



October 8, 2021

**The General Manager**  
Pakistan Stock Exchange Limited  
Stock Exchange Building,  
Stock Exchange Road  
Karachi.

Dear Sir,

**SUBJECT: DISCLOSURE OF MATERIAL INFORMATION**

Please refer to our letter on dated September 28, 2021 on the captioned subject.

We enclose herewith following documents regarding Scheme of Arrangement AKDSL and BIPLS:

1. Scheme of Arrangement approved by the Board of Directors; and
2. Complete report of Valuation and Swap Ratio.

You are requested to disseminate the information to the Member of the Exchange accordingly.

Sincerely,

**For BIPL Securities Limited**

**Zafar Ahmed Khan**  
Acting - Company Secretary



Enclosed as above.

## BIPL Securities Limited

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**SCHEME OF ARRANGEMENT**

**UNDER SECTION 279 TO 283 READ WITH SECTION 285 OF THE COMPANIES ACT, 2017**

**FOR**

**AMALGAMATION/ MERGER**

**BETWEEN**

**M/S. AKD SECURITIES LIMITED**

**and its Members**

**AND**

**M/S. BIPL SECURITIES LIMITED**

**and its Members**



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## BACKGROUND

### AKD SECURITIES LIMITED

**AKD SECURITIES LIMITED** (herein after referred to as "AKDSL") was incorporated on 16.05.2007 is a leading securities firm in Pakistan duly licensed as a "Securities Broker" and "Future Broker" under the Securities Brokers (Licensing and Operations) Regulations, 2016 ("Securities Regulations") and Futures Brokers (Licensing and Operations) Regulations, 2018 ("Future Regulations") respectively by the Securities and Exchange Commission of Pakistan ("Commission") and has valid Trading Rights Entitlement Certificate(s) both for the Pakistan Stock Exchange ("PSX") and the Pakistan Mercantile Exchange ("PMEX") primarily involved in the business of providing a comprehensive range of investor focused services, including equity & commodities brokerage, economic and securities research, investment banking and financial advisory services. AKDSL is also engaged in raising risk capital in underwriting, market making and mergers and acquisitions in Pakistan as a financial advisor. For this purpose, AKDSL is also licensed as a Consultant to the Issue and an Underwriter by the SECP.

AKDSL caters to a diversified group of domestic and international institutional investors, high net worth individuals and upscale retail clients, including expatriate Pakistanis. With high quality research, unparalleled execution and distribution capability for both regular and large block trades, the AKDSL has earned an outstanding reputation in the Pakistani securities industry.

Outside of commercial banks, AKDSL is one of the biggest capital market firms in the country. It is the leader in raising and providing risk capital in underwriting, market making and mergers and acquisitions in Pakistan. Good corporate governance and professionalism are emphasized throughout the firm and AKDSL is amongst the very few companies to have introduced a firm-wide comprehensive CODE of ETHICS, overseen by an independent compliance manager.

Ultimately, AKDSL's success is based on the quality of service it provides to its customers and the trust and confidence reposed in it by them. AKDSL's focus, therefore, remains on customer satisfaction at all levels.

AKDSL is public unlisted company and the authorized share capital of AKDSL is Rupees 2,500,000,000/- divided into 250,000,000 ordinary shares of Rupees 10/- each and the paid-up capital is Rupees 1,767,699,500/- divided into 176,769,950 ordinary shares of Rupees 10/- each. AKDSL's share capital details are available at **Annexure A** to this Scheme. The Balance Sheet of AKDSL is also available at **Annexure C**

### BIPL SECURITIES LIMITED

**BIPL SECURITIES LIMITED** (herein after referred to as "BIPLS") was incorporated on 24.10.2000 is listed on Pakistan Stock Exchange Limited and is also a securities firm in Pakistan duly licensed as a "Securities Broker" and "Future Broker" under the Securities Brokers (Licensing and Operations) Regulations, 2016 ("Securities Regulations") and Futures Brokers (Licensing and Operations) Regulations, 2018 ("Future Regulations") respectively by the Securities and Exchange Commission of Pakistan ("Commission") and has valid Trading Rights Entitlement Certificate(s) both for the Pakistan Stock Exchange ("PSX") and the Pakistan Mercantile Exchange ("PMEX") providing a comprehensive range of investor focused services, including equity and commodities brokerage, economic and securities research, underwriting, investment banking and financial advisory services. BIPLS also provides brokerage services in money market as well as



the foreign exchange market. BIPLS is also licensed as a Consultant to the Issue and an Underwriter by the SECP.

The authorized share capital of BIPLS is Rupees 2,000,000,000/- divided into 200,000,000 ordinary shares of Rupees 10/- each and an issued and paid up share capital of Rupees 1,000,000,000/- divided into 100,000,000 ordinary shares of Rupees 10/- each. BIPLS's share capital details are available at **Annexure B** to this Scheme. The Balance Sheet of BIPLS is also available at **Annexure D**.





## ARTICLE 1

### DEFINITIONS

In this Scheme of Arrangement, unless the subject or context otherwise requires, the following expressions shall bear the meanings specified against them below:

**"APPOINTED DATE"** means the date fixed for transfer and amalgamation of the Undertaking as well as assets and liabilities of **AKDSL** into **BIPLS**, i.e. 01.07.2021.

**"COURT"** means the High Court of Sindh or any other Court for the time being having jurisdiction under Section 279 to 283 of the Act.

**"EFFECTIVE DATE"** means as specified in Article 7 of this Scheme of Arrangement.

**"EXISTING"** means existing, outstanding or in force immediately prior to the Effective Date,

**"FINANCIAL STATEMENTS"** means audited financial statements of **AKDSL** and **BIPLS** made as of 30.06.2021 for the purposes of determining the net assets, paid-up capital, reserves and surplus of **AKDSL** and **BIPLS** on the Appointed Date.

**"AKDSL"** means AKD Securities Limited, a public unlisted company, incorporated in Pakistan having its registered office at 602, Continental Trade Centre, Block-08, Clifton - Karachi.

**"BIPLS"** means BIPL Securities Limited, a company incorporated in Pakistan and listed on Pakistan Stock Exchange, having its registered office at 5th Floor, Trade Center, I. I. Chundrigar Road, Karachi.

**"ACT"** means the Companies Act, 2017, rules and regulations thereunder, or any statutory modification or re-enactment thereof for the time being in force.

**"RECORD DATE"** means the date as appointed by the Board of Directors of **BIPLS** in terms of Article 5, Clause (b) of this Scheme.

**"SCHEME"** means this Scheme of Arrangement in its present form with any modification thereof or addition thereto approved or conditions, if any, imposed by the Court.

**"TAX"** means all present and future taxes, including income tax, sales tax, stamp duties, octroi, customs or excise duty, registration charges, levies, deductions, imposts, and any other charges and withholdings whatsoever, together with any interest, mark-up or penalties payable in connection with any failure to pay or delay in paying any of the above.

The headings and marginal notes are inserted for convenience and shall not affect the construction of this Scheme.



## ARTICLE 2

### OBJECTIVES

This Scheme of Arrangement has been formulated pursuant to the provisions of Section 279 to 283 and Section 285 of the Act for merger of AKDSL and BIPLS, as per the terms of this Scheme of Arrangement, together with all its properties, liabilities and obligations of every description.

By way of background, AKDSL has already acquired 77.12% shareholding alongwith its management control in BIPLS on 28 June 2021. However, it is worth highlighting that under the applicable regulatory framework applicable on Securities Brokers and Future Brokers, an entity or sponsor cannot hold two TRE Certificates and licenses of the Securities & Future Brokerage House. Therefore, before completion of takeover under the "Securities Act, 2015" and "Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017", the management of AKDSL approached the SECP to seek relaxation for a limited time in respect of the aforesaid regulatory restriction with a submission that after the acquisition of BIPLS, both the companies will be merged to comply with applicable regulatory framework. Accordingly, the SECP has granted the requisite relaxation till the merger of both AKDSL and BIPLS.

In view of above, it is important to highlight that this Scheme has been triggered to comply with regulatory requirements contained in "Securities Brokers (Licensing and Operations) Regulations, 2016", "Futures Brokers (Licensing and Operations) Regulations, 2018", "PSX Rule Book" and "PMEX Rule Book".

In addition to the above, the benefits of the Scheme of Arrangement shall include but are not limited to the following:

#### 1. PRINCIPAL OBJECT

By way of this intended merger, AKDSL intends to become the largest full suite brokerage house for its clients in line with its peer group offering full suite brokerage services including fixed income desk i.e. Money Market & FX. AKDSL also intends to expand geographically adding several nationwide locations where AKDSL is not currently present such as Peshawar, Sialkot, Gujranwala, Rahim Yar Khan & Multan. Simultaneously, AKDSL will also be increasing its footprint in major cities including Karachi, Lahore, Islamabad & Faisalabad. This will enable AKDSL to offer comprehensive delivery & distribution channel to all its clients to supplement preexisting top of the line services offered by it. By way of this merger, AKDSL will also be able to fast track its branch expansion strategy.

Both AKDSL and BIPLS have considered various options, ways and means available to operate their business in compliance with the relevant laws, rules and regulations and in a manner which ultimately maximizes the shareholders return and improves the services being offered to the end consumers.





AKDSL and BIPLS have concluded that the AKDSL along with all their respective assets and liabilities, be amalgamated/merged with and into BIPLS in exchange for issuance of ordinary shares of BIPLS to the shareholders of the AKDSL respectively, in accordance with Article 5 of the Scheme.

This will result in the dissolution, without winding up of AKDSL, the surrender by either entity of its TRE Certificates of PSX and PMEX and subsequently thereby resulting in the cancellation of AKDSL's Securities and Future Broker Licenses and the surviving entity i.e. BIPLS shall continue as a listed entity on the PSX having adopted the name of AKDSL i.e. "AKD Securities Ltd"

Therefore, the principal object of the merger is to combine the assets and liabilities of the two companies and their members into one company, to bring significant value addition for shareholders of both companies and in a nub, the above proposed merger if sanctioned will contribute substantially to the efficiency of the provision of services offered by the AKDSL and will increase competition in the market by adding another full suite brokerage house.

## **2. STRATEGIC RATIONALE**

By way of this merger, AKDSL will also be able to offer a large chunk of BIPLS's customer base which prefers trading online, its state of the art online trading platform. AKDSL to its credit has one of the best online trading platforms and the preexisting customer base of BIPLS will be able to enjoy a safer, more effective trading experience from the comforts of their homes. AKDSL as a result of the above believes that it can add more value to the customers' experience while maintaining lower impact cost through wider brokerage operations across various asset classes.

## **3. SINGLE CORPORATION AND TAX REPORTING**

The merger will make single corporate and tax reporting possible. It will entail elimination of maintenance of separate records for business operation, selling, purchasing, marketing, legal, administrative and secretarial and other records under the various laws resulting in duplication of work and higher costs.

## **4. ECONOMIC BENEFIT**

The proposed merger will open the doors for the cross selling between the different areas of activities currently undertaken by AKDSL & BIPLS thus creating synergies and improving cost efficiency. As stated above, AKDSL will be able to offer a wide range of services to all its clients after the proposed merger including but not limited to creating opportunities in multiple folds to cross sell different products to the other segments of clients i.e. from equity investor to fixed income investor and vice versa.

AKDSL is a very active player in the brokerage and advisory sections of the industry and this proposed merger will enable it to penetrate the untapped population all across Pakistan by offering assets class investments opportunities. The strong network acquired as a result of the proposed merger will enable AKDSL to access a wider geographical reach which will ultimately bring more depth & volume in the Capital Markets for the betterment of the economy in general and generate more employment resultantly.

## **5. LARGER EQUITY AND ASSET BASE TO RESULT IN HIGHER PROFITABILITY**



The merged Company would have a larger asset and product base enabling it to achieve higher growth which is expected to result in enhanced profitability and the larger size of merged entity would provide greater opportunities in the market.

**6. OVERALL BENEFITS**

The merger will be to the advantage of shareholders and employees of both the companies. Since the reduced overhead costs is likely to result in enhanced revenues, the prospects of higher profitability with its attendant consequences of better dividends to shareholders may be expected. Moreover, by merging AKDSL into BIPLS, the larger base of assets of merged companies will bring financial stability to, and resulting in business growth.



### ARTICLE 3

#### A. EXISTING SHARE CAPITAL

##### AKDSL

The Authorized Share Capital of AKDSL is Rupees 2,500,000,000/- divided into 250,000,000 ordinary shares of Rupees 10/- each and the paid-up capital is Rupees 1,767,699,500/- divided into 176,769,950 ordinary shares of Rupees 10/- each.

##### BIPLS

The Authorized Share Capital of BIPLS is Rupees 2,000,000,000/- divided into 200,000,000 ordinary shares of Rupees 10/- each and an issued and paid-up share capital of Rupees 1,000,000,000/- divided into 100,000,000 ordinary shares of Rupees 10/- each.

#### B. EXISTING SHAREHOLDING PATTERN

##### AKDSL

The substantial shareholding pattern of AKDSL has been annexed and marked as **Annexure A**.

##### BIPLS

The substantial shareholding pattern of BIPLS has been annexed and marked as **Annexure C**.

#### C. EXISTING BOARD OF DIRECTORS

##### AKDSL

<i>Name</i>	<i>Designation</i>
<i>Ms. Hina Junaid</i>	<i>Chairperson / Director</i>
<i>Mr. Muhammad Farid Alam</i>	<i>Chief Executive Officer/Director</i>
<i>Mr. Tariq Adam</i>	<i>Director</i>
<i>Mr. Abdul Rauf Kasuri</i>	<i>Director</i>

##### BIPLS

<i>Name</i>	<i>Designation</i>
<i>Kamal Uddin Tipu</i>	<i>Chairman / Director</i>
<i>Abdul Aziz Anis, CFA</i>	<i>Chief Executive Officer</i>
<i>Sikander Kasim</i>	<i>Director</i>
<i>Muhammad Hafeezuddin Asif</i>	<i>Director</i>
<i>Ayesha Aqeel Dhedhi</i>	<i>Director</i>
<i>Afsheen Aqeel</i>	<i>Director</i>
<i>Khurshid Anwer</i>	<i>Director</i>
<i>Muhammad Noorul Hasan</i>	<i>Director</i>





#### D. PROPOSED CONSTITUTION OF THE BOARD

The existing board of BIPLS will be reconstituted after the amalgamation/ merger of both Companies as below.

<b>Name</b>	<b>Designation</b>
Kamal Uddin Tipu	Chairman / Director
Muhammad Farid Alam, FCA	Chief Executive Officer
Sikander Kasim	Director
Muhammad Hafeezuddin Asif	Director
Ayesha Aqeel Dhedhi	Director
Hina Junaid	Director
Afsheen Dhedhi	Director
Tariq Adam	Director



## ARTICLE 4

### THE SCHEME

#### THE OBJECT

The principal object of the Scheme is to effect a merger between AKDSL and BIPLS through the transfer to and vesting in BIPLS of AKDSL, in consideration whereof, inter alia, fully paid ordinary shares of BIPLS shall be allotted to AKDSL Shareholders, in lieu of shares held by them in AKDSL as per Swap Ratio, subject to the terms of the Scheme and the dissolution of AKDSL without winding up.

#### AKDSL AND ITS TRANSFER TO AND VESTING IN BIPLS

AKDSL and BIPLS shall be amalgamated by transfer to and vesting in BIPLS of the AKDSL, as subsisting immediately preceding the Effective Date, and, accordingly, the entire AKDSL, as subsisting immediately preceding the Effective Date, without further act or deed, matter, process or procedure, shall be transferred to and vested in BIPLS as a going concern on the Effective Date.

- A. The Undertakings of AKDSL to be transferred to and vested in BIPLS under the Scheme shall be inclusive of the following:
- a) All assets and properties of AKDSL, including without limitation, properties of all kind and by whatever title held and whether movable or immovable, tangible or intangible, leasehold assets, including but not limited to and without limiting the generality of foregoing in particular:
    - i. any and all immoveable property, land, buildings, moveable assets including all appliances, computer systems and equipment, motor and other vehicles, furniture, fixture and fittings;
    - ii. all contracts which remain in whole or in part to be performed at the Appointed Date entered into by or subsisting in favour of AKDSL, inclusive of all rights and obligations of AKDSL thereunder;
    - iii. all contracts, agreements, trusts, leases, hires, rentals, subleases, tenancies, conveyances, grants, instruments of transfer, engagements, commitments and arrangements entered into by AKDSL or subsisting in favour of AKDSL, inclusive of all rights and obligations of AKDSL arising thereunder;
    - iv. all actionable claims, book, trade and other debts or sums due, owing, accrued or payable to AKDSL (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and other receivables, loans made, investments, cash in hand and at banks or other depositories;
    - v. all historical and current documents, customer lists, product and supplier lists, catalogues, literature, employee records, documents of title, sales targets, sales statistics, market share statistics, marketing surveys and reports, marketing research and any advertising or other promotional material and other accounting (including management accounting reports) and





other financial data whether in hard copy or in computer held form (including, for avoidance of doubts, such as microfilm and microfiche),

But the transfer and vesting of such assets and properties shall be subject to all mortgages, charges and other encumbrances subsisting thereon.

- b) all debts and other liabilities and obligations (if any) of AKDSL whether accrued or accruing or contingent and whether incurred solely or jointly with another or others including all amounts owing to banks, financial institutions and other creditors;
- c) all banking and other accounts maintained by AKDSL and all the credit and debit (as the case may be) balances in such accounts;
- d) all rights, powers, authorities and privileges of every kind and description held by AKDSL including without limitations, all registrations, licenses, permits, categories, entitlements, sanctions, approvals and permissions or otherwise concerning the investment in or carrying on of any business by AKDSL or the businesses and other activities carried on by AKDSL or any part thereof together with every and all renewals, validations and approvals, or other right, power, authority, or privilege, whatsoever;
- e) all connections and facilities for telecommunication owned by or leased or licensed to AKDSL, including telephones, telexes, internets and facsimile and the benefit of all payments and deposits made by or for the account of AKDSL in connection therewith;
- f) all connections, meters and other installations owned by or leased or licensed to AKDSL for the supply of electricity, gas and water and the benefit of all payments and deposits made by or for the account of AKDSL in connection therewith;
- g) the liabilities of AKDSL on account of its employees or former employees including such liabilities payable on termination of service by way of gratuity, redundancy, provident fund, pension or otherwise;
- h) the contracts of employment between AKDSL and its employees upon merger of AKDSL with BIPLS becoming effective and the rights and obligations of AKDSL arising under such contracts;
- i) all rights, title and interest of AKDSL anywhere in the world and the goodwill in respect of any trademarks, service marks, trade names, trading styles, copyrights, designs, patents, inventions, secret processes, know-how and confidential information, including without limitation, any licenses (inclusive of the benefits and burdens of such license) for the same, and any applications or rights to apply for protection or registration of any of the same and any continuing, re-issue, divisional and re-examination patent application and goodwill of AKDSL in respect of each and all of its businesses and activities;
- j) all rights, title and interest of AKDSL in technical data and know-how, industrial and technical information, trade secrets, confidential information, drawings, formulations, technical reports, operating and testing procedures, instruction manuals, raw materials or production





specifications, the result of research and development work, whether in hard copy or in computer held form (including, for avoidance of doubt, such media as microfilm and microfiche) and computer software;

- k) all rights, powers, authorities and privileges of AKDSL including all registrations, licences, permits, categories, entitlements, sanctions, approvals and permissions concerning the investment in or carrying on of any business by AKDSL or the businesses and other activities carried on by AKDSL or any part thereof;
  - l) all other rights, powers, authorities and privileges of AKDSL, including without limitation:
    - i. all registrations, licences, permits, categories, entitlements, authorizations, sanctions, permissions and approvals issued or granted by any government, government department or agency, or any statutory or local authority or any municipal establishment to AKDSL;
    - ii. all concessions, entitlements, tariff protections and duty and tax exemptions and remissions;
    - iii. all credits and refunds on account of sales tax, custom duty, octroi and other duties, taxes, levies, fees, charges, or imposts paid on account of, or in connection with any properties, assets or materials comprised in the AKDSL and inclusive of the right to adjust the amount of sales tax paid on the purchase, acquisition or import thereof (input tax) against sales tax payable by AKDSL on goods sold by it (output tax); and
    - iv. all rights against third parties (including sub-contracts and any retention of title rights);
  - m) all loans, advances, finances, leases and banking facilities provided to or agreed to be provided to AKDSL inclusive of interest, mark up or other return and bank charges in respect thereof;
  - n) all amounts owing (whether or not due for payment) or payable by AKDSL and which are unpaid at the Appointed Date in respect of the supply of goods, utilities and services (including without limitation credit notes granted and advances received from suppliers or customers) to AKDSL;
  - o) the benefits of any policies of insurance issued to or otherwise available to AKDSL;
  - p) the benefit of all capital allowances and tax losses;
  - q) the liabilities of AKDSL for payment of taxes, and the entitlements of AKDSL to credit or refund of payments made for or in respect of any assessment or liability for taxes including advance tax collections; and
  - r) the accumulated accounting revenue losses of AKDSL.
- B. The amalgamation in accordance with this Scheme and the transfer to and vesting in BIPLS of AKDSL shall be treated as having taken effect from the Appointed Date and as from that time and until the Effective Date, AKDSL (inclusive of the businesses, operations and other activities of AKDSL) shall be deemed to have been carried on by AKDSL for and on account of and for the benefit of BIPLS. All



profits and losses accruing or arising or incurred by AKDSL through the operation of AKDSL (inclusive of the businesses, operations and other activities of AKDSL), from the Effective Date shall be treated as the profits or losses, as the case may be, of BIPLS.

- C. The profits, reserves and surpluses (if any) of AKDSL or of BIPLS during the period from the Appointed Date to the Effective Date shall not be utilized by AKDSL or BIPLS, as the case may be, for or in connection with the declaration of dividends or the issuance of bonus shares or otherwise than in the operation of the AKDSL or of the businesses and operations of BIPLS, as the case may be, in the ordinary course of business.





## ARTICLE 5

### ISSUANCE OF SHARES BY BIPLS

- A. All the assets and liabilities of AKDSL shall be vested in BIPLS.
- B. The authorized capital of AKDSL will merge into the authorized capital of BIPLS; and, the issued share capital of AKDSL will be eliminated in consequence of issuance of new shares of BIPLS to the shareholders of AKDSL in terms of this Article:

Pre-Merger Authorized Capital		Combined Authorized Capital	Increased Post-Merger Authorized Capital to issue merger shares as per Swap Ratio & to create a cushion for further issuance in future
AKDSL	BIPLS		
----- Rupees -----			
2,500,000,000	2,000,000,000	4,500,000,000	7,000,000,000

Upon the sanction of the Scheme, the authorized share capital of the BIPL will be increased from PKR 2,000,000,000/- (Pak Rupees Two Billion) to PKR 4,500,000,000/- (Pak Rupees Four Billion and Five Hundred Million), divided into 450,000,000 (Forty Five Hundred Million) shares of PKR 10/- (Pak Rupees Ten) each, by merger of the existing authorized share capital of the AKDSL and BIPLS.

However, such (merged) authorized capital of BIPL will not be sufficient to issue new shares to the existing shareholders of AKDSL under this Scheme of Arrangement.

In view of foregoing, authorized capital of the BIPLS will be further increased to Rs. 7,000,000,000/- (Rupees Seven Billion) in order to issue 457,834,171 paid up shares against a paid up share capital of Rs. 4,578,341,710 /- of Rs. 10/- each and for any further issuance of shares in future. For this purpose, a special resolution would also be passed to increase authorized capital from Rs. 4,500,000,000/- to Rs. 7,000,000,000/-. Approval of the Shareholders of BIPLS to this Scheme shall also include and constitute an approval by way of special resolution from the shareholders of BIPLS, to the alteration of the Memorandum and Articles of Association of BIPLS for the increase of the authorized capital of BIPLS to Rs. 7,000,000,000/- (Rupees Seven Billion), divided into 700,000,000 (Seven Hundred Million) shares of PKR 10/- each (Rupees Ten).

- C. Clause V of the Memorandum of Association and clause IIA of the Articles of Association of BIPLS shall, with effect from the Appointed Date and upon the Scheme becoming effective and without any further act, deed, matter or thing be replaced by the following clause:

"The authorized share capital of the company is Rs. 7,000,000,000 (Rupees Seven Billion only) divided into 700,000,000 (Seven Hundred Million) ordinary shares of Rs. 10 (Rupees Ten only) each."

- D. Clause 1 of the Memorandum of Association and Articles of Association shall be replaced by the following clause:

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"The name of the Company shall be "AKD Securities Limited"

- E. Each member of AKDSL holding ordinary share(s) on the Effective Date in terms of Article 7, shall, after book closure, be entitled to claim and receive as of right, such number of fully paid-up ordinary shares of the face value of Rs. 10/- each, at par, of BIPLS as may be determined to the extent and in the manner detailed hereunder, in exchange of his/her/its existing holding of share(s) in BIPLS:

**SHARE EXCHANGE BASIS**

	<b>AKDSL</b>	<b>BIPL</b>
<b>Share-exchange ratio</b>	<b>1</b>	<b>2.59</b>

- F. According to the share swap ratio as detailed above, in exchange of total issued and fully paid up 176,769,950 shares of AKDSL, the total number of ordinary shares of BIPLS to be issued to the shareholders of AKDSL as a consequence of this Scheme is worked out to be 457,834,171 shares having face value of Rs.10/- each. As a consequence the total issued and fully paid up share capital of BIPLS post sanction of the Scheme shall be Rs. 5,578,341,710 /- comprising of 557,834,171 shares having face value of Rs. 10/- each
- G. The new shares will be issued to those registered members of AKDSL whose names will appear on the register of members on the date to be fixed by the board of directors of BIPLS for the purpose. All entitlements of the registered holders of the ordinary shares of AKDSL, to the new shares of BIPLS to be issued in terms of this Article, shall be determined in the proportion to their existing shareholding in AKDSL. Fractional shares shall not be issued. All fractions less than a share shall be consolidated into whole shares which shall be allotted to the secretary of BIPLS upon trust to sell such shares in the market and pay the net sale proceeds realized (less the expenses of sale) to the shareholders who are entitled to fractions in proportion to their respective fractional entitlements.
- H. The share swap ratio has been determined on the basis of the annual audited and half yearly specially audited financial statements of AKDSL and BIPLS respectively dated 30 June 2021 and the calculation/valuation/recommendations of M/s Yousaf Adil, Chartered Accountants in terms of their Swap Computation Certificate dated 08 September, 2020, attached herewith as **Annexure E**.
- I. At least fourteen (14) days' notice shall be given to the registered shareholders of the ordinary shares of AKDSL prior to the date fixed by the board of directors of BIPLS for determination of entitlement to ordinary shares of BIPLS. The shares shall be allotted through Central Depository System (as established and defined under the Central Depositories Act, 1997) of the Central Depository Company of Pakistan Limited (the "CDC") in accordance with the rules and regulations of the CDC. In the case of joint shareholders, shares shall be allotted to one of the joint holders whose name appears first in respect of such joint holding.



- J. The shares of BIPLS, to be issued and allotted in the manner as aforesaid to the shareholders of AKDSL, on an application made to the stock exchanges in Pakistan, if required under the law, shall and be deemed to rank pari passu as "quoted shares" with the existing shares of BIPLS for all purposes including listing, trading, quoting and dealing in such shares on the stock exchange(s) in Pakistan, with the same legal effect and force as if this Scheme was not sanctioned.
- K. Upon the issue and allotment of the shares of BIPLS to the shareholders of AKDSL in the aforesaid manner, all the existing shares representing the shares of AKDSL shall stand cancelled.
- L. The allotment of the BIPLS shares to the shareholders/ members of the AKDSL shall be made within such time period as determined by the board of directors of BIPLS.





## ARTICLE 6

### DISCHARGE BY BIPLS OF AKD LIABILITIES AND UNDERTAKINGS

#### 1. Agreement/Contracts

- 1.1 All contracts, agreements, trusts, leases, conveyances, commitments, engagements and arrangements, grants, instruments of transfer, rights, powers, authorities and privileges entered into by or subsisting in favour of AKDSL upon being transferred to and vested in BIPLS, shall remain in full force and effect as if originally entered into by or granted in favour of BIPLS instead of AKDSL, and BIPLS may enforce all rights and shall perform all obligations and discharge all liabilities arising there under accordingly.

#### 2. Creditors

- 2.1 The debts, liabilities and obligations of AKDSL comprised in AKDSL, upon being transferred to and vested in BIPLS shall be treated as the debts, liabilities, contingent liabilities and obligations of BIPLS as if originally incurred by BIPLS instead of AKDSL, and BIPLS shall pay and discharge all such debts and liabilities and shall perform all such obligations accordingly. The aforesaid shall not affect the respective rankings of the existing security interests of the creditors of BIPLS on the assets of BIPLS and AKDSL.

#### 3. Receivables / Debtors

- 3.1 All receivables of AKDSL upon being transferred to and vested in BIPLS shall be treated as the receivables of BIPLS as if originally owing to BIPLS instead of AKDSL and BIPLS shall receive all such proceeds accordingly.

#### 4. Employees

- 4.1 On and from the Appointed Date, all employees of AKDSL shall continue to be in service with BIPLS on the terms and conditions applicable to them in AKDSL, immediately preceding the Appointed Date including those relating to entitlements arising upon termination of service to payment of gratuity, redundancy and pension as applicable, and with the benefit of past service in AKDSL, as the case may be and other dues if applicable under their respective terms of service.
- 4.2 Except as otherwise expressly provided for herein, all deeds, rules and other instruments relating to pension fund and gratuity fund established by AKDSL, as the case may be, shall remain in full force and effect for the benefit of all employees of AKDSL, as the case may be, as if originally BIPLS was a party thereto and was mentioned therein instead of AKDSL, as the case may be, and BIPLS may enforce all rights and shall perform all obligations and discharge all liabilities arising thereunder accordingly.
- 4.3 On and from the Completion Date, amounts standing to the credit of the employees of AKDSL in Aqeel Karim Dhedhi Securities (Pvt.) Limited Staff Provident Fund (existing for the benefit of





its employees) shall stand transferred to and vest in the trustees of similar funds established by BIPLS for the benefit of its employees.

- 4.4 On and from the Completion Date, EOBI or SESSI contributions made on behalf of the employees of AKDSL with respect to their accumulated benefits shall transfer to BIPLS for the benefit of its employees.

**5. Clients**

- 5.1 On and from the Appointed Date, all the Clients of AKDSL shall continue to be serviced by BIPLS on the terms and conditions applicable to them in AKDSL.



## ARTICLE 7

### EFFECTIVE DATE

1. The Scheme shall not become effective until the last of the following dates, namely:
  - a) such date as the Court may specify in this regard at the time of sanctioning the Scheme;

OR

  - b) as soon as all necessary certified copies of an order or orders of the Court under the provisions of the Act, shall have been filed with the Registrar of Companies, Karachi.
2. This Scheme shall become null and void subject to the following and in that event, no rights and liabilities shall accrue to or be incurred in terms of this Scheme:
  - a) If the Scheme is not approved by the requisite majority of members and creditors of either **AKDSL** or **BIPLS**; or
  - b) If sanction of the Court in respect of this Scheme is not obtained.
3. As of the Effective Date, the terms of this Scheme shall be binding on **AKDSL** and **BIPLS** and all their respective members, and also on all its/their employees and also on all the debtors and creditors of the said companies and any person having any right or liability in relation to them.



## ARTICLE 8

### MISCELLANEOUS

1. All suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against AKDSL and pending on or immediately before the Appointed Date shall be treated as suits, appeals, arbitrations, governmental investigations and legal proceedings by or against BIPLS and may be continued, prosecuted and enforced by or against BIPLS; accordingly.
2. The revenue losses of AKDSL as at the Appointed Date, shall constitute and be treated as revenue losses of a corresponding nature in BIPLS and shall be accounted for on that basis in the books of account of BIPLS.
3. Pending the merger neither BIPLS nor AKDSL shall issue any rights shares or alter the share capital in any manner except in consultation and as may be agreed with the other company.
4. AKDSL shall be dissolved, without winding up, on the Effective Date or on such later date as the Court by order may prescribe.
5. This Scheme is subject to the sanction of the Court and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve and this Scheme, with such modification or addition if any, is also subject to any conditions, which the Court may impose.
6. The board of directors of BIPLS and AKDSL may consent jointly on behalf of all concerned to any modifications of or additions to this Scheme or to any conditions, which the Court may think fit to impose.
7. All costs, charges and expenses incurred in connection with the transfer to and vesting in BIPLS of AKDSL and all other costs, charges and expenses incurred in respect of the preparation of this Scheme and carrying the same into effect shall be borne and paid by BIPLS.




\*\*\*\*\*





Karachi

Dated: September 28, 2021

  
For and on behalf of  
AKD Securities Limited



Name: NAVEED ANJUM

Designation: EVP / Authorised Signatory

  
For and on behalf of  
BIPL Securities Limited



Name: ZAFAR AHMED KHAN

Designation: Acting Company Secretary





# AKD Securities Limited


TREC Holder: Pakistan Stock Exchange Limited  
 Registered Broker: Securities & Exchange Commission of Pakistan  
 SSTN-S2908363-0 NTN - 2908363-0  
 Head Office: 602, Continental Trade Centre, Block-B, Clifton, Karachi, Pakistan. UAN: 111-253-111, Fax: (92-21) 35867992, 35869715

## Pattern of Shareholding

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their Spouse (s) &amp; Minor Children.</b>			
1. Ms. Hina Junaid (Director).	1	1,500	0.0008%
2. Mr. Muhammad Farid Alam (CEO / Director)	1	500	0.0003%
3. Mr. Tariq (Director).	1	500	0.0003%
4. Mr. Abdul Rauf Kasuri (Director).	1	500	0.0003%
<b>Associated Companies, Undertaking and Related Parties.</b>			
AKD Group Holdings (Private) Limited	1	176,766,950	99.9983%
<b>Executives.</b>	-	-	-
<b>Public Sector Companies and Corporations.</b>	-	-	-
<b>Banks, development finance Institutions, nonbanking, finance companies, insurance companies, takaful, modarabas and pension funds.</b>	-	-	-
<b>Others.</b>	-	-	-
<b>Total</b>	<b>5</b>	<b>176,769,950</b>	<b>100.0000%</b>

### Shareholders holding 5% or more voting rights in the Company.

Name	Shares Held	Percentage
AKD Group Holdings (Private) Limited	176,766,950	99.9983%

  
 ILYAS HAJI AHMED  
 Company Secretary

Stock Exchange Office:  
 529 Pakistan Stock Exchange  
 Building, 11, Chunqar Road,  
 Karachi 74000, Pakistan.  
 Tel: 32445611-13,  
 Fax: (92-21) 32426429

Nazimabad Office:  
 Suite # 2-A, 2nd Floor, JF Homes,  
 Plot # D-11, Block-D, (Near Masjid  
 Bab-ul-Elm, Five Star Chowrangi),  
 North Nazimabad, Karachi  
 PABX: 92 21 35630645 - 5

Islamabad Office:  
 302, 303 ISE Tower,  
 Jinnah Avenue,  
 Blue Area, Islamabad.  
 UAN: (051) 111-253-111  
 Fax: (92-51) 2094323

Lahore Office:  
 Room # 512-513, 5th Floor,  
 Stock Exchange Building,  
 Lahore.  
 UAN: (042) 111-253-111  
 Fax: (92-42) 36280745

Faisalabad Office:  
 03, 1st Floor,  
 Mezan Executive Tower,  
 Liaqat Road, Pakistan.  
 Landline: 92-41 2620361-67  
 Fax: 92-41 2620368

Abbottabad Office:  
 1 & 2 2nd Floor, Zaman Plaza,  
 Near to Ayub Teaching Hospital,  
 Main Mansehra Rd, Abbottabad,  
 Pakistan. PABX: 0992-414121-22  
 Fax: 0992-408218

[www.akdsecurities.net](http://www.akdsecurities.net)







**AKD SECURITIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

<b>ASSETS</b>	<b>Note</b>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
<b>NON-CURRENT ASSETS</b>			
Property and equipment	3	175,056,137	143,882,896
Right of use asset:	4	24,224,481	41,567,413
Intangibles	5	13,308,798	14,328,398
Long term investment	6	2,078,627,417	7,500,000
Long term deposits	7	13,216,258	13,098,258
		<u>2,304,433,091</u>	<u>220,376,965</u>
<b>CURRENT ASSETS</b>			
Short term investments	8	3,178,992,921	697,489,984
Trade debts	9	65,500,092	66,215,600
Loans and advances	10	91,588,507	448,800,784
Deposits and prepayments	11	3,262,378,322	1,439,194,895
Other receivables	12	3,949,697	4,807,679
Accrued mark up		63,837,663	53,071,800
Cash and bank balances	13	618,200,245	42,019,792
		<u>7,284,447,447</u>	<u>2,751,600,534</u>
<b>TOTAL ASSETS</b>		<u><b>9,588,880,538</b></u>	<u><b>2,971,977,499</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
250,000,000 (2020: 250,000,000) ordinary shares of Rupees 10 each		<u>2,500,000,000</u>	<u>2,500,000,000</u>
Issued, subscribed and paid up share capital	14	1,767,699,500	1,767,699,500
Surplus on revaluation of Intangibles		2,500,000	2,500,000
Fair value reserve		1,411,250,250	3,361,578
Accumulated gain, (loss)		<u>2,631,916,863</u>	<u>(377,053,922)</u>
		<u>5,813,366,613</u>	<u>1,396,507,156</u>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against right of use assets	15	12,734,819	27,451,446
Long term financing	16	700,000,000	-
		<u>712,734,819</u>	<u>27,451,446</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	3,047,600,091	1,530,192,681
Current portion of liabilities against right of use assets	15	14,090,467	17,826,216
Accrued markup on long term financing		<u>1,088,548</u>	<u>-</u>
		<u>3,062,779,106</u>	<u>1,548,018,897</u>
<b>TOTAL LIABILITIES</b>		<u><b>3,775,513,925</b></u>	<u><b>1,575,470,343</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>9,588,880,538</b></u>	<u><b>2,971,977,499</b></u>

The annexed notes from 01 to 35 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**BIPL SECURITIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION (AUDITED)**  
**AS AT JUNE 30, 2021**

30 AT 0000 00, 2021

	Note	June 30, 2021	December 31, 2020
		---(Rupees in '000)---	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	8	35,057	43,348
Intangible assets	9	4,301	4,091
Long-term investments	10	335,558	296,017
Long-term loans and advances	11	559	545
Long-term deposits and prepayments	12	21,282	21,260
Deferred tax asset - net	13	30,465	51,253
		428,222	415,612
<b>Current assets</b>			
Short-term investments	14	169,401	-
Trade debts	15	117,932	352,528
Advances, deposits, prepayments and other receivables	16	726,312	874,037
Taxation - net		100,995	118,028
Cash and bank balances	17	1,054,303	909,207
		2,168,943	2,264,101
<b>TOTAL ASSETS</b>		<b>2,597,165</b>	<b>2,680,713</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorised Capital</b>			
200,000,000 Ordinary shares of Rs. 10 each		2,000,000	2,000,000
<b>Issued, subscribed and paid-up capital</b>			
	18	1,000,000	1,000,000
Fair value reserve		117,831	78,210
Revenue reserve			
General reserve		16,752	16,752
Accumulated loss		(202,224)	(314,763)
		934,359	782,199
<b>Non-current liabilities</b>			
Long-term loan-secured	19	150,000	150,000
Lease liability	20	1,439	4,233
		151,439	154,233
<b>Current liabilities</b>			
Trade and other payables	21	1,403,892	1,695,070
Short term financing-secured	22	100,000	40,000
Current portion of Lease liability	20	5,505	7,768
Unclaimed dividend		1,402	1,402
Accrued mark-up	23	568	42
		1,511,367	1,744,281
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,597,165</b>	<b>2,680,713</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	24		

The annexed notes 1 to 43 form an integral part of these financial statements.

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer



# ◆ YOUSUF ADIL

Yousuf Adil  
Chartered Accountants

Cavish Court, A-35, Block 7 & 8  
KCHSU, Shalrah-e-Faisal  
Karachi-75350  
Pakistan

Tel: +92 (0) 21 3454 6494-7  
Fax: +92 (0) 21-3454 1314  
www.yousufadil.com

AKDS/0165  
October 07, 2021

Mr. Naveed Anjum  
Executive Vice President  
AKD Securities Limited  
602, Continental Trade Center,  
Block 8, Clifton,  
Karachi

Dear Sir,

**Subject: Swap Computation Letter**

Yousuf Adil, Chartered Accountants (hereinafter referred to as "we" or "our" or "us" or "YA") has provided the services as agreed vide our engagement letter ref. no. AKDS/0165 dated August 27, 2021 to assist in the determination of share swap ratio for the proposed merger of the following companies in terms of a scheme of Arrangement (the "Scheme"):

- a) AKD Securities Limited - hereinafter referred to as AKDS or the Company (the merging entity)
- b) BIPL Securities Limited - hereinafter referred to as BIPL (surviving entity)

## 1. Our understanding of the transaction

We also understand that the Scheme, which has been shared with us, proposed to be entered into between AKDS and BIPL (hereinafter collectively referred to as the "Companies") principally envisages the merger, by way of amalgamation, of AKDS with and into BIPL by transferring to, merging with, and vesting into BIPL, the rights, assets, liabilities and obligations of AKDS, against the issuance of shares of BIPL to the shareholders of AKDS, as a consequence of which AKDS shall be dissolved without winding up (the "Amalgamation"). However as per the management of AKDS, the name of surviving company will be changed to "AKD Securities Limited"

The determination of the fair values of AKDS and BIPL for calculation of swap ratio shall consider market approach for valuation.

The Scheme is envisaged to be effective as of the start of business on July 1, 2021 or a date to be approved by the Honorable High Court of Sindh.

## 2. About the Companies

### 2.1 Brief Overview

#### A. AKD Securities Limited

AKD Securities limited was incorporated in Pakistan as a public limited company on May 16, 2007, under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The company is a TREC holder of the Pakistan Stock Exchange Limited (PSX) and corporate member of Pakistan Mercantile Exchange Limited (PMEX). The principal activities of business are brokerage of shares and/or commodities,



financial research, book building, underwriting, investments in securities/commodities, corporate advisory and consultancy services.

## B. BIPL Securities Limited

BIPL Securities Limited was incorporated in Pakistan as a public limited company on October 24, 2000 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The company is a TREC holder of the Pakistan Stock Exchange Limited (PSX) and corporate member of Pakistan Mercantile Exchange Limited (PMEX). It started its operations from January 01, 2003 with the principal business in trading of stocks, money market, foreign exchange and commodity broking.

AKDS (unlisted public company) acquired 77.12% shareholding along with management control of BIPL (listed company) in the month of June 2021 by complying with Takeover Laws.

## 2.2 Share Capital

S.No	Companies	Number of Shares Issued as at the June 30, 2021	Par Value (PKR)	Issued Share Capital (PKR)
1.	AKDS	176,769,950	10	1,767,699,500
2.	BIPL	100,000,000	10	1,000,000,000

## 3. Share Swap Range Computation

The swap ratio for the Amalgamation has been computed based on (i) the range of values determined for BIPL of PKR 1,326,739,171 to PKR 1,502,525,021 and (ii) for AKDS, PKR 6,761,859,668 to PKR 6,866,465,367 calculated using Market Multiple approach (Guideline Public Company Method) as at June 30, 2021.

Range of values and share Swap Ratio has been computed considering (i) Reported NAV: BIPL reported net assets as per special purpose audited financial statements as at June 30, 2021, and (ii) Revalued NAV: using the latest available asset valuation report, as at December 23, 2020, prepared by M/S Sadruddin Associates (Pvt.) Ltd. Under both methods the value of BIPL has been adequately adjusted in reported net assets of AKDS calculated through Sector based Multiple Method.

For the determination of range of values and computation of share swap ratio based on the aforementioned valuations results, the computed range of the share swap ratio and details of shares to be issued (based on such ranges) are as follows:

Share Swap Summary	UOM	With Reported NAV		With Revalued NAV	
		BIPL	AKDS	BIPL	AKDS
Total Number Of Shares	No	100,000,000	176,769,950	100,000,000	176,769,950
Fair Market Value	PKR	1,326,739,171	6,761,859,668	1,502,525,021	6,866,465,367
Fair Market Value / Share	PKR	13.27	38.25	15.03	38.84
Share Swap Ratio	Ratio	2.88		2.59	
No of new shares BIPL will issue to AKDS	No	509,097,456		457,834,171	

Subject to the approval of the Board of Directors and shareholders of the respective companies and thereafter sanction of the Scheme by the Honorable High Court of Sindh in accordance with the provisions of Sections 279 to 283 and 285(8) of the Companies Act, 2017.

Detailed computation of Share Swap ratio can be referred from Annexure A.



## 4. Caveats

- This swap letter is subject to the limitations detailed herein. This letter is to be read in totality, and not in parts, in conjunction with all the relevant documents referred herein.
- This letter has been prepared solely for the transaction referred above in relation to the Scheme and accordingly, it is not to be used by any other person or for any other purpose.
- Valuation is not a precise science; it is subjective and requires the application of experience and judgment to given facts to arrive at a conclusion. There is no single "right" answer; there are reasoned and reasonable values.
- The procedures performed for issuing this letter, do not constitute either an audit or a review made in accordance with international standards on auditing or international standards on review engagements, therefore, we do not, hereby, express an opinion or other form of assurance.
- We have no responsibility to update this letter for events and circumstances occurring after the date of our letter.
- We have not reviewed, audited or performed procedures on the financial accounts of BIPL and AKDS.
- As per audited financial statements of AKDS, investment of 77.12% in BIPL has been accounted for at the market value of PKR 26.9/share. However, management of AKDS is of the view to remain fair and conservative and has decided to account for net assets of AKDS using the fair value determined through the Sector Multiple Based Method.
- As per BIPL financial statements, Leasehold offices are valued using cost method. The management of AKDS is of the view that the fair value of Leasehold offices must be considered to calculate the net assets of BIPL. Therefore, a fair value adjustment has been made in net assets of BIPL based on the latest valuation report dated 23rd December 2020. Valuation has been undertaken by M/S Sadruddin Associates (Pvt.) Ltd.
- Based on discussion with the management of AKDS, and as agreed by them for valuation of fair market valuation of BIPL and AKDS, Market Multiple approach (Guideline Public Company Method) has been considered. The swap ratio range for the Amalgamation has been computed based as on June 30, 2021 latest available financial statements of the sector companies except for three companies for which the financial statements as at March 31, 2021 (9 months ended) were considered.
- This letter and the information contained herein are intended for providing selected information and only in connection with the purpose mentioned above or for sharing with shareholders of the Companies, management of the Companies, creditors of the Companies, the office of other regulatory or statutory authorities, and the High Court of Sindh. It should not be copied, disclosed, circulated, quoted or referred to, either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without our written consent. In the event, the Companies or their management or their representatives intend to extend the use of this letter beyond the purpose mentioned earlier in this letter, with or without our consent, we will not accept any responsibility to any other party to whom this letter may be shown or who may acquire a copy of this letter.
- We have not performed audit, due diligence and verification for financial statements and third party asset valuation report provided by the client.

- The company selection criteria for valuation and share swap computation purposes has been agreed by the client.
- No asset valuation report is provided for AKDS which was prepared within last 365 days.
- A draft of this letter was shared with the management of AKDS, prior to its finalization of report, as part of our standard practice to make sure that factual inaccuracy/omission are avoided in the report.
- In rendering this letter, we have not provided legal, regulatory, tax or accounting advice and accordingly we do not assume any responsibility or liability in respect thereof.
- In addition, we do not take any responsibility for any changes in the information used by us to arrive at our conclusion as set out here in which may occur subsequent to the date of this letter or by virtue of fact that the details provided to us are incorrect or inaccurate.
- This engagement does not look into the business/commercial reasons behind the Amalgamation nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Amalgamation as compared with any other alternative business transaction or any other alternatives, whether or not such alternatives could be achieved or are available.
- Further this letter does not in any manner address the prices at which the equity shares of the Companies will exchange following the announcement of the Scheme and we express no opinion or recommendation as to how the shareholders of the Companies should vote at any shareholders' meeting to be held in connection with the Amalgamation.

Yours truly,

*Yousuf Adil*  
Chartered Accountants



## Annexure A: Computation of Share Swap Ratio Range

### I. Value of Companies

#### a) Computed using Reported NAV

Scenarios	UOM	Valuation Summary	BIPL	AKDS
	No	Number of Outstanding Shares	100,000,000	176,769,950
Sector Multiple Based Approach	PKR	Total Net Assets	934,358,861	4,762,053,943*
	Ratio	P/B	1.42	1.42
	PKR	Value under P/B Method	1,326,739,171	6,761,859,668
	PKR	Value per Share	13.27	38.25

#### b) Computed using Revalued NAV

Scenarios	UOM	Valuation Summary	BIPL	AKDS
	PKR	Net Asset Value	1,071,699,861**	5,813,366,613*
	No	Number of Shares	100,000,000	176,769,950
Sector Multiple Based Method	Ratio	Price to Book Value	1.40	1.40
	PKR	Value under P/B Method	1,502,525,021	6,866,465,367
	PKR	Value per Share	15.03	38.84

Based on discussion with the management of AKDS, and as agreed by them for valuation of fair market valuation of BIPL and AKDS, Market Multiple approach (Guideline Public Company Method) has been considered.

\*As per audited financial statements of AKDS, investment of 77.12% in BIPL has been accounted for at the market value of PKR 26.9/share at PKR 5,813,366,613 as at June 30, 2020 financial statements. However, for valuation purpose, the net assets of AKDS has been adjusted for using the fair value determined through the Sector Multiple Based Approach.

\*\* For the valuation of BIPL under revalued NAV, the revaluation adjustment of PKR 137,341,000 with respect to the revaluation of leasehold office as per Asset Valuation report as at December 23, 2020 has been accounted for the reported Net Asset Value of BIPL as at June 30, 2020.

We have derived the range of values for BIPL and AKDS from the following key information provided by the client and Sector Data, however, we have not conducted any due diligence or verification of the information.

- Audited Financial Statements of AKDS as at June 30, 2021
- Special purpose audited Financial Statements of BIPL as at June 30, 2021.
- Sector companies latest financial statements as at June 30, 2021 were used, except for three sector companies for which the financials statement as at March, 31 2021 (9 Months ended) were considered.
- Asset Valuation report of BIPL as at December 23, 2020.



## ii. Swap Ratio Range Computation

Based on above values of AKDS and BIPL on standalone basis, the swap ratios range computed are as follows:

Value per Share:

Sector Multiple Based Method	BIPL (PKR/Share)	AKDS (PKR/Share)	SWAP Ratio
Reported NAV	13.27	38.25	2.88
Revalued NAV	15.03	38.84	2.59

## iii. Paid up Capital of BIPL

### a) Computed using Reported NAV

Based on share swap ratio "Sector Multiple Based Method", upon the sanction of the Scheme, and subject to the provisions thereof, BIPL would issue 509,097,456 ordinary shares to the shareholders of AKDS; consequently, BIPL total share capital would increase to 6,090,974,560 consisting of 609,097,456 shares @ par value of PKR 10 per share. The post-merger shareholding % of AKDS in BIPL will approximately be 96.24%.

No of shares	UOM	Sector Multiple Based Method
Total Issued Shares of BIPL	No	100,000,000
AKDS Current shareholding in BIPL	No	77,117,500
Share Swap Ratio	Ratio	2.88
Number of Shares to be issued to AKDS	No	509,097,456
Total number of shares after Amalgamation	No	609,097,456
Total share capital after Amalgamation	PKR	6,090,974,560

### b) Computed using Revalued NAV

Based on share swap ratio "Sector Multiple Based Method", upon the sanction of the Scheme, and subject to the provisions thereof, BIPL would issue 457,834,171 ordinary shares to the shareholders of AKDS; consequently, BIPL total share capital would increase to 5,578,341,710 consisting of 557,834,171 shares @ par value of PKR 10 per share. The post-merger shareholding % of AKDS in BIPL will approximately be 95.90%.

No of shares	UOM	Sector Multiple Based Method
Total Issued Shares of BIPL	No	100,000,000
AKDS Current shareholding in BIPL	No	77,117,500
Share Swap Ratio	Ratio	2.59
Number of Shares to be issued to AKDS	No	457,834,171
Total number of shares after Amalgamation	No	557,834,171
Total share capital after Amalgamation	PKR	5,578,341,710

Note: The actual number of shares to be issued by BIPL will be subject to the swap ratio approved by the Board of Directors and members of the respective Companies, as well as the sanction of the Scheme by the High Court.

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**EXTRACT OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF BIPL SECURITIES LIMITED IN THEIR MEETING HELD ON SEPTEMBER 28, 2021**

During the meeting, the Board discussed the Scheme of Arrangement proposed to be entered into between the Company and M/s. AKD Securities Ltd. ("AKDSL"), pertaining, inter alia, to the merger by way of amalgamation of AKDSL with and into the Company, along with other ancillary and incidental matters thereto including, but not limited to, the approval of the share swap ratio, the change in the name and the authorized share capital of the Company and authorizing persons to take any and all necessary actions in respect of and consequent to the above, upon which the following resolutions were passed by the Board:

**RESOLVED** that AKDSL be merged, by way of amalgamation, with and into the Company, in accordance with the terms of a Scheme of Arrangement ("Scheme") prepared under the provisions of Sections 279 to 283 and 285 of the Companies Act, 2017 (the "Proposed Amalgamation"), subject to the approval of the requisite majority of the shareholders of the Company, and sanction of the Honorable High Court of Sindh at Karachi.

**FURTHER RESOLVED** that the draft of the Scheme laid before the Board, pertaining to the Proposed Amalgamation, be and is hereby approved, subject to finalization of the same by the authorized representative(s) of the Company (which does not materially alter the substance of the Scheme), and further subject to any changes and modifications as may be required by the shareholders of the Company and / or AKDSL and / or the Honorable High Court of Sindh and / or such amendments as may be considered necessary to rectify an error or for clarifying any provision of the Scheme without affecting the substance thereof.

**FURTHER RESOLVED** that for the purpose of the Proposed Amalgamation, the following consideration / swap ratio, based on the accounts of the Company and ADKSL specially audited by the statutory auditors for the period ended 30<sup>th</sup> June 2021, and the relative calculations / recommendations carried out by M/s Yousaf Adil, Chartered Accountants in terms of their swap letter dated September 20, 2021, be and is hereby approved:

457,834,171/- (Four Hundred Fifty Seven Million Eight Hundred Thirty Four Thousand One Hundred Seventy One) ordinary shares of the Company [176,769,950\*2.59], having a face value of PKR 10/- (Pak Rupees Ten) each, shall be allotted and issued in aggregate by the Company to the shareholders of AKDSL, as fully paid up, on the basis of a swap ratio of 2.59 shares of the Company for every 1 (one) share of AKDSL held by each of the shareholders of AKDSL, in accordance with the provisions of the Scheme.

**FURTHER RESOLVED** that, upon the sanction of the Scheme, the authorized share capital of the Company shall stand automatically increased from PKR 2,000,000,000/- (Pak Rupees Two Billion) to PKR 7,000,000,000/- (Pak Rupees Seven Billion), divided into 700,000,000 (Seven Hundred Million)

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Gulshan-e-Iqbal - Karachi	PSX - Karachi	Lahore	Islamabad	Islamabad II	Rahim Yar Khan	Multan	Gujranwala	Peshawar	Skardu	Faisalabad
Friends Paradise, 1st Floor, SB-96, Block No. 13-G, KDA Scheme-24, Main University Road, Karachi.	Room No. 95 - 96 2nd Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi.	64-A, 2nd Floor, Fountain Avenue Building, Main Boulevard, Main Gulberg, Lahore.	90-91, Rafia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad.	Office No. 313, ISE Tower, Jinnah Avenue, Blue Area, Islamabad.	Plot # 24, City Park Chowk, Model Town, Rahim Yar Khan.	Ground Floor, State Life Building, Abdali Road, Multan.	Shop # 51, Ground Floor, GDA Trust Plaza, Gujranwala.	1st Floor, State Life Building, 34-The Mall, Peshawar Cantt, Peshawar.	Ground Floor, City Tower, Shahab Pura Road, Skardu.	Room # 509 & 510, 5th Floor, State Life Building, Liaquat Road, Faisalabad.





shares of PKR 10/- (Pak Rupees Ten) each, by merger of the existing authorized share capital of the Company and AKDSL and by virtue of an additional increase of Rs. 2,500,000,000/- (Pak Rupees Two Billion and Five Hundred Million) to accommodate the swap ratio, and that the Memorandum and Articles of Association of the Company shall stand amended in terms of the Scheme.

**FURTHER RESOLVED** that upon sanction of the Scheme, the name of the surviving entity i.e. the Company shall be changed to "AKD Securities Ltd."

**FURTHER RESOLVED** that the Company be and is authorized to take all necessary steps to obtain the requisite approvals / no objections / clearances from the relevant regulatory / competent authorities, as may be required under the applicable laws.

**FURTHER RESOLVED** that the Company be and is hereby authorized to file a petition / application (along with AKDSL) before the High Court of Sindh at Karachi under Sections 279 to 283 and 285 of the Companies Act, 2017 read with Rules 55 and 60 of the Companies (Court) Rules, 1997, and all Applicable / enabling laws, for the purpose of seeking sanction of the Scheme in respect of the Proposed Amalgamation.

**FURTHER RESOLVED** that for the purposes aforesaid, **Mr. Abdul Aziz Anis**, the Chief Executive Officer of the Company, and /or **Mr. Zafar Ahmed Khan**, CFO & Acting Company Secretary of the Company, be and are hereby singly and severally authorized to do the following on behalf of the Company:

- I. Finalize and execute all documents, including but not limited to the Scheme, petition, applications, affidavits and any other related documents;
- II. Take all steps and actions for obtaining the requisite consents from the relevant regulatory authorities, creditors, members and any other persons (as applicable) with respect to the Proposed Amalgamation and all ancillary matters;
- III. File, pursue and take any and all necessary actions in respect of submitting applications to the relevant authorities with respect to the Proposed Amalgamation and obtaining the approvals of the same;
- IV. Appoint / engage lawyer(s), consultant(s), advisor(s) and professionals as deemed necessary and sign Vakalatnamas and engagement letters on behalf of the Company;
- V. Represent the Company before the High Court of Sindh and all other relevant competent authorities /bodies;
- VI. Make such alterations and changes in the Scheme as may be expedient or necessary for satisfying the requirements or conditions imposed by any regulatory authority and / or the High Court of Sindh at Karachi, provided that prior approval of the Board shall be obtained for making any material changes in the Scheme (as approved in this meeting);
- VII. Withdraw the Scheme, upon the instructions of the Board;

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Friends Paradise, 1st Floor, SE-36, Block No. 13-D, KDA Scheme-24, Main University Road, Karachi.	Room No. 93 - 95 2nd Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi.	64-A, 2nd Floor, Fountain Avenue Building, Main Boulevard, Main Guberg, Lahore.	90-91, Raza Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad	Office No. 313, ISE Tower, Jinnah Avenue, Blue Area, Islamabad	Plot # 24, City Park Chowk, Model Town, Rahim Yar Khan	Ground Floor, State Life Building, Abdali Road, Multan	Shop # 81, Ground Floor, GDA Trust Plaza, Gujranwala	1st Floor, State Life Building, 34 The Mall, Peshawar Cantt, Peshawar	Ground Floor, City Tower, Shahab Pura Road, Sialkot	Room # 509 & 510, 5th Floor, State Life Building, Lagar Road, Faisalabad
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- VIII. Generally do all acts, deeds and things as may be required with respect to the aforementioned resolutions and implementing the Scheme in terms thereof along with all incidental actions and matters in respect of the same; and
- IX. Delegate any of the above powers to any person(s) as may be deemed fit.

### CERTIFIED TRUE COPY

The above resolutions were passed by the directors of the Company at their meeting held on September 28, 2021

  
**Zafar Ahmed Khan**  
 Acting Company Secretary



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