

**2022**  
**ANNUAL REPORT**



# Unlocking the Value of Data

Octopus Digital believes in liberating trapped data in legacy systems and data warehouses offered by a limited number of dominant players who still want to maintain the status quo in this digital world. We are the answer to breaking free our customers from that legacy and vendor locking, thus opening a window of freedom to realize tangible benefits of big data analytics on cloud-based platforms and offerings at scale with no upfront cost.

Welcome to  
Octopus Digital's 2022 Annual Report.



# Letter from the Chief Executive Officer

*Dear Shareholders & Associates*

Serving Avanceon as president since 2020 has been an enriching experience. The leadership at Avanceon is ready and capable of taking the company to new heights. I have now assumed a new and much more challenging role in building Octopus Digital Limited as its Chief Executive Officer. I am honoured that the Octopus Digital Board has reposed confidence in me to build upon the hard work Bakhtiar H. Wain, Asmar Aatif, and the team have put in. Even though Octopus Digital will take up my full attention, I will remain a part of a Stewardship body to guide and advise the new leadership at Avanceon.

This year our focus remained on testing OmniConnect™, our digital platform, for its market fit, finding some use cases, and cultivating new partners in line with our go-to-market strategy. I would say the market response is enough validation to scale our product. The process of market awareness, education, and selection entails much greater learning of how to reduce the cycle time but also points to the aspect of the second leg of the customer journey of onboarding, use, and growth, which is the ultimate success factor in making our product stick in the ARR (Annual Recurring Revenue) model of the subscription.

Being a product company launching new products has been part of our strategy. It could either be an organic development route that needed resources and time to build the capability or go for an acquisition that circumvents the lengthy process. I'm pleased to announce that we completed the acquisition of Empiric AI and its integration within Octopus Digital this year. This strategic buyout will create a synergy to roll out new products faster into the market and unify data on the cloud and asset optimization.

Our marketing spend remains unutilized due to delayed hiring, marketing plan finalization, high involvement in acquisition, and founder phase challenges. We are ready to launch our marketing initiatives next year,

which will likely provide much-awaited impetus to our business development and sales.

Our After Market Support arm of the Octopus Digital business showed once again steady growth despite the import-related challenges in Pakistan that impacted the local business. However, our international business kicked in, and we closed the year with a stellar financial performance showing 92% and 20% growth in PAT and revenues, respectively.

Next year we will put our energies and resources into scaling our Digital and AMS businesses in the international markets, finding, developing, and driving channel partners through channel enablement, and beefing up sales teams and sales cadence. We will be kicking in our marketing to come for the aid of sales to speed up opportunity creation and closing.

The future outlook is positive, and we, as always, will keep striving to create value for our stakeholders.

Yours Sincerely,



Tanveer Karamat  
Chief Executive Officer  
Octopus Digital Limited



# Company Information

## Directors

**Bakhtiar Hameed Wain**  
Director / Chairman

**Asmar Ahmed Atif**  
Director

**Tanveer Karamat**  
Director / Chief Executive Officer

**Mohammad Shahid Mir**  
Director

**Junaid Mushtaq Paracha**  
Director (Resigned Director Casual Vacancy Jan 24, 2023)

**Mohammad Arif Janjua**  
Appointed Director Jan 24, 2023

**Adeel Khalid**  
Director

**Saleha Asif**  
Director

**Saeed Ullah Khan Niazi**  
Chief Financial Officer

**Ahsan Khalil (ACA-FPFA)**  
Company Secretary

## Audit Committee

**Mohammad Shahid Mir**  
Chairman

**Bakhtiar Hameed Wain**  
Member

**Mohammad Arif Janjua**  
Appointed Director Jan 24, 2023

## Human Resource & Remuneration Committee

**Saleha Asif**  
Chairman

**Mohammad Shahid Mir**  
Member

**Bakhtiar Hameed Wain**  
Member

**Tanveer Karamat**  
Member

## Auditors

**BDO Ebrahim & Co.**  
Chartered Accountants

## Bankers

Faysal Bank Limited, Pakistan  
JS Bank Limited,  
MCB Islamic Bank Pakistan  
Dubai Islamic Bank

## Share Registrar

FAMCO Associates (Pvt) Ltd.  
8-F, Next to Hotel Faran,  
Nursery, Block-6, P.E.C.H.S,  
Shahra-e-Faisal, Karachi.  
Phone: +92 (21) 3438 0101-5  
Fax No: +92 (21) 3438 0106  
www.famco.com.pk

## Registered Office

The Avanceon Building  
19-KM , Main Multan Road,  
Lahore 54660, Punjab, Pakistan  
Phone: +92 (42) 111 940 940  
Fax No: +92 (42) 375 151 28  
Email: support@octopusdtl.com

## Legal Advisor

Cheema & Ibrahim

## Web Presence

www.octopusdtl.com  
www.avanceon.ae www.avanceon.qa  
Phone: +92 (42) 111 940 940  
Fax: +92 (42) 375 151 28  
Email: support@octopusdtl.com

## Headquarters

Lahore, Punjab, Pakistan  
The Avanceon Building  
19-KM, Main Multan Road,  
Lahore, 54660 Punjab, Pakistan  
Phone: +92 (42) 111 940 940  
Email: support@Octopusdtl.com

## Regional Headquarters

Karachi, Sindh, Pakistan  
MA Tabba Foundation Building,  
First Floor, Gizri Road Block 9,  
Clifton Karachi, Sindh 75600  
Phone: +92 (21) 111 940 940  
Email: support@Octopusdtl.com

## Regional Headquarters - Middle East

Avanceon FZE - Dubai, UAE  
FZS1 BD04 JAFZA P.O. Box 18590  
Dubai, United Arab Emirates  
Phone: +971 4 88 60 277

Abu Dhabi, UAE  
In Partnership with Ali & Sons  
Ali & Sons Bldg., Zayed 2nd Street  
P.O. Box 915 Abu Dhabi, U.A.E.  
Phone: +971 4 88 60 277

Doha, Qatar  
Avanceon Automation Control WLL  
Office No. 12, M Floor, Al-Jaber  
Engg. HO Building, P.O. Box 15976,  
Fox Hills, Lusail, Doha, Qatar.  
Phone: +974 4040 9835

Avanceon QFZCO LLC  
PA-WH-04, Unit 16  
Ras Bufontas Free Zone Doha Qatar  
Phone: +974 4040 9835  
Email: support@avanceon.qa

Avanceon Saudi Energy Company  
3141 Anas Ibn Malik-Al Malqa Dist.  
Unit no. 718, Riyadh 13521 - 8292  
Kingdom of Saudi Arabia  
Phone: +966 5674 16724  
Email: support.me@avanceon.ae

## Trade Mark

**OCTOPUS**  
DIGITAL

# Board of Directors



## **Bakhtiar Hameed Wain**

Chairman

Bakhtiar brings over 30+ years of exemplary leadership. He played a key role in growing Avanceon to where it is today. He founded Avanceon in 1984 and later Octopus in 2019.



## **Tanveer Karamat**

Executive Director and Chief Executive Officer

Tanveer brings a wealth of international business experience to Octopus. He has 20+ years of international experience in managing & selling automation solutions to a variety of industrial sectors. In year 2023 he was appointed as chief executive officer. He now serves as executive director. Prior to 2023 he was serving as non-executive director.



## **Mohammad Shahid Mir**

Independent Director

A senior management professional with 32 years of experience in Corporate and Commercial banking, Risk Management, Credit Administration and Trade Finance. Over the last sixteen years, Mr. Mohammad Shahid Mir has held senior positions in Wholesale Banking and Risk Management. On the business side he has a proven track record of growing business and exceeding budgets whilst ensuring portfolio health remained within accepted parameters. Mr. Mir has strong knowledge of Economy & Banking in Pakistan and the GCC region.



## **Saleha Asif**

Independent Director

Saleha has experience in serving boards and C-level clients globally for 25+ years. She has worked with McKinsey & Company, PepsiCo, and Bank of America.



## **Mohammad Arif Janjua**

Non-Executive Director

Arif Janjua has over 35 years' experience in operational management and consulting in the software, mobile and internet services industry. Arif received his bachelor's in electrical engineering from the University of Engineering & Technology in Lahore, Pakistan, master's in electrical engineering from the University of Windsor, Canada, and an MBA from the Haas School of Business at UC Berkeley.



## **Asmar Ahmed Atif**

Executive Director

Asmar works at the intersection of business, technology & regulation. His career spans over 15 years & 4 continents across the Artificial Intelligence space. He holds an MBA from Imperial College London.



## **Adeel Khalid**

Executive Director

Adeel has 15+ years of experience of managing Middle East and Central Asia AMS business. He has expertise in resource management systems via Digital Technology.

# Chairman of the Board Review Report

*Dear Shareholder,*

Welcome to the first Chairman of the Board Review Report for Octopus Digital Limited for the year ended on December 31, 2022.

**Appointment of New Chief Executive Officer** – In 2022, the board of Octopus Digital unanimously appointment Tanveer Karamat as the new Chief Executive Officer of Octopus Digital Limited. I would like to take this opportunity to thank and applaud his predecessor Asmar Ahmed Atif for setting a strong foundation. Asmar insights and knowledge of the industry 4.0 landscape proved invaluable. Tanveer is a seasoned industry veteran who has elevated Avanceon Limited during his tenure. We are all rooting for his success now at the helm of Octopus Digital Limited.

**Addition of a New Board Member** – Arif Janjua has over 35 years' experience in operational management and consulting in the software, mobile and internet services industry. As an operational manager, Arif was the CEO of idrive, a venture backed company in online storage services. Prior to that, he was at Infospace, initially as President of Consumer Services and later heading the Corporate Development function. He was instrumental in forging relationships with mobile operators and content providers around the world. Most recently, as Chairman of Citilabs, a leading provider of mobility analytics solutions, Arif spearheaded the growth and eventual sale of the company to Bentley Systems. In his consulting life, Arif was a partner with the Boston Consulting Group and prior to that, the Global head of A.T. Kearney's management consulting practice for the Technology vertical. His clients included some of the leading technology companies and mobile operators around the globe. Arif is currently a Senior Advisor with DH Corporation leading their technology initiatives. Arif received his bachelor's in electrical engineering from the University of Engineering & Technology in Lahore, Pakistan, master's in electrical engineering from the University of Windsor, Canada, and an MBA from the Haas School of Business at UC Berkeley.

With the addition of Mr. Arif Janjua, I believe the Board of Directors of Octopus Digital has now a diversified and experienced team which can help guide this new enterprise.

**Appointment of New External Auditor** - The Board of Directors of the Company approved the resignation of its external auditors M/s. EY Ford Rhodes, Chartered Accountants for the year ending 31 December 2022. In pursuant of Section 246(6) of the Companies Act, 2017, a casual vacancy has been filled by the Board of Directors of the Company and resultantly M/s BDO Ebrahim & Co. Chartered Accountants was appointed as external auditor for the year ending 31 December 2022 upon the recommendation/suggestion of the Board Audit Committee in place of M/s EY Ford Rhodes Chartered Accountants with effect from 14 October 2022 to complete the remainder term till the conclusion of the next Annual General Meeting for 2022.

## Octopus Digital Limited's Performance in 2022

Here is a rundown of how Octopus Digital performed in FY 2021 as compared to FY 2020.

- Profit after Tax (PAT) increased by 17% at 405 million PKR
- Net Sales increased by 10% to 687 million PKR and
- Earnings Per Share increased by 17% at 2.96 PKR.

The members of the Octopus Digital Limited Board are mentioned below with their respective roles.

### **Bakhtiar H. Wain**

(Chairman of the Board and Non-Executive Director)

### **Tanveer Karamat**

(Executive Director)

### **Mohammad Arif Janjua**

(Non-Executive Director)

### **Asmar Ahmed Atif**

(Executive Director)

### **Adeel Khalid**

(Executive Director)

### **Saleha Asif**

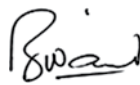
(Director - Independent)

### **Mohammad Shahid Mir**

(Director - Independent)

In 2022, the Board of Directors for Octopus Digital Limited met on four occasions in person and online. Business decisions were taken via circulation of board resolutions. The Board carries out a review of its effectiveness and performance each year after the closure of the fiscal year, on a self-assessment basis. The overall effectiveness of the Board was assessed as satisfactory. Suitable action plans were formulated and communicated to the concerned personnel regarding areas needing improvement. In the end, I would like to thank all our Shareholders for their support. I am confident we will meet your expectations in years to come.

Best Regards,



**Bakhtiar H. Wain**

Chairman of the Board

Lahore, Pakistan

Octopus Digital Limited

March 2023





# Notice of 6<sup>th</sup> Annual General Meeting



Notice is hereby given that the 6th Annual General Meeting of Octopus Digital Limited "Company" will be held on Friday, 26 May 2023 at 03:30 P.M. at Nishat Hotel, Gate No. 7, Imperial Ball Room - B, Adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore, to transact the following business:

## A. ORDINARY BUSINESS

1. To confirm the minutes of the 5th Annual General Meeting held on 28 April 2022.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31 December 2022 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

As required under section 223(7) of the Companies Act 2017, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:

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



3. To appoint Auditors of the Company and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of M/s BDO Ebrahim & Co. Chartered Accountants for re-appointment as auditors of the Company for the year ending 31 December 2023.
4. To consider and approve, as recommended by the Board

of Directors, the issue of bonus shares @ 15% and pass the following resolution;

"RESOLVED that Ordinary Shares of Rs. 10/- each to be issued as Bonus Shares and that the said shares be allotted as fully paid Ordinary Shares to the Members of the Company whose names appear on the Register of Members as at the close of the business on Thursday, 18 May 2023 in the proportion of 15 Bonus Share for every 100 Shares held, that is at the rate of 15%.

These Bonus Shares shall rank pari passu as regards dividend and in all other respects with the existing Ordinary Shares of the Company.

FURTHER RESOLVED that fractional entitlements of the members shall be consolidated into whole shares and sold in the stock market and the sale proceeds shall be donated to a charitable institution.

## B. SPECIAL BUSINESS

5. To consider and approve, in pursuant of S.R.O. 389 (I)/2023 dated 21 March 2023 the circulation of annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("annual audited financial statements") to the members through QR enabled code and weblink and passed the following resolution;

"RESOLVED that in pursuant of S.R.O. 389 (I)/2023



dated 21 March 2023 and Under Section 223(6) of The Companies Act, 2017, annual balance sheet and profit and loss account, auditor's report and directors report, etc ("Annual Audited Financial Statements") shall be circulated to the members of the company through QR enabled code and weblink.

6. To consider and if deemed fit, to pass the following resolutions as special resolutions, with or without any modifications, the Company be and is hereby authorized to grant a short-term loan up to PKR 300 million to its holding company Avanceon Limited. The complete terms and conditions of the loan under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 are given in the statement of material facts annexed with this notice under section 134(3) of the Companies Act, 2017.

RESOLVED that, the approval of the Members of the Company be and is hereby granted in terms of Section 199 of the Companies Act, 2017 and all other applicable laws, to grant unsecured short-term loan facility of up to PKR 300 million to its holding company Avanceon Limited ("AVN") as per the terms and conditions specified.

FURTHER RESOLVED that, Chief Executive Officer and/or Company Secretary of the company jointly and/or severally, to execute any document(s) and to take all actions necessary to give effect to the proposed resolutions and implementation of the proposal.

7. To consider and if deemed fit, to pass the following resolutions as special resolutions, with or without any modifications, related to "Octopus Digital Limited Employee Stock Option Scheme 2022" (the ESOS 2022);

RESOLVED that, under The Companies (Further Issue of Shares) Regulations, 2020, the grant of options equal to or exceeding (1%) one percent of the issued or paid-up capital of the company at the time of grant of options, within one year, to identified employees be and is hereby approved."

FURTHER RESOLVED that, under The Companies (Further Issue of Shares) Regulations, 2020 the grant of options to employees of subsidiary(ies) and/or holding Company, be and is hereby approved."

FURTHER RESOLVED that, Chief Executive Officer and/or Company Secretary of the company jointly and/or severally, to execute any document(s) and to take

all actions necessary to give effect to the proposed resolution.

8. To consider and if deemed fit, to pass the following resolutions as special resolutions, with or without any modifications, the Company be and is hereby authorized that under Clause v(a) and Clause viii of Regulation No. 7(1) of the Companies (Further Issue of Shares) Regulations, 2020, the following amendment are being made in the Employees Stock Option Scheme 2022:

RESOLVED that, Clause 1.1, Interpretation of Eligible Employee is hereby amended and read as follows

"Eligible Employee" means,

- a) A full-time regular employee who is on the payroll of the company, its holding company and/or subsidiary company(ies) as an employee, (and who is admitted in the scheme by the Board).
- b) the Chief Executive officer of the company, an Executive Director who is on the payroll of the Company."

FURTHER RESOLVED that, Clause 7.1 of Employees Stock Option Scheme 2022 is hereby amended and read as follows:

"The grant of option to eligible identified employees in any one year equal to or over 1% of the paid-up capital of the company (as increase from time to time excluding outstanding conversions) shall require a separate resolution of the shareholders of the company.

It is also clarified that the committee, in its discretion may grant options to Eligible Employees including those presently in employment of the Company, its holding Company and/or its subsidiary Company(ies) and those who join in the future. Whether further options are to be granted to any such employee who has already been granted Options in any one year will also be in the discretion of the committee."

#### C. ANY OTHER BUSINESS:

9. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore  
Dated: 05 MAY 2023

**Ahsan Khalil**  
Company Secretary

# Notice of 6<sup>th</sup> Annual General Meeting

## WEBLINK FOR ONLINE MEETING VIA ZOOM:

Members are encouraged to attend the AGM through video conference facility managed by the Company, follow the below link:

[https://us02web.zoom.us/webinar/register/WN\\_\\_tH\\_kaQMSSqSdwq-4vmlCg](https://us02web.zoom.us/webinar/register/WN__tH_kaQMSSqSdwq-4vmlCg)

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address [Investors@octopusdtl.com](mailto:Investors@octopusdtl.com). Guidance as how-to login on Zoom to attend the AGM link: <https://octopusdtl.com/investor-relations/>

## NOTES:

1. The share transfer books of the Company will be closed and no transfer of shares will be accepted for registration from Friday, 19 May 2023 to Friday, 26 May 2023 (both days inclusive). Transfer received in order at our Registrar, M/S FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi by the close of business hours on Thursday, 18 May 2023 will be treated to have been in time for the purposes to attend and vote at the meeting.
2. A member entitled to attend and vote at this meeting shall be entitled to appoint another person, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking, and voting at the Meeting as are available to a member. Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the company.
3. Members are required to timely notify any change in their address to Company's Shares Registrar, M/S. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi.

## FOR ATTENDING THE SHAREHOLDERS' MEETING

1. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his/her identity by his/her Computerized National Identity Card (CNIC) or passport at the time of online registration/attending the meeting.
2. The shareholders registered on CDC are also requested to provide their particulars ID numbers and account numbers in CDS at the time of online registration/attending the meeting.
3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature

of the nominee shall be provided at the time of online registration/attending the meeting.

## FOR APPOINTING PROXIES:

1. In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the duly completed and stamped proxy form accordingly.
2. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall provide his/ her CNIC or passport at the time of online registration/attending the meeting.
5. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

## STATEMENT(S) UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This Statement is annexed to the Notice of the 6th Annual General Meeting of Octopus Digital Limited to be held on Friday, 26 May 2023 at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such special business;

### 1. ITEM 5 OF AGENDA

Considering the optimum use of advancements in technology and in order to fulfil the Company's corporate social responsibility to the environment and sustainability, Members approval is sought for the circulation of the Annual Report (including annual audited financial statements and other reports contained therein) to the Members of the Company through QR enabled code and weblink in accordance with S.R.O. 389(I)/2023 dated March 21, 2023.

**2. ITEM 6 OF AGENDA**

| Regulation No. matters  | Regulation   | Proposal   |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
|-------------------------|--|--|--|--------------|--------------------|-----------|----------------|-----------|--------------|-----------|-------------------------|---------|---------------------|-----------|--|--------------|-----------|-----------|------------------------|-----------|------------------------|-----------|---------------------|-----------|
| <b>3(1)(a)(A)</b>       | <b>Regarding associated company or associated undertaking;</b>   |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| (i)                     | name of associated company or associated undertaking;  | Avanceon Limited   |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| (ii)                    | basis of relationship;   | 74.32% Holding Company   |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| (iii)                   | earnings per share for the last three years;   | 2020: Rs. 8.30 (Basic)    Rs. 8.11 (Diluted)<br>2021: Rs. 3.98 (Basic)    Rs. 3.91 (Diluted)<br>2022: Rs. 5.29 (Basic)    Rs. 5.26 (Diluted)   |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| (iv)                    | break-up value per share, based on latest audited financial statements;  | The breakup value per share as per the latest available audited statement i.e., 31st Dec 2022 is PKR 20.36 per share without surplus on revaluation and PKR 21.38 per share with surplus of revaluation.   |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| (v)                     | financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and               | <p>Financial position as of and for the year ended December 31,2022.</p> <p>Main items of Balance Sheet:</p> <table border="1"> <thead> <tr> <th></th> <th>Rs. in '000'</th> </tr> </thead> <tbody> <tr> <td>Non-current Assets</td> <td>5,614,131</td> </tr> <tr> <td>Current Assets</td> <td>3,937,579</td> </tr> <tr> <td>Total Equity</td> <td>6,960,904</td> </tr> <tr> <td>Non-current Liabilities</td> <td>112,707</td> </tr> <tr> <td>Current Liabilities</td> <td>2,478,099</td> </tr> </tbody> </table> <p>Main items of Profit and Loss Account:</p> <table border="1"> <thead> <tr> <th></th> <th>Rs. In '000'</th> </tr> </thead> <tbody> <tr> <td>Sales Net</td> <td>1,864,524</td> </tr> <tr> <td>Profit from operations</td> <td>2,004,783</td> </tr> <tr> <td>Profit before taxation</td> <td>1,849,212</td> </tr> <tr> <td>Profit for the year</td> <td>1,736,812</td> </tr> </tbody> </table> |  | Rs. in '000' | Non-current Assets | 5,614,131 | Current Assets | 3,937,579 | Total Equity | 6,960,904 | Non-current Liabilities | 112,707 | Current Liabilities | 2,478,099 |  | Rs. In '000' | Sales Net | 1,864,524 | Profit from operations | 2,004,783 | Profit before taxation | 1,849,212 | Profit for the year | 1,736,812 |
|                         | Rs. in '000'   |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| Non-current Assets      | 5,614,131  |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| Current Assets          | 3,937,579  |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| Total Equity            | 6,960,904  |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| Non-current Liabilities | 112,707  |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| Current Liabilities     | 2,478,099  |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
|                         | Rs. In '000'   |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| Sales Net               | 1,864,524  |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| Profit from operations  | 2,004,783  |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| Profit before taxation  | 1,849,212  |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| Profit for the year     | 1,736,812  |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| (vi)                    | in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely, - | N.A.   |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| <b>3(1)(a)(B)</b>       | <b>General disclosures:-</b>   |  |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| (i)                     | maximum amount of investment to be made;   | Rs. 300 million (Rupees Three Hundred Million) short term loan   |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |
| (ii)                    | purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;   | <p>For funding of fast track projects of associated/holding company Avanceon Limited.</p> <p>The company can earn 2% additional markup (One-month KIBOR+2%) earnings as compared to investment in AA rated banks/financial institutions placed at KIBOR.</p>   |  |              |                    |           |                |           |              |           |                         |         |                     |           |  |              |           |           |                        |           |                        |           |                     |           |

# Notice of 6<sup>th</sup> Annual General Meeting

| Regulation No. matters | Regulation  | Proposal  |
|------------------------|---|---|
|                        |   |   |
| <b>3(1)(a)(B)</b>      | <b>General disclosure:-</b>   |   |
| (iii)                  | sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds, -<br>(I) justification for investment through borrowings;<br>(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and<br>(III) cost benefit analysis; | Free cash available with the company the same shall be utilized to grant a short-term loan to holding company to fund fast track projects of holding company.<br>(I) N.A.<br>(II) N.A.<br>(III) N.A.  |
| (iv)                   | salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;  | a. Short term loan duration 01-year renewable on yearly basis<br>b. Unsecured payable on demand<br>c. Rate of markup one-month KIBOR+2%   |
| (v)                    | direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;  | None of the directors, sponsors, majority shareholders and their relatives have any interest in the associated company or proposed transaction, except to the extent of their shareholding in the associated company.<br><br>03 directors in the company are also directors in the associated/holding company (Avanceon Limited) their shareholdings are:<br>Mr. Bakhtiar Hameed Wain – 59.59%<br>Mr. Tanveer Karamat – 0.58%<br>Mr. Mohammad Shahid Mir – 0.08% (Independent Director) |
| (vi)                   | in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and  | None  |
| (vii)                  | any other important details necessary for the members to understand the transaction;  | None  |
| (c)                    | In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made, -   |   |
| (i)                    | category-wise amount of investment;   | Rs. 300 million unsecured short-term loan payable on demand   |
| (ii)                   | average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period;  | The current borrowings of the company is NIL.   |
| (iii)                  | rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;  | One-month KIBOR+2%  |
| (iv)                   | particulars of collateral or security to be obtained in relation to the proposed investment;  | Unsecured   |

| Regulation No. matters | Regulation   | Proposal   |
|------------------------|--|--|
|                        |  |  |
| <b>3(1)(a)(B)</b>      | <b>General disclosure:-</b>  |  |
| (v)                    | if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and   | N.A.   |
| (vi)                   | repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.  | Payable on demand after 01-year renewable on yearly basis  |
| 4                      | Other information to be disclosed to the members   |  |
| 4(1)                   | If the associated company or associated undertaking or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 199 of the Act. | The associated company (Avanceon Limited) and its sponsors, majority shareholders and their relatives have no interest in the investing company or proposed transaction, except to the extent of their shareholding in the investing company.<br><br>Avanceon Limited is a 74.32% holding company of Octopus Digital Limited.<br><br>03 directors in the associated company are also directors in the investing company (Octopus Digital Limited) their shareholdings are:<br><br>Mr. Bakhtiar Hameed Wain – 01 Share<br>Mr. Tanveer Karamat – 50,001 Shares<br>Mr. Mohammad Shahid Mir – 01 Share |
| 4(3)                   | Latest annual audited financial statements of the associated company or associated undertaking along with the latest interim financial statements, if any, shall be made available for inspection of the members in the general meeting called for considering investment decisions in such associated company or associated undertaking pursuant to section 199 of the Act.                               | Latest annual audit financial statements and latest interim financial statements are available on company's web site <a href="http://www.avanceon.ae">www.avanceon.ae</a> and also on Pakistan Stock Exchange.   |

### 3. ITEM 7 OF AGENDA

A separate special resolution is being passed as required under Regulation No. 7(1) v(a) of the Companies (Further Issue of Shares) Regulations, 2020, for the grant of option to eligible identified employees of the Company, its holding Company and/or its subsidiary Company(ies) under Employees Stock Option Scheme 2022 of the company.

Pursuant to requirements of Section 134(3) of the Companies Act 2017, the documents referred including this Agenda(s) and resolution(s) are available at the registered office of the Company and can be inspected during office hours.

### 4. ITEM 8 OF AGENDA

The clause 1.1, Interpretation and clause 7.1 "Grant of Options" of the Employees Stock Option Scheme 2022 is amended to include employees of the Company, its holding Company and/or its subsidiary Company(ies).

# Shareholders Information



The 6th Annual General Meeting of Octopus Digital Limited "Company" will be held on Friday, 26 May 2023 at 03:30 P.M. at Nishat Hotel, Gate No. 7, Imperial Ball Room - B, Adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore, any shareholder may appoint a proxy to vote on his or her behalf. The Proxies should be filed with the company at least 48 hours before the meeting time

## WEBLINK FOR ONLINE MEETING VIA ZOOM:

Members are encouraged to attend the AGM through video conference facility managed by the Company, follow the below link:

[https://us02web.zoom.us/webinar/register/WN\\_\\_tH\\_kaQMSSqSdwq-4vmlCg](https://us02web.zoom.us/webinar/register/WN__tH_kaQMSSqSdwq-4vmlCg).

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address [Investors@octopusdtl.com](mailto:Investors@octopusdtl.com) Guidance as how-to login on Zoom to attend the AGM link: <https://octopusdtl.com/investor-relations/>

1. Approval of minutes of the 5th Annual General Meeting.
2. Approval of Audited Financial Statements of the Company for the year ended 31 December 2022.
3. Appointment as external auditors of the Company for the year ending 31 December 2023.
4. The Board of Directors recommended 15% Bonus share issue i.e. 15 shares for every 100

shares held to the members of the company.

The share transfer books of the Company will be closed and no transfer of shares will be accepted for registration from Friday, 19 May 2023 to Friday, 26 May 2023 (both days inclusive). Transfer received in order at our Registrar, M/S FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi by the close of business hours on Thursday, 18 May 2023 will be treated to have been in time for the purposes of entitlement of dividend and bonus shares to the transferees and to attend & vote at the meeting.

5. Approval of circulating annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("Annual Audited Financial Statements") through QR enabled code and weblink.
6. Approval of short-term loan up to PKR 300 million to its holding company Avanceon Limited.
7. Changes in ESOS-2022 Scheme and provision of grant of options to employee of the Company, its holding Company and/or its subsidiary Company(ies).

## Ownership

As on 31 December 2022 there were 6,322 holders on record of the Company's ordinary shares.

## Quarterly Results

The Company issues quarterly

financial statements. The planned dates for release of the quarterly results in FY 2023 are

|             |                   |
|-------------|-------------------|
| 1st quarter | : 30 May 2023     |
| Half yearly | : 29 August 2023  |
| 3rd quarter | : 30 October 2023 |

All our quarterly reports are regularly posted to Pakistan Stock Exchange, all annual/quarterly reports are also placed at the Company's website: <https://octopusdtl.com> The Company reserves the right to change any of the above dates.

As required under section 223(7) of the Companies Act 2017, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link: <https://octopusdtl.com/investor-information/>



The shareholders are encouraged to send/update their email addresses on the above-mentioned link or email or postal address. The Annual Report has also been uploaded at the Company's website <https://octopusdtl.com> and is readily accessible to the shareholders.

All registered shareholders should send information on changes of address to:

FAMCO Associates (Pvt) Ltd.  
8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shakra-e-Faisal, Karachi.  
Phone: +92 [21] 3438 0101-5  
Fax No: +92 [21] 3438 0106  
[www.famco.com.pk](http://www.famco.com.pk)

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# 2022

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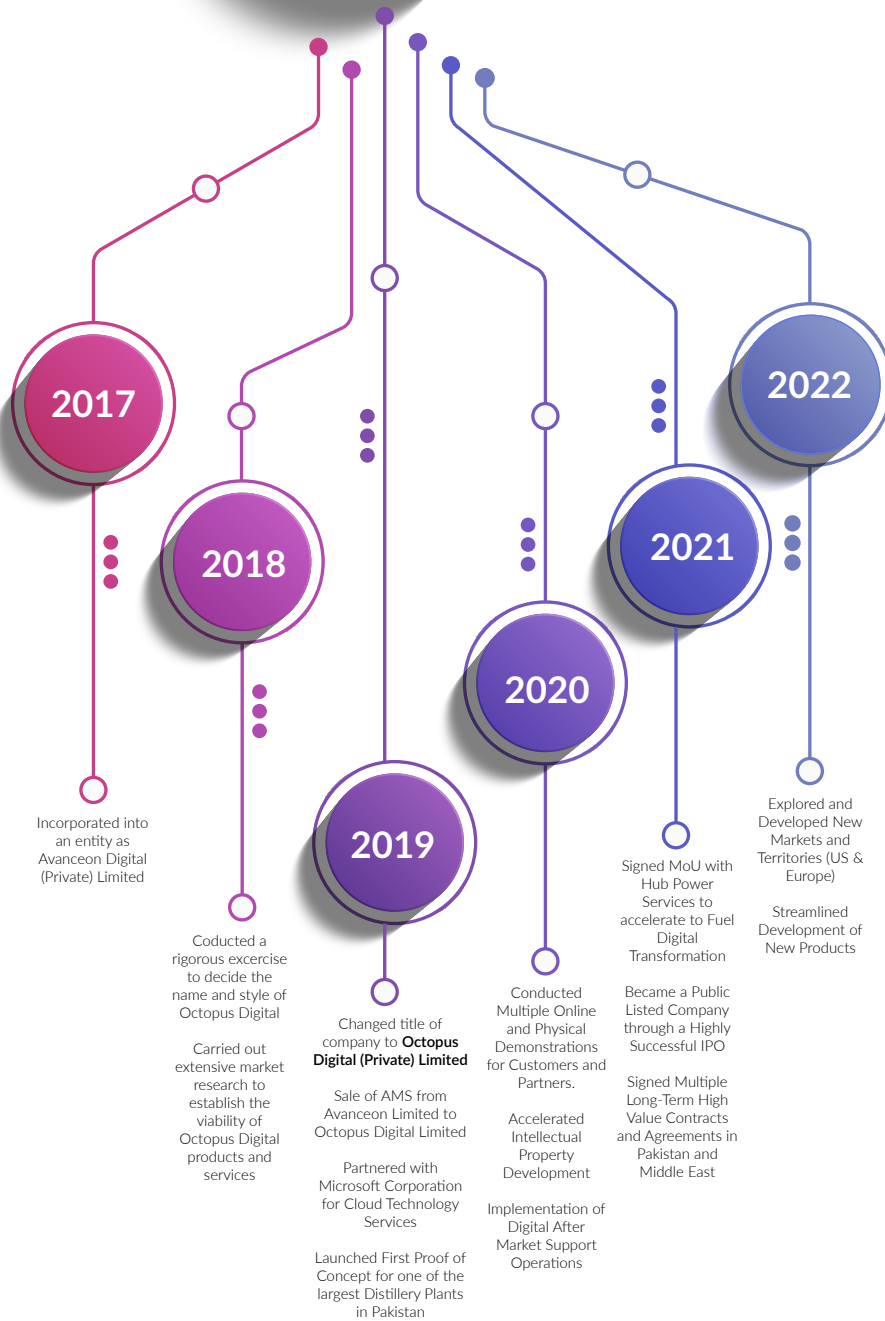
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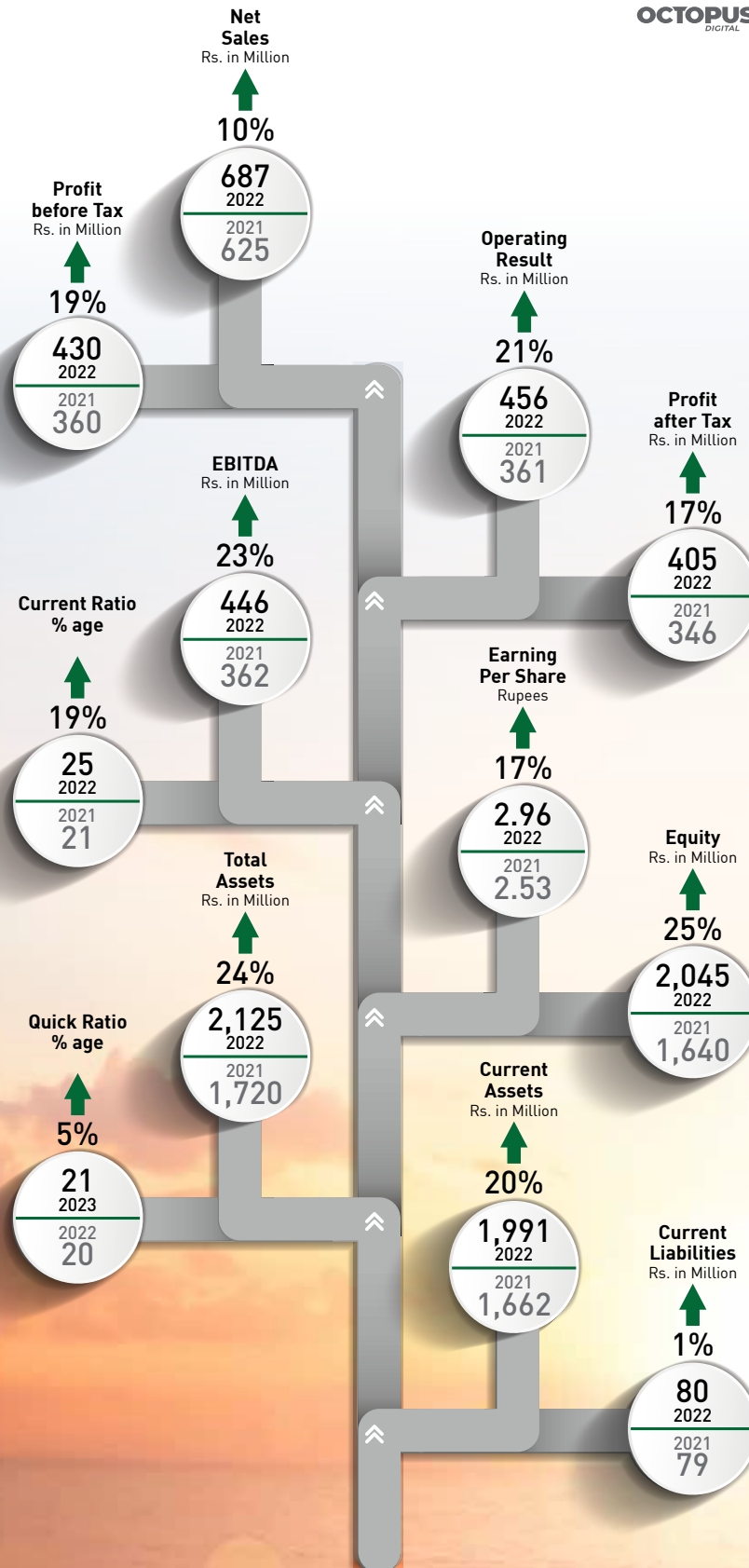
# Octopus Timeline





# Financial Highlights

**OCTOPUS**  
DIGITAL



# Avanceon and Octopus Digital Showcased Innovative Oil & Gas Solutions at ADIPEC 2022



**ADIPEC 2022 for ODL Annual Report 2022**  
**Octopus Digital Focuses on Integrated Solutions with Industry 4.0 Implications at the Region's Largest Gathering of Oil & Gas Industry Players**

ADIPEC 2022 for ODL Annual Report 2022  
 Octopus Digital Focuses on Integrated Solutions with Industry 4.0 Implications

at the Region's Largest Gathering of Oil & Gas Industry Players

Avanceon Limited and Octopus Digital will participate at the Abu Dhabi International Petroleum Exhibition & Conference (ADIPEC) from October 31 till November 03, 2022. Avanceon and Octopus Digital along with their Middle East partner Ali & Sons will take this opportunity to showcase innovative solutions to the largest gathering of oil and gas industry players in the region. Octopus Digital conducted live

demonstrations on the following solutions,

1. OmniConnect - DataLake Builder for Industry 4.0
2. Enterprise Digitalization and Asset Management
3. Digitalized After Market Support for Critical Health Diagnostics
4. Cloud-native and Subscription Based Digital Twinning
5. Fuel Terminal Storage, Inventory In-transit and Retailing
6. Digital Wellhead and Skid Management



7. OEE for Batch Manufacturing

ADIPEC is held under the patronage of the United Arab Emirates (UAE) President His Highness Sheikh Khalifa Bin Zayed Al Nahyan and hosted by the Abu Dhabi National Oil Company (ADNOC), ADIPEC provides opportunities for buyers and sellers to meet, learn, network and discover new products, solutions and technologies from over 2,200 exhibiting companies, which includes over 50 NOCs, IOCs and IECs as well as 25 international

country pavilions, providing a world-class environment for trade across the industry's full value chain. ADIPEC 2022 is projected to attract more than 150,000 energy professionals from over 60 countries; including senior decision-makers and energy industry thought leaders, over 2,200 exhibiting companies and more than 25 national exhibiting pavilions. Avanceon and Ali & Sons have more than a decade old association in the Middle East. As an established and revered name in the Middle East

energy sector, Ali & Sons and Avanceon have collaborated on several high-profile oil & gas projects in the past and is currently working together in the energy sector. Avanceon and Octopus Digital offer comprehensive industry-best integrated automation and data management solutions that have helped some of the biggest oil and gas companies successfully meet business challenges and maximize return on investments.

## Our Goal

**Create a Smarter  
and Safer World  
using Ethical  
AI and Single  
Version of Truth  
for All**





# Group Structure

## CORPORATE PROFILE

Octopus Digital helps businesses digitalize their manufacturing, supply chain, and financial workflows backed by strategic and operational maintenance support services in the US, Middle East, and South Asia. Thus, making decision support, actionable insights, and business intelligence available 24x7x365 both as managed and unmanaged service on a multi-year monthly subscription basis. Find out more about Octopus Digital at <https://octopusdtl.com/>

## ORGANIZATIONAL STRUCTURE

Octopus Digital Limited is part of the Avanceon Group. It is an 74% subsidiary company of Avanceon Limited Pakistan. Octopus Digital Limited was incorporated on Dec 29, 2017, under the name and style of Avanceon Digital Private Limited. Its name was changed to Octopus Digital Private Limited on April 05, 2019, after a rigorous search to sync with its business line and corporate values. It was converted into a Public Limited Company on Nov 11, 2020, under the name and style of Octopus Digital Limited. The company was listed on the Pakistan Stock Exchange on Oct 04, 2021, with the security symbol 'OCTOPUS'.

## TRADEMARK REGISTRY

Owning a trademark is indispensable for businesses as it differentiates products or services from others in the industry. It is essential to choose a name and logo that distinctly identify and convey the essence of a business. Not only does it give protection to the business, but it will also help create a presence within the industry and to the customers. In case of Octopus Digital Limited, we aim to differentiate our Intellectual Properties through the services we provide making them a valuable asset and an effective

communication tool. The logos of Octopus Digital and its Intellectual Properties define our purpose of placing data at the center of every business operation.

As reported last year, Three (03) trademarks of Octopus Digital Limited listed below are being finalized, we have received intimation form Government of Pakistan Intellectual Property Organization Trademark Registry, that all three trademarks have been published in the Trade Mark Journal in September 2022.

The three (03) trademarks include,

1. 
2. 
3. 

During the current year 2022 we have also applied for registration of trademark "OctoServ" which is Octopus Digital's newest initiative focusing on improvement in customer's asset utilization & cost management of ownership by extending their reliable life and enhancing usefulness. OctoSerV will help industries reduce their dependency on local unwarranted, component level repairs of their AB VFDs



|       |        |             |
|-------|--------|-------------|
| 6.99  | 6.94%  | 16,778,485  |
| 50.63 | -0.56  | 2,307,500   |
| 48.51 | -1.11% | 115,352,590 |
| 80.00 | 3.62   | 1,934,900   |
| 78.11 | 4.82%  | 153,277,769 |
| 85.00 | 3.96   | 1,731,121   |
| 83.30 | 4.91%  | 146,009,772 |
| 2.76  | 0.05   | 1,389,000   |
| 2.70  | 1.85%  | 3,805,350   |

|                    |
|--------------------|
| Shantaj Textile... |
| <b>OCTOPUS</b>     |
| Octopus Digital... |
| <b>KPUS</b>        |
| Khairpur Sugar ... |
| <b>SASML</b>       |
| Sindh Abadgars ... |
| <b>POWER</b>       |
| Power cement Li... |

WAVETEC



# Code of Business Conduct and Ethical Principles

As an ethically unyielding, proactive, and sustainable business, Octopus Digital Limited aims to hold high standards across all practices without needing third party monitoring.

At Octopus Digital, we do not compromise on business ethics and practices. Working with us implies engaging with our core values of honesty and integrity. These values define how we work and how we achieve success.

Our values also define the very foundation of our outright business conduct and ethics:

## COMPLIANCE WITH LAWS AND REGULATIONS

At Octopus Digital, we adhere by laws, rules, and regulations. We understand and comply with the legal requirements and commercial practices of lawful business. We are committed to adhere to every valid and binding contractual agreement that we conclude. We oppose any action that breaches anti-corruption laws of all the countries in which we operate. Engaging with us implies adhering to uncompromised integrity at all levels. This is our pledge in delivering sustainable solutions that will never undermine our reputation or the companies that we work with.

## INFORMATION TECHNOLOGY & COMMUNICATIONS

At Octopus Digital, we are committed to delivering information transparently to protect the reputation of the company and that of the stakeholders, and to promote the integrity of the company. Regardless of the purpose of the communication, every employee at Octopus Digital is responsible for delivering our message within the provision that has been set to ensure accuracy and safeguard internal and external stakeholders. We are committed to protect our customers and employees from internal or external information security threats, whether deliberate or accidental.

## EMPLOYEE EMPOWERMENT FRAMEWORK

At Octopus Digital, we hire highly talented, energetic, and dedicated resources who can make a real contribution to our success. As an employer we believe our people are our biggest asset and our greatest investment in future, which is essential to long-term business success.

We go the extra mile in equipping them with the skills necessary for their professional growth, recognizing them for their outstanding performance and providing them with a world class experience to deliver their best in an enabling environment.

## EQUAL EMPLOYMENT AND ANTI-HARASSMENT

Octopus Digital has and will always be an equal opportunity employer. We believe that everyone benefits from a co-building and positive work environment. Therefore, we have zero tolerance for any form of discrimination or harassment.

- Non-discriminatory Policy
- Social Compliance Policy
- General Working Policy


The Company is proud to be an equal opportunity employer. At Octopus Digital we are totally blind to gender, religion, disability, ethnicities, and discrimination. To think out of the box is a major ingredient required to be part of the Octopus team.

## CUSTOMER CENTRICITY AND SUSTAINABILITY

Octopus Digital's expresses its commitment toward its customers through the qualitative execution of our sound solutions and strong work ethics. In order to achieve sustainable growth, we place sustainability at the center of what we do by making a positive difference in the lives of the people and communities we work with through sound and impactful investments.

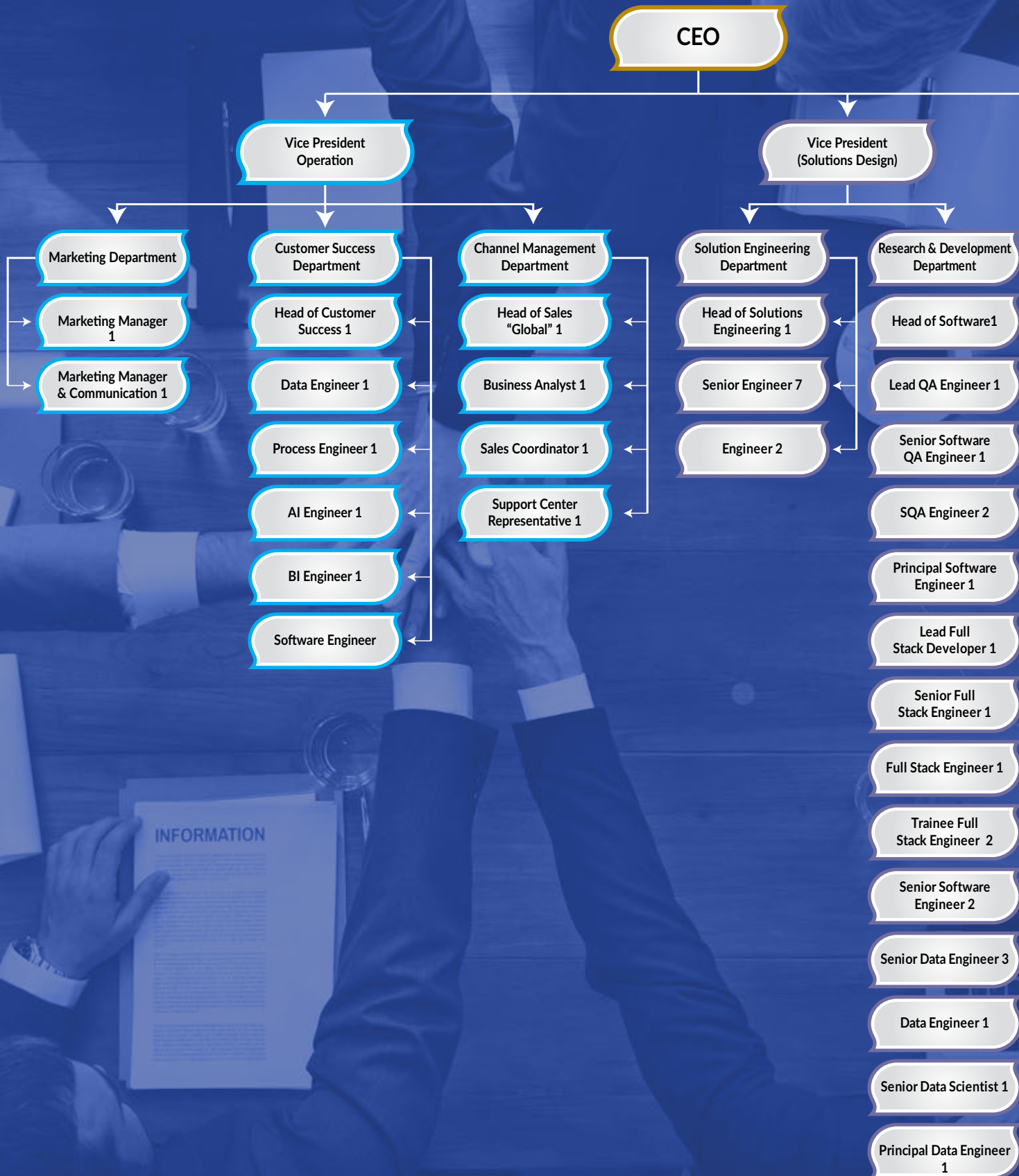


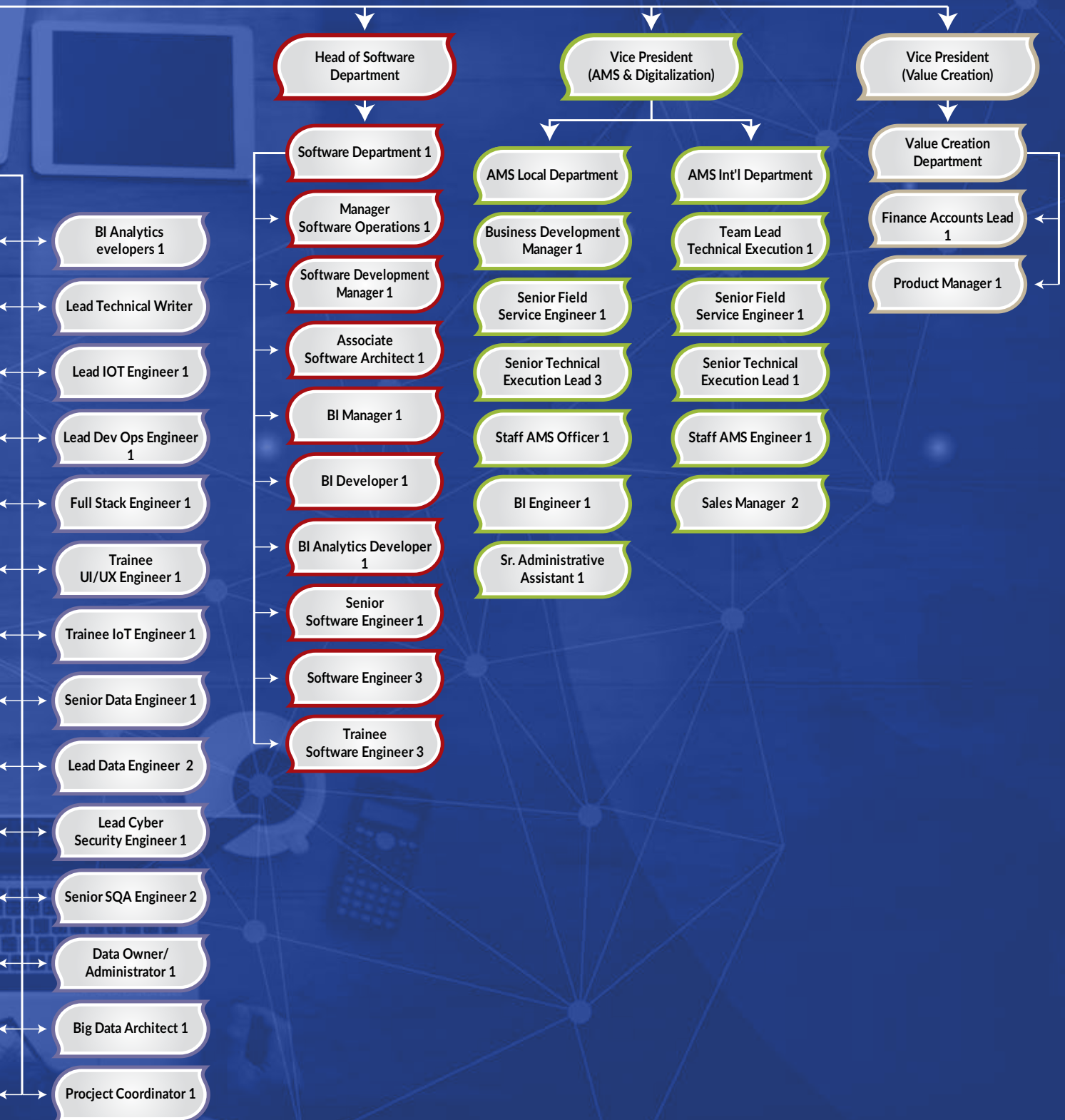


|             |   |        |        |       |
|-------------|---|--------|--------|-------|
| 2,338,000   | KOHLER  | 165.35 | 165.35 | 11.53 |
| 16,847,265  | Kohat Cement Co...  | 9,300  | 156.98 | 7.49% |
| 2,314,500   |  OCTOPUS | 50.42  | 50.42  | 3.51  |
| 115,700,590 | Octopus Digital...  | 1,000  | 50.42  | 7.46% |
| 1,949,900   | KPUS  | 60.44  | 60.44  | 4.20  |
| 154,457,740 | Khairpur Sugar ...  | 500    | 60.44  | 7.46% |
| 1,740,819   | SASML   | 14.20  | 14.20  | 0.95  |
| 146,830,618 | Sindh Abadgars ...  | 500    | 14.20  | 7.16% |
| 1,389,000   | POWER   | 7.24   | 7.36   | 0.47  |
| 3,805,350   | Power cement Li...  | 7,000  | 6.99   | 6.94% |



# Organogram





# Nature of Our Business

## SMART MANUFACTURING AND INDUSTRY 4.0 MARKET SIZE AND FUTURE OUTLOOK -

The global Smart Manufacturing Technology market size was valued at USD 200388.34 million in 2021 and is expected to expand at a CAGR of 13.66% during the forecast period, reaching USD 431963.31 million by 2027.

## TOP MANUFACTURING TRENDS IN 2022 -

Here are some of the top trends witnessed in Year 2022.

### AI everywhere:

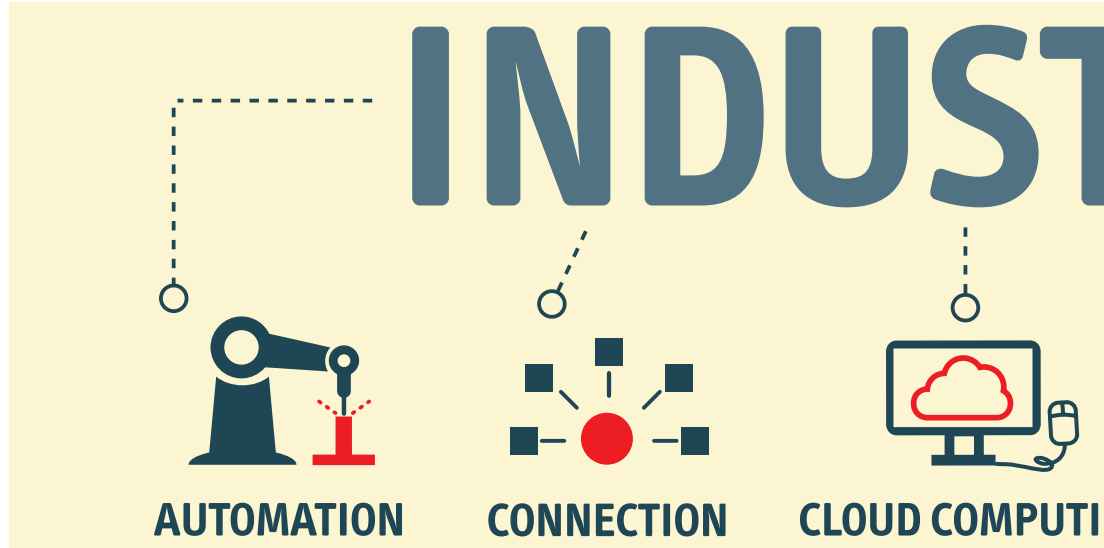
From automatically responding to shifts in production demand to anticipating breakdowns in the supply chain, artificial intelligence showed up more than ever before throughout manufacturing operations.

- More than two-thirds of manufacturers are either using AI now or will be doing so within two years.
- Current use cases include predicting needed maintenance for equipment, forecasting product demand, and monitoring performance metrics such as productivity and efficiency. Future use cases could include fully autonomous factories that run continuously with minimal human intervention.

### Training on demand:

Training for technicians and frontline operators used to mean time in a classroom with a live instructor. In 2022, more manufacturers turned to virtual, on-demand learning tools that allowed workers the freedom to learn at their own pace.

- This ran the gamut from video content libraries to immersive augmented reality/virtual reality experiences that guide and correct trainees.
- In 2023 and beyond, this type of learning experience will be essential to attracting and



retaining younger workers who are familiar with digital learning and want the latitude to gain new skills on their own schedules.

### Digital twins:

Manufacturers used digital twins—virtual models designed to reflect a physical object, system, or process accurately—to create design prototypes and test their performance.

- Digital twins will continue to allow for new levels of design optimization, improved product development and performance and significant waste reduction for manufacturers.

### Robotic collaboration:

Once confined to steel cages and bolted to floors, industrial robots took centre stage in 2022.

- No longer limited to repetitive tasks and kept far from human workers, new-generation robots are safe enough to work alongside employees, can be moved quickly around shop floors and are programmed easily to do multiple tasks.
- Since they've also become more affordable, they're an economically feasible investment for companies of all sizes.

### Cybersecurity as safety:

A rise in connected factories also meant a rise in cyberattacks on manufacturers. In an industrial setting, a cyberattack can be very dangerous, as it can cause equipment to malfunction.

- Last year, more companies began addressing the threat with cyber drills, tabletop exercises for simulated attacks and other training exercises designed to keep businesses—and workers—safe and secure.

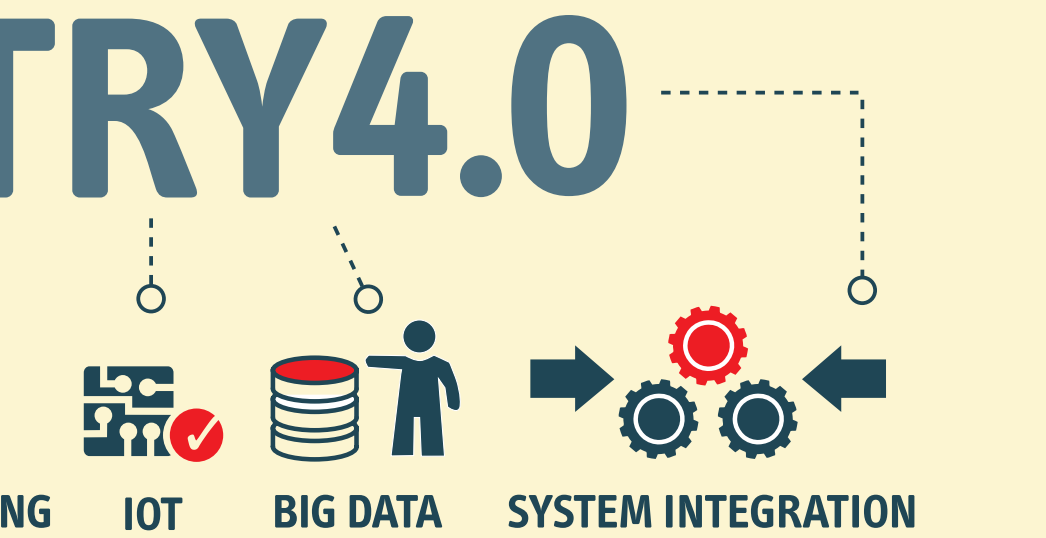
### Low-code/no-code development platforms:

In 2022, more manufacturers embraced the use of mobile and web apps to build applications quickly. Using these platforms, enterprise and citizen developers can drag and drop application components and connect them to create apps—without line-by-line code writing.

- Business teams with no software development experience built and tested applications without any knowledge of programming languages, machine code or the development work behind a platform's configurable components. We can expect to see more of it this year.

### Smart glasses move beyond the pandemic:

Many manufacturers kept up their



pandemic-era use of smart glasses, which they had used to troubleshoot issues on the ground when travel was restricted, and engineers and technicians couldn't reach sites.

- They also expanded smart glasses' use to include scanning sensor data so users can see visual data "mapped" onto equipment to better identify issues and fixes.

**WHAT TO EXPECT IN 2023 WITH SMART MANUFACTURING –**

Advanced and emerging technology: Manufacturers are investing in a multitude of new technologies, including artificial intelligence, virtual reality, machine learning and more. Automation and robotics are enhancing workers' abilities but will also require many more high-skilled employees. Though the workforce shortage is a challenge, digital technologies will help manufacturers become more resilient, efficient, and profitable.

**Supply chain resilience:**

As manufacturers face long lead times, increased costs and a scarcity of raw materials, they are taking steps to boost supply chain resilience through reshoring, cybersecurity, increased supplier pools and more.

**Talent disruptions and opportunities:** Manufacturers are confronting a

range of challenges around the workforce, including labor shortages and skills gaps, while also figuring out how to take advantage of previously untapped talent pools.

**Cybersecurity:**

The threat from bad actors is real, and strong cybersecurity has become critical to manufacturing operations up and down the supply chain. At the same time, manufacturers will have to be on the lookout for new cybersecurity reporting requirements.

**Post-pandemic growth and expansion:**

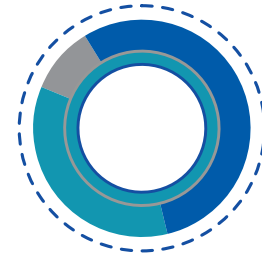
Long-term goals shouldn't be downgraded, despite an uncertain economy. Manufacturers should keep pursuing technological advances, navigate government incentives and stay open to mergers, acquisitions, and other investments.

**Tough economic outlook:**

There's no doubt that manufacturers face economic headwinds. That means manufacturers need to look for ways to be nimble and responsive to changing realities and able to work more efficiently than ever.

**Sustainability:**

Manufacturers are committed to strengthening operations and maintaining a healthy planet at the same time. More than ever, manufacturing companies are looking



45% ● A combination of both  
38% ● Buy in new technology  
17% ● Upgrade existing machinery

for ways to reduce carbon emissions.

**Disclaimer:**

The views and analysis expressed in this section are reproduced from news outlets and researched reports. Respective links are mentioned below for your consideration.

**Sources:**

1. <https://www.nam.org/top-manufacturing-tech-trends-of-2022-20014/?stream=business-operations>
2. <https://www.manufacturingleadershipcouncil.com/the-top-8-manufacturing-trends-for-2023-31583/>
3. <https://www.marketwatch.com/press-release/smart-manufacturing-technology-market-size-revenue-and-forecast-2030-2023-04-04#:~:text=The%20global%20Smart%20Manufacturing%20Technology,USD%20431963.31%20million%20by%202027.>

# Strategic Partnerships

## MUTUAL BENEFITS THAT LEAD TO LONG TERM SUCCESS

At Octopus Digital, we believe strategic partnerships play a crucial role in our success. Some of the benefits of these partnerships is Access to Expertise, Collaboration and Innovation, Cost Sharing and most important of all, Expanding the Customer Base.

In 2022, Octopus initiated a number of conversations with potential strategic partners to compliment products and services to create value.

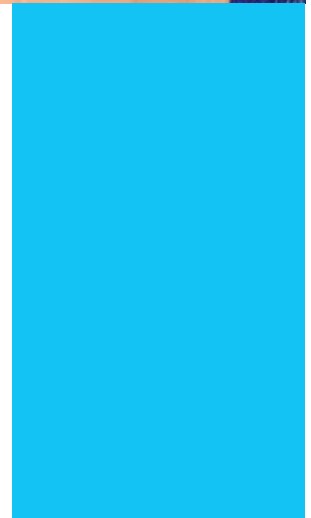
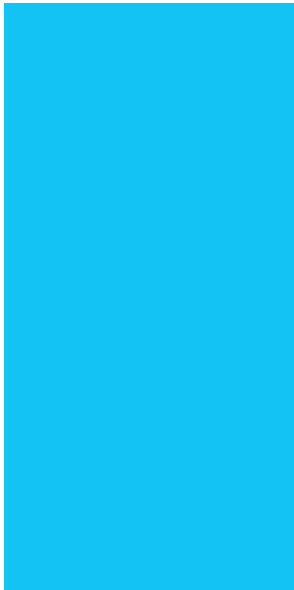
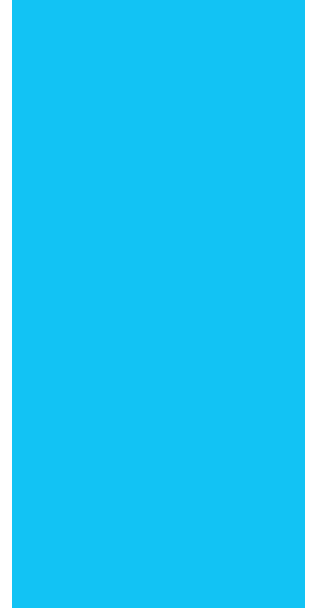
**MAY 2022 - OCTOPUS DIGITAL AND CISCO SIGNED MEMORANDUM OF UNDERSTANDING TO GAIN GROUND IN IOT CYBERSECURITY SPACE.**

**THE OCTOPUS DIGITAL CISCO MOU WILL ENABLE ORGANIZATIONS TO PROTECT CRITICAL ASSETS THROUGH TRUSTED SOLUTIONS AND YEARS OF COMPREHENSIVE EXPERTISE**

Octopus Digital and Cisco Technologies signed a Memorandum of Understanding (MoU) to accelerate awareness, sales, and market share of Cisco Technology products within the IOT Cybersecurity space. The collaboration will see the two organizations share resources and expertise with the objective of providing Avanceon customers state-of-the-art Cisco Technologies solutions.

The key aspects of the MoU between Octopus Digital and Cisco Technologies include market awareness, providing product access, and driving sales through OT Cybersecurity customers. The strategic objective of the MoU between the two companies is to provide Octopus Digital customers with high end OT Cybersecurity solutions and products and is part of Cisco's Cyber Vision Partner Initiative.





# Core Competencies



## AFTER MARKET SUPPORT -

At After Market Support, we stand committed to our customers to offer service partnership to maintain, support and optimize the performance of our installed base. The services transform how plant assets are managed, offering assured system performance and outcomes while allowing users to focus on operations.

Through our flexible support services level programs, we have helped our customers achieve sustained performance of the control systems by developing a proactive maintenance path with defined metrics and reporting to demonstrate performance. Our Services Level Agreement (SLA) offers a clear contract with defined metrics, active support management and outcomes that provide optimal results for users' process control investments.

AMS helps reduce unplanned events, resolve problems faster, improve performance and manage life cycle planning of systems to help create a more efficient plant and maximize return on investment.

**What Does Octopus Digital Do -** Octopus Digital helps businesses in their journey towards digital mastery through,

- ▣ Service-Based Business Model
- ▣ Monthly Subscription Service Packages
- ▣ Zero CAPEX. Total OPEX
- ▣ On-Demand and Self-Service Analytics
- ▣ Cyber-Secure. IoT/Cloud-Native

**How Octopus Digital Accomplishes It -** Octopus Digital's team of Design-Thinkers, Process Experts and Data Scientists help

- ▣ Develop a Comprehensive Digital Journey Roadmap
- ▣ Plant Information & Asset Management Dashboarding
- ▣ Optimization of Critical KPIs
- ▣ Multivariable Predictive & Prescriptive Insights
- ▣ AI-Powered Process Modelling

## OCTOPUS DIGITAL PROVIDES END-TO-END DIGITALIZATION

Simply, Quickly and Securely

The Next Generation of Business Intelligence isn't siloed in systems or dependent on fancy dashboards. Instead, insights appear instantly,

making it easier to see change and take action.

- ▣ **Decision Support:** Receive automatic alerts for your most important KPIs and keep your eye on the big picture
- ▣ **Digital Twinning:** Topware™ creates a digital twin of every asset and entire process to connect, analyze and optimize.
- ▣ **Automate Reporting:** Measure productivity by exporting and emailing reports to stakeholders
- ▣ **Consulting 4.0:** Schedule periodical sessions with process experts and data scientists to deep dive into a single version of truth

## CONNECT AND ANALYZE DATA FOR DECISION SUPPORT

We deliver insights on complex data so that every user across the organization can achieve better outcomes. Our Cloud-Native, AI-Powered Topware™ presents data in a way that lets even non-IT/OT professionals gain insight and take action.

Changing the Way you Think about Data

- ▣ **Simplify Complexity:** Topware™ compiles data from multiple sources in an enterprise to create Single Version of Truth
- ▣ **Deploy & Adapt Quickly:** Topware™ becomes operational in 07 days followed by a 30-minute user Orientation & Training
- ▣ **Drive Impact:** Topware™ aligns teams, their business objectives and key results on real-time basis

## What's in it for the Customers -

Topware™ helps accelerate operational & strategic decision-making without IT/OT bottlenecks through a single-step monthly-subscription







- ▣ **Analytics as a Service** - The health of your organization on a single screen. Our Analytics as a Service provides additional insights that enable analysts and end-users to have easy access to data from multiple sources and explore the information at hand interactively and collaboratively.
- ▣ **Infrastructure as a Service** - Eliminate the capital expense and reduce operational costs. Our Infrastructure as a Service is robust and secure. We partner with the best to keep your data secure and readily available with no downtime. Respond quickly to shifting business trends through a stable and reliable infrastructure. Our proprietary BTMI (Build, Train, Maintain, and Improve) model provides our customers peace of mind with regard to their critical assets.
- ▣ **Aftermarket as a Service** - Our strategic approach enables our customers to focus on the core business while their systems are managed and maintained by Octopus Digital's highly reliable team of trained professionals

**TOPWARE™** - Topware™ is subscription-based decision support solution for digital dashboarding, analytics and prediction.

The Topware™ Digitalization Service Suite is an end-to-end solution that automates the entire customer service and asset maintenance cycle - from short-term decision making in the control center to long-term maintenance p

- ▣ Advanced Dashboard with EDA
- ▣ Predictive Decision Support Service
- ▣ Prescriptive Decision Support Service

- ▣ Auto-ML Digitalized Command and Control

Decision Support Solution (DSS) for Business Intelligence and Valuable Insights

- ▣ Digital Dashboarding
- ▣ Prediction and Prescription
- ▣ Autonomous Command Centre

**OMNICONNECT™** - OmniConnect™ establishes Big-Data Data Lake and dashboards within hours and on a fixed cost basis without any coding or programming.

Octopus Digital's Secret Sauce - Innovation in the Operational Technology (OT) space

- ▣ Big Data - Establishes Data Lake in a few clicks. Maintenance & Licensing-free
- ▣ Portable - Data travel in and out of Data Lake is fast, secure & hassle-free
- ▣ Machine Learning Ready - Can connect with any third-party tool for custom data treatment

**OUR VALUE PROPOSITION**

Decision Support Solution Enabled Within 1-2 Weeks on a Monthly Subscription Model

- ▣ No Upfront Investment
- ▣ No Hardware and Software Costs
- ▣ No Engineering Costs

**Core Functions -**

- ▣ A One-Way OPC Connection
- ▣ Quick Build Up to Enable Dashboards
- ▣ An Hour of Customers Time to get Started

What the Company Needs to Get Started -

- ▣ Key Parameters
- ▣ Indicators
- ▣ Performance Calculations
- ▣ Historical Analysis

**CLOUD NATIVE DECISION SUPPORT SOLUTION**

Partnership with Microsoft Corporation for Open-source, Cloud Native Digital Services

- ▣ Online accessibility via Microsoft Azure 24x7x365
- ▣ Data storage on a cloud native data lake for analytics
- ▣ Oil accounting and asset performance monitoring
- ▣ Dashboarding & reporting secured from Cloud
- ▣ Power-BI for reports & data analysis
- ▣ Perpetual changes and modifications included

To find out more about Octopus Digital's products and services, contact support@octopusdtl.com.



# Customer Portfolio

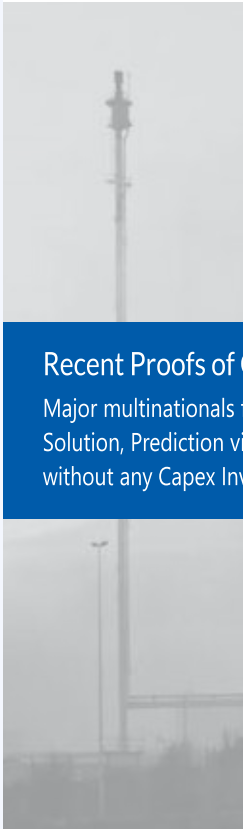


Octopus Digital offers state-of-the-art Decision Support System enabled within 1-2 weeks on a monthly subscription basis. No upfront investment, no software and hardware costs and no engineering costs are incurred to the customer. The Octopus Digital value proposition includes scalable, reliable, maintainable, and secured services which is available on a single click, from anywhere, at any time.

Octopus Digital has partnered with Microsoft Corporation for open-source, cloud native digital services offering online accessibility through Microsoft Azure 24x7x365. Dashboarding and Reporting Secured from Cloud. Data storage on a cloud native data lake for analytics. Power Bi for reports and data analysis. Oil accounting and asset performance monitoring. Perpetual changes and modifications included.

Octopus Digital has successfully developed Proofs of Concepts for major multinationals.

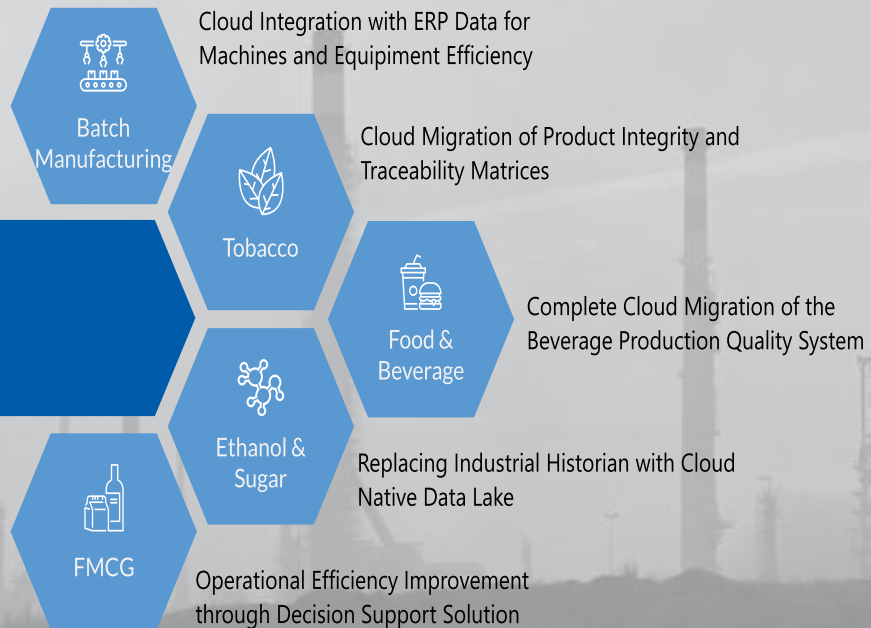
Octopus Digital secured multiple high value contracts in 2021. Here is a rundown of some of the major successes



Recent Proofs of  
Major multinationals  
Solution, Prediction v  
without any Capex Inv



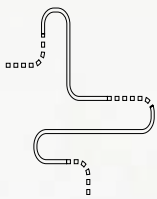
Concepts  
for Decision Support  
via Machine Learning  
Investment



# HR Updates

Octopus Digital's Human Resource Dept. has a clear vision for the next three years. It aims to build a strong, productive, and engaged team and have Octopus Digital recognized as a preferred employer and provider of innovative and results oriented human resources services, policies, and systems. Octopus Digital plans to hire 84 resources till the end of FY 2024. The concentration of the recruitment will be spread over different departments.

Since September 2021, Octopus Digital has recruited 10 associates which is a 70% increase in the Octopus Digital workforce.



Open Positions



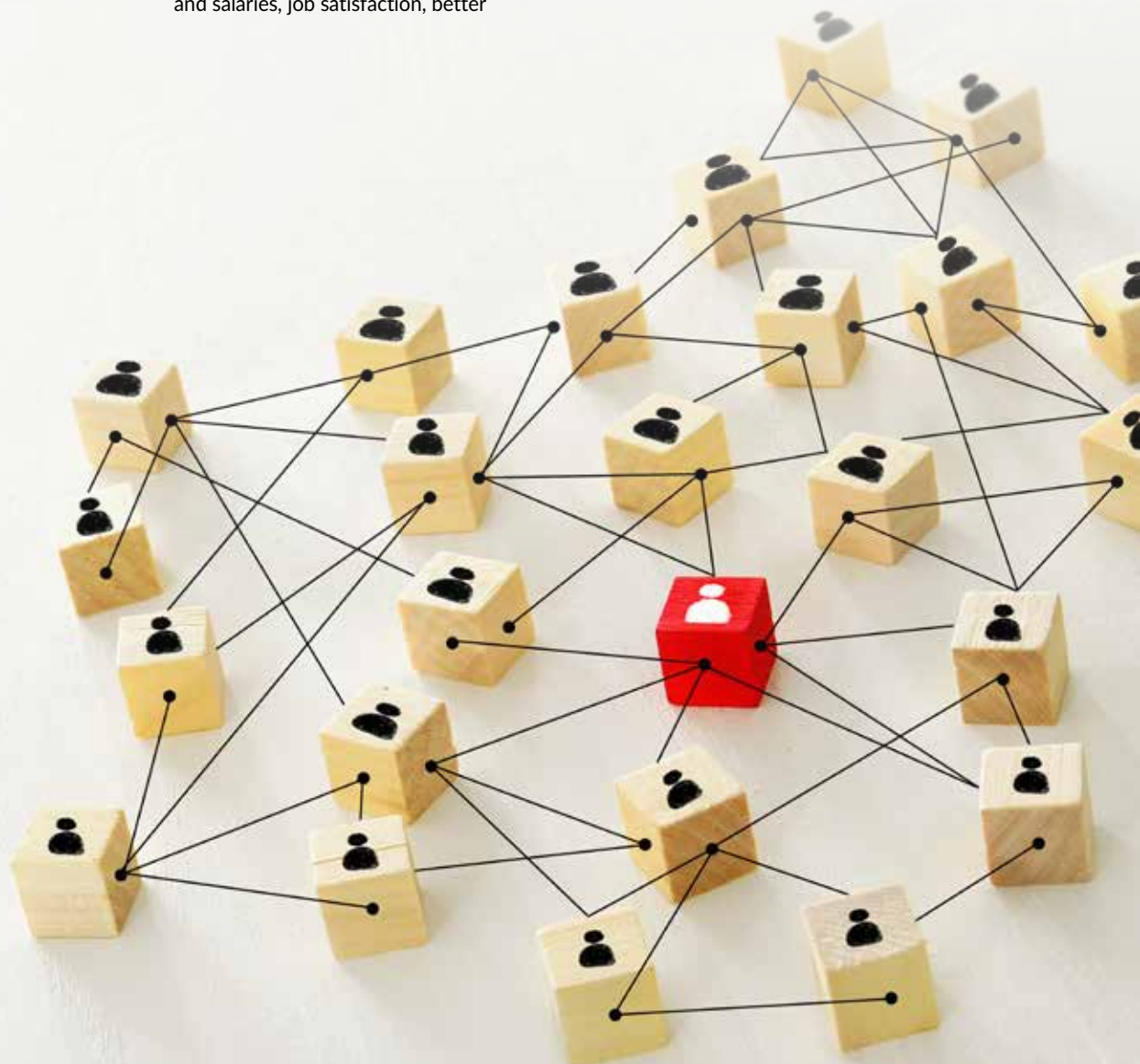
Apply now

The core objectives of the Octopus Digital Human Resource Dept. will be to,

- ▣ Define Organizational Structure and Drive Productivity
- ▣ Build Coordination between Departments
- ▣ Establish and Sustain Employee Satisfaction and Wellbeing
- ▣ Keep Up with Societal and Ethical Models
- ▣ Achieve Organizational Goals

The Human Resource Dept. must assist employees in achieving their personal goals, such as higher wages and salaries, job satisfaction, better

working conditions, standard working hours, promotion, motivation, welfare facilities, prestige, recognition, status, social security leading to employee satisfaction. The Human Resource Dept. should motivate the employees and keep their morale high. It is imperative to convert the organization into an engaged workplace by bringing together both engaged employees and engaged employer. Employee engagement ideas encourage employees to gain confidence in the organization. The Octopus Digital Human Resource Dept. aims to accomplish these objectives and more over the next few years.



# Corporate Governance

Achieving High standard of corporate governance level entails transparency & Completeness of information, ethical behavior and a strong internal control system. Striking the balance in interests of all stakeholders whether internal or external is the key output of a strong corporate governance environment.

The international standard on social responsibility, defines organizational governance as "a system by which an organization makes and implements decisions in pursuit of its objectives." Governance systems include the management processes designed to deliver on performance objectives while considering shareholder's interest.

We believe in the philosophy of "doing the right things, the right way for the organization independent of personal interests".

The Board of Directors is committed to the principles and do comply with requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

In this regard at Octopus Digital Limited, a strong internal control

system and risk management policies are in place. This ensures;

- Efficient and effective operations of the Company,
- Safeguarding of assets and shareholder wealth,
- Compliance with the local laws and regulations
- Financial accounting & reporting in accordance with the International Accounting Standards [IAS] and International Financial Reporting Standards [IFRS].

## ROLE OF THE BOARD OF DIRECTORS

The Board has a fiduciary duty for the proper line of action and management of the Companies affairs, exercised within its defined powers, this duty includes at the minimum:

- Company's Business Risks- Identification and Control
- Management Information system transparency
- Timely and effective reporting to shareholders

The Board is also responsible primarily for a strong Internal Control environment thus evolving and implementing the

required overall control system. The Internal Control system includes:

- Procedures, policies & guidelines,
- Division of responsibility and Authority Organogram,
- Internal audit,
- Qualified Professionals manning to run the key jobs and
- Continuous rigorous training for improvement.

## STATEMENT OF DIRECTORS'

### Responsibilities

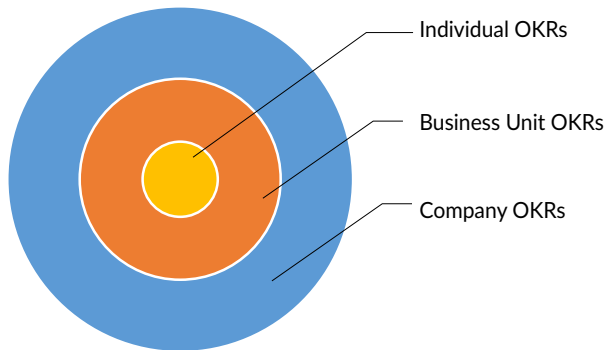
The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed in total by the Board in the light of the Company's overall objectives. The Board is committed to maintain the high standard of good corporate governance. The Company acts in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly amended listing rules of the Pakistan Stock Exchange.

Following are the Statements on Corporate and Financial Reporting Framework:

- a. The financial statements, prepared by the management of the Company, present its state of affairs fairly, the



## Corporate Governance



- results its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
  - Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
  - International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
  - The system of internal control is sound in design and has been effectively implemented and monitored.
  - There are no doubts upon the Company's ability to continue as a going concern.
  - The best practices of the Corporate Governance, as detailed in the listing regulations have been followed.

### RESPECTIVE ROLE OF THE CHAIRMAN & THE CEO

The Chairman of the Board manages and provides leadership to the Board of Directors of Octopus Digital, with its focus on all strategic matters.

During the year the Chairman introduced the idea of a technical advisory board that consist of independent directors/technical advisors from strong digital/technical background to assist in setting the strategic goals for digitalization. Mr. Arif Janjua (Non-Executive Director) is the first person/initial step on this initiative.

The other roles and responsibilities of the CEO include developing the Company strategy, supported by yearly business plans and budgets, for Board approval; running the business in accordance with Board decisions; achieving the Company's financial and operating goals and objectives; succession planning; information technology planning; monitoring and reporting the Company's performance and compliance

imperatives to the Board.

The Board comprises of two executive and five non-executive directors including two independent directors. All the directors keenly take interest in the proper stewardship of the Company's affairs. the existing directors' tenure will complete three years period on 08 June 2024. The Board has constituted the following committees:

- Audit Committee
- Human Resource and Remuneration Committee / ESOS Compensation Committee
- Executive(s) Board
- Technical advisory board

Through its committees, the Board provides proactive oversight in some of the key areas of business and the performance of CEO. The Board regularly reviews the respective charters of these committees.

### THE EXECUTIVE BOARD

The Executive Board is responsible for the overall achievement of Objectives Key Results (OKRs). A management methodology that helps to ensure that the company focuses efforts on the same important issues (role alignment) throughout the organization. This encompass mapping leadership OKRs on company's success, drive performance and review to track progress using OKRs score card.

The Executive Board Comprises of key management leadership across the board from sales, engineering, finance, HR and Corporate globally. The Executive Board's mandate is to steward the corporate plan, via monthly/Quarterly meetings, ensuring projects delivery on time, improving execution and removing any hitches, availability of free cashflows, fixed cost event-oriented analysis, taking preventive/corrective actions and increasing the wealth of shareholders. The main driving factors include

- PO Generation
- Revenue recognition
- Invoicing
- Collection

### CEO PERFORMANCE REVIEW BY THE BOARD

The Board of Directors evaluates the chief executive officer annually in light of corporate goals and objectives including performance of the business, accomplishment of long-term



strategic objectives, development of management, etc., as established. The evaluation has been communicated to the chief executive officer and the chairman of the Board.

**MANAGEMENT INITIATIVES ON CORPORATE GOVERNANCE-**

The Company is in line with a clear plan to train its key management personnel starting from the CEO & Chairman of the Board down to key executives inclusive of female executives in line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. During the financial year 2022 two (02) directors Mr. Mohammad Shahid Mir (Independent Director) and Mr. Adeel Khalid (Executive Director) were imparted director’s training under the code of corporate governance to enhance their skills and understanding of the corporate affairs.

**ETHICS**

Ethics are an integral part of the professional culture cultivated at Octopus Digital.

The yard stick for measurement lay a line of guidance for the behavior and conduct of all employees enabling them to meet objectives efficiently, transparently and fairly. There is a comprehensive, well-structured ethics program, based on a code of conduct, which has been approved by the board and is applicable to all employees.

The ethics program includes:

- Code of ethics
- Training for employees
- Whistle Blower Policy

**CODE OF CONDUCT**

The Board has adopted a code of conduct for its members, executives and staff, specifying the business standards and ethical considerations in conducting its business. The code includes:

- Corporate governance
- Relationship with employees, customers, and regulators
- Confidentiality of information
- Trading in Company’s shares
- Environmental responsibilities
- Harassment Policy

**SUSTAINABILITY**

Avanceon group takes corporate social responsibility seriously. Through giving back to the people that work with us and the communities where we operate, we create meaningful societal values and traits.

The same legacy continues at Octopus, we support the children of our support staff all the way from primary school enrollment inclusive if all financial support up to university level, and not only that, but also work towards finding them a suitable job.

**OCCUPATIONAL ENVIRONMENT PROTECTION, SAFETY AND HEALTH**

A Healthy and safe team is one which brings excellent results, we take proud in investing in safe work environment. Octopus Digital carries out regular activities to ensure safety and health of its resources and maintains a clear and clean work environment. Recently a plantation drive was created under which more than 50 employees participated in the tree plantation within office and their homes.

Regular fumigation, air purifiers, sanitization, facilities of filtered drinking water, equipment for firefighting, and safe driving sessions are a few to mention.

Regular fumigation, air purifiers, sanitizat

The Company has established a safety department led by an experienced member of staff, equipped with sophisticated firefighting and safety equipment. The Company is dedicated and committed towards protection of the environment, energy conservation and welfare of all staff and broader society.

**EQUAL OPPORTUNITY EMPLOYER**

The Company is proud to be an equal opportunity employer. At Octopus Digital we are totally blind to gender, religion, disability, ethnicities, and discrimination. To think out of the box is a major ingredient required to be part of the Octopus team.



The most critical factor for any business strategy & long-term sustainability is robust corporate governance practices. Octopus Digital’s overall governance framework is devised to ensure a strong oversight, board and management accountability. We believe bottom line demonstrates commitment to transparency, independence, and diversity.

**Ahsan Khalil** – ACA-FPFA (Company Secretary)

# Whistle Blower Policy

# “SPEAK OUT!”

The Core Values that we talk about is the “Candor & Ethics”, The Company and all its subsidiaries have applied a number of policies related to ethics and responsible behavior ‘which define the high standard of governance and business conduct.

A concrete Whistleblower system is in effect at Octopus Digital Group. The Company expects employees, suppliers, and contractors at all affiliated companies to not only abide by our standards of business conduct but come forward without fear and;

## “Speak-out !”

about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance.

Considerable efforts are made to maintain the confidentiality of complainants and to protect them from any form of retaliation or victimization for genuinely held concerns that are raised in good faith

Speak-outs are encouraged to report serious concerns that could have a significant impact on these

organizations, such as actions that

- are unlawful or may damage the reputation of Octopus Digital or an affiliate.
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct.
- are in violation of Safety Health & Environmental standards applicable to the business
- give rise to harassment, discrimination or other unfair

Independent “**Speak Out**” hotline **0092-42-37515129** or email to **speakout@octopusdtl.com**. to raise concerns. You can also write to **Speak Out (PO Box 4012, Lahore - Pakistan.)**

**Note:** During the year 2021 no cases were reported, highlighting ethical commitment of Company’s stakeholders’.

# OCTOPUS DIGITAL





# Independent Auditor's Review Report To the Members of Octopus Digital Limited

## REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Octopus Digital Limited for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2022.

LAHORE

DATED: May 15, 2023

UDIN: CR2022100874SuWJRH3X



BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS  
Engagement Partner: Sajjad Hussain Gill

# Statement of Compliance

Annexure A  
[see regulation 36(1)]

## with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: **Octopus Digital Limited**

For the period ended: 31st December 2022

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following, -
  - a. Male: Six (06)
  - b. Female: One (01)
2. The composition of Board as of 31 December 2022 is as follows:

| Category                | Name  |
|-------------------------|---|
| Independent Directors   | Mr. Mohammad Shahid Mir<br>Ms. Saleha Asif                                    |
| Non-Executive Directors | Mr. Bakhtiar Hameed Wain<br>Mr. Tanveer Karamat<br>Mr. Junaid Mushtaq Paracha |
| Executive Directors     | Mr. Asmar Ahmed Atif<br>Mr. Adeel Khalid                                      |
| Female Directors        | Ms. Saleha Asif   |

\* Two independent directors were appointed and fraction of 0.33 was not rounded up since the fractions is below half (0.5), accordingly the fraction contained in such one-third is not rounded up as one.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training Program for Mr. Mohammad Shahid Mir and Mr. Adeel Khalid in 2022, below Directors who are already trained as per the Regulations.
 

|                          |                        |
|--------------------------|------------------------|
| Mr. Bakhtiar Hameed Wain | Non-Executive Director |
| Mr. Tanveer Karamat      | Non-Executive Director |
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The board has formed committees comprising of members given below:
  - a) **Audit Committee**

|                            |                                |
|----------------------------|--------------------------------|
| Mr. Mohammad Shahid Mir    | Chairman/Independent Director  |
| Mr. Bakhtiar Hameed Wain   | Member/ Non-Executive Director |
| Mr. Tanveer Karamat        | Member/ Non-Executive Director |
| Mr. Junaid Mushtaq Paracha | Member/ Non-Executive Director |
  - b) **HR and Remuneration Committee (Name of members and Chairman)**

|                            |                                |
|----------------------------|--------------------------------|
| Ms. Saleha Asif            | Chairman/Independent Director  |
| Mr. Mohammad Shahid Mir    | Member/ Independent Director   |
| Mr. Bakhtiar Hameed Wain   | Member/ Non-Executive Director |
| Mr. Tanveer Karamat        | Member/ Non-Executive Director |
| Mr. Junaid Mushtaq Paracha | Member/ Non-Executive Director |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the



committee for compliance;

**14.** The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following,

|    |                     |           |   |
|----|---------------------|-----------|---|
| a) | Audit Committee     | Quarterly | 4 |
| b) | HR and Remuneration | Yearly    | 1 |

**15.** The Board has set up an effective internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

**16.** The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

**17.** The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or

any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

**18.** We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with;

On Behalf of the Board

**Bakhtiar H. Wain**  
Chairman / Director

**Tanveer Karamat**  
Chief Executive Officer  
Lahore, Pakistan

Octopus Digital Limited  
February 20, 2023

# Corporate Policies



## DISCLOSURE OF POLICY FOR ACTUAL AND PERCEIVED CONFLICTS OF INTEREST

Octopus Digital's disclosure of policy for actual and perceived conflicts of interest is covered in the Conflict-of-Interest Policy, which requires employees to disclose relationships with a potential Guarantor or Vendor and provides guidance on managing conflicts. The purpose of this policy is to provide guidance in identifying and handling potential and actual conflicts of interest involving the organization, and is applicable to all permanent, contractual, and daily wage employees. Any action by an employee, which deliberately or recklessly breaches this conflict-of-interest policy, may result in disciplinary action which may lead to termination of employment.

## DISCLOSURE FOR IT GOVERNANCE POLICY

Information Security governing policy is covered in the Acceptable Use of IT Resources. The policy describes the acceptable use of IT resource for the Company. The purpose is to outline the usage of Octopus Digital IT resources by all its employees. This policy applies to the use of all Octopus Digital IT resources (e.g., desktop computers, laptops, printers, disk space storage, software, telecommunications equipment, networks, Internet, E-mail, etc.) and supporting infrastructure that is owned, leased, or controlled by Octopus Digital and used by its employees, contractors, interns, or other personnel at the Central, Regional, and Satellite office locations.

## OCTOPUS DIGITAL'S WHISTLEBLOWER POLICY – "SPEAK OUT!"

The Board of Directors of Octopus Digital have adopted several policies related to ethics and responsible behavior which define the high standard of governance and business conduct to which we pledge ourselves as an organization. This

has always been our core strength and is reinforced through voluntary reporting of irregularities and periodic reviews of business practices.

As an additional measure, a Whistleblower system has also been established. The Company expects employees, suppliers, and contractors at all affiliated companies to not only abide by our standards of business conduct but also to speak out about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance.

**They can use the independent "Speak Out" hotline 0092-42- 37515129 or email to [speakout@octopusdtl.com](mailto:speakout@octopusdtl.com) to raise their concerns.**

**They can also write to Speak Out (PO Box 4012, Lahore - Pakistan.)**

Every effort is made to maintain the confidentiality of complainants and to protect them from any form of retaliation or victimization for genuinely held concerns raised in good faith.

Speak-outs are encouraged to report serious concerns that could have a significant impact on the organization. Actions that:

- are unlawful or may damage the reputation of Octopus Digital or an affiliate
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct
- are in violation of Safety Health & Environmental standards applicable to the business
- give rise to harassment, discrimination, or other unfair employment practices

## HUMAN RESOURCE MANAGEMENT POLICIES INCLUDING PREPARATION OF SUCCESSION PLAN

**Human Resource Management**  
Human Resource Management at Octopus Digital is covered across several policies, which serve as a comprehensive framework to managing people, workplace, and culture. Hiring and confirmation provisions ensure that Octopus Digital reserves the right to assess prior work experience and skill levels, and to confirm applicants where applicable when considering full- time or part-time employment.

Compensation encompasses 10 policies, the purpose of which is to ensure employee's wellbeing and growth. These include Vehicle Benefit, Education Allowance, Employee Professional Accreditations, Performance Bonus, Sales Incentive, Technical Services Employee Incentive, Variable Pay Plan for managers and support staff, Umrah as well as Employee Stock Option Plan amongst others. Human Resources management that encompasses Salaries, Attendance, Asset Utilization, Rewards, health, and other guidelines such as Mobile Usage are covered across 11 policies.

The Human Resource department introduced four new policies in 2021 which include Performance Bonus Policy, Incentive Distribution Methodology, VPP for Non-Sales Managers and Support Staff and Employee Stock Purchase Plan.

## MEDICAL AND INSURANCE POLICY

One of the most important tasks in creating a high- performance culture is taking care of your employees. When employees' needs are met, they feel aligned with the mission, vision, and values of the organization. This results in high levels of engagement and commitment. They come to work with enthusiasm and are willing to go the extra mile to support the organization.

At Octopus Digital we ensure that the baseline rewards are fair and sufficient. These include some of the basic needs of an employee. One such need is medical and hospitalization cover. At Octopus Digital, we have hence, very carefully devised a medical policy to cover this criterion. With the best hospitals on our panel, we provide extensive hospitalization cover to the employee and his/her family, and unlimited OPD coverage as well. Life insurance is also available under which employees are covered for permanent partial disability, temporary total disability, accidental death, and extended death benefit.

**COMPASSIONATE LEAVES**

All permanent and contractual employees are entitled to compassionate or bereavement leaves which is in addition to casual/sick and annual leaves. Compassionate leaves can be taken when a member of an employee’s immediate family\* or household passes away or suffers a life-threatening illness or injury and requires extensive medical care.

*\*Immediate family of an employee includes spouse, child, parent, sibling, grandparent and grandchild.*

**PAY CONTINUATION PLAN**

The demise of an earner can have a debilitating effect on a household. To ensure that none of our employee’s families must worry about their finances, life insurance policy has been revised to include the Pay Continuation Plan. In addition to employee benefits, in the event of an employee’s demise, the grieved family will receive 50% of the employee’s monthly gross salary for the period of ten years.

**SUCCESSION PLANNING POLICIES**

Succession Planning Policy for Octopus Digital encompasses the Company’s best practice in terms of Human Resources Management. The purpose of the policy is to ensure replacement for key executive, management, and technical positions within the organization. This policy covers middle management positions and above in Octopus Digital Limited. The point is to identify high-potential employees, ensure systematic and long-term development and provide a continuous flow of talent. The business-critical engineering skill set is being

maintained through an engineering skill set matrix and managed for all engineering resources.

**SOCIAL & ENVIRONMENTAL POLICY**

This policy requires designation wise mandatory trainings for all employees. It has four stages, and each employee is required to achieve desired level of training. The HSE Team will maintain the attendance records of all employees and to achieve the next cadre, it will be mandatory to pass the next training level. These training levels have been carefully designed while keeping the job-related requirements of all associates in mind. The training will help to raise the associate’s skill level in HSE while performing their daily tasks. Each training will have a post training test which will be conducted via Docebo and it will be mandatory to pass it.

**POLICY AND PROCEDURE FOR STAKEHOLDER ENGAGEMENT**

Stakeholder engagement policies and procedures map out all aspects of outreach with the broader audience interested in Octopus Digital. The Company involves committees at regular points throughout the year both for specific projects and general insights. The policies ensure that different parties are aware of the conduct and the function of the Company including Institutional Investors, Customers & Suppliers, Banks and other lenders, Media, regulators, and analysts. Business Conduct for Octopus Digital addresses Stakeholder Engagement through five key commitments: Ethics, Ownership, Customer Delight, Continuous Improvement and Community Care, which need to be translated across all its communications.

**INVESTOR GRIEVANCE POLICY**

Investor grievances are covered in the Securities & Exchange Commission of Pakistan rules as at May 11, 2001. These statutory rules have been published by the Government. The information pertaining to financial performance, shareholding pattern, compliance with Corporate Governance and announcements can be viewed or requested by the shareholders on www.octopusdtl.com. Apart from this, the website also contains comprehensive information about the Company, its products,

services, solutions, press releases and investor’s information.

**SAFETY OF RECORD**

Safety of Record is ensured by the Information Security Governing Policy, which provides a framework for Information privacy, accessibility and integrity to the operation and management of Octopus Digital, which are of great importance. Failure in any of these areas can result in disruption to the services, can hurt company business and can shake the confidence of existing and potential clients. Information and asset security therefore play a critical role in the successful operation of the company. The purpose of the Information Security Policy is to guarantee business continuity and curtail business damage by minimizing information security incidents to an acceptable level. Superior information security provision for our customers and employees is Octopus Digital’s commitment to protect from internal or external information security threats, whether deliberate or accidental. Adherence to this policy is crucial to safeguarding these interests.

**EMPLOYEE DEVELOPMENT AND TRAINING**

Octopus Digital plans to launch a set of policies geared towards developing resources through qualifications and OEM certifications in 2022. Training and Development will have a Strategic Role in the future for Octopus Digital. The Employee Development and Training policies will have the following objectives,

- Attracting and retaining talents
- Developing our personnel’s capabilities
- Creating a value-based culture
- Improving Octopus Digital’s Reputation as an Employer
- Motivating Employees to Engage

By providing Octopus Digital’s employees with opportunities to learn and develop new competencies within their career path, they are encouraged to engage with Octopus Digital as they are more satisfied and challenged at work. These set of policies will apply to all employees of Octopus Digital Limited.

# Director's Report

The directors of Octopus Digital Limited "The Company" take pleasure in presenting their report together with the Company's audited annual financial statements for the year ended December 31, 2022. All financial statements and notes to the accounts have been prepared by the management of the company as under:

1. They presented fairly its state of affairs, the result of its operations, cash flows and all changes in equity,
2. Proper books of account of the company have been maintained,
3. Appropriate accounting policies have been adopted and consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments,
4. The financial statements have been prepared in conformity with the Companies Act 2017 and International Financial Reporting Standards as applicable in Pakistan, and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored
6. There are no significant doubts upon the company's ability to continue as a going concern
7. Where any statutory payment on account of taxes, duties, levies, and changes is outstanding, the amount together with a brief description and reasons for the same has been disclosed

The Directors' Report, prepared under relevant sections of the prevailing Companies Act, in Pakistan, will be put forward to the members at the 6th Annual General Meeting of the Company to be held Friday, 26 May 2023 at 03:30 PM via Zoom video link from Regional Operations Center, 19-KM, Main Multan Road, Lahore, Pakistan.

## THE COMPANY:

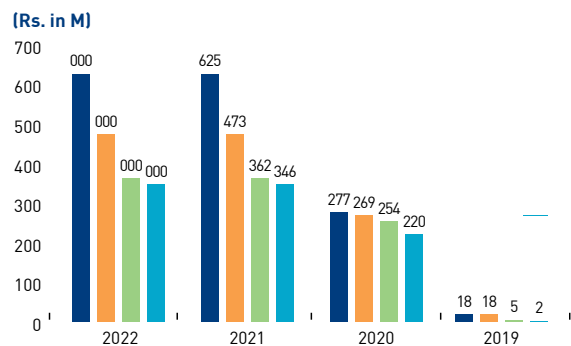
Octopus Digital helps businesses digitalize their manufacturing, supply chain and financial workflows backed by strategic and operational maintenance support services in the US, Middle East and South Asia. Thus, making decision support, actionable insights, and business intelligence available 24x7x365 as managed and unmanaged service on a multi-year monthly subscription basis.

## THE REPORT:

The performance of the Company closed at a marginal increase in terms of order generation, revenues, profit before and after tax, control over fixed costs as per the projected five-year business plan. However, during the current year due to non-availability of L/Cs and import restrictions by the Gov't AMS business revenue in Pakistan particularly for Spares & Material oriented Projects was low.

## OPERATING RESULTS (STANDALONE)

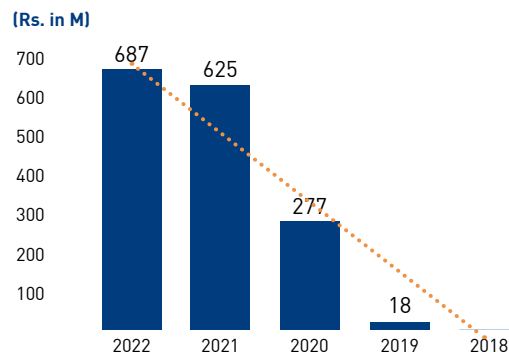
| (Rupees in Million) | 2022   | 2021   | Variation | % Variation |
|---------------------|--------|--------|-----------|-------------|
| Revenue             | 687.01 | 625.21 | 61.81     | 10%         |
| Profit before tax   | 430.17 | 360.45 | 69.72     | 19%         |
| Profit after tax    | 405.06 | 345.95 | 59.11     | 17%         |



## FINANCIAL PERFORMANCE

### Revenue

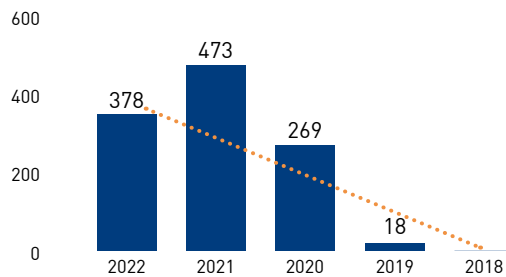
The Company revenue of Rs. 687 million has 10% increased as compared to last financial year, though it is not as per the plan but still managed to improve the base line, the major reason being the restriction on imports due to which AMS revenue particularly material intensive was to catchup with the plan. Rest we observed marginal growth of revenues over the years. The financial years 2020, 2021 & 2022 shows a steady growth trend.



**Gross Profit**

The Company gross profit of Rs. 378 million is 20% decreased as compared to last financial year. This is mainly attributed to the US \$ to PKR parity and high inflation due to which the costs of revenue were high and bears a dent in gross margin. The Company plans to improve/ hedge this margin shortfall by entering contracts denominated in US\$ and coverage from AMS International particularly Middle east business. The company's gross profits over the last 4 financial years are as below.

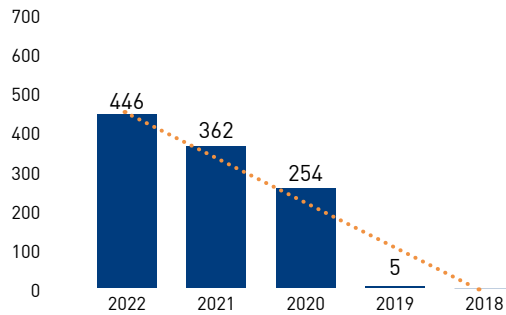
(Rs. in M)



**EBITDA**

(Earning before Interest, Tax, Depreciation & Amortization)

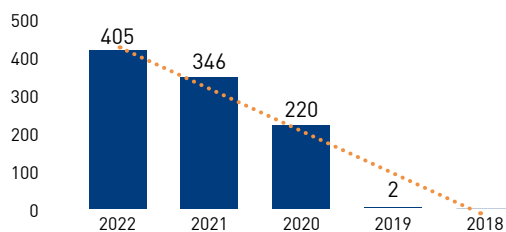
(Rs. in M)



**Profit after Taxation**

There is Rs. 405 million 17% increase in net profit after taxation is very encouraging. The management is confident to maintain the positive trend and growth in gross and net profit margins in upcoming FY 2023 and 2024 due to a strong pipeline. The digital drive business is now in the take-off phase and subscription-based orders would be secured in the start of 2023. The management is also very much confident to achieve the targeted revenues in FY 2023 as per the approved corporate plan.

(Rs. in M)



**Earnings Per Share**

The basic earnings per share after tax is Rs. 2.96 whereas the EPS in FY 2021 was 2.53.

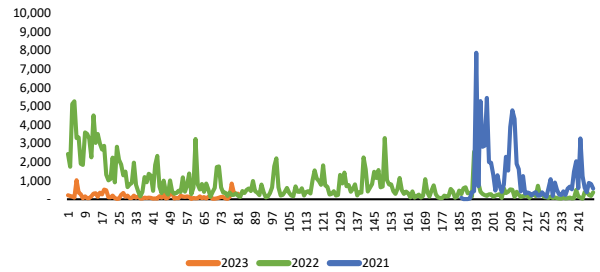
The diluted earnings per share after tax is Rs. 2.96 whereas the EPS in FY 2021 was 2.53.

**Reason for not Declaration of Dividend**

Given the Current Pakistan economy situation and Company's growth plan in the digital drive, it is decided by the Board to preserve cash for business growth and R&D for the intellectual property, so conversion of Reserves to Capital via 15% Bonus shares is proposed. The Company has sufficient cash balances available at FY 2022 end a combination of IPO & Business which company plans to spend on development of Intellectual Property, Marketing and Direct Costs of HR.

Business generated from above mentioned activities shall contribute to earnings of the company which is expected to favorably impact the prospect of dividend payment in future.

**Stock Liquidity**



**PATTERN OF SHAREHOLDING**

Pattern of shareholding can be find at page no. 66 to 71.



## Director's Report

### SHARES TRADED BY EXECUTIVES

During the year, the below mentioned executives have traded the stock of Octopus and informed to Stock Exchange:

| Name of Company         | Employee Name          | Designation             | Transaction Type | No. of shares | Price | Transaction Type | Date of Transaction | Date of Submission |
|-------------------------|------------------------|-------------------------|------------------|---------------|-------|------------------|---------------------|--------------------|
| Octopus Digital Limited | Tanveer Karamat        | Director                | Buy              | 5,000         | 65.70 | CDC              | 02/06/2022          | 08/06/2022         |
| Octopus Digital Limited | Tanveer Karamat        | Director                | Buy              | 5,000         | 65.00 | CDC              | 09/06/2022          | 10/06/2022         |
| Octopus Digital Limited | Tanveer Karamat        | Director                | Buy              | 5,000         | 63.00 | CDC              | 13/06/2022          | 16/06/2022         |
| Octopus Digital Limited | Tanveer Karamat        | Director                | Buy              | 5,000         | 64.00 | CDC              | 21/07/2022          | 25/07/2022         |
| Octopus Digital Limited | Saeed Ullah Khan Niazi | Chief Financial Officer | Buy              | 500           | 71.02 | CDC              | 17/08/2022          | 18/08/2022         |

### COMPOSITION OF BOARD AUDIT COMMITTEE

The board audit committee consists of four members listed below;

| Sr. No. | Name of Members        | Designation  | Status / Directorship                         |
|---------|------------------------|--------------|---|
| 1       | Mohammad Shahid Mir    | Chairman BAC | Independent Director / Non-Executive Director |
| 2       | Bakhtiar Hameed Wain   | Member       | Non-Executive Director                        |
| 3       | Tanveer Karamat        | Member       | Non-Executive Director                        |
| 4       | Junaid Mushtaq Paracha | Member       | Non-Executive Director                        |

### COMPOSITION OF HR AND REMUNERATION COMMITTEE

The board of HR and Remuneration committee consists of five members listed below;

| Sr. No. | Name of Members        | Designation               | Status / Directorship                         |
|---------|------------------------|---------------------------|---|
| 1       | Saleha Asif            | Chairman Hr & R Committee | Independent Director / Non-Executive Director |
| 2       | Mohammad Shahid Mir    | Member                    | Independent Director / Non-Executive Director |
| 3       | Bakhtiar Hameed Wain   | Member                    | Non-Executive Director                        |
| 4       | Tanveer Karamat        | Member                    | Non-Executive Director                        |
| 5       | Junaid Mushtaq Paracha | Member                    | Non-Executive Director                        |

### COMPOSITION OF BOARD OF DIRECTORS

The board consist of seven directors listed below;

| Sr. No. | Name of Directors      | Designation                                   |
|---------|------------------------|---|
| 1       | Bakhtiar Hameed Wain   | Chairman/Non-Executive Director               |
| 2       | Asmar Ahmed Atif       | Chief Executive Officer / Executive Director  |
| 3       | Tanveer Karamat        | Non-Executive Director                        |
| 4       | Mohammad Shahid Mir    | Independent Director / Non-Executive Director |
| 5       | Junaid Mushtaq Paracha | Non-Executive Director                        |
| 6       | Adeel Khalid           | Executive Director                            |
| 7       | Saleha Asif            | Independent Director / Non-Executive Director |

The total number of directors are seven as per the following, -

- a. Male: Six
- b. Female: One



### BOARD OF DIRECTOR'S MEETINGS

During the year, the Board of Directors has conducted 04 board meetings, the following honorable members participating:

| Sr. No. | Name of Director       | Present | Leave Granted |
|---------|------------------------|---------|---------------|
| 1.      | Bakhtiar H. Wain       | 4       | 0             |
| 2.      | Tanveer Karamat        | 4       | 0             |
| 3.      | Asmar Ahmed Atif       | 3       | 1             |
| 4.      | Mohammad Shahid Mir    | 4       | 0             |
| 5.      | Junaid Mushtaq Paracha | 4       | 0             |
| 6.      | Adeel Khalid           | 4       | 0             |
| 7.      | Saleha Asif            | 1       | 3             |

### CAPITAL STRUCTURE

The Company is not a geared business entity and maintains a balance capital structure which is evidence of its financial strength and excellent liquidity management.

### LIQUIDITY STRATEGY

The Company has drafted and approved a liquidity plan in FY 2022 which includes repatriation of receivables from related party balances in order to achieve growing business financial needs and to achieve the corporate dividend policy outflows. The management is confident to achieve the targets as defined in liquidity strategy policy in FY 2023.

### FUTURE PROSPECTS

A vision of the future is an important ingredient in the formation of our board and management strategy and plans.

The future prospects of the company look very promising as we embark on several key initiatives to expand our reach and capabilities. One of our top priorities is expanding our presence in the USA and European markets. We believe there is a significant opportunity for growth in these regions and are committed to investing the necessary resources to succeed. Additionally, we are developing cutting-edge machine learning solutions that will enhance our ability to deliver innovative products and services to our customers. Another critical focus area is our move to become cloud agnostic, which will provide us with greater flexibility and scalability. We are also expanding our after-market support business in KSA and developing a nursery of data engineers by hiring top-tier university graduates. To further accelerate growth, we are developing channel partners across the globe and have implemented a structured program to enable them to propel revenue growth. Lastly, we are committed to improving our existing products and developing even

more products and solutions for the industry to maintain our position as a leader in the market.

### SERVICE TO SOCIETY

As a company, we are committed to being active and responsible corporate citizens. We believe that businesses have a responsibility to give back to society and help address key issues such as education, healthcare, public safety, and environmental health. We are committed to creating powerful synergies by working with other entities to improve the conditions of the society in which we operate. Our company and employees have generously given their time and money to support flood relief activities, including donating tents, quilts, medicine, and ration bags to the affected population. We have set up medical camps in South Punjab in the Dera Ghazi Khan district, providing food, medical treatment, and financial support to approximately 5,000 affected individuals for rehabilitation. We are proud of our ongoing efforts to support those in need and make a positive impact in the communities where we operate.

### HEALTH, SAFETY AND ENVIRONMENT

At Octopus Digital Limited, we take health, safety, and environmental (HSE) standards seriously. We recognize the importance of actively managing HSE risks associated with our business and are continuously working to improve our procedures to minimize the risk of fire, accidents, or injuries to our employees and visitors. Our commitment to HSE is reflected in our policies and practices, which aim to reduce, remove or control any potential hazards at our working sites and offices. Additionally, we ensure that our products are shipped safely, complying with all relevant safety standards and legal requirements. Our HSE efforts demonstrate our dedication to creating a safe and healthy work environment for our employees and visitors while also meeting our obligations to society and the environment. We will continue to prioritize HSE in all our operations to ensure the well-being of our employees, customers, and the broader community.

### ISSUES RAISED IN THE LAST AGM

During the Annual General Meeting for the year ending 31 December 2021, No major issues were raised.

#### Agenda # 1:

To confirm the minutes of 4th Annual General Meeting.

#### Agenda # 2:

Consider the Audited Accounts for the year ended 31 December 2021.

#### Agenda # 3:

The re-appointment of present auditor EY Ford Rhodes,

## Director's Report

Chartered Accountant for FY 2022.

All above agenda items have been discussed, approved, and adopted. A question-and-answer session was conducted.

An interactive questions & answers session was held and director (Mr. Tanveer Karamat), CFO (Mr. Saeed Ullah Khan Niazi) and Company Secretary (Mr. Ahsan Khalil) answered all queries explaining the industrial automation business of the company. The future outlook was discussed as to be prosperous and dependent on the growth of Pakistan Economy in line with the setting up of new industrial plants.

### BOARD OF DIRECTORS' REMUNERATION

The board of directors of the Company is comprised of five Non-Executive Directors and two executive directors. The executive directors are paid fixed salary and benefits as per Company's HR policies and salary levels. Performance of executive directors is evaluated against approved criteria by the Human Resource and Remuneration Committee and recommended to the Board for approval. No other directors are being paid for attending board meetings except one independent director.

### TRANSACTIONS WITH RELATED PARTIES

The transactions with related parties were carried out at arm's length prices and purely on commercial terms determined in accordance with the comparable uncontrolled prices method.

### CORPORATE GOVERNANCE PRACTICES

The Board of Directors of Octopus Digital Limited is committed to the company principles and complies with requirements of Code of Corporate Governance included in the regulations of the Companies Act 2017.

### ACKNOWLEDGEMENT

The Board is pleased with the continued dedication and efforts of the employees of the company.

For and on Behalf of the Board of Directors



**Mr. Tanveer Karamat**  
Chief Executive Officer



**Mr. Asmar Ahmed Atif**  
Director

Lahore:  
April 26, 2023





# Five Years at a Glance

## RATIOS FOR 5 YEARS

| Years                                      | 2022 | 2021 | 2020  | 2019   | 2018      |
|--|------|------|-------|--------|-----------|
| <b>PROFITABILITY RATIOS</b>                |      |      |       |        |           |
| Gross Profit ratio                         | 55%  | 76%  | 97%   | 100%   | N/A       |
| Operating Result Ratio                     | 63%  | 58%  | 92%   | 25%    | N/A       |
| Profit Before Tax                          | 63%  | 58%  | 92%   | 25%    | N/A       |
| Profit After Tax                           | 59%  | 55%  | 79%   | 13%    | N/A       |
| Return On Capital Employed                 | 21%  | 22%  | 110%  | 39%    | 100%      |
| EBITDA (Rs. In million)                    | 430  | 362  | 254   | 5      | (0)       |
| EBITDA Margin                              | 63%  | 58%  | 92%   | 27%    | N/A       |
| <b>GROWTH RATIOS</b>                       |      |      |       |        |           |
| Net Sales                                  | 10%  | 126% | 1401% | N/A    | N/A       |
| Operating Results                          | 19%  | 42%  | 5342% | -1016% | N/A       |
| EBITDA                                     | 19%  | 42%  | 4969% | -1132% | N/A       |
| Profit After Tax                           | 17%  | 57%  | 8874% | -581%  | N/A       |
| <b>COST RATIOS</b>                         |      |      |       |        |           |
| Cost of Sales (% of Sales)                 | 45%  | 24%  | 3%    | 0%     | N/A       |
| Administrative & selling Cost (% of Sales) | 30%  | 20%  | 6%    | 74%    | N/A       |
| <b>RETURN TO SHAREHOLDERS</b>              |      |      |       |        |           |
| Return on Equity-Before Tax                | 21%  | 22%  | 110%  | 39%    | 100%      |
| Return on Equity-After Tax                 | 20%  | 21%  | 95%   | 21%    | 100%      |
| Earning per Share (Basic) (Rs.)            | 2.96 | 2.53 | 2.01  | 2.45   | (254,463) |
| Earning per Share (Diluted) (Rs.)          | 2.96 | 2.53 | 2.01  | 2.45   | (254,463) |
| Break Up value per share (Rs.)             | 0.15 | 0.12 | 0.02  | 0.12   | (2,545)   |

| Years                                 | 2022          | 2021   | 2020   | 2019  | 2018   |        |
|---------------------------------------|---------------|--------|--------|-------|--------|--------|
| <b>EQUITY RATIOS</b>                  |               |        |        |       |        |        |
| Price Earning Ratio                   | 19.13         | 30.74  | -      | -     | -      |        |
| Dividend Per Share                    | 0%            | 0%     | 0%     | 0%    | 0%     |        |
| Dividend Payout Ratio                 | 0%            | 0%     | 0%     | 0%    | 0%     |        |
| Market Value at the end of The Year   | 56.65         | 77.76  | 0.00   | 0.00  | 0.00   |        |
| Market Value at the start of the Year | 83.59         | 43.64  | 0.00   | 0.00  | 0.00   |        |
| Highest Value During Year             | 110.90        | 80.86  | 0.00   | 0.00  | 0.00   |        |
| Lowest Value During Year              | 56.13         | 43.64  | 0.00   | 0.00  | 0.00   |        |
| Dividend Yield Ratio                  | 0.00%         | 0.00%  | N/A    | N/A   | N/A    |        |
| Dividend Cover Ratio                  | N/A           | N/A    | N/A    | N/A   | N/A    |        |
| <b>ASSET UTILIZATION</b>              |               |        |        |       |        |        |
| Total Asset turnover                  | (Times)       | 0.32   | 0.36   | 0.87  | 0.86   | -      |
| Fixed Asset Turnover                  | (Times)       | 173.81 | 156.30 | 92.37 | 197.71 | -      |
| Trade Debts Turnover                  | (Times)       | 0.52   | 0.85   | 0.94  | 18.56  | N/A    |
| Trade Creditors Turnover              | (Times)       | 13.19  | 3.36   | 0.16  | -      | -      |
| Capital Employed Turnover             | (Times)       | 0.34   | 0.38   | 1.20  | 1.55   | -      |
| <b>OPERATING CYCLE</b>                |               |        |        |       |        |        |
| Trade Debt collection period          | (No. of days) | 708    | 427    | 389   | 20     | N/A    |
| Trade Creditors payment period        | (No. of days) | 28     | 109    | 2,223 | N/A    | N/A    |
| <b>LIQUIDITY/LEVERAGE</b>             |               |        |        |       |        |        |
| Current ratio                         | (Times)       | 24.87  | 20.65  | 3.39  | 2.26   | 0.05   |
| Quick ratio                           | (Times)       | 24.87  | 20.65  | 3.39  | 2.26   | 0.05   |
| Cash to current liabilities           | (Times)       | 0.25   | 11.17  | 0.00  | 0.39   | 0.01   |
| Total liabilities to equity           | (Times)       | 0.04   | 0.05   | 0.38  | 0.79   | (1.22) |

# Analysis of Financial Statements

## BALANCE SHEET

(Rupees in million)

| Particulars   | 2022         | 2021         | 2020       | 2019      | 2018     |
|---|--------------|--------------|------------|-----------|----------|
| <b>ASSETS</b>   |              |              |            |           |          |
| <b>Non-Current Assets</b>   |              |              |            |           |          |
| Property and Equipment  | 4            | 4            | 3          | 0         | 0        |
| Intangible assets   | 120          | 52           | 20         | -         | -        |
| Long term loans and deposits  | 0            | 0            | -          | -         | -        |
| Deferred tax asset  | 10           | 3            | -          | -         | -        |
| <b>Total Non-Current Assets</b>   | <b>134</b>   | <b>59</b>    | <b>23</b>  | <b>0</b>  | <b>0</b> |
| <b>Current Assets</b>   |              |              |            |           |          |
| Trade debts   | 1,236        | 665          | 281        | 1         | -        |
| Contract assets   | 96           | 67           | 14         | -         | -        |
| Advances, deposits, prepayments and other receivables                     | 339          | 31           | 0          | 17        | 0        |
| Short term investments  | -            | 300          | -          | -         | -        |
| Short term loan   | 300          | -            | -          | -         | -        |
| Cash and bank balances  | 20           | 599          | 0          | 4         | 0        |
| <b>Total Current Assets</b>   | <b>1,991</b> | <b>1,662</b> | <b>296</b> | <b>21</b> | <b>0</b> |
| <b>Total Assets</b>   | <b>2,125</b> | <b>1,721</b> | <b>319</b> | <b>21</b> | <b>0</b> |
| <b>EQUITY AND LIABILITIES</b>   |              |              |            |           |          |
| <b>Share Capital and reserves</b>   |              |              |            |           |          |
| Issued, subscribed and paid up capital                                    | 1,368        | 1,368        | 1,094      | 10        | 0        |
| Capital Reserve   | (295)        | (295)        | (1,084)    | -         | -        |
| Un-appropriated profit  | 973          | 568          | 222        | 2         | (1)      |
|   | 2,045        | 1,640        | 232        | 12        | (1)      |
| <b>Current Liabilities</b>  |              |              |            |           |          |
| Finances under mark up arrangements and other credit facilities - secured | -            | -            | -          | -         | 1        |
| Creditors, accrued and other liabilities                                  | 23           | 45           | 47         | 7         | 0        |
| Provision for taxation  | 50           | 17           | 36         | 2         | -        |
| Contract liabilities  | 7            | 18           | 4          | -         | -        |
| <b>Total Current Liabilities</b>  | <b>80</b>    | <b>80</b>    | <b>87</b>  | <b>9</b>  | <b>1</b> |
| <b>Total Equity and Liabilities</b>                                       | <b>2,125</b> | <b>1,721</b> | <b>319</b> | <b>21</b> | <b>0</b> |

## PROFIT AND LOSS ACCOUNT

| Particulars                               | (Rupees in million) |       |      |      |           |
|---|---------------------|-------|------|------|-----------|
|   | 2022                | 2021  | 2020 | 2019 | 2018      |
| Revenue from contracts with customers     | 687                 | 625   | 277  | 18   | -         |
| Cost of revenue                           | (309)               | (152) | (8)  | -    | -         |
| Gross Profit                              | 378                 | 473   | 269  | 18   | -         |
| Administrative and selling expenses       | (204)               | (124) | (15) | (14) | (1)       |
| Other charges                             | (0)                 | -     | (0)  | (0)  | -         |
| Other operating income                    | 257                 | 11    | -    | -    | 0         |
|   | 53                  | (113) | (16) | (14) | (1)       |
| Profit/(loss) from operations             | 430                 | 360   | 254  | 5    | (1)       |
| Finance cost                              | -                   | -     | -    | -    | -         |
| Profit/(loss) before tax                  | 430                 | 360   | 254  | 5    | (1)       |
| Taxation                                  | (25)                | (15)  | (34) | (2)  | -         |
| Profit/(loss) after Tax                   | 405                 | 346   | 220  | 2    | (1)       |
| <b>Combined earnings/(loss) per Share</b> |                     |       |      |      |           |
| Basic in Rs.                              | 2.96                | 2.53  | 2.01 | 2.45 | (254,463) |
| Diluted in Rs.                            | 2.96                | 2.53  | 2.01 | 2.45 | (254,463) |

## CASH FLOW STATEMENT

| Particulars                                   | 2022  | 2021  | 2020 | 2019 | 2018 |
|---|-------|-------|------|------|------|
| Cash flow from operating activities           | (509) | (131) | 20   | (6)  | (0)  |
| Cash flow from investing activities           | (70)  | (333) | (24) | (1)  | (0)  |
| Cash flow from financing activities           | -     | 1,063 | -    | 10   | 1    |
| Increase/(decrease) in cash & cash equivalent | (579) | 598   | (3)  | 3    | 0    |

## Analysis of Financial Statements

## CASH FLOW STATEMENT

(Rupees in million)

| Particulars   | 2022         | 2021         | 2020        | 2019       | 2018       |
|---|--------------|--------------|-------------|------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |              |              |             |            |            |
| Cash flows from operating activities                            |              |              |             |            |            |
| Cash generated from operations                                  | (514)        | (81)         | 20          | (6)        | 0          |
| Profit received on term deposit certificate                     | 5            | 2            | -           | -          | -          |
| Additions in long-term advances and deposits                    | -            | 0            | -           | -          | -          |
| Taxes paid  | -            | (52)         | (0)         | -          | -          |
| <b>Net cash (used in) / generated from operating activities</b> | <b>(509)</b> | <b>(131)</b> | <b>20</b>   | <b>(6)</b> | <b>0</b>   |
| Purchase of property and equipment                              | (2)          | (1)          | (4)         | (0)        | (0)        |
| Addition in capital work in progress                            | (68)         | (32)         | (20)        | -          | -          |
| Loan to Holding Company   | (300)        | -            | -           | -          | -          |
| Addition in short term investments                              | 300          | (300)        | -           | -          | -          |
| <b>Net cash (used in) / generated from investing activities</b> | <b>(70)</b>  | <b>(333)</b> | <b>(24)</b> | <b>(0)</b> | <b>(0)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |              |              |             |            |            |
| Issuance of ordinary shares                                     | -            | 274          | -           | 10         | 0          |
| Increase in share premium due to issuance of shares             | -            | 789          | -           | -          | -          |
| Short term loan   | -            | -            | -           | -          | 1          |
| <b>Net cash (used in) / generated from financing activities</b> | <b>-</b>     | <b>1,063</b> | <b>-</b>    | <b>10</b>  | <b>1</b>   |
| <b>Net (decrease) / increase in cash and cash equivalents</b>   | <b>(579)</b> | <b>599</b>   | <b>(3)</b>  | <b>4</b>   | <b>0</b>   |
| Cash and cash equivalents at the beginning of the year          | 599          | 0            | 4           | 0          | -          |
| Effect of cash and Cash equivalents of subsidiary disposed off  |              |              |             |            |            |
| <b>Cash and cash equivalents at the end of the year</b>         | <b>20</b>    | <b>599</b>   | <b>1</b>    | <b>4</b>   | <b>0</b>   |



## CASH FLOW STATEMENT - INDIRECT METHOD

(Rupees in million)

| Particulars   | 2022         | 2021         | 2020        | 2019       | 2018       |
|---|--------------|--------------|-------------|------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |              |              |             |            |            |
| Cash flows from Customers                                       | (394)        | (491)        | (284)       | (18)       | -          |
| Cash flows from Creditors                                       | (32)         | 10           | 51          | 3          | (0)        |
| Cash flows from Stocks  | -            | -            | -           | -          | -          |
| Other cash flows from operations                                | (87)         | 399          | 254         | 8          | 0          |
| <b>Cash (used in) / generated from continuing operations</b>    | <b>(514)</b> | <b>(81)</b>  | <b>20</b>   | <b>(6)</b> | <b>0</b>   |
| Profit received on term deposit certificate                     | 5            | 2            | -           | -          | -          |
| Additions in long-term advances and deposits                    | -            | 0            | -           | -          | -          |
| Taxes paid  | -            | (52)         | (0)         | -          | -          |
| <b>Net cash (used in) / generated from operating activities</b> | <b>(509)</b> | <b>(131)</b> | <b>20</b>   | <b>(6)</b> | <b>0</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |              |              |             |            |            |
| Purchase of property and equipment                              | (2)          | (1)          | (4)         | (0)        | (0)        |
| Addition in capital work in progress                            | (68)         | (32)         | (20)        | -          | -          |
| Loan to holding Comapny   | (300)        | -            | -           | -          | -          |
| Addition in short term investments                              | 300          | (300)        | -           | -          | -          |
| <b>Net cash (used in) / generated from investing activities</b> | <b>(70)</b>  | <b>(333)</b> | <b>(24)</b> | <b>(0)</b> | <b>(0)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |              |              |             |            |            |
| Issuance of ordinary shares                                     | -            | 274          | -           | 10         | 0          |
| Share premium   | -            | 789          | -           | -          | -          |
| Short term loan   | -            | -            | -           | -          | 1          |
| <b>Net cash (used in) / generated from financing activities</b> | <b>-</b>     | <b>1,063</b> | <b>-</b>    | <b>10</b>  | <b>1</b>   |
| <b>Net (decrease) / increase in cash and cash equivalents</b>   | <b>(579)</b> | <b>599</b>   | <b>(3)</b>  | <b>4</b>   | <b>0</b>   |
| <b>Cash and cash equivalents at the beginning of the year</b>   | <b>599</b>   | <b>0</b>     | <b>4</b>    | <b>0</b>   | <b>-</b>   |
| Effect of cash and cash equivalents of subsidiary disposed off  | -            | -            | -           | -          | -          |
| <b>Cash and cash equivalents at the end of the year</b>         | <b>20</b>    | <b>599</b>   | <b>1</b>    | <b>4</b>   | <b>0</b>   |

# 5 Years Vertical and Horizontal Analysis

## BALANCE SHEET

| Particulars   | VERTICAL ANALYSIS |             |             |             |             | HORIZONTAL ANALYSIS |             |               |               |            |
|---|-------------------|-------------|-------------|-------------|-------------|---------------------|-------------|---------------|---------------|------------|
|   | (in %age)         |             |             |             |             | (in %age)           |             |               |               |            |
|   | 2022              | 2021        | 2020        | 2019        | 2018        | 2022                | 2021        | 2020          | 2019          | 2018       |
| <b>ASSETS</b>   |                   |             |             |             |             |                     |             |               |               |            |
| <b>Non-Current Assets</b>   |                   |             |             |             |             |                     |             |               |               |            |
| Property and Equipment  | 0%                | 0%          | 1%          | 0%          | 74%         | 99%                 | 133%        | 3214%         | 115%          | N/A        |
| Intangible assets   | 6%                | 3%          | 6%          | 0%          | 0%          | 230%                | 260%        | N/A           | N/A           | N/A        |
| Long term loans and deposits  | 0%                | 0%          | 0%          | 0%          | 0%          | 100%                | N/A         | N/A           | N/A           | N/A        |
| Deferred tax asset  | 0%                | 0%          | 0%          | 0%          | 0%          | 344%                | N/A         | N/A           | N/A           | N/A        |
| <b>Total Non-Current Assets</b>   | <b>6%</b>         | <b>3%</b>   | <b>7%</b>   | <b>0%</b>   | <b>74%</b>  | <b>227%</b>         | <b>257%</b> | <b>24639%</b> | <b>115%</b>   | <b>N/A</b> |
| <b>Current Assets</b>   |                   |             |             |             |             |                     |             |               |               |            |
| Trade debts   | 58%               | 39%         | 88%         | 5%          | 0%          | 186%                | 237%        | 28256%        | N/A           | N/A        |
| Contract assets   | 4%                | 4%          | 4%          | 0%          | 0%          | 143%                | 477%        | N/A           | N/A           | N/A        |
| Advances, deposits, prepayments and other receivables                     | 16%               | 2%          | 0%          | 78%         | 22%         | 1109%               | 6513%       | 3%            | 69029%        | N/A        |
| Short term investments  | 0%                | 17%         | 0%          | 0%          | 0%          | 0%                  | N/A         | N/A           | N/A           | N/A        |
| Short term loan   | 14%               | 0%          | 0%          | 0%          | 0%          | N/A                 | N/A         | N/A           | N/A           | N/A        |
| Cash and bank balances  | 1%                | 35%         | 0%          | 17%         | 5%          | 3%                  | 139277%     | 12%           | 73923%        | N/A        |
| <b>Total Current Assets</b>   | <b>94%</b>        | <b>97%</b>  | <b>93%</b>  | <b>100%</b> | <b>26%</b>  | <b>120%</b>         | <b>562%</b> | <b>1391%</b>  | <b>73302%</b> | <b>N/A</b> |
| <b>Total Assets</b>   | <b>100%</b>       | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>124%</b>         | <b>540%</b> | <b>1493%</b>  | <b>19439%</b> | <b>N/A</b> |
| <b>EQUITY AND LIABILITIES</b>   |                   |             |             |             |             |                     |             |               |               |            |
| <b>Share Capital and reserves</b>   |                   |             |             |             |             |                     |             |               |               |            |
| Issued, subscribed and paid up capital                                    | 64%               | 79%         | 343%        | 47%         | 0%          | 100%                | 125%        | 10940%        | 50000100%     | N/A        |
| Capital Reserve   | -14%              | -17%        | -340%       | 0%          | 0%          | 100%                | 27%         | N/A           | N/A           | N/A        |
| Un-appropriated profit  | 46%               | 33%         | 70%         | 9%          | -463%       | 171%                | 256%        | 11429%        | -381%         | N/A        |
|   | 96%               | 95%         | 73%         | 56%         | -463%       | 125%                | 708%        | 1940%         | -2346%        | N/A        |
| <b>Current Liabilities</b>  |                   |             |             |             |             |                     |             |               |               |            |
| Finances under mark up arrangements and other credit facilities - secured | 0%                | 0%          | 0%          | 0%          | 495%        | N/A                 | N/A         | N/A           | 0%            | N/A        |
| Creditors, accrued and other liabilities                                  | 1%                | 3%          | 15%         | 34%         | 68%         | 52%                 | 96%         | 655%          | 9615%         | N/A        |
| Provision for taxation  | 2%                | 1%          | 11%         | 10%         | 0%          | 294%                | 47%         | 1625%         | N/A           | N/A        |
| Contract liabilities  | 0%                | 1%          | 1%          | 0%          | 0%          | 37%                 | 455%        | N/A           | N/A           | N/A        |
| <b>Total Current Liabilities</b>  | <b>4%</b>         | <b>5%</b>   | <b>27%</b>  | <b>44%</b>  | <b>563%</b> | <b>100%</b>         | <b>92%</b>  | <b>925%</b>   | <b>1523%</b>  | <b>N/A</b> |
| <b>Total Equity and Liabilities</b>                                       | <b>100%</b>       | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>124%</b>         | <b>540%</b> | <b>1493%</b>  | <b>19439%</b> | <b>N/A</b> |

## PROFIT AND LOSS ACCOUNT

| Particulars                               | VERTICAL ANALYSIS |       |       |        |      | HORIZONTAL ANALYSIS |       |       |       |      |
|---|-------------------|-------|-------|--------|------|---------------------|-------|-------|-------|------|
|   | (in %age)         |       |       |        |      | (in %age)           |       |       |       |      |
|   | 2022              | 2021  | 2020  | 2019   | 2018 | 2022                | 2021  | 2020  | 2019  | 2018 |
| Revenue from contracts with customers     | 100%              | 100%  | 100%  | 100%   | N/A  | 110%                | 226%  | 1501% | N/A   | N/A  |
| Cost of revenue                           | -45%              | -24%  | -3%   | 0%     | N/A  | 204%                | 1960% | N/A   | N/A   | N/A  |
| Gross Profit                              | 55%               | 76%   | 97%   | 100%   | N/A  | 80%                 | 176%  | 1459% | N/A   | N/A  |
| Administrative and selling expenses       | -30%              | -20%  | -6%   | -74%   | N/A  | 164%                | 805%  | 112%  | 2691% | N/A  |
| Other charges                             | 0%                | 0%    | 0%    | -1%    | N/A  | N/A                 | 0%    | 227%  | N/A   | N/A  |
| Other operating income                    | 37%               | 2%    | 0%    | 0%     | N/A  | 2303%               | N/A   | N/A   | 0%    | N/A  |
|   | 8%                | -18%  | -6%   | -75%   | N/A  | -47%                | 723%  | 113%  | 2710% | N/A  |
| Profit/(loss) from operations             | 63%               | 58%   | 92%   | 25%    | N/A  | 119%                | 142%  | 5442% | -916% | N/A  |
| Finance cost                              | 0%                | 0%    | 0%    | 0%     | N/A  | N/A                 | N/A   | N/A   | N/A   | N/A  |
| Profit/(loss) before tax                  | 63%               | 58%   | 92%   | 25%    | N/A  | 119%                | 142%  | 5442% | -916% | N/A  |
| Taxation                                  | -4%               | -2%   | -12%  | -12%   | N/A  | 173%                | 43%   | 1536% | N/A   | N/A  |
| Profit/(loss) after Tax                   | 59%               | 55%   | 79%   | 13%    | N/A  | 117%                | 157%  | 8974% | -481% | N/A  |
| <b>Combined earnings/(loss) per Share</b> |                   |       |       |        |      |                     |       |       |       |      |
| Basic                                     | 0.43%             | 0.40% | 0.72% | 13.27% | N/A  | 117%                | 126%  | 82%   | 0%    | N/A  |
| Diluted                                   | 0.43%             | 0.40% | 0.72% | 13.27% | N/A  | 117%                | 126%  | 82%   | 0%    | N/A  |

## CASH FLOW STATEMENT

| Particulars                                     | VERTICAL ANALYSIS |      |       |       |        | HORIZONTAL ANALYSIS |         |       |        |      |
|---|-------------------|------|-------|-------|--------|---------------------|---------|-------|--------|------|
|   | (in %age)         |      |       |       |        | (in %age)           |         |       |        |      |
|   | 2022              | 2021 | 2020  | 2019  | 2018   | 2022                | 2021    | 2020  | 2019   | 2018 |
| Cash flow from operating activities             | 88%               | -22% | -623% | -194% | -8700% | 388%                | -643%   | -327% | 1434%  | N/A  |
| Cash flow from investing activities             | 12%               | -56% | 723%  | -17%  | -2080% | 21%                 | 1407%   | 4271% | 533%   | N/A  |
| Cash flow from financing activities             | 0%                | 178% | 0%    | 312%  | 10880% | 0%                  | N/A     | 0%    | 1838%  | N/A  |
| Increase/(decrease) in cash and cash equivalent | 100%              | 100% | 100%  | 100%  | 100%   | -97%                | -18262% | -102% | 64151% | N/A  |

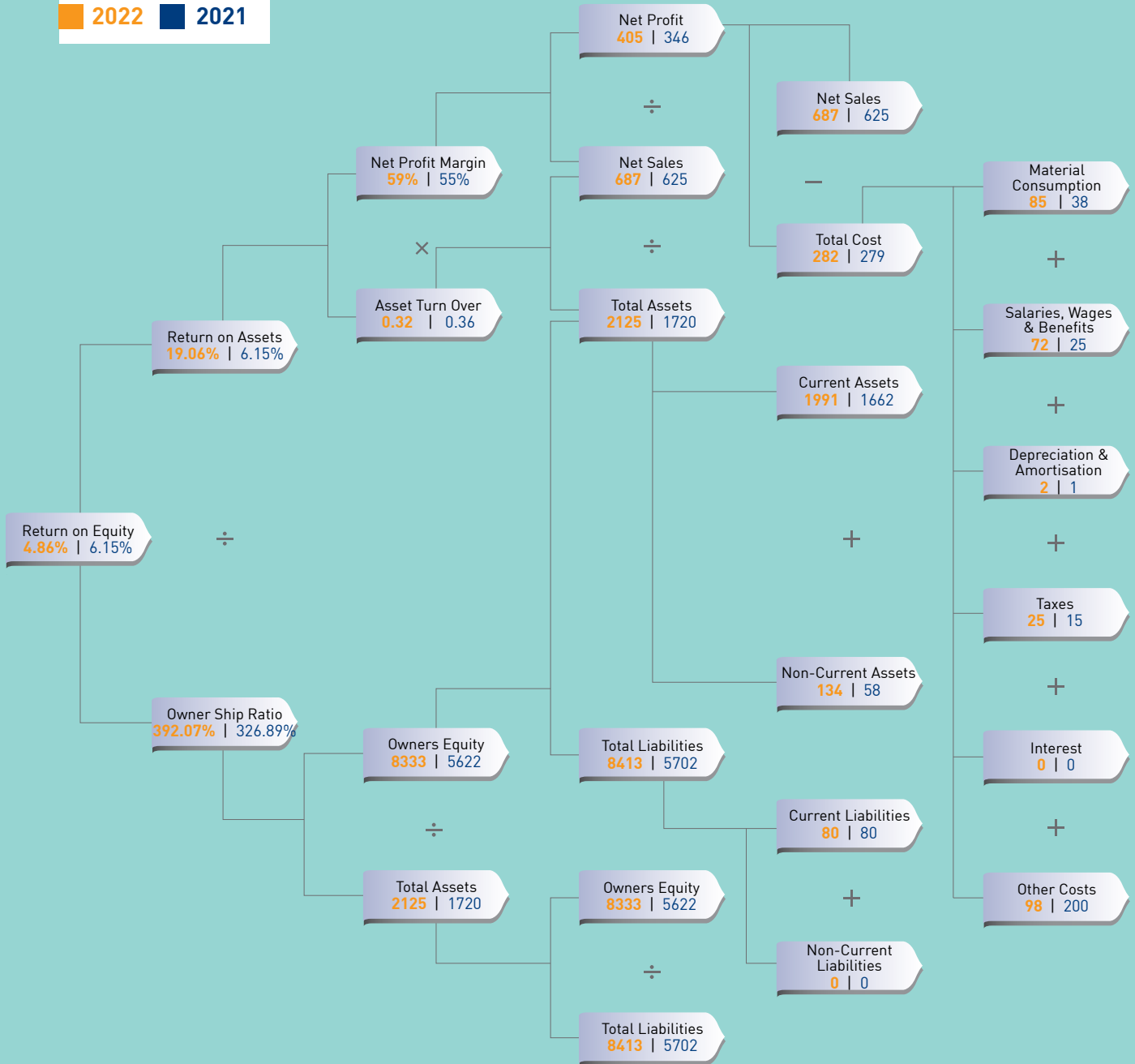
## 5 Years Vertical and Horizontal Analysis

## CASH FLOW STATEMENT

| Particulars   | VERTICAL ANALYSIS |             |              |              |             | HORIZONTAL ANALYSIS |                |               |                |            |
|---|-------------------|-------------|--------------|--------------|-------------|---------------------|----------------|---------------|----------------|------------|
|   | (in %age)         |             |              |              |             | (in %age)           |                |               |                |            |
|   | 2022              | 2021        | 2020         | 2019         | 2018        | 2022                | 2021           | 2020          | 2019           | 2018       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                   |             |              |              |             |                     |                |               |                |            |
| Cash generated from operations                                  | 89%               | -14%        | -624%        | -168%        | 10%         | 635%                | -396%          | -327%         | -12231%        | N/A        |
| Profit received on term deposit certificate                     | -1%               | 0%          | 0%           | 0%           | 0%          | 268%                | N/A            | N/A           | N/A            | N/A        |
| Additions in long-term advances and deposits                    | 0%                | 0%          | 0%           | 0%           | 0%          | 0%                  | N/A            | N/A           | N/A            | N/A        |
| Taxes paid  | 0%                | -9%         | 1%           | 0%           | 0%          | 0%                  | 207656%        | N/A           | N/A            | N/A        |
| <b>Net cash (used in) / generated from operating activities</b> | <b>88%</b>        | <b>-22%</b> | <b>-623%</b> | <b>-168%</b> | <b>10%</b>  | <b>389%</b>         | <b>-642%</b>   | <b>-327%</b>  | <b>-12231%</b> | <b>N/A</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                   |             |              |              |             |                     |                |               |                |            |
| Purchase of property and equipment                              | 0%                | 0%          | 111%         | -1%          | -21%        | 121%                | 40%            | 6636%         | 53%            | N/A        |
| Addition in capital work in progress                            | 12%               | -5%         | 611%         | 0%           | 0%          | 214%                | 158%           | N/A           | N/A            | N/A        |
| Addition in short term investments                              | -52%              | -50%        | 0%           | 0%           | 0%          | -100%               | N/A            | N/A           | N/A            | N/A        |
| <b>Net cash (used in) / generated from investing activities</b> | <b>-40%</b>       | <b>-56%</b> | <b>723%</b>  | <b>-1%</b>   | <b>-21%</b> | <b>21%</b>          | <b>1407%</b>   | <b>43053%</b> | <b>53%</b>     | <b>N/A</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                   |             |              |              |             |                     |                |               |                |            |
| Issuance of ordinary shares                                     | 0%                | 46%         | 0%           | 270%         | 0%          | 0%                  | N/A            | 0%            | 500000000%     | N/A        |
| Increase in share premium due to issuance of shares             | 0%                | 132%        | 0%           | 0%           | 0%          | 0%                  | N/A            | N/A           | N/A            | N/A        |
| Short term loan   | 0%                | 0%          | 0%           | 0%           | 111%        | 0%                  | N/A            | N/A           | 0%             | N/A        |
| <b>Net cash (used in) / generated from financing activities</b> | <b>0%</b>         | <b>178%</b> | <b>0%</b>    | <b>270%</b>  | <b>111%</b> | <b>0%</b>           | <b>N/A</b>     | <b>0%</b>     | <b>1842%</b>   | <b>N/A</b> |
| <b>Net (decrease) / increase in cash and cash equivalents</b>   | <b>48%</b>        | <b>100%</b> | <b>100%</b>  | <b>100%</b>  | <b>100%</b> | <b>-97%</b>         | <b>-18274%</b> | <b>-88%</b>   | <b>757%</b>    | <b>N/A</b> |

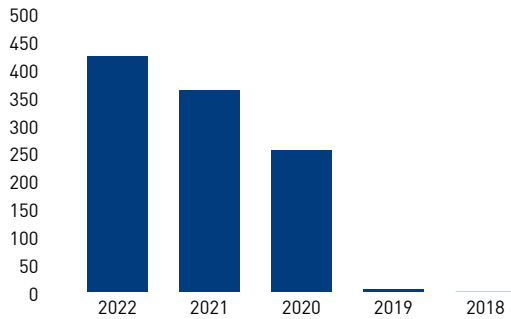
# DuPont Analysis

2022 2021

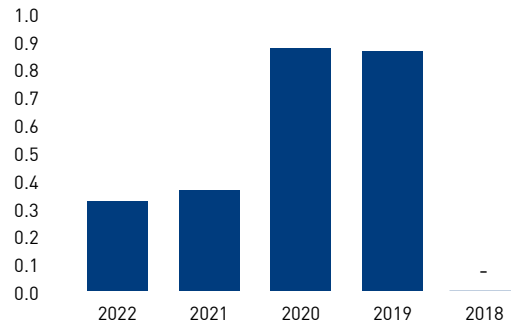


# Graphical Representation

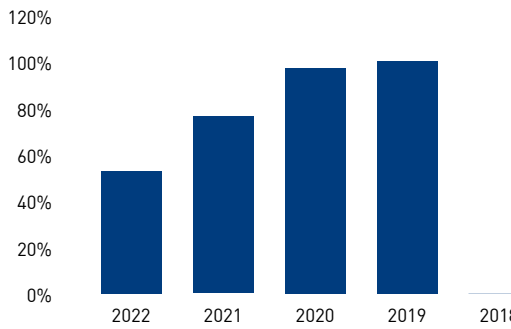
**EBITDA**



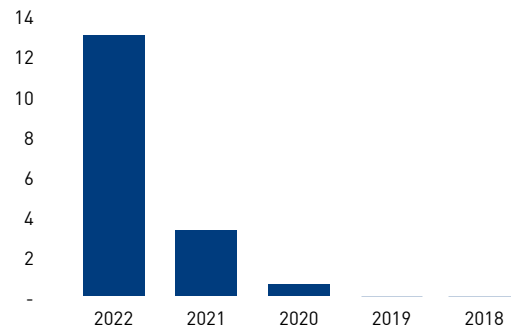
**Total Asset Turnover**



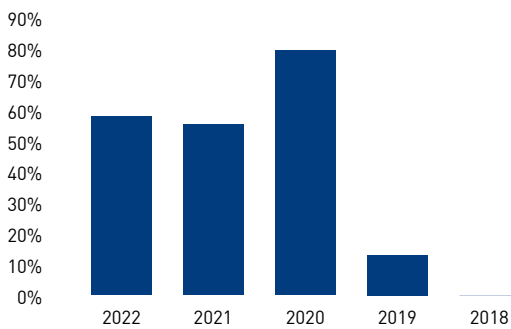
**Gross Profit Ratio**



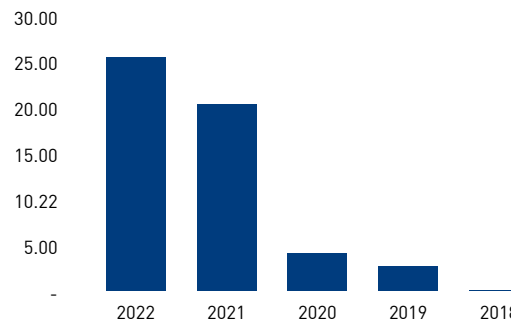
**Trade Creditors Turnover**



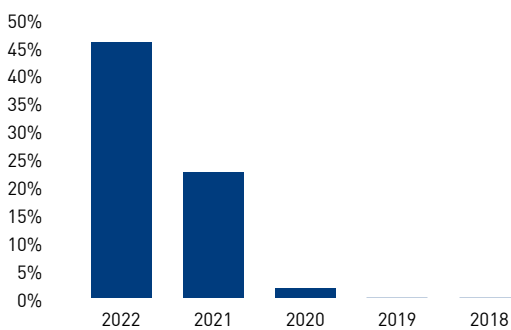
**Profit After Tax**



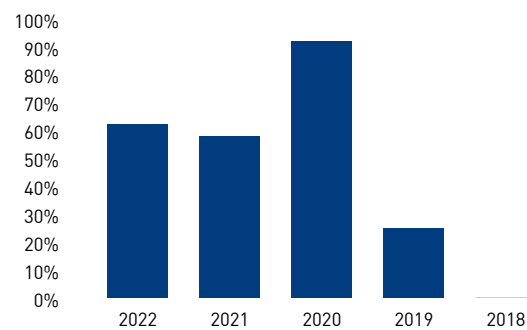
**Quick Ratio**



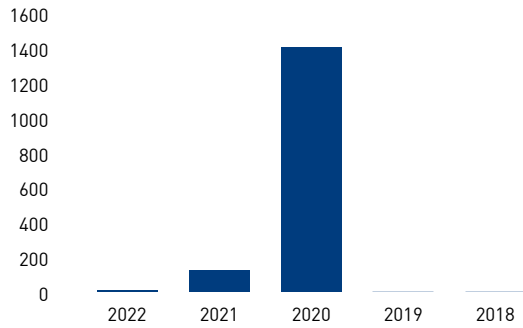
**Cost of Sales (% of Sales)**



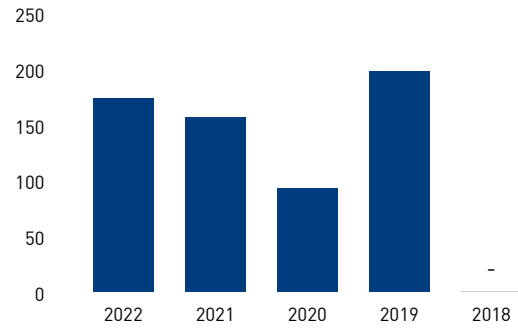
**Operating Result Ratio**



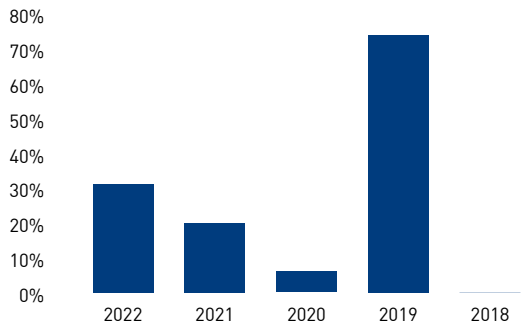
**Net Sales (in % Growth)**



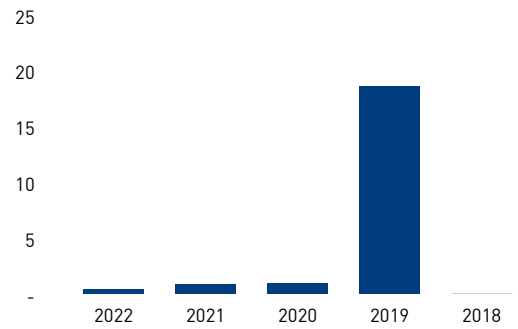
**Fixed Asset Turnover**



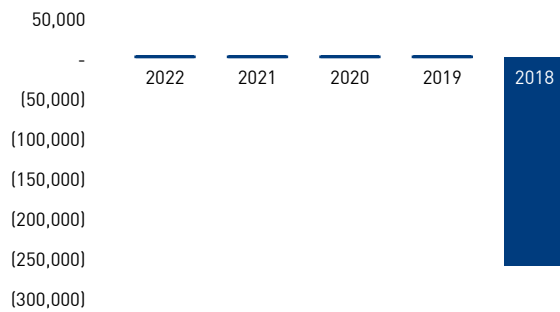
**Administrative & Selling Cost (% of Sales)**



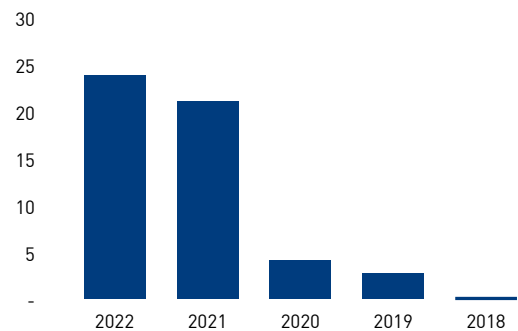
**Trade Debts Turnover**



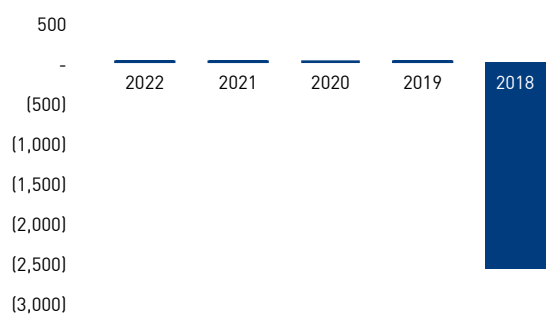
**Earning per Share (Basic)**



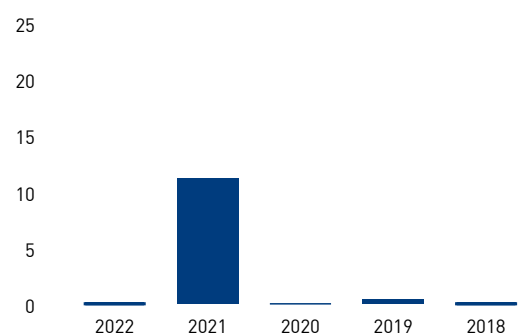
**Current Ratio**



**Break Up Value per Share**

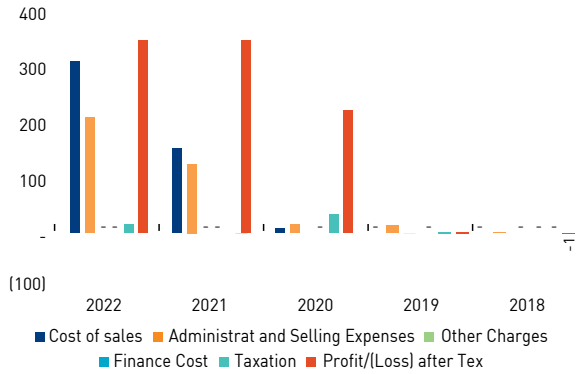


**Cash to Current Liabilities**

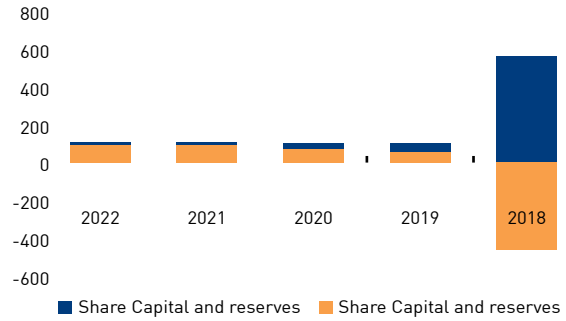


## Graphical Presentation

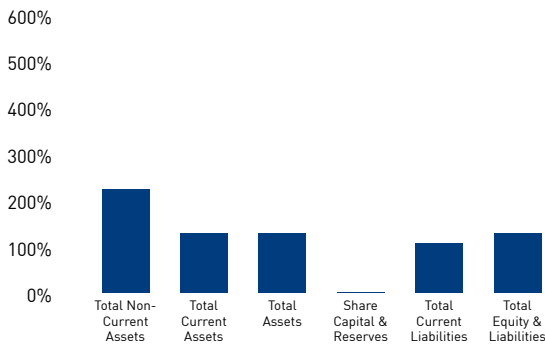
### Profit & Loss Analysis



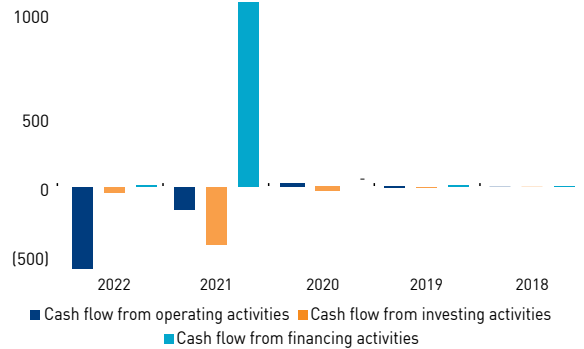
### Total Liabilities Analysis



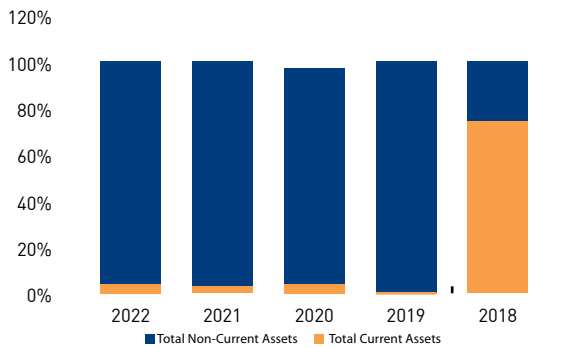
### Balance Sheet Horizontal Analysis



### Cash Flow Analysis



### Total Asset Analysis







# Pattern of Shareholding

AS AT DECEMBER 31, 2022

| No. of Shareholders | No. of Shareholdings |             | Total Shares       |
|---------------------|----------------------|-------------|--------------------|
|                     | From                 | To          |                    |
| 516                 | 1                    | 100         | 21,445             |
| 3,048               | 101                  | 500         | 1,433,033          |
| 1,156               | 501                  | 1,000       | 1,079,860          |
| 1,083               | 1,001                | 5,000       | 2,720,310          |
| 211                 | 5,001                | 10,000      | 1,609,073          |
| 80                  | 10,001               | 15,000      | 1,049,435          |
| 46                  | 15,001               | 20,000      | 839,427            |
| 32                  | 20,001               | 25,000      | 753,332            |
| 20                  | 25,001               | 30,000      | 554,870            |
| 13                  | 30,001               | 35,000      | 441,089            |
| 9                   | 35,001               | 40,000      | 347,900            |
| 11                  | 40,001               | 45,000      | 462,772            |
| 15                  | 45,001               | 50,000      | 740,608            |
| 6                   | 50,001               | 55,000      | 316,310            |
| 3                   | 55,001               | 60,000      | 175,299            |
| 2                   | 60,001               | 65,000      | 129,100            |
| 7                   | 65,001               | 70,000      | 468,117            |
| 5                   | 70,001               | 75,000      | 368,894            |
| 9                   | 75,001               | 80,000      | 694,995            |
| 1                   | 80,001               | 85,000      | 84,700             |
| 3                   | 85,001               | 90,000      | 262,299            |
| 3                   | 90,001               | 95,000      | 281,894            |
| 5                   | 95,001               | 100,000     | 494,104            |
| 1                   | 100,001              | 105,000     | 101,253            |
| 1                   | 110,001              | 115,000     | 113,357            |
| 2                   | 115,001              | 120,000     | 239,000            |
| 1                   | 130,001              | 135,000     | 135,000            |
| 1                   | 145,001              | 150,000     | 150,000            |
| 3                   | 150,001              | 155,000     | 452,415            |
| 2                   | 155,001              | 160,000     | 318,315            |
| 1                   | 160,001              | 165,000     | 163,405            |
| 2                   | 165,001              | 170,000     | 337,112            |
| 2                   | 185,001              | 190,000     | 375,373            |
| 1                   | 200,001              | 205,000     | 202,706            |
| 1                   | 205,001              | 210,000     | 208,020            |
| 2                   | 215,001              | 220,000     | 438,220            |
| 1                   | 230,001              | 235,000     | 231,799            |
| 1                   | 245,001              | 250,000     | 250,000            |
| 3                   | 255,001              | 260,000     | 771,076            |
| 1                   | 260,001              | 265,000     | 264,379            |
| 1                   | 320,001              | 325,000     | 325,000            |
| 1                   | 385,001              | 390,000     | 389,500            |
| 1                   | 395,001              | 400,000     | 400,000            |
| 1                   | 480,001              | 485,000     | 483,500            |
| 1                   | 520,001              | 525,000     | 520,058            |
| 1                   | 635,001              | 640,000     | 638,449            |
| 1                   | 705,001              | 710,000     | 709,500            |
| 1                   | 725,001              | 730,000     | 726,695            |
| 1                   | 800,001              | 805,000     | 800,593            |
| 1                   | 1,195,001            | 1,100,000   | 1,100,000          |
| 1                   | 1,175,001            | 1,180,000   | 1,176,316          |
| 1                   | 109,395,001          | 109,400,000 | 109,399,995        |
| <b>6,322</b>        |                      |             | <b>136,750,002</b> |

# Catagories of Shareholding

AS AT DECEMBER 31, 2022

| S.No.  | Shareholders Category  | No. of Shareholder | No. of Shares      | Percentage    |
|--|--|--------------------|--------------------|---------------|
| 1  | Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company) | 7                  | 50,007             | 0.04          |
| 2  | Associated Companies, Undertakings and related Parties (to be confirm by Company)                  | 1                  | 109,399,995        | 80.00         |
| 3  | NIT and ICP  | -                  | -                  | -             |
| 4  | Banks, Development Financial Institutions, Non Banking Financial Institutions                      | 2                  | 1,198,816          | 0.88          |
| 5  | Insurance Companies  | 7                  | 1,409,280          | 1.03          |
| 6  | Modarabas and Mutual Funds   | 37                 | 2,683,766          | 1.96          |
| 7  | Share holders holding 10%  |                    |                    |               |
| 8  | General Public:  |                    |                    |               |
|  | a. local   | 6,175              | 16,825,465         | 12.30         |
|  | b .Foreign   | -                  | -                  | -             |
| 9  | Others   | 93                 | 5,182,673          | 3.79          |
| <b>Total (excluding : share holders holding 10%)</b> |  | <b>6,322</b>       | <b>136,750,002</b> | <b>100.00</b> |

# Category Details of Shareholding

AS AT DECEMBER 31, 2022

| S.No.   | Folio        | Name                      | Holding            |
|---|--------------|---------------------------|--------------------|
| <b>Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)</b> |              |                           |                    |
| 1   | 03228-44355  | MOHAMMAD SHAHID MIR       | 1                  |
| 2   | 03525-112897 | BAKHTIAR HAMEED WAIN      | 1                  |
| 3   | 05264-103056 | JUNAID MUSHTAQ PARACHA    | 1                  |
| 4   | 05264-48871  | TANVEER KARAMAT           | 50,001             |
| 5   | 10629-168776 | ADEEL KHALID              | 1                  |
| 6   | 10629-169329 | ASMAR AHMED ATIF          | 1                  |
| 7   | 10629-285760 | SALEHA ASIF               | 1                  |
| <b>TOTAL &gt;&gt;</b>   |              |                           | <b>50,007</b>      |
| <b>Associated Companies, Undertakings and related Parties (to be confirm by Company)</b>                  |              |                           |                    |
| 1   | 03277-116359 | AVANCEON LIMITED          | 109,399,995        |
| <b>TOTAL &gt;&gt;</b>   |              |                           | <b>109,399,995</b> |
| <b>Banks, Development Financial Institutions, Non Banking Financial Institutions</b>                      |              |                           |                    |
| 1   | 01875-39     | SAMBA BANK LIMITED        | 22,500             |
| 2   | 04127-28     | MCB BANK LIMITED-TREASURY | 1,176,316          |
| <b>TOTAL &gt;&gt;</b>   |              |                           | <b>1,198,816</b>   |

# Category Details of Shareholding

AS AT DECEMBER 31, 2022

| S.No.                             | Folio       | Name   | Holding          |
|-----------------------------------|-------------|--|------------------|
| <b>Insurance Companies</b>        |             |  |                  |
| 1                                 | 03277-7330  | RELIANCE INSURANCE COMPANY LTD.                              | 35,000           |
| 2                                 | 03277-90405 | DAWOOD FAMILY TAKAFUL LIMITED                                | 264,379          |
| 3                                 | 03277-90406 | DAWOOD FAMILY TAKAFUL LIMITED                                | 202,706          |
| 4                                 | 07450-1792  | DAWOOD FAMILY TAKAFUL LIMITED                                | 6,000            |
| 5                                 | 13748-501   | ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF                       | 726,695          |
| 6                                 | 13748-915   | ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF                       | 15,000           |
| 7                                 | 18044-22    | ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF                       | 159,500          |
| <b>TOTAL &gt;&gt;</b>             |             |  | <b>1,409,280</b> |
| <b>Modarabas and Mutual Funds</b> |             |  |                  |
| 1                                 | 05371-28    | CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND                 | 98,604           |
| 2                                 | 05645-24    | CDC - TRUSTEE HBL INVESTMENT FUND                            | 69,000           |
| 3                                 | 05652-23    | CDC - TRUSTEE JS LARGE CAP. FUND                             | 40,000           |
| 4                                 | 05819-23    | CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND                     | 400,000          |
| 5                                 | 05991-23    | CDC - TRUSTEE MEEZAN BALANCED FUND                           | 24,836           |
| 6                                 | 06130-25    | CDC - TRUSTEE JS ISLAMIC FUND                                | 36,000           |
| 7                                 | 06171-21    | CDC - TRUSTEE FAYSAL STOCK FUND                              | 353              |
| 8                                 | 06213-25    | CDC - TRUSTEE UNIT TRUST OF PAKISTAN                         | 95,000           |
| 9                                 | 06726-23    | CDC - TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND          | 190,000          |
| 10                                | 07070-22    | CDC - TRUSTEE MEEZAN ISLAMIC FUND                            | 65,207           |
| 11                                | 07252-20    | CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND                   | 299              |
| 12                                | 10660-25    | CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT       | 30,000           |
| 13                                | 10728-27    | CDC - TRUSTEE HBL - STOCK FUND                               | 21,000           |
| 14                                | 11049-29    | MC FSL - TRUSTEE JS GROWTH FUND                              | 170,000          |
| 15                                | 11486-27    | CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT | 13,000           |
| 16                                | 11924-22    | CDC - TRUSTEE ALFALAH GHP ALPHA FUND                         | 831              |
| 17                                | 12120-28    | CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND             | 113,357          |
| 18                                | 12195-21    | CDC - TRUSTEE ABL STOCK FUND                                 | 259,576          |
| 19                                | 12310-25    | CDC - TRUSTEE AL HABIB STOCK FUND                            | 15,000           |
| 20                                | 13391-26    | CDC - TRUSTEE HBL ISLAMIC STOCK FUND                         | 27,500           |
| 21                                | 13698-29    | CDC - TRUSTEE HBL IPF EQUITY SUB FUND                        | 17,000           |
| 22                                | 13953-27    | MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND    | 10,000           |
| 23                                | 13961-26    | MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND      | 10,000           |
| 24                                | 14126-26    | CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND                    | 40,000           |
| 25                                | 14373-27    | MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND                      | 6,132            |
| 26                                | 14902-21    | CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST               | 325,000          |
| 27                                | 15388-25    | CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND             | 8,000            |
| 28                                | 16139-23    | CDC - TRUSTEE NIT ISLAMIC EQUITY FUND                        | 185,373          |
| 29                                | 16162-20    | CDC - TRUSTEE NITIPF EQUITY SUB-FUND                         | 80,000           |
| 30                                | 16188-28    | CDC - TRUSTEE NITPF EQUITY SUB-FUND                          | 90,000           |
| 31                                | 16436-27    | CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND              | 27,500           |
| 32                                | 16501-27    | CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND                   | 25,524           |

| S.No.                             | Folio        | Name  | Holding          |
|-----------------------------------|--------------|---|------------------|
| <b>Modarabas and Mutual Funds</b> |              |   |                  |
| 34                                | 17210-22     | CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND                  | 25,001           |
| 35                                | 18002-26     | CDC - TRUSTEE NIT ASSET ALLOCATION FUND                     | 163,405          |
| 36                                | 18127-22     | CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND                     | 805              |
| 37                                | 18721-29     | CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND             | 39               |
| <b>TOTAL &gt;&gt;</b>             |              |   | <b>2,683,766</b> |
| <b>Others</b>                     |              |   |                  |
| 1                                 | 00307-120612 | IGI INVESTMENTS (PVT.) LIMITED                              | 14,500           |
| 2                                 | 00695-12417  | BMA FUNDS LIMITED [PK1555-0 ]                               | 55,299           |
| 3                                 | 01339-29876  | FRANCISCANS OF ST JOHN THE BAPTIST PAKISTAN                 | 10,000           |
| 4                                 | 01651-20884  | TRUSTEES OF HAMID ADAMJEE TRUST                             | 10,000           |
| 5                                 | 01651-33341  | SAGE CONSULTING (PRIVATE) LIMITED                           | 5,000            |
| 6                                 | 01826-100438 | HAMID ADAMJEE TRUST   | 4,000            |
| 7                                 | 01826-102285 | ESSITY PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND            | 18,500           |
| 8                                 | 01826-119222 | DESCON STAFF PROVIDENT FUND TRUST                           | 3,052            |
| 9                                 | 01826-169599 | GHANI GLASS LIMITED EMPLOYEES PROVIDENT FUND                | 40,000           |
| 10                                | 01826-171447 | ADAMJEE LIFE ASSURANCE COMPANY LTD. EMPLOYEES GRATUITY FUND | 23,000           |
| 11                                | 01826-178467 | LEAPING PANTHER RESEARCH (PRIVATE) LIMITED                  | 21,000           |
| 12                                | 01826-185066 | OTO PAKISTAN (PRIVATE) LIMITED                              | 10,682           |
| 13                                | 01826-191049 | SIDDIQ LEATHER WORKS (PVT) LIMITED                          | 15,000           |
| 14                                | 01826-198390 | SARMAAYA FINANCIALS (PRIVATE) LIMITED                       | 19,000           |
| 15                                | 01826-199752 | DYNASYS NETWORKS (PRIVATE) LIMITED                          | 5,000            |
| 16                                | 01826-34     | BMA CAPITAL MANAGEMENT LTD.                                 | 75,299           |
| 17                                | 01826-80234  | TRUSTEE-AZAN WELFARE TRUST                                  | 6,500            |
| 18                                | 01826-84699  | SHAHNAWAZ (PRIVATE) LIMITED                                 | 2,753            |
| 19                                | 03038-79     | STANDARD CAPITAL SECURITIES (PRIVATE) LIMITED               | 20,000           |
| 20                                | 03277-104940 | AL HAYY TRADING (PRIVATE) LIMITED                           | 231,799          |
| 21                                | 03277-105054 | KODVAWALA TRUST   | 75,299           |
| 22                                | 03277-1342   | SIZA SERVICES (PRIVATE) LIMITED                             | 1                |
| 23                                | 03277-146    | DAWOOD HERCULES CORPORATION LIMITED                         | 74,336           |
| 24                                | 03277-26972  | WESTBURY (PRIVATE) LTD                                      | 5,299            |
| 25                                | 03277-26973  | TRADING ENTERPRISES (PVT) LTD                               | 50,000           |
| 26                                | 03277-40179  | YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LTD                   | 520,058          |
| 27                                | 03277-4841   | BULK MANAGEMENT PAKISTAN (PVT.) LTD.                        | 28,000           |
| 28                                | 03277-48863  | CUMBERLAND (PVT) LIMITED                                    | 75,299           |
| 29                                | 03277-4931   | SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED               | 65,299           |
| 30                                | 03277-49694  | MARINE SERVICES (PVT.) LIMITED                              | 2,713            |
| 31                                | 03277-71054  | NOVATEX LIMITED   | 74,322           |
| 32                                | 03277-87162  | PAKISTAN SYNTHETICS LIMITED                                 | 74,336           |
| 33                                | 03277-94268  | AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED                  | 30,000           |
| 34                                | 03277-96883  | IGI INVESTMENTS (PVT.) LIMITED                              | 50,859           |
| 35                                | 03350-22     | ZAHID LATIF KHAN SECURITIES (PVT) LTD.                      | 1,006            |
| 36                                | 03525-110187 | AFFINITY CAPITAL (PVT.) LIMITED                             | 27,118           |

# Category Details of Shareholding

AS AT DECEMBER 31, 2022

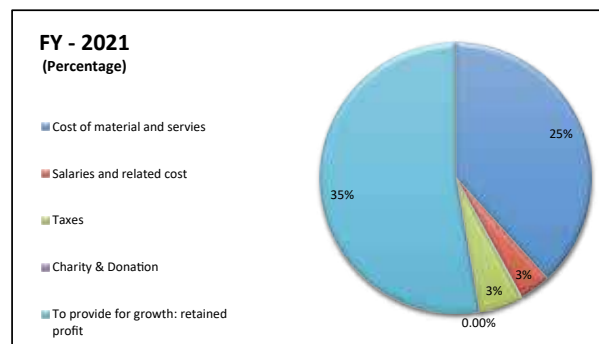
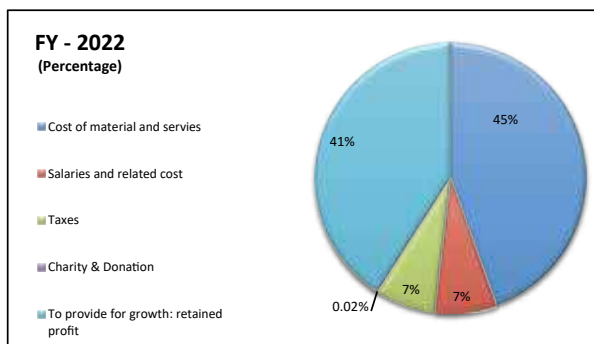
| S.No.         | Folio        | Name   | Holding   |
|---------------|--------------|--|-----------|
| <b>Others</b> |              |  |           |
| 37            | 03525-48327  | SURAJ COTTON MILLS LTD.                                      | 27,532    |
| 38            | 03525-61184  | PITCO (PVT) LTD  | 27,125    |
| 39            | 03525-67537  | SHAMALIK BROTHERS (PVT) LTD                                  | 41,522    |
| 40            | 03525-93319  | IQBAL HAMID TRUST  | 22,513    |
| 41            | 04085-24     | MRA SECURITIES LIMITED                                       | 16,000    |
| 42            | 04366-29417  | SUPER PETROCHEMICALS PRIVATE LIMITED                         | 167,112   |
| 43            | 04457-45     | FDM CAPITAL SECURITIES (PVT) LIMITED                         | 25,000    |
| 44            | 04457-62573  | KARACHI GRAINS (PRIVATE) LIMITED                             | 65,299    |
| 45            | 04705-78456  | TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND | 158,815   |
| 46            | 05264-100201 | FIVE RIVERS TECHNOLOGIES (PVT.) LIMITED                      | 50,000    |
| 47            | 05348-21     | HH MISBAH SECURITIES (PRIVATE) LIMITED                       | 2,065     |
| 48            | 05512-90582  | NOVATEX LIMITED  | 150,500   |
| 49            | 05736-15     | NCC - PRE SETTLEMENT DELIVERY ACCOUNT                        | 9,500     |
| 50            | 05884-12161  | DULJEE DINSHAW HOLDING COMPANY (PVT) LTD                     | 9,136     |
| 51            | 05884-539    | ISMAIL INDUSTRIES LIMITED                                    | 24,336    |
| 52            | 05884-9779   | TRUSTEE ALOO & MINOCHER DINSHAW CHARITABLE TRUST             | 5,000     |
| 53            | 06122-24612  | FIVE RIVERS TECHNOLOGIES (PVT.) LTD                          | 1,100,000 |
| 54            | 06445-28     | DARSON SECURITIES LIMITED                                    | 5,000     |
| 55            | 06452-51103  | BPS GROUP COMPANIES EMPLOYEES PROVIDENT FUND                 | 5,560     |
| 56            | 06452-99052  | LEONINE GLOBAL SPORTS PAKISTAN (PRIVATE) LIMITED             | 85,299    |
| 57            | 07450-35337  | DIYANAH ISLAMIC FINANCIAL SERVICES (PVT.) LIMITED            | 2,006     |
| 58            | 10629-1035   | AQEEL KARIM DHEDHI SECURITIES (PVT.) LIMITED STAFF PRO.FUND  | 3,391     |
| 59            | 10629-236961 | MIANSONS TEXTILES (PRIVATE) LIMITED                          | 1,000     |
| 60            | 10629-382088 | SIDDIQ LEATHER WORKS (PVT) LTD                               | 256,000   |
| 61            | 11387-29150  | B. K. SAADAAN (PVT) LIMITED                                  | 4,000     |
| 62            | 11692-21     | ABA ALI HABIB SECURITIES (PVT) LIMITED                       | 87,000    |
| 63            | 12286-20     | JSK SECURITIES LIMITED                                       | 1,000     |
| 64            | 12666-1708   | TRUSTEE OF HOMMIE AND JAMSHED NUSSERWANJEE CHARITABLE TRUST  | 3,000     |
| 65            | 12666-1831   | TRUSTEE PAKISTAN PETROLEUM SENIOR PROVIDENT FUND             | 40,322    |
| 66            | 12666-1849   | TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF PENSION       | 40,021    |
| 67            | 12666-1856   | TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF GRATUITY FUND | 16,222    |
| 68            | 12666-1864   | TRUSTEE PAKISTAN PETROLEUM JUNIOR PROVIDENT FUND             | 20,000    |
| 69            | 12666-1872   | TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND      | 95,500    |
| 70            | 12666-1880   | TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF GRATUITY FUND     | 12,258    |
| 71            | 12666-2037   | PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND-DC SHARIAH   | 23,000    |
| 72            | 12666-2045   | TRUSTEE PAK. PETROLEUM EXEC. STAFF PEN. FUND DC CONVENTIONAL | 9,000     |
| 73            | 12666-2169   | HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES GRATUITY FUND       | 26,614    |
| 74            | 12666-502    | ALI GOHAR & COMPANY (PRIVATE) LIMITED STAFF PROVIDENT FUND   | 101       |
| 75            | 12666-908    | GETZ PHARMA (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND       | 134       |
| 76            | 12732-3143   | AVANCEON LTD. EMPLOYEES PROVIDENT FUND                       | 250,000   |
| 77            | 13649-24     | JS GLOBAL CAPITAL LIMITED - MF                               | 7,000     |
| 78            | 13748-980    | TRUSTEE- GUL AHMED TEXTILE MILLS LTD. EMP. PROVIDENT FUND    | 23        |

| S.No.                                | Folio      | Name   | Holding           |
|--------------------------------------|------------|--|-------------------|
| <b>Others</b>                        |            |  |                   |
| 79                                   | 14118-27   | ASDA SECURITIES (PVT.) LTD.                                | 8,250             |
| 80                                   | 14720-23   | SHAJARPAK SECURITIES (PVT) LIMITED                         | 10,425            |
| 81                                   | 14944-27   | ADAM SECURITIES LTD. - MF                                  | 255,500           |
| 82                                   | 15057-24   | NINI SECURITIES (PRIVATE) LIMITED                          | 11,201            |
| 83                                   | 15719-23   | CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND | 80,000            |
| 84                                   | 16857-26   | MRA SECURITIES LIMITED - MF                                | 78,500            |
| 85                                   | 16865-25   | BAWA SECURITIES (PVT) LTD. - MF                            | 15,000            |
| 86                                   | 16881-23   | SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED - MF        | 2,000             |
| 87                                   | 16899-22   | MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF | 39,000            |
| 88                                   | 17194-34   | AKD SECURITIES LIMITED - MF                                | 16,500            |
| 89                                   | 17889-22   | AL-HABIB CAPITAL MARKETS (PRIVATE) LIMITED - MF            | 1,000             |
| 90                                   | 18432-1155 | SALIM SOZER SECURITIES (PRIVATE) LIMITED                   | 500               |
| 91                                   | 18432-5594 | Z. A GHAFFAR SECURITIES (PRIVATE) LIMITED                  | 2,000             |
| 92                                   | 18572-28   | CDC - TRUSTEE FAYSAL PENSION FUND-EQUITY SUB FUND          | 13,500            |
| 93                                   | 18614-22   | CDC - TRUSTEE FAYSAL ISLAMIC PENSION FUND-EQUITY SUB FUND  | 10,084            |
| <b>TOTAL &gt;&gt;</b>                |            |  | <b>5,182,673</b>  |
| <b>GENERAL PUBLIC LOCAL &gt;&gt;</b> |            |  | <b>16,825,465</b> |

# Statement of Value Addition



|  | FOR THE YEAR ENDED |      |                   |      |
|--|--------------------|------|-------------------|------|
|  | 31 December, 2022  |      | 31 December, 2021 |      |
|  | (Rupees in '000)   | %age | (Rupees in '000)  | %age |
| <b>Wealth Generated</b>                |                    |      |                   |      |
| Sales included sales tax               | 733,168            | 74%  | 645,026           | 98%  |
| Other operating income                 | 256,625            | 26%  | 11,143            | 2%   |
|  | 989,793            |      | 656,169           |      |
| <b>Wealth Distributed</b>              |                    |      |                   |      |
| Cost of material and services          | 441,047            | 45%  | 251,098           | 25%  |
| <b>To Employees</b>                    |                    |      |                   |      |
| Salaries and related cost              | 72,195             | 7%   | 24,787            | 3%   |
| <b>To Government</b>                   |                    |      |                   |      |
| Taxes                                  | 71,266             | 7%   | 34,333            | 3%   |
| <b>To Society</b>                      |                    |      |                   |      |
| Charity & Donation                     | 223                | 0.0% | -                 | 0.0% |
| <b>Retain in the business</b>          |                    |      |                   |      |
| To provide for growth: retained profit | 405,063            | 41%  | 345,951           | 35%  |
|  | 989,793            |      | 656,169           |      |





## Financial Statements for the year ended December 31, 2022



# Independent Auditor's Report

## To the Members of Octopus Digital Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of OCTOPUS DIGITAL LIMITED (the Company), which comprise the statement of financial position as at December 31, 2022, and statement of profit or loss, statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the 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 statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 Company's affairs as at December 31, 2022 and of the profit and other comprehensive income, its cash flows and the changes in equity 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 Company 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.

#### Emphasis of Matter

We draw attention to the note 12.1.2 to the financial statements which states that the Company intends to seek Shareholders' approval to comply with the requirements of section 199 of the Companies Act, 2017, for payments made to or on behalf of its Holding company amounting to Rs. 628.20 million, receipts / adjustments from the Parent Company amounting to Rs. 414.059 million and interest charged amounting to Rs. 46.50 million, resulted into net receivable balance of Rs. 260.64 million. Our conclusion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO

Following are the key audit matters:

| S.No. | Key audit matters   | How our audit addressed the key audit matter  |
|-------|---|---|
| 1.    | <p><b>Revenue Recognition</b></p> <p>The Company's revenue is derived from After Market Support (AMS) segment under various revenue streams, as referred to in Note 21 to the accompanying financial statements which primarily includes provision of services as well as end-to-end solutions in form of short-term and long-term projects, which in most of the cases lead to revenue being recognized over multiple accounting periods. Revenue is recognized based on performance obligations as mentioned in Note 6.10 to the accompanying financial statements, which requires significant management judgement and estimates in relation to assessment of distinct performance obligations along with respective standalone selling prices and budgeting the cost to complete. Due to complexity of accounting for multiple revenue streams, significant judgement and estimation involved in the revenue recognition process we have identified measurement of revenue recognition as a key audit matter.</p> | <p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding and evaluated the appropriateness of the Company's revenue recognition policies, in accordance with IFRS 15, including those relating to the stage of completion method and related management assessments based on the Company's operating model and its system of recording revenue related transactions;</li> <li>• Tested operating effectiveness of internal controls relating to the Company's revenue recognition process including budgetary control, appropriate review and approval practices and its recognition in the books of accounts;</li> <li>• Performed substantive analytical procedures including, amongst others, developing an expectation of project revenue for the year based on contracts entered to date and analyzing the amounts recognized against the same, month-wise and project wise revenue and margin analysis. We compared the actual cost of projects completed during the year with their forecast cost;</li> <li>• Performed test of details including examination of a sample of underlying contracts, review of the contractual terms and conditions and evaluating appropriate accounting treatment thereof;</li> <li>• Selected a sample of revenue transactions recognized during the year and recalculated the revenue recognized along with evaluation of the management basis used in determining the performance obligations in accordance with accounting policies; and</li> <li>• Assessed the appropriateness of disclosures in the financial statements in relation to revenue.</li> </ul> |
| 2.    | <p><b>Related Party Transactions</b></p> <p>The Company is a subsidiary of Avanceon Limited (the Parent Company) and is associated undertaking of other subsidiaries of its Parent Company which includes Avanceon FZE, Octopus Digital Inc.</p>  | <p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>• Obtained a list of related parties and transactions entered into with them during the year from management;</li> </ul>   |

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# Independent Auditor's Report

## To the Members of Octopus Digital Limited

| S.No. | Key audit matters   | How our audit addressed the key audit matter  |
|-------|---|---|
| 3.    | Key Audition Matters  | How the matter was addressed in our audit   |
|       | <p>(formerly Innovative Automation Inc., EmpiricAI (Private) Limited, Avanceon Automation and Control W.L.L (AVAC) and Avanceon Saudi Energy Company.</p> <p>Nature of transactions with related parties includes rendering of after-market service (AMS) and subcontracting services, management fee, back office support, fee for technical services, markup on short term loan, payments and receipts on behalf of each other's (as disclosed in note 29 to the accompanying financial statements) leading to a significant amount of trade debts, short term loans and other receivable balances of Rs. 1,307.23 million (2021: Rs. 711.84 million), Rs. 300 million (2021: Rs. Nil) and Rs. 300.88 (2021: Rs. Nil) million as disclosed in Notes 10, 13 and 12 respectively which in aggregate contribute to 86% of total assets.</p> <p>The inter-company transactions and balances require significant auditor attention as the amounts are material to the unconsolidated financial statements as a whole and are hence considered as Key Audit Matter.</p> | <ul style="list-style-type: none"> <li>Performed substantive procedures on related party transactions and balances including review of contract terms, underlying invoices, analytical procedures, balance confirmations and assessment of recoverability of receivable balances vis-à-vis financial position of respective Group entities;</li> <li>Reviewed the approval process for related party transactions including approval by those charged with governance including the compliance of contractual terms with the Companies (Related Party Transactions and Maintenance of Related Records) Regulations 2018;</li> <li>Performed procedures using substantive analytical procedures as well as review of documentation such as minutes of Board meetings and forms submitted with regulatory authorities for ensuring completeness of related party transactions; and</li> <li>Assessed whether appropriate disclosures have been made in financial statements regarding related party transactions and balances in accordance with IAS 24 and requirements under the fourth schedule to the Companies Act, 2017.</li> </ul> |

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

Management is responsible for the other information. The other information comprises the information included in the annual 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 and Board of Directors for the 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

# Independent Auditor's Report

## To the Members of Octopus Digital Limited

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 Company 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 board of directors 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 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 Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

## Other matter

The financial statements of the Company for the year ended December 31, 2021 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon vide their report dated April 19, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Sajjad Hussain Gill.



## Bdo Ebrahim & Co.

Chartered Accountants

Lahore: 15 May 2023

UDIN: AR202210087DQh870Wrf

# Statement of Financial Position

AS AT DECEMBER 31, 2022

|  | Note | 2022<br>(Rupees)     | 2021<br>(Rupees)     |
|--|------|----------------------|----------------------|
| <b>ASSETS</b>                                |      |                      |                      |
| <b>Non-current assets</b>                    |      |                      |                      |
| Property and equipment                       | 7    | 3,952,552            | 3,730,442            |
| Intangible assets                            | 8    | 119,683,815          | 51,721,562           |
| Deferred tax assets                          | 9    | 10,334,468           | 2,632,402            |
| Long-term advances and deposits              | 12   | 100,000              | 100,000              |
|  |      | 134,070,835          | 58,184,406           |
| <b>Current assets</b>                        |      |                      |                      |
| Trade debts                                  | 10   | 1,236,092,159        | 665,462,136          |
| Contract assets                              | 11   | 95,620,662           | 66,742,421           |
| Advances, prepayments and other receivables  | 12   | 339,464,234          | 30,605,390           |
| Short term loan                              | 13   | 300,000,000          | -                    |
| Short term investment                        | 14   | -                    | 300,000,000          |
| Bank balances                                | 15   | 20,223,076           | 598,889,321          |
|  |      | 1,991,400,131        | 1,661,699,268        |
| <b>Total assets</b>                          |      | <b>2,125,470,966</b> | <b>1,719,883,674</b> |
| <b>EQUITY AND LIABILITIES</b>                |      |                      |                      |
| <b>Share capital and reserves</b>            |      |                      |                      |
| Authorized share capital                     | 16.1 | 2,500,000,000        | 2,500,000,000        |
| Issued, subscribed and paid up share capital | 16.2 | 1,367,500,020        | 1,367,500,020        |
| <b>Reserves</b>                              |      |                      |                      |
| Capital reserve                              | 17   | (294,790,716)        | (294,790,716)        |
| Revenue reserve - Unappropriated profits     |      | 972,694,744          | 567,631,927          |
|  |      | 2,045,404,048        | 1,640,341,231        |
| <b>LIABILITIES</b>                           |      |                      |                      |
| <b>Non current liabilities</b>               |      |                      |                      |
| Deferred tax liabilities                     | 9    | -                    | -                    |
| <b>CURRENT LIABILITIES</b>                   |      |                      |                      |
| Creditors, accrued and other liabilities     | 18   | 23,451,761           | 44,867,038           |
| Contract liabilities                         | 19   | 6,669,187            | 17,539,369           |
| Provision for taxation                       |      | 49,945,970           | 17,136,036           |
|  |      | 80,066,918           | 79,542,443           |
| <b>Total equity and liabilities</b>          |      | <b>2,125,470,966</b> | <b>1,719,883,674</b> |

## CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 36 form an integral part of these financial statements.



Chief Executive  
**Asmar Ahmed Atif**



Chief Financial Officer  
**Saeed Ullah Khan Niazi**



Director  
**Junaid Mushtaq Paracha**

## Statement of Profit or Loss

FOR THE YEAR ENDED DECEMBER 31, 2022

|   | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|---|------|------------------|------------------|
| Revenue from contracts with customers - net     | 21   | 687,009,826      | 625,196,134      |
| Cost of revenue                                 | 22   | (309,421,705)    | (151,981,576)    |
| Gross profit                                    |      | 377,588,121      | 473,214,558      |
| Administrative and selling expenses             | 23   | (203,819,740)    | (123,903,422)    |
| Other operating income                          | 24   | 256,625,154      | 11,143,360       |
| Other operating expenses                        | 25   | (222,863)        | -                |
|   |      | 52,582,551       | (112,760,062)    |
| Profit before taxation                          |      | 430,170,672      | 360,454,496      |
| Taxation  | 26   | (25,107,855)     | (14,503,634)     |
| Profit after taxation                           |      | 405,062,817      | 345,950,862      |
| Earnings per share - Basic and diluted (Rupees) | 27   | 2.96             | 2.53             |

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 1 to 36 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director



# Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2022

|  | 2022<br>(Rupees) | 2021<br>(Rupees) |
|--|------------------|------------------|
| Profit after taxation for the year                                 | 405,062,817      | 345,950,862      |
| Other comprehensive income   |                  |                  |
| Items that will not be reclassified subsequently to profit or loss | -                | -                |
| Items that may be reclassified subsequently to profit or loss      | -                | -                |
|  | -                | -                |
| Total comprehensive income for the year                            | 405,062,817      | 345,950,862      |

The annexed notes from 1 to 36 form an integral part of these financial statements.



Chief Executive  
**Asmar Ahmed Atif**



Chief Financial Officer  
**Saeed Ullah Khan Niazi**



Director  
**Junaid Mushtaq Paracha**

## Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2022

|   | Issued, subscribed and paid-up capital | Capital reserve             |               | Revenue reserves       | Total Equity  |
|---|--|-----------------------------|---------------|------------------------|---------------|
|   |  | Group restructuring reserve | Share Premium | Unappropriated profits |               |
| (Rupees)                                |  |                             |               |                        |               |
| <b>Balance as at January 01, 2021</b>   | 1,094,000,020                          | (1,084,000,000)             | -             | 221,681,065            | 231,681,085   |
| Total comprehensive income for the year | -                                      | -                           | -             | 345,950,862            | 345,950,862   |
| Issuance of ordinary shares             | 273,500,000                            | -                           | 789,209,284   | -                      | 1,062,709,284 |
|   | 273,500,000                            | -                           | 789,209,284   | 345,950,862            | 1,408,660,146 |
| <b>Balance as at December 31, 2021</b>  | 1,367,500,020                          | (1,084,000,000)             | 789,209,284   | 567,631,927            | 1,640,341,231 |
| Total comprehensive income for the year | -                                      | -                           | -             | 405,062,817            | 405,062,817   |
| <b>Balance as at December 31, 2022</b>  | 1,367,500,020                          | (1,084,000,000)             | 789,209,284   | 972,694,744            | 2,045,404,048 |

The annexed notes from 1 to 36 form an integral part of these financial statements.



Chief Executive  
**Asmar Ahmed Atif**



Chief Financial Officer  
**Saeed Ullah Khan Niazi**



Director  
**Junaid Mushtaq Paracha**

# Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2022

|   | Note | 2022<br>(Rupees)     | 2021<br>(Rupees)     |
|---|------|----------------------|----------------------|
| <b>Cash flow from operating activities</b>                    |      |                      |                      |
| Net profit before taxation                                    |      | 430,170,672          | 360,454,496          |
| Adjustment for:   |      |                      |                      |
| Depreciation - owned assets                                   | 7    | 1,530,229            | 1,115,822            |
| Allowance for expected credit losses - trade debts            | 23   | 10,083,064           | 593,833              |
| Allowance for expected credit losses - contract asset         | 23   | 10,178,807           | 3,100,614            |
| Allowance for expected credit losses - related party          | 23   | 17,466,016           | 58,068,864           |
| Exchange gain   | 24   | (165,124,940)        | (7,835,945)          |
| Markup income on loan to Parent Company                       | 24   | (86,747,735)         | -                    |
| Profit on short term investment                               | 24   | (4,750,685)          | (3,307,415)          |
| <b>Operating profit before working capital changes</b>        |      | <b>212,805,428</b>   | <b>412,190,269</b>   |
| <b>Adjustments for working capital changes</b>                |      |                      |                      |
| <b>Increase in current assets</b>                             |      |                      |                      |
| Trade debts   | 10   | (433,054,163)        | (434,891,745)        |
| Contract assets   | 11   | (39,057,048)         | (55,724,578)         |
| Advances, prepayments and other receivables                   | 12   | (222,111,109)        | (12,915,727)         |
|   |      | (694,222,320)        | (503,532,050)        |
| <b>(Decrease) / increase in current liabilities</b>           |      |                      |                      |
| Creditors, accrued and other liabilities                      | 18   | (21,415,277)         | (2,933,878)          |
| Contract liabilities  | 19   | (10,870,169)         | 13,410,465           |
|   |      | (32,285,446)         | 10,476,587           |
| <b>Cash used in operations</b>                                |      | <b>(513,702,338)</b> | <b>(80,865,194)</b>  |
| Profit received on short term investment                      |      | 4,750,685            | 1,770,429            |
| Additions in long-term advances and deposits                  |      | -                    | (100,000)            |
| Income tax paid   |      | -                    | (51,914,960)         |
| <b>Net cash used in operating activities</b>                  |      | <b>(508,951,653)</b> | <b>(131,109,725)</b> |
| <b>Cash flows from investing activities</b>                   |      |                      |                      |
| Purchase of property and equipment                            | 7    | (1,752,339)          | (1,451,963)          |
| Additions in capital work-in-progress                         | 8    | (67,962,253)         | (31,692,281)         |
| Loan to Holding Company                                       |      | (300,000,000)        | -                    |
| Receipts on disposal of short term investment                 | 14   | 300,000,000          | (300,000,000)        |
| <b>Net cash used in investing activities</b>                  |      | <b>(69,714,592)</b>  | <b>(333,144,244)</b> |
| <b>Cash flows from financing activities</b>                   |      |                      |                      |
| Issuance of ordinary shares                                   | 16   | -                    | 273,500,000          |
| Increase in share premium due to issuance of shares           | 16   | -                    | 789,209,284          |
| <b>Net cash generated from financing activities</b>           |      | <b>-</b>             | <b>1,062,709,284</b> |
| <b>Net (decrease) / increase in cash and cash equivalents</b> |      | <b>(578,666,245)</b> | <b>598,455,315</b>   |
| <b>Cash and cash equivalents at the beginning of the year</b> |      | <b>598,889,321</b>   | <b>434,006</b>       |
| <b>Cash and cash equivalents at the end of the year</b>       |      | <b>20,223,076</b>    | <b>598,889,321</b>   |

The annexed notes from 1 to 36 form an integral part of these financial statements.



Chief Executive  
**Asmar Ahmed Atif**



Chief Financial Officer  
**Saeed Ullah Khan Niazi**



Director  
**Junaid Mushtaq Paracha**

# Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

## 1. CORPORATE AND GENERAL INFORMATION

### 1.1 Legal status and nature of the business

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

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

## 3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention unless otherwise stated in respective notes.

### 3.1 Functional and presentation currency

These financial statements have been prepared in Pak Rupee, which is the functional currency of the Company. Figures have been rounded off to the nearest of Pak Rupee.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

### 4.1 Provision for expected credit losses

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses as explained in note 9.6, 9.8 and 10.2. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**4.2 Cost to complete the projects and related revenue**

As part of application of cost to cost method on contract accounting, the Company estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized.

These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods. In accordance with the matching principle, the revenue recognition is based on percentage of completion method.

Other areas where estimates and judgments involved are disclosed in respective notes to the financial statements.

**5. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

**5.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2022**

The following standards, amendments and interpretations are effective for the year ended December 31, 2022. These standards, amendments and interpretations are either not relevant to the Company’s operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

| Standard or Interpretation  | Effective date (annual periods beginning on or after) |
|---|---|
| Amendments to IFRS 3 ‘Business Combinations’ - Reference to the conceptual framework  | January 01, 2022                                      |
| Amendments to IFRS 16 ‘Leases’ - Extended practical relief regarding Covid - 19 related rent concessions                            | April 01, 2021  |
| Amendments to IAS 16 ‘Property, Plant and Equipment’ - Proceeds before intended use   | January 01, 2022                                      |
| Amendments to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ - Onerous Contracts - Cost of fulfilling a contract | January 01, 2022                                      |

Certain annual improvements have also been made to a number of IFRSs.

**5.2 New accounting standards, amendments and interpretations that are not yet effective**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company’s operations or are not expected to have significant impact on the Company’s financial statements other than certain additional disclosures.

|  |                  |
|--|------------------|
| Amendments to IFRS 16 ‘Leases’ - Lease liability in a sale and leaseback   | January 01, 2024 |
| Amendments to IAS 1 ‘Presentation of Financial Statements’ - Non-current liabilities with covenants                        | January 01, 2024 |
| Amendments to IAS 1 ‘Presentation of Financial Statements’ - Classification of liabilities as current or non-current       | January 01, 2024 |
| Amendments to IAS 1 ‘Presentation of Financial Statements’ - Disclosure of Accounting Policies                             | January 01, 2023 |
| Amendments to IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ - Definition of Accounting Estimates | January 01, 2023 |

# Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities

January 01, 2023

arising from a single transaction

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards

IFRS 17 Insurance Contracts

## 6. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements except as stated otherwise in notes to these financial statements.

### 6.1 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 6 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 Company 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 Company 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.

### 6.2 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 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.

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.

### **6.3 Taxation**

#### **Current**

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.

#### **Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the unconsolidated statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

### **6.4 Financial instruments – initial recognition and subsequent measurement**

#### **6.4.1 Financial instruments: assets**

##### **i) Classification and measurement of financial instruments**

Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument.

IFRS 9 states that classification is based on two aspects; the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the solely payments of principal and interest ('SPPI') test.

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The Company determines the classification at initial recognition.

# Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

## a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has trade debts, due from related parties, short term investments, other receivables and bank balances classified as financial assets at amortized cost.

## b) Financial assets at fair value through OCI (FVTOCI)

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment by investment basis.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company does not have any financial asset under this category.

## c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is mandatorily classified in this category if it is acquired principally for the purpose of selling in the short term, or if it fails the SPPI test. Derivatives are classified as FVTPL as they do not meet the SPPI criteria.

A financial asset can be classified in this category by choice if so designated by management at inception. This designation is because the relevant assets and liabilities (including derivatives) are managed together and internal reporting is evaluated on a fair value basis.

The Company defines fair value as the price, as at the measurement date, that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The Company does not have any financial asset under this category.

## ii) Initial recognition

At initial recognition, the Company recognizes a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

## iii) Subsequent measurement

Gains and losses arising from changes in the fair value of assets classified as fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of debt instruments classified as fair value through other



comprehensive income are recognized as other comprehensive income until the financial asset is derecognized or impaired, at which time the cumulative gain or loss previously recognized in statement of comprehensive income is recognized in the statement of profit or loss. Any premium or discount paid on the purchase of securities held at amortized cost is amortized through the statement of profit or loss using the effective interest rate method.

#### iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in statement of profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to equity.

### 6.4.2 Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, contract assets and due from related parties, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 30 days past due. 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 6.4.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

### 6.4.4 Financial Instruments: liabilities

#### i) Classification of financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

#### ii) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities measured at amortized cost, net of directly attributable transaction costs.

# Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

The Company's financial liabilities include trade and other payables.

### iii) Subsequent measurement

Financial liabilities at amortized cost are subsequently measured at amortized cost. Whereas, financial liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in statement of comprehensive income. Currently, there are no financial liabilities designated at FVTPL.

### iv) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

## 6.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

## 6.6 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

## 6.7 Contingent Liability

Contingent liability is disclosed when:

- there is possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

## 6.8 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

## 6.9 Contract balances

### Contract asset

A contract asset is initially recognised for revenue earned from projects and service contracts because the receipt of consideration is conditional on successful completion of the projects and service contracts. Upon completion and acceptance by the customer, amount recognized as contract asset is reclassified to trade receivables. Contract assets are also subject to impairment assessment. Refer to accounting policies on impairment of financial assets in Note 6.4.2.

#### Trade receivables

Trade debts and other receivables are recognized and carried at original invoice amount less expected credit losses (ECL) as explained in Note 10.6 & 10.8.

#### Contract liabilities

A contract liability is recognized if a payment is received or the company has an unconditional right to an amount of consideration (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are delivered under contract.

### 6.10 Revenue recognition

The Company records its revenue on following basis as discussed below:

#### Sale of goods

Revenue from sale of goods is to be recognized at a point in time when control of the goods is transferred to the customers, generally on delivery of products to customers.

#### Rendering of services

Maintenance and service income comprises of revenue earned from service level agreements, where the customer enters into a contract with the Company for a fixed period of time and fee amount, both pre-defined in the contract, for various technical and engineering services. Revenue is recognized on the basis of percentage of rendering of services, i.e. on the number of days of services performed out of the total contracted days for service level agreements.

#### Project revenue

These comprise of projects such as Hardware and Software Automation, Efficiency solution, Scada Upgradation etc. Revenue from these projects is accounted for using cost to cost method, according to which the Company's progress towards satisfaction of performance obligations is determined by dividing actual cost incurred on the project to date by total forecasted cost, which is calculated by a team of engineers on the inception of the project.

### 6.11 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 Company and vice versa.

### 6.12 Group restructuring reserve

"The Security and Exchange Commission of Pakistan (SECP) issued an accounting standard "Accounting for Common Control Transactions," which prescribes use of measurement principal of predecessor accounting for business combinations under common controls, which states that, at the date of common control transaction, there shall be no:

- a) fair value adjustment to the assets and liabilities of the transferred / transferring entity; or
- b) recognition of new assets and liabilities for the transferred / transferring entity.

This standard also requires the Company, as receiving entity, to recognize the difference between consideration transferred and net carrying amount of assets received against the consideration transferred, as a transferring entity, within its equity. Accordingly, the Group restructuring reserve has been created for 108,400,000 ordinary shares issued to its Parent Company against transfer of after market service (AMS) business segment."

### 6.13 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable. For assets which can generally be sold in the market, the prevailing market price is used as an indicator of current recoverable amount. Technical analysis and market data is used to arrive at the recoverable amount for specialized assets.

# Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

## 6.14 Earnings per share - basic and diluted

The Company 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 Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 6.15 Provident fund

The parent company operates an approved contributory provident fund for all permanent employees by establishing a separate Trust. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10% (2021: 10%) of basic salary.

**7. PROPERTY AND EQUIPMENT**

|                                   | Note  | 2022<br>(Rupees) | 2021<br>(Rupees) |
|-----------------------------------|-------|------------------|------------------|
| <b>7.1 Operating fixed assets</b> | 7.1.1 | 3,952,552        | 3,730,442        |

7.1.1 The following is the statement of operating fixed assets:

| Description                          | Tools and<br>equipment | Office<br>equipment | Computer    | Total       |
|--------------------------------------|------------------------|---------------------|-------------|-------------|
|                                      | ----- (Rupees) -----   |                     |             |             |
| Net carrying value basis             |                        |                     |             |             |
| Year ended December 31, 2022         |                        |                     |             |             |
| Opening net book value (NBV)         | 2,616,516              | 24,950              | 1,088,976   | 3,730,442   |
| Additions (at cost)                  | 592,609                | -                   | 1,159,730   | 1,752,339   |
| Depreciation charge                  | (786,239)              | (11,088)            | (732,902)   | (1,530,229) |
| Closing net book value               | 2,422,886              | 13,862              | 1,515,804   | 3,952,552   |
| Gross carrying value basis           |                        |                     |             |             |
| Year ended December 31, 2022         |                        |                     |             |             |
| Cost                                 | 4,243,562              | 55,443              | 2,715,693   | 7,014,698   |
| Accumulated depreciation             | (1,820,676)            | (41,581)            | (1,199,889) | (3,062,146) |
| Net book value                       | 2,422,886              | 13,862              | 1,515,804   | 3,952,552   |
| Net carrying value basis             |                        |                     |             |             |
| Year ended December 31, 2021         |                        |                     |             |             |
| Opening net book value (NBV)         | 3,346,707              | 36,038              | 11,556      | 3,394,301   |
| Additions (at cost)                  | -                      | -                   | 1,451,963   | 1,451,963   |
| Depreciation charge                  | (730,191)              | (11,088)            | (374,543)   | (1,115,822) |
| Closing net book value               | 2,616,516              | 24,950              | 1,088,976   | 3,730,442   |
| Gross carrying value basis           |                        |                     |             |             |
| Year ended December 31, 2021         |                        |                     |             |             |
| Cost                                 | 3,650,953              | 55,443              | 1,555,963   | 5,262,359   |
| Accumulated depreciation             | (1,034,437)            | (30,493)            | (466,987)   | (1,531,917) |
| Net book value                       | 2,616,516              | 24,950              | 1,088,976   | 3,730,442   |
| <b>Depreciation rate % per annum</b> | 20                     | 20                  | 33.33       | -           |

# Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

## 7.2 The depreciation charge for the year has been allocated as follows:

|                                     | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|-------------------------------------|------|------------------|------------------|
| Cost of revenue                     | 22   | 765,115          | 557,911          |
| Administrative and selling expenses | 23   | 765,114          | 557,911          |
|                                     |      | 1,530,229        | 1,115,822        |

## 8. INTANGIBLE ASSETS

|  |     |             |            |
|--|-----|-------------|------------|
| Capital work-in-progress - software:   |     |             |            |
| Opening book value                     |     | 51,721,562  | 20,029,000 |
| Add : Additions during the year - cost |     | 67,962,253  | 31,692,562 |
| Closing book value                     | 8.1 | 119,683,815 | 51,721,562 |

### 8.1 This relates to the development of software for providing digital services.

## 9. DEFERRED TAXATION

The net (asset) / liability for deferred taxation comprises temporary differences relating to:

|   |  |            |             |
|---|--|------------|-------------|
| Accelerated tax depreciation / amortization |  | (52,413)   | (25,843)    |
| Income taxable on receipt basis             |  | -          | (1,819,595) |
| Provision for doubtful debts / earnings     |  | 10,386,881 | 4,477,840   |
|   |  | 10,334,468 | 2,632,402   |

### Reconciliation of deferred tax (asset) / liability net

|  |  |            |           |
|--|--|------------|-----------|
| As of January 01                                     |  | 2,632,402  | -         |
| Tax expense / (income) recognized in profit and loss |  | 7,702,066  | 2,632,402 |
| As at December 31                                    |  | 10,334,468 | 2,632,402 |

## 10. TRADE DEBTS

### Considered good

|                        |      |               |             |
|------------------------|------|---------------|-------------|
| Due from related party | 10.1 | 1,222,858,269 | 653,769,525 |
| Due from others        | 10.2 | 13,233,890    | 11,692,611  |
|                        |      | 1,236,092,159 | 665,462,136 |

### 10.1 Due from related party

|   |      |               |              |
|---|------|---------------|--------------|
| Avanceon Limited - Local                          | 10.3 | 365,169,210   | 215,378,759  |
| Avanceon Free Zone Establishment, UAE - Export    | 10.4 | 258,731,308   | 153,432,204  |
| Avanceon Automation & Control WLL, Qatar - Export | 10.5 | 683,331,658   | 343,027,426  |
|   |      | 1,307,232,176 | 711,838,389  |
| Less: Allowance for expected credit losses        | 10.6 | (84,373,907)  | (58,068,864) |
|   |      | 1,222,858,269 | 653,769,525  |

### 10.2 Due from others

|  |      |             |            |
|--|------|-------------|------------|
| Trade receivables - Others                 | 10.7 | 15,071,760  | 12,286,444 |
| Less: Allowance for expected credit losses | 10.8 | (1,837,870) | (593,833)  |
|  |      | 13,233,890  | 11,692,611 |

### 10.3 Ageing of Avanceon Limited

|                |  |             |             |
|----------------|--|-------------|-------------|
| Not yet due    |  | 324,000,000 | 3,472,893   |
| 30 days        |  | 16,862,757  | 5,315,653   |
| 30 - 90 days   |  | 7,830,610   | 61,874,223  |
| 90 - 180 days  |  | 8,561,217   | 55,542,645  |
| Above 180 days |  | 7,914,626   | 89,173,345  |
|                |  | 365,169,210 | 215,378,759 |

**10.4 Ageing of Avanceon Free Zone Establishment, UAE**

|                | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|----------------|------|------------------|------------------|
| Not yet due    |      | -                | 4,538,405        |
| 30 days        |      | 19,485,069       | 11,611,093       |
| 30 - 90 days   |      | 10,477,459       | 21,507,080       |
| 90 - 180 days  |      | 67,283,778       | 41,928,807       |
| Above 180 days |      | 161,485,002      | 73,846,623       |
|                |      | 258,731,308      | 153,432,008      |

**10.5 Ageing of Avanceon Automation & Control WLL, Qatar**

|                |  |             |             |
|----------------|--|-------------|-------------|
| Not yet due    |  | -           | 2,563,740   |
| 30 days        |  | 33,061,301  | 15,460,940  |
| 30 - 90 days   |  | 21,183,721  | 52,166,296  |
| 90 - 180 days  |  | 169,136,735 | 136,562,896 |
| Above 180 days |  | 459,949,901 | 136,273,554 |
|                |  | 683,331,658 | 343,027,426 |

**10.6 Allowance for expected credit losses - Related party**

|                             |        |            |            |
|-----------------------------|--------|------------|------------|
| As of January 01            |        | 58,068,864 | -          |
| Add: Allowance for the year |        | 26,305,043 | 58,068,864 |
| As at December 31           | 10.6.1 | 84,373,907 | 58,068,864 |

**10.6.1** This represents the ECL on the account of time value of money based upon the duly approved management plan to recovery these balances within twelve months from the reporting date. The credit loss is not expected in respect of these balances as all these parties are controlled by the parent Company.

|                              | 2022<br>(Rupees) | 2021<br>(Rupees) |
|------------------------------|------------------|------------------|
| <b>10.7 Ageing of others</b> |                  |                  |
| Not yet due                  | -                | 3,589,200        |
| Less than one year           | 12,985,429       | 3,305,623        |
| One to two years             | 1,272,592        | 5,391,621        |
| Two to three years           | 813,740          | -                |
|                              | 15,071,761       | 12,286,444       |

**10.8 Allowance for expected credit losses - Others**

|                             |           |         |
|-----------------------------|-----------|---------|
| As of January 01            | 593,833   | -       |
| Add: Allowance for the year | 1,244,037 | 593,833 |
| As at December 31           | 1,837,870 | 593,833 |

**10.9 The maximum amount outstanding at any time during the year calculated by reference to month end balances is as follows:**

|                                   | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|-----------------------------------|------|------------------|------------------|
| Avanceon Limited                  |      | 768,289,941      | 215,378,759      |
| Avanceon Free Zone Establishment  |      | 800,992,501      | 153,432,204      |
| Avanceon Automation & Control WLL |      | 675,050,135      | 343,027,426      |

**11. CONTRACT ASSETS**

|  |      |              |             |
|--|------|--------------|-------------|
| Earnings in excess of billings             |      | 51,911,441   | 41,769,109  |
| Project deferred revenue                   |      | 56,727,819   | 22,182,187  |
| Project deferred cost                      |      | 260,823      | 5,891,739   |
|  |      | 108,900,083  | 69,843,035  |
| Less: Allowance for expected credit losses | 11.3 | (13,279,421) | (3,100,614) |
|  | 11.1 | 95,620,662   | 66,742,421  |

# Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

|  | Note   | 2022<br>(Rupees) | 2021<br>(Rupees) |
|--|--------|------------------|------------------|
| <b>11.1 This also includes project deferred revenue from the following related parties :</b>   |        |                  |                  |
| Avanceon Limited   |        | 7,504,653        | -                |
| Avanceon Free Zone Establishment, UAE - Export   |        | 5,618,530        | 4,640,799        |
| Avanceon Automation & Control WLL, Qatar - Export  |        | 364,447          | 13,372,075       |
|  |        | 13,487,630       | 18,012,874       |
| <b>11.2 Ageing of contract asset</b>   |        |                  |                  |
| Not yet due  |        | -                | 9,855,949        |
| Less than one year   |        | 52,111,832       | 10,928,473       |
| One to two years   |        | -                | 15,289,183       |
| Two to three years   |        | -                | 5,695,504        |
|  |        | 52,111,832       | 41,769,109       |
| <b>11.3 Allowance for expected credit losses</b>   |        |                  |                  |
| As of January 01   |        | 3,100,614        | -                |
| Add: Allowance for the year  | 23     | 10,178,807       | 3,100,614        |
| As at December 31  |        | 13,279,421       | 3,100,614        |
| <b>12. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>   |        |                  |                  |
| Advances - considered good   |        |                  |                  |
| To employees   |        | 6,511,768        | 1,726,262        |
| To suppliers   |        | 6,979,675        | 10,169,185       |
|  |        | 13,491,443       | 11,895,447       |
| Prepayments  |        | 1,748,563        | 1,408,971        |
| Other receivables - related party  | 12.1   | 260,639,510      | -                |
| Markup receivable from parent Company  |        | 40,244,660       | -                |
| Tax refunds due from government - considered good - Sales tax  |        | 365,642          | 82,531           |
| Tax refunds due from government - considered good - Income tax   |        | 22,974,416       | 15,681,455       |
| Other receivables - considered good  |        | -                | 1,536,986        |
|  |        | 339,464,234      | 30,605,390       |
| <b>12.1 Other receivables - related party</b>  |        |                  |                  |
| Opening balance  |        | -                | (26,805,246)     |
| Payments made to or on behalf of parent Company  |        | 628,195,859      | 1,607,792,306    |
| Receipts / adjustments   |        | (414,059,424)    | (1,580,987,060)  |
|  |        | 214,136,435      | -                |
| Interest charged   | 12.1.1 | 46,503,075       | -                |
|  | 12.1.2 | 260,639,510      | -                |
| <b>12.1.1 The interest has been charged at one month KIBOR plus 2% prevailing on the start of each month.</b>  |        |                  |                  |
| <b>12.1.2 The Company is in the process of obtaining shareholders' approval for these transactions under section 199 of the Companies Act, 2017.</b> |        |                  |                  |
|  | Note   | 2022<br>(Rupees) | 2021<br>(Rupees) |
| <b>13. SHORT TERM LOAN</b>   |        |                  |                  |
| Opening  |        | -                | -                |
| Loan paid  |        | 300,000,000      | -                |
| Markup charged   |        | 40,244,660       | -                |
|  |        | 340,244,660      | -                |
| Markup transferred to markup receivable  |        | (40,244,660)     | -                |
| Closing  |        | 300,000,000      | -                |

13.1 The Company has provided short term loan of Rs. 350.00 million to Avanceon Limited (parent Company) after the approval of the members of the Company as required under section 199 of the Companies Act 2017. The Company is charging markup at the rate of 1 year KIBOR + 2 percent per annum.



**14. SHORT TERM INVESTMENT**

|                               | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|-------------------------------|------|------------------|------------------|
| Term Deposit Receipts - TDR,s | 14.1 | -                | 300,000,000      |

**14.1 This represented TDR,s having maturity of three months encashed during the year. They carried mark-up at the rate of 8.5% per annum.**

|                                  | 2022<br>(Rupees) | 2021<br>(Rupees) |
|----------------------------------|------------------|------------------|
| <b>15. BANK BALANCES</b>         |                  |                  |
| Current account - Local currency | 20,223,076       | 598,889,321      |

**16. SHARE CAPITAL****16.1 Authorized share capital**

|  | 2022<br>(Number of Shares) | 2021<br>(Number of Shares) |   | 2022<br>(Rupees) | 2021<br>(Rupees) |
|--|----------------------------|----------------------------|---|------------------|------------------|
|  | 250,000,000                | 250,000,000                | Ordinary shares of Rs. 10 each  | 2,500,000,000    | 2,500,000,000    |
| <b>16.2 Issued, subscribed and paid up capital</b> |                            |                            |   |                  |                  |
|  | 1,000,002                  | 1,000,002                  | Ordinary shares of Rs.10 each fully paid in cash  | 10,000,020       | 10,000,020       |
|  | 108,400,000                | 108,400,000                | Ordinary shares of Rs.10 each issued for consideration other than in cash (Note 16.2.2) | 1,084,000,000    | 1,084,000,000    |
|  | 27,350,000                 | 27,350,000                 | Ordinary shares of Rs. 10 each fully paid in cash                                       | 273,500,000      | 273,500,000      |
|  | 136,750,002                | 136,750,002                |   | 1,367,500,020    | 1,367,500,020    |

**16.2.1** Movement of share capital is as follows:

|                        | 2022<br>No. of shares | 2021<br>No. of shares | 2022<br>(Rupees) | 2021<br>(Rupees) |
|------------------------|-----------------------|-----------------------|------------------|------------------|
| Opening balance        | 109,400,002           | 109,400,002           | 1,094,000,020    | 1,094,000,020    |
| Issued during the year | 27,350,000            | 27,350,000            | 273,500,000      | 273,500,000      |
| Closing balance        | 136,750,002           | 136,750,002           | 1,367,500,020    | 1,367,500,020    |

**16.2.2** 109,399,995 (2021: 109,399,995 ) shares are held by Avanceon Limited, parent Company and out of remaining 7 (2021: 7) one share each is held by directors i.e. Tanveer Karamat, Bakhtiar Hameed Wain, Adeel Khalid, Asmar Ahmed Atif, Junaid Mushtaq Paracha, Muhammad Shahid Mir and Saleha Asif.

**17. RESERVES**

|   | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|---|------|------------------|------------------|
| Capital   |      |                  |                  |
| Opening balance                                     | 17.1 | 789,209,284      | -                |
| Shares issued against Initial Public Offering (IPO) |      | -                | 836,910,000      |
|   |      | 789,209,284      | 836,910,000      |
| Less: Costs incurred on IPO                         |      | -                | (47,700,716)     |
|   |      | 789,209,284      | 789,209,284      |
| Group restructuring reserve                         |      | (1,084,000,000)  | (1,084,000,000)  |
|   |      | (294,790,716)    | (294,790,716)    |

# Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

**17.1** This reserve shall be utilized for the purpose as specified in section 81(2) of the Companies Act, 2017.

**17.2** Movement of reserves have been reflected in the statement of changes in equity.

## 18. CREDITORS, ACCRUED AND OTHER LIABILITIES

|   | Note   | 2022<br>(Rupees) | 2021<br>(Rupees) |
|---|--------|------------------|------------------|
| Creditors                                 |        | 8,865,724        | 3,670,145        |
| Payable to related parties                | 18.1   | 193,409          | 31,852,906       |
| Accrued liabilities                       |        | 1,193,166        | 1,490,230        |
| Payable to employees                      |        | 8,727,409        | 2,832,894        |
| Tax deducted at source                    |        | 3,845,295        | 2,791,357        |
| Sales tax payable                         |        | 626,758          | 2,229,506        |
|   |        | 23,451,761       | 44,867,038       |
| <b>18.1</b> Avanceon Saudi Energy Company |        | 193,409          | -                |
| Parent Company                            | 18.1.1 | -                | 31,852,906       |
|   |        | 193,409          | 31,852,906       |

**18.1.1** This represented the amount payable to related party to carry out the day to day operations or use of office premises. These payments were unsecured and did not carried any interest.

## 19. CONTRACT LIABILITIES

|                               | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|-------------------------------|------|------------------|------------------|
| Advances from customers       | 19.1 | 791,981          | 16,659,938       |
| Billing in excess of earnings | 19.2 | 5,877,206        | 879,431          |
|                               |      | 6,669,187        | 17,539,369       |

**19.1** This amount relates to the advance received from customers with respect to After Market Support (AMS) projects.

**19.2** Movement of billings in excess of earnings:

|                                       | 2022<br>(Rupees) | 2021<br>(Rupees) |
|---------------------------------------|------------------|------------------|
| As at January 01                      | 879,431          | 3,172            |
| Addition during the year              | 4,997,775        | 8,066,646        |
| Recognized as revenue during the year | -                | (7,190,387)      |
| As at December 31                     | 5,877,206        | 879,431          |

## 20. CONTINGENCIES AND COMMITMENTS

**20.1** There are no contingencies and commitments of the Company as at December 31, 2022 (2021: Nil).

## 21. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

|                          | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|--------------------------|------|------------------|------------------|
| Local sales and services | 21.2 | 246,141,952      | 178,027,013      |
| Export sales             | 21.3 | 440,867,874      | 447,169,121      |
|                          |      | 687,009,826      | 625,196,134      |

|   | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|---|------|------------------|------------------|
| <b>21.1 Timing of revenue recognition</b>             |      |                  |                  |
| Revenue from contracts with customers                 |      |                  |                  |
| At a point in time                                    | 21.2 | 377,029          | 5,163,585        |
| Over the time   |      | 686,632,797      | 620,032,549      |
|   |      | 687,009,826      | 625,196,134      |
| <b>21.2 Local sales and services</b>                  |      |                  |                  |
| Sale of goods   |      | 454,252          | 6,041,394        |
| Less: Sales tax                                       |      | (77,223)         | (877,809)        |
|   |      | 377,029          | 5,163,585        |
| Services rendered                                     |      | 130,048,153      | 116,398,318      |
| Less: Sales tax                                       |      | (20,807,704)     | (8,549,401)      |
|   |      | 109,240,449      | 107,848,917      |
| Fee for technical services - Avanceon Limited         |      | 27,840,000       | 27,840,000       |
| Less: Sales tax                                       |      | (3,840,000)      | (3,840,000)      |
|   |      | 24,000,000       | 24,000,000       |
| AMS business services - Avanceon Limited              |      | 71,480,314       | 47,576,833       |
| Less: Sales tax                                       |      | (11,436,850)     | (6,562,322)      |
|   |      | 60,043,464       | 41,014,511       |
| Avanceon Limited (Subcontracted)                      |      | 62,477,393       | -                |
| Less: Sales tax                                       |      | (9,996,383)      | -                |
|   |      | 52,481,010       | -                |
| Net sales   |      | 246,141,952      | 178,027,013      |
| <b>21.3 Export sales</b>                              |      |                  |                  |
| Avanceon Automation And Control W.L.L. & Avanceon FZE |      | 178,101,949      | 302,302,234      |
| Revenue from Export Sales (FZE & AVAC)-Subcontracted  |      | 262,765,925      | 144,866,888      |
|   |      | 440,867,874      | 447,169,122      |
| <b>21.4 Contract balances</b>                         |      |                  |                  |
| Trade receivables                                     |      | 1,236,092,159    | 665,462,136      |
| Contract assets                                       |      | 95,620,662       | 66,742,421       |
| Contract liabilities                                  |      | 6,669,187        | 17,539,369       |

#### Performance Obligation

##### Sale of goods

The performance obligation is satisfied upon delivery of goods and payment is generally due within 30 days from delivery.

##### Services

The performance obligation is satisfied over-time and payment is generally due within 30 days of the end of term period. In some contracts, short-term advances are required before the technical and engineering services are provided.

##### Project revenue

The performance obligation is satisfied over-time and payment is generally due within 30 days from reaching a milestone as per contract and acceptance of the customer. In some contracts, short-term advances are required before the services are provided under the contract.

As at year end, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) amounted to Rs. 892.405 million (2021: Rs. 615.256 million) and the Company expects to recognize this as revenue when the milestones are achieved in future or when the services are rendered.

Contract assets and liabilities mainly arise from the projects as the Company recognizes revenue using cost to complete method while the respective customers are billed when a milestone is achieved as agreed in the contract.

# Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

|  | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|--|------|------------------|------------------|
| <b>22. COST OF REVENUE</b>                                 |      |                  |                  |
| Materials consumed   |      | 85,270,746       | 38,150,614       |
| Salaries, wages, allowances and other benefits             | 22.1 | 10,295,763       | 3,695,563        |
| Telephone, postage and telex                               |      | 918,542          | 1,178,615        |
| Travelling and conveyance relating to engineering services |      | 36,518,609       | 26,671,797       |
| Installation charges relating to engineering services      |      | 142,675,370      | 52,375,992       |
| Back office support  | 23.3 | 25,200,000       | 25,000,000       |
| Entertainment relating to engineering services             |      | 1,352,346        | 506,047          |
| Fee and subscription                                       |      | 1,138,712        | 2,994,289        |
| Rent, rates and taxes                                      |      | 268,000          | 328,000          |
| Repairs and maintenance                                    |      | 294,801          | -                |
| Import Cost  |      | 175,300          | -                |
| Depreciation on Property and equipment                     | 7.2  | 765,115          | 557,911          |
| Other expenses   |      | 4,548,401        | 522,748          |
|  |      | 309,421,705      | 151,981,576      |

**22.1** These include contribution to provident fund amounting to Rs. 231,267 (2021: 184,268) by the Company.

## 23. ADMINISTRATIVE AND SELLING EXPENSES

|  | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|--|------|------------------|------------------|
| Salaries, wages, allowances and other benefits         | 23.1 | 61,898,812       | 21,091,523       |
| Telephone, postage and telex                           |      | 918,542          | 1,178,615        |
| Rent, rates and taxes                                  |      | 268,000          | 180,000          |
| Sales promotion expense                                |      | 417,114          | 3,174,468        |
| Travelling and conveyance                              |      | 3,283,638        | 3,126,369        |
| Legal and professional charges                         |      | 6,487,151        | 1,013,829        |
| Auditors' remuneration                                 | 23.2 | 1,502,500        | 1,312,500        |
| Fee and subscription                                   |      | 8,569,513        | 5,136,438        |
| Depreciation on property and equipment                 | 7.2  | 765,115          | 557,911          |
| Bank charges   |      | 25,495,966       | 109,786          |
| Advertisement  |      | 137,600          | -                |
| Repairs and maintenance                                |      | 294,801          | -                |
| Management Fee   |      | 30,000,000       | -                |
| Allowance for expected credit losses - trade debts     | 10.8 | 10,083,064       | 593,833          |
| Allowance for expected credit losses - Contract assets | 11.3 | 10,178,807       | 3,100,614        |
| Allowance for expected credit losses - related parties | 10.6 | 17,466,016       | 58,068,864       |
| Other expense  |      | 853,101          | 258,672          |
| Back office support                                    | 23.3 | 25,200,000       | 25,000,000       |
|  |      | 203,819,740      | 123,903,422      |

**23.1** This include Rs. 1,374,247 (2021: Rs. 1,044,183) representing provident fund contribution by the Company.

|                                    | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|------------------------------------|------|------------------|------------------|
| <b>23.2 Auditor's remuneration</b> |      |                  |                  |
| Statutory audit                    |      | 1,102,500        | 1,050,000        |
| Half year review fee               |      | 400,000          | -                |
| Certification and review           |      | -                | 210,000          |
| Out of pocket expenses             |      | -                | 52,500           |
|                                    |      | 1,502,500        | 1,312,500        |

**23.3** This represents the management fee charged by the parent Company for sharing office premises, operational, human resource and administrative support as per the agreement between the parties. This has been equally allocated to cost of sales and admin and selling expenses.

|   | Note    | 2022<br>(Rupees) | 2021<br>(Rupees) |
|---|---------|------------------|------------------|
| <b>24. OTHER OPERATING INCOME</b>                                   |         |                  |                  |
| Exchange gain - net   |         | 165,124,940      | 7,835,945        |
| Markup from parent Company  |         | 86,747,735       | -                |
| Profit on TDR,s   |         | 4,752,479        | 3,307,415        |
|   |         | 256,625,154      | 11,143,360       |
| <b>25. OTHER OPERATING EXPENSES</b>                                 |         |                  |                  |
| Donation  |         | 222,863          | -                |
| <b>26. TAXATION</b>   |         |                  |                  |
| Current tax   | 26.1    | 32,809,921       | 17,136,036       |
| Deferred tax  |         | (7,702,066)      | (2,632,402)      |
|   |         | 25,107,855       | 14,503,634       |
| <b>26.1 Relationship between tax expenses and accounting profit</b> |         |                  |                  |
| Profit before tax   |         | 430,170,672      | 360,454,496      |
| Excess on allowable expenses  |         | 38,510,467       | 17,711,215       |
| Income chargeable under final tax regime                            |         | (355,543,481)    | (319,076,206)    |
|   |         | 113,137,658      | 59,089,505       |
| Applicable income tax rate  |         | 29%              | 29%              |
| Current tax   |         | 32,809,921       | 17,135,956       |
| <b>27. EARNINGS PER SHARE</b>                                       |         |                  |                  |
| <b>27.1 Basic earnings per share from continuing operations</b>     |         |                  |                  |
| Net profit for the year   | Rupees  | 405,062,817      | 345,950,862      |
| Weighted average number of ordinary shares                          | Numbers | 136,750,002      | 136,750,002      |
| Earnings per share  | Rupees  | 2.96             | 2.53             |

**27.2 Diluted earnings per share from continuing operations**

Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

|   |         | 2022        | 2021        |
|---|---------|-------------|-------------|
| Net profit for the year   | Rupees  | 405,062,817 | 345,950,862 |
| Weighted average number of ordinary shares                                | Numbers | 136,750,002 | 136,750,002 |
| Adjustment for share options  | Numbers | -           | -           |
| Weighted average number of ordinary shares for diluted earnings per share | Numbers | 136,750,002 | 136,750,002 |
| Diluted earnings per share  | Rupees  | 2.96        | 2.53        |

No such shares have been issued that have a dilute effect on the earning per share.

**28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

|                         | Executives       |                  | Directors        |                  | Chief Executive  |                  |
|-------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                         | 2022<br>(Rupees) | 2021<br>(Rupees) | 2022<br>(Rupees) | 2021<br>(Rupees) | 2022<br>(Rupees) | 2021<br>(Rupees) |
| Managerial remuneration | 8,241,667        | 4,583,134        | 4,508,155        | 3,508,768        | -                | -                |
| House Rent              | 3,204,473        | 1,752,405        | 1,709,991        | 1,350,198        | -                | -                |
| Utilities               | 801,111          | 438,101          | 427,496          | 337,550          | -                | -                |
| Provident Fund          | 801,117          | 451,576          | 427,497          | 346,434          | -                | -                |
| Other                   | 72,800           | 37,700           | 9,100            | 7,800            | -                | -                |
|                         | 13,221,168       | 7,262,916        | 7,082,239        | 5,550,750        | -                | -                |
| Number of Persons       | 8                | 2                | 2                | 1                | -                | -                |

## Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

**28.1** The company also provides the director and certain executives with company maintained cars. No remuneration has been paid to non-executive directors of company.

### 29. RELATED PARTY TRANSACTIONS

Related party transactions represent transactions with parent companies and associated companies on the basis of common directorship. The Company carries out transactions with its related parties in the normal course of business. Significant related party transactions, other than remuneration of directors which is disclosed in Note 28, are as follows:

| Name of related party                       | Basis of Relationship                         | Nature of transactions                                  | 2022<br>(Rupees) | 2021<br>(Rupees) |
|---|---|---|------------------|------------------|
| Avanceon FZE (AVFZE)                        | Associated Company due to common directorship | Sub-contracted services                                 | 93,794,073       | 88,033,913       |
|   |   | AMS business services rendered                          | 47,770,079       | 48,514,983       |
|   |   | Expenses incurred on behalf of the Company by AVFZE     | 41,581,547       | 23,351,351       |
|   |   | Payments to suppliers by AVFZE on behalf of the Company | 16,144,205       | 16,273,139       |
|   |   | Collection / adjustment from AVFZE                      | 30,550,734       | 2,829,190        |
|   |   | Payments to suppliers by the Company on behalf of AVFZE | -                | 28,433           |
| Avanceon Automation And Control WLL (AVAC)  | Associated Company due to common directorship | Payments to suppliers by AVAC                           | 9,465,791        | 16,722,112       |
|   |   | AMS business services rendered                          | 193,055,187      | 241,093,356      |
|   |   | Sub-contracted services                                 | 114,271,971      | 56,352,622       |
|   |   | Payment to employees by AVAC on behalf of the Company   | 63,436,140       | 29,914,816       |
| Avanceon Limited (AVL)                      | Parent Company                                | Loan to Avanceon Limited                                | 350,000,000      | -                |
|   |   | Loan adjusted/recovered during the year                 | 50,000,000       | -                |
|   |   | Management fee  | 30,000,000       | -                |
|   |   | Mark-up charged on loan                                 | 40,244,660       | -                |
|   |   | Payments made to or on behalf of parent Company **      | 628,195,859      | 1,607,792,306    |
|   |   | Receipts / adjustments from AVL                         | 414,059,424      | 1,580,987,060    |
|   |   | Markup on current Account - AVL                         | 46,503,075       | -                |
|   |   | Products purchases                                      | 72,645,748       | -                |
|   |   | Back office Support                                     | 50,400,000       | 50,000,000       |
|   |   | Building rent charged by AVL                            | 360,000          | 360,000          |
|   |   | AMS business services rendered                          | 60,043,464       | 41,014,511       |
| Avanceon Saudi Energy Company - KSA (AVSEC) | Associated                                    | Fee for technical service charged by the Company        | 24,000,000       | 24,000,000       |
|   |   | Sub-contracted services                                 | 44,169,360       | 22,242,409       |
| Avanceon Saudi Energy Company - KSA (AVSEC) | Associated                                    | Payment to Suppliers by AVSEC                           | 190,331          | -                |
|   |   | Exchange gain/Loss                                      | 2,988            | -                |

\*\* The Company is in the process of obtaining shareholder's approval under section 199 of the Companies Act, 2017.

**29.1** The contribution to provident fund related to employees of the Company is made through Avanceon Limited.

**29.2** Name of undertaking, registered address and country of incorporation in respect of companies incorporated outside Pakistan with whom the Company has entered into transactions during the year is as follows:

| Name of Company                             | Registered address   | County of incorporation       |
|---|--|-------------------------------|
| Avanceon FZE                                | FZS 1BD04 Jebel Ali Free Zone Dubai UAE, PO BOX 18590                  | Dubai                         |
| Avanceon Automation And Control WLL         | Al Jaber Engg. HO Building Box: 15976, Fox Hills, Lusail, Doha - Qatar | Qatar                         |
| Avanceon Saudi Energy Company - KSA (AVSEC) | 3141 Ans Ibn Malik - AlMalqa Dist. Unit No. 718, Riyadh, 13521-8292    | Kingdom of Saudi Arabia (KSA) |

### 30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### 30.1 Financial risk factors

The Company's principal financial liabilities comprises of creditors and other liabilities. The Company's financial assets include trade debts, due from related parties, cash and bank balances that arrive directly from its operations. In addition to these, the Company also has receivables from related parties.

The Company's activities expose it to a variety of financial risks: Credit risk, liquidity risk and market risk (including currency risk and interest rate risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board), and Finance Department. The Board provides principles for overall risk management, as well as policies covering specific areas such as credit risk, liquidity risk, market risk and interest rate risk.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

##### 30.1.1 Credit Risk

###### Exposure to credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however, to manage any possible exposure the Company applies approved credit limits to its customers.

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of allowance for expected credit losses, if any, and through expected recoverability of amounts. The Company is exposed to credit risk on long term deposits, trade debts and bank balance. The maximum exposure to credit risk at the reporting date is as follow:

## Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2021

|                                | Note | 2022<br>(Rupees) | 2021<br>(Rupees) |
|--------------------------------|------|------------------|------------------|
| Long term loans and deposits   |      | 100,000          | 100,000          |
| Contract asset                 | 11   | 95,620,662       | 66,742,421       |
| Trade debts - others           | 10   | 15,071,760       | 12,286,444       |
| Trade debts - related party    | 10.1 | 1,307,232,176    | 711,838,389      |
| Deposits and other receivables | 12   | -                | 1,536,986        |
| Short-term investment          | 14   | -                | 300,000,000      |
| Bank balances                  | 15   | 20,223,076       | 598,889,321      |
|                                |      | 1,438,247,674    | 1,691,393,561    |

The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:

|          | 2022<br>(Rupees) | 2021<br>(Rupees) |
|----------|------------------|------------------|
| Domestic | 13,233,890       | 11,692,611       |
| Export   | 1,837,870        | 593,833          |
|          | 15,071,760       | 12,286,444       |

Set out below is the information about the credit risk exposure on the Company's local trade receivables assets using a provision matrix:

|  | 2022         |                |                 |                    |                    |                    |                  |            | Total |
|--|--------------|----------------|-----------------|--------------------|--------------------|--------------------|------------------|------------|-------|
|  | 0-90<br>days | 90-180<br>days | 180-270<br>days | 270 to 360<br>days | 360 to 450<br>days | 450 to 540<br>days | Over 540<br>days |            |       |
|  | Rupees       |                |                 |                    |                    |                    |                  |            |       |
| Expected credit loss rate (%)                    | 3.72%        | 14.22%         | 20.47           | 29.53%             | 35.23%             | 54.79%             | 100.00%          | -          |       |
| Estimated total gross carrying amount at default | 7,731,876    | 5,558,806      | -               | 3,157              | 441,043            | 51,000             | 746,029          | 14,531,911 |       |
| Estimated total gross carrying amount - secured  | -            | -              | -               | -                  | -                  | -                  | -                | -          |       |
| Expected credit loss                             | 250,334      | 716,463        | -               | 845                | 140,777            | 25,319             | 575,956          | 1,819,694  |       |

|  | 2021         |                |                 |                    |                    |                    |                  |            | Total |
|--|--------------|----------------|-----------------|--------------------|--------------------|--------------------|------------------|------------|-------|
|  | 0-90<br>days | 90-180<br>days | 180-270<br>days | 270 to 360<br>days | 360 to 450<br>days | 450 to 540<br>days | Over 540<br>days |            |       |
|  | Rupees       |                |                 |                    |                    |                    |                  |            |       |
| Expected credit loss rate (%)                    | 0%           | 15.97%         | 39.07%          | 70.08%             | 100%               | 100%               | -                | -          |       |
| Estimated total gross carrying amount at default | 5,957,531    | 937,293        | 1,369,387       | 912,233            | 1,639,223          | 1,470,777          | -                | 12,286,444 |       |
| Estimated total gross carrying amount - secured  | -            | 432,225        | -               | 255,881            | 278,849            | -                  | -                | 966,955    |       |
| Expected credit loss                             | 180,825      | 58,544         | 112,601         | 88,403             | 79,427             | 74,033             | -                | 593,833    |       |

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as the trade debts / advances and other receivables of the Company relate to sales / purchase of equipment / services under binding contract terms.

As at December 31, 2022, the Company has 4 (2021: 4) customers owing more than Rs. 1.00 million (2021: 1) each which account for 85% (2021: 77% ) of total trade debts.

### 30.1.2 Bank balances - Credit quality

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. The Company deals with banks having credit ratings in the top categories therefore, considers these as low risk and does not expect credit loss to arise on the balances. Following are the credit ratings of banks with which balances are held:



The credit quality of receivables can be assessed with reference to Company credit control policy and their historical performance with negligible default rate. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

| Counter party       | Rating<br>Short term | Long term | Agency  | 2022<br>(Rupees) | 2021<br>(Rupees) |
|---------------------|----------------------|-----------|---------|------------------|------------------|
| JS Bank Limited     | A1+                  | AA-       | PACRA   | 2,033,223        | 150,735,914      |
| Faysal Bank Limited | A-1+                 | AA        | JCR-VIS | 1,819,998        | 121,216,804      |
| Dubai Islamic Bank  | A-1+                 | AA        | JCR-VIS | 15,369,856       | 101,936,603      |
| MCB Islamic Bank    | A1+                  | AAA       | PACRA   | 999,999          | 225,000,000      |
|                     |                      |           |         | 20,223,076       | 598,889,321      |

### 30.1.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its parents of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The foreign currency transaction of the Company are mainly receivable from related parties.

This exists due to the Company's exposure resulting from outstanding import payments or foreign creditors and in respect of export revenue. A foreign exchange risk management guideline has been provided by the Corporate Centre. The policy allows the Company to take currency exposure within predefined limits while open exposures are monitored. The Company aims to protect itself against adverse currency movements by either linking the price of its products to foreign currency.

The Company is exposed to currency risk arising primarily with respect to the United States Dollar (USD). The Company's exposure to foreign currency changes for all other currencies is not material. Currently, the Company's foreign exchange risk exposure is restricted to foreign currency creditors, debtors and bank balances as shown below:

|  | 2022        |           |
|--|-------------|-----------|
|  | Rupees      | USD       |
| Trade debts                                    |             |           |
| - Avanceon FZE Dubai                           | 258,731,308 | 1,140,288 |
| - Avanceon Automation and Control W.L.L, Qatar | 683,331,658 | 3,011,598 |
|  | 942,062,966 | 4,151,886 |
| Trade Payables                                 |             |           |
| - Avanceon Saudi Energy Company                | (193,409)   | (852)     |
| - Net Exposures                                | 941,869,557 | 4,151,034 |
|  | 2021        |           |
|  | Rupees      | USD       |
| Trade debts                                    |             |           |
| - Avanceon FZE, Dubai                          | 153,432,204 | 862,560   |
| - Avanceon Automation and Control W.L.L, Qatar | 343,027,426 | 1,928,420 |
| Others   | 1,642,907   | 9,236     |
|  | 498,102,537 | 2,800,216 |
| Trade Payables                                 |             |           |
| Others   | (481,698)   | (2,708)   |
| Net Exposures                                  | 497,620,839 | 2,797,508 |

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The following significant exchange rates were applied during the year:

|                       | 2022   | 2021   |
|-----------------------|--------|--------|
| <b>Rupees per USD</b> |        |        |
| Average rate          | 202.39 | 163.70 |
| Reporting date rate   | 226.90 | 177.88 |

### Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in the US Dollar exchange rate, with all other variables held constant, of the Company's profit before tax and equity.

|       | Change in Exchange rate | Effect on profit/(loss) before tax | Effect on equity |
|-------|-------------------------|------------------------------------|------------------|
| (USD) |                         |                                    |                  |
| 2022  | 5%                      | 47,093,481                         | 33,436,371.51    |
|       | -5%                     | (47,093,481)                       | (33,436,371.51)  |
| 2021  | 5%                      | 24,881,036                         | 17,665,065       |
|       | -5%                     | (24,881,036)                       | (17,665,065)     |

### ii) Other price risk

Other price risk is a risk that fair value or future cash flows of a financial instruments will fluctuate because of changes in the market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by specific to the individual financial instruments or its issuer, or factors effecting all similar instruments traded in the market.

As at December 31, 2022, the Company is not exposed to any significant price risk. (2021: Nil).

### c) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from lease liabilities and liabilities against finances under mark-up arrangements. These liabilities are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

| Floating rate instruments    | 2022<br>(Rupees) | 2021<br>(Rupees) |
|------------------------------|------------------|------------------|
| <b>Financial assets</b>      |                  |                  |
| Short-term investment        | -                | 300,000,000      |
| <b>Financial liabilities</b> |                  |                  |
| Net exposure                 | -                | 300,000,000      |

### Cash flow sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on floating rate borrowings and balances, with all other variables held constant, of the Company's profit before tax:

|          | Increase/<br>decrease<br>in basis points | Effect on profit/(loss) before tax | Effect on equity |
|----------|--|------------------------------------|------------------|
| (Rupees) |  |                                    |                  |
| 2022     | +100                                     | -                                  | -                |
|          | -100                                     | -                                  | -                |
| 2021     | +100                                     | 3,000,000                          | 2,130,000        |
|          | -100                                     | (3,000,000)                        | (2,130,000)      |

### 30.1.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities.

Financial liabilities in accordance with their contractual maturities are presented below:

|                               | Total      | On demand | Within 1 year | Between 1 and 5 years | Over 5 years |
|-------------------------------|------------|-----------|---------------|-----------------------|--------------|
|                               | (Rupees)   |           |               |                       |              |
| <b>As at 31 December 2022</b> |            |           |               |                       |              |
| Trade and other payables      | 18,979,708 | -         | 18,979,708    | -                     | -            |
| <b>As at 31 December 2021</b> |            |           |               |                       |              |
| Trade and other payables      | 39,846,175 | -         | 39,846,175    | -                     | -            |

### 30.1.5 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The Company has no financial instruments categorizing at fair value through profit and loss or at fair value through other comprehensive income.

### 30.1.6 Financial instruments by category

|   | 2022                      |                                      |                   | Total  |
|---|---------------------------|--------------------------------------|-------------------|--|
|   | At fair value through OCI | At fair value through profit or loss | At amortized cost |  |
|   | (Rupees)                  |                                      |                   |  |
| <b>Financial assets</b>   |                           |                                      |                   |  |
| <b>Debt instruments at amortized cost</b>                       |                           |                                      |                   |  |
| Long term loans, deposits and other receivables                 | -                         | -                                    | 100,000           | 100,000  |
| Trade debts   | -                         | -                                    | 1,236,092,159     | 1,236,092,159                                  |
| <b>Cash and bank balances</b>                                   | -                         | -                                    | 20,223,076        | 20,223,076                                     |
| <b>Equity instruments at fair value through profit and loss</b> |                           |                                      |                   |  |
| Short term investment   | -                         | -                                    | 300,000,000       | 300,000,000                                    |
| <b>Total financial assets</b>                                   | -                         | -                                    | 1,556,415,235     | 1,556,415,235                                  |
|   |                           |                                      |                   | <b>2022</b>                                    |
|   |                           |                                      |                   | <b>Financial liabilities at amortized cost</b> |
|   |                           |                                      |                   | <b>(Rupees)</b>                                |
| <b>Financial liabilities</b>                                    |                           |                                      |                   |  |
| Creditors, accrued and other liabilities                        |                           |                                      |                   | 18,979,708                                     |

|   | 2021                      |                                      |                   | Total         |
|---|---------------------------|--------------------------------------|-------------------|---------------|
|   | At fair value through OCI | At fair value through profit or loss | At amortized cost |               |
|   | (Rupees)                  |                                      |                   |               |
| <b>Financial assets</b>   |                           |                                      |                   |               |
| <b>Debt instruments at amortized cost</b>                       |                           |                                      |                   |               |
| Long term loans, deposits and other receivables                 | -                         | -                                    | 100,000           | 100,000       |
| Trade debts   | -                         | -                                    | 665,462,136       | 665,462,136   |
| <b>Cash and bank balances</b>                                   | -                         | -                                    | 598,889,321       | 598,889,321   |
| <b>Equity instruments at fair value through profit and loss</b> |                           |                                      |                   |               |
| Short term investment   | -                         | -                                    | 300,000,000       | 300,000,000   |
| <b>Total financial assets</b>                                   | -                         | -                                    | 1,564,451,457     | 1,564,451,457 |

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|  | 2021                                       |
|--|--|
|  | Financial liabilities<br>at amortized cost |
|  | (Rupees)                                   |
| <b>Financial liabilities</b>             |  |
| Creditors, accrued and other liabilities | 39,846,175                                 |

## 31. FAIR VALUE MEASUREMENT

Fair value of short term investments is derived from quoted market prices in active markets.

The Company has not disclosed the fair value of assets and liabilities because their carrying amounts are a reasonable approximation of fair value.

### 31.1 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

## 32. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares or sell assets to reduce debt.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company finances its operations through equity, and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Consistent with others in the industry and the requirements of the lenders the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings less cash and bank balances.

Gearing ratio is not calculated as there is Nil borrowings of Company as at December 31, 2022.

### Reconciliation of movement of liabilities to cash flows arising from financing activities

|  | 2022                  |                  |               |
|--|-----------------------|------------------|---------------|
|  | Issuance of<br>shares | Share<br>premium | Total         |
|  | (Rupees)              |                  |               |
| Balance as at 01 January 2022                  | 1,367,500,020         | 789,209,284      | 2,156,709,304 |
| <b>Cash flows</b>                              |                       |                  |               |
| Issuance of shares                             | -                     | -                | -             |
| <b>Total changes from financing cash flows</b> | -                     | -                | -             |
| <b>Other changes including non-cash</b>        |                       |                  |               |
| Shares issuance against transfer of business   | -                     | -                | -             |
| <b>Total liability related other changes</b>   | -                     | -                | -             |
| <b>Closing as at 31 December 2022</b>          | 1,367,500,020         | 789,209,284      | 2,156,709,304 |

|  | 2021                 |                           |                      |
|--|----------------------|---------------------------|----------------------|
|  | Issuance of shares   | Share premium<br>(Rupees) | Total                |
| Balance as at 01 January 2021                  | 1,094,000,020        | -                         | 1,094,000,020        |
| <b>Cash flows</b>                              |                      |                           |                      |
| Issuance of shares                             | 273,500,000          | 789,209,284               | 1,062,709,284        |
| <b>Total changes from financing cash flows</b> | 273,500,000          | 789,209,284               | 1,062,709,284        |
| <b>Other changes including non-cash</b>        |                      |                           |                      |
| Shares issuance against transfer of business   | -                    | -                         | -                    |
| <b>Total liability related other changes</b>   | -                    | -                         | -                    |
| <b>Closing as at 31 December 2021</b>          | <b>1,367,500,020</b> | <b>789,209,284</b>        | <b>2,156,709,304</b> |

### 31. NUMBER OF EMPLOYEES

|                                 | 2022 | 2021 |
|---------------------------------|------|------|
| Number of employees at year end | 46   | 27   |
| Average number of employees     | 57   | 34   |

### 32. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. No significant re-arrangement or reclassification has been made during the year.

### 33. UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (IPO)

The Company has raised funds in the prior year through Initial Public Offering (IPO) to meet working capital requirements, in order to expand the existing business of the Company. Below is the summary of utilization proceeds from IPO:

|  | Note | 2022          | 2021<br>Rupees |
|--|------|---------------|----------------|
| Issuance of 27,350,000 ordinary shares at Rs. 40.6 per share           |      | 896,569,566   | 1,110,410,000  |
| Less: Expenses related to IPO*   |      | -             | (47,700,716)   |
| Net proceeds received from IPO   |      | 896,569,566   | 1,062,709,284  |
| Less: Short term loan to Parent Company                                | 13   | (300,000,000) | -              |
| Less: Other receivable - related party                                 | 12.1 | (214,136,435) | -              |
| Less: Expenditures incurred on intellectual property                   |      | (67,962,254)  | (51,721,562)   |
| Less: Expenditures incurred on human resource cost of marketing        |      | (417,114)     | (3,174,468)    |
| Less: Expenditures incurred on human resource and direct cost of sales |      | (55,018,042)  | (111,243,688)  |
| Less : Cash used in working capital and capital expenditures           |      | (238,812,645) | -              |
| Balance amount   |      | 20,223,076    | 896,569,566    |

### 36. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Company on 26 April 2023.



Chief Executive  
**Asmar Ahmed Atif**



Chief Financial Officer  
**Saeed Ullah Khan Niazi**



Director  
**Junaid Mushtaq Paracha**

## Definitions and Glossary of Terms

### Capital employed

The value of all resources available to the company, typically comprising share capital, retained profits and reserves, long-term loans and deferred taxation. Viewed from the other side of the balance sheet, capital employed comprises fixed assets, investments and the net investment in working capital (current assets less current liabilities). In other words: the total long-term funds invested in or lent to the business and used by it in carrying out its operations.

### Liabilities

General term for what the business owes. Liabilities are long-term loans of the type used to finance the business and short-term debts or money owing as a result of trading activities to date. Long term liabilities, along with Share Capital and Reserves make up one side of the balance sheet equation showing where the money came from. The other side of the balance sheet will show Current Liabilities along with various Assets, showing where the money is now.

### Current Liabilities

Money owed by the business that is generally due for payment within 12 months of balance sheet date. Examples: creditors, current portion of long term loans and lease liabilities, taxation etc.

### Current Assets

Cash and anything that is expected to be converted into cash within twelve months of the balance sheet date.

### Fixed assets

Assets held for use by the business rather than for sale or conversion into cash, eg, fixtures and fittings, equipment, buildings.

### Cost of goods sold (COGS)

The directly attributable costs of products or services sold, (like materials, installations, direct labour & wages etc.)

### Gross Profit Ratio

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

### Net Profit Ratio

Net profit ratio is the ratio of net profit (after taxes) to net sales or revenue.

### Operating Profit Ratio

The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production.

### Current Asset Ratio

The key indicator of whether you can pay your creditors on time. The relationship between current assets like cash, book debts, stock and work in progress and current liabilities like overdraft, trade and expense creditors and other current debt.

### Current Ratio

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

### Debt-Equity Ratio

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For comparative purposes, debt-equity ratio is most useful for companies within the same industry.

### Dividend

A dividend is a payment made per share, to a company's shareholders by a company, based on the profits of the year, but not necessarily all of the profits, arrived at by the directors and voted at the company's annual general meeting.

### Earnings per Share (EPS)

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

### Profit Margin

Determined by dividing net income by net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better. Trends in margin can be attributed to rising/falling production costs or rising/falling price of the goods sold.

### Return on Assets

The amount of profits earned (before interest and taxes), expressed as a percentage of total assets. This is a widely followed measure of profitability, thus the higher the number the better. As long as a company's ROA exceeds its interest rate on borrowing, it's said to have positive financial leverage.

### Return on Equity (ROE)

A percentage that indicates how well common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

### Return on Investment (ROI)

Also known as return on invested capital (ROIC). ROI is a measure of how well management has used the company's resources. ROI is calculated by dividing earnings by total assets. It is a broader measure than return on equity (ROE) because assets include debt as well as equity. It is useful to compare a company's ROI with others in the same industry.

## Event Calendar of the Company

FOLLOWS THE PERIOD OF 01 JANUARY 2022 TO 31 DECEMBER 2022.

### FINANCIALS:

Financial Results announced as per the following schedule:

|  |                    |
|--|--------------------|
| Extraordinary General Meeting          | 09th February 2022 |
| Corporate Briefing                     | 20th April 2022    |
| Annual General Meeting                 | 28th April 2022    |
| 1st Quarter ended 31 March 2022        | 29th April 2022    |
| Half year ended 30 June 2022           | 29th August 2022   |
| Board Meeting Other Than Financials    | 14th October 2022  |
| 3rd Quarter ended 30 September 2022    | 28th October 2022  |
| Corporate Analyst Briefing             | 10th November 2022 |
| Financial year ending 31 December 2022 | 26th April 2023    |

## ڈائریکٹرز رپورٹ

رکھنے کے لئے صنعت کے لئے مزید مصنوعات اور حل تیار کرنے کے لئے پر عزم ہیں۔

### معاشرے کی خدمت (Service to Society):

ایک کمپنی کے طور پر، ہم فعال اور ذمہ دار کارپوریٹ شہری ہونے کے لئے پر عزم ہیں۔ ہم یقین رکھتے ہیں کہ کاروباری اداروں کی ذمہ داری ہے کہ وہ معاشرے میں تعلیم، صحت کی دیکھ بھال، عوامی تحفظ اور ماحولیاتی صحت جیسے اہم مسائل کو حل کرنے میں مدد کریں۔ ہم جس معاشرے میں کام کرتے ہیں اس کے حالات کو بہتر بنانے کے لئے دیگر اداروں کے ساتھ کام کر کے طاقتور ہم آہنگی پیدا کرنے کے لئے پر عزم ہیں۔ ہماری کمپنی اور ملازمین نے سیلاب سے بچاؤ کی سرگرمیوں میں مدد دینے کے لئے فراخ دلی سے اپنا وقت اور پیسہ دیا ہے، جس میں متاثرہ آبادی کو خیمے، رضائیاں، ادویات اور راشن بیگ عطیہ کرنا شامل ہیں۔ ہم نے جنوبی پنجاب کے ضلع ڈیرہ غازی خان میں میڈیکل کمپ قائم کیے ہیں، جس میں تقریباً 5000 متاثرہ افراد کو بحالی کے لئے کھانا، طبی علاج اور مالی مدد فراہم کی گئی ہے۔ ہمیں ضرورت مندوں کی مدد کرنے اور ان کی یونیٹرز میں مثبت اثر ڈالنے کے لئے اپنی جاری کوششوں پر فخر ہے جہاں ہم کام کرتے ہیں۔

### صحت، حفاظت اور ماحولیات (Health, Safety & Environment):

آکٹوپس ڈیجیٹل لمیٹڈ میں، ہم صحت، حفاظت، اور ماحولیاتی (ایچ ایس ای) معیارات کو سنجیدگی سے لیتے ہیں۔ ہم اپنے کاروبار سے وابستہ ایچ ایس ای خطرات کو فعال طور پر منظم کرنے کی اہمیت کو تسلیم کرتے ہیں اور اپنے ملازمین اور مہمانوں کو آگ، حادثات، یا چوٹوں کے خطرے کو کم سے کم کرنے کے لئے اپنے طریقہ کار کو بہتر بنانے کے لئے مسلسل کام کر رہے ہیں۔ ایچ ایس ای کے ساتھ ہماری وابستگی ہماری پالیسیوں اور طریقوں میں ظاہر ہوتی ہے، جس کا مقصد ہمارے کام کی جگہوں اور دفاتر میں کسی بھی ممکنہ خطرات کو کم کرنا، ہٹانا یا کنٹرول کرنا ہے۔ مزید برآں، ہم اس بات کو یقینی بناتے ہیں کہ ہماری مصنوعات کو محفوظ طریقے سے تمام متعلقہ حفاظتی معیارات اور قانونی تقاضوں کی تعمیل کرتے ہوئے بھیج دیا جاتا ہے۔ ہماری ایچ ایس ای کی کوششیں ہمارے ملازمین اور مہمانوں کے لئے محفوظ اور صحت مند کام کا ماحول پیدا کرنے کے لئے ہماری لگن کو ظاہر کرتی ہیں جبکہ معاشرے اور ماحول کے لئے ہماری ذمہ داریوں کو بھی پورا کرتی ہیں۔ ہم اپنے تمام آپریشنز میں ایچ ایس ای کو ترجیح دیتے رہیں گے تاکہ اپنے ملازمین، گاہکوں اور وسیع تر کمیونٹی کی فلاح و بہبود کو یقینی بنایا جاسکے۔

### پچھلے سالانہ اجلاس عام میں اٹھائے گئے معاملات (Issues Raised in):

#### (Last AGM):

مالی سال 2021ء کے سالانہ اجلاس عام میں کوئی بھی خاص معاملہ نہیں اٹھایا گیا تھا۔  
 ایجنڈا نمبر 1:- چوتھے سالانہ اجلاس عام کی تفصیلات کی تصدیق کی اور منظوری دی۔  
 ایجنڈا نمبر 2:- ممبران نے اکاؤنٹس جو کہ مالی سال 31 دسمبر 2021 پر مشتمل ہیں کی تصدیق کی اور منظوری دی۔  
 ایجنڈا نمبر 3:- ممبران نے موجودہ آڈیٹر (EY Ford Rhodes, Chartered)

Accountants) کو اگلے مالی سال 2022 کے لیے دوبارہ منتخب کیا مندرجہ بالا ایجنڈے تفصیل کے ساتھ زیر بحث آنے ان کو منظور کیا گیا اور سوال و جواب کا تفصیلی مرحلہ منعقد کیا گیا جس میں چند ممبران نے کمپنی کے کاروباری معاملات مستقبل کی منصوبہ بندی اور انتظامی امور کے بارے میں سوالات کئے۔ کمپنی ڈائریکٹر جناب تنویر کرامت اور چیف فنانسئل آفیسر جناب سعید اللہ خان نیازی نے سوالوں کے جوابات دیے اور کمپنی کے کاروباری معاملات آڈیٹیشن کے کاروبار کے بارے میں آگاہی دی۔ کمپنی کے مستقبل کی مالیاتی منصوبہ بندی، کاروباری بڑھوتری اور نئے انڈسٹریل پلانٹس کے بارے میں بھی تبادلہ خیال کیا گیا۔

### بورڈ آف ڈائریکٹرز کے معاوضے (Board of Directors Remuneration):

کمپنی کا بورڈ آف ڈائریکٹرز پانچ (5) نان ایگزیکٹو ڈائریکٹرز اور دو (2) ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ ایگزیکٹو ڈائریکٹرز کو کمپنی کی ہیومن ریورس کے منظور شدہ قواعد و ضوابط کے مطابق تنخواہیں اور دیگر مراعات دی جاتی ہیں جو کہ ان کی کارکردگی کی بنیاد پر ہیومن ریورس ریوژیشن کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز منظور کرتے ہیں۔ اسکے علاوہ مساویے ایک انڈیپنڈنٹ ڈائریکٹر کے کسی اور ڈائریکٹر کو کوئی بھی رقم میٹنگ میں حاضری کیلئے نہیں دی جاتی۔

### اپنے مشترکہ کاروباری اداروں کے ساتھ لین دین (Transaction with Related Party):

کمپنی مروجہ کاروباری قواعد و ضوابط کے مطابق اپنے مشترکہ کاروباری اداروں کے ساتھ کاروباری لین دین کرتی ہے جو کہ Arms Length Pricing اور Mechanism پر مشتمل ہے۔ کمپنی Transfer Pricing جو کہ پاکستان اسٹاک ایکسچینج کی لسٹنگ کے قواعد و ضوابط کے مطابق سرانجام دیتی ہے۔

### کارپوریٹ گورننس کے امور (Corporate Governance Practice):

آکٹوپس ڈیجیٹل لمیٹڈ کا بورڈ آف ڈائریکٹرز کمپنی کے اصول و ضوابط کا پابند ہے اور کمپنی ایکٹ 2017 میں شامل کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کرتا ہے۔

### اعتراف (Acknowledgement):

بورڈ آف ڈائریکٹرز بڑے پرمسرت طریقے سے اپنے تمام ملازمین کی مسلسل لگن کے ساتھ خدمات کو سراہتا ہے۔

منجانب: بورڈ آف ڈائریکٹرز

تنویر کرامت (چیف ایگزیکٹو آفیسر)

انثار احمد عاطف (ڈائریکٹر)

لاہور، تاریخ: 26 اپریل 2023



**بورڈ آف ڈائریکٹرز کا اجلاس (Board of Director's Meeting):-**

سال کے دوران بورڈ آف ڈائریکٹرز کی چار (4) بورڈ کی میٹنگز منعقد ہوئیں (تمام پاکستان میں منعقد کی گئیں) مندرجہ ذیل عزت مآب ممبران نے شمولیت اختیار کی:-

| نمبر شمار | ڈائریکٹر کا نام       | تعداد حاضری | تعداد وجہی |
|-----------|-----------------------|-------------|------------|
| 1         | جناب بختیار حمید وائس | 4           | 0          |
| 2         | جناب انٹار احمد عاطف  | 3           | 1          |
| 3         | جناب تنویر کرامت      | 4           | 0          |
| 4         | جناب محمد شاہد میر    | 4           | 0          |
| 5         | جناب جنید مشتاق پراچہ | 4           | 0          |
| 6         | جناب عدیل خالد        | 4           | 0          |
| 7         | محترمہ صالحہ آصف      | 1           | 3          |

**منصوبہ سرمایہ کاری (Capital Structure):-**

کمپنی ایک تیز کاروباری ادارہ نہیں ہے اور سرمائے کا توازن برقرار رکھتی ہے جو اس کی مالی طاقت اور بہترین لیکویڈٹی مینجمنٹ کا ثبوت ہے۔

**سرمایہ کی صورتحال کی حکمت عملی (Liquidity Strategy):-**

کمپنی نے مالی سال 2022 میں لیکویڈٹی پلان کا مسودہ تیار کیا ہے اور اس کی منظوری دی ہے جس میں بڑھتی ہوئی کاروباری مالیتی ضروریات کو حاصل کرنے اور کارپوریٹ ڈیویڈنڈ پالیسی کو حاصل کرنے کے لئے متعلقہ پارٹی ہیلٹس سے وصولیوں کی واپسی شامل ہے۔ انتظامیہ مالی سال 2023 میں لیکویڈٹی حکمت عملی کی پالیسی میں بیان کردہ اہداف کو حاصل کرنے کے لئے پراعتماد ہے۔

**مستقبل کی کاروباری منصوبہ بندی (Future Prospects):-**

کمپنی کے مستقبل کے امکانات بہت امید افزا نظر آتے ہیں کیونکہ ہم نے اپنی رسائی اور صلاحیتوں کو بڑھانے کے لئے متعدد اہم اقدامات شروع کیے ہیں۔ ہماری اولین ترجیحات میں سے ایک امریکہ اور یورپی مارکیٹوں میں اپنی موجودگی کو بڑھانا ہے۔ ہمیں یقین ہے کہ ان خطوں میں ترقی کے لئے ایک اہم موقع موجود ہے اور کامیابی کے لئے ضروری وسائل کی سرمایہ کاری کے لئے پرعزم ہیں۔ مزید برآں، ہم جدید ترین مشین لرننگ حل تیار کر رہے ہیں جو ہمارے صارفین کو جدید مصنوعات اور خدمات فراہم کرنے کی ہماری صلاحیت میں اضافہ کرے گا۔ ایک اور اہم منصوبہ کلاؤڈ انکونٹیکٹ بنانے کا ہے، جو ہمیں زیادہ چلک اور بڑے اسکیل پر کاروبار کے مواقع فراہم کرے گا۔ ہم سعودی عرب میں اپنے آفٹر مارکیٹ سپورٹ بزنس کو بھی بڑھا رہے ہیں اور اعلیٰ درجے کے یونیورسٹی گریجویٹس کی خدمات حاصل کر کے ڈیٹا انجینئرنگ کی نرسری تیار کر رہے ہیں۔ ترقی کو مزید تیز کرنے کے لئے، ہم دنیا بھر میں چینل پارٹنرز تیار کر رہے ہیں اور انہیں آمدنی میں اضافے کو فروغ دینے کے قابل بنانے کے لئے ایک منظم پروگرام نافذ کیا ہے۔ آخر میں، ہم اپنی موجودہ مصنوعات کو بہتر بنانے اور مارکیٹ میں لیڈر کے طور پر اپنی پوزیشن برقرار

**افران کی طرف سے حصص کی خرید و فروخت (Shares Traded by)****(Executives):-**

اس سال کے دوران جن افران نے کمپنی (آکٹوپس ڈیجیٹل لمیٹڈ) کے حصص میں خرید و فروخت کی ہے ان کی تفصیل درج ذیل ہے:

| کمپنی کا نام        | افران کا نام       | عہدہ         | خرید یا فروخت | قیمت  | تاریخ لین دین | تعداد | مجموع کرانے کی تاریخ |
|---------------------|--------------------|--------------|---------------|-------|---------------|-------|----------------------|
| آکٹوپس ڈیجیٹل لمیٹڈ | تنویر کرامت        | ڈائریکٹر     | خرید          | 65.70 | 02/06/2022    | 5,000 | 08/06/2022           |
| آکٹوپس ڈیجیٹل لمیٹڈ | تنویر کرامت        | ڈائریکٹر     | خرید          | 65.00 | 09/06/2022    | 5,000 | 10/06/2022           |
| آکٹوپس ڈیجیٹل لمیٹڈ | تنویر کرامت        | ڈائریکٹر     | خرید          | 63.00 | 13/06/2022    | 5,000 | 16/06/2022           |
| آکٹوپس ڈیجیٹل لمیٹڈ | تنویر کرامت        | ڈائریکٹر     | خرید          | 64.00 | 21/07/2022    | 5,000 | 25/07/2022           |
| آکٹوپس ڈیجیٹل لمیٹڈ | سعید اللہ خان غازی | چیف ڈائریکٹر | خرید          | 71.02 | 17/08/2022    | 500   | 18/08/2022           |

**بورڈ آڈٹ کمیٹی (Composition of Board Audit Committee)**

- 1- جناب محمد شاہد میر چیئرمین انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر
- 2- جناب بختیار حمید وائس ممبر نان ایگزیکٹو ڈائریکٹر
- 3- جناب تنویر کرامت ممبر نان ایگزیکٹو ڈائریکٹر
- 4- جناب جنید مشتاق پراچہ ممبر نان ایگزیکٹو ڈائریکٹر

**ہیومن ریسورس اور ایچ آر کمیٹی (Composition of Human Resource & HR Committee)**

- 1- محترمہ صالحہ آصف چیئرمین کمیٹی انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر
- 2- جناب محمد شاہد میر ممبر انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر
- 3- جناب بختیار حمید وائس ممبر نان ایگزیکٹو ڈائریکٹر
- 4- جناب تنویر کرامت ممبر نان ایگزیکٹو ڈائریکٹر
- 5- جناب جنید مشتاق پراچہ ممبر نان ایگزیکٹو ڈائریکٹر

**بورڈ آف ڈائریکٹرز (Board of Directors)**

بورڈ سات ڈائریکٹرز پر مشتمل ہے۔ جن میں پچھتر مرد اور ایک خاتون ڈائریکٹر شامل ہے تفصیل درج ذیل ہے

- 1- جناب بختیار حمید وائس چیئرمین۔ نان ایگزیکٹو ڈائریکٹر
- 2- جناب انٹار احمد عاطف چیف ایگزیکٹو آفیسر۔ ایگزیکٹو ڈائریکٹر
- 3- جناب تنویر کرامت نان ایگزیکٹو ڈائریکٹر
- 4- جناب محمد شاہد میر انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر
- 5- جناب جنید مشتاق پراچہ نان ایگزیکٹو ڈائریکٹر
- 6- جناب عدیل خالد ایگزیکٹو ڈائریکٹر
- 7- محترمہ صالحہ آصف انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر

ڈائریکٹرز کی کل تعداد مندرجہ ذیل کے مطابق سات ہے:-

- مرد ڈائریکٹرز : چھ (6)  
خاتون ڈائریکٹر: ایک (1)

## ڈائریکٹرز رپورٹ

## فیحصہ آمدنی (Earning Per Share):

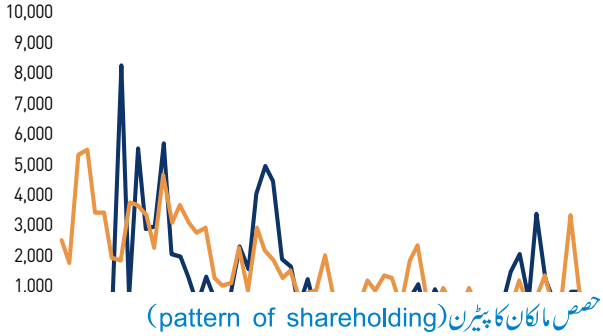
بنیادی (basic) کمائی فی کس شیئر بعد از ٹیکس کوٹنی مبلغ 2.96 روپے ہے جبکہ 2021 میں 2.53 روپے تھی۔

تپلی (diluted) کمائی فی کس شیئر بعد از ٹیکس کوٹنی مبلغ 2.96 روپے ہے جبکہ 2021 میں 2.53 روپے تھی۔

## ڈیویڈنڈ دینے کی وجہ:-

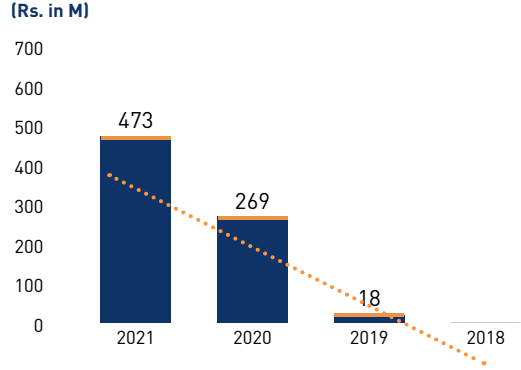
پاکستان کی موجودہ معیشت کی صورتحال اور ڈیجیٹل مہم میں کمپنی کی ترقی کے منصوبے کو مد نظر رکھتے ہوئے بورڈ کی جانب سے یہ فیصلہ کیا گیا ہے کہ کاروباری نمو اور اٹلکچر ٹکنالوجی پر اپرٹی کے لیے آر اینڈ ڈی کے لیے نقد رقم کو محفوظ رکھا جائے، لہذا 15 فیصد بونس شیئرز کے ذریعے ذخائر کو سرمائے میں تبدیل کرنے کی تجویز ہے۔ کمپنی کے پاس مالی سال 2022 میں آئی پی او اور بزنس کے امتزاج کی نقد رقم موجود ہے جسے کمپنی اٹلکچر ٹکنالوجی پر اپرٹی، مارکیٹنگ اور بیچ آر کے براہ راست اخراجات کی ترقی پر خرچ کرنے کا ارادہ رکھتی ہے۔ مذکورہ بالا سرگرمیوں سے پیدا ہونے والا کاروبار کمپنی کی آمدنی میں حصہ ڈالے گا جس سے مستقبل میں ڈیویڈنڈ کی ادائیگی کے واضح اور مثبت امکانات ہوں گے۔

## حصص کارجمان (Stock Liquidity):

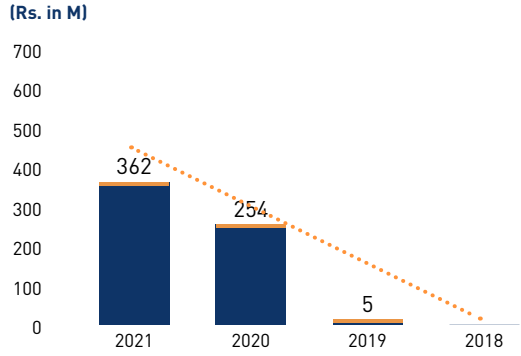


| فیصد   | شیئرز کی تعداد | شیئر ہولڈرز کی تعداد | شیئر ہولڈرز کی قسم  |
|--------|----------------|----------------------|---|
| 0.04%  | 50,007         | 7                    | ڈائریکٹرز، چیف ایگزیکٹو اور ان کے فیملی ممبران اور نابالغ بچے |
| 80%    | 109,399,995    | 1                    | نسلک کمپنیاں، متعلقہ جماعتیں (کمپنی کی طرف سے تصدیق شدہ)      |
|        |                |                      | این آئی ٹی اور آئی ٹی سی پی                                   |
| 0.88   | 1,198,816      | 2                    | بنکس، مالیاتی اور غیر مالیاتی ادارے                           |
| 1.03   | 1,409,280      | 7                    | انسٹروٹرز/کمپنیز  |
| 1.96%  | 2,683,766      | 37                   | مضاربہ اور میچل فنڈز  |
|        |                |                      | 10 فیصد حصص رکھنے والے حصص دار                                |
| 12.30% | 16,825,465     | 6,175                | ای لوکل   |
|        |                |                      | ب۔ فارن   |
| 3.79%  | 5,182,673      | 93                   | دیگر  |
| 100%   | 136,750,002    | 6,322                | کل  |

ہے۔ کمپنی امریکی ڈالر میں طے شدہ معاہدوں اور (اے۔ ایم۔ ایس) انٹرنیشنل خاص طور پر مشرق وسطیٰ کے کاروبار سے اس مارجن کی کمی کو بہتر بنانے کا ارادہ رکھتی ہے۔ گذشتہ 4 مالی سالوں میں کمپنی کا مجموعی منافع درج ذیل ہے۔

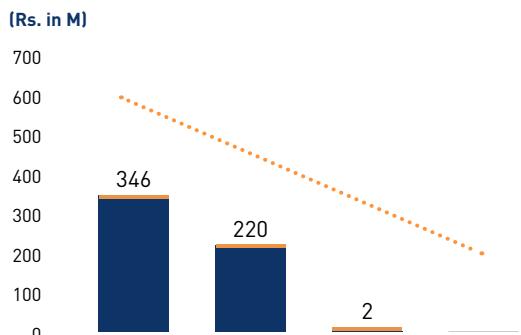


## منافع جات، سود ٹیکس کوٹنی، فرسودگی اور کساد بازاری سے پہلے (EBITDA):



## منافع بعد از ٹیکس (Profit after Taxation):

خالص منافع (بعد از ٹیکس کوٹنی) 405 ملین روپے جو کہ 17% اضافے کیساتھ انتہائی تسلی بخش ہے۔ کمپنی انتظامیہ بہت پر امید ہے کہ اس مجموعی آمدنی اور خالص منافع کے مارجن میں مالیاتی سال 2023 اور 2024 میں بہتر مثبت رجحان کو برقرار رکھے گی اور مزید اضافہ کرے گی۔ جو کہ مستقبل کے کاروباری معاہدوں اور موجودہ سرگرمیوں کی وجہ سے ممکن ہو سکے گا۔ ڈیجیٹل ٹیکنالوجی کے کاروبار کا اب بلندی کی طرف رجحان ہونے کی وجہ سے سبسکرپشن پر مبنی آرڈرز 2023 کے آغاز میں محفوظ ہو جائیں گے۔ انتظامیہ مالی سال 2023 کے منظور شدہ کارپوریٹ پلان کے مقررہ اہداف کو حاصل کرنے میں پر امید ہے۔

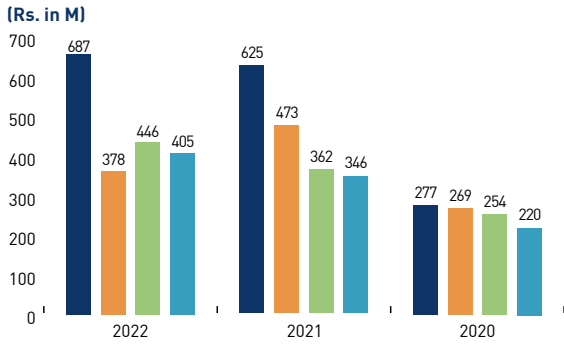


## ڈائریکٹر رپورٹ

طور پر (اے۔ ایم۔ ایس) کے اسپتیرز اور میٹرل پر یعنی منصوبوں کیلئے کاروباری آمدنی کم رہی۔

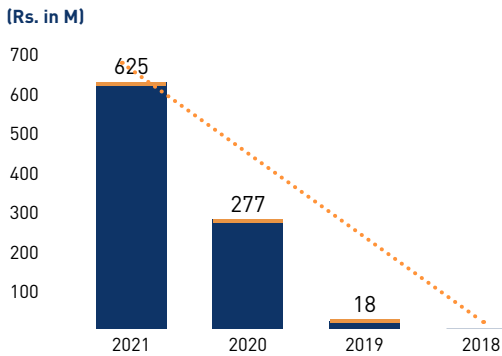
### کاروباری نتائج (Operating Result Standalone) :-

| موازنہ فیصد | موازنہ     | 2021        | 2022        |                   |
|-------------|------------|-------------|-------------|-------------------|
| 10%         | 61,813,691 | 625,196,135 | 687,009,826 | آمدن              |
| 19%         | 69,716,173 | 360,454,499 | 430,170,672 | منافع قبل از ٹیکس |
| 17%         | 59,111,950 | 345,950,867 | 405,062,817 | منافع بعد از ٹیکس |



### مالیاتی کارکردگی آمدن

کمپنی کی آمدنی 687 ملین روپے رہی جو کہ پچھلے سال کے مقابلے میں 10 فیصد اضافی ہے۔ اگرچہ یہ منصوبے کے مطابق نہیں ہے لیکن پھر بھی بیس لائن کو بہتر بنانے میں کامیاب رہے ہیں۔ اس کی بڑی وجہ درآمدات پر پابندی ہے جس نے (اے۔ ایم۔ ایس) کی آمدنی خاص طور پر جو میٹرل کے ساتھ منسلک تھی کو متاثر کیا باقی ہم نے سالہا سال موازنے میں اضافہ دیکھا۔ مالی سال 2021, 2020 اور 2022 میں عمدہ بڑھوتری کا مشاہدہ کیا۔



### مجموعی منافع

کمپنی کا مجموعی منافع 378 ملین روپے رہا جو کہ پچھلے سال کے مقابلے میں 20 فیصد کم ہے۔ اس کی بنیادی وجہ امریکی ڈالر کی پاکستانی روپے کی ویلیو میں کمی اور افراط زر میں اضافہ ہے جس کی وجہ سے محصولات کی لاگت زیادہ تھی اور مجموعی مارجن میں کمی واقع ہوئی

آکٹوپس ڈیجیٹل لمیٹڈ کے ڈائریکٹر انتہائی پر مسرت طریقے سے کمپنی کے آڈٹ کیے گئے اکاؤنٹس (آڈیٹر کی رپورٹ کے ساتھ) جو کہ مالی سال 31 دسمبر 2022 پر مشتمل ہیں پیش کرتے ہیں۔ پیش کردہ تمام مالیاتی اعداد و شمار اس سے متعلقہ گوشوارے اور تفصیلی نوٹس کمپنی کی انتظامیہ نے بین الاقوامی اصول و ضوابط کے تحت تیار کر لیے ہیں جو کہ مندرجہ ذیل ہیں:-

1- انہوں نے کمپنی کے روزمرہ کاروباری اور کیش کے معاملات اور بنیادی سرمائے کی تبدیلی کے تمام معاملات کو منصفانہ اور بلا جھجک بیان کیا ہے۔  
2- اصول و ضوابط کے مطابق مکمل حساب کتاب کا ریکارڈ محفوظ رکھا جا رہا ہے۔  
3- مناسب حساب کی پالیسیاں اختیار کی گئی ہیں جو کہ ان مالیاتی گوشواروں کی تیاری میں لاگو کی گئی ہیں جو کہ حساب کتاب کے مناسب اصول و ضوابط اور دانشمندی پر مبنی ہیں۔  
4- تمام مالیاتی گوشواروں کی تیاری میں کمپنیز ایکٹ 2017 اور بین الاقوامی اکاؤنٹنگ کے اصول و ضوابط (جن کا اطلاق پاکستان میں بھی ہے) اور بیان کرنے کے ضابطوں کو مد نظر رکھا گیا اور تمام اعداد و شمار کو احسن طریقے سے مکمل کرتے ہوئے بلا جھجک بیان کیا گیا ہے۔

5- کمپنی میں اندرونی معاملات کو چلانے اور اس کی جانچ پڑتال کا اصولی، جامع اور مضبوط نظام موجود ہے جسے نہایت عمدہ اور موثر انداز میں لاگو کیا اور چلایا جا رہا ہے۔

6- کمپنی کو اپنی قابلیت اسی طرح جاری رکھنے پر کوئی شک و شبہ نہیں ہے۔

7- تمام سرکاری واجبات ڈیوٹی، ٹیکسز اور ان قوانین میں تبدیلی کی وجہ سے جو بھی رقم بنی وہ اچھے طریقے سے کمپنی کی کاروباری معاملات میں بیان کی گئی ہے۔

یہ ڈائریکٹر کی رپورٹ کمپنیز آرڈیننس کے تحت تیار کی گئی ہے، جو کہ چھٹے سالانہ اجلاس عام پر ممبران کو بھجوائی جائے گی۔ یہ اجلاس بروز جمعہ 26 مئی 2023 کو سہ پہر 3:30 بجے آن لائن پلیٹ فارم (زوم ویڈیو لنک) کے ذریعہ کمپنی کے ریجنل آپریشن سنٹر 19 کلو میٹر ملتان روڈ لاہور پنجاب پاکستان میں منعقد ہوگا۔

### کمپنی

آکٹوپس ڈیجیٹل امریکہ، مشرق وسطیٰ اور جنوبی ایشیا میں اسٹریٹیجک اور آپریشنل مینیجمنٹ سپورٹ سروسز کی مدد سے کاروباری اداروں کو اپنی مینوفیکچرنگ، سپلائی چین اور مالیاتی ورک فلوز کو ڈیجیٹل کرنے میں مدد کرتا ہے۔ اس طرح فیصلہ سازی کی حمایت، قابل عمل بصیرت، اور کاروباری اٹیلی جنس 24x7x365 کیسر سالہ/ماہانہ سبسکرپشن کی بنیاد پر منظم اور غیر منظم سروس کے طور پر دستیاب ہے۔

### رپورٹ:-

کمپنی کی کارکردگی انتہائی اطمینان بخش اور رجحان ترقی کی طرف رہا ہے جو کہ آرڈر جزیویشن، آمدن، منافع بعد از ٹیکس، منافع مع ٹیکس، دیگر آمدن، مقررہ اخراجات پر کنٹرول کے لحاظ سے کمپنی کے پانچ سالہ متوقع منصوبہ کے مطابق لیکویڈٹی کا بہترین نظام اور تمام مالیاتی وعدوں کی بروقت ادائیگی کی وجہ سے ہے۔ تاہم رواں سال کے دوران حکومت کی جانب سے ایل/سبز کی عدم دستیابی اور درآمدی پابندیوں کی وجہ سے پاکستان میں خاص

| تجویز   | ضابطہ قانون   | ضابطہ قانون نمبر |
|---|---|------------------|
| تفصیل<br>بختیار رحیم دوائیں - 01 شیئرز<br>تنویر کرامت - 50,001 شیئرز<br>محمد شاہد میر - 01 شیئرز  |   |                  |
| منسلک کمپنی یا منسلک ادارے کے تازہ ترین آڈٹڈ مالی گوشورائے بشمول تازہ ترین عبوری مالی سیکشن 199 کے تحت سرمایہ کاری کیلئے خصوصی قرارداد کی منظوری کیلئے بلائے جانے والے عام اجلاس میں اراکین کو معائنہ کیلئے مہیا کی جائیں گی۔ | منسلک کمپنی یا منسلک ادارے کے تازہ ترین آڈٹڈ مالی گوشورائے بشمول تازہ ترین عبوری مالی سیکشن 199 کے تحت سرمایہ کاری کیلئے خصوصی قرارداد کی منظوری کیلئے بلائے جانے والے عام اجلاس میں اراکین کو معائنہ کیلئے مہیا کی جائیں گی۔ | (3)(4)           |
| www.avanceon.ae<br>اور پاکستان اسٹاک ایکسچینج پر دستیاب ہیں   |   |                  |

#### کارروائی کی ساتویں شق:-

کمپنی (Further Issue of Shares) ریگولیشنز، 2020ء کے ضابطہ نمبر 17(1)(a) کے تحت ایک علیحدہ خصوصی قرارداد منظور کی جا رہی ہے، تاکہ کمپنی، اس کی ہولڈنگ، کمپنی اور/یا اس کی ذیلی کمپنی/کمپنی کے اہل شناخت شدہ ملازمین کو ایمپلائز اسٹاک آپشن اسکیم 2022ء کے تحت آپشنز گرانٹ کی جا سکیں گی۔

#### کارروائی کی آٹھواں شق:-

ایمپلائز اسٹاک آپشن اسکیم 2022ء کی شق 1.1، تشریح اور شق 7.1 "آپشنز کی گرانٹ" میں ترمیم کی گئی ہے تاکہ کمپنی، اس کی ہولڈنگ کمپنی اور/یا اس کی ذیلی کمپنی/کمپنی کے ملازمین کو آپشنز گرانٹ کی جا سکیں گی۔

۲- کمپنی ایکٹ 2017ء کی شق (3) 134 کے تحت تمام دستاویزات بشمول ایجنڈا اور قرارداد کمپنی کے رجسٹرڈ آفس میں دفتری اوقات میں جانچ کے لیے موجود ہیں۔

| تجویز   | ضابطہ قانون  | ضابطہ قانون نمبر |
|---|--|------------------|
| 300 ملین غیر محفوظ کم معیادی قرضہ طلب پر قابل ادہ ہے  | ترتیب وار سرمایہ کاری کی رقم   | (i)              |
| کمپنی کا موجودہ قرضہ صفر ہے   | متعلقہ مدت کیلئے سرمایہ کاری کرنے والی کمپنی کی اوسط قرض لینے کی قیمت۔ کراچی انٹرنیٹ کی دے گئے (KIBOR) شرح۔ شریعت کے مطابق مصنوعات کیلئے منافع کی شرح اور غیر فنڈ شدہ سہولیات کی شرح منافع   | (ii)             |
| One month KIBOR+2%  | سود کی شرح، مارک اپ، منافع، فیس یا کمیشن وغیرہ جو سرمایہ کاری کرنے والی کمپنی وصول کرے گی  | (iii)            |
| غیر محفوظ   | مجوزہ سرمایہ کاری کے سلسلے میں ضمانت یا سیکورٹی کی تفصیلات   | (iv)             |
| قابل اطلاق نہیں ہے  | آکر سرمایہ کاری میں متبادل کی خصوصیت ہے۔ یعنی شیئرز میں تبدیل ہو سکتی ہے تو یہ حقیقت اور تمام شرائط و ضوابط بشمول تبادلوں کے فارمولہ، وقت اور کن حالات میں یہ تبادلہ کو عمل میں لایا جا سکتا ہے  | (v)              |
| کم معیادی قرضہ کی مدت ایک سال ہے جسکی سالانہ تجدید ہو سکے گی  | منسلک کمپنی یا ادارے کو دیے جانے والے قرض کی ادائیگی کا شیڈول اور قرض یا ایڈوانس کی شرائط و ضوابط  | (vi)             |
|   | ممبران کے لئے دی جانے والی دیگر تفصیلات  | (4)              |
| منسلک کمپنی ایونسیون لمیٹڈ اور اس کے ڈائریکٹرز، اسپانسر، اکثریتی شیئرز ہولڈرز اور ان کے رشتہ دار کا سرمایہ کاری کرنے والی کمپنی میں یا مجوزہ لین دین میں کوئی مفاد نہیں ہے سوائے ان کی سرمایہ کاری کرنے والی کمپنی میں شیئرز ہولڈنگ کے۔ | اگر منسلک کمپنی یا منسلک ادارے یا اس کے ڈائریکٹرز یا اسپانسر سے کوئی بھی سرمایہ کاری کرنے والی کمپنی کارکن ہو تو منسلک کمپنی یا منسلک ادارے یا اس کے ڈائریکٹرز یا اسپانسر کے مفاد کی معلومات جنرل میٹنگ (جو کہ کمپنی ایکٹ کی شق 199 کے تحت بلائی جائے گی) کے نوٹس میں دی جائے گی | (1)(4)           |
| ایونسیون لمیٹڈ - آکٹوپس ڈیجیٹل لمیٹڈ کی ملکیتی 74.32% کمپنی ہے۔   |  |                  |
| منسلک کمپنی کے تین ڈائریکٹرز سرمایہ کاری کرنے والی کمپنی آکٹوپس ڈیجیٹل لمیٹڈ میں بھی ڈائریکٹر ہیں۔  |  |                  |

# Octopus Digital Limited

## نوٹس برائے سالانہ چھٹا اجلاس عام

کاروائی کی چھٹی شق:-

| تجویز | ضابطہ قانون   | ضابطہ قانون نمبر |
|-------|---|------------------|
|       | سرمایہ کاری میں استعمال ہونے والی انوسٹمنٹ سے ادا کیا جائے گا۔  | (iii)            |
|       | ارادہ ہے تو   |                  |
|       | (i) قرض کے ذریعے سرمایہ کاری کی وضاحت   |                  |
|       | (ii) ایسی سرمایہ کاری کے حصول کیلئے فراہم کردہ  |                  |
|       | ضمانتوں، اثاثوں کو گروہی رکھنے کی تفصیل   |                  |
|       | (iii) سرمایہ کاری کے تجزیہ کا فائدہ   |                  |
|       | مجازہ سرمایہ کاری کے متعلق، متعلقہ کمپنی یا اس سے منسلک ادارے سے اگر کوئی معاہدہ ہے تو اس کی نمایاں خصوصیات   | (iv)             |
|       | تجدید ہو سکے گی۔  |                  |
|       | (ii) غیر محفوظ قرضہ طلب پر قابل ادہ ہے۔   |                  |
|       | (iii) مارک اپ one month KIBOR+2%  |                  |
|       | منسلک کمپنی یا منسلک ادارے یا میں ڈائریکٹرز، سرمایہ کار، اکثریتی شیئر ہولڈر اور ان کے رشتہ داروں کا براہ راست یا بالواسطہ کوئی مفاد نہیں ہے سوائے ان کی منسلک کمپنی میں شیئر ہولڈنگ کے۔ | (v)              |
|       | کمپنی کے تین ڈائریکٹرز منسلک کمپنی میں بھی شیئر ہولڈر ہیں۔  |                  |
|       | تفصیل   |                  |
|       | مختیار رسید وائیں۔ 59.59%   |                  |
|       | تنویر کر امت۔ 0.58%   |                  |
|       | محمد شاہد میر۔ 0.08%  |                  |
|       | کوئی نہیں   | (vi)             |
|       | اگر منسلک کمپنی یا ادارے میں کوئی سرمایہ کاری پہلے سے کی جا چکی ہے تو ایسی سرمایہ کاری کی کارکردگی کی مکمل تفصیل۔ وضاحت بشمول کسی خرابی کی معلومات                                      |                  |
|       | اراکین کیلئے لین دین کو سمجھنے کیلئے دیگر ضروری تفصیلات   | (vii)            |
|       | کوئی نہیں   |                  |
|       | اگر سرمایہ کاری قرضوں، ایڈوانسز اور ضمانتوں کی صورت میں ہے تو ضابطہ 3 کے ذیلی ضابطہ (1) کی شق (a) کے تحت مندرجہ ذیل معلومات بھی فراہم کریں  | (c)              |

| تجویز | ضابطہ قانون  | ضابطہ قانون نمبر |
|-------|--|------------------|
|       | منسلک کمپنی یا ادارے کے بارے میں   | 3(1)(a)(A)       |
|       | منسلک کمپنی یا اس سے وابستہ ادارے کا نام   | (i)              |
|       | ایونیون لمیٹڈ  |                  |
|       | بنیادی تعلق  | (ii)             |
|       | 74.32% حصہ ملکیتی کمپنی  |                  |
|       | گذشتہ 3 سالوں کی فی ہس آمدنی   | (iii)            |
|       | 2020: 8.30 (Basic)<br>8.11 (Diluted)   |                  |
|       | 2021: 3.98 (Basic)<br>3.91 (Diluted)   |                  |
|       | 2022: 5.29 (Basic)<br>5.26 (Diluted)   |                  |
|       | تازہ ترین آڈٹ شدہ مالیاتی گوشوارے پر مشتمل بریک اپ قیمت فی ہس آمدنی  | (iv)             |
|       | تازہ ترین آڈٹ شدہ مالیاتی گوشوارے پر گوشوارے (31 دسمبر 2022ء) پر مشتمل بریک اپ قیمت فی ہس آمدنی                    |                  |
|       | PKR 20.36 ہے۔  |                  |
|       | (without surplus on revaluation and PKR 21.38 per share with surplus of revaluation.)                              |                  |
|       | مالیاتی صورتحال، بشمول تازہ ترین مالیاتی گوشوارے اور منافع اور نقصان کے گوشوارے میں بیان کردہ اہم نکات کی بنیاد پر | (v)              |
|       | Rs. In '000'   |                  |
|       | Non-current Assets 5,614,131   |                  |
|       | Current Assets 3,937,579   |                  |
|       | Total Equity 6,960,904   |                  |
|       | Non-current Liabilities 112,707  |                  |
|       | Current Liabilities 2,478,099  |                  |
|       | Main items of Profit and Loss Account:   |                  |
|       | Rs. In '000'   |                  |
|       | Sales Net 1,864,524  |                  |
|       | Profit from operations 2,004,783   |                  |
|       | Profit before taxation 1,849,212   |                  |
|       | Profit for the year 1,736,812  |                  |
|       | متعلقہ کمپنی یا اس سے منسلک ادارے کے   | (vi)             |
|       | پروجیکٹ کے سلسلے میں سرمایہ کاری کی  |                  |
|       | معلومات جس نے ابھی کام شروع نہیں کیا   |                  |
|       | عمومی معلومات  | 3(1)(a)(B)       |
|       | زیادہ سے زیادہ کی جانے والی سرمایہ کاری  | (i)              |
|       | Rs. 300 ملین کم معیاری قرضہ  |                  |
|       | مقصد، سرمایہ کاری کرنے والی کمپنی اور اس کے  | (ii)             |
|       | اراکین کو مذکورہ سرمایہ کاری سے مکمل فائدہ۔  |                  |
|       | اور سرمایہ کاری کی مدت   |                  |
|       | کمپنی اس کم معیاری قرضہ سے   |                  |
|       | 2% زائد مارک اپ کماسکتی  |                  |
|       | ہے جو کہ دوسرے AA ریٹڈ   |                  |
|       | بٹکوں کے مقابلے زیادہ ہے۔  |                  |

C۔ کوئی بھی اضافی امور جو کہ چیرمین کی اجازت سے ہونگے۔  
 بحکم بورڈ:- احسن خلیل (کمپنی میکرٹری)  
 لاہور  
 مورخہ 05 مئی 2023ء

ویب لنک برائے آن لائن میٹنگ بذریعہ "ZOOM"

ممبران کو کمپنی کے زیر انتظام ویڈیو کانفرنس کی سہولت کے ذریعے AGM میں شرکت کے لیے حوصلہ افزائی کی جاتی ہے، نیچے دیے گئے لنک پر عمل کریں:

[https://us02web.zoom.us/join/register/WN\\_\\_tH\\_kaQMSSqSdwq4vmlCg](https://us02web.zoom.us/join/register/WN__tH_kaQMSSqSdwq4vmlCg)

شیر ہولڈرز AGM کے ایجنڈا آن لائن کے لیے اپنے تبصرے اور سوالات فراہم کردہ ای میل ایڈریس [Investors@octopusdtl.com](mailto:Investors@octopusdtl.com) پر کر سکتے ہیں۔

AGM میں شرکت کیلئے درج ذیل لنک سے رہنمائی حاصل کر سکتے ہیں  
<https://octopusdtl.com/investor-relations/>

#### حاشیات:-

۱۔ کمپنی کے حصص کی منتقلی کی کتب مورخہ 19 مئی 2023ء سے 26 مئی 2023ء (بشمول دونوں دن) بند رہیں گی جس دوران تدوین کیلئے کسی بھی حصص کی منتقلی کی وہ درخواستیں جو درست حالت میں کمپنی کے شیر رجسٹرار کے دفتر فیکو ایسوسی ایٹس، 8-ایف، نزد ہوٹل فاران نرسری بلاک نمبر 6، PECHS، شاہراہ فیصل، کراچی، مورخہ 18 مئی 2023ء کو دفتری اوقات ختم ہونے سے قبل موصول ہوگی۔ ان کو بونس حصص کے استحقاق، سالانہ اجلاس عام میں شرکت اور حق رائے دہی استعمال کرنے کے استحقاق کے تعین کیلئے بروقت شمار کیا جائے گا۔

۲۔ سالانہ اجلاس عام میں شمولیت، بولنے اور حق رائے دہی استعمال کرنے کے مستحق ہر حصص یافتگان کو یہ حق حاصل ہے کہ وہ شرکت بولنے اور حق رائے دہی استعمال کرنے کیلئے اپنی جگہ کسی پراکسی (نمائندہ) کو مقرر کرے اور ایسے پراکسی کو اجلاس میں شرکت، بولنے اور حق رائے دہی استعمال کرنے کی نسبت سے وہی اختیارات حاصل ہونگے جو کہ بذات خود کمپنی کے حصص یافتگان کو حاصل ہوتے ہیں۔ پراکسی مقرر کرنے کیلئے ہر لحاظ سے درست اور باقاعدہ مہر شدہ اور دستخط شدہ پراکسی فارم اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرار آفس میں موصول ہونا ضروری ہے۔ پراکسی کا بذات خود کمپنی کے حصص یافتگان میں سے ہونا ضروری نہیں۔

۳۔ حصص یافتگان کیلئے ضروری ہے کہ وہ بروقت اپنے پتہ میں تبدیلی فیکو ایسوسی ایٹس، 8-ایف، نزد ہوٹل فاران نرسری بلاک نمبر 6، PECHS، شاہراہ فیصل، کراچی، کمپنی کے شیر رجسٹرار کو مطلع کر دیں۔

**دیگر نوٹس:-** CDC اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) سرکلر نمبر 1 مورخہ 26 جنوری 2000ء میں SECP میں موجود ہدایات پر عمل پیرا ہونا ہوگا۔

ضروری اقدامات کرنے کے لیے اختیار دیا جاتا ہے۔

8۔ غور کرنے اور مناسب سمجھے جانے پر، "Octopus Digital Limited Employee Stock Option Scheme 2022" کے متعلق مندرجہ ذیل قراردادوں کو خصوصی قراردادوں کے طور پر، کسی ترمیم کے ساتھ یا اس کے بغیر، منظور کرنا؛ قرار پایا کہ، کمپنیز (Further Issue of Shares) ریگولیشنز، 2020ء کے ضابطہ نمبر 7(1) کی شق v(a) اور شق viii کے تحت، ایمپلائز اسٹاک آپشن اسکیم 2022ء میں درج ذیل ترمیم کی جاتی ہے:

قرار پایا کہ ایمپلائز اسٹاک آپشن اسکیم 2022ء، شق 1.1، اہل ملازم کی تشریح/ترمیم کی جاتی ہے اور اسے حسب ذیل پڑھا جائے

"Eligible Employee

Means: A full-time regular employee who is on the payroll of the company, its holding company and/or subsidiary company(ies) as an employee, (and who is admitted in the scheme by the Board), the Chief Executive officer of the company, an Executive Director who is on the payroll of the Company."

مزید قرار پایا کہ، ایمپلائز اسٹاک آپشن اسکیم 2022ء کی شق 7.1 میں ترمیم کی جاتی ہے اور اسے حسب ذیل پڑھا جائے:

"The grant of option to eligible identified employees in any one year equal to or over 1% of the paid-up capital of the company (as increase from time to time excluding outstanding conversions) shall require a separate resolution of the shareholders of the company.

It is also clarified that the committee, in its discretion may grant options to Eligible Employees including those presently in employment of the Company, its holding Company and/or its subsidiary Company(ies) and those who join in the future. Whether further options are to be granted to any such employee who has already been granted Options in any one year will also be in the discretion of the committee."

## Octopus Digital Limited

### نوٹس برائے سالانہ چھٹا اجلاس عام

بتاریخ 21 مارچ 2023ء کے مطابق سالانہ مالیاتی گوشوارے اور نفع و نقصان کے اکاؤنٹ، آڈیٹر کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ ("سالانہ آڈٹ شدہ مالیاتی گوشوارے") QR فعال کوڈ اور ویب لنک کے ذریعے اراکین کو ارسال کرنا اور مندرجہ ذیل قرارداد منظور کرنا:

"قرار پایا کہ 2023/(I)389 S.R.O بتاریخ 21 مارچ 2023ء اور کمپنیز ایکٹ، 2017ء کے سیکشن 223(6) کے تحت، سالانہ مالیاتی گوشوارے اور نفع و نقصان کا اکاؤنٹ، آڈیٹر کی رپورٹ اور ڈائریکٹرز کی رپورٹ، وغیرہ ("سالانہ آڈٹ شدہ مالیاتی گوشوارے") QR فعال کوڈ اور ویب لنک کے ذریعے کمپنی کے ممبران تک پہنچایا جائے گا"

6۔ غور کرنا اور موزوں سمجھے جانے پر مع ترمیم یا بغیر ترمیم مندرجہ ذیل قراردادوں کو بطور خصوصی قرارداد منظوری دینا کہ کمپنی کو اختیار دیا جاتا ہے کہ وہ اپنی ہولڈنگ کمپنی ایونسیون لمیٹڈ کو PKR 300 ملین کام معیادی قرضہ دے۔ اس قرضہ کے مکمل شرائط و ضوابط، کمپنیز (انوسٹمنٹ ان ایسوسی ایٹڈ کمپنیز اور ایسوسی ایٹڈ انڈر ٹیکنگ) ریگولیشنز 2017ء کے تحت، اس نوٹس کے اہم حقائق کے بیانات جو کہ کمپنی ایکٹ، 2017ء کے سیکشن 134(3) کے تحت ہے لفظ ہیں۔

"قرار پایا کہ کمپنیز ایکٹ، 2017ء کے سیکشن 199 اور دیگر تمام مقابل اطلاق قوانین کے تحت کمپنی کے اراکان کی منظوری دی جاتی ہے کہ کمپنی اپنی ہولڈنگ کمپنی ایونسیون لمیٹڈ کو PKR 300 ملین تک کم معیادی غیر محفوظ قرضہ فراہم کرے۔" مزید قرار پایا کہ کمپنی کے چیف ایگزیکٹو آفیسر اور ریگولیشنز کی مشترکہ طور پر اور یا انفرادی طور پر کسی بھی دستاویزی کاروائی، مجوزہ قراردادوں اور تمام متعلقہ اقدامات کی تکمیل کرنے کیلئے اختیار دیا گیا ہے

7۔ غور کرنے اور مناسب سمجھے جانے پر، "Octopus Digital Limited Employee Stock Option Scheme 2022" کے متعلق مندرجہ ذیل قراردادوں کو خصوصی قراردادوں کے طور پر، کسی ترمیم کے ساتھ یا اس کے بغیر، منظور کرنا؛ قرار پایا کہ کمپنیز (Further Issue of Shares) ریگولیشنز، 2020ء کے تحت، آپشنز کی گرانٹ کمپنی کے جاری کردہ یا ادائے شدہ سرمائے (جو کہ آپشنز کی گرانٹ کے وقت) کے ایک فیصد کے برابر یا اس سے زیادہ (1%) شناخت شدہ ملازمین کو دیے جا سکتے ہیں۔

مزید قرار پایا کہ، کمپنیز (Further Issue of Shares) ریگولیشنز، 2020ء کے تحت کمپنی اور/یا ذیلی اداروں اور/یا ہولڈنگ کمپنی کے کسی بھی ملازم کو آپشنز کی گرانٹ دی جاسکتی ہیں۔

مزید قرار پایا کہ، کمپنی کے چیف ایگزیکٹو آفیسر اور/یا کمپنی سیکرٹری مشترکہ طور پر اور/یا الگ الگ، کسی بھی دستاویز پر عمل درآمد کرنے اور مجوزہ قرارداد کو عملی جامہ پہنانے کے لیے تمام

اطلاع دی جاتی ہے کہ آکٹوپس ڈیجیٹل لمیٹڈ "کمپنی" کا سالانہ چھٹا اجلاس عام مورخہ 26 مئی 2023ء بروز جمعہ سہ پہر 3:30 بجے بمقام نشاط ہوٹل، گیٹ نمبر 7، امپیریل بال روم۔ بی، ایچو ایم مال، ملحق عبدالحق روڈ، جوہر ٹاؤن، لاہور سے مندرجہ ذیل کاروباری امور کو انجام دینے کیلئے منعقد ہوگا۔

#### A- عمومی کاروباری امور:-

1۔ تفصیلات کی منظوری (Minutes of the Meeting) جو کہ سالانہ پانچواں اجلاس عام مورخہ 28 اپریل 2022ء کو منعقد ہوا تھا۔  
2۔ 31 دسمبر 2022ء کو ختم ہونے والے کمپنی کے مالی سال کے آڈٹ شدہ مالیاتی گوشوارے، چیئرمین کا جائزہ، ڈائریکٹران اور آڈیٹرز کی رپورٹس وصول کرنا ان پر غور کرنا اور انہیں اختیار کرنا۔

کمپنیز ایکٹ 2017ء کے سیکشن (7) 223 کے تحت، کمپنی کے مالیاتی گوشوارے کمپنی کی ویب سائٹ پر اپ لوڈ کر دیے گئے ہیں جنہیں درج ذیل لنک سے ڈاؤن لوڈ کیا جاسکتا ہے۔



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

3۔ کمپنی کے آڈیٹر کو مقرر کرنا اور اس کا معاوضہ طے کرنا۔ حصص یافتگان کو اطلاع دی جاتی ہے کہ کمپنی کی بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹران نے ریٹائر ہونے والے آڈیٹرز BDO Ebrahim & Co. چارٹرڈ اکاؤنٹنٹس کا نام آئندہ مالی سال 31 دسمبر 2023ء کیلئے کمپنی کے آڈیٹرز کی تقرری کیلئے تجویز کیا ہے۔

4۔ بونس حصص بحساب 15% پر غور و خوض اور منظوری دینا، جیسا کہ کمپنی کے بورڈ آف ڈائریکٹران نے کمپنی کے حصص یافتگان کیلئے سفارش کی ہے اور مندرجہ ذیل قرارداد منظور کرنا:-

قرار پایا جاتا ہے کہ عام حصص جن کی بنیادی قیمت 10 روپے فی حص کے حساب سے ہے بطور بونس حصص اور مذکورہ حصص مکمل ادا شدہ عام حصص کے مطابق کمپنی کے حصص یافتگان کو جاری کیے جائیں گے، جن کا نام کمپنی کے شیئر رجسٹر میں مورخہ 18 مئی 2023ء بروز جمعرات کو ظاہر ہوگا۔ ان بونس حصص کا تناسب ہر 100 حصص پر 15 حصص کے حساب سے ہوگا یعنی 15%۔ ایسے بونس حصص ڈیویڈنڈ کی ترسیل اور تمام امور میں عام حصص کے قانونی مساوی ہونگے۔

مزید قرار پایا جاتا ہے کہ حصص یافتگان کے کسری استحقاق کو مکمل حصص میں اکٹھا کر کے اسٹاک مارکیٹ میں فروخت کیا جائے گا اور اس سے حاصل شدہ رقم کسی فلاحی ادارے کو عطیہ کی جائے گی۔

#### B- خصوصی کاروباری امور:-

5۔ غور کرنے اور مناسب سمجھے جانے پر منظور کرنا کہ، 2023/(I)389 S.R.O

## پراکسی فارم نوٹس برائے سالانہ چھٹا اجلاس عام

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ بطور آگٹوپس ڈیجیٹل لمیٹڈ  
رکن و حامل \_\_\_\_\_ عام حصص برطانیق شیئر رجسٹرڈ  
فولیو نمبر \_\_\_\_\_ اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر \_\_\_\_\_ اور  
ذیلی کھاتہ نمبر \_\_\_\_\_ ساکن \_\_\_\_\_ یا بصورت دیگر  
\_\_\_\_\_ ساکن \_\_\_\_\_ کو اپنی جگہ مورخہ 26 مئی 2023ء  
منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط بتاریخ \_\_\_\_\_ 2023ء

### گواہان :-

براہ کرم پانچ روپے  
مالیت کے ریونیوٹکٹ  
چسپاں کریں

دستخط

دستخط کمپنی میں درج نمونہ کے  
مطابق ہونے چاہئیں

- 1 دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
قومی شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_
- 2 دستخط: \_\_\_\_\_  
نام: \_\_\_\_\_  
پتہ: \_\_\_\_\_  
قومی شناختی کارڈ یا پاسپورٹ نمبر: \_\_\_\_\_

نوٹ: پراکسی کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کا کمپنی کارکن ہونا ضروری نہیں ہے۔ سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کروائیں۔





The Company Secretary  
**OCTOPUS DIGITAL LIMITED**  
The Avanceon Building,  
19 km, Main Multan Road, Lahore - 54660  
Pakistan

AFFIX  
CORRECT  
POSTAGE

**Form of Proxy**  
**6<sup>th</sup> Annual General Meeting of Octopus Digital Limited**

I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a member of Octopus Digital Limited and holder of \_\_\_\_\_ ordinary shares  
as per share Register Folio (Number of Shares) No. \_\_\_\_\_ and / or CDC  
Participant ID No. \_\_\_\_\_ and Sub  
Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ or  
failing him \_\_\_\_\_ of \_\_\_\_\_ as  
my/our proxy to vote for me/us and on my/our behalf at the 6<sup>th</sup> Annual General Meeting of the company to  
be held on the **26<sup>th</sup> day of May 2023** and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023

1) **Signature:** \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_

Signature on Rs. 5/- Revenue Stamp

CNIC or: \_\_\_\_\_  
Passport : \_\_\_\_\_

\_\_\_\_\_  
**Signature**  
Signature should agree with the  
specimen registered with the company

2) **Signature:** \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_

3) CNIC or: \_\_\_\_\_  
Passport : \_\_\_\_\_

**Note:**

Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.





# OCTOPUS

*DIGITAL*

## Karachi, Pakistan

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