<u>629,698,003</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital</b>			
Authorized capital			
400,000,000 (2024: 300,000,000) ordinary shares of Rs. 1 each.		<u>400,000,000</u>	<u>300,000,000</u>
<b>Issued, subscribed &amp; paid-up capital</b>			
200,000,000 (2024: 200,000,000) ordinary shares of Rs. 1 each.		200,000,000	200,000,000
Consolidated Reserves		487,757,269	397,569,357
Non-controlling Interest		224,531	225,000
		<u>687,981,800</u>	<u>597,794,357</u>
		<u>687,981,800</u>	<u>597,794,357</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables		30,353,129	31,903,646
		<u>30,353,129</u>	<u>31,903,646</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>718,334,929</u>	<u>629,698,003</u>
Contingencies and Commitments	7	-	-

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**ZAREA LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
For the quarter ended September 30, 2024 (Unaudited)

Rupees	Notes	September 2024	September 2023
Revenue-Net	8	191,844,458	82,830,347
Cost of Sales	9	(71,400,715)	(24,565,832)
<b>Gross Profit</b>		<b>120,443,743</b>	<b>58,264,515</b>
Administrative and General Expenses		(9,708,674)	(4,620,009)
Selling and Distribution Expenses		(10,355,729)	(5,392,449)
Investments Gain/(Loss)	10	7,490,784	4,657,759
Finance Costs		(24,848)	(14,921)
<b>Profit before taxation</b>		<b>107,845,276</b>	<b>52,894,894</b>
Taxation		-	192,176
<b>Net profit after taxation</b>		<b>107,845,276</b>	<b>53,087,070</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>107,845,276</b>	<b>53,087,070</b>
<b>Attributable to:</b>			
- Owners of Zarea Limited		107,845,745	53,087,070
- NCI		(469)	-
<b>Basic &amp; Diluted earning per share</b>	11	<b>0.54</b>	<b>26.54</b>

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

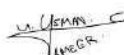
**ZAREA LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY ( UNAUDITED)**  
For the quarter ended September 30, 2024 ( Unaudited)

Particulars	Issued, subscribed and paid-up capital	Loan from Shareholders/ Sponsors	Consolidated Reserves	Non-Controlling Interest	Total Equity
	Rs				
Balance as at July 1, 2023	20,000,000	83,500,000	109,894,307	-	213,394,307
Profit for the period	-	-	53,087,070	-	53,087,070
<b>Balance as at September 30, 2023</b>	<b>20,000,000</b>	<b>83,500,000</b>	<b>162,981,377</b>	<b>-</b>	<b>266,481,377</b>
Balance as at June 30, 2024	200,000,000	-	397,569,357	225,000	597,794,357
Profit for the Period	-	-	107,845,745	(469)	107,845,276
Other Comprehensive Income	-	-	-	-	-
Share Issuance Expense	-	-	(17,657,833)	-	(17,657,833)
<b>BALANCE AS AT SEPTEMBER 30, 2024</b>	<b>200,000,000</b>	<b>-</b>	<b>487,757,269</b>	<b>224,531</b>	<b>687,981,800</b>

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**ZAREA LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
For the quarter ended September 30, 2024 (Unaudited)

Rupees	Notes	September 2024	September 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		107,845,276	52,894,894
<b>Adjustment for non-cash items</b>			
Depreciation & Amortization		1,647,342	1,646,894
Unrealised (Gain) / loss		(7,490,784)	(5,414,617)
Finance costs		24,848	14,921
<b>Operating profit before working capital changes</b>		<b>102,026,683</b>	<b>49,142,092</b>
<b>Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Trade and Other Receivables		22,277,967	5,564,784
Advances & Prepayments		(7,924,150)	-
Advance for Commodities		57,388,715	6,138,363
<b>Increase / (decrease) in current liabilities</b>			
Trade and Other Payables		(1,550,517)	(229,173)
Finance Costs paid		(24,848)	(14,921)
		<b>70,167,167</b>	<b>11,459,053</b>
<b>Net cash flows from operating activities</b>		<b>172,193,850</b>	<b>60,601,145</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share Issuance Expense		(17,657,833)	-
<b>Net cash flows from financing activities</b>		<b>(17,657,833)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property and Equipment		(19,652,525)	(15,414,001)
Intangible Assets		(5,250,000)	(18,600,000)
Investment in Securities		(27,500,000)	-
Investment in Alfalah GHP Mutual Fund		(47,000,000)	-
<b>Net cash flows from investing activities</b>		<b>(99,402,525)</b>	<b>(34,014,001)</b>
<b>Net increase in cash and cash equivalents</b>		<b>55,133,491</b>	<b>26,587,143</b>
Cash and cash equivalents at the beginning of the Period		94,013,441	67,426,298
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>149,146,932</b>	<b>94,013,441</b>

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**ZAREA LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the quarter ended September 30, 2024 ( Unaudited)

**1 Legal status and Nature of Business**

**The Group comprises of :**

- > Zarea Limited - Holding Company
- > Zarea Agri Tech Private Limited - Subsidiary Company ( 75% Owned by Zarea Limited and 25% Owned by Goldfinger Private Limited

Zarea Limited-Holding Company is registered as a public limited company in Pakistan . The company was incorporated on 16 September 2020 under the Companies Act, 2017.

The principal activity of the company is to act as an online market place that has created a software application through which customers and vendors connect for purchase and sale. The company charges a platform usage fee for allowing access to its software application.

The company's registered office is situated at 6011- Delta 6 NASTP, Abid Majeed Rd, Lahore Cantt.

Subsidiary Company (Zarea Agri-Tech) is a Private Limited company . The company was incorporated on 01-March 2024 under the Companies Act, 2017.

The principal activity of the company is to sale and purchase of Commodities

The company's registered office is situated at 6011- Delta 6 NASTP, Abid Majeed Rd, Lahore Cantt.

**2 Basis of Preparation**

**2.1 Statement of compliance**

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

International Accounting Standard (IAS) 34, 'Interim Financial Reporting', 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 with the requirements of (IAS) 34 or the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** This condensed interim financial statements comprises the condensed interim statement of financial position of the Company, as at 30 September 2024 and the related condensed interim statement of profit or loss account and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.

- 2.3** The condensed interim financial statements do not include all the information and disclosures required in an annual financial statements and should be read in conjunction with the financial statements for the year ended June 30, 2024.

- 2.4** Comparative statement of financial statements numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2024, whereas comparatives of condensed interim statement of profit or loss account and other comprehensive income, statement of cash flows and statement of changes in equity are stated from unaudited condensed interim financial statements of the Company for the three months period ended 30 September 2024.

**2.5 Basis of Preparation**

These consolidated condensed interim financial statements include the financial statements of Zarea Limited and its subsidiary – Zarea Agritech private Limited (“referred as the Group”). The financial statements of the subsidiary have been consolidated on line by line basis. All material inter-organization balances, transactions and resulting unrealized profits / losses have been eliminated.

These consolidated condensed interim financial statements have been prepared under the historical cost convention, except as otherwise stated in relevant notes and are presented in Pakistani Ruppes (Rs.), which is the functional currency of the Group.

**ZAREA LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the quarter ended September 30, 2024 ( Unaudited)

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These consolidated condensed interim financial statements are unaudited and do not include all the information and disclosures as are required for annual audited consolidated financial statements, and therefore, should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended June 30, 2024. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual audited consolidated financial statements.

**3 Summary of significant accounting policies**

The significant accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual audited consolidated financial statements of the Group for the year ended June 30, 2024, except detailed below or elsewhere. During the period, certain amendments / interpretations became effective and were adopted by the holding company and the subsidiary company. Management has assessed the changes laid down by the amendments / interpretations that became effective during the period or are yet not effective and determined that they do not have any significant impact on these consolidated condensed interim financial statements.

Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected annual profit or loss of the holding company. Actuarial valuations are carried out on annual basis. The last actuarial valuation was carried out by the holding company on June 30, 2024. The impact of remeasurement of retirement benefit plan has not been incorporated in the consolidated condensed interim financial statements.

**4 Critical accounting estimates and judgments**

The preparation of consolidated condensed interim financial statements in conformity with the approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these consolidated condensed interim financial statements, the significant judgements made by management in applying the Group accounting policies and key sources of estimation of uncertainty were the same as those applied to the annual audited consolidated financial statements of the Group for the year ended June 30, 2024, except as disclosed otherwise in respective notes.

**ZAREA LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the quarter ended September 30, 2024 ( Unaudited)

5 **Property & Equipment**

Particulars	2024									
	COST					DEPRECIATION				Net book value as at June 30, 2024
	As at July 01, 2023	Additions	Disposals	As at June 30, 2024	Rate	As at July 01, 2023	For the year	Adjustment	As at June 30, 2024	
	R u p e e s					%age	R u p e e s			
Computers	7,951,020	4,220,940	-	12,171,960	10	1,488,681	913,762	-	2,402,444	9,769,516
Office Equipment	3,454,400	4,477,531	-	7,931,931	10	215,904	471,547	-	687,450	7,244,480
Furniture	2,900,225	6,715,530	-	9,615,755	10	361,421	376,918	-	738,339	8,877,416
	<b>14,305,645</b>	<b>15,414,001</b>	<b>-</b>	<b>29,719,646</b>		<b>2,066,006</b>	<b>1,762,227</b>	<b>-</b>	<b>3,828,233</b>	<b>25,891,413</b>

Particulars	2025									
	COST					DEPRECIATION				Net book value as at September 30, 2024
	As at July 01, 2024	Additions	Disposals	As at September 30, 2024	Rate	As at July 01, 2024	For the year	Adjustment	As at September 30, 2024	
	R u p e e s					%age	R u p e e s			
Computers	12,171,960	4,772,000	-	16,943,960	10	2,402,444	320,586	-	2,723,030	14,220,930
Office Equipment	7,931,931	8,835,000	-	16,766,931	10	687,450	225,182	-	912,632	15,854,298
Furniture	9,615,755	6,045,525	-	15,661,280	10	738,339	276,398	-	1,014,736	14,646,544
	<b>29,719,646</b>	<b>19,652,525</b>	<b>-</b>	<b>49,372,171</b>		<b>3,828,233</b>	<b>822,166</b>	<b>-</b>	<b>4,650,398</b>	<b>44,721,772</b>

**ZAREA LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the quarter ended September 30, 2024 ( Unaudited)

		2024 September	2023 September
<b>6 INVESTMENT IN MUTUAL FUNDS</b>			
Investment in Alfalah GHP (Fair value through profit or Loss)-Islamic	6.1	47,505,745	-
		47,505,745	-
<b>6.1</b>	This represents investment in 459,148 units (2024 Nil units) of Mutual Funds having cost amounting to Rs. 47,000,000/- (2024 Rs. Nil).		
<b>7 Contingencies and Commitments</b>			
There are no contingencies and commitment appearing at the date of statement of financial position of the Company.			
<b>8 Revenue</b>			
Platform Usage Fee	8.1	110,532,000	52,698,910
Sale of Agriculture Commodities	8.2	81,312,458	30,131,437
		191,844,458	82,830,347
<b>8.1</b>	This is the platform usage fee charged by the company for allowing access to the application. The company charges a platform usage fee of each transaction.		
<b>8.2</b>	The sale of agriculture commodities is conducted through the e-commerce platform, with the selling price recognized as revenue. Excess of selling price over cost of the commodities is gain of the Company instead of earning a platform usage fee, reflecting the Company's direct involvement in its procurement.		
<b>9 Cost of Sales</b>			
Agriculture Commodities		71,400,715	24,565,832
<b>10 Investments Gain/(Loss)</b>			
Unrealised gain on Investments		6,985,039	4,657,759
Net Assets Value Gain on ALFALAH GHP Mutual Funds		505,745	-
		7,490,784	4,657,759
<b>11 Earning per Share - Basic &amp; Diluted</b>			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit after taxation		107,845,276	53,087,070
Weighted average number of ordinary shares	11.1	200,000,000	2,000,000
Basic earning per share		0.54	26.54
<b>11.1</b>	Number of shares in 1st quarter of 2024-25 are 200,000,000 (2023-24 : 2,000,000) face value of Rs. 1 (2023-24 : 10) each		
<b>12 Date of Authorization for issue</b>	<b>DECEMBER 31, 2024</b>		
These financial statements were issued on _____ by the board of directors of the Company.			
<b>13 General</b>			
Figures have been rounded off to the nearest rupee.			



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



## 6.7.2. UNCONSOLIDATED

**ZAREA LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
As at September 30, 2024

Rupees	Notes	September 2024 (Unaudited)	June 2024 (Audited)
<b><u>NON-CURRENT ASSETS</u></b>			
Property and Equipments	5	44,721,772	25,891,412
Intangible Assets		26,483,201	22,058,377
Long term Security Deposits		2,230,875	2,230,875
Investment in Subsidiary		750,000	750,000
		<b>74,185,848</b>	<b>50,930,665</b>
<b><u>CURRENT ASSETS</u></b>			
Investment held for trading		105,138,063	70,653,024
Investment in Mutual Funds	6	47,505,745	-
Advances for Agriculture Commodities		184,593,942	241,982,657
Trade and Other receivables		135,325,629	157,503,596
Advances & Prepayments		23,288,770	15,364,620
Cash and bank balances		148,148,788	93,013,441
		<b>644,000,937</b>	<b>578,517,338</b>
<b><u>TOTAL ASSETS</u></b>		<b>718,186,785</b>	<b>629,448,003</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Share capital</b>			
<b>Authorized capital</b>			
400,000,000 (2024: 300,000,000) ordinary shares of Rs. 1 each		400,000,000	300,000,000
<b>Issued, subscribed &amp; paid-up capital</b>			
200,000,000 (2024: 200,000,000) ordinary shares of Rs. 1 each		200,000,000	200,000,000
Reserves		487,833,656	397,644,357
		<b>687,833,656</b>	<b>597,644,357</b>
		<b>687,833,656</b>	<b>597,644,357</b>
<b><u>CURRENT LIABILITIES</u></b>			
Trade and Other Payables		30,353,129	31,803,646
		30,353,129	31,803,646
<b><u>TOTAL EQUITY AND LIABILITIES</u></b>		<b>718,186,785</b>	<b>629,448,003</b>
Contingencies and Commitments	7	-	-

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**ZAREA LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
For the Quarter ended September 30, 2024 (Unaudited)

Rupees	Notes	September 2024	September 2023
Revenue-Net	8	191,644,458	82,830,347
Cost of Sales	9	(71,400,715)	(24,565,832)
<b>Gross Profit</b>		<b>120,443,743</b>	<b>58,264,515</b>
Administrative and General Expenses		(9,708,674)	(4,620,009)
Selling and Distribution Expenses		(10,355,729)	(5,392,449)
Investments Gain/(Loss)	10	7,490,784	4,637,759
Finance Costs		(22,992)	(14,921)
<b>Profit before taxation</b>		<b>107,647,132</b>	<b>52,894,895</b>
Taxation		-	192,176
<b>Net profit after taxation</b>		<b>107,647,132</b>	<b>53,087,071</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>107,647,132</b>	<b>53,087,071</b>
<b>Basic &amp; Diluted earning per share</b>	<b>11</b>	<b>0.54</b>	<b>26.54</b>

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**ZAREA LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
For the Quarter ended September 30, 2024 (Unaudited)

Particulars	Issued, Subscribed and paid-up capital	Loan from Shareholders/ Sponsors	Revenue Reserves	Capital Reserves	Total Equity
			Unappropriated profit	Unrealized (loss)/gain on investment at fair value through OCI	
<i>Rs</i>					
Balance as at June 30, 2023	20,000,000	83,500,000	109,894,307	-	213,394,307
Profit for the Period	-	-	53,087,071	-	53,087,071
Balance as at September 30, 2023	20,000,000	83,500,000	162,981,378	-	266,481,378
Balance as at June 30, 2024	200,000,000	-	397,644,357	-	597,644,357
Profit for the Period	-	-	107,847,132	-	107,847,132
Share Issuance Expense	-	-	(17,657,833)	-	(17,657,833)
Balance as at September 30, 2024	200,000,000	-	487,833,656	-	687,833,656

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

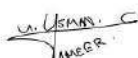
**ZAREA LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
For the Quarter ended September 30, 2024 (Unaudited)

Rupees	Notes	September 2024	September 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		107,847,132	52,894,895
<b>Adjustment for non-cash items</b>			
Depreciation & Amortization		1,647,342	1,646,894
Unrealized (Gain) / loss		(7,490,784)	(5,414,618)
Finance costs		22,991	14,921
<b>Operating profit before working capital changes</b>		<b>102,026,681</b>	<b>49,142,092</b>
<b>Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Trade and Other Receivables		22,177,967	5,564,784
Advances, Deposits and Prepayments		(7,924,150)	-
Advances for Agriculture Commodities		57,388,715	5,138,363
<b>Increase / (decrease) in current liabilities</b>			
Trade and Other Payables		(1,450,516)	(229,173)
Finance Costs paid		(22,992)	(14,921)
		<b>70,169,024</b>	<b>10,459,053</b>
<b>Net cash flows from operating activities</b>		<b>172,195,705</b>	<b>59,601,145</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share Issuance Expense		(17,657,833)	-
<b>Net cash flows from financing activities</b>		<b>(17,657,833)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property and Equipment		(19,652,525)	(15,414,001)
Intangible Assets		(5,250,000)	(18,600,000)
Investment in Securities		(27,500,000)	-
Investment in Alfalah GHP Mutual Fund		(47,000,000)	-
<b>Net cash flows from investing activities</b>		<b>(99,402,525)</b>	<b>(34,014,001)</b>
<b>Net increase in cash and cash equivalents</b>		<b>55,135,347</b>	<b>25,587,143</b>
Cash and cash equivalents at the beginning of the year		93,013,441	67,426,298
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>148,148,788</b>	<b>93,013,441</b>

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**ZAREA LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the Quarter ended September 30, 2024 (Unaudited)

**1 Legal status and Nature of Business**

Zarea Limited is registered as a public limited company in Pakistan. The company was incorporated on 16 September 2020 under the Companies Act, 2017.

The principal activity of the company is to act as an online market place that has created a software application through which customers and vendors connect for purchase and sale. The company charges a platform usage fee for allowing access to its software application.

The company's registered office is situated at 6011-Delta-6, NASTP, Abid Majeed Road, Lahore Cantt.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These interim 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 Standard (IAS) 34 issued by 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** This condensed interim financial statements comprises the condensed interim statement of financial position of the Company, as at 30 September 2024 and the related condensed interim statement of profit or loss account and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with the notes forming part thereof.

**2.3** The condensed interim financial statements do not include all the information and disclosures required in an annual financial statements and should be read in conjunction with the financial statements for the year ended June 30, 2024.

**2.4** Comparative statement of financial statements numbers are extracted from the annual audited financial statements of the Company for the year ended 30 June 2024, whereas comparatives of condensed interim statement of profit or loss account and other comprehensive income, statement of cash flows and statement of changes in equity are stated from unaudited condensed interim financial statements of the Company for the three months period ended 30 September 2024.

**2.5 Functional and presentation currency**

The interim financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

**3 Key Judgments and estimates**

In preparing these condensed interim financial statements management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited financial statements for the year ended 30 June 2024.

**4 Significant accounting policies**

The accounting policies adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended 30 June 2024.

**ZAREA LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the Quarter ended September 30, 2024 (Unaudited)

5

Property & Equipment

Particulars	2024									
	COST					DEPRECIATION				Net book value as at June 30, 2024
	As at July 01, 2023	Additions	Disposals	As at June 30, 2024	Rate	As at July 01, 2023	For the year	Adjustment	As at June 30, 2024	
	R u p e e s					%age	R u p e e s			
Computers	7,951,020	4,220,940	-	12,171,960	10	1,488,681	913,762	-	2,402,443	9,769,516
Office Equipment	3,454,400	4,477,531	-	7,931,931	10	215,904	471,547	-	687,451	7,244,480
Furniture	2,900,225	6,715,530	-	9,615,755	10	361,421	376,918	-	738,339	8,877,416
	<u>14,305,645</u>	<u>15,414,001</u>	<u>-</u>	<u>29,719,646</u>		<u>2,066,006</u>	<u>1,762,227</u>	<u>-</u>	<u>3,828,233</u>	<u>25,891,413</u>

Particulars	2025									
	COST					DEPRECIATION				Net book value as at September 30, 2024
	As at July 01, 2024	Additions	Disposals	As at September 30, 2024	Rate	As at July 01, 2024	For the year	Adjustment	As at September 30, 2024	
	R u p e e s					%age	R u p e e s			
Computers	12,171,960	4,772,000	-	16,943,960	10	2,402,443	320,586	-	2,723,029	14,220,931
Office Equipment	7,931,931	8,835,000	-	16,766,931	10	687,451	225,182	-	912,632	15,854,299
Furniture	9,615,755	6,045,525	-	15,661,280	10	738,339	276,398	-	1,014,737	14,646,543
	<u>29,719,646</u>	<u>19,652,525</u>	<u>-</u>	<u>49,372,171</u>		<u>3,828,233</u>	<u>822,166</u>	<u>-</u>	<u>4,650,399</u>	<u>44,721,772</u>

**ZAREA LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the Quarter ended September 30, 2024 (Unaudited)

		2024 September	2023 September
<b>6 INVESTMENT IN MUTUAL FUNDS</b>			
	Investment in Alfalah GHP (Fair value through profit or Loss)-Islamic	6.1	47,505,745
		47,505,745	-
6.1 This represents investment in 453,148 units (2024: Nil units) of Mutual Funds having cost amounting to Rs 47,000,000/- (2024: Rs. Nil).			
<b>7 CONTINGENCIES AND COMMITMENTS</b>			
There are no contingencies and commitment appearing at the date of statement of financial position of the Company.			
<b>8 REVENUE</b>			
	Platform Usage Fee	8.1	110,532,000
	Sale of Agriculture Commodities	8.2	81,312,458
		191,844,458	52,698,910
			30,131,437
8.1 This is the platform usage fee charged by the company for allowing access to the application. The company charges a platform usage fee of each transaction.			
8.2 The sale of agriculture commodities is conducted through the e-commerce platform, with the selling price recognized as revenue. Excess of selling price over cost of the commodities is gain of the Company instead of earning a platform usage fee, reflecting the Company's direct involvement in its procurement.			
<b>9 Cost of Sales</b>			
	Agriculture Commodities	71,400,715	24,565,632
<b>10 INVESTMENT GAIN/(LOSS)</b>			
	Unrealized Gain on Investments	6,985,039	4,657,759
	Net Assets Value Gain on Alfalah GHP Mutual Funds	505,745	-
		7,490,784	4,657,759
10.1 Gain on disposal of commodities shows gain from trading of Commodities during the period.			
<b>11 Earning per Share - Basic &amp; Diluted</b>			
There is no dilutive effect on the basic earnings per share which is based on:			
	Profit after taxation	107,847,132	53,087,071
	Weighted average number of ordinary shares	200,000,000	2,000,000
	Basic earning per share	0.54	26.54
11.1 Number of shares in 1st quarter of 2024-25 are 200,000,000 (2023-24 : 2,000,000) face value of Rs. 1 (2023-24 : 10) each.			
<b>12 Date of Authorization for issue</b>			
	These financial statements were issued on <u>DECEMBER 31, 2024</u> by the board of directors of the Company.		
<b>13 General</b>			
Figures have been rounded off to the nearest rupee.			



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

## 6.8. SUMMARY OF FINANCIAL HIGHLIGHTS

For access to the complete audited statements of the Company, visit <https://zarea.pk/investor-relations/>

Unconsolidated	Audited FY21	Audited FY22	Audited FY23	Audited FY24	Unaudited 3MFY25
<b>Income Statement</b>					
Net Revenue	11,752,862	116,403,660	159,066,226	441,761,852	191,844,458
Cost of Goods Sold	-	30,550,000	33,621,244	131,017,772	71,400,715
Gross Profit	11,752,862	85,853,660	125,444,982	310,744,080	120,443,743
General & Administrative expense	(3,104,791)	(2,796,191)	(5,200,902)	(24,640,049)	(9,708,674)
Selling & Distribution expense	(1,506,799)	(6,582,266)	(8,882,572)	(28,759,730)	(10,355,729)
Investment Gain/(loss)	(312,480)	(44,416,509)	(7,614,408)	34,521,421	7,490,784
Other income	-	265,000	-	-	-
Finance Cost <sup>69</sup>	(12,588)	(849)	(70,133)	(79,577)	(22,992)
Profit before tax	6,816,204	32,322,845	103,676,968	291,786,145	107,847,132
Tax	(1,782,171)	(8,714,644)	(22,424,895)	1,024,940	-
Net Profit	5,034,033	23,608,201	81,252,073	292,811,085	107,847,132
<b>Balance Sheet</b>					
Non-Current Assets	5,910,289	7,162,998	16,549,412	50,930,665	74,185,848
Investment held for trading	41,687,520	31,746,011	36,131,603	70,653,024	105,138,063
Investment in Mutual Fund	-	-	-	-	47,505,745
Advances for commodities <sup>70</sup>	-	-	72,845,210	241,982,657	184,593,942
Trade & other receivables <sup>71</sup>	6,528,802	64,800,092	53,663,495	157,503,596	135,325,629
Advances, Deposits & Pre-Payments	4,532,840	379,976	-	15,364,620	23,288,770
Cash and Bank Balance	11,111,107	28,096,632	67,426,298	93,013,441	148,148,788
Total Current Assets	63,860,269	125,022,711	230,066,606	578,517,338	644,000,937
Total Assets	69,770,558	132,185,709	246,616,016	629,448,003	718,186,785
Total Equity	67,034,033	102,142,234	213,394,307	597,644,357 <sup>72</sup>	687,833,656
Long Term Liabilities – Deferred Tax	309,143	508,964	1,024,940	-	-
Trade & Other Payables	2,427,382	29,534,511	32,196,771	31,803,646	30,353,129
Total Current Liabilities	2,427,382	29,534,511	32,196,771	31,803,646	30,353,129

<sup>69</sup> Only banking charges are included in finance cost

<sup>70</sup> Advances for commodities are arising from sale and purchase of Agri Biomass which is part of non-core business activity

<sup>71</sup> trade receivables are arising from sale and purchase of Agri Biomass which is part of non-core business activity

<sup>72</sup> This increase in net worth is due to enhanced profitability and financial performance of the company



<b>Cash Flow Statement</b>					
Cash flow from operating activities	(2,581,020)	41,964,975	31,893,366	(28,856,946)	172,195,705
Cash flow from investing activities	(48,307,873)	(36,479,450)	(22,563,700)	(36,994,876)	(99,402,525)
Cash flow from financing activities	62,000,000	11,500,000	30,000,000	91,438,965	(17,657,833)
Net increase in Cash & Cash equivalents	11,111,107	16,985,525	39,329,666	25,587,143	55,135,347
Cash & Cash equivalents at period start	-	11,111,107	28,096,632	67,426,298	93,013,441
Net cash at Period End	11,111,107	28,096,632	67,426,298	93,013,441	148,148,788
Capex - PPE	(5,301,123)	(2,004,450)	(7,000,072)	(15,414,001)	(19,625,525)
Capex – Intangibles	(1,006,750)	-	(3,563,628)	(18,600,000)	(5,250,000)
<b>Unconsolidated</b>	<b>Audited FY21</b>	<b>Audited FY22</b>	<b>Audited FY23</b>	<b>Audited FY24</b>	<b>Unaudited 3MFY25</b>
<b>Growth</b>					
Sales Growth	-	890%	37%	178%	132%
EBITDA Growth	-	358%	217%	181%	101%
Profit after tax growth	-	369%	244%	260%	103%
<b>Margins</b>					
Gross Margin	100%	74%	79%	70%	63%
Operating Profit Margin	61%	65.7%	70%	58%	52%
Profit before Tax Margin	58%	28%	65%	66%	56%
Profit after Tax Margin	43%	20%	51%	66%	56%
<b>Profitability Ratios</b>					
Earnings per share (PKR) (outstanding no. of shares at year end)	2.52	11.80	40.63	1.46 <sup>73</sup>	0.54
Earnings per share (PKR) (post stock split)	0.24	1.18	4.06	1.46	0.54
Break-up value per share (PKR)	33.5	51.1	106.7	2.99	3.44
Return on Equity	8%	23%	38%	49%	16%
Return on Assets	7%	18%	33%	47%	15%
Outstanding shares (Mn)	2	2	2	200	200
<b>Balance Sheet Ratios</b>					
Non-current Asset Turnover <sup>74</sup> (Times)	1.99	16.25	9.61	8.67	2.59

<sup>73</sup> Earnings per share for FY24 were PKR 3.99 based on weighted average number of shares

<sup>74</sup> Net Revenue / Non-Current Assets

Asset Turnover <sup>75</sup> (Times)	0.18	0.93	0.69	0.76	0.30
Current Ratio <sup>76</sup> (Times)	26.31	4.23	7.15	18.19	21.22
Capex to total assets <sup>77</sup> %	9%	2%	4%	5%	3.5%
Receivable Turnover <sup>78</sup> (Days)	N/A	203	123	130	-
Payable Turnover <sup>79</sup> (Days)	N/A	N/A	N/A	N/A	N/A
<b>Leverage Ratios<sup>80</sup></b>					
Debt to Equity <sup>81</sup> (Times)	0	0	0	0	0
Debt to Total Capital <sup>82</sup> (Times)	0	0	0	0	0
Debt/ EBITDA <sup>83</sup> (Times)	0	0	0	0	0
EBITDA/Finance Cost <sup>84</sup> (%)	N/A	N/A	N/A	N/A	N/A
EBITDA – CAPEX	918,503	31,070,985	94,360,687	260,465,343	84,641,941

Consolidated*	Audited FY24	Unaudited 3MFY25
<b>Income Statement</b>		
Net Revenue	441,761,852	191,844,458
Cost of Goods Sold	131,017,772	71,400,715
Gross Profit	310,744,080	120,443,743
General & Administrative expense	(24,740,049)	(9,708,674)
Selling & Distribution expense	(28,759,730)	(10,355,729)
Investment Gain/ (loss)	34,521,421	7,490,784
Other income	-	-
Finance Cost <sup>85</sup>	(79,577)	(24,848)
Profit before tax	291,686,145	107,845,276
Tax	1,024,940	-
Net Profit	292,711,085	107,845,276
Net Profit Attributable to owners of ZL	292,736,085	107,845,745
Net Profit Attributable to Non-Controlling Interest	(25,000)	(469)
<b>Balance Sheet</b>		
Non-Current Assets	50,180,665	73,435,848
Investment held for trading	70,653,024	105,138,063
Investment in Mutual Funds	-	47,505,745

<sup>75</sup> Net Revenue / Total Assets

<sup>76</sup> Current Assets/Current Liabilities

<sup>77</sup> (CAPEX in PPE+CAPEX in intangibles)/Total Assets

<sup>78</sup> (Trade Debt / revenue) \* 365

<sup>79</sup> (Average Creditors / Cost of Goods Sold) \* 365 (there are no creditors in FY22, FY23 and FY24 under the head of trade and other payables)

<sup>80</sup> ZL is a debt free company

<sup>81</sup> Total Debt/Total Equity

<sup>82</sup> Debt/ (Total Equity + Total Debt)

<sup>83</sup> Debt/EBITDA

<sup>84</sup> EBITDA/Finance Cost

<sup>85</sup> Only banking charges are included in finance cost

Advances for commodities <sup>86</sup>	241,982,657	184,593,942
Trade & other receivables <sup>87</sup>	157,503,596	135,225,629
Advances, Deposits & Pre-Payments	15,364,620	23,288,770
Cash and Bank Balance	94,013,441	149,146,932
<b>Total Current Assets</b>	<b>579,517,338</b>	<b>644,899,081</b>
<b>Total Assets</b>	<b>629,698,003</b>	<b>718,334,929</b>
<b>Total Equity<sup>88</sup></b>	<b>597,794,357</b>	<b>687,981,800</b>
Non-Controlling Interest	225,000	224,531
Long Term Liabilities – Deferred Tax	-	-
Current Liabilities	31,903,646	30,353,129
Trade & Other Payables	31,903,646	30,353,129
<b>Cash Flow Statement</b>		
Cash flow from operating activities	(28,856,946)	172,193,850
Cash flow from investing activities	(35,994,876)	(99,402,525)
Cash flow from financing activities	91,438,965	(17,657,833)
Net increase in Cash & Cash equivalents	26,587,143	55,133,491
Cash & Cash equivalents at period start	67,426,298	94,013,441
Net cash at Period End	94,013,441	149,146,932
Capex - PPE	(15,414,001)	(19,625,525)
Capex – Intangibles	(18,600,000)	(5,250,000)

\*There were no operations of the subsidiary company in FY22,23,24

Zarea Agritech Pvt. Limited*	Audited FY24
<b>Income Statement</b>	
Net Revenue	-
Cost of Goods Sold	-
Gross Profit	-
General & Administrative expense	(100,000)
Selling & Distribution expense	-
Investment Gain/ (loss)	-
Other income	-
Profit before tax	(100,000)
Tax	-
Net Profit	(100,000)
<b>Balance Sheet</b>	
Non-Current Assets	-
Current Assets	1,000,000
Total Assets	1,000,000
Total Equity	900,000
Long Term Liabilities – Deferred Tax	-
Current Liabilities	100,000

<sup>86</sup>Advances for commodities are arising from sale and purchase of Agri Biomass which is part of non-core business activity

<sup>87</sup> Trade and other Receivables are arising from sale and purchase of Agri Biomass which is part of non-core business activity

<sup>88</sup> It includes Non-Controlling Interest

Trade & Other Payables	100,000
Trade & Other Receivables	-
Advances, Deposits & Pre-Payments	-
<b>Cash Flow Statement</b>	
Cash flow from operating activities	-
Cash flow from investing activities	-
Cash flow from financing activities	1,000,000
Net increase in Cash & Cash equivalents	1,000,000
Cash & Cash equivalents at period start	-
Net cash at Period End	1,000,000
Capex - PPE	-
Capex – Intangibles	-

\*Above numbers are extracted from audited financial statements of Zarea Agritech

\*There were no operations of the subsidiary company in FY22,23,24

## 6.9. COMMENTARY ON FINANCIAL POSITION AND SELECTED RATIOS

### 6.9.1. REVENUE GROWTH

ZL has experienced positive revenue growth since its inception in 2020. The revenue grew by 890% YOY, 37% YOY and 178% YOY in FY22, FY23 and FY24 respectively. This increase in revenue was mainly attributable to both volumetric increase and increase in price of commodities.

### 6.9.2. GROSS MARGINS

ZL's primary revenue source is the PUF charged to customers for allowing them access to the application. The Company charges a PUF on transaction, incurring no direct costs. The cost incurred relates to the salaries of employees and are in the nature of administrative and general expenses. Due to this, the gross margins are consistently 100%.

### 6.9.3. PROFITABILITY RATIOS

The Net Profit margin was around 43%, 20%, 51% and 66% in FY21, FY22, FY23 and FY 24 respectively. This increase was mainly due to an increase in revenue along with an increase in Investments Gain.

### 6.9.4. NEGATIVE CASHFLOW FROM OPERATIONS

Although ZL does not hold any inventory, it provides advances to suppliers and sell commodities as credit sales to customers for Agri Biomass as part of its non-core business activity. Advances to suppliers increased by PKR 169 million, while trade receivables have risen by PKR 104 million in FY24 as compared to previous year i.e. FY23. These two factors have had a substantial impact on cashflows, resulting in negative cashflow from operations for the period.

### 6.9.5. LIQUIDITY AND TURNOVER RATIOS

The current ratio measures the Company's ability to pay short-term obligations with its short-term assets. The decrease in the current ratio from 26.31 times in FY21 to 4.23 times in FY22 indicates a significant change in the Company's liquidity position. However, the ratio improved to 7.15 times in FY23 and 18.19 times in FY24, showing a significant recovery in liquidity. The turnover ratios are also improving, showing better utilization of assets.

### 6.9.6. LEVERAGE RATIOS

ZL is a debt free Company hence there is no leverage. The finance cost in audited accounts only comprises of bank charges.

## 6.10. BUSINESS SEGMENT WISE BIFURCATION OF PROFIT (UNCONSOLIDATED)

Year ended June 30, 2022			
Particulars	Platform Usage Fee	Sale of Agri Biomass Commodities	Total
Revenue – Net	54,357,649	62,046,011	116,403,660
Cost of Sales	-	(30,550,000)	(30,550,000)
<b>Gross Profit</b>	<b>54,357,649</b>	<b>31,496,011</b>	<b>85,853,660</b>
Administrative Expenses	(2,376,762)	(419,429)	(2,796,191)
Selling and Distribution Expenses	(4,607,586)	(1,974,680)	(6,582,266)
<b>Segment-wise Profit</b>	<b>47,373,301</b>	<b>29,101,903</b>	<b>76,475,203</b>
<b>Unallocated Corporate Expenses / Income</b>			
Investment Gain / (Loss)			(44,416,509)
Other Income			265,000
Finance Cost			(849)
<b>Profit Before Taxation</b>			<b>32,322,845</b>
Taxation			(8,714,644)
<b>Profit After Tax</b>			<b>23,608,201</b>

Source: Company Management

Year ended June 30, 2023			
Particulars	Platform Usage Fee	Sale of Agri Biomass Commodities	Total
Revenue – Net	114,912,232	44,153,994	159,066,226
Cost of Sales	-	(33,621,244)	(33,621,244)
<b>Gross Profit</b>	<b>114,912,232</b>	<b>10,532,750</b>	<b>125,444,982</b>
Administrative Expenses	(4,420,766)	(780,135)	(5,200,902)
Selling and Distribution Expenses	(6,661,929)	(2,220,643)	(8,882,572)
<b>Segment-wise Profit</b>	<b>103,829,537</b>	<b>7,531,972</b>	<b>111,361,509</b>
<b>Unallocated Corporate Expenses / Income</b>			
Investment Gain / (Loss)			(7,614,408)
Other Income			-
Finance Cost			(70,133)
<b>Profit Before Taxation</b>			<b>103,676,968</b>
Taxation			(22,424,895)
<b>Profit After Tax</b>			<b>81,252,073</b>

Source: Company Management

Year ended June 30, 2024			
Particulars	Platform Usage Fee	Sale of Agri Biomass Commodities	Total
Revenue – Net	281,060,855	160,700,997	441,761,852
Cost of Sales	-	(131,017,772)	(131,017,772)
<b>Gross Profit</b>	<b>281,060,855</b>	<b>29,683,225</b>	<b>310,744,080</b>
Administrative Expenses	(22,176,044)	(2,464,005)	(24,640,049)
Selling and Distribution Expenses	(21,569,798)	(7,189,933)	(28,759,730)
<b>Segment-wise Profit</b>	<b>237,315,014</b>	<b>20,029,288</b>	<b>257,344,302</b>
<b>Unallocated Corporate Expenses / Income</b>			
Investment Gain / (Loss)			34,521,421
Other Income			-
Finance Cost			(79,577)
<b>Profit Before Taxation</b>			<b>291,786,146</b>
Taxation			1,024,940
<b>Profit After Tax</b>			<b>292,811,086</b>

Source: Company Management

## 6.11. SUMMARY OF REVENUE AND EXPENSE

### 6.11.1. REVENUE

Revenue Breakup	FY21	FY22	FY23	FY24
Particulars	PKR	PKR	PKR	PKR
PUF	11,752,862	54,357,650	114,912,232	281,060,855
Sale of Commodities	-	62,046,011	44,153,994	160,700,997
<b>Total</b>	<b>11,752,862</b>	<b>116,403,661</b>	<b>159,066,226</b>	<b>441,761,852</b>

\*Audited Financial Statements of Zarea Limited

	FY21		FY22		FY23		FY24	
	PUF (PKR)	% of Total	PUF (PKR)	% of Total	PUF (PKR)	% of Total	PUF (PKR)	% of Total
Cement	5,035,017	42.84%	32,570,833	59.92%	55,573,495	48.36%	133,073,043	47.35%
Agri Biomass	-	-	4,651,038	8.56%	15,810,287	13.76%	81,152,280	28.87%
Other Building Material	6,183,808	52.62%	13,424,988	24.70%	34,570,760	30.08%	48,837,480	17.38%
Steel	534,037	4.54%	3,710,790	6.83%	8,957,690	7.80%	17,998,052	6.40%
<b>Total</b>	<b>11,752,862</b>	<b>100%</b>	<b>54,357,649</b>	<b>100%</b>	<b>114,912,232</b>	<b>100%</b>	<b>281,060,855</b>	<b>100%</b>

Source: Company Management

### 6.11.2. EXPENSE

..

The following table shows the expenses of the Company:

	FY 21		FY 22		FY 23		FY 24	
	Amount (PKR)	Expense (%) *	Amount (PKR)	Expense (%) *	Amount (PKR)	Expense (%) *	Amount (PKR)	Expense (%) *
Cost of Goods sold	-	-	30,550,000	77	33,621,244	70	131,017,772	71
Admin. & General Expense <sup>89</sup>	3,104,791	67.14	2,796,191	7	5,200,902	11	24,640,049	13
Selling and Distribution Expenses	1,506,799	32.59	6,582,266	16	8,882,572	19	28,759,730	16
Finance Cost**	12,588	0.27	849	0	70,133	0	79,577	0
<b>Total</b>	<b>4,624,178</b>	<b>100</b>	<b>39,929,306</b>	<b>100</b>	<b>47,774,851</b>	<b>100</b>	<b>184,497,128</b>	<b>100</b>

Source: Audited Financial Statements of Zarea Limited

\* % of total expenses

\*\* Finance costs only include bank charges

### 6.11.3. BREAKUP OF OTHER INCOME

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

In PKR	FY21	FY22	FY23	FY24
Investments Held for Trading - Unrealized Gain/(Loss)	(312,480)	(2,535,729)	1,200,648	41,496,230
Investments Held for Trading - Realized Gain/(Loss)	-	(41,880,780)	(8,815,056)	(6,974,809)
Miscellaneous Income	-	265,000	-	-
<b>Total Other Income</b>	<b>(312,480)</b>	<b>(44,151,509)</b>	<b>(7,614,408)</b>	<b>34,521,421</b>

Source: Audited Financial Statements of Zarea Limited

<sup>89</sup> Depreciation and Amortization expense are included in Administration and General expense

#### 6.11.4. BREAKUP OF TRADE AND OTHER RECEIVABLES

Particulars	FY21	FY22	FY23	FY24
Opening Balance	-	6,528,802	64,800,092	53,663,495
Credit Sales – Commodities (Agi Biomass)	-	62,046,011	44,153,994	160,700,997
Late Deposits – PUF	6,528,802	2,102,732	8,940,306	-
Payment received	-	(5,877,453)	(64,230,897)	(56,860,895)
Closing Balance	6,528,802	64,800,092	53,663,495	157,503,596

Source: Company Management

Credit Sales pertain to the Sale of Commodities as part of Secondary Business model. These Commodities only consist of Agri Biomass and are 100% credit sales.

Late deposits pertain to platform usage fee which is collected from buyer by supplier/logistics provider but not yet deposited to ZL. These are not credit sales but late deposits of PUF by supplier/logistics provider.

#### 6.12. COMPARATIVE FINANCIAL ANALYSIS WITH PEER GROUP COMPANIES

The listed peers in technology sector are:

- 1) Symmetry Group Limited
- 2) Octopus Digital Limited
- 3) Avanceon Limited
- 4) Netsol Technologies Limited
- 5) Systems Limited

Company <sup>90</sup>	Share Price <sup>91</sup> (PKR)	EPS <sup>92</sup> (PKR)	BVPS <sup>93</sup> (PKR)	P/E <sup>94</sup>	P/B <sup>95</sup>	ROE (%) <sup>96</sup>	ROA (%) <sup>97</sup>	Free Float Shares (Mn)	Free Float (%)
Symmetry Group	18.76	0.50	3.35	37.42	5.60	14.97	11.28	114.098	40.00
Octopus Digital	70.01	0.78	16.30	90.25	4.29	4.76	4.08	47.178	30.00
Avanceon Limited	58.09	4.50	28.81	12.91	2.02	15.62	4.80	124.506	30.00
Netsol Technologies	158.19	12.60	114.10	12.55	1.39	11.04	8.31	31.442	35.00
Systems Limited	575.48	23.86	124.68	24.12	4.62	19.13	13.12	174.767	59.97
Weighted Average – Technology Sector**				25.75	4.14	-	-	-	-
Technology Sector - Median				24.12	4.29				
KSE 100 Multiple <sup>98</sup>				6.27	-	-	-	-	-
Zarea – Pre-issue	16.00	1.74	3.44	<b>9.21*</b>	<b>4.65</b>	50.51	48.37	-	-
Zarea – Post issue	16.00	1.32	2.62	<b>12.09*</b>	<b>6.10</b>	20.58	20.22	62.500	23.81

\*As per 3MFY25 management accounts of Zarea Limited, the EPS is PKR 0.54 per share which translates to an annualized EPS of PKR 2.16 hence taking the Pre-issue P/E to 7.41 and Post-issue P/E to 9.72.

\*\*There are no listed competitors of ZL, and the above-listed peer companies are not directly comparable to ZL thus no direct comparison can be drawn in terms of financial performance

<sup>90</sup> All numbers are based on Consolidated Financial Statements

<sup>91</sup> Share price as at 14<sup>th</sup> January 2025

<sup>92</sup> TTM (1<sup>st</sup> October 2023 to 30<sup>th</sup> September 2024) Profit after tax/number of shares

<sup>93</sup> Total equity as at 30<sup>th</sup> September 2024/number of shares

<sup>94</sup> Share price/EPS

<sup>95</sup> Share price/BVPS

<sup>96</sup> TTM (1<sup>st</sup> October 2023 to 30<sup>th</sup> September 2024) Profit after tax/total equity

<sup>97</sup> TTM (1<sup>st</sup> October 2023 to 30<sup>th</sup> September 2024) Profit after tax/total assets

<sup>98</sup> KSE 100 multiples TTM as of 20<sup>th</sup> November 2024.

### 6.13. REVALUATION OF FIXED ASSETS

There is no revaluation of Fixed Assets.

### 6.14. DIVIDEND POLICY

No dividend was distributed in preceding years as ZL wanted to retain cash for working capital and expansion.

The Company intends to follow a consistent profit distribution policy for its members, subject to profitability, availability of adequate cash flows, the Board's recommendation and shareholders' approval, where required.

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

Any dividend may be paid by a Company either in cash or in kind only out of its profits. The payment of dividend in kind shall only be in the shape of shares of listed company held by the Company.

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

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

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

Zarea plans to maintain a tentative, non-binding dividend payout ratio in the range of 20-30% of annual net profits. This payout ratio reflects Zarea's commitment to balancing shareholder returns with reinvestment in the business to support future growth and operational scalability. This range is indicative and will depend on factors such as cash flow, profitability, and strategic priorities in any given financial period.

Please note that this ratio is non-binding, and the final dividend payout may vary based on the company's performance, market conditions, and board recommendations.

#### **Covenants / Restriction on Payment of Dividends:**

There is no restriction on the Company by any regulatory authority, creditor, stakeholder etc. on the distribution and capitalization of its profits.

#### **Dividend Payout of Associated companies**

The Company does not have any listed associated concerns



## 7 BOARD OF DIRECTORS AND MANAGEMENT

### 7.1. BOARD OF DIRECTORS OF THE COMPANY

The Directors of ZL are as follows:

Sr. No	Name	Designation	Address	CNIC	Current Directorship	Past Directorships	Directorship in ZL since
1	Ms. Misbah Momin	Chairperson	5-Bridge Colony, Lahore Cantt.	35201-2189435-6	1-Misbah Momin Foundation 2- Seven World View SMC Private Limited 3- Mindful Enterprises	N/A	September-2020
2	Mr. Ali Alam Qamar	CEO	5-Bridge Colony, Lahore Cantt.	35201-6331948-3	1-Goldfinger Private Limited 2-Zarea Agri-Tech Private Limited 3-Misbah Momin Foundation	N/A	September-2020
3	Mr. Nouman ul Hassan	Executive Director	Basti Bhattian Post office Gus Pur Kotli Murad, Khanpur RahimYar Khan	31301-8308399-3	None	N/A	April-2024
4	Mr. Juneid Akram	Non-Executive Director	48-B, Green Acres, Lahore	35201-5317019-3	J Sons Infinite Pvt. Ltd.	N/A	September-2024
5	Mr. Sohail Wajahat Siddiqui	Independent Director	H.no.108-AI2 Street 25, DHA, Phase 6, Karachi South	42301-5905136-9	1-Indis Pvt. Ltd 2-Alpha Packaging Pvt. Ltd.	N/A	July-2024
6	Mr. Muhammad Afzal Chaudhry	Independent Director	H.no. S-14/1 Phase 2 DHA Lahore Cantt.	35204-1692599-5	None	N/A	July-2024
7	Ms. Meezan Fahd Mukhtar	Non-Executive Director	H.no.5 Bridge Colony, Abid Majeed, Road, Lahore Cantt.	35201-5926417-6	None	N/A	July-2024

Source: Company Management

### 7.2. PROFILE OF DIRECTORS<sup>99</sup>

#### 7.2.1. MISBAH MOMIN – CHAIRPERSON

Misbah Momin is an entrepreneur and philanthropist who is also the President of Misbah Momin Foundation and MM Talks. Mrs. Momin has experience in communications and business development. She has been one of the key

<sup>99</sup> Management information

members of the CARE foundation for several years and has also served as a member of the National Commission on the status of women (NCSW) in Pakistan.

### **7.2.2. ALI ALAM QAMAR - CHIEF EXECUTIVE OFFICER**

Ali Alam Qamar received his early education at Aitchison College, Lahore, followed by a BSc in Management from SOAS University of London and a master's in finance from the University of Cambridge. He has also completed a specialized course in Sustainable Finance and Investments from Harvard University. With diverse background in operations, supply chain management, and finance, Ali has been instrumental in leading various initiatives in the business sector.

Ali also led the creation of a local coal supply chain, managing the annual procurement of coal, which substituted imported coal and resulted in considerable cost efficiencies for the company. With his deep expertise in procurement, Ali is committed to revolutionizing Pakistan's procurement landscape, making it digital and seamless.

### **7.2.3. JUNEID AKRAM – NON-EXECUTIVE DIRECTOR**

Mr. Juneid Akram is a seasoned leader and ex-bureaucrat with over 30 years of experience in Pakistan's Federal Board of Revenue (FBR), where he played a pivotal role in tax administration and customs operations. As Director General, he led key initiatives in policy implementation, anti-tax evasion efforts, and customs enforcement.

As Collector of Customs at Port Qasim, Karachi, and Director of Intelligence and Investigation in Lahore, Juneid was instrumental in significant increasing national revenue. His contributions to national projects like the Sales Tax Automated Refund Repository (STARR) and the Pakistan Automated Customs Clearance System (PACCS) modernized the country's tax and customs operations.

Post-retirement, Juneid transitioned into the private sector. His deep expertise in risk management, strategic planning, and organizational transformation brings strong oversight and valuable insights to the board.

### **7.2.4. SOHAIL WAJAHAT SIDDIQUI SITARA-E-IMTIAZ – INDEPENDENT DIRECTOR**

A prominent corporate leader and former Federal Minister within the Government of Pakistan whose visionary stewardship and innovative concepts brought seismic increases in order intake, share price and dividends during tenure as Managing Director for Siemens Pakistan.

Leveraged more than 30 years of expertise heading energy sector operations as CEO of Cluster and MD & CEO of Siemens Pakistan to serve as Chairman of Pakistan State Oil, overhauling organizational structure, introducing transparent processes and spearheading creative initiatives that yielded tens of millions of US dollars in annual savings.

Holder of a master's degree in Electronics Engineering, and awarded the prestigious Sitara-e-Imtiaz by the President of Pakistan for contribution to the Telecommunication and Engineering sectors of Pakistan, an individual whose comprehensive knowledge of upstream and downstream Oil & Gas and Energy sector operations provided the basis for development of a road map widely respected as an integrated energy plan capable of overcoming power shortages and generating billions of US dollars in Energy sector savings.

### **7.2.5. MUHAMMAD AFZAL CHAUDHRY – INDEPENDENT DIRECTOR**

He is Post-Graduate in Economics from Punjab University, Lahore. He has also earned Diploma in Banking with "Role of Honour" from Institute of Bankers, Pakistan. He started professional career with United Bank Limited. His banking career spanning over 43 years. He worked in different domestic and foreign Banks. He has handled various assignments at Banks such as:

- Chief, Special Assets Management Group (Central/North) and Senior Credit Officer (Central/North), Credit Risk Management Group at United Bank Limited, Lahore
- Deputy General Manager at Commercial Bank of Oman, Muscat.
- Regional Head Credit at First Women Bank Limited, Lahore.
- Regional Head, Special Assets & Management at Saudi Pak Commercial Bank Limited/Silk Bank Limited, Lahore.
- Attained diversified experience handling issues relating to Commercial, Corporate industrial and Banking sectors.

### **7.2.6. MRS. MEEZAN FAHD MUKHTAR – NON - EXECUTIVE DIRECTOR**

Meezan holds a Bachelor of Arts and Sciences from the prestigious School of Oriental and African Studies (SOAS), University of London. She is an entrepreneur in the fashion industry, bringing innovative ideas and a keen sense of style to her ventures. With a strong academic background and a passion for creativity, Meezan has successfully established herself as a prominent figure in the fashion world. She is married to Fahd Mukhtar, sponsor and director of Fatima Group.

### **7.2.7. NOUMAN UL HASSAN – EXECUTIVE DIRECTOR**

Nouman ul Hassan brings over 10 years of experience in software development and digital marketing to the Company. He has honed his skills in reputable organizations such as IBEX and has established himself as a top-rated professional on platforms like Upwork and Fiverr. Nouman's proficiency spans a diverse range of technical and strategic areas. He is adept at leveraging cutting-edge technologies to develop software solutions and has a deep understanding of digital marketing dynamics.

His expertise includes search engine optimization (SEO), pay-per-click (PPC) advertising, social media marketing, content marketing, and data analytics. This broad skill set enables him to craft and execute highly effective digital marketing strategies. In his role, Nouman drives ZL's digital marketing efforts, focusing on maximizing its online presence and engagement. His strategic initiatives have significantly contributed to ZL platform's visibility, resulting in more than 5 million impressions and attracting over 250,000 visitors. His ability to analyze market trends and consumer behavior allows ZL to stay ahead of the competition and continually refine its approach.

Nouman's leadership in digital marketing has not only enhanced ZL brand's reach but also improved its conversion rates and customer acquisition strategies. His dedication to staying updated with industry advancements ensures that ZL's marketing efforts are always at the forefront of innovation. His strategic insights, technical acumen, and hands-on approach are invaluable assets to the Company's growth and innovation, positioning it for sustained success in the competitive digital landscape.

## **7.3. PROFILES OF KEY MANAGEMENT<sup>100</sup>**

ZL has a motivated, experienced, talented and self-driven management team that consist of the following:

### **7.3.1. ALI ALAM QAMAR - CHIEF EXECUTIVE OFFICER**

Ali Alam Qamar received his early education at Aitchison College, Lahore, followed by a BSc in Management from SOAS University of London and a master's in finance from the University of Cambridge. He has also completed a specialized course in Sustainable Finance and Investments from Harvard University. With diverse background in operations, supply chain management, and finance, Ali has been instrumental in leading various initiatives in the business sector.

Ali also led the creation of a local coal supply chain, managing the annual procurement of coal, which substituted imported coal and resulted in considerable cost efficiencies for the company. With his deep expertise in procurement, Ali is committed to revolutionizing Pakistan's procurement landscape, making it digital and seamless.

### **7.3.2. MUHAMMAD USMAN AMEER – CHIEF FINANCIAL OFFICER**

Muhammad Usman Ameer is a Chartered Accountant with significant experience in audit and assurance services. He has worked as a Senior Associate at TAGM & Co. Chartered Accountants and an Assistant Manager at AHW & Co., followed by a position at PKF F.R.A.N.T.S (Pakistan). His expertise spans external audits, interim reviews, internal audits, and risk-based auditing across diverse industries. He is skilled in financial reporting according to IFRS, managing audit teams, and providing business valuation and taxation services.

<sup>100</sup> Management Information

**7.3.3. USMAN IFTIKHAR – CHIEF INVESTMENT OFFICER**

Usman has over 14 years of experience in financial advisory. Usman has demonstrated expertise in executing transactions across various sectors, including technology, healthcare, automobile, logistics, power, and others and executed deals of USD 400 million.

**7.3.4. NOUMAN UL HASSAN – CHIEF MARKETING OFFICER**

Details of profile of Nouman ul Hassan who is also the Director of the Company, have been mentioned before in Section 7.2.7.

**7.3.5. ASAD HAMEED – CHIEF TECHNOLOGY OFFICER**

Asad Hameed is an accomplished web designer and developer with over 10 years of experience, having created 200+ websites/platforms for global clients. As CTO of Zarea Limited, Pakistan's leading commodities e-commerce marketplace, he drives technological innovation and platform development, ensuring scalable solutions for B2B transactions, making it intuitive and efficient for buyers and sellers in the commodities market.

Specializing in Graphic Design, UI/UX, and e-commerce solutions, including Amazon and Ecwid, Asad optimizes Zarea's platform for efficient bulk trading. His experience with Axtreem Tech Solutions and Fiverr has honed his skills in digital strategy, and as a Google AdSense expert, he leverages advertising to boost Zarea's online presence and growth.

In his role, Asad leads the development of cutting-edge technologies to enhance operational efficiency and scale the marketplace for Pakistan's growing commodities sector.

**7.3.6. SYED MUHAMMAD AKRAM-COMPANY SECRETARY**

He is a seasoned professional with over 27 years of experience in corporate office management and compliance. Throughout his career at Nishat (Chunian) Group, he has managed critical corporate transactions and governance functions, including successful IPOs, corporate mergers, and regulatory compliance.

His notable transaction experience includes overseeing the induction of bulk physical shares into the Central Depository Company (CDC) during the initial launch of the CDS system. He also managed two significant merger events: Raza Textile Mills Limited with Umer Fabrics Limited, and Umer Fabrics Limited with Nishat (Chunian) Limited and Nishat Mills Limited. In addition, Syed Muhammad Akram played a key role in the IPO of Nishat (Chunian) Power Limited, further demonstrating his expertise in managing complex corporate transactions and SECP and PSX compliance.

**7.3.7. ABID PERVAIZ – HEAD OF RETAIL SALES**

Abid is an industry veteran with 18 years of experience as Retail Sales G.M in the cement and steel industry. He has the sole distinction of building a sales network of 3000 M. Tons per day for Gharibwal Cement in Northern Punjab and was responsible for PKR 10 billion annual sales.

**7.3.8. MUSTAFA KAMAL PASHA – HEAD OF PR AND PARTNERSHIPS**

Mustafa Kamal Pasha is a senior civil servant with more than 30 years of experience working with public and private sector entities such as Stock Exchanges, Pakistan Telecommunication Company (PTCL), Pakistan Telecommunication Authority (PTA), Technical Education and Vocation Training Authority (TEVTA) and Chamber of Commerce and Industry.

**7.3.9. FAISAL TAUSEEF KHAN– HEAD OF HUMAN RESOURCE**

Faisal Tauseef Khan is a seasoned HR and Administration professional with over 20 years of experience in diverse roles across the UAE and Pakistan. He has a solid background in HR management, talent acquisition, employee relations,

and administrative oversight, having managed teams of 250+ employees. Faisal has worked in multiple industries, showcasing his adaptability and leadership in both HR and office management. He is also experienced in procurement, business startups, and overseeing operations for real estate and other sectors. His qualifications include an MBA in General Management and several certifications in management and administrative fields.

#### **7.3.10. NOUMAN ANWAR– HEAD OF AGRICULTURE DIVISION**

A seasoned professional with over 20 years of dedicated experience in the agriculture sector, and a profound understanding of agricultural procurement. His expertise spans various aspects of agriculture raw material procurement, making him an invaluable asset in optimizing supply chains and ensuring efficient resource utilization.

#### **7.3.11. KASHIF IQBAL – HEAD OF SUPPLY CHAIN AND LOGISTICS**

Kashif Iqbal excels as a Manager of Vendor and Partnerships, where his talent for nurturing dynamic collaborations and building strategic partnerships drives success in stakeholder engagement and alliance development. He has over 10 years of experience in supply chain working with companies such as Master Tiles.

#### **7.3.12. WAHEED ZAMAN – HEAD OF CORPORATE SALES DIVISION**

Waheed Zaman has extensive experience in sales departments in the cement, cable, and steel industries, having worked at Bestway Cement Company, Fast Cables, and Zak Steel Industry. His insights into market expansion and strategic sales have been instrumental in driving corporate sales at Zarea.

### **7.4. NUMBER OF DIRECTORS**

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

### **7.5. 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.

### **7.6. REMUNERATION OF THE DIRECTORS**

Pursuant to Article 67 and 68, the remuneration of a Director, including for attending meetings of the Board and its sub-committees, shall from time to time be determined by the Board. Any Director who serves on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a director, including the holding of the office of the Chairperson, may be paid such extra remuneration as the Board may determine from time to time.

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

It is pertinent to mention here that till July 2024, no remuneration was paid to any Director. However, it had been decided that both independent directors namely Mr. Sohail Wajahat Siddiqui and Mr. Muhammad Afzal Chaudhry will withdraw PKR 100,000 per month starting from August 2024.

### **7.7. BENEFITS TO PROMOTORS 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. INTEREST OF DIRECTORS

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

Following directors are holding ordinary shares of the Company:

Name of Directors	Designation	No. of Shares held	Value of Shares held (PKR)
Mrs. Misbah Momin	Chairperson	1,000,000	1,000,000
Mr. Ali Alam Qamar	CEO & Director	108,999,996	108,999,996
Mr. Juneid Akram	Non-Executive Director	1	1
Mr. Sohail Wajahat Siddiqui	Independent Director	1	1
Mr. Muhammad Afzal Chaudhry	Independent Director	1	1
Mrs. Meezan Fahd Mukhtar	Non-Executive Director	1	1

## 7.9. APPOINTMENT AND ELECTION OF DIRECTORS AND CHIEF EXECUTIVE

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 general meeting in accordance with the provisions of the Companies Act. The current Board of Directors were appointed on 22-07-2024.

## 7.10. VOTING RIGHTS

According to the Article 48, subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have 1 (one) vote except for election of directors in which case the provisions of Section 159 of the Companies Act shall apply. On a poll every member shall have voting rights as laid down in Section 134 of the Act.

Where there are joint registered holders of any share, any one of such persons may vote at any meeting either personally or by proxy or through video-link or through postal ballot or e-voting in respect of such share as if he were solely entitled thereto; and if more than one of such joint-holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy or through video-link or through postal ballot or e-voting shall be accepted to the exclusion of the votes of the other joint-holders; and for this purpose seniority shall be determined by the order in which the names stand in the register. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint-holders thereof.

On a poll, votes may be given either personally or Laws, provided that no body corporate shall vote by proxy as long as a resolution of its directors in accordance with the provisions of Section 138 is in force.

### 7.11. AUDIT COMMITTEE

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

The audit committee constituted in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, comprises of the following members where Muhammad Afzal Chaudhry is the Chairman while the rest are members.

Muhammad Afzal Chaudhry	(Chairman)
Nouman ul Hassan	Member
Juneid Akram	Member

### 7.12. HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

The human resource and remuneration committee constituted in accordance with Listed Companies (Code of Corporate Governance) Regulations, 2019, comprises of the following members where Muhammad Afzal Chaudhry is the Chairperson and the rest are members

Sohail Wajahat Siddiqui	(Chairman)
Ali Alam Qamar	Member
Meezan Fahd Mukhtar	Member

### 7.13. BORROWING POWERS OF DIRECTORS

As per the Article 88, The Board may exercise all the powers of the Company to raise money, otherwise than by the issue of shares, and to mortgage or charge its undertaking or property or any part thereof and to issue debentures and other securities whether outright or as security for any obligation or liability or debt of the Company or of any third party.

Subject to the provisions of Section 183(2) of the Companies Act, in exercising the powers of the Company aforesaid the Board may, from time to time and on such terms and conditions as they think fit, raise money from banks, financial institutions and from other persons under any permitted system of financing, whether providing for payment of interest, mark-up, profit or some other form of return, and in particular the Board may raise money on the basis of markup on price, musharaka, modaraba or any other permitted mode of financing, and without prejudice to the generality of the foregoing the Board may exercise all or any of the powers of the Company arising under Section 30 of the Companies Act, provided however that the above power of the Board shall not entitle the Company to carry on the business of a banking/finance/investment company.

In regard to the issue of securities the Board may exercise all or any of the powers of the Company arising under Sections 30, 66, 183(2) and any other applicable provisions of the Companies Act and / or Applicable Laws, and in particular the Board may issue any security as defined in Section 2(1)(61) of the Companies Act or may issue any instrument or certificate representing redeemable capital as defined in Section 2(1)(55) of the Companies Act.

### 7.14. POWERS OF DIRECTORS

Pursuant to Article 86, the control of the Company shall be vested in the Board, and the business of the Company shall be managed by the Board, who may exercise all such powers of the Company as are not by the Act or any statutory modification thereof for the time being in force, or by these Articles, required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Act or to any regulations of these Articles, and such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the

Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit and may from time to time revoke such delegation; any committee so formed shall, in the exercise of the powers so delegated, conform to any restrictions that may be imposed on them by the Directors.

#### **7.15. FINANCIAL PERFORMANCE OF LISTED ASSOCIATED COMPANIES**

There are no listed associated companies of Zarea Limited.

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

Every Director, Chairperson, Chief Executive, manager, agent or officer of the Company shall be indemnified out of the funds of the Company against any liability incurred by such Director, Chairperson, Chief Executive, manager, agent or officer in defending any proceedings, whether civil or criminal, arising out of his dealings in relation to the affairs of the Company, except those brought by the Company against him, in which judgment is given in his favor or in which he is acquitted, or in connection with any application under Section 492 of the Act in which relief is granted to him by the court.

No Director, Chairperson, Chief Executive, Secretary, Attorney, agent, manager or other officer of the Company will be liable for the acts, receipts, neglects or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Board, or other officer for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any money, securities or effects shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever, which may happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own neglect, default or dishonesty.

#### **7.17. CORPORATE GOVERNANCE**

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

1. by June 30th, 2020, at least half of the directors on its board;
2. by June 30th, 2021, at least 75% of the directors on its board; and
3. By June 30th, 2022, all the directors on its board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.
4. Furthermore, a newly appointed director on the Board may acquire the training program certification within a period of 1 year from the date of appointment as a Director on the Board.

The Company shall also encourage representation of minority shareholders on the Board of Directors.

The Company will ensure that it will be compliant with the Corporate Governance requirement once it gets listed.

#### **7.18. CAPITALIZATION OF RESERVES**

As at 30<sup>th</sup> June 2024, Zarea Limited has not capitalized any of its total reserves standing.



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

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### **8.1. LEGAL PROCEEDINGS**

The Company affirms that there are no pending litigations, claims, or legal actions against the Company, its associated companies over which it has control, its sponsors, substantial shareholders, or directors as of 30th June, 2024.

### **8.2. ACTION TAKEN BY SECURITIES EXCHANGE**

No action has been taken by the Exchange against the issuer or its associated companies over which the issuer has control during the last three years.

### **8.3. OVERDUE LOANS**

There are no overdue loans (local or foreign currency) on the Company, its Directors, Sponsors and Promoters, Substantial Shareholders, and associated companies over which the issuer has control.

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

### 9.1. UNDERWRITING

#### BOOK BUILDING PORTION

Topline Securities Limited and Growth Securities Private Limited has been appointed as the Joint Book Runner to the Issue. The Book Runner will credit underwrite 62,500,000 shares being offered for subscription through the Book Building representing 100% of the Issue as required under regulation 7(6) of the PO Regulations, with the limitations in effect that the Book Runner shall only credit underwrite the default portion of the Book Building, if any, at the Strike Price determined through the Book Building process.

### 9.2. BUY BACK / REPURCHASE AGREEMENT

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

ALSO, NEITHER THE COMPANY OR ANY OF ITS ASSOCIATES HAVE ENTERED INTO ANY BUY BACK / RE-PURCHASE AGREEMENT WITH THE BOOK RUNNER IN THE CAPACITY AS UNDERWRITER OR ITS ASSOCIATES. THE COMPANY AND ITS ASSOCIATES SHALL NOT BUY BACK / RE-PURCHASE SHARES FROM THE BOOK RUNNER AND ITS ASSOCIATES TAKEN UP, IF ANY, BY IT IN CAPACITY AS THE BOOK RUNNER.

### 9.3. FEES AND EXPENSES FOR E-IPO SYSTEMS

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

### 9.4. COMMISSION OF THE BANKERS TO THE ISSUE

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

### 9.5. BROKERAGE COMMISSION

For this Issue, brokerage shall be paid to the TRE Certificate Holders of PSX at the rate of 1% of the value of shares (including premium, if any) on successful applications for Book Building and General Public Portion. No brokerage shall be payable in respect of shares taken up by the Successful Bidders pursuant to under subscription of retail portion of the Issue.

### 9.6. ESTIMATED EXPENSES OF THE ISSUE

Expenses to the Issue are estimated not to exceed PKR 48,028,750. The break-up of these preliminary expenses is given below:

Particulars	Rate	Expense (PKR) at Floor Price
Advisory, Arrangement & Book Running Fee <sup>101</sup>	2.00%	20,000,000
Commission to banker <sup>102</sup>	0.25%	2,500,000
E-IPO facility charges <sup>103</sup>	0.80%	2,000,000

<sup>101</sup> Please note that fee mentioned in percentages above are calculated on the basis of Floor Price. The actual fee will be finalized once the Strike Price is determined in the Book Building process

<sup>102</sup> This includes bankers to the book building portion of the issue as well as bankers to the general public portion of the issue

<sup>103</sup> E-IPO Facility charges are calculated based on the assumption, if 25% of the general subscription portion is subscribed through E-IPO at floor price

Bankers to the issue out of pocket expenses	25,000 per banker	175,000
TREC Holders Commission	1.00%	10,000,000
PSX Initial Listing fee		262,500
PSX Service fee		50,000
PSX Book Building software charges		1,000,000
Transfer Agent and Balloting Agent		875,000
Legal Advisor		2,500,000
Printing of Prospectus and Forms		5,000,000*
Publication of Prospectus and Advertisements in Newspapers and Urdu Translation of Prospectus		
Marketing, Roadshows and other activities		
CDC Fresh Issue fee	0.144%	1,440,000
CDC Annual Eligibility Fee		1,000,000
SECP Supervisory fee		26,250
SECP IPO Application Processing fee		200,000
Miscellaneous Expenses		1,000,000
<b>Total</b>		<b>48,028,750</b>

\*Estimated cost

## 10. MISCELLANEOUS INFORMATION

### 10.1. REGISTERED OFFICE/ CORPORATE OFFICE AND PLANT ADDRESS OF ZL

Head Office:  
Delta 06 office No. 6011, NASTP,  
Special Technology Zone  
Abid Majeed road  
Lahore Cantt, Lahore  
Pakistan  
Contact No: +92 321 4250551  
Email Address: [cosecretary@zarea.pk](mailto:cosecretary@zarea.pk)

### 10.2. BANKERS AND FINANCIAL INSTITUTIONS OF THE COMPANY

Sr. No	Name	Address	Contact no.	Email
1	Meezan Bank Limited	Main Gulberg Branch Lahore	021-111331331	<a href="mailto:Info@meezanbank.com">Info@meezanbank.com</a>
2	United Bank Limited	Gulberg Branch Lahore	021-99217448	<a href="mailto:customer.services@ubl.com.pk">customer.services@ubl.com.pk</a>
3	Bank Alfalah Limited	88 Shadman 1 Lahore	042-37538116	<a href="mailto:ali.vohra@bankalfalah">ali.vohra@bankalfalah</a>
4	MCB Bank Limited	NASTP Delta Lahore	0333-4823176	<a href="mailto:ops3044@mcb.com.pk">ops3044@mcb.com.pk</a> <a href="mailto:mcb3044@mcb.com.pk">mcb3044@mcb.com.pk</a>

### 10.3. AUDITORS OF THE COMPANY

#### NAVEED ZAFAR ASHFAQ JAFFERY & CO.

201-Regency Plaza, M.M. Alam Road, Gulberg II, Lahore, Pakistan  
Email: [hr@nzaj.com.pk](mailto:hr@nzaj.com.pk)  
Office Phone Number +92-42-35876891

### 10.4. LEGAL ADVISOR OF THE COMPANY

#### MOHSIN TAYABALEY & CO.

1<sup>st</sup> floor, Dime Centre, BC-4, Block 9,  
Kehkashan, Clifton,  
Karachi - 75600  
Office Phone Number +92-21-111-682-529  
Web: [www.mtclaw.com.pk](http://www.mtclaw.com.pk)

### 10.5. COMPUTER BALLOTTER & SHARE REGISTRAR

#### THK ASSOCIATES

Plot no. 32-C, 2 Jami Commercial Street 11,  
D.H.A. Phase 7 Phase 2 Commercial Area,  
Defence Housing Authority,  
Karachi, Karachi City, Sindh 75500  
Email: [Shomail.naqvi@thkgroup.biz](mailto:Shomail.naqvi@thkgroup.biz)  
Office Number: +92-21-111-000-322

**10.6. JOINT LEAD MANAGER & BOOK RUNNER****TOPLINE SECURITIES LIMITED**

8<sup>th</sup> floor, Horizon Tower, Plot# 2/6  
 Block 3, Clifton,  
 Karachi, Pakistan  
 Phone: +92-21-35303330-2  
 Email: [info@topline.com.pk](mailto:info@topline.com.pk)  
 Web: <https://www.topline.com.pk>

**GROWTH SECURITIES (PRIVATE) LIMITED**

Room # 82 & 83, 2<sup>nd</sup> floor,  
 Karachi Stock Exchange Building,  
 Stock Exchange Road,  
 Karachi, Pakistan  
 Phone: +92-21-32463002-4  
 Web: <https://www.growthsecurities.com.pk>

**10.7. BANKERS TO THE ISSUE FOR BOOK BUILDING**

Sr. No	Name of Bank
01	Faysal Bank Limited

**10.8. BANKERS TO THE ISSUE FOR GENERAL PORTION**

Sr. No	Name of Bank
01	Faysal Bank Limited
02	Meezan Bank Limited
03	JS Bank Limited
04	MCB Bank Limited
05	Dubai Islamic Bank Limited
06	United Bank Limited

**10.9. COLLECTION CENTERS BID**

Karachi		
Contact Officer:	Muhammad Ismail	Abdul Hafeez
Designation	Senior Associate – Corporate Finance & Advisory	Associate – Corporate Finance & Advisory
Direct No.:	021-35303347	021-35303347
Phone No.:	0334-9755660	0336-2756104
Email:	<a href="mailto:ismail@topline.com.pk">ismail@topline.com.pk</a>	<a href="mailto:Abdul.hafeez@topline.com.pk">Abdul.hafeez@topline.com.pk</a>
Organization	Topline Securities Limited	Topline Securities Limited
Postal Address:	8th Floor Plot # 2 6, Horizon Tower, Block 3 Clifton, Karachi, Karachi City, Sindh	8th Floor Plot # 2 6, Horizon Tower, Block 3 Clifton, Karachi, Karachi City, Sindh
Karachi		
Contact Officer:	Kamran	Zeeshan
Designation	Compliance Officer	CDC Officer
Direct No.:	021-32463004	021-32463001

Phone No.:	021-32463001	021-32463004
Email:	<a href="mailto:investmentbanking@growthsecurities.com.pk">investmentbanking@growthsecurities.com.pk</a>	<a href="mailto:investmentbanking@growthsecurities.com.pk">investmentbanking@growthsecurities.com.pk</a>
Organization	Growth Securities (Private) Limited	Growth Securities (Private) Limited
Postal Address:	Room # 82 & 83, 2nd Floor, Karachi Stock Exchange Building, Stock Exchange Road, Karachi	Room # 82 & 83, 2nd Floor, Karachi Stock Exchange Building, Stock Exchange Road, Karachi
<b>Karachi</b>		
Contact Officer:	Danish Ali	Sharon Naseem
Direct No.:	03333076890	021-32460256
Contact No:	03333076890	0326-8013215
VOIP:	9783	9774
Email:	<a href="mailto:DanishAliSiddiqui@faysalbank.com">DanishAliSiddiqui@faysalbank.com</a>	<a href="mailto:sharonnaseem@faysalbank.com">sharonnaseem@faysalbank.com</a>
Postal Address:	Ground Floor, Plot No. 419, Block A, Bhitai Colony, Korangi Crossing, Karachi.	Office No 102, 103 & 104 1st Floor, Near Central Depository Company & Salim Karmani Securities, New Stock Exchange Building, Karachi
<b>Karachi</b>		
Contact Officer:	Jibran Sheikh BSM	Muhammad Asad BSM
Direct No.:	03422806232	0512805017
Contact No:	03422806232	03268003552
VOIP:	6285	3046
Email:	<a href="mailto:JibranSheikh@faysalbank.com">JibranSheikh@faysalbank.com</a>	<a href="mailto:MuhdAsad@faysalbank.com">MuhdAsad@faysalbank.com</a>
Postal Address	13-C, 7th Zamzama, Commercial Lane, Clifton, Karachi	15-West, Jinnah Avenue Blue Area, Islamabad
<b>Islamabad</b>		
<b>Lahore</b>		
Contact Officer:	Muhammad Gohar Hameed Branch Manager	Ammad ud Din Muhammad BSM
Direct No:	042-35751670	04235789027
Contact No:	03114990025	03218872247
VOIP:	3555	1235
Email:	<a href="mailto:goharhameed@faysalbank.com">goharhameed@faysalbank.com</a>	<a href="mailto:ammaduddin@faysalbank.com">ammaduddin@faysalbank.com</a>
Postal Address:	310-Upper Mall, Shahrah-E-Quaid-E-Azam, Lahore	Garrison Officers Mess 12, Tufail Road, Lahore Cantt
<b>Faisalabad</b>		
Contact Officer:	Naseer Ahmad	Shahzad Younis
Direct No.:	0412409316	0326-8013419
Contact No.:	0300-7269585	0326-8013419
VOIP:	9617	3219
Email:	<a href="mailto:naseerahmed@faysalbank.com">naseerahmed@faysalbank.com</a>	<a href="mailto:shahzadyounis@faysalbank.com">shahzadyounis@faysalbank.com</a>
Postal Address:	Bilal Road, Civil Lines Faisalabad	841 Farooqabad Main Mansehra Road, Abbottabad
<b>Abbottabad</b>		
<b>Peshawar</b>		
Contact Officer:	Muhammad Ali Yousuf	Abdul Ahad Khan
Direct No.:	091-5260488	081-2824142
Contact No.:	0326-8013570	0302-5583624
VOIP:	3611	1840
Email:	<a href="mailto:muhammadaliyusuf@faysalbank.com">muhammadaliyusuf@faysalbank.com</a>	<a href="mailto:abdulahakhan@faysalbank.com">abdulahakhan@faysalbank.com</a>
Postal Address:	Fakhr-e- Alam Road Branch, Peshawar Cantt	Ground Floor, Khasra No. 2603/155, 154, 2604/856/156, 2605/856/156 Situated at Mohal Chashma Habib, Mauza Habib, Tappa Saddar-1, Main Airport Road, Quetta.
<b>Quetta</b>		

	Gilgit/Baltistan	Multan
Contact Officer:	Wazir Alamgir Hussain	Waqas Majeed Azhar
Direct No.:	058-11457381	061-4784492
Contact No.:	0355-5933344	0326-8013550
VOIP:	4210	3447
Email:	<a href="mailto:waziralamgir@faysalbank.com">waziralamgir@faysalbank.com</a>	WaqasMajeed@faysalbank.com
Postal Address:	ZS Plaza, Shahrah-e-Quaid-e-Azam, Opposite Radio Station Pakistan, Jutial, Gilgit	129/1, Old Bahawalpur Road, Multan
Mirpur Azad Kashmir		
Contact Officer:	Yasir Mahmood	
Direct No:	058-27437272	
Cell No:	0345-6900707	
VOIP:	4218	
Email	<a href="mailto:yasirmehmood@faysalbank.com">yasirmehmood@faysalbank.com</a>	
Postal Address	Al Manzar Building Allama Iqbal Road Mirpur AK	

## 11 MATERIAL CONTRACTS

### 11.1. DETAILS OF LONG-TERM FINANCING FACILITY

The company has no long-term financing facility.

### 11.2. DETAILS OF SHORT-TERM FINANCING FACILITY

The company has no short-term financing facility.

### 11.3. DETAILS OF RELATED PARTY AGREEMENTS

Sr. No.	Title of Agreement	Party to Agreement	Date of Contract	Particular
1	Right Issue against loan agreement	Ali Alam Qamar	FY 2024	Right issue in consideration of loan from sponsors
2	Right Issue against loan agreement	Goldfinger Private Limited	FY 2024	Right issue in consideration of loan from sponsors
3	Loan Agreement	Ali Alam Qamar	FY 2024	Loan from Ali Alam Qamar to ZL
4	Loan Agreement	Goldfinger Private Limited	FY 2024	Loan from Goldfinger Private Limited to ZL
5	Loan Agreement	Ali Alam Qamar	FY 2023	Loan from Ali Alam Qamar to ZL
6	Loan Agreement	Ali Alam Qamar	FY 2022	Loan from Ali Alam Qamar to ZL
7	Loan Agreement	Ali Alam Qamar	FY 2021	Loan from Ali Alam Qamar to ZL

Source: Company Management

### 11.4. DETAILS OF OTHER MATERIAL CONTRACTS

Sr. No.	Title of Agreement	Party to Agreement	Date of Contract	Particular
1	Office Rental Agreement	M/S GWALPHA TECH PVT. LTD	11-June-2024	Zarea Limited Lahore Office Rental Agreement
2	Office Rental Agreement	PAK-AUSTRIA FACHHOCHSHULE	06-October-2023	Zarea Limited Haripur Office Rental Agreement
3	ZONE ENTERPRISE LICENSE	Special Technology Zones Authority	11-December-2023	STZA License and 10-year Income Tax Exemption
4	Service Level Agreement	M/S ALPHA SOFTWARE (PVT.) LTD	17-June-2024	Website support and maintenance Mobile app support and maintenance Integrations support and maintenance SEO updates and maintenance

Source: Company Management

As per Zarea's management, there are no other material contracts other than the normal course of business of the Company.

### 11.5. INSPECTION OF DOCUMENTS AND CONTRACTS

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

### 11.6. MEMORANDUM OF ASSOCIATION

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

### 11.7. FINANCIAL YEAR OF THE COMPANY

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



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

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### 12.1. BOOK BUILDING PROCEDURE

#### 12.1.1. BRIEF STRUCTURE OF THE PRESENT ISSUE

The issue comprises of 62,500,000 Ordinary shares of face value of PKR 1/- each, which constitutes 23.81% of the total Post-IPO Paid Up Capital of the Company. The issue of 62,500,000 Ordinary shares will be offered through the Book Building process at a Floor Price of PKR 16/- per share with a maximum price band of up to 40% i.e., PKR 22.4 per share. Initially, 75% of the issue size i.e., 46,875,000 Ordinary Shares will be allotted to Successful Bidders and 25% of the issue i.e. 15,625,000 Ordinary Shares will be offered to retail investors. Unsubscribed shares, if any, of the General Subscription portion will be allocated to Successful Bidders of the Book Building portion on a pro-rata basis. The Book Building Portion has been underwritten by Topline Securities Limited and Growth Securities Pvt. Limited.

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

#### 12.1.2. TYPES OF BIDS AND PROCEDURE FOR MAKING A BID

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

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

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

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

In such a case, a Bidder explicitly states a price at which he / she / it is willing to subscribe to a specific number of shares. For instance, a Bidder may bid for 1 Mn shares at PKR 36/- per share, based on which the total Application Money would amount to PKR 36 Mn. In this case the Bid Amount will be also be PKR 36 Mn. Since the Bidder has placed a Limit Bid of PKR 36/- per share, this indicates that he / she / it is willing to subscribe the shares at a price up to PKR 36/- per share.

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

For instance, if the investor Bids for 0.70 Mn shares at PKR 36/- per share, 0.60 Mn shares at PKR 37/- per share and 0.50 Mn shares at PKR 38/- per share, then in essence the investor has placed one Step Bid comprising three Limit Bids at increasing prices. The Application Money would amount to PKR 66.4 Mn, which is the sum of the products of the number of shares Bid for and the Bid price of each Limit Bid. In such a case, (i) Individual Investors shall deposit PKR 66.4 Mn in the Book Building Account as Margin Money which is 100% of PKR 66.4 Mn and (ii) Institutional Investor s shall deposit at least PKR 16.60 Mn in the Book Building Account as Margin Money which is 25% of PKR 66.4 Mn.

**RESTRICTIONS:**

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

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

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

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

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

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

### 12.1.3. MECHANISM FOR DETERMINATION OF STRIKE PRICE

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

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

- Number of shares being Issued through the Book Building: 62,500,000 Ordinary Shares
- Floor Price: PKR 16/- per Ordinary Share with maximum price band of 40% i.e., PKR 22.4/- per share
- Bidding Period: From 10<sup>th</sup> February 2025 to 11<sup>th</sup> February 2025
- Bidding Time: 9:00am – 5:00pm
- Bidding Revision Time (Upward Revision only): 9:00am – 5:00pm on all days

Bidder	Price (PKR/share)	Quantity (shares)	Cumulative Number of shares	Category of Order
Institution A	22.4	4,000,000	4,000,000	Limit Price
Institution B	22.0	6,000,000	10,000,000	Limit Price
HNWI A	21.6	3,500,000	13,500,000	Step Bid
Institution C	21.2	8,000,000	21,500,000	Limit Price
Institution D	20.8	6,000,000	27,500,000	Limit Price
Institution E	20.4	3,000,000	30,500,000	Limit Price
HNWI B	20.0	5,000,000	35,500,000	Limit Price
HNWI A	19.6	7,000,000	42,500,000	Step Bid
Institution F	19.2	6,000,000	48,500,000	Limit Price
Institution G	18.8	2,000,000	50,500,000	Limit Price
HNWI C	18.4	7,000,000	57,500,000	Limit Price
<b>Institution H</b>	<b>18.0</b>	<b>5,000,000</b>	<b>62,500,000</b>	<b>Limit Price</b>
Institution I	17.6	10,000,000	73,500,000	Step Bid
<del>Institution H</del>	<del>17.2</del>	<del>8,000,000</del>	<del>81,500,000</del>	<del>Limit Price</del>
HNWI D	16.8	4,000,000	85,500,000	Step Bid
Institution J	16.4	5,000,000	90,500,000	Limit Bid
HNWI E	16.0	9,000,000	99,500,000	Limit Price

↓

Strike Price determined through Dutch Auction Method

↓

Bid has been revised upwards and placed at PKR 18.00

↓

Total shares bid at and above the Floor Price

Based on the figures provided in the above illustration, according to the Dutch Auction Method, the Strike Price would be set at PKR 18.00 per share to sell the required quantity of 62,500,000 Ordinary Shares.

At PKR 22.4 per share, investors are willing to buy 4,000,000 shares. Since 58,500,000 shares are still available, therefore the price will be set lower.

At PKR 22.0 per share, investors are willing to buy 6,000,000 shares. Since 52,500,000 shares are still available, therefore the price will be set lower.

At PKR 21.6 per share, investors are willing to buy 3,500,000 shares. Since 49,000,000 shares are still available, therefore the price will be set lower.

At PKR 21.2 per share, investors are willing to buy 8,000,000 shares. Since 41,000,000 shares are still available, therefore the price will be set lower.

At PKR 20.8 per share, investors are willing to buy 6,000,000 shares. Since 35,000,000 shares are still available, the price will be set lower.

At PKR 20.4 per share, investors are willing to buy 3,000,000 shares. Since 32,000,000 shares are still available, the price will be set lower.

At PKR 20.0 per share, investors are willing to buy 5,000,000 shares. Since 27,000,000 shares are still available, therefore the price will be set lower.

At PKR 19.6 per share, investors are willing to buy 7,000,000 shares. Since 20,000,000 shares are still available, therefore the price will be set lower.

At PKR 19.2 per share, investors are willing to buy 6,000,000 shares. Since 14,000,000 shares are still available, the price will be set lower.

At PKR 18.8 per share, investors are willing to buy 2,000,000 shares. Since 12,000,000 shares are still available, therefore the price will be set lower.

At PKR 18.4 per share, investors are willing to buy 7,000,000 shares. Since 5,000,000 shares are still available, the price will be set lower.

At PKR 18.0 per share, investors are willing to buy 5,000,000 shares. Since after bidding for 5,000,000 shares at PKR 18.0 per share, no shares will be available therefore the Strike Price will be set at PKR 18.0 per share for the entire lot of 62,500,000 shares.

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

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

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

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

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

#### **12.1.4. TIME FRAME FOR INTIMATION TO THE SUCCESSFUL BIDDERS AND MECHANISM FOR PAYMENT OF THE BALANCE AMOUNT BY THE SUCCESSFUL BIDDERS**

Successful Bidders shall be intimated, within one (1) working day of the closing of the Bidding period, the Strike Price and the number of shares provisionally allotted to each of them. Upon intimation by the Book Runner of the final

allocation, successful institutional Bidders shall deposit their balance margin money within (3) days of such intimation. **Where a successful Bidder defaults in payment of shares allotted to it, the Margin Money deposited by such Bidder shall be forfeited to the Book Runner.**

#### 12.1.5. BOOK RUNNER TO THE ISSUE:

Topline Securities Limited and Growth Securities (Private) Limited have been appointed by the Issuer as Joint Lead Manager & Book Runner to this Issue.

#### ROLES AND RESPONSIBILITIES OF THE BOOK RUNNERS

The Book Runners 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 Runners 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 they have obtained list and Unique Identification Number (UIN) of the associates of the Issuer, the Consultant to the Issue and all the related employees;
8. ensure that no Bid or Bids exceeding ten per cent (10%), in aggregate, is or are made by the associated companies and associated undertakings of the Issuer;
9. ensure that no Bid in aggregate exceeding ten per cent (10%) is made by the companies and associated undertakings of the Lead Manager and the Book Runner;
10. enter into an underwriting agreement with the Issuer with respect to underwriting of the Book Building portion for covering the default risk;
11. establish Bid Collection Centers at least in Islamabad, all the provincial capitals, Azad Kashmir and Gilgit/Baltistan;
12. maintain record of all the Bids received; and
13. ensure that all the Bids received in the Bid Collection Centers are entered into the system developed by the Designated Institution for the purpose of Book Building within the prescribed time.

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

#### 12.1.6. BID COLLECTION CENTERS

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

Karachi		
Contact Officer:	Muhammad Ismail	Abdul Hafeez
Designation	Senior Associate – Corporate Finance & Advisory	Associate – Corporate Finance & Advisory
Direct No.:	021-35303347	021-35303347

Phone No.:	0334-9755660	0336-2756104
Email:	<a href="mailto:ismail@topline.com.pk">ismail@topline.com.pk</a>	<a href="mailto:Abdul.hafeez@topline.com.pk">Abdul.hafeez@topline.com.pk</a>
Organization	Topline Securities Limited	Topline Securities Limited
Postal Address:	8th Floor Plot # 2 6, Horizon Tower, Block 3 Clifton, Karachi, Karachi City, Sindh	8th Floor Plot # 2 6, Horizon Tower, Block 3 Clifton, Karachi, Karachi City, Sindh
<b>Karachi</b>		
Contact Officer:	Kamran	Zeeshan
Designation	Compliance Officer	CDC Officer
Direct No.:	021-32463004	021-32463001
Phone No.:	021-32463001	021-32463004
Email:	<a href="mailto:investmentbanking@growthsecurities.com.pk">investmentbanking@growthsecurities.com.pk</a>	<a href="mailto:investmentbanking@growthsecurities.com.pk">investmentbanking@growthsecurities.com.pk</a>
Organization	Growth Securities (Private) Limited	Growth Securities (Private) Limited
Postal Address:	Room # 82 & 83, 2nd Floor, Karachi Stock Exchange Building, Stock Exchange Road, Karachi	Room # 82 & 83, 2nd Floor, Karachi Stock Exchange Building, Stock Exchange Road, Karachi
<b>Karachi</b>		
Contact Officer:	Danish Ali	Sharon Naseem
Direct No.:	03333076890	021-32460256
Contact No:	03333076890	0326-8013215
VOIP:	9783	9774
Email:	<a href="mailto:DanishAliSiddiqui@faysalbank.com">DanishAliSiddiqui@faysalbank.com</a>	<a href="mailto:sharonnaseem@faysalbank.com">sharonnaseem@faysalbank.com</a>
Postal Address:	Ground Floor, Plot No. 419, Block A, Bhattai Colony, Korangi Crossing, Karachi.	Office No 102, 103 & 104 1st Floor, Near Central Depository Company & Salim Karmani Securities, New Stock Exchange Building, Karachi
<b>Karachi</b>		<b>Islamabad</b>
Contact Officer:	Jibran Sheikh BSM	Muhammad Asad BSM
Direct No.:	03422806232	0512805017
Contact No:	03422806232	03268003552
VOIP:	6285	3046
Email:	<a href="mailto:JibranSheikh@faysalbank.com">JibranSheikh@faysalbank.com</a>	<a href="mailto:MuhdAsad@faysalbank.com">MuhdAsad@faysalbank.com</a>
Postal Address	13-C, 7Th Zamzama, Commercial Lane, Clifton, Karachi	15-West, Jinnah Avenue Blue Area, Islamabad
<b>Lahore</b>		
Contact Officer:	Muhammad Gohar Hameed Branch Manager	Ammad Ud Din Muhammad BSM
Direct No:	042-35751670	04235789027
Contact No:	03114990025	03218872247
VOIP:	3555	1235
Email:	<a href="mailto:goharhameed@faysalbank.com">goharhameed@faysalbank.com</a>	<a href="mailto:ammaduddin@faysalbank.com">ammaduddin@faysalbank.com</a>
Postal Address:	310-Upper Mall, Shahrah-E-Quaid-E-Azam, Lahore	Garrison Officers Mess 12, Tufail Road, Lahore Cantt
<b>Faisalabad</b>		<b>Abbotabad</b>
Contact Officer:	Naseer Ahmad	Shahzad Younis
Direct No.:	0412409316	0326-8013419
Contact No.:	0300-7269585	0326-8013419
VOIP:	9617	3219
Email:	<a href="mailto:naseerahmed@faysalbank.com">naseerahmed@faysalbank.com</a>	<a href="mailto:shahzadyounis@faysalbank.com">shahzadyounis@faysalbank.com</a>
Postal Address:	Bilal Road, Civil Lines Faisalabad	841 Farooqabad Main Mansehra Road, Abbotabad

	Peshawar	Quetta
Contact Officer:	Muhammad Ali Yousuf	Abdul Ahad Khan
Direct No.:	091-5260488	081-2824142
Contact No.:	0326-8013570	0302-5583624
VOIP:	3611	1840
Email:	<a href="mailto:muhammadaliyusuf@faysalbank.com">muhammadaliyusuf@faysalbank.com</a>	<a href="mailto:abdulahakhan@faysalbank.com">abdulahakhan@faysalbank.com</a>
Postal Address:	Fakhr-e- Alam Road Branch, Peshawar Cantt	Ground Floor, Khasra No. 2603/155, 154, 2604/856/156, 2605/856/156 Situated at Mohal Chashma Habib, Mauza Habib, Tappa Saddar-1, Main Airport Road, Quetta.
	Gilgit/Baltistan	Multan
Contact Officer:	Wazir Alamgir Hussain	Waqas Majeed Azhar
Direct No.:	058-11457381	061-4784492
Contact No.:	0355-5933344	0326-8013550
VOIP:	4210	3447
Email:	<a href="mailto:waziralamgir@faysalbank.com">waziralamgir@faysalbank.com</a>	WaqasMajeed@faysalbank.com
Postal Address:	ZS Plaza, Shahrah-e-Quaid-e-Azam, Opposite Radio Station Pakistan, Jutial, Gilgit	129/1, Old Bahawalpur Road, Multan
Mirpur Azad Kashmir		
Contact Officer:	Yasir Mahmood	
Direct No:	058-27437272	
Cell No:	0345-6900707	
VOIP:	4218	
Email	<a href="mailto:yasirmehmood@faysalbank.com">yasirmehmood@faysalbank.com</a>	
Postal Address	Al Manzar Building Allama Iqbal Road Mirpur AK	

#### 12.1.7. ROLES AND RESPONSIBILITIES OF THE DESIGNATED INSTITUTION

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

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

10. Ensure that the system must provide the Bidders the option to upward revise their Bids online or through the Book Runner during the period permitted under these PO Regulations.

The Designated Institution shall ensure that:

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

#### 12.1.8. ROLES AND RESPONSIBILITIES OF THE ISSUER:

The Issuer shall ensure that:

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

#### 12.1.9. OPENING AND CLOSING OF THE REGISTRATION PERIOD

The Registration period shall be for **Four (4)** working days as under:

REGISTRATION PERIOD	
6th February 2025	9:00am to 5:00pm
7th February 2025	9:00am to 5:00pm
10th February 2025	9:00am to 5:00pm
11th February 2025	9:00am to 3:00pm

#### 12.1.10. OPENING AND CLOSING OF THE BIDDING PERIOD

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

<b>BIDDING PROCESS STARTS ON</b>	10 <sup>th</sup> February 2025
<b>BIDDING PROCESS ENDS ON</b>	11 <sup>th</sup> February 2025

#### 12.1.11. ELIGIBILITY TO PARTICIPATE IN BIDDING

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

#### 12.1.12. INFORMATION FOR BIDDERS

1. The Prospectus for Issue of Shares has been approved by PSX and SECP.
2. The Prospectus, Registration Forms and the Bidding Forms can be obtained from the Registered Office of Zarea, TSL, Growth and the designated Bid Collection Centers. Prospectus, Registration Forms and Bidding Forms can also be downloaded from the following websites of the Lead Manager & Book Runner, the Company, and PSX



i.e. <https://topline.com.pk/>, <https://zarea.pk/>, <http://www.growthsecurities.com.pk>  
<https://www.psx.com.pk/>

Eligible Investors who are interested to participate in Bidding for subscribing the Ordinary Shares of the Company should approach the Book Runner at the addresses provided in Section 10.7 of this Prospectus for registration for submitting their Bids.

3. 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 12.1.13.
4. THE BIDS SHOULD BE SUBMITTED ON THE PRESCRIBED BIDDING FORM IN PERSON, THROUGH FAX NUMBERS GIVEN IN SECTION 10.7 OR THROUGH THE ONLINE SYSTEM USING THE USER ID AND PASSWORD ISSUED AT THE TIME OF REGISTRATION OF ELIGIBLE INVESTOR.
5. 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.
6. 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.
7. ELIGIBLE INVESTORS WHO ARE ACCOUNT HOLDERS OF FAYSAL BANK LIMITED (THE BANKER TO THE BOOK BUILDING PORTION OF THE ISSUE) CAN USE THE ONLINE TRANSFER FACILITY PROVIDED BY FAYSAL BANK LIMITED TO DEPOSIT THEIR BID MONEY TO THE BOOK BUILDING ACCOUNT OPENED AT FAYSAL BANK LIMITED.

#### 12.1.13. REGISTRATION FORM AND PROCEDURE FOR REGISTRATION

1. A standardized Registration Form has been prescribed by the Issuer. The Registration Form shall be submitted, duly filled in, at the Bid Collection Centers in person on addresses given in section 12.1.6 on the standard Registration Form. The Registration Form shall be serially numbered at the Bid Collection Centers and date and time stamped at the time of collection of the same from the Bidders.

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.

2. The registration procedure under the Book Building process is outlined below:
  - The Registration period shall be for four (4) working days i.e. **6<sup>th</sup> February 2025** from 9:00 AM to 5:00 PM, **7<sup>th</sup> February 2025** from 9:00 AM to 5:00 PM, **10<sup>th</sup> February 2025** from 9:00 AM to 5:00 PM and **11<sup>th</sup> February 2025** from 9:00 AM to 3:00 PM.
    - 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 **“ZAREA LIMITED- BOOK BUILDING”**. For online transfer the payment shall be made into **A/C # 3000Z19000011325** being maintained in FAYSAL BANK LIMITED, Upper Mall Branch, Lahore. Please note that online transfer facility shall only be allowed to Faysal Bank’s 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.**

#### 12.1.14. PROCEDURE FOR BIDDING

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

**ensuring that the Bid amount or Bid money remains the same.**

- **The Bidders shall not withdraw the Bids.**
- The Book Runner shall collect full amount of the Bid Amount as Margin Money in respect of Bids placed by the High Net worth Individual and not less than twenty-five percent (25%) of the Bid Amount as Margin Money in respect of Bids placed by the Institutional 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 12.1.22 of the Prospectus.
- The Bidders who have made Bids below the Strike Price shall not qualify for allotment of any Ordinary Shares and the Book Runner shall intimate their respective banks for unblocking their Bid Money within one (1) working day of the close of the Bidding period and in case of refunds, the refund to such Bidders shall be made within three (3) working days from the close of the Bidding period.
- Successful Bidders shall be intimated, within one (1) working day of the closing of the Bidding period, the Strike Price and the number of shares provisionally allotted to each of them. The successful Bidders shall be intimated by the Book Runner of their final allocation after subscription of the retail portion of the Issue.
- In case the retail portion of the Issue is not fully subscribed, the unsubscribed shares shall be allotted to the successful Bidders on pro-rata basis.
- In case the retail portion of the Issue is oversubscribed, the allotment shall be made in the manner given in section 13.1.12 of the prospectus.
- Upon intimation by the Book Runner of final allocation, successful institutional Bidders shall deposit their balance margin within (3) days of such intimation. **Where a successful Bidder defaults in payment of shares allotted to it, the Margin Money deposited by such Bidder shall be forfeited to the Book Runner.**
- Final allotment of shares out of the Book Building Portion shall be made after receipt of full subscription money from the successful Bidders; however, shares to such Bidders shall be credited at the time of credit and dispatch of shares out of the retail portion.
- The successful Bidders shall be issued shares only in Book Entry Form to be credited in their respective CDS Accounts. All the Bidders shall, therefore, provide their CDS Account Numbers in the Registration Form.
- The Designated Institution shall continue to display on its website, the data pertaining to the Book Building and determination of the Strike Price for a period of at least three working days after closure of the Bidding Period.

- The Book-Runner shall ensure that subscription money received against the Bids accepted shall not be released to the Issuer by the Banker to the Book Building Portion until:
  - credit of all shares allotted to retail investors; and
  - issuance of NOC by the PSX.

#### **12.1.15. PAYMENT FOR BOOK BUILDING PORTION**

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

The Bidders shall draw demand draft or pay order in favor of **“ZAREA LIMITED- BOOK BUILDING”** or online transfer of the Bid money into the respective Book Building account 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 Book Building account # # **3000Z19000011325**, being maintained at FAYSAL BANK LIMITED Upper Mall Branch, Lahore, the Account Title **“ZAREA LIMITED- BOOK BUILDING”**. Please note that online transfer facility shall only be allowed for Faysal Bank's 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 **“ZAREA LIMITED – BOOK BUILDING”** IN A MANNER ACCEPTABLE TO THE BOOK RUNNER. **PLEASE NOTE THAT THIRD PARTY PAYMENT INSTRUMENTS WILL NOT BE ACCEPTED.**

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

#### **PAYMENT PROCEDURE**

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

##### **PAYMENT FOR LIMIT BID**

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

For instance, if an investor is applying for 1 Mn shares at a price of PKR 16/- per share, then the total Application Money would amount to PKR 16 Mn. In such a case, (i) Individual Investor shall deposit PKR 16 Mn in the Book Building account as the Bid amount which is 100% of PKR 16 Mn; and (ii) Institutional Investor shall deposit at least PKR 4.0 Mn in the Book Building account as the Margin Money which is 25% of PKR 16 Mn.

##### **PAYMENT FOR STEP BID**

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

For instance, if the investor Bids for 0.70 Mn shares at PKR 16/- per share, 0.60 Mn shares at PKR 18/- per share and 0.50 Mn shares at PKR 20/- per share, then in essence the investor has placed one Step Bid comprising three Limit Bids at increasing prices. The Application Money would amount to PKR 11.2 Mn, which is the sum of the products of the number of shares Bid for and the Bid price of each Limit Bid. In such a case, (i) Individual Investors shall deposit PKR 72.4 Mn in the Book Building Account as Margin Money which is 100% of PKR 72.4 Mn and (ii) Institutional Investor shall deposit at least PKR 18.10 Mn in the Book Building Account as Margin Money which is 25% of PKR 72.4 Mn.

#### **12.1.16. PAYMENT BY FOREIGN INVESTORS**

Companies are permitted under paragraph 6 (with specific reference to sub para (B) (I)) of Chapter 20 of the SBP Foreign Exchange Manual (the “Manual”) to issue shares on repatriation basis to non- residents who are covered under paragraph 6 (A) of Chapter 20 of the Manual, i.e. (I) A Pakistan national resident outside Pakistan, (II) A person who holds dual nationality including Pakistan nationality, whether living in or outside Pakistan, (III) A foreign national, whether living in or outside Pakistan and (IV) A firm (including a partnership) or trust or mutual fund registered and

functioning outside Pakistan, excluding entities owned or controlled by a foreign government, provided the issue price, is paid in foreign exchange through normal banking channel by remittance from abroad or out of foreign currency account maintained by the subscriber/purchaser in Pakistan.

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

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

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

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

#### **12.1.17. PROCEDURE FOR REJECTION OF BIDS**

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

#### **12.1.18. TIME FRAME FOR UPWARD REVISION OF BIDS BY THE BIDDERS**

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

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

#### **12.1.19. TEN PERCENT (10%) PRICE VARIATION**

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

For Example, if the Floor Price is PKR 16.0 per share and Indicative Strike Price at any given point in time during the Bidding period is PKR 16.0 per share, registered Bidders may place or revise their Bids at/to any price between PKR 16.0 per share to PKR 17.6 per share. If at any given point in time during the Bidding period, the Indicative Strike Price changes from PKR 16.0 per share to PKR 18.0 per share, the registered Bidders may place or upward revise their Bids at/to between PKR 18.0 per share to PKR 19.80 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 22.4 per share. The price range of 10% applicable at any given point in time during the Bidding period will also be displayed on the Bid screen available at the website of PSX.

#### **12.1.20. RESTRICTION ON DOWNWARD REVISION OR WITHDRAWAL OF BIDS BY THE BIDDER**

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

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

#### **12.1.21. PROCEDURE FOR WITHDRAWAL OF ISSUE**

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

#### **12.1.22. BASIS OF ALLOTMENT OF SHARES**

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

Once the Strike Price is determined, all those Bidders whose Bids have been found successful shall be provisionally allotted 75% of the Issue size i.e., 62,500,000 Ordinary Shares.

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

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

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

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

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

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

Final allotment of shares out of the Book Building portion shall be made after subscription of the retail portion and receipt of full subscription money from the successful Bidders; however, shares to such Bidders shall be issued simultaneously with issuance of shares to retail investors, in the form of book-entry to be credited in their respective

CDS Accounts. All the Bidders shall, therefore, provide number of their respective CDS Accounts in the Bid applications as required under regulation 9(16) of the PO Regulations.

#### **12.1.23. REFUND OF MARGIN MONEY**

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

**12.1.24. PUBLICATION OF SUPPLEMENT TO THE PROSPECTUS**

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

The Supplement will contain information related to the Strike Price, the Offer Price, dates of the Public Subscription, and category wise break-up of the Successful Bidders. Format of the Supplement is given on page 3 of this Prospectus. **Public subscription for the shares shall be held at any date(s) within thirty days (30) of the publication of the Prospectus but not earlier than seven (7) days of such publication.**

### 13. APPLICATION AND ALLOTMENT INSTRUCTIONS FOR RETAIL PORTION

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#### 13.1.1 ELIGIBLE INVESTORS INCLUDE:

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

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

#### 13.1.2 COPIES OF PROSPECTUS

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

<http://www.toplinesecurities.com>, <http://www.growthsecurities.com.pk>, <https://Zarea.pk>, [www.psx.com.pk](http://www.psx.com.pk) & [www.cdceipo.com](http://www.cdceipo.com);

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

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

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

#### 13.1.3 OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list will open at the commencement of banking hours on 17<sup>TH</sup> February 2025 and will close on 18<sup>th</sup> February 2025 at the ~~end~~ 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 18<sup>th</sup> February 2025.**

#### 13.1.4 E-IPO SYSTEM

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>). 1Link through Memo dated August 22, 2024 has instructed all its member banks to remove the limits on transfer of funds for transactions executed through e-IPO platforms

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

#### **CENTRALIZED E-IPO SYSTEM (CES):**

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

For making application through CES, investors must 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](mailto:info@cdcpak.com) or contact Mr. Owais Anwer at Phone 021-111-111-500 Ext 500 and email: [owais\\_anwer@cdcpak.com](mailto:owais_anwer@cdcpak.com).

#### **13.1.5 APPLICATIONS MADE BY INDIVIDUAL INVESTORS**

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

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

### 13.1.6 APPLICATIONS MADE BY INSTITUTIONAL INVESTORS

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

### 13.1.7 ADDITIONAL INSTRUCTIONS FOR INVESTORS

1. Only one application will be accepted against each account, however, in case of joint account, one application may be submitted in the name of each joint account holder.
2. Joint application in the name of more than two persons will not be accepted. In case of joint application each applicant must sign the application, form and submit attested copies of their CNICs / NICOP / Passport. The share certificates will be dispatched to the person whose name appears first on the application form while in case of CDS, it will be credited to the CDS account mentioned on the face of the form and where any amount is refundable, in whole or in part, the same will be refunded into the details of the bank account number as provided on the registration form, to the person named first on the application form, without interest, profit or return. Please note that joint application will be considered as a single application for the purpose of allotment of shares.
3. Subscription money must be paid by check drawn on applicant's own bank account or pay order / bank draft payable to one of the Bankers to the Issue "**ZAREA 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 into the details of bank account number provided on the face of the Registration form. Applicants should, therefore, not fail to give their bank account numbers.
12. Submission of false and fictitious applications is prohibited and such applications' money may be forfeited under section 87(8) of the Securities Act, 2015.

### 13.1.8 ADDITIONAL INSTRUCTIONS FOR FOREIGN / NON-RESIDENT INVESTORS

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

### 13.1.9 CODE OF OCCUPATION OF INVESTORS / APPLICANTS

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

### 13.1.10 NATIONALITY CODE

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

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

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

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

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

#### **13.1.12 BASIS OF ALLOTMENT FOR GENERAL PUBLIC**

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

1. The minimum value of application will be calculated as Issue Price 500 shares. Application for amount below the minimum value shall not be entertained.
2. Application for shares must be made for 500 shares or in multiple of 500 shares only. Applications which are neither for 500 shares nor for multiples of 500 shares shall be rejected.

3. Allotment / Transfer of shares to successful applicants shall be made in accordance with the allotment criteria / instructions disclosed in the Prospectus.
4. Allotment of shares shall be subject to scrutiny of applications in accordance with the criteria disclosed in the Prospectus and / or the instructions by the Securities & Exchange Commission of Pakistan.
5. Applications, which do not meet the above requirements, or applications which are incomplete will be rejected. The applicants are, therefore, required to fill in all data fields in the Application Form.
6. The Company will credit shares in the CDS Accounts of the successful applicants.

### 13.2 REFUND/UNBLOCKING OF SUBSCRIPTION MONEY TO UNSUCCESSFUL APPLICANTS

As per the regulation 11(4) of the PO Regulations, within five (5) working days of the close of public subscription period the Shares shall be allotted and issued against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/ refunded.

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

### 13.3 ISSUE AND CREDIT OF SHARE CERTIFICATES

Within five (5) working days of the closing of public subscription period, the shares shall be allotted, issued and credited against the accepted and successful applications and the subscription money of the unsuccessful applicants shall be unblocked/refunded, as required under regulation 11(4) of the PO Regulations. **Shares will be issued only in the book-entry form and will be credited into the respective CDS Accounts of the successful applicants. Therefore, the applicants must provide their CDS Account Number in the Shares Subscription Applicant.**

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

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

### 13.4 TRANSFER OF SHARES

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

### 13.5 LIST OF BANKERS TO THE ISSUE

Code	Name of Bank
01	Faysal Bank Limited
02	Meezan Bank Limited
03	JS Bank Limited
04	MCB Bank Limited
05	Dubai Islamic Bank Limited
06	United Bank Limited

### 13.6 MINIMUM AMOUNT OF APPLICATION

The minimum amount of application shall be Issue Price \* 500 Shares.

### 13.7 INTEREST OF SHAREHOLDERS

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

### 13.8 ELIGIBILITY FOR DIVIDEND

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

### 13.9 DEDUCTION OF ZAKAT

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

### 13.10 CAPITAL GAINS TAX

Capital gains derived from the sale of listed securities are taxable in the following manner under section 37A of Income Tax Ordinance, 2001 effective from July 1, 2024:

Sr#	Capital Gain Tax for FY2024	Investors Appearing in ATL	Investors Not Appearing in ATL
1	Where the securities are acquired before the first day of July 2013.	0%	0%
2	Where the securities are acquired on or after the first day of July 2013 but on or before the 30th day of June, 2022	12.5%	25%
3	Where the securities are acquired on or after the first day of July 2022 but on or before the 30th day of June 2024, below reduced rates of tax on capital gain arising on disposal shall apply:		
i.	Where holding period does not exceed one year	15.0%	15.0%
ii.	Where holding period exceed one year but does not exceed two years	12.5%	12.5%
iii.	Where holding period exceed two years but does not exceed three years	10.0%	10.0%
iv.	Where holding period exceed three years but does not exceed four years	7.5%	7.5%
v.	Where holding period exceed three years but does not exceed five years	5.0%	5.0%
vi.	Where holding period exceed three years but does not exceed six years	2.5%	2.5%
vii.	Where holding period exceed six years	0.0%	0.0%
4	Where the securities are acquired on or after the first day of July 2024 and onwards.	15%	As per rates specified in First Schedule, Part 1, Division 1 for individuals and association of persons and Division II for companies.  Provided that the rate of tax for individuals and association of persons shall not be less than 15% in any case.

### **13.11 WITHHOLDING TAX ON DIVIDENDS**

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

### **13.12 TAX ON BONUS SHARES**

As per section 236 of the Finance Act 2023, bonus shares shall only be issued to shareholder, if a Company collects from shareholder, tax equal to 10% of the value of the bonus shares issued.

### **13.13 INCOME TAX**

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

### **13.14 DEFERRED TAXATION**

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

### **13.15 SALES TAX**

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

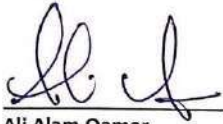
### **13.16 SALES TAX ON SALE / PURCHASE OF SHARES**

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

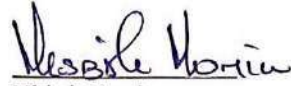
The value of taxable services for the purpose of levy of sales tax is the gross commission charged from clients in respect of purchase or sale of shares in a Stock Exchange. The above-mentioned Acts levy a sales tax on Brokerage at the rate of 15% in Sindh, 16% in Punjab and in Baluchistan and Khyber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

## 14. SIGNATORIES TO THE PROSPECTUS

### SIGNATORIES TO THE PROSPECTUS



Ali Alam Qamar  
C.E.O (Executive Director)



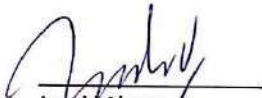
Misbah Momin  
Chairperson of the Board (Non-Executive Director)



Meezan Fahad Mukhtar  
(Non-Executive Director)



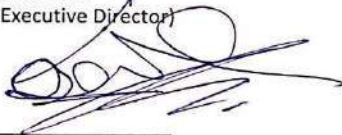
Nouman ul Hassan  
(Nominee Director GoldFinger (Pvt) Ltd)  
(Executive Director)



Juneid Akram  
(Non-Executive Director)

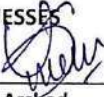


Sohail Wajahat Siddiqui  
(Independent Director)

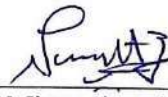


Muhammad Afzal Chaudhry  
(Independent Director)

WITNESSES

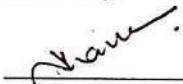


Usman Arshad  
Zarea Limited-Clients Account Manager



M. Sheraz Shareef  
Zarea Limited- Computer Operator

Certified by:



Syed Muhammad Akram  
Company Secretary  
Date: 20/9/2024



15. MEMORANDUM OF ASSOCIATION



THE COMPANIES ACT, 2017 (XIX of 2017)

(COMPANY LIMITED BY SHARES)

MEMORANDUM OF ASSOCIATION

OF

ZAREA LIMITED

CERTIFIED TRUE COPY

ZAREA LIMITED  
*Shah*  
COMPANY SECRETARY

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

1. The name of the Company is **ZAREA 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 e-commerce , internet advertising and marketing, creating virtual malls, stores, shops, shopping catalogs, provide e-commerce services and e-commerce solutions including but not limited to all or any one of the following modes i.e. business to business (b2b), business to consumers (b2c), business-to-government (b2g), government-to-business (g2b), direct-to-consumer (D2C), consumer to consumer (c2c), consumer to government (c2g), along with developing, designing and investing in technological solutions to support its operations, legally permissible under the law, and to deliver the same to its customers within and outside Pakistan, as well as to establish the business of consultancy in the field of software development, including to provide services of project management, IT requirements management, system analysis and design, programming, software testing, software quality assurance, outsourcing of IT and telecommunication services, digital platform, design, development and maintenance, IT consultancy and IT process development products and services to the international or domestic markets, and to obtain and sustain the latest technology for the purpose of business and to carry on research and development in the field of Computer Sciences.
- (ii) Except for the businesses mentioned in sub-clause (iii) hereunder, the Company may engage in all the lawful businesses and shall be authorized to take all necessary steps and actions in connection therewith and ancillary thereto.
- (iii) Notwithstanding anything contained in the foregoing 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 (Asset Management Services, Leasing, Investment Finance Services,, Investment Advisory Services, REIT management Services, Housing Finance Services, Private Equity and , Venture Capital Fund Management Services,, Discounting Services, Pension Fund Scheme Business, Micro Financing), Corporate Restructuring Company, Insurance Business, Modaraba management company, Stock Brokerage business, forex, Clearing House, Securities and Futures Advisor, Commodity Exchange, managing agency, business of providing the services of security guards or any other business subject to license and restricted under any law for the time being in force or as may be specified by the Commission.

  
**ZAREA LIMITED**  
**COMPANY SECRETARY**

- (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. 400,000,000/- (Rupees Four Hundred Million only) divided into 400,000,000 (Four Hundred Million) ordinary shares of Rs.1/- (Rupees One only) each.

CERTIFIED TRUE COPY



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

Name and surname (present & former) in full (in Block Letters)	NIC No. (in case of foreigner, Passport No)	Father's/ Husband's Name in full	Nationality (ies) with any former Nationality	Occupation	Usual residential address in full or the registered/ principal office address for a subscriber other than natural person	Number of shares taken by each subscriber (in figures and words)	Signatures
MR. ALI ALAM QAMAR	35201 -6331 948-3	MOMIN QAMAR	PAKISTANI	INDUST REALIS	5-BRIDGE COLON LAHORE CANTT.	1,900,000	
MRS. MISBAH MOMIN	35201-2189 435-6	W/O MOMIN QAMAR	PAKISTANI	HOUSE WIFE	5-BRIDGE COLON LAHORE CANTT.	100,000	
Total number of shares taken (Two Million)						2,000,000	




Dated the 14<sup>th</sup> day of September, 2020

Witness to above signatures: (For the documents submitted in physical form)




Signature	
Nationality	
Full Name (in Block Letters)	
Father's/ Husband's name	
Nationality	
Occupation	
NIC No.	
Usual residential address	

  
**ZAREA LIMITED**  
 COMPANY SECRETARY

## 16. REGISTRATION FORM

REGISTRATION FORM			
  <b>ZAREA LIMITED</b> NTN: 8379488-2		<b>Book Runner</b>   	
		Tick One <input type="checkbox"/> KHI <input type="checkbox"/> LHR <input type="checkbox"/> ISB  <input type="checkbox"/> PSH <input type="checkbox"/> QUT <input type="checkbox"/> AZK <input type="checkbox"/> BLT/GLT	
		<b>Registration Dates</b>	6 <sup>th</sup> to 7 <sup>th</sup> Feb 2025 & 10 <sup>th</sup> to 11 <sup>th</sup> Feb 2025
		<b>Bidding Dates</b>	10 <sup>th</sup> to 11 <sup>th</sup> February 2025
		<b>Bidding Form No.</b>	
INITIAL PUBLIC OFFERING OF ORDINARY SHARES OF ZAREA LIMITED THROUGH BOOK BUILDING PROCESS AT A FLOOR PRICE OF PKR 16 PER SHARE (INCLUDING A PREMIUM OF PKR 15/- PER SHARE)			
<b>PLEASE FILL THE FORM IN BLOCK LETTERS. PLEASE PROVIDE ACCURATE DETAILS TO AVOID ANY INCONVENIENCE.</b>			
<b>ELIGIBLE INVESTORS MUST SUBMIT ONLY ONE PAYORDER ALONG WITH THE REGISTRATION FORM.</b>			
<b>Name</b>		<b>CNIC #</b>	
		<b>NTN*</b>	
<b>Address</b>		<b>Cell #</b>	
		<b>Land Line #</b>	
<b>E-mail</b>		<b>Fax #</b>	
<b>PLEASE TICK THE APPROPRIATE BOX</b>			<b>Nationality</b> (If other than Pakistani)
<input type="checkbox"/> Local Institutional Investor		<input type="checkbox"/> Resident	
<input type="checkbox"/> Foreign Institutional Investor		<input type="checkbox"/> Non Resident	
<input type="checkbox"/> Individual Investor		<input type="checkbox"/> Foreigner	
<b>*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.</b>			
<b>Payment Details:</b>	Payments to be made in favor of " <b>ZAREA LIMITED - BOOK BUILDING</b> "		
<b>Amount in Figures</b>		<b>Instrument #</b>	
<b>Instrument Date</b>		<b>Margin %age</b>	
<b>Banker's Name, Address &amp; Branch</b>			
<b>CDC Details for Sub A/C &amp; House A/C</b>			
<b>CDC Participant Name</b>		<b>CDC Participant ID</b>	
<b>Sub A/C No.</b>		<b>House A/C No.</b>	
<b>CDC Details for Investor A/C</b>			
<b>CDC Investor Service A/C ID</b>		<b>CDC Investor A/C No.</b>	
I 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.			
<b>Signature of Bidder:</b> _____			

## 17. BIDDING FORM

BIDDING FORM									
  <b>ZAREA LIMITED</b> NTN no: 8379488-2	<b>Book Runner</b>   		Tick One <input type="checkbox"/> KHI <input type="checkbox"/> LHR <input type="checkbox"/> ISB  <input type="checkbox"/> PSH <input type="checkbox"/> QUT <input type="checkbox"/> AZK <input type="checkbox"/> BLT/GLT  <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Bidding Dates</td> <td>10<sup>th</sup> to 11<sup>th</sup> Feb 2025</td> </tr> <tr> <td>Bidding Form No.</td> <td></td> </tr> </table>			Bidding Dates	10 <sup>th</sup> to 11 <sup>th</sup> Feb 2025	Bidding Form No.	
Bidding Dates	10 <sup>th</sup> to 11 <sup>th</sup> Feb 2025								
Bidding Form No.									
INITIAL PUBLIC OFFERING OF ORDINARY SHARES OF ZAREA LIMITED THROUGH BOOK BUILDING PROCESS AT A FLOOR PRICE OF PKR 16 PER SHARE (INCLUDING A PREMIUM OF PKR 15/- PER SHARE)									
<b>PLEASE TICK THE APPROPRIATE BOX</b>									
Name			<input type="checkbox"/> Local Institutional Investor	<input type="checkbox"/> Foreign Institutional Investor	<input type="checkbox"/> Individual Investor				
Address	Cell #		Resident	<input type="checkbox"/>	<b>Nationality</b> (If other than Pakistani)				
	Land Line #		Non-Resident	<input type="checkbox"/>					
				Foreigner		<input type="checkbox"/>			
Fax #	E-mail:		CNIC #						
			NTN*						
<b>*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.</b>									
<b>Dividend Mandate:</b> 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									
<b>The Directors of ZAREA LIMITED</b> Zarea Limited, Delta 6 Office No. 6011, NASTP, Abid Majeed Road Lahore Cantt, Pakistan									
Dear Sir, On the basis of Prospectus by ZAREA LIMITED for the Initial Public Offer of its Ordinary Shares, I/we hereby bid for subscription of Shares of the Company as under:									
<b>Bid Details</b>									
	No. of Shares (In Figures)	Bid Price Per Share (In Figures)	Total Amount (In Figures)						
Bid Option (Please tick)									
Limit Order									
Step Order:									
Option (1)									
Option (2)									
Option (3)									
Option (4)									
Total (Shares and Price)									
<b>Important Instructions:</b>									
1) Bids should be placed for a minimum amount of <b>PKR 1,000,000/-</b> . It should also be noted that 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 <b>PKR 1,000,000/-</b> .									
2) Eligible Investors who want to place a Step Bid, must ensure that each step amounts to <b>PKR 1,000,000/-</b> at least.									
3) Any 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) <b>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.</b>									
<b>Signature of Bidder:</b> _____									

In terms of the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange ("PSX"), I/we am/are eligible to bid in this Initial Public 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 filing 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 "**ZAREA LIMITED - BOOK BUILDING**". For online transfer facility (pay order or demand draft may be deposited at any branch of Faysal Bank Limited and evidence to be submitted to the Book Runner) the payment shall be made into A/C # 3000Z19000011325 & IBAN Number: **PK61FAYS3000Z19000011325** at its Branch located at Upper Mall Branch, Lahore.
- 3) For deposit of margin money, only Pay Orders, Demand Drafts, or online transfer will be accepted. Each eligible investor shall only submit a single pay order, demand draft or evidence of online transfer of money along with the Registration Form. It may also be noted that only a single pay order, demand draft or evidence of online transfer of money shall be accepted by the Book Runner along with each Additional Payment Form.
- 4) In case of intercity instruments, only Pay Orders "**payable at any branch**" will be accepted. For the purpose of expediting the clearing of the instruments it is highly recommended that the Pay Order should be made from online branches of the respective banks.
- 5) Eligible Investors can register themselves till 3:00 pm on the last day of Book Building after which no new investors shall be registered.
- 6) Investors can only upward revise their bids online. Please visit [www.bkb.psx.com.pk](http://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 include:**
  - a. Pakistan 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, Lead Manager and the registered office of the Company. The Prospectus and the Application Forms can also be downloaded from the website: <https://zarea.pk>, <http://www.pse.com.pk>, <http://www.cdcpakistan.com.pk> & [www.cdcpso.com](http://www.cdcpso.com)
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 CDC Account only.
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 (NGOP) 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 (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 "ZAREA 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 applicant.
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 اتانس کو مطلع کیا جاتا ہے کہ سیکورٹیز ایکٹ 2015 کی سیکشن نمبر (7) کے تحت رجسٹرڈ یا جعلی درخواستیں دینا ناقص ہے۔ خلاق ورتزی کرنے والوں کی رقم، جو کہ درخواست کے ساتھ جمع کرائی جاتی ہے، سیکورٹیز ایکٹ 2015 کی سیکشن نمبر (8) کے تحت ضبط کی جاسکتی ہے۔

**ADDITIONAL INSTRUCTIONS FOR FOREIGN/ NON-RESIDENT INVESTORS**

23. 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.
24. Foreign / Non-resident investor's should follow payment instruction given in Section 12.1.16 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.

**BANKERS TO THE ISSUE**

Code	Name of Banks	Code	Name of Banks
01	Faysal Bank Limited	05	Dubai Islamic Bank Limited
02	United Bank Limited	06	JS Bank Pakistan
03	Meezan Bank Limited		
04	MCB Bank Limited		

**8. OCCUPATION CODE**

Code	Occupation	Code	Occupation
01	Business	06	Professional
02	Business Executive	07	Student
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.ublirect.com/corporate/ebank>. Furthermore, please note that online applications can be submitted 24 hours a day during the subscription period which will close at midnight on \_\_\_\_\_.
10. 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.cdcpso.com](http://www.cdcpso.com). Payment of subscription money can be made through 11 member banks available for CES, list of which is available on above website.
11. 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.
12. Investors who do not have CDS account may visit [www.cdcpakistan.com](http://www.cdcpakistan.com) for information and details. For further guidance and queries regarding CES and opening of CDS account, investors may contact CDC at phone Number: 0800 - 23275 (CDCPL) and e-mail: [info@cdcpak.com](mailto:info@cdcpak.com) or contact Mr. Farooq Ahmed at Phone 021-34326030 and email: [farooq\\_ahmed@cdcpak.com](mailto:farooq_ahmed@cdcpak.com). For further details on CES, please refer section 13.7 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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