



LSE VENTURES
investing in growth

Corporate Briefing

Company Profile

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LSE Ventures Limited (LSEVL) oversees and makes equity-oriented investments in emerging and growth-stage companies needing critical financing for bootstrapping their ongoing and future operations/projects.

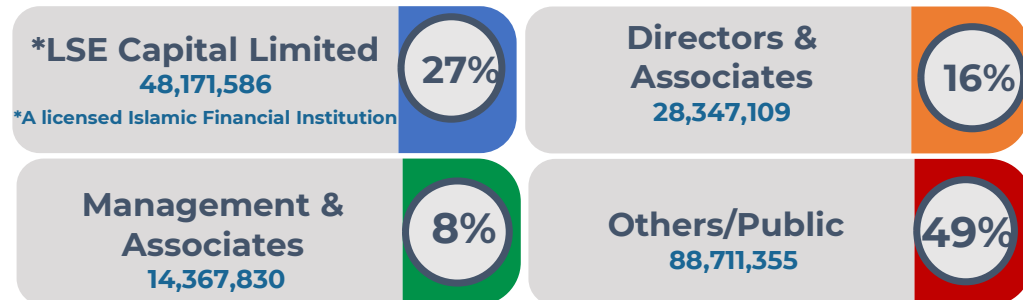
02

LSEVL also manages the legacy equity investments having been made by the erstwhile LSE from the time of its functioning as a stock exchange. These investments make LSEVL a key stakeholder in the domestic capital market because of being a major shareholder in many critical capital market infrastructure companies, like Pakistan Credit Rating Agency Limited (PACRA), National Clearing Company of Pakistan Limited (NCCPL), Central Depository Company Limited (CDC) and Pakistan Mercantile Exchange (PMEX).

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LSEVL only invests in such businesses which have a history of positive cash flow generation, strong entrepreneurial leadership, clearly laid down future growth strategy, and an acknowledged competitive edge over their peers.

Major Shareholders



Restructured

Carved out of the successor company of the erstwhile Lahore Stock Exchange (LSE) during 2023.

Adopted An Expanded Objective

“to invest in the emerging growth-oriented companies of Pakistan and support the development of the domestic economy”.



Remodeled

As a private equity/investment company to develop a pipeline of IPO-ready companies.

Listed

On the regular counter of Pakistan Stock Exchange (PSX).

Strategic/ Operational Developments

Newly Made Investments



PGPCL



Berlitz

- Operates Pakistan's first greenfield LNG import terminal.
- Provides LNG storage and regasification services as a toll operator.
- Has ongoing long-term concession agreement with the state-owned Pakistan LNG Limited (PLL).

- Social Impact investment
- Maintains country-wide language learning facilities.
- Assists in building foreign language skills and communication capabilities in students
- Also provides placement services to domestic students for admission foreign universities.

Investments under Consideration



Investment:	PKR 1.0 Bn
Equity Interest:	11%
Sales:	PKR 9.5 Bn
Valuation:	PKR 09 Bn

- Pakistan's overall production capacity for Industrial Gases stands at ~1,300TPD
- The structure of the Sector is organized and concentrated within two major players, i.e., Pakistan Oxygen and Ghani Chemicals are estimated to have ~74% share of the market in FY23.
- The Sector's average gross margins from FY19-23 hovered around ~21% .



Investment:	PKR 1.0 Bn
Equity Interest :	46%
Sales:	PKR 1.3 Bn
Valuation:	PKR 1.1 Bn

- Pharmaceuticals ranked as the 17th largest export sector for Pakistan in 2022, with a world export ranking of 62.
- Pakistan's pharma industry meets 90% domestic demand, produces 4% APIs.
- The Pharmaceutical market in Pakistan is estimated by IQVIA (MAT June 2023) at Rs. 748 billion, growing at a rate of 15.3% (5-year CAGR).

Investment Considerations / Guidelines



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LSE Ventures Limited has the mission of providing growth-stage capital to companies needing critical financing for bootstrapping their ongoing and future operations / projects. **LSEVL** only invests in businesses having strong entrepreneurial leadership and an acknowledged competitive edge over their peers.

- **Investment Considerations:** The decision of leveraging the LSEVL's financial capital with the intellectual capital of the innovative founders is made under the following considerations:
- **LSEVL** prioritizes investments in such companies which have a history of positive cash flow generation and already having a growth strategy plan in place.
- **LSEVL** prefers to make investments by way of equity, preference shares and other private financing / placement instruments which can be supported by the positive future cash flow generation capacity of the investee companies.
- Before any investment consideration, **LSEVL** requires the potential investee companies to first obtain an investment grade credit rating from any licensed credit rating company in Pakistan.
- **LSEVL's** prime consideration for investment is to evaluate whether an investee company would be able to provide a minimum acceptable rate of return (MARR) on its invested capital or otherwise. For LSEVL, the acceptable MARR is over and above its weighted average cost of capital (WACC) plus sufficient risk premium on investment in a business.

Private Placement Memorandum (PPM): LSEVL's investment consideration only starts after the receipt and review of the detailed PPM required to be submitted by every investment seeking company. Any subsequent due diligence and the signing of the investment agreement / term sheet is based on the analysis of the submitted PPM. The following essential information must be included in the PPMs:

- **An Executive Summary**
- **Company Overview**
 - Sponsors and shareholding pattern
 - Management team
 - Products / Services / Business of the Company
 - Main revenue drivers, key customers and their share
 - Business expansion and diversification potential of the Company
 - Growth strategy and targets (minimum 5 years roadmap)
- **Financial Information**
 - Historical financials
 - Debtors and creditors with ageing
 - Terms and conditions of the availed credit / financing – names of parties and terms
 - Future 5-years projections and key assumptions
 - Plan of retirement of credit/financing
- **Terms of the Offering**
 - Investment required
 - Use of proceeds
 - Securities offered
 - Valuation/price of securities and its justification / validation
- **Risk Factors**
 - Market, operational and financial risks
- **Regulatory & Legal Information**
 - Statutory, regulatory, foreign exchange and legal compliances and disclosures

Mandatory Conditions for the Investment Agreement / Term-Sheet

- Conversion of the investee company into a public company, induction of shares in depository and shares registry / blocking arrangements
- Arrangements for the control of the financial and procurement functions by LSEVL
- Representation in the audit committee and the board of directors
- Return / dividend rates, frequency and escrow arrangements
- Equity dilution conditions and voting rights
- Claims over assets and liquidation rights



Historical Financials



	2024	2023
Profit & Loss		
Revenue	285.60	126.60
Administrative & operating expenses	(126.77)	67.20
Other Income	8.96	55.37
Income from Associates	129.13	131.55
Finance cost	(6.81)	0.01
Income before taxation	290.17	238.28
Income after taxation	187.11	221.90
Net Profit including OCI	334.80	233.70
Balance Sheet		
Non-Current Assets	2,613.08	2,316.23
Financial Assets	1,463.94	715.24
Total Current Assets	191.60	143.90
Total Assets	2,857.02	2,460.10
Total Equity including revaluation and reserves	2,442.15	2,197.20
Total Current Liabilities	112.26	105.90
Total Liabilities	414.87	262.90
Dividend payout [Rs. per share]	1.00	0.50
EPS [Rs. per share]	1.04	1.24
Breakup value [Rs per share]	13.60	12.23
Profitability Ratio	0.66	1.75

Exceptional Financial Growth

LSEVL achieved a remarkable **126% increase in operating revenue**, reaching **Rs. 285.58 million** during the year under review.



Effective Cost Management

Admin and General Expenses were efficiently controlled at **Rs. 133.502 million**, reflecting strong financial discipline.



Profit Before Tax

The company recorded a **Profit Before Tax of Rs. 290.172 million**, a substantial improvement compared to the previous year.



Net Profit

Net Profit for the year stood at **Rs. 187.106 million**, showcasing the company's robust financial health.



Earnings Per Share (EPS):

Due to the impact of taxes, EPS saw a slight decline from **1.24** to **1.04** for the year ending June 30, 2024.

Q/A



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