

n Analytical Assessment of Jazz's IPO Pricing and Financial Valuation



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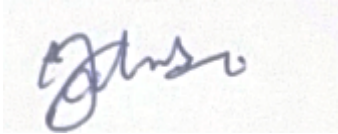
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God bless you all.

ABSTRACT

This research seeks to provide a fair initial public offering (IPO) price for Jazz, the biggest mobile network operator in Pakistan, by studying current market trends and investor sentiment using corporate valuation methods which include discounted cash flow (DCF) and free cash flow (FCF) evaluation methods. From jazz initial public offering IPO will give the boost to Pakistan stock market, corporate governance and investors confidence within the country and outside of country. The study will look at Jazz financial Situation and use of valuations model to determine the IPO price. Examine investors viewpoint and determine how jazz company plan to use money from its initial public offering IPO for the future growth and for the betterment of future operational activities. Since this study would be imaginary until the IPO of the company goes live and we would also examine the reaction of purchaser of that stocks. IPO play important role for the businesses and economy of any country, increase their market liquidity and also smoothens the path for the future development of country. From other perspective, when IPOs culture get common then its put more pressure to business to follow regulatory standards. But on other hand going Public bring many difficulties to the companies because of too much presentation of regulatory documents, strict rule of auditing, taxes and market volatility after listing. Enterprise value, economic development, and financial stability may all be enhanced by initial public offerings (IPOs). You may put them to use for things like investing in innovation or expanding your business. Similar operators may think about going public once an initial public offering (IPO) boosts investor trust in the sector. Initial public offering (IPO) pricing tactics are sensitive to macroeconomic variables, investor sentiment, financial health, and the state of the economy. Several variables, including fluctuations in the market, timing, and strong emotion, may impact the complicated process of IPO valuation. Overestimation of the IPO's worth can cause low demand and subsequent price drops. In order to predict how well Jazz will do in the future, this research looks at past data from the yearly reports of the Organization. Methods for determining a company's worth include discounting future cash flows, growth rate, free cash flow, and financial statement projections. Financial databases and Microsoft Excel are analytical tools. Market effectiveness, regulatory risk, unpredictability, and the study's dependence on publicly available financial information are some of the study's weaknesses.

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ABSTRACT

This research seeks to provide a fair initial public offering (IPO) price for Jazz, the biggest mobile network operator in Pakistan, by studying current market trends and investor sentiment using corporate valuation methods which include discounted cash flow (DCF) and free cash flow (FCF) evaluation methods. From jazz initial public offering IPO will give the boost to Pakistan stock market, corporate governance and investors confidence within the country and outside of country. The study will look at Jazz financial Situation and use of valuations model to determine the IPO price. Examine investors viewpoint and determine how jazz company plan to use money from its initial public offering IPO for the future growth and for the betterment of future operational activities. Since this study would be imaginary until the IPO of the company goes live and we would also examine the reaction of purchaser of that stocks. IPO play important role for the businesses and economy of any country, increase their market liquidity and also smoothens the path for the future development of country. From other perspective, when IPOs culture get common then its put more pressure to business to follow regulatory standards. But on other hand going Public bring many difficulties to the companies because of too much presentation of regulatory documents, strict rule of auditing, taxes and market volatility after listing Enterprise value, economic development, and financial stability may all be enhanced by initial public offerings (IPOs). Similar operators may think about going public once an initial public offering (IPO) boosts investor trust in the sector. Initial public offering (IPO) pricing tactics are sensitive to macroeconomic variables, investor sentiment, financial health, and the state of the economy. Several variables, including fluctuations in the market, timing, and strong emotion, may impact the complicated process of IPO valuation. Overestimation of the IPO's worth can cause low demand and subsequent price drops. In order to predict how well Jazz will do in the future, this research looks at past data from the yearly reports of the Organization. Methods for determining a company's worth include discounting future cash flows, growth rate, free cash flow, and financial statement projections. Market effectiveness, regulatory risk, unpredictability, and the study's dependence on publicly available financial information are some of the study's weaknesses

CHAPTER 1

INTRODUCTION

1.1 Background

By issuing shares to the public, private companies may acquire money and become public entities via an Initial Public Offering (IPO). To obtain capital for daily operations, initial public offerings (IPOs) play a significant role in the financial sector. The expansion of a company's activities, the enhancement of its market value, and the attraction of both institutional and retail investors are all benefits of this strategy. In Pakistan, Jazz, a mobile network provider, has a stranglehold on the market thanks to its large subscriber base. With over 70 million customers, Jazz is booming financially right now. While if successful IPO happens then it would be have great customer value retention.

Telecom sector of Pakistan was very competitive because of presence of major companies like Telenor, Ufone and Zong. Currently, confidence in stock market and on overall market performance would boost the Jazz IPO. Our study would suggest that Jazz IPO price by analyzing current market and investor sentiments using the methodologies of corporate valuation method DCF and FCF valuation

Working under VEON Ltd., a global communication firm based in the Netherlands, Jazz, previously known as Mobilink, is the biggest cell phone service provider in Pakistan. providing services from 2G to 4G LTE and venturing into mobile banking via Jazz Cash, Jazz has been instrumental in the development of Pakistan's telecoms industry. Talks regarding a public offering, or IPO, for Jazz have been around for many years, usually connected to VEON's larger goal of optimum the value of its assets and generating funds by means of calculated disposals.

Several elements have driven the Jazz IPO idea. First, although Pakistan's telecom sector has become oversupplied in terms of conversation offerings, it offers an enormous opportunity in

digital monetary services and data consumption. Jazz may thus demand a premium value depending on its business leadership, large customer base of over 70 million customers, and growing digital income sources. Second, VEON has experienced financial strain and strategic realignments, which have led to interest in releasing value from its profitable companies including Jazz. This fits with patterns seen in developing countries, when telecom companies seek to benefit from successful subsidiaries by means of listings or partial ownership sales.

Jazz's valuation in the IPO setting would probably reflect similar business research, reduced financial designs, and revenue multiples generated from regional and worldwide rivals. Though precise numbers would be contingent on market circumstances and investor mood at the precise moment of sale, historical data imply Jazz's value may fall between \$1.5 and \$2.5 billion. Institutional investors' appetite, regulatory issues of the PSX, or Pakistan Stock Exchange, and the Securities and Exchanges Commission of Pakistan and its desire to draw both local and international money would all help to shape the pricing strategy.

Moreover, Jazz's possible IPO has to be seen in light of past communications listings in Pakistan, including PTCL and Telenor Pakistan's planned but unfulfilled offers. Historically, investor confidence has been influenced by political risk, foreign currency volatility, and regulatory obstacles. Jazz's financial viability, digital innovation notably in fintech via Jazz Cash and proven infrastructure, on the other hand, may provide a convincing story for investors, especially if VEON decides to keep a strategic interest after IPO to guarantee uninterrupted operations.

1.2 Problem Statement

The Pakistani stock market has been struggling ever since it was first established because value-adding businesses such as telecommunications are not adequately represented on the market. The listings of big telecom businesses are lacking in depth, despite the fact that initial public offers (IPOs) in other industries are worthy of congratulations. There are not many companies in the telecom industry that are publicly traded, but PTCL constitutes one of the most important ones. This requirement is being addressed by Jazz via the staging of an introductory public offering (IPO), which will also give investors the opportunity to benefit from the telecom industries. On the contrary, there are not a lot of gaps in knowledge that may result in an exuberant valuation for the Jazz initial public offering. What form of jazz pricing strategy has the potential to be the most successful?

1.3 Objectives

- Find the best pricing strategy and compute Jazz's associated IPO price using the valuation models.
- Analyze how the Jazz IPO would influence Pakistan's stock market.
- From a macroeconomic perspective, examine the Jazz IPO.
- Jazz plans to use the funds received during the IPO to develop both operationally and financially.

1.4 Scope and Limitations

This study primarily focuses on Jazz's financials, market standing, and initial public offering (IPO) valuation techniques. In order to determine Jazz's optimal initial public offering (IPO) pricing, the research will examine financial accounts, conduct an applicable industry analysis, and examine stock price fluctuations. Limitations on the IPO valuation include, but are not limited to, dependence on external information, stock market volatility, and legislative changes. Because investor behavior after an initial public offering (IPO) is purely hypothetical at this stage, it has not been considered in this study.

Jazz IPO price would access by its financial Results FY 2023- FY 2024, position of company in market, its potential growth and its risk elements to determine the efficacy of its proposed initial public offering IPO. During this IPO we also consider the macroeconomic factors like interest rate, inflation impact on telecom industry, regulatory effects and investor sentiments. We determine the growth of company revenue by taking data of five years of (Inflation, population number, inflation).

This study has some limitations but especially if some information stays private or is not totally accessible to the public, access to thorough and current financial disclosures might be limited. Market circumstances may be rather erratic, and the hypotheses used in estimation techniques can not properly reflect future performance or risk. Non-financial elements like political unrest, changes to regulation, or strategic corporate actions might also be important even if they are not entirely measurable as they could greatly affect valuation results.

Different outcomes from the use of many valuation techniques e.g., DCF, numerous times, or precedent transactions bring subjectivity to the study (PWC,2021). Finally, variations in company structures, market publicity or operational size might restrict comparisons with peer firms, hence influencing the validity and dependability of benchmarking data.

1.5 Justification

Jazz has a large portion of the market and has great revenue potential; therefore, investors will be eager to buy into the IPO. Investors in Pakistan's telecom business seek for firms driving technical innovation, since the market is undergoing a fast period of digitization. The significance of initial public offerings (IPOs) in emerging nations is shown by Jazz's IPO springboard value, which energizes prospective investors. This provides a new perspective on initial public offerings (IPOs) and an insight into Pakistan's economy, which is a valuable addition to the existing body of financial research.

Giving its relevance about knowing that the top telecom firms in Pakistan handle the stock exchange market in the developing country. While studying the evaluation of jazz IPO appraisal and pricing approach is guaranteed. Being the biggest company in telecom sector Jazz offers a unique situation for assessing how to value the high profile IPO would effect by market dynamics, investor mood in market , and regulatory concerns. In addition, this study offers the knowledge about the capital market growth and helps the other developing countries to do IPO pricing of any companies. Jazz IPO enable the financials experts, regulatory bodies, governments and other high network individuals to efficiently make decisions for investments purposes.

1.6 Budget and Resources

While performing financial study of Jazz IPO we would requires the budgets of the country, also quantitative data and many market tool will be needed to evaluate the price of a share. Important websites and tools are Bloomberg company, S&P tools and data for valuation of price is required. Resources and tools are perform major role while accessing the IPO price of Jazz Company. From assistance from industry consultant for business and competitive insights,

an enthusiastic group of 2–3 financial analysts familiar with cellphone company IPOs and valuation modeling would be required. Interpreting prospectus reveals and IPO compliance components might need legal and regulatory knowledge, particularly for a firm like Jazz that works in a controlled sector. Essential as well will be software tools including Excel for economic simulation, Power BI or Tableau for data representation, and brokerage or investment bank research reports. Interviews or insider information might need more networking tools according to access to personal or investor relations connections at Jazz or parent firm VEON.

- A number of financial records, such as Jazz's profit and loss accounts and balance sheet from before the IPO.
- Data sourced from the Pakistan Stock Exchange (PSX) and the state-run securities regulator in Pakistan (SECP).
- Documents pertaining to research in Pakistan's telecommunications industry.
- Tools for analysis and valuation.

1.7 Project Schedule

Data collection, model construction, evaluation, and creation of reports are the separate stages of this endeavor that conform to a timeline. Report writing is the last step. Among the milestones that have been established are the completion of the literature study, the gathering of data, the analysis of finances, and the authoring of the report.

Idea discussion	1 st Week
Topic approved	2 nd Week
Data collection	3 rd - 4 th Week
Work started on financial analysis	5 th – 6 th Week
Progress report part 1	7 th Week
Proposal report	7 th Week
Submission for FYP Report	13 th Week

Table 1: Schedule

1.8 Determinants of IPO

The settlement for a company to go public through an Initial Public Offering (IPO) is impact by some crucial elements that align both with market trends and inner business objectives. Companies often consider an IPO when market conditions are lasting or positive, as positive investor affection can lead to strong demand and preferable valuations. Financial strength, including consistent revenue, profitability, and growth potential, also plays a vital role in attracting investor interest.

Jazz has competent position in telecom industry because of providing the best micro financing mobile application in form of JAZZ CASH which will also boost the IPO price. Also regulatory departments (SECP, PSX) provide support to company adopting fintech and also give relaxation in some aspects VEON the parent company of Jazz also boost the image of the company in international financial market.

CHAPTER 2

LITERATURE REVIEW

2.1 Initial Public Offerings and the Financial Markets

When a firm offers its share to trade in public market in exchange of funds to finance its company operational activities. But at the same time it gives investment opportunities to different financial institutions and individual investors to take exposure in the company shares. When a company needs money there are two ways to acquire liquidity. First way you finance your operational activities through debt financing or through equity financing in which a firms offer its share to general public in exchange of money. But equity financing would be more costly when interest rates are too low. Also in equity financing firms has to pay taxes two times because in debt financing firms enjoys tax shield. ([Affleck-graves,Hegde & miller 2020](#))

The initial public offerings IPO are of tremendous importance for the firms themselves but also for the financial system as a whole. Strong basis for economic betterment is created by the initial public offering IPO along with other variables. In the publicly traded firms, greater availability in the securities markets enables the company to obtain money through variety of channels which ensures investments from both domestic and international investors. The company also works to improve its reputation which in turn helps to increase the level of confidence among investors mindset ([Zhang2024](#)).Because of extra attention would be given to companies when they were going for the initial public offering then these companies are often required to establish severe laws about their leadership, financial standing, and overall operations. As a consequence this ensures that the discipline that exists inside firms is maintained, which in turn produces outcomes for all parties involved, including shareholders, workers and even consumers. ([Zhang2024](#))

It would be possible that in initial stage the IPO of a company has significant impact on the company but not has much advantage in future because the major reason was underpricing of a stock. The reason behind underpricing is that when stock is listed on exchange it goes up and up but it was only beneficial for initial pre IPO investor who bought the share before the listing of stock on exchange. Then it would decrease that firm overall value who was issued the shares in initial public offering ([Ball2022](#)). Set price structure for IPO on the other hand could not

provide enough returns, which can result in the firm losing its reputation with investors and having a detrimental influence on future fundraising efforts. Countries which has lack of financial stability, political issues , and some other risks related to that specific sector may weaker the confidence of investors which was also a major factor that can lead to a reduction of stock prices. Market volatility plays a major role in the initial public offering (Brown & Warner 2021).

The complexity of an initial public offering (IPO) is further increased by the presence of all of these components. It is necessary for a corporation to comply with preset disclosure reports, provide financial statements purporting to demonstrate compliance with securities laws, and fulfill any other regulatory obligations that may be applicable (Barber & Lyon, 2021). Due to the fact that this often results in significant legal and administrative expenditures, the initial public offering (IPO) is both laborious and expensive. In addition, becoming public necessitates the submission of financial reports on a quarterly basis, which raises the possibility of giving short- term earnings more weight than the long-term strategic goal.

Even yet, initial public offerings continue to be a well-liked option for businesses that are wanting to raise significant sums of money and boost their exposure. Initial public offerings (IPOs) have gained widespread acceptance as a means of boosting the value of individual businesses and, therefore, the economy as a whole, contributing to the expansion of the economy and the maintenance of financial stability (Lyon, Barber, & Tsai, 2021). It was difficult for the firms & potential investors and regulators to have a smooth process during the initial public offering (IPO) process. Its advantages and the dangers that are connected with it. This awareness about pros and cons about IPO to the companies would enhance competition and investor involvement.

2.2 Contribution of Initial Public Offerings to GDP Growth

Initial Public offering gives right to companies to raise significant money that helps to create new economic possibilities by driving growth in future. The money a business gets when it goes public might be used for several strategic reasons include growing the way it runs, funding new technologies, or even extending their operations abroad (Bhabra, 2023).

Telecommunications companies have to spend significantly if they want to improve their infrastructure, create more contemporary service technologies, and raise the level of excellence of their services. Thus, the telecoms industry values first public offerings (IPOs) very highly (Bhabra & Pettway, 2023). The money generated by the IPO, or initial public offering, enables telecommunications companies to speed infrastructure initiatives to enhance consumer access

and digital offerings. A successful first-time public offering (IPO) helps to shape investors' confidence in the company and may motivate other telecom companies to seek IPOs in order to get the necessary money.

Jazz's financial success with its first public offering (IPO) could not be its only impact. Jazz's move to go public might change the financial structure of the telecom industry as it is one of the best-known telecom businesses in Pakistan (Brav, Geczy, & Gompers, 2020). This could also inspire other telecom providers to consider putting their businesses on the public market. Therefore, this might lead to a rise in the overall market size for the Pakistani stock exchange (PSX), as well as the draw of foreign investment and the quickening of another sector's growth (Brav, Geczy, & Gompers, 2020).

2.3 Issuer-Specific Pricing Approaches and Market Factors

The assessment of the proper price for an introductory public offering (IPO) is perhaps the single most crucial decision a company has to make beforehand going public that it will face. When determining the price of an initial public offering (IPO), a number of criteria are taken into consideration (Gompers & Lerner, 2023). These include the financial situation of the company, the status of the economy, the attitudes and feelings of investors, and macroeconomic considerations. The valuation has to strike the correct balance; if it is set too low, the firm will not get the capital they need, and if it is set too high, the investor's enthusiasm will wane, which would lead to a lack of demand and a loss of the intended price immediately after the offering (Brown & Warner, 2021).

When it comes to determining the price of an initial public offering (IPO), corporations have primarily two options available to them: they can either offer a fixed price or they can adopt the book-building technique. When a company establishes a value for their shares after the market evaluation, it is known as a fixed offering (Weinstein, 2022). This kind of offering is often inflexible since it provides security on the pricing, but it does not take into account the need of investors in the present moment. When the book-building mechanism is activated, institutional investors are granted the ability to submit bids on specified quantities. This not only helps them to better understand the level of demand among the larger population, but it also increases their chances of finding a price that is more stable (Cambel, 2023). The pricing of Jazz's initial public offering (IPO) will not only be determined by a comprehensive analysis of the company's financial performance, the standing of the industry,

and the conditions of the stock market, but it will additionally call for an accurate evaluation of the organization's revenue expansion, income, debt, and general revenue that are possible in the future, in addition to trust among investors in the telecom market (Mckinley,2023). The evaluation of economic indicators, such as rates of inflation and interest, as well as the stability of currency, will also be necessary in order to explain how the initial public offering (IPO) of Microsoft would be regarded. Last but not least, taking into account the dominant position that Jazz enjoys in the telecommunications industry of Pakistan will undoubtedly be of great assistance in comprehending the market tendencies and rivalry dynamics, and it will also be the determining factor in the pricing plan of the initial public offering (Carter, Dark, & Singh, 2021).

2.4 Concerns Regarding Initial Public Offering Valuation

When it pertains to initial public offering (IPO) valuation, every firm encounter challenge. Establishing an accurate pricing to optimum offer may have a significant impact on the price of shares on launch, as well as on the long-term financial success of the company. For example, the most significant challenge that a firm can encounter is the occurrence of a significant amount of market volatility. This is particularly the case in situations whenever there are enhanced economic tensions, geopolitical difficulties, or shocks that have an impact on regions, industries, or even specific markets from which funds are obtained (Dark, 2021). Consumers who will be visiting your company with the expectation of favorable share prices after the legal debut are likely to experience concern as a result of these emerging trends. In addition, many external variables have a tendency to make enterprise-wide appetite for initial public offering (IPO) stocks uncontrolled, which results in difficulty that was not anticipated while attempting to determine the required price (Singh, 2021).

When it comes to scheduling the initial public offering, there are a variety of one-of-a-kind issues that often arise. Investors have a tendency to underperform their excitement during times of poor development or economic recession, which results in memberships that are lower than what was first expected (Cheng, 2024). Putting the initial public offering (IPO) date at a time of economic expansion, on the other hand, might lead to an overvaluation of the company, which in turn can lead to unrealistic and unreachable expectations that are not sustainable over the long term. An investor's sentiment is nurtured by news stories on how people think of the company's future, which is a crucial element that greatly determines the outcome of an initial public offering (IPO). High attitude also serves as a vital factor impression (Fama, 2021).

An overestimation of the true worth of the initial public offering is the most significant risk. If you estimate it at a price that is too high, investors will not consider purchasing it, which will result in a lack of demand and price adjustments shortly after the listing took place. As a consequence of this, the firm will have negative stock performance, which will make the purchase of further equity very difficult (Fisher, 2021). In the event that the value is underestimated, the first investors stand to gain profit; nevertheless, the firm will miss out on further funding that is required. Due to the fact that attaining perfection during an initial public offering (IPO) launch is of the utmost importance when trying to overcome high demand, it is essential to define the level between estimate and expectation (Jensen, 2021).

2.5 Intrinsic Value Proposition (IPO) Theory

In the context of initial public offerings (IPOs), discounted profit and loss calculations (DCF) models are among the most often referenced valuation methodologies. These models forecast the value of a firm by discounting the predicted earnings at a particular rate (Damodaran, 2022). But on the other side, telecommunications firms often need significant infrastructure construction, which makes it more difficult to forecast their free cash flow.

IPOs, which stand for initial public offerings, are an important moment in the life process for a company that is transitioning from personal to public management. During the IPO of a company it was a critical factor to determine whether the investor believe that company should allocates its fund for the growth purpose for further expansion or either this amount should be used for personal purposes. Form past decades Jazz was a leading telecom company and potential investor has believe that the IPO would perform beyond the expectation (ROLL 2021). The major reason of empirical studies and literature review is to find out the importance of IPOs in a financial markets for attracting the investors. Initial public offerings (IPOs) in the telecommunications industry are less often appraised using asset-based approaches because of their reliance on intangible assets such as licenses, brand equity, and spectrum. Nevertheless, Penman (2012) believes that this method might potentially yield hints of the baseline value.

2.6 Pricing Initial Public Offerings: Overpriced and Competitive Outcomes

Loughran and Ritter (2023) and Ibbotson (2020) state that initial public offerings (IPOs) are often underpriced, which results in significant returns on the first day of trading. Book-building

strategies, knowledge imbalance, and risk compensation are all components of the logic included inside this argument. According to research that is based on real occurrences, the usual underpricing of initial public offerings (IPOs) in developing countries such as Pakistan is between twenty and thirty percent (Rasheed, 2020).

Book-building is a method that helps enable price discovery via the use of investor bids. This allows for an improvement in the method of pricing and maybe a reduction in undervalued assets (Benveniste & Spindt, 2021). Using a hybrid strategy similar to those that were used in earlier Pakistani initial public offerings (for example, Airlink and Interloop), it is expected that Jazz's first public offering would mix industrial bidding with retail tranche.

Both Aggarwal and Rivoli (2020) emphasize the significance of the quality of the institutions and the sentiment of the investors. The initial public offering (IPO) manipulation, security for shareholders, and transparency levels are all influenced by regulatory control exercised by the Accounts and Commodities Commission of Pakistan and the Pakistan Stock Exchange (PSX).

2.7 Extraordinary Consideration to the Telecom Industry for Initial Public Offerings

In telecom industry large amount would be spend in the form of capital investments for the purpose of expanding the networks. While during valuation process of IPO price we should take major look into the future expenditure of the company. Because after some small period of time there would be rapid change in 5G networks and fiber optics. Also regulatory bodies like revenues and PTA (renewal of licenses) have impact o valuation.(ITU report 2020)

The expansion of Jazz user base , changing prepaid services prices and average revenue per user trends, and the adoption of wireless networks will all have a substantial impact on the market value of Jazz. According to studies IPOs of telecommunications companies in countries that are similar to India and Indonesia include a substantial correlation between investor views and plans to monetize data and diversify internet businesses (GSMA 2021)

Report takes a look at how listing of shares on exchange in the telecom industry have changed over time and how different areas have fared. Also participation of institutional investors, Funds management companies and the large scale initial public offerings (IPOs) in the telecommunications industry have taken place in the Asia-Pacific area in the last 20 years,

particularly in nations like Indonesia, India, and China. Many domestic studies have focused on the importance of privatization of firms, liberalization of markets and state ownership. As a component of larger economic reform initiatives, the government spearheaded a number of telecom IPOs. Many cite Bharti Airtel's first initial public offering (IPO) as evidence of how opening up in India spurred private capital and equity expansion (Lerner, 2023).

Compare this to the first public offerings (IPOs) in the European telecom sector, where numerous transactions have been linked to the divesting of ex-state monopolies including France Communications (now Orange S.A.) and the former Deutsche Telekom (Germany). These first public offerings (IPOs) were between the largest in the past in the late 90s and early the early 2000s because of great demand and extensive participation from private investors. Though there was some underpricing in the short run, IPOs usually performed badly over the long run (Ibboston, 2023). Researches show that investor enthusiasm throughout the dot-com boom, market overvaluation, and macroeconomic crises brought to this. Changes in regulations and the emergence of rival markets influenced the performance of companies after their first public offerings (IPOs). The study indicated that, over time, telecom IPOs fared better in countries with advanced financial markets and strong investor protection policies (Kothari, 2020).

A number of telecommunications businesses in the MENA region, notably Saudi Arabia, the United Arab Emirates, and Egypt, became public during the previous 20 years. Two frequent strategic objectives of these first initial offerings (IPOs) for national development were rising access to financing and attracting foreign investors. The large amount of buyer demand and strong over connection in these kinds of public offerings, also known as IPOs, probably result from local investors hunger and limited investment possibilities. Research has shown that the post-IPO performance of the area is influenced by high degrees of political participation, problems with governance of companies, and an absence of openness (Warner, 2020).

Especially in the United States, North America has seen a movement opposing dominated by states policies alongside toward market-oriented ones. The telecom IPO scene has been ruled by market forces instead than government involvement. Empirical studies show that U.S. telecoms IPOs, which are initial public offerings, have more consistent long-term success and moderate underpricing. Any country which has advanced financial markets and extra ordinary regulatory systems, and also good corporate governance structure mostly account for this (Krigman, 2022).

Countries which are in the developing phase would have shown the effective macroeconomic growth, strong regulatory frameworks, changed investor mindsets and long term goals are some of the factors that shape the trends seen in regional telecom IPO data. Although initial public offerings (IPOs) have helped telecommunications businesses get access to key funds and enhance corporate governance in several areas also the results differ significantly (Womack, 2022). Low long term performance is common in emerging countries despite the high levels of investor excitement and government-led initial public offerings. While developed markets have more institutional and regulatory backing IPO trends are more moderate.

2.8 The Financial Situation and IPO Preparedness of Jazz

Currently, initial offering of share were planned by Jazz company, the large telecom and Internet provider in Pakistan on the SECP. This decision was a reflection of Jazz strong financial position and its growth in the diverse digital services company. Jazz had an impressive first Quarter Q1 revenue of around \$1 billion in 2024 which represent the 25% growth in monetary terms compared to the previous year. The overall sales increased by 22.6% in third Quarter Q3 2024 gaining Rs. 99.9 billion (\\$359 million) on other hand while the EBITDA increased by 20.2% in dollar terms which was reaching Rs. 41.4 billion (\\$149 million) (Lougran,2024).

Revenue earned through the Jazz Cash which was the digital banking network introduce by the company has increased by 85% year on year basis which was the major factor for the expansion. While Jazz has currently 19.2 million active users and 118,000 digital loans disbursed daily to the individuals in the Q3 2024. Pakistan digital revolution is being supported by jazz significant expenditures in digital infrastructure. Shown the extraordinary 46.2% rise from 2023. The business spent Rs. 53.9 billion in 2024 on 4G expansion, digital innovation and AI-powered tools/products (Ritter,2024).

Jazz IPO has been expected to be one of the biggest listing in Pakistan history and its parent company VEON will also enhances the image of its subsidiary nationwide. According to the statement of Jazz CEO Aamir Ibrahim the IPO is completely on the decks and further information would be released in twelve months.

Application of Jazz Company (Jazzcash , Tamasha app, Garaj and Mobilink Micro finance bank are all part of companies diverse portfolio which makes the company digital fast service provider. With this new direction Jazz will be able to provide more than just standard telecom services making it an important participant in Pakistan growing digital economy.

(Tsai, 2021).

Chapter 3

METHODOLOGY

3.1 Research Design

This study works a qualitative and analytical methodology within the context of a quantitative research framework in order to evaluate the financial evaluation and pricing process that Jazz used during the whole of its initial public offerings (Kothari & Warner, 2020) . The objective of the research is to ascertain whether or not the initial public offering valuation was appropriate, as well as to examine how the pricing strategy aligned with the underlying financial facts , investor mood , and market conditions.

3.2 Data Collection Methods

We should taken the historical data from the annual reports of the firm provided on its website. In the data we examine the net sales of the company, its Net profits ,costs and cashflow for the FY 2023 & FY 2024 are included. Using the past accurate data given by KPMG we predicted the baseline for jazz future performance.This ensures that the value was based on the real financial history of the company. Through the use of additional sources of information such as Jazz's initial public offering a brochure, accounting records, trading news accounts, appraisal news accounts, historic trading data, and industry publications, this study focuses on the pricing of Jazz's first public offering. As a result of the statistical nature of the subject matter, primary data is not relevant; nonetheless, insights may be acquired via interviews with financial experts and through surveys. Additionally, the study takes into account the opinions of investors as well as the trends in the market from the Central Bank of the country and other relevant institutions (Campbell, Lo, & MacKinlay, 2023).

3.3 Data Analysis Methods

This may be accomplished via the use of the discount rate for cash flows evaluation in order to ascertain Jazz's intrinsic worth (Ritter & Welch, 2022). In order to decide if the initial public offering (IPO) price is too high or too low, the pricing strategy evaluation entails comparing the true worth of the asset to the offer price. When conducting an initial public offering (IPO)

under-pricing research, the price variance between the proposed rate and the first-day price at closing is measured. In order to track Jazz's stock price trajectory following the initial public offering (IPO), aftermarket performance is studied. The over subscription rates, investor types, and institutional interest are all taken into consideration during the market sentiment and demand research. Jazz's economical health and potential for future development may be evaluated with the assistance of these approaches.

3.4 Valuation Techniques

The initial public offering (IPO) of Jazz was determined using a variety of ways in order to potentially verify the influence on the securities markets in the not too distant future. This research makes use of the following experimental approaches:

3.4.1 Income Statement and Projected Financials

During the fiscal years 2023 and 2024, we have acquired and analyzed Jazz's historical financial data in order to calculate the five-year forecasted accounting records that would cover the period from fiscal year 2025 to fiscal year 2029. Assumptions concerning expansion and dissemination patterns in future eras were developed using this historical fact as the basis for the development of those assumptions.

3.4.2 Free Cash Flow (FCF) valuation

First and foremost, the Free Cash Flow (FCF) technique was used as the principal method of valuation in order to arrive at an estimate of the underlying share value of Jazz (Damodaran, 2022). Using the historical data as a point of guidance, free cash flows were predicted for a period of five years. These projections reflected the immediate and near-term operational and financial aspirations of the organization.

3.4.3 Growth Rate and WACC

The long-term value, which reflects the worth of cash flows that extend beyond the specified projection period, was then calculated by applying a growth rate that was constant throughout the whole process. This step is essential in order to fully capitalize on Jazz's potential earnings over the long run.

In this project the projected growth rate for Jazz IPO was derived by using multi factor approach based on three macroeconomic factors and company specific drivers that will impact its earning:

- 1- **Historical Inflation Rate:** Average inflation over the past Five years were used from FY-20 to FY-2024 to adjust for purchasing power and pricing trends.
- 2- **Population Growth:** figures were taken from past five years because jazz main revenue come from its subscriber so this macroeconomic factor was taken for potential subscriber base expansion in Pakistan.
- 3- **Revenue Growth:** this factor reflects jazz recent performance in Pakistan and market positioning.

In the project we take the average of these three macroeconomic factors yielded a long term growth rate of approximately 12% which was used in calculation of revenue and cashflow projections from year 2025 to 2029. The jazz operational momentum and this blended rate showing macroeconomics trends will reflect in the valuation for next five years.

WACC weighted average cost of capital was computed as follow:

$$WACC = (E/V \times K_e) + (D/V \times K_d \times (1-T))$$

In the above formula, E/V was reflecting the proportion of equity in capital structure. Where D/V reflects the debt portion in capital structure. While K_d was cost of debt having kibar Plus 2% and T reflects the corporate tax. In this project, calculated WACC was 11.27% which was served as the discount rate in the DCF model.

REASON WHY P/E NOT USED FOR JAZZ IPO:

P/E price to Earning approach was also consider while calculating IPO price but due to following reasons we can't use it:

- 1- **Lack of direct Public comparable:** As Jazz company has multiple sources for revenue generation like mix of telecom, fintech (Jazzcash) and digital services. There are few listed companies in Pakistan which has similar business model so that's make difficult to compare Jazz company to others.
- 2- **Earning Volatility:** In Pakistan, telecom sector earning is heavily dependent on regulatory changes, currency fluctuation and also high capital expenditure cycle. So, using P/E multiple could mispresent the intrinsic value of a company.
- 3- **Company future growth couldn't capture:** while choosing P/E approach they only focus on historical or current earnings. But Jazz has driven by future digital growth (jazzcash, expansion of 4G and also working on 5G expansion) which is better captured by DCF or FCF models.
- 4- **Discounted cash flow model importance in telecom sector:** For IPO of any telecom sector, especially in a dynamic sector forward looking method was used DCF. Also, investments banks and regulators preferred the DCF model to justify pricing based on LT cash flow rather than trailing earnings.

Therefore, the DCF and free cash flow models were selected as they were globally accepted for calculating IPO price and finding intrinsic value of a company.

3.4.4 Discounted Cash Flow (DCF)

In the beginning, a suitable discount rate was established, and then all of the predicted revenue streams, including the long-term worth, were reduced to their current worth using the proper discount rate. This made certain that the valuation took into consideration the present value of money in addition to the risks that are connected with predicting the future financial success of the company.

3.5 Analytical Tools

This research makes extensive use of the following instruments

3.5.1 Microsoft Excel

Excel is the main instrument that was used in this investigation. All of the work that has been done, including anticipated accounting records, profit or loss, finite cash flow, and discounted cash flow, has been completed in Microsoft Excel.

3.5.2 Financial Databases

Companies like SECP, Yahoo Finance, and K-Trade provide historical stock performance trends, benchmark for the industry, and real-time market data on their own websites(K-trade).

3.6 Validity and Reliability

Only reliable sources, such as certified accounting records, PSX identities, and analyst reports, will be employed in order to assure the accuracy of the information given. For the purpose of addressing dependability, cross-verifying data from a variety of sources and ensuring consistency in the use of valuation models are both helpful.

3.7 Ethical Considerations

In terms of honesty and secrecy, the research will adhere to common academic standards. Any inquiries or surveys that are conducted will be conducted with informed consent and anonymity

where it is acceptable. The data will be handled in an ethical manner.

3.8 Research Limitations

- In order to comply with certain constraints, it is dependent on financial documents that are open to the public.
- Jazz initial public offering (IPO) price may be influenced by external factors such as interest rate and inflation rate.
- The performance of the market may have an impact on the initial public offering (IPO) of jazz.
- Regulatory risk is another factor that may affect the initial public offering (IPO) of jazz, such as if the Securities and Exchange Commission (SECP) unexpectedly changes guidelines.
- Uncertainty in the market may have an effect on the behavior of investors.

CHAPTER 4

ANALYSIS

4.1 Financial Performance Overview

4.1.1 Noteworthy Events of 2023

Increasing Income

Jazz reported a 13.5% year-on-year (YoY) rise in total sales in local currency. Revenues fell by 12.9% in USD terms in 2023, however, as the Pakistani Rupee (PKR) devalued.

Operational Hurdles

Operational expenses for the business rose notably; year on year, gasoline and power prices climbed 71% and 53%, respectively.

Expenditure of Capital

Focusing on its '4G for All' project, Jazz spent more than PKR 52 billion in 2023 to extend and modernize its network. This raised his total capital invested in Pakistan to US\$10.4 billion.

Number of Subscribers

Jazz had a total mobile subscriber count of 73.7 million by the end of 2023, including 41.3 million 4G smartphone owners and 10 million Voice-over-LTE (VoLTE) subscribers.

Digital Services

The value of (GTV) is 4.2 trillion , and Jazz Cash recorded the amount of 2.1 billion Transactions and 16.4 MLN monthly active users.

4.1.2 Noteworthy Events of 2024

Growth in Income

Jazz's income in local currency grew 28.9% YoY. Revenue in USD terms rise to 1 billion USD

during the fiscal year of 2024.

Operational Expenses

Business expenses, including all-time high loan rates and higher network energy costs, rose and affected margins.

The expenditure of Capital

Focusing on growing its 4G network and enhancing the digital environment, the business spent PKR 53 billion in 2024, raising its total investment in Pakistan to \$10.6 billion.

Number of Subscribers

Jazz's 4G customer count grew to 43.9 million by December 2024; its total subscriber count was 70.6 million.

Digital Service Providers

According to the number of PKR 5.8 trillion GTV , Jazzcash has 82% year on year increase. The system growth of its networks would be more than 3Lacs businesses and 240,000 agents.

4.2 Valuation Factors

Increasing Income

Continuous increase in local sale shows good market repo and performance even under currency depreciation and regulatory pressures.

The process of digitizing Ecosystem

Online digital applications like Jazz Cash and Tamasha are continuously expanding which also helps the company (Jazz) to diversify its income sources and increasing customer involvement.

Operational Effectiveness

Large scale investments in digital plate forms and network development bring jazz more profitable which will also great for its upcoming IPO.

4.3 Insights on Pricing Strategies

Positioning the Market

Jazz's management in customer base and electronic services provide power in cost its shares professionally during an IPO.

Economic Elements

While examine the IPO price and valuating the company financials would heavily depends on the Macroeconomics factors of a country (like regulatory climate, inflation rates and interest rates).

4.3.1 Profits & Income

In 2023

In local currency, Jazz's income grew 13.5% year-on-year (YoY). Revenue in USD terms fell by 12.6% in 2023, nevertheless, since the Pakistani Rupee (PKR) devalued.

In 2024

Total income in local currency grew 28.9% YoY, totaling PKR 313.6 billion. For the whole year, USD income rise up to 1 Billion, mostly because of stabilizing of PKR currency.

4.4 Operative Issues

Jazz's running expenses rose considerably, including

Power and Fueling

In 2023, prices increased YoY by 71% and 53%, respectively.

Rates of Interest

Mortgage rates in 2023 rise 7 percentage points YoY, hence affecting financing expenses. EBITDA margins declined as a result of these elements, from 51.2% in 2022 to 44.9% in 2023.

4.5 Growth and Funding

4.5.1 The Cost for Capital

In 2023

Concentrating on its "4G for All" project, Jazz put more than PKR 52 billion into expanding and modernizing its network.

In 2024

To meet rising data demand and enhance its digital ecosystem including fintech and cloud services the corporation spent PKR 37 billion.

4.5.2 Expanding the System

By December 2023, the 4G customer base grew to 43.9 million and the total population of subscribers to 70.6 million, as the investments added over 1,000 additional 4G sites in 2023.

4.6 Expansion of Technological Services

4.6.1 JazzCash

Jazz's mobile money service, JazzCash, saw notable expansion:

In 2023

Through a Gross The exchange Values (GTV) of PKR 4.2 trillion, reached 16.4 million monthly active users (GSMA, 2021).

In 2024

Writing down a GTV of PKR 5.3 trillion, monthly active users were 15.4 million, helping 1.3 million consumers with digital loans.

4.7 Additional Digital Channels

Jazz Universe

In 2022, the health and wellness app had 12.7 million every month active users.

Tamasha

During the Asia Cup in 2023, Jazz's entertainment platform had 14.4 million distinct viewers.

4.8 Strategic Branding Factors for IPO Assessment

Although particular IPO intentions have not been made public, Jazz's value and price approach might be affected by various elements:

Growth in Income

Steady rise in local currency income shows robust market demand.

The process of digitizing Ecosystem

Digital services' growth, such as JazzCash and Tamasha, increases income sources' value and diversity.

4.9 Free Cash flow (FCF) and growth rate (g) :

The free Cash flow valuation for the jazz was conducted by projecting of future cash flow based on historical performance of a company and then apply terminal growth rate to estimate its value. The growth rate was determined by using major three macroeconomic factors that will help to find exact value if there will be any changes in future.

- **Inflation:** historical average of inflation of past 5 years were taken
- **Population Growth:** As population of a country increases then subscriber base of telecom sector increases.
- **Revenue growth Trend:** revenue growth was taken on Jazz year on year revenue growth from FY-2023 to FY-2024

Table 2: Jazz's IPO Value and Pricing Approach Financial Assessment

Category	Particulars
Market and Shareholder connection	Shows how market circumstances, investor interest, share price models, and financial reports relate to one another.
The process of the IPO	Estimation models are run using internal financial facts and future estimates. Investor mood and market equivalents are studied.
The Way the Information and the Information Origin Evidence Were Collected	Jazz financial reports (2022 and 2023) Reports. SECP rules and regulatory submissions. Inspection and organizational input-based investor reaction study.
Project Guidelines and Required Functions	Create a strong IPO pricing model using DCF and marketplace comparisons. Create a data dashboard to show trends in the market and financial KPIs. Allow simulation of various pricing policies depending on investor input.
Disregarding Necessary Condition	The financial projection tools' precision and dependability. The incorporation in real time with materials that provide market data. Being sensitive financial data should be handled securely.
Stakeholder Demand	Open and justifiable price structure. Fair value illustrating market and potential expansion for shareholders. Equal opportunity and adherence to transparency policies.

CHAPTER 5

IMPLEMENTATION OF RESULTS

5.1 Expected Financial Reports

We obtained and examined Jazz's historical financial data from FY 2023 and FY 2024 in order to produce the five-year anticipated financial statements spanning FY 2025 to FY 2029. These statements cover the period from FY 2025 to FY 2029. Assumptions concerning expansion and dissemination patterns in future eras were developed using this historical fact as the basis for the development of those assumptions.

The following three parameters were used to compute the average growth rate, which was then used to evaluate Jazz's financial situation: 1) A historical inflation rate over the last five years 2) The increase of the population based on information from the past Third, there was an increase in revenue between the fiscal years 2023 and 2024. A growth rate of approximately 12% was determined to be the result of taking into account all three elements.

By increasing the size of the company's balance sheet, its development rate was included into the equation. The annualized growth rate of approximately 12% was achieved by raising the amount of current reserves by 7%, which resulted in a rise from Rs. 215,879,587 within the fiscal year 2024 to Rs. 230,991,158 within the fiscal year 2025E. In a similar vein, it was anticipated that the value of non-current inventory would rise by 4%, boosting the total value of not currently used assets to Rs. 606,533,290 in the fiscal year 2024E.

Balance Sheet Assumptions

		----(Balance sheet in weighted terms)----						
		FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027 E	FY 2028E	FY 2029E
Non Current Assets:								
Property, plant and equipment		40.34%	42.97%	41.65476%	42.31164%	41.98320%	42.14742%	42.06531%
Intangible Assets as		31.86%	27.30%	29.57674%	28.43689%	29.00681%	28.72185%	28.86433%
Goodwill		1.98%	1.84%	1.90992%	1.87738%	1.89365%	1.88552%	1.88958%
Long-term Investments		0.09%	3.52%	1.80397%	2.66004%	2.23200%	2.44602%	2.33901%
Long-term Deposits and Prepayments		0.82%	0.60%	0.71283%	0.65760%	0.68521%	0.67141%	0.67831%
Other Receivable		18.12%	16.93%	17.52578%	17.22718%	17.37648%	17.30183%	17.33915%
Customer Acquisition Cost		2.18%	2.06%	2.12124%	2.09211%	2.10668%	2.09939%	2.10304%
Deferred Tax Asset - Net		4.61%	4.78%	4.69478%	4.73717%	4.71597%	4.72657%	4.72127%
Total Non-Current Assets	4.0%	544,612,274	583,036,903	606,533,290	630,976,582	656,404,938	682,858,057	710,377,237
Current Assets:								
Stock-in-Trade		1.40%	0.46%	0.93%	0.70%	0.81%	0.75%	0.78%
Trade Debts		7.96%	9.23%	8.60%	8.92%	8.76%	8.84%	8.80%
Advances, deposits, prepayments, tax and other assets		73.48%	39.25%	56.37%	47.81%	52.09%	49.95%	51.02%
Other Financial Assets		11.84%	46.02%	28.93%	37.48%	33.20%	35.34%	34.27%
Balances with Banks		5.32%	5.03%	5.18%	5.10%	5.14%	5.12%	5.13%
Total Current Assets	7.0%	151,944,126	215,879,587	230,991,158	247,160,539	264,461,777	282,974,101	302,782,288

Figure 1: Current and Non-Current Assumptions

Liability

Non-Current Liabilities

Long-term borrowing		58.32%	68.24%	63.28%	65.76%	64.52%	65.14%	64.83%
Other Non-Current Liabilities		40.35%	30.81%	35.58%	33.19%	34.39%	33.79%	34.09%
Deferred Liabilities		1.28%	0.95%	1.11%	1.03%	1.07%	1.05%	1.06%
Deferred Tax Liabilities - Net		0.06%	0.00%	0.03%	0.02%	0.02%	0.02%	0.02%
Total Non-Current Liabilities	6.0%	224,235,688	279,867,172	296,659,202	314,458,754	333,326,280	353,325,857	374,525,408

Current Liabilities:

Trade and other payables		57.83%	42.98%	50.40%	46.69%	48.55%	47.62%	48.08%
Dividend payable		7.76%	7.11%	7.43%	7.27%	7.35%	7.31%	7.33%
Borrowing and other liability		27.26%	44.90%	36.08%	40.49%	38.28%	39.38%	38.83%
Provision for taxation - net		7.15%	5.02%	6.09%	5.55%	5.82%	5.69%	5.75%
Total Current Liabilities	3.0%	277,493,393	285,818,195	294,392,741	303,224,523	312,321,259	321,690,896	331,341,623

Figure 2: Non-current and Current Liabilities Assumptions

Balance Sheet

	---(Rupees ""000)---						
	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Assets:							
Non Current Assets:							
Property, plant and equipment	219,701,981	250,522,346	252,649,964	266,976,538	275,579,785	287,807,045	298,822,376
Intangible Assets	173,494,053	159,151,790	179,392,744	179,430,086	190,402,134	196,129,451	205,045,622
Goodwill	10,756,101	10,756,101	11,584,307	11,845,833	12,430,018	12,875,397	13,423,170
Long-term Investments	500,100	20,500,200	10,941,659	16,784,209	14,650,970	16,702,840	16,615,798
Long-term Deposits and Prepayments	4,483,753	3,512,013	4,323,546	4,149,285	4,497,773	4,584,745	4,818,554
Other Receivable	98,699,900	98,699,900	106,299,665	108,699,476	114,060,062	118,146,937	123,173,402
Customer Acquisition Cost	11,869,790	12,027,972	12,866,027	13,200,744	13,828,329	14,335,887	14,939,487
Deffered Tax Asset - Net	25,106,596	27,866,581	28,475,378	29,890,410	30,955,867	32,275,755	33,538,827
Total Non Current Assets	544,612,274	583,036,903	606,533,290	630,976,582	656,404,938	682,858,057	710,377,237
Current Assets:							
Stock-in-Trade	2,132,098	990,828	2,150,741	1,717,846	2,150,239	2,133,759	2,372,465
Trade Debts	12,093,756	19,936,428	19,858,680	22,037,002	23,157,897	25,004,557	26,634,176
Advances, deposits, prepayments, tax and other assets	111,652,210	84,733,821	130,201,532	118,163,696	137,751,444	141,339,830	154,472,624
Other Financial Assets	17,983,848	99,355,716	66,825,168	92,627,645	87,809,857	100,002,969	103,768,341
Balances with Banks	8,082,214	10,862,794	11,955,037	12,614,351	13,592,339	14,492,987	15,534,682
Total Current Assets	151,944,126	215,879,587	230,991,158	247,160,539	264,461,777	282,974,101	302,782,288
Total Assets	696,556,400	798,916,490	837,524,448	878,137,121	920,866,715	965,832,158	1,013,159,525

Figure 3: fiscal years 2023–2029E, calculated the Jazz's expected Assets component of the financial statement sheet using balanced terms

As a result of the rise on the right portion of the balance sheet, there was also an increase on the left side of the financial statement that was comparable to the increase on the right side. The growth in short-term borrowings, interest service on long-term debt, and trade payables were the primary factors that contributed to the three percent increase in Jazz's current obligation part, which was expected to have increased by three percent.

The non-current liability section of the balance sheet is expected to increase by 6%, primarily as a result of a spike in long-term borrowing. This is because the business is likely to take on more long-term debt as a result of an overall decline in interest rates, which makes the cost of debt (rD) less expensive than the cost of equity (rS). The component of the credit sheet that pertains to equity is where the remaining 2% rise is projected.

Equity and Liability

Capital and Reserve:

Share Capital	45,306,936	45,306,936	45,306,936	45,306,936	45,306,936	45,306,936	45,306,936
Share Premium	26,827,179	26,827,179	26,827,179	26,827,179	26,827,179	26,827,179	26,827,179
Reserves	122,693,204	86,633,345	174,338,390	188,319,729	203,085,062	218,681,290	235,158,379
	194,827,319	158,767,460	246,472,505	260,453,844	275,219,177	290,815,405	307,292,494

Non-Current Liabilities

Long-term borrowing	130,764,474	190,984,965	187,721,386	206,787,688	215,059,349	230,154,778	242,802,375
Other Non-Current Liabilities	90,468,047	86,224,340	105,542,583	104,378,403	114,614,377	119,385,406	127,664,622
Defered Liabilities	2,861,987	2,657,867	3,301,844	3,243,167	3,573,855	3,716,154	3,977,354
Deferred Tax Liabilities - Net	141,180	0	93,389	49,496	78,699	69,517	81,057
	224,235,688	279,867,172	296,659,202	314,458,754	333,326,280	353,325,857	374,525,408

Current Liabilities:

Trade and other payables	160,469,527	154,848,484	148,385,791	141,581,355	151,625,641	153,189,035	159,322,174
Dividend payable	21,529,504	25,602,676	21,880,527	22,042,480	22,958,403	23,516,011	24,289,030
Borrowing and other liability	75,640,223	161,751,101	106,208,213	122,764,632	119,561,932	126,694,894	128,669,497
Provision for taxation - net	19,854,139	18,079,597	17,918,209	16,836,056	18,175,283	18,290,956	19,060,921
	277,493,393	360,281,858	294,392,741	303,224,523	312,321,259	321,690,896	331,341,623

Total Liability	501,729,081	640,149,030	591,051,943	617,683,277	645,647,538	675,016,753	705,867,031
Total Equity & Liability	696,556,400	798,916,490	837,524,448	878,137,121	920,866,715	965,832,158	1,013,159,525

Figure 4: From fiscal years 2023–2029E, calculated the Jazz's expected liabilities component of the financial statement sheet using balanced terms

5.2 Analysis of the Profit and Loss Statement

Profit & Loss Assumptions							
Assumptions	----(Profit & Loss in weighted terms)----						
	FY 2023	FY 2024	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
Revenue Y/Y growth rate, %		15.12%	17%	17%	17%	17%	17%
COGS as a% of revenue	63.82%	65.27%	65%	65%	65%	65%	65%
SG&A and all expenses as a revenue %	16.68%	19.95%	18.00%	18.00%	18.00%	18.00%	18.00%
Loss on TDs	0.74%	0.88%	0.90%	0.90%	0.90%	0.90%	0.90%
Other Operating Expense	8.16%	0.67%	8.00%	8.00%	8.00%	8.00%	8.00%
other Operating income	15.30%	19.29%	17%	17%	17%	17%	17%
Income tax Expense, %	43.11%	39.93%	35%	35%	35%	35%	35%
REVENUE - net	264,628,189	304,649,606	356,440,039	417,034,846	487,930,769	570,879,000	667,928,430
Cost of services	(168,885,414)	(198,851,818)	(231,686,025)	(271,072,650)	(317,155,000)	(371,071,350)	(434,153,480)
GROSS PROFIT	95,772,775	105,797,788	124,754,014	145,962,196	170,775,769	199,807,650	233,774,951
Selling, general and administrative expenses	(44,130,960)	(60,770,482)	(64,159,207)	(75,066,272)	(87,827,538)	(102,758,220)	(120,227,117)
Loss allowance on trade debts	(1,951,573)	(2,679,498)	(3,207,960)	(3,753,314)	(4,391,377)	(5,137,911)	(6,011,356)
Other operating expenses	(21,597,708)	(2,026,511)	(28,515,203)	(33,362,788)	(39,034,462)	(45,670,320)	(53,434,274)
Other operating income	40,497,423	58,777,964	60,594,807	70,895,924	82,948,231	97,049,430	113,547,833
OPERATING PROFIT	68,589,957	99,099,261	89,466,450	104,675,746	122,470,623	143,290,629	167,650,036
Finance costs	(46,298,539)	(59,455,657)	(40,353,656)	(42,543,094)	(44,760,724)	(45,074,294)	(47,454,551)
PROFIT BEFORE TAXATION	22,291,418	39,643,604	49,112,794	62,132,652	77,709,899	98,216,335	120,195,485
Taxation	(9,609,094)	(15,830,487)	(17,189,478)	(21,746,428)	(27,198,465)	(34,375,717)	(42,068,420)
PROFIT AFTER TAXATION	12,682,324	23,813,117	31,923,316	40,386,224	50,511,434	63,840,618	78,127,065
Other comprehensive income	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	12,682,324	23,813,117	31,923,316	40,386,224	50,511,434	63,840,618	78,127,065

Figure 5: Jazz anticipated profit and loss report for fiscal years 2023–2029E

According to the projection, the revenue will continue to increase at a rate of 17% annually, going from Rs 356.440 Billion in FY 2025 to Rs 667.928 Billion in FY 2029 this increase shown in the revenue is because of market leader in telecom industry. Important expenditure ratios, such as COGS (65%) and SG&A (18%), continue to be steady, which guarantees that profit margins will stay consistent. The increase in operating profit is substantial, having gone

from Rs 68.58 Billion to Rs 167.650 Billion. After taking into consideration a tax rate that is set at 35%, the profit after tax climbs from Rs 31.9 Billion in the fiscal year 2025 to Rs 78.127 Billion in the fiscal year 2029, suggesting that the profitability is robust and sustained throughout the time. Jazz Financial projections from the year 2025 to FY 2029 offers strong growth of its profitability. The company is continuously increasing its profits by 17% which brings the amount of Rs 667 billion by 2029 from Rs 356 Billion in FY 2025.

Jazz increases in its profitability would be reflected in many other aspect like investments in micro financing banks, investment in 5G networks and also spend on expansion of 4G network which eventually expands the customer base of the company. Key expenditure percentages have been constant throughout the time: the cost about sales, overall, and office expenses (SG&A) at 18% and the price of goods delivered at 65%. Jazz has the capacity to maintain its earnings margins at a decent level despite the growth of its company operations hence of this stability.

Going from Rs 89 Billion in 2025 for Rs 167 Billion, the operating profit of the company is expected to have risen significantly by 2029. This shows Jazz's ability to turn money into earnings, which is very necessary for the long-term success of any company. Jazz's net profit is expected to rise from Rs 31 Billion in the year 2025 to Rs 78 Billion in 2029 after it pays of taxes at a predetermined 35% rate. This steady rise in profits shows the strong financial condition of the company as well as its ability to generate surplus cash the fact may be reinvesting, used to debt reduction, or used to honor shareholders.

Jazz capacity to preserve its financial stability and strength in its financials were shown in these forecasts which gives it an interesting vision for investors. Jazz is not just growing but also doing it in an naturally friendly way by keeping a consistent rise in revenue and effective cost management. Its increasiiing revenue and efficient operations put the company in a good position to take on new projects create value for everybody it serves. This solid financial foundation allows Jazz to show that it is with the biggest players in the wireless communications industry and that it has an established path to further growth.

5.3 Analyzing the Rate of Revenue Growth

Company growth rate was calculated by using three main criteria: (price rises of Prepaid packages, population growth, and income growth. While analyzing the data over the last five years revealed an annual average growth rate of approximately 12%. In our calculation we used inflation to assess pricing changes and economic events; population growth was also considered to provide insight on the increase of Jazz's customer base. To assess competitiveness and creativity, we looked at the increase in income over the last five years. The pace of expansion is predicated on the notion that Jazz's accomplishment will still be affected by average income growth, demographic changes, and inflation among other things. This offers a good basis for financial planning and future forecasts.

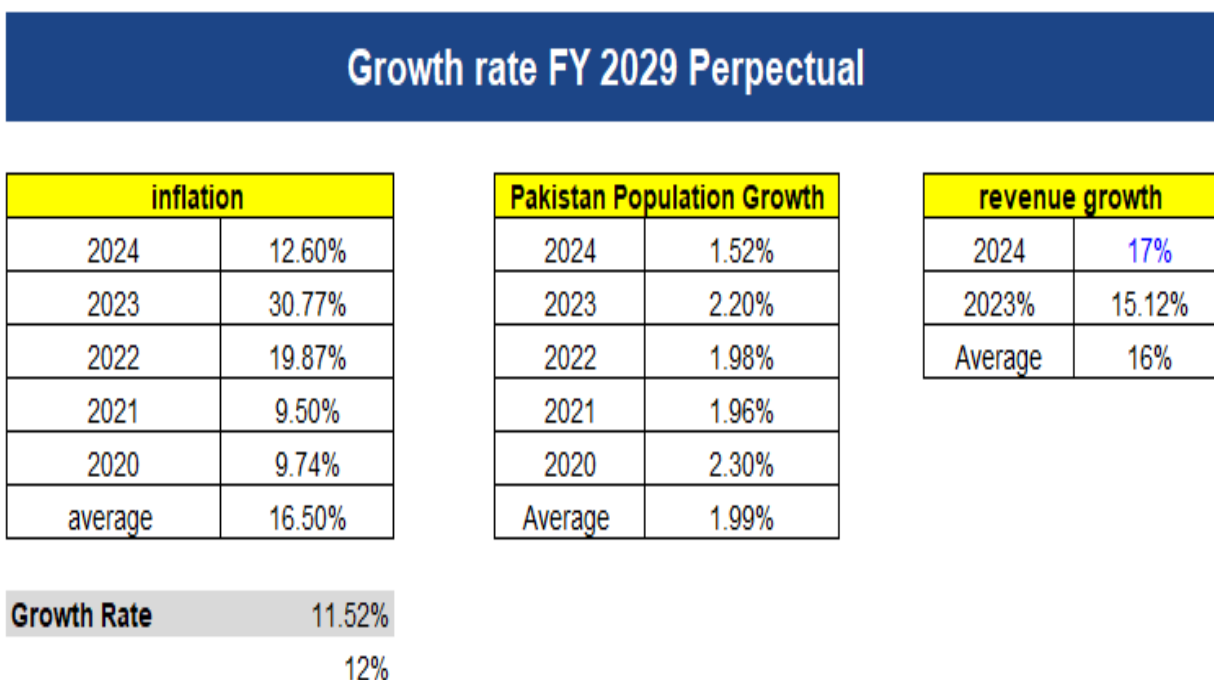


Figure 6: Growth Rate

Growth rate is determined by three factors: Inflation, Pakistan population and revenue growth in which it is calculated by taking the average of 2020-2024 inflation rate as well as for population growth rate and by taking the average of revenue growth. 12% growth rate presumes that inflation, population rate and revenue growth will carry on influence the jazz performance.

5.4 Cost of Equity

Components	Values
Zero- Risk Rate	12% (Strong Price Increases in Pakistan)
The premium for market risk	15%
Beta (Industry Estimated)	0.75%
Equity Cost	14.25%

Table 3: Cost of Equity

5.5 Weighted Average Cost of Capital (WACC) Calculation

Through the use of the WACC formula, we were able to ascertain the WACC. The balance sheet was used in order to retrieve the entire debt, and the balance sheet was also utilized in order to get the total equity. For the purpose of determining the proportion of equity and the weight of debt necessary for the WACC calculation, the total amount of debt and entirety of equity were combined together to produce the base.

In order to illustrate the current situation in which the corporation would take on the debt, the Cost of Borrowing was calculated as Kibor plus 2%, which is equivalent to ten percent plus two percent. It is possible to calculate the Cost of Stock by using the Capital Asset Pricing Model (CAPM) formula to determine the needed rate of profit for the firm. This rate of return is considered to be the rate of return that investors will demand on the money they invest in Jazz.

The beta factor for Capm is derived from the historical KSE 100 index where risk free rate is taken from Pakistan 10 years yield bond and market premium it reflects average from PSX production and beta is taken from telecom industry stability. The calculation of the past returns of the cellphone industry in comparison to the KSE 100 index is what ultimately leads to the discovery of the Market premium of stock beyond market (RM). Each and every piece of information is obtained from the Ktrade research portal (KTrade, 2024).

Formula		
$WACC = wd(rd)(1 - T) + ws(rs)$		
T. Debt	130,764,474	
T. Equity	194,827,319	
Total	325,591,793	
WD	40.16%	
WS	59.84%	
T	43.11%	56.89%
RD	Kibor + 2%	12.00%
RS		14.25%
WACC		11.27%

beta	0.75
market premium	15%
risk free rate	12%
	14.3%

Figure 7: Calculation of WACC by using formula

Section	Result
WACC	11.27%

Table 4: WACC Calculation

5.6 Free Cash Flow Analysis

It is anticipated that Jazz's prospective Free Cash Flow (FCF) levels will be positive, which will be a reflection of the company's strong financial position and its potential for expansion. The study takes into account the development of revenue, the management of costs, the plan for reinvestment, and the trends in the industry. As a result of strategic efforts and possibilities in the industry, it is anticipated that Jazz's revenue would continue to increase consistently.

While Company (Jazz) improving its production simplifies its procedures would increase the operational efficiency over period of time . On other side of picture large investment in infrastructure and technological advancement like AI would stimulate the future development of company and increase its financials reserves.

If Free cash flow of a company is positive so it indicates that the company management is focusing on maintain its current structure but also making space for growth and sustained profits. Jazz would be able to support in expansion projects and pay its debt and saves much bigger amount due to current lower interest rates, improves shareholder returns and has enough cash to bear any loss for any circumstances like political instability or regulatory strict laws.

Calculation of FCF

	FY 2023	FY 2024	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
EBIT	68,589,957.00	99,099,261.00	89,466,449.79	104,675,746.3	122,470,623.1	143,290,629.1	167,650,036
Tax	24,006,484.95	34,684,741.35	31,313,257.43	36,636,511.19	42,864,718.09	50,151,720.17	58,677,512.60
NOPAT	44,583,472.05	64,414,519.65	58,153,192.37	68,039,235.07	79,605,905.03	93,138,908.89	108,972,523
Current Asset	151,944,126	215,879,587	230,991,158	247,160,539	264,461,777	282,974,101	302,782,288
Market securities	17,983,848	99,355,716	66,825,168	92,627,645	87,809,857	100,002,969	103,768,341
RIOC	133,960,278	116,523,871	164,165,990	154,532,895	176,651,920	182,971,132	199,013,947
Current Liability	277,493,393	360,281,858	294,392,741	303,224,523	312,321,259	321,690,896	331,341,623
long term borrowi	130,764,474	190,984,965	187,721,386	206,787,687.9	215,059,349.2	230,154,778.2	242,802,374.8
	146,728,919	169,296,893	106,671,355	96,436,835	97,261,909	91,536,118	88,539,248
RWC	(12,768,641)	(52,773,022)	57,494,635	58,096,060	79,390,010	91,435,014	110,474,699
Fixed Assets	544,612,274	583,036,903	606,533,290	630,976,582	656,404,938	682,858,057	710,377,237
IOC	531,843,633	530,263,881	664,027,926	689,072,641	735,794,948	774,293,071	820,851,936
RIOC		1,579,752	(133,764,045)	(25,044,716)	(46,722,307)	(38,498,123)	(46,558,864)
FCF		62,834,768	191,917,237	93,083,951	126,328,212	131,637,032	155,531,388

Figure 8: Calculation of FCF

Jazz is able to seeking new options to grow its operations and decrease its debt commitments during low interest rates and also reward shareholders via payments or share buybacks it will enhance investor confidence and offer a financial cushion to withstand economic uncertainties or unanticipated problems when it has more cash on hand. The existing position is strengthened as a result of this, and a firm foundation is established for future success.

The positive free cash flow estimates of Jazz reflect a promising financial future for the firm. It is anticipated that the company will earn sufficient cash to invest again in expansion, decrease debt, and deliver value to investors.

5.7 Discounted Cash Flow

While conducting a Discounted Cash Flow evaluation of Jazz, a corporation, a discount rate of 11.3% is used in order to take into consideration the average return that equity and debt investors anticipate receiving. The premise is that at a long-term rate of 11%, development will keep going beyond the period covered by the prediction. The technique known as the cash flow is used to subtract possible profits from the period from 2025 to 2029, hence arriving at a correct valuation of the company. The positive present value of sales suggests Jazz's good financial situation and the appeal of the firm as an investment.

A prospective initial public offering (IPO) prospectus might be created for Jazz since its overall value is roughly 1.10 billion. Jazz's ability to attract investors looking for long-term profits is reflected in this value, which is supported by repeated computations of free cash flow and discounted cash flow. Jazz is able to finance future expansion efforts, successfully pay debt commitments, and offer consistent returns via distributions or share buybacks since it has positive free cash flow (FCF) and good discounted cash flow predictions.

Value of Equity Formula	
Vop	$FCF(1+G)/WACC-g$
PV	$FCF/(1+i)^n$

Growth Rate	11.5%
WACC	11.27%

Discounted cashflows							
	FY 2023	FY 2024	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E
FCF		62,834,768	191,917,237	93,083,951	126,328,212	131,637,032	155,531,388
PV			172898412	75549022.8	92370099.8	86713390.3	92300308.5
Vop		1539029312	FCF(1+G)/WACC-g				
PV Horizon Value		902311414.1	VOP/(1+WACC)^5				
Total Corporate Value =		1422142647	PV Horizon Value + PV of all Cashflows				
Value of equity							
Total Value		1422142647					
Debt		130,764,474					
Value of Equi		1,291,378,173					
Value of 1 rupess at common st							
IPO Price		45,306,936					
		28.503					

Figure 9: Discounted Cashflows

Jazz's initial public offering (IPO) evaluation and pricing approach for the fiscal years 2023 and 2024 depend on having access to the company's financial data, which includes free cash flows, sales, capital expenditures, growth assumptions, and weighted average cost of capital. With the use of assumed numbers that are derived from the normal telecom sector data in Pakistan, a DCF table that is both hypothetical and practical is constructed.

5.8 Calculation of IPO Price

Using the method of free cash flow analysis, the purpose of this research is to establish the initial public offering (IPO) price for Jazz. Based on predicted revenue, growth potential, and the company's existing financial health, the price of Jazz's initial public offering (IPO) in the future has been assessed to be 28.5, which reflects the company's intrinsic worth. A strong investor trust in Jazz's capacity to create profits and maintain growth in the highly competitive telecom sector is shown by the price of 28.5, which suggests that investors like Jazz.

CHAPTER 6

LIMITATIONS/CONCLUSION/RECOMMENDATIONS

6.1 Limitations

Although financial studies may give important insights into the valuation and price strategy of a company's initial public offering (IPO), Jazz's IPO raises several issues to take into account. Data limits, market volatility, assumptions in valuation models, and the more general legal and economic climate might all contribute to these restrictions. The following is a comprehensive study of the main factors affecting the jazz genre's IPO value and pricing approach financial analysis:

6.1.1 Restricted Access to Private Accounting Information

A fundamental barrier is the availability and trustworthiness of internal financial data. Although public announcements during an IPO include verified financial statements, they often provide a historical view instead of forward-looking insights. Important private parties' information that may not be disclosed or available for review includes future company plans, internal pricing systems, competitive positioning, or unexpected strategic alliances. This limits analysts' ability to accurately assess Jazz's natural value or long-term profit potential.

6.1.2 Subjective Evaluation Techniques

Among the valuation techniques relying on certain personal assumptions are Reduced cash flow estimate, Similar Company Evaluation, and The Prior Deals. For example, the DCF method requires for forecasting future income and discount rates, which might vary significantly depending on the analyst's perspective. Small changes in these factors might cause significant value discrepancies, hence undermining the reliability of the outcomes obtained. Lack of consensus on a consistent method makes it more challenging to develop objective assessments depending on the research.

6.1.3 Timing Influences and Economic Attitude

Jazz's IPO pricing strategy is heavily influenced by market conditions and investor sentiment at the time of offering. While negative markets might cause undervaluation, favorable market circumstances could lead to overvaluation. This temporal element adds external noise and instability to the assessment, hence complicating the isolation of the company's basic worth. For instance, investor excitement for the telephone companies or technology industry might raise Jazz's value above what its finances support.

6.1.4 Uneven Knowledge

The company (JAZZ) insiders and outside investors have a significant information gap. While external investors depend only on released papers(financial provided by KPMG) and market research, an insider may have a more detailed knowledge of the internal dynamics, scenarios, and hazards of the business. The public hard earn money should invested and price decisions could be affected by this information gap. Furthermore the business might design disclosures to highlight strengths and downplay hazards.

6.1.5 Developing Economic Political involvement and Regulatory Risks

Operating while in developing market company like (Jazz) is naturally helpless to political, and legal uncertainty. Changes in telecom rules, currency volatility, tax laws, or political instability among other things may greatly influence the operation of the business . Though they significantly affect value, these risks are hard to measure in conventional financial models. A national risk premeium lets investors add more complicated and uncertain elements to value .

6.2 Conclusion

This project applied many recognized corporate valuation techniques like DCF valuation, FCF model to estimate the IPO price of Jazz which was largest company in telecom sector. This valuation was performed by using audited financials of Jazz from FY-2023 to FY-2024. Also, we calculate projection based on macroeconomic indicators and sector trends.

According to analysis we determined a proposed Jazz IPO price of PKR 28.5 per share which was derived from DCF valuation also enterprise value was approximately USD 1.10 billion. Also some key assumptions were included: WACC of 11.27% and long term growth rate of 12% was used in calculation and both values grounded as per Pakistan economic data and telecom industry benchmarks.

Jazz also deliberately chose the price of its initial public offering (IPO) to offset underpricing for following achievement and to maximize revenue for expansion projects. The offering price appropriately represented the actual market demand as it was set via thorough book-building including contributions from institutional and individual investors. This dynamic pricing approach helped to create a high membership rate and build market trust and was providing acceptable aftermarket performance.

The studies did draw notice to some possible hazards . Any assessment of an investment longevity should examine all of these elements , which could influence future profits . Among these elements are regulatory issues in the telecom sector , macroeconomic uncertainty , and currency devaluation. Jazz must also maintain its share of the marketplace and average income per user despite of the increasing rivalry from electronic as well as streaming services .

Jazz IPO value and price strategy show how consistent money along with leader ship exercise meant to maximize share holder returns while also delivering an enduring financial inflow for expansion. Jazz is now not just a leader in the field but also a possible

Bellamy, on for future capital markets endeavors in Pakistan given the success of the first public offering (IPO). The result of the IPO underlines the company's solid roots and the trust of the investing community, hence explaining this.

6.3 Recommendations

Jazz A major communications operator in Pakistan looking to go public is there; the firm aims to optimize its pricing strategy and public offering assessment . Among the proposals is the execution of thorough company valuation using many methods, such as the use of ignored cash flow analysis, comparable firm assesment (CCA) , and historical purchase analysis. Adjustments for industry-specific risks, Including the regulatory environment in Pakistan, currency volatility, and high infrastructure, are also recommended. Choosing the right pricing method Which can include anchor investors, Setting a price range depending on the company'intrinsic worth, And using a 10-15% discount to the true worth of the companycould help to maximize the success of the IPO pricing plan. Institutional investors should come first; some of the money invested should be reserved for private investors. This is done to increase the number of Shareholders.

Strengthening the financial situation before the first public offering depends on getting the credit sheet cleaned up, raising its debt-equity number, and strengthening financial KPIs. A thorough proposal, roadmaps, and active participation of investors help to increase investor communication and openness.

Market timing and the outside environment are very crucial for a successful first public offering (IPO). The optimum periods to schedule an IPO are when the benchmark index of the Karachi stock market is on a downward trend, inflation is low, rates of interest are stable, and the political climate is rather tranquil. Make sure the SECP and PSX criteria are followed, and get pre-clear clearance from regulators for the economics and valuation model. A strategy for launching an IPO should include a plan for customer acquisition, strategic partnerships, and money allocation. Establishing a strong board made up of independent people and promising to provide investors updates, quarterly reports, and corporate governance criteria is also.

APPENDIX

Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Profit or Loss and
Other Comprehensive Income

For the year ended December 31, 2023

	Note	December 31, 2023 ------(Rupees '000)-----	December 31, 2022
REVENUE - net	27	261,093,315	230,743,194
Cost of services	28	(168,855,414)	(140,081,810)
GROSS PROFIT		92,237,901	90,661,384
Selling, general and administrative expenses	29	(44,130,960)	(38,323,718)
Loss allowance on trade debts		(1,951,573)	(1,291,369)
Other operating expenses	30	(21,597,708)	(14,991,786)
Other operating income	31	44,032,297	37,666,144
OPERATING PROFIT		68,589,957	73,720,655
Finance costs	32	(46,298,539)	(26,205,736)
PROFIT BEFORE TAXATION		22,291,418	47,514,919
Taxation	33	(9,609,094)	(17,404,459)
PROFIT AFTER TAXATION		12,682,324	30,110,460
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		12,682,324	30,110,460

The annexed notes, 1 to 42 form an integral part of these special purpose consolidated financial statements.



 Chief Executive Officer



 Chief Financial Officer


Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Cash Flows
For the year ended December 31, 2023

Note	December 31, 2023 ------(Rupees '000)-----	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,291,418	47,514,919
Adjustments for:		
Depreciation, amortization and impairment	54,291,820	47,733,207
Provisions	1,928,170	1,207,039
Exchange loss - net	21,117,272	14,350,677
Gain on disposal of operating fixed assets	(138,110)	(239,330)
Interest income	(22,499,605)	(14,950,120)
Finance costs	46,298,539	26,205,736
	<u>100,998,086</u>	<u>74,298,209</u>
Changes in working capital		
Stock-in-trade	(1,220,578)	41,078
Trade debts	4,345,591	(9,679,576)
Advances, deposits, prepayments, tax and other assets	(3,409,807)	(273,851)
Trade and other payables	(4,457,672)	(4,253,149)
	<u>(4,742,466)</u>	<u>(14,165,498)</u>
Cash flows from operations	118,547,038	107,647,630
Income taxes paid	(15,943,841)	(19,354,277)
Finance cost paid	(35,259,490)	(10,421,525)
Customer acquisition costs paid	(5,003,423)	(5,025,886)
Net cash generated from operating activities	<u>62,340,284</u>	<u>66,845,942</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(37,188,164)	(32,836,380)
Sale proceeds from disposal of operating fixed assets	222,218	469,268
Purchase of intangible assets	(22,480,417)	(55,136,085)
Long term deposits and prepayments	2,637,327	(3,271,305)
Investment in subsidiary	(500,000)	-
Interest received	277,210	59,389
Net cash used in investing activities	<u>(57,031,826)</u>	<u>(90,715,113)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(13,685,567)	(8,529,556)
Proceeds from long term borrowings	10,000,000	70,000,000
Short term borrowings	5,701,646	(126,447)
Repayment of lease liabilities	(8,179,227)	(5,215,896)
Dividend paid	(3,546,241)	(23,076,587)
Net cash (used in)/generated from financing activities	<u>(9,709,389)</u>	<u>33,051,514</u>
Net (decrease)/increase in cash and cash equivalents	<u>(4,400,931)</u>	<u>9,182,343</u>
Cash and cash equivalents at beginning of the year	30,469,116	21,301,142
Effects of exchange rate changes on cash and cash equivalents	(2,123)	(14,369)
Cash and cash equivalents at end of the year	<u>26,066,062</u>	<u>30,469,118</u>

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The annexed notes, 1 to 42 form an integral part of these special purpose consolidated financial statements.


Chief Executive Officer


Chief Financial Officer

APPENDIX

	Note	December 31, 2023	December 31, 2022
————(Rupees '000)————			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	219,701,981	203,033,654
Intangible assets	6	173,494,053	189,150,999
Goodwill	7	10,756,101	10,756,101
Long-term investments	8	500,100	24,011
Long-term deposits and prepayments	9	4,483,753	7,121,080
Other receivable	10	98,699,900	98,699,900
Customer acquisition costs	11	11,869,790	10,494,140
Deferred tax asset - net	12	25,106,596	16,750,123
		<u>544,612,274</u>	<u>536,030,008</u>
CURRENT ASSETS			
Stock in trade	13	2,132,098	888,117
Trade debts	14	12,093,756	9,707,143
Advances, deposits, prepayments, tax and other assets	15	111,652,210	86,020,008
Other financial assets	16	17,983,848	27,690,128
Balances with banks		8,082,214	2,778,988
		<u>151,944,126</u>	<u>127,084,384</u>
TOTAL ASSETS		<u>696,556,400</u>	<u>663,114,392</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	17	45,306,936	45,306,936
Share premium	18	26,827,179	26,827,179
Reserves	19	122,693,204	134,954,781
		<u>194,827,319</u>	<u>207,088,896</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	20	130,764,474	136,265,613
Other non current liabilities	21	90,468,047	94,497,075
Deferred liabilities	22	2,861,987	3,053,500
Deferred tax liability - net	23	141,180	353,067
		<u>224,235,688</u>	<u>233,169,255</u>
CURRENT LIABILITIES			
Trade and other payables	24	180,469,827	159,072,887
Dividend payable		21,529,504	185
Borrowings and other liabilities	25	75,640,223	46,162,663
Provision for taxation - net		19,854,139	17,620,526
		<u>277,493,393</u>	<u>222,856,241</u>
TOTAL LIABILITIES		<u>501,729,081</u>	<u>456,025,496</u>
TOTAL EQUITY AND LIABILITIES		<u>696,556,400</u>	<u>663,114,392</u>
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes, 1 to 42 form an integral part of these special purpose consolidated financial statements


Chief Executive Officer


Chief Financial Officer

Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Profit or Loss and
Other Comprehensive Income

For the year ended December 31, 2024

		December 31, 2024	December 31, 2023
	Note	----- (Rupees '000) -----	
Revenue - net	28	304,649,606	264,628,189
Cost of services	29	(198,851,818)	(168,855,414)
GROSS PROFIT		105,797,788	95,772,775
Selling, general and administrative expenses	30	(60,770,482)	(44,130,960)
Loss allowance on trade debts		(2,679,498)	(1,951,573)
Other operating expenses	31	(2,026,511)	(21,597,708)
Other income	32	58,777,964	40,497,423
Finance costs	33	(59,455,657)	(46,298,539)
PROFIT BEFORE TAXATION		39,643,604	22,291,418
Taxation	34	(15,830,487)	(9,609,094)
PROFIT AFTER TAXATION		23,813,117	12,682,324
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		23,813,117	12,682,324

The annexed notes 1 to 46 form an integral part of these special purpose consolidated financial statements.


 Chief Executive Officer


 Chief Financial Officer

Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Cash Flows

For the year ended December 31, 2024

	December 31, 2024	December 31, 2023
	----- (Rupees '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	39,643,604	22,291,418
Adjustments for non cash income and expenses:		
Depreciation, amortisation and impairment	69,214,119	54,291,820
Provisions	2,729,930	1,928,170
Exchange (gain) / loss - net	(1,641,733)	21,117,272
Gain on disposal of operating fixed assets	(292,845)	(138,110)
Interest income	(20,626,986)	(22,499,605)
Finance costs	59,455,657	46,298,539
	<u>98,938,142</u>	<u>100,998,086</u>
Changes in working capital		
Stock-in-trade	1,090,838	(1,220,578)
Trade debts	(9,391,828)	4,345,591
Advances, deposits, prepayments, tax and other receivables	(2,606,616)	(3,409,807)
Trade and other payables	(10,393,492)	(4,457,672)
	<u>(21,300,997)</u>	<u>(4,742,466)</u>
Cash generated from operations	117,290,749	118,547,038
Income taxes paid	(20,365,014)	(15,943,841)
Finance cost paid	(58,103,196)	(35,259,490)
Customer acquisition costs paid	(4,544,684)	(5,003,423)
Net cash from operating activities	<u>34,267,855</u>	<u>62,340,284</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment	(44,969,244)	(37,188,164)
Sale proceeds from disposal of operating fixed assets	131,366	222,218
Payments for acquisition of intangible assets	(29,549,491)	(22,480,417)
Long-term deposits and prepayments	971,740	2,637,327
Investment in subsidiary	(20,000,100)	(500,000)
Interest received	48,918,529	277,210
Net cash used in investing activities	<u>(44,497,210)</u>	<u>(57,031,826)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term borrowings	(15,174,504)	(13,666,667)
Proceeds from long-term borrowings	79,800,000	10,000,000
Short term borrowings	95,172,302	5,701,646
Repayment of lease liabilities	(9,613,667)	(8,179,227)
Dividend paid	(55,798,804)	(3,546,241)
Net cash generated from / (used in) financing activities	<u>94,384,327</u>	<u>(9,709,389)</u>
Net increase / (decrease) in cash and cash equivalents	<u>84,154,972</u>	<u>(4,400,931)</u>
Cash and cash equivalents at beginning of the year	26,066,062	30,469,116
Effects of exchange rate changes on cash and cash equivalents	(2,524)	(2,123)
Cash and cash equivalents at end of the year	<u>110,218,510</u>	<u>26,066,062</u>

The annexed notes 1 to 46 form an integral part of these special purpose consolidated financial statements.


Chief Executive Officer


Chief Financial Officer

Pakistan Mobile Communications Limited
Special Purpose Consolidated Statement of Financial Position
As at December 31, 2024

	Note	December 31, 2024	December 31, 2023
----- (Rupees '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	250,522,346	219,701,981
Intangible assets	8	159,151,790	173,494,063
Goodwill	9	10,756,101	10,756,101
Long-term investments	10	20,500,200	500,100
Long-term deposits and prepayments	11	3,512,013	4,483,753
Other receivable	12	98,699,900	98,699,900
Customer acquisition costs	13	12,027,972	11,669,790
Deferred tax asset - net	14	27,866,591	25,106,596
		<u>683,036,903</u>	<u>644,612,274</u>
CURRENT ASSETS			
Stock-in-trade	15	990,828	2,132,098
Trade debts	16	19,936,428	13,227,117
Advances, deposits, prepayments, tax and other receivables	17	84,733,821	110,518,849
Other financial assets	18	99,355,716	17,963,848
Balances with banks		10,862,794	8,082,214
		<u>215,879,587</u>	<u>151,944,126</u>
TOTAL ASSETS		<u>798,916,490</u>	<u>696,556,400</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	19	45,306,936	45,306,936
Share premium	20	26,827,179	26,827,179
Reserves	21	86,633,345	122,693,204
		<u>158,767,460</u>	<u>194,827,319</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	22	190,984,965	130,764,474
Other non-current liabilities	23	86,224,340	90,468,047
Deferred liabilities	24	2,657,897	2,861,987
Deferred tax liability - net		-	141,180
		<u>279,867,172</u>	<u>224,235,688</u>
CURRENT LIABILITIES			
Trade and other payables	25	154,848,464	160,469,527
Dividend payable		25,602,676	21,529,504
Borrowings and other liabilities	26	161,791,101	75,640,223
Provision for taxation - net		18,079,897	19,854,139
		<u>340,281,858</u>	<u>277,493,393</u>
TOTAL LIABILITIES		<u>640,149,030</u>	<u>501,729,081</u>
TOTAL EQUITY AND LIABILITIES		<u>798,916,490</u>	<u>696,556,400</u>
CONTINGENCIES AND COMMITMENTS	27		

The annexed notes 1 to 46 form an integral part of these special purpose consolidated financial statements.


Chief Executive Officer


Chief Financial Officer

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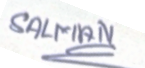
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Annexure 1
1st Half Semester Progress Report

Name of Student(s)	SYED SALMAN HASSAN, UMER SHAHNOOR, FAHAD ABDULLAH
Enrolment No.	(01-111221-129) (01-111221-107) (01-111221-223)
Thesis/Project Title	An Analytical Assessment of Jazz's IPO Pricing and Financial Valuation

Supervisor Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
1	02-NOV-2025	Online Meeting	Discussion and selection of project	
2	12-NOV-2025	Online Meeting	Discussion of how the project will be handled and what steps should be further taken.	
3	16-NOV-2025	Office	Final Selection of topic	
4	27-NOV-2025	Office	IPO price Calculation.	

Progress Satisfactory

Progress Unsatisfactory

Remarks: OK




Signature of Supervisor:  Date: 27-NOV-2025

Name of Supervisor: Sir Tanveer Taj

Annexure 2
2nd Half Semester Progress Report

Name of Student(s)	SYED SALMAN HASSAN, UMER SHAHNOOR, FAHAD ABDULLAH
Enrolment No.	(01-111221-129) (01-111221-107) (01-111221-223)
Thesis/Project Title	An Analytical Assessment of Jazz's IPO Pricing and Financial Valuation

Supervisor Student Meeting Record

No.	Date	Place of Meeting	Topic Discussed	Signature of Student
1	02-12-2025	office	Result	
2	04-12-2025	office	Recommendations	
3	09-12-2025	Office	Overall report discusses	

APPROVAL FOR EXAMINATION

Candidates' Name: Syed Salman Hassan, Umer Shahnoor, Fahad Abdullah

Enrolment No: (01-111221-129) (01-111221-107) (01-111221-223)

Project/Thesis Title: An Analytical Assessment of Jazz's IPO Pricing and Financial Valuation

I hereby certify that the above candidates' thesis/project has been completed to my satisfaction and, to my belief, its standard appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at 2% that is within the permissible limit set by the HEC for thesis/ project MBA/BBA/BS (A&F), BS (Economics). I have also found the thesis/project in a format recognized by the department of management sciences.

Signature of Supervisor:  Date: 11-December-2025

Name of Supervisor: Sir Tanveer Taj

Annexure 3

AI Plagiarism Report

*% detected as AI

AI detection includes the possibility of false positives. Although some text in this submission is likely AI-generated, scores below the 30% threshold are not surfaced because they have a higher likelihood of false positives.

Caution: Review required.

It is essential to understand the limitations of AI detection before making decisions about a student's work. We encourage you to learn more about Turnitin's AI detection capabilities before using the tool.

Disclaimer

Our AI writing assessment is designed to help educators identify text that might be prepared by a generative AI tool. Our AI writing assessment may not always be accurate (i.e., our AI models may produce either false positive results or false negative results) so it should not be used as the sole basis for adverse actions against a student. It takes further scrutiny and human judgment in conjunction with an organization's application of its specific academic policies to determine whether any academic misconduct has occurred.

Frequently Asked Questions

How should I interpret Turnitin's AI writing percentage and false positives?

The percentage shown in the AI writing report is the amount of qualifying text within the submission that Turnitin's AI writing detection model determines was either likely AI-generated text from a large-language model or likely AI-generated text that was likely revised using an AI paraphrase tool or word spinner.

False positives (incorrectly flagging human-written text as AI-generated) are a possibility in AI models.

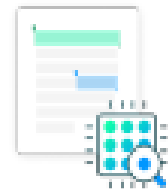
AI detection scores under 20%, which we do not surface in new reports, have a higher likelihood of false positives. To reduce the likelihood of misinterpretation, no score or highlights are attributed and are indicated with an asterisk in the report (*%).

The AI writing percentage should not be the sole basis to determine whether misconduct has occurred. The reviewer/instructor should use the percentage as a means to start a formative conversation with their student and/or use it to examine the submitted assignment in accordance with their school's policies.

What does 'qualifying text' mean?

Our model only processes qualifying text in the form of long-form writing. Long-form writing means individual sentences contained in paragraphs that make up a longer piece of written work, such as an essay, a dissertation, or an article, etc. Qualifying text that has been determined to be likely AI-generated will be highlighted in cyan in the submission, and likely AI-generated and then likely AI-paraphrased will be highlighted purple.

Non-qualifying text, such as bullet points, annotated bibliographies, etc., will not be processed and can create disparity between the submission highlights and the percentage shown.



Annexure 4

1. Project Correction Submission Form

Major

No. 233 7

**THESIS/PROJECT REPORT CORRECTIONS
SUBMISSION FORM**

Students must fill the following details.

Please Tick the Relevant Box BA BBA

THESIS PROJECT

1. Student Name: Syed Salman Haseer Enrol # 0111221-129

(In case of Project, details of other Members)

2. Student Name: Umair Shahnaz Enrol # 0111221-167

3. Student Name: Banoor abdulkarim Enrol # 01-114221-203

Specialization: Finance

Name of Supervisor: Tarique Taj

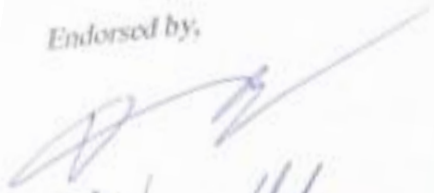
Examiner's Instructions: Please fill in the following details.

No.	Corrections required (Suggested by Examiners)	Amendments made	Located on Page
Chapter 1			
①	Please Adopted Financially Approval	done	
Chapter 2			
①	APA APA format Should be Adopted.	done	
Chapter 3			
①	Please Rewrite How WACC & Growth Rate is calculated.	Done	3-4-5 Pg#28
②	How Ke was Determined. ^{if it could be used?}	Done	Pg #29
Chapter 4			
	for $\beta = ?$	done	4-9 Pg#37

WACC = ?

WACC = ?

Endorsed by,



DL. [Handwritten Name]
Examiner Name

Verified by,



Tom [Handwritten Name]
Supervisor

Date: 13-01-26

Date: 13-01-26

Note:

Two sets of correction forms must be verified by the respective supervisor after correction/amendments. It should be attached at the end of final hardbound copy that was examined/commented by the internal and external examiners.

Annexure 5
2. Project Correction Submission Form

Major No. BBA 9

THESIS/PROJECT REPORT CORRECTIONS SUBMISSION FORM

Students must fill the following details.

Please Tick the Relevant Box

MBA

BBA

THESIS

PROJECT

1. Student Name: Syed Salman Hussain Enrol # 01-11221-29

(In case of Project, details of other Members)

2. Student Name: Umer Shahnoor Enrol # 01-11221-107

3. Student Name: Fahad Abdullah Enrol # 01-11221-223

Specialization: Finance

Name of Supervisor: Tanveer Taj

Examiner's Instructions: Please fill in the following details.

No.	Corrections required (Suggested by Examiners)	Amendments made	Located on Page
Chapter 1			
Chapter 2			
	APA Format		
	Should be	Done	
	Adopted		
Chapter 3			
	Rewrite how		
	WACC and		3.4.3 Pg #28
	growth rate are		
	structured		
Chapter 4			
	$f \neq g = ?$		4.9 Pg #37

Endorsed by,

Verified by,

Tanzeer illahi

Examiner Name

Tanzeer Taj

Supervisor

Date: 13-01-26

Date: 13-01-26

Note:

Two sets of correction forms must be verified by the respective supervisor after correction/amendments. It should be attached at the end of final hardbound copy that was examined/commented by the internal and external examiners.

