



## VENTURES

January 30, 2024 / 57991

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

**Subject: Decisions of the Meeting of the Board of Directors of the Company**

Dear Sir,

We are pleased to inform you that the Board of Directors of LSE Ventures Limited in its meeting held on Tuesday, January 30<sup>th</sup>, 2024, at 03:00 p.m., has made the following decisions:

1. Approval of the special audited financial statements of LSE Ventures Limited as on November 30<sup>th</sup>, 2023, and the auditors' report thereon;
2. Approval of the Scheme of Compromises, Arrangement and Reconstruction for amalgamation / merger of LSE VENTURES LIMITED and its Members with and into DIGITAL CUSTODIAN COMPANY LIMITED and its Members (in terms of provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017);
3. Approval for the filing of a petition in the Honorable Lahore High Court, Lahore for obtaining the sanction of the Scheme of Merger, after completion of all related corporate and legal formalities;
4. Approval for the Effective date of the Scheme to be November 30<sup>th</sup>, 2023 or such other date as may be approved by the honorable Court on the request of the parties to this Scheme;
5. Approval of the swap ratio, having been determined by M/s Kreston Hyderbhimji & Co., Chartered Accountants, together with the Distribution ratio and the Effective Swap ratio for different kinds of allocations to be made under the Scheme, for enabling the beneficial allotment of the equity shares and securities to the shareholders of the merging companies as per the Scheme;
6. Approval for the dissolution of LSE Ventures Limited upon the completion of merger / amalgamation through the approved Scheme, under the Order of the Honorable Lahore High Court, Lahore, without winding up, and the issuance of shares of Digital Custodian Company Limited (as common shares allocation) to the registered members of LSE Ventures Limited, together with allocation of adjusted common shares and additional securities (by way of issuance of Class B Redeemable shares and Perpetual and Convertible Sukuks to the registered members of merging companies);
7. Approval for the specific changes to be proposed to Digital Custodian Company Limited for seeking specific approval of its shareholders via special resolutions for changes in its Articles

### LSE Ventures Limited

LSE Plaza | 19-Khayaban-e-Aiwan-e-Iqbal | Lahore - 54000 | Pakistan

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## VENTURES

and Memorandum of Association, for (1) increasing the authorized (and paid up) capital of the Company, (2) enabling the Company to incorporate the revised object clause in its principal line of business as described in the objectives of the Scheme, and (3) allowing the issuance of additional securities (Class B Redeemable Shares and Perpetual and Convertible Sukuks) to the shareholders of the merging companies as per the Scheme; and

8. Approval for the continuation and operation of LSE Ventures Limited as a going concern in principal line of business till the Sanction Date (i.e. approval from the honorable Court).

A copy of the Board approved Scheme of Arrangement and Reconstruction is enclosed herewith.

Please inform the TRE Certificate Holders of your Exchange accordingly.

For and on behalf of  
**LSE Ventures Limited:**

  
\_\_\_\_\_  
Company Secretary



Copy to: The Executive Director/HOD, Offsite-II Department, Supervision Division, Securities and Exchange Commission of Pakistan, NIC Building, Blue Area, Islamabad.

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**SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION**

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**PART-I**

**AMALGAMATION/MERGER OF**

- 1. LSE VENTURES LIMITED**  
(AND ITS MEMBERS)

**WITH AND INTO**

- 2. DIGITAL CUSTODIAN COMPANY LIMITED**  
(AND ITS MEMBERS)

**PART-II**

**ISSUANCE OF PERPETUAL AND CONVERTIBLE SUKUK & CLASS B – REDEEMABLE SHARES  
TO THE SHAREHOLDERS**

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**(IN TERMS OF PROVISIONS OF SECTIONS 279 TO 283 OF THE COMPANIES ACT, 2017)**

**AND**

**All other enabling provisions under the Securities Act, 2015 [Section 87(4)(d)(i)], the  
Companies Act, 2017 (Sections 66 & 83), The Structuring of Debt Securities Regulations, 2020  
& The Companies (Further Issue of Shares) Regulations, 2020**

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## PREAMBLE

### COMPANIES INVOLVED IN THE MERGER

#### 1. LSE VENTURES LIMITED

**LSE Ventures Limited (LVL)** is incorporated under the Companies Act, 2017 with the principal business of carrying out the business of making strategic & long-term investments and equity injection in other companies and undertakings in the form of equity, debentures, Sukuks, commercial papers, hybrid instruments, warrants and any other type of shares or securities. The Company has been incorporated to operate as a public limited Company.

The Corporate Unique Identification (CUIN) of **LSEVL** is **0206407** and the date of incorporation is July 18, 2022. The company's shares were listed on PSX under an earlier scheme having been sanctioned by the honorable Lahore High Court accomplished through Scheme of Compromises, Arrangement and Reconstruction under Section 279 to 283 of the Companies Act, 2017.

Registered office	-	19-LSE Plaza, Khayaban-e-Aiwan-Iqbal, Lahore.
External Auditors	-	Crowe Hussain Chaudhury & Co., Chartered Accountants
Legal Advisors	-	Allied Legal Services
Share Registrar	-	F.D Registrar (Private) Limited

#### Listing Status

PSX Trading Symbol	:	<b>LSEVL</b>
Market Price	:	Rs. 4.45 per Share (as on January 25, 2024)
Trading Status	:	Active (main board)

Financial position (audited) of **LSEVL** as on June 30, 2023/ November 30, 2023 is as follows:

#### LSE Ventures Limited

##### Statement of Financial Position

	November 30, 2023 Rs. in 000	June 30, 2023 Rs. in 000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Investment in subsidiaries	369,529	369,529
Investment in associates	1,283,266	1,231,363
Intangible assets	6,231	-
Financial assets	753,152	715,242
Long term deposits	100	100
	<b>2,412,278</b>	<b>2,316,234</b>

**Current Assets**

Trade and other receivables	66,789	51,817
Advances and prepayments	1,154	7,929
Tax refunds due from Government - net	7,703	224
Cash and bank balances	13,534	83,903
	<b>89,180</b>	<b>143,873</b>

<b>Total Assets</b>	<b>2,501,458</b>	<b>2,460,107</b>
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<b>Authorized share capital</b>	2,000,000	2,000,000
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**Share capital**

Issued, subscribed and paid-up share capital	1,795,979	1,795,979
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**Capital reserves**

Merger/demerger reserve	26,533	26,533
Fair value reserve	67,073	11,883
	<b>93,606</b>	<b>38,416</b>

**Revenue reserves**

Un-appropriated profits	338,209	362,776
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<b>Total equity</b>	<b>2,227,794</b>	<b>2,197,171</b>
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**Non-Current Liabilities**

Deferred tax	165,225	156,997
	<b>165,225</b>	<b>156,997</b>

**Current Liabilities**

Trade and other payables	20,587	47,585
Provision for taxation	18,012	9,331
Unpaid dividend	54,272	33,455
Unclaimed dividend	15,568	15,568
	<b>108,439</b>	<b>105,939</b>

<b>Equity and Liabilities</b>	<b>2,501,458</b>	<b>2,460,107</b>
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**Ratio Analysis**

Book Value	12.40	12.23
Current Ratio	0.82	1.36
Debt-Equity Ratio	0.12	0.12

## 2. DIGITAL CUSTODIAN COMPANY LIMITED

**Digital Custodian Company Limited (DCCL)**, formerly MCB Financial Services Limited, was incorporated on February 12, 1992, under the Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company. The Company converted its status from Private Limited Company to Unlisted Public Limited Company on June 19, 2009.

The principal objects of the Company are to act as trustee of investment trust schemes, voluntary pension schemes, to provide custodian services and to act as transfer agent/share registrar of securities of listed and unlisted companies. **DCCL** can also act as custodian to provide independent asset holding services.

Being a licensed/ registered Custodian/Trust company, **DCCL** is bestowed with a statutory mandate for separately holding and accounting the clients/investors' assets away from the control of the fund managers/issuers and obligated to act as an independent supervisor for the security of the assets placed under its watch by the Investment Advisors, Debt Securities Issuers and Managers of the Specialized Funds/Discretionary Portfolios & Specially Managed Accounts. **DCCL** is the only Trustee Company which is also offering Digitized Shares Registry (Corporate Share Registrar) Services. In this way, **DCCL**, acts as the pioneer in the digital management and transfers of assets via its smart-ledgers technology by providing trustee, custodial, registry, and repository functions of a variety of assets defined in the NBFC Rules.

Registered office	-	508, 5 <sup>th</sup> Floor, LSE Plaza, Khayaban-e-Aiwan-Iqbal Road, Lahore.
External Auditors	-	Kreston Hyderbhimji & Co., Chartered Accountants
Legal Advisors	-	Ali Zaheer
Listing Status	-	Unlisted Public Limited Company

Currently, **DCCL** has following licenses/Registrations/Approvals as follows:

Sr. no.	Type of Licenses/Registrations/Approvals	From
1 -	Certificate of registration to act a trustee under Regulation 40(C)(1) of Non-Banking Finance Companies and Notified Entities Regulations, 2008	Securities and Exchange Commission of Pakistan
2 -	License as a debt securities trustee under Regulation 5(1) of the Public Offering (Regulated Securities Activities Licensing) Regulation, 2017	Securities and Exchange Commission of Pakistan
3 -	License as share registrar and balloter under Regulation 5 of the Share Registrar and Balloters Regulation, 2017 and Section 68 of the Securities Act, 2015	Securities and Exchange Commission of Pakistan
4 -	Certificate of registration as an intermediary (for filing of documents through intermediaries under Section 455 of the Companies Act, 2017	Securities and Exchange Commission of Pakistan
5 -	Direct Participant of Pakistan Real Time Interbank Settlement Mechanism (PRISM)	State Bank of Pakistan

Financial position (audited) of **DCCL** as on June 30, 2023/November 30, 2023 is as follows:

**Digital Custodian Company Limited**

Statement of Financial Position

	November 30, 2023 Rs. in 000	June 30, 2023 Rs. in 000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property and equipment	19,237	21,690
Intangible assets	362,026	362,032
Investment in associates	138,418	85,329
Long term deposits	2,184	2,184
	<b>521,866</b>	<b>471,235</b>
<b>Current Assets</b>		
Trade and other receivables	16,580	16,469
Short term investments	246	226
Advances and prepayments	2,079	57,930
Tax refunds due from Government - net	19,388	14,727
Cash and bank balances	765	2,065
	<b>39,058</b>	<b>91,417</b>
<b>Total Assets</b>	<b>560,924</b>	<b>562,652</b>
<b>Authorized share capital</b>	600,000	600,000
<b>Share capital</b>		
Issued, subscribed and paid-up share capital	522,668	522,668
<b>Revenue reserves</b>		
Un-appropriated profits	2,474	(134)
<b>Total equity</b>	<b>525,122</b>	<b>522,534</b>
<b>Non-Current Liabilities</b>		
Lease liabilities	4,154	5,959
Deferred tax	8,062	5,951
	<b>12,216</b>	<b>11,911</b>
<b>Current Liabilities</b>		
Trade and other payables	19,468	24,388
Current portion of lease liabilities	4,098	3,819
	<b>23,566</b>	<b>28,207</b>
<b>Equity and Liabilities</b>	<b>560,924</b>	<b>562,652</b>
<b>Ratio Analysis</b>		
Book Value	10.05	10.00
Current Ratio	1.66	3.24
Debt-Equity Ratio	0.07	0.08



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### 3. OBJECTIVES AND BENEFITS OF THE SCHEME

#### (a) Objectives of the Scheme

##### 1) Reorganization/Restructuring of LSEVL

- i. LSEVL has a healthy balance sheet and adequate equity capital, however, it does not operate any business of its own.
- ii. LSEVL is only acting as an investment vehicle with no operations of its own. In this way, its income is dependent on the returns to be received from the other companies. Hence, it is desired to reorganize LSEVL in a way so that it becomes a business operating company.
- iii. Due to the peculiar legacy of LSEVL and its positioning in the capital market whereby the Company has provided seed/equity capital for the establishment of many infrastructure entities, it is considered to be a best fit if LSEVL is merged into DCCL and offer a number of services for the digitization of assets.
- iv. LSEVL's successor company shall be able to adopt the business as a 'non-securities market depository or a limited-scale depository company' as its principal line and apply for the depository license for offering services other than the securities market depository, i.e. for the management of the digitized (scripless/book-entry) shares of the unlisted companies and digitization services for some other asset classes.

##### 2) Reorganization/Restructuring of DCCL

- i. DCCL enjoys a unique position due to its multiple licenses and innovative technological capabilities.
- ii. However, DCCL's balance sheet and equity capital are not adequate enough to enable the company to reposition itself as a limited-scale depository on its own.
- iii. In view of insufficient balance sheet footing, DCCL needs to find a merger partner which enables it to incorporate sufficient capital strength within its own balance sheet.
- iv. A merger with LSEVL shall enable DCCL to become eligible to apply for a licensed limited-scale depository, which can offer many untapped asset custody services and benefit its shareholders.

#### (b) Benefits of the Scheme

- 1) Combining the businesses of LSEVL with DCCL will lead to diversification of the existing income streams besides providing many newer business opportunities for the combined enterprise.
- 2) The combined shareholders' equity of DCCL shall become **Rs. 3.06** billion which will enable the surviving company (DCCL) to utilize its balance sheet strength for obtaining new licenses.
- 3) The proposed merger will provide a broader shareholders' base, which will be conducive for further fundraising from the capital market, as and when required.

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- 4) Operational and strategic synergies in terms of costs and efficiency will become available when all operations (of **LSEVL** and **DCCL**) are combined, into a single entity.
  - 5) The merger will create long-term value for the investors of **LSEVL**, who mostly got their shares in 2012, i.e. upon the demutualization of the stock exchanges, but are yet to see the worth of their holding multiply in a meaningful manner. The Book value of **LSEVL** per share is **Rs. 12.40** whereas its market value is **Rs. 4.45** per share (as on January 25, 2024), which is much lower than its book value. Thus, after the merger and after adopting an operating business, the worth of the shares of the residual company is expected to increase.
  - 6) Furthermore, the shareholders of **LSEVL** shall also benefit in terms of increased allotment of shares/securities because after a shareholder of **LSEVL** who had 1000 shares before the merger shall get about 1140 shares/securities after the merger.
  - 7) The merged entity shall be able to expand its business after obtaining the license to operate as a non-securities market depository or a limited-scale depository.
  - 8) The merged entity shall be able to achieve more operational and strategic synergies when **LSEVL's** assets and undertaking are transferred to/ amalgamated with **DCCL**.
  - 9) **The surviving entity's** core business shall become regulated under the Securities Act and **DCCL** shall no longer operate under the burdensome NBFC regime.
  - 10) **The merged entity** shall be positioned as a service company which specializes in the digitalization and unitization of assets.
  - 11) The members of **LSEVL** shall also continue to benefit from the listing status as **DCCL** shall become listed upon the completion of the merger providing an easy entry and exit opportunity to the shareholders.
  - 12) It is expected that trading volumes (at PSX) will be improved after the proposed merger which will provide liquidity and tradability to the shareholders/investors.

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## ARTICLE – 1 - DEFINITIONS

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1. In this Scheme of Arrangement (including the preamble hereto), unless the subject or context otherwise requires, the following expressions shall bear the meanings specified against them below:
- (a) **“Act”** means the Companies Act, 2017;
  - (b) **“CDC”** means Central Depository Company of Pakistan Limited;
  - (c) **“Commission”** means the Securities and Exchange Commission of Pakistan including its regional offices;
  - (d) **“Completion”** or **“Completion Date”** means the date falling within the **120** days period from the Sanction Date, during which all governmental regulatory agencies, land, revenue and utility bodies/departments and capital market entities shall be required to complete the processing of their respective NOCs, permissions, approvals, and transfers to complete the actions required under the Scheme and to comply with the orders of the honorable Lahore High Court thereby enabling the entities involved in this Scheme to effectuate and implement the Scheme and when the assets, liabilities, undertaking and the business of the Transferor(s) shall stand transferred (as per Article – 3) to the Transferee, and when the shares & the securities of the companies involved in this Scheme are transferred/issued/swapped/cancelled as per Article-4;
  - (e) **“Court”** means the Lahore High Court, Lahore or any other court of competent jurisdiction for the time being having jurisdiction under Sections 279 to 283 of the Companies Act, 2017 in connection with this Scheme;
  - (f) **“DCCL”** means the **DIGITAL CUSTODIAN COMPANY LIMITED**, a public limited company formed under the Companies Ordinance, 1984 (now the Companies act, 2017);
  - (g) **“Distribution Ratio”** means the separate distribution of common shares, adjusted shares and additional securities to the shareholders of **DCCL** and **LSVL** under the Scheme (as per Article – 4);
  - (h) **“Effective Date”** means 00:00 hours as on **November 30<sup>th</sup>, 2023**, or such other date as may be approved by the Court on the request of the parties to this Scheme;
  - (i) **“Effective Swap Ratio”** means different kinds of allocations made under this Scheme for the overall beneficial allotment of equity shares to the shareholders;

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- (j) “**LSEVL**” means the **LSE VENTURES LIMITED**, a public limited company formed under the Companies Act, 2017;
- (k) “**LSECAP Scheme**” means the Scheme of Compromise, Arrangement and Reconstruction for amalgamation/merger of LSE PropTech Limited and Modaraba Ali-Mali with and into LSE Capital Limited that is already filed with the honorable Lahore High Court and in the process of proceedings with the honorable Lahore High Court;
- (l) “**NBFC Rules and Regulations**” means the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (and related regulations under the Non-Banking Finance Companies and Notified Entities Regulations, 2008);
- (m) “**PSX**” means Pakistan Stock Exchange Limited;
- (n) “**Redeemable Shares**” means the Class B - Redeemable Shares of Digital Custodian Company Limited –to be issued to the shareholders of **LSEVL** and **DCCL as per the Distribution Ratio** under the Scheme;
- (o) “**Rs.**” or “**PKR**” shall mean “Rupees”, being the legal tender money of Pakistan;
- (p) “**Sanction Date**” shall have the same meaning ascribed thereto in **Article 6**, being the day on which the honorable Lahore High Court approves the Scheme and on which day the Scheme becomes operative;
- (q) “**Scheme**” means this Scheme of Arrangement in its present form, with any modification thereof or addition hereto, as approved by the Court and/or the Securities and Exchange Commission of Pakistan and/or the general meeting of members of the respective companies;
- (r) “**SECP**” means the Securities and Exchange Commission of Pakistan;
- (s) “**Securities Act**” means the Securities Act, 2015;
- (t) “**Sukuk**” means the Perpetual and Convertible Sukuk of the Digital Custodian Company Limited –to be issued to the shareholders of **LSEVL** and **DCCL as per the Distribution Ratio** under the Scheme;
- (u) “**Undertaking and Business - LSEVL**” means the assets, undertaking, business, liabilities of the **LSE VENTURES LIMITED** (including shares allocated under the Scheme) as more particularly described in Schedule - 1 hereto.

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

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## ARTICLE – 2 – THE SCHEME OF ARRANGEMENT AND RECONSTRUCTION

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1. This Scheme of Arrangement has been formulated pursuant to the provisions of Sections 279 to 283 of the Act, for the transfer and vesting of:
  - (a) the Undertaking and Business - **LSEVL** (as a transferor) into **DCCL** (as transferee) as given in Schedule – 1. Upon the completion of merger / amalgamation through the intended Scheme, **LSEVL** will be dissolved under the Orders of the Honorable Lahore High Court, Lahore without winding up, and the shares of **DCCL** shall be issued to the registered members/shareholders of **LSEVL**.
  - (b) the listing status of **LSEVL** to **DCCL** under the Scheme.
  - (c) issuance of additional securities and cross holding of certain equity shares/securities, between **DCCL** and **LSEVL** as described under the Scheme.
2. All assets, liabilities and undertaking (as per Schedule 1) of **LSEVL** will be transferred to **DCCL** with same rights, obligations, privileges and covenants.
3. The shares of **DCCL** shall be issued to the shareholders of **LSEVL** through the merger functionality of CDC. Thus, same status and encumbrance attached to the **LSEVL** shares, if any, shall be attached/transferred to the shares of **DCCL** for those shareholders.
4. Retained earnings, revenue reserves, capital reserves and merger reserves of **DCCL** and **LSEVL** shall be re-characterized/ reconstructed under the Scheme as described in **Schedule-3** - Statement of Financial Position showing Merger Effect.
5. The pattern of shareholding may be changed after the Sanction Date once the shares of **DCCL** are credited in CDS account of the shareholders (of **LSEVL**) by CDC but before assuming the listing status of the ordinary shares of **DCCL** at PSX and before issuance of additional securities.
6. In order to accommodate the ongoing business of **LSEVL** and to cater for the future business of the merged entity, i.e. **DCCL**, the Memorandum and Articles of **DCCL** shall be changed/amended, as per the special resolutions of the shareholders of the Transferor and the Transferee companies to incorporate the expanded business/principal line of business as described in the Objectives of the Scheme and by remaining within the time constraints allowed under the Completion Date and the obligation of compliance with the sanction order of the honorable Lahore High Court for the completion of this Scheme.
7. The Scheme incorporates the issuance of common shares, adjusted shares and additional securities to benefit the shareholders of the companies involved in this Scheme. The issuance of these shares,

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under the shareholders approved Distribution Ratio, shall take place subsequent to the sanction of this Scheme from the honorable Lahore High Court, but before the dissolution of **LSEVL**.

8. The listing status of **LSEVL** at PSX shall be transferred to **DCCL**. The shares, Sukuk and redeemable shares of **DIGITAL CUSTODIAN COMPANY LIMITED** shall stand listed on PSX.
9. Equity investment in **DCCL** by **LSEVL** shall be distributed to the shareholders of **LSEVL** before the distribution shares and additional securities as per the distribution ratio.
10. As the shares of **LSEVL** are eligible for Central Depository System (the "CDS") of Central Depository Company of Pakistan Limited (the "CDC"), the scrip-less shares, Sukuk and redeemable shares of **DCCL** shall also be eligible for Central Depository System (the "CDS") of Central Depository Company of Pakistan Limited (the "CDC").
11. Upon the completion of merger / amalgamation through the intended Scheme, **LSEVL** will be dissolved under the Orders of the Honorable Lahore High Court, Lahore without winding up, and the shares of **DCCL** shall be issued to the registered members/shareholders of **LSEVL**.
12. **Transfer of the Undertaking and Business from LSEVL to DCCL:** The Undertaking and Business of **LSEVL** shall be transferred and vested in **DCCL** in the following manner:
  - (a) The designated immovable (including land, building, usufruct with all equitable and legal rights) and movable assets, liabilities, revaluations reserves, and any capital/merger/revenue reserves, described in Schedule – 1 (The Undertaking and Net Assets of **LSEVL** to **DCCL**), shall stand transferred/vested to **DCCL** from **LSEVL**. Generally, these net assets include land, building, equipment, investment property, cash and bank balances, revaluation reserves and related liabilities. It is however, mentioned that no land or building is now legally held in the name of **LSEVL**.
  - (b) The Undertaking and Business of **LSEVL**, as existing on the Effective Date shall, without any further act, instrument or deed, shall stand transferred/vested to and be vested or deemed to have been transferred to or vested in **DCCL** on the Effective Date.
  - (c) As per the provisions of the Companies Act-2017, notwithstanding anything contained in the Stamp Act, 1899 (II of 1899) or any other law for the time being in force, no stamp duty shall be payable on transfer to the Transferee company (i.e. **DCCL**) of the whole or any part of the undertaking and of the property of any Transferor company (i.e. **LSEVL**) as a result of sanctioning of the Scheme by the honorable Court.
  - (d) The transfer / vesting shall be subject to the existing rights (equitable and legal rights), charges mortgages and hypothecation, if any. There is however, no land or building assets held in the

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name of **LSEVL**, and hence no charges/mortgages/hypothecation have been registered on the assets of **LSEVL**.

- (e) Such assets of **LSEVL**, which are moveable in nature or are capable of transfer by manual / physical delivery or by endorsement and delivery, shall be so transferred and shall become the property of **DCCL** as its integral part. All governmental authorities, bodies, departments and concerned institutions/companies, wherever required, shall transfer the assets without any cost, taxes, and without any further act or deed by the **DCCL**.
- (f) All utility licenses, connections, meters, and other facilities for electricity, gas, water, telecommunications and other concessions allowed, licensed or provided by any governmental agency (including Water and Power Development Authority, Water and Sanitation Agency, Sui Northern Gas Pipelines Limited, Sui Southern Gas Limited) or any other agency will stand transferred without any additional charges/costs to the **DCCL** from the **LSEVL** with the respective benefits including the deposits and prepayments, governmental approvals etc, (if any). The security deposits and any other cost paid by **DCCL** against any of these and other existing facilities shall remain unchanged and the change of name shall take place without any additional fee, charges or costs whatsoever and without any delay.
- (g) All the registrations, rights, powers, licenses, permits, sanctions, permissions, privileges allowed to **LSEVL** shall stand transferred to **DCCL** and the lease rights (short term and long term), equitable rights, legal rights given by **LSEVL** to the third parties shall also be transferred (with all rights and obligations) from **LSEVL** to **DCCL**.
- (h) **LSEVL's** equity investments in Central Depository Company Limited (CDC), National Clearing Company of Pakistan Limited (NCCPL), Pakistan Mercantile Exchange Limited (PMEX) and Pakistan credit Rating Agency Limited (PACRA) shall be transferred to **DCCL**, by remaining within the time constraints allowed under the Completion Date and the obligation of compliance with the sanction order of the honorable Lahore High Court for the completion of this Scheme. These investments have already been classified on 'Available for Sale' basis by **LSEVL** and **DCCL** shall become bound to dispose of these investments within the three years' time period (2024-2027) on best effort basis.
- (i) All the equity Investments in CDC, NCCPL, PACRA and PMEX shall be transferred from **LSEVL** at fair market value to **DCCL**. This fair market shall be applied with effect from the Sanction Date and reflected into the opening balance sheet of **DCCL** on the basis of a valuation report/certificate to be obtained from any practicing Chartered Accountant subsequent to the sanction of the scheme by the honorable Lahore High Court. The difference in the fair value and the carrying value shall be charged/credited to the merger reserves or goodwill

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arising from merger, as the case may be, and shall be accordingly recognized in the books of **DCCL**.

13. **Conduct of Business by LSEVL Till the Completion Date:** Till the Sanction Date, **LSEVL** shall not sell, transfer or dispose of any of its Undertaking and Business.

- (a) The amalgamation / merger in accordance with this Scheme shall be treated as having taken effect from the Sanction Date and as from that time and until the Completion Date when **LSEVL's** Undertaking and Business is transferred to and vested in **DCCL**.
- (b) **LSEVL** shall carry on and be deemed to carry on all its business and activities, if any, and shall stand possessed of its properties and assets, if any, for and on account of and in trust for **DCCL** and all the profits accruing to **LSEVL** or losses arising or incurred by them, if any, shall for all purposes be treated as the profits or losses, if any, of **DCCL**.
- (c) It is hereby undertaken by **LSEVL** that it will carry on its business with reasonable diligence and business prudence, until the Sanction Date and it shall not alienate, charge, mortgage, hypothecate, encumber or otherwise deal with or dispose of the respective Undertakings and Business or any part thereof except, in the ordinary course of business, or without the prior written consent of the Board of Directors of **DCCL**.

14. Determination of the Undertaking and Business:

- (a) A balance sheet:
  - 1. has been prepared by **LSEVL** (appended herewith as Schedule 5) of the Undertaking and Business, including without limitation, the capital reserves, revenue reserves, revaluation surplus and accumulated profits and losses of **LSEVL**, as reflected in the books of account of **LSEVL** immediately preceding the Effective Date and report of the agreed upon procedures from the Auditors has been taken on the books of accounts. Since **LSEVL** is listed Company, its accounts are publicly available and have already been disseminated to the shareholders through Pakistan Stock Exchange (PSX) Limited;
  - 2. shall be prepared by **LSEVL** of the Undertaking and Business, including, without limitation, the share capital, capital and general reserves, revenue reserves, revaluation surplus and accumulated profits and losses of **LSEVL**, as reflected in the books of account of **LSEVL** as of the Sanction Date and which shall be audited by the Auditors of **LSEVL**, within sixty (60) days of the Sanction Date;



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3. has been/shall be prepared in accordance with the accounting principles generally accepted in Pakistan and shall include the notes setting out the methodology and assumptions used in identifying the Undertaking and Business of **LSEVL**.

(b) A balance sheet:

- 1) has been prepared by **DCCL** (appended herewith as Schedule 5) of the Undertaking and Business, including without limitation, the capital reserves, revenue reserves, revaluation surplus and accumulated profits and losses of **DCCL**, as reflected in the books of account of **DCCL** immediately preceding the Effective Date and which has been audited by the Auditors of **DCCL**;
  - 2) shall be prepared by **DCCL** of the Undertaking and Business, including, without limitation, the share capital, capital and general reserves, revenue reserves, revaluation surplus and accumulated profits and losses of **DCCL**, as reflected in the books of account of **DCCL** as of the Sanction Date and which shall be audited by the Auditors of **DCCL**, within sixty (60) days of the Sanction Date;
  - 3) has been/shall be prepared in accordance with the accounting principles generally accepted in Pakistan and shall include notes setting out the methodology and assumptions used in identifying the Undertaking and Business of **DCCL**.
15. The Statement of Financial Position, certified by the practicing Chartered Accountant, duly showing the Merger Effect shall be prepared by the Board of Directors based on the audited financial statement as on Sanction Date that will show the assets, liabilities and the reserves (the Undertaking and Net Assets of **LSEVL**) liable to be transferred on the Sanction Date.

## ARTICLE – 3 – SHARES AND EQUITY CAPITAL MANAGEMENT

### 1. EQUITY POSITION OF THE MERGING COMPANIES

#### (a) LSE VENTURES LIMITED

- 1) The authorized share capital of the Company is **Rs. 2,000,000,000** divided into **200,000,000** of ordinary shares of Rs. 10/- each, out of which **179,597,880** ordinary shares are fully paid and issued as follows:

No. of Shares Issued	Issued for/Against	Rs.
<b>179,597,880</b>	<b>Issued under Scheme of Compromises, Arrangement and Reconstruction under Section 279 to 283 of the Companies Act, 2017</b>	<b>1,795,978,800</b>
<b>179,597,880</b>		<b>1,795,978,800</b>

- 2) Pattern of Shareholding of the Shares held by the Shareholders as of Effective Date is as follows:

	Category	No. of Shares	% holding
Modaraba Al-Mali	Sponsors	47,721,586	26.57%
Muhammad Iqbal	Sponsors	2,204,444	1.23%
Humera Muhammad Iqbal	Sponsors	20,150,943	11.22%
Icon Management (Private) Limited	Sponsors	2,995,861	1.67%
Acme Mills (Private) Limited	Sponsors	2,995,861	1.67%
Public and Investors	Others/ Investors	103,529,889	57.64%
		<b>179,597,880</b>	

- 3) The total number of shareholders of **LSEVL** as of the Effective Date is **1,370**.
- 4) Shares of **LSEVL** owned by Modaraba Al-Mali shall be transferred to LSE Capital Limited once LSECAP Scheme is sanctioned by honorable Court.
- 5) The Share Capital of the **LSEVL** will not be changed for ordinary shares under the Scheme.
- 6) Certain other class of shares/securities shall be issued to the shareholders, which may be redeemed and converted, as per the amended Memorandum and Articles of Association. Such class of shares/securities shall be transferred as such to the Transferee Company (**DCCL**) on the same terms and conditions. If conversion into ordinary shares is part of such class of shares/securities, the same will also be converted (after the Sanction Date)

into ordinary shares of **DCCL** on the same conversion ratio. These class of shares/securities may also be merged/ amalgamated with and into ordinary shares/securities of different company or companies (as the case may be) along with the listing status (at PSX) of that class of share(s). Likewise, the authorized capital of that class can either be merged with the **DCCL** or the authorized capital of any other Transferee company (as the case may be).

- 7) The pattern of shareholding may be changed after the Sanction Date once the shares of **DCCL** are credited in CDS account of the shareholders (of **LSEVL**) by CDC but before assuming the listing status (i.e. before first trading date of **DCCL**) at PSX. Therefor Part IX of the Securities Act, 2015, shall not apply.
- 8) Complete list of shareholders is attached as **Schedule – 2** (List of Shareholders);
- 9) The Board of Directors of the Company (**LSEVL**) before the Scheme is as follows:

Sr. No.	Name of Director	Category
1.	Mr. Muhammad Iqbal	Chairman
2.	Mr. Aftab Ahmad Chaudhry	Chief Executive Officer /Director
3.	Mr. Shahnawaz Mahmood	Independent Director
4.	Ms. Minahil Ali	Female/Non-Executive Director
5.	Mr. Abid Latif Khan	Non-Executive Director
6.	Mr. Muhammad Tabassum Munir	Independent Director
7.	Mr. Zahid Mahmood	Independent Director

**(b) DIGITAL CUSTODIAN COMPANY LIMITED**

1. The authorized share capital of the Company is **Rs. 600,000,000** divided into **60,000,000** of ordinary shares of Rs. 10/- each, out of which **52,266,777** ordinary shares are fully paid and issued.
2. The pattern of shareholding of the Shares held by the Shareholders as of Effective Date is as follows:

	<b>No. of Shares</b>	<b>% holding</b>
InfoTech (Private) Limited	20,072,173	38.40%
LSE Capital Limited	18,347,472	35.10%
LSE Financial Services Limited	5,221,973	10.00%
ISE Towers REIT Management Company Limited	4,704,480	9.00%
Others	3,920,679	7.50%
	<b>52,266,777</b>	

- (b) Under an ongoing scheme, i.e. the LSECAP Scheme, pending with the honorable Lahore High Court, certain shares of **DCCL** are envisaged to be transferred from InfoTech (Private) Limited to LSE Capital Limited, its shareholders and LSE Financial Services Limited. The effect of the same, subject to the sanction by the honorable Court, and the amended list of the shareholders is attached as **Schedule – 2** (List of Shareholders).
- (c) The total number of shareholders of **DCCL**, as of the Effective Date is **16**.
- (d) The Share Capital of the **DCCL** will not be changed for the ordinary Shares under the Scheme. However, the pattern of shareholding can be changed till the Sanction Date.
- (e) The Board of Directors of the Company (**DCCL**) before the Scheme is as follows, which will continue to exist after the merger until the date of the next elections (on or before Mar 24, 2025) in terms of Section 159 of the Companies Act, 2017, except any interim changes due to the need for filling up of any casual vacancies:

Sr. No.	Name of Director	Category
1.	Mr. Muhammad Iqbal	Chairman / Non-Executive Director
2.	Mr. Aftab Ahmad Chaudhry	Chief Executive Officer / Non-Director
3.	Ms. Maleeha Humayun Bangash	Independent Director
4.	Mr. Shoaib Mir	Independent Director
5.	Dr. Yusuf Zafar	Independent Director
6.	Syed Mukhtar Hussain Jaffery	Non-Executive Director
7.	Mr. Farrukh Younas Khan	Non-Executive Director
8.	Mr. Muhammad Khalid Farooq Qazi	Non-Executive Director
9.	Mr. Muhammad Nasir Mirza	Non-Executive Director
10.	Mr. Naseer Ahmad Akhtar	Non-Executive Director

## 2. EQUITY CAPITAL MANAGEMENT

### (a) EFFECTIVE SWAP RATIO

- 1) **Swap Ratio:** The Swap ratio for the shares of both companies (**DCCL** and **LSEVL**), as attached with this Scheme, has been determined by **Kreston Hyderbhimji & Co., Chartered Accountants**, on the basis of applicable valuation criteria. However, for the purposes of this Scheme, the management has devised an Effective Swap Ratio so that the merger results in beneficial allocation of overall equity shares to the members/shareholders of the merging companies.
- 2) **Effective Swap Ratio:** This shall comprise the following types of allocations under the Scheme:
  - i. Common shares allocation
  - ii. Adjusted shares allocation

iii. Additional securities allocation

**3) Distribution Ratio:** The Distribution Ratio shall involve the issuance of the following number of common shares, adjusted shares and additional securities:

	<b>To the Shareholders of</b>	
	<b>LSEVL</b>	<b>DCCL</b>
<b>Ordinary Shares before merger</b>	179,597,880	52,266,777
<b>After merger</b>		
Common shares (Ordinary Shares)	108,847,200	52,266,777
Adjusted shares (Ordinary Shares)	53,335,128	25,610,720
	162,182,328	77,877,497
<b>Additional Securities</b>		
Perpetual and Convertible Sukuks	21,769,440	10,453,355
Class B - Redeemable Share	21,769,440	10,453,355
	205,721,208	98,784,207

Please refer to Schedule – 7 for Effective SWAP Ratio and Distribution Ratio

(b) **Book Value of the Companies/ Entities before and after the Scheme:**

	Rs./Share	<b>Before Merger</b>		<b>After Merger</b>
		<b>LSEVL</b>	<b>DCCL</b>	<b>DCCL</b>
<b>Book Value</b>		12.40	10.05	12.73

(c) **Authorized Capital**

1) The authorized capital of **LSEVL** shall be added to the authorized capital of **DCCL** and it will be increased to **Rs. 2,600,000,000/-**. No additional fee shall be paid to the Commission for combining the authorized capital of both the companies and the Memorandum of **DCCL** shall stand changed for the revised authorized capital of **DCCL** to **Rs. 2,600,000,000/-** as under:

<b>Name of the Company</b>	<b>Authorized Capital before the Scheme</b>	<b>Authorized Capital after the sanctioning of the Scheme</b>
<b>Digital Custodian Company Limited (DCCL)</b>	Rs. 600,000,000 divided into 60,000,000 ordinary shares of Rs. 10/- each	Rs. 3,000,000,000 divided into 260,000,000 ordinary shares of Rs. 10/- each and 40,000,000 of Class B – Redeemable shares of Rs. 10/- each
<b>LSE Ventures Limited (LSEVL)</b>	Rs. 2,000,000,000 divided into 200,000,000 ordinary shares of Rs. 10/- each	Dissolved by the Order of the Honorable Lahore High Court, Lahore without winding up
<b>Total in Rs.</b>	<b>Rs. 2,600,000,000</b>	<b>Rs. 3,000,000,000</b>

- 2) The authorized and the issued, subscribed and paid-up share capital shall be further divided into difference classes of shares as follows:

		Ordinary Shares	Class B - Redeemable Share	Total
<b>Authorized share capital</b>	Nos.	260,000,000	40,000,000	300,000,000
Nominal / Par Value	Rs./Share	10.00	10.00	
<b>Issued, subscribed and paid-up share capital</b>			<b>Par Value per Share/Sukuk</b>	<b>Issued Value Rs. in 000</b>
	%	<b>Nos.</b>		
<b>Class B - Redeemable Shares</b>				
to be issued	20%	32,222,795	10.00	322,228
<b>Perpetual and Convertible Sukuks</b>				
to be issued	20%	32,222,795	10.00	322,228
<b>Total Ordinary Shares</b>		240,059,825	10.00	2,400,598

### 3. CONSIDERATION

Upon the Scheme being effective in terms of the order of the honorable Lahore High Court, shares allocation shall be made as part of the Effective Swap ratio, and common shares, adjusted shares and additional securities shall be issued without any consideration at par value and subject to the terms of this Scheme and without any further application, deed or instrument but only as a consideration for the transfer to and vesting of the Undertaking and Business of **LSE VENTURES LIMITED** in the **DIGITAL CUSTODIAN COMPANY LIMITED** as defined in the Scheme.

- (a) The shares issuance shall take place as per the Distribution Ratio.
- (b) The distribution of shares and the merger effect are shown in Schedule – 3. The same methodology shall be followed after the Sanction Date.
- (c) **Transfer/cancellation of shares**
- 1) All members whose names shall appear in the register of member of **LSEVL**, on such date after the Sanction Date as the Board of Directors of **DCCL** may determine, shall surrender their share certificates for cancellation thereof to **DCCL**. In default, upon the new shares being allotted and issued by **DCCL** to the members of **LSEVL**, to those whose names shall appear on the respective register of members on such date, as aforesaid, the share certificate in relation to the certificates held by them in **LSEVL** shall be deemed to have been duly cancelled. A notice of up to fourteen (14) days' shall be given to the members of **LSEVL** of the date fixed by the directors of **DCCL**, for determining the entitlements to ordinary shares of **DCCL** to be issued to the members of **LSEVL**. The members holding physical certificates, if any, will deliver their share certificates to the company for cancellation and

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shall be issued the shares of **DCCL** in physical form within thirty (30) days from the reopening of the Book Closure. As the share certificates of **LSEVL** are eligible for Central Depository System (the "CDS") of Central Depository Company of Pakistan Limited (the "CDC"), the scrip-less shares of **DCCL** shall be directly credited by book entries in the CDS in lieu of the scrip-less share certificates of **LSEVL** to their respective Investors' accounts or sub-accounts with CDC participants within thirty (30) days from the reopening of Book Closure as announced for the determination of the merger entitlements.

- 2) Upon the allotment of common shares of **DCCL** to the members of **LSEVL** in the manner aforesaid, all share certificates representing common shares of **LSEVL** shall stand cancelled.
- 3) While making physical allotment of the new shares, the fractional allotments above 0.5 shares shall be rounded up to one share and any fraction below 0.5 shall be ignored. However, for shares in CDS fractional shares shall be ignored.
- 4) The working of the merger adjustment and the Balance Sheet of **DCCL**, to emerge immediately after the merger is attached herewith in Schedule-3 and Schedule-6. The merger reserves or goodwill arising of merger, as the case may be, shall be recognized in the books of **DCCL**. Merger reserves, if any, shall be treated as capital reserves for all purposes.
- 5) Once distribution of common shares to the shareholders of **LSEVL** is made, distribution of adjusted shares and additional securities (Perpetual and Convertible Sukuks and Class B – Redeemable Shares) shall be made to the shareholders of **LSEVL** and to the shareholders of **DCCL** as per the Distribution Ratio.
- 6) For the distribution of physical Perpetual and Convertible Sukuks ('Sukuk') and Digital Custodian Company Limited – Class B - Redeemable Shares, the physical shareholders will get physical scrips of redeemable shares and the Sukuks. Fractional shares, Sukuk and redeemable shares shall not be issued.
- 7) Ordinary shares, Sukuk and redeemable share of **DCCL** shall be the eligible securities under Central Depository System (the "CDS") of Central Depository Company of Pakistan Limited (the "CDC"). Moreover, the common shares, Sukuks and Class B redeemable shares of **DCCL** shall be listed on PSX.

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## ARTICLE – 4 – RIGHTS AND OBLIGATIONS

### RIGHTS AND OBLIGATIONS OF DCCL AND LSEVL IN RESPECT OF THE UNDERTAKING AND BUSINESS

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1. All suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against **LSEVL** in respect of the Undertaking and Business (as defined in Schedule 1) and pending before any court, tribunal, regulatory body or any other authority shall be treated as suits, appeals and legal proceedings by or against **LSEVL**, and may be continued, prosecuted and enforced by or against **DCCL** accordingly.
2. All taxes on income, including but not limited to, advance tax and withholding taxes, collected/deducted from the Effective Date till the Sanction Date in respect of the Undertaking and Business shall, shall be deemed to, be to the benefit and credit of **LSEVL** and shall be transferred to **DCCL**.
3. The capital reserves, revenue reserves, merger reserves, revaluation surpluses and accumulated profits and losses of **LSEVL**, as at the day preceding the Effective Date and immediately preceding the Sanction Date respectively, as audited by the Auditors relating to the Undertaking and Business, shall constitute and be treated as reserves and revaluation surpluses of a corresponding nature in **DCCL** (as defined and mentioned in Schedule 5), and shall be accounted on that basis in the books of accounts of **DCCL**.
4. The assets acquired by the Transferee (**DCCL**) shall be treated as having the same character as the same had in the hands of the Transferor (**LSEVL**).
5. Every officer, staff or other employees of **LSEVL**, as existing on the **Effective Date**, shall become the officers, staff or employees of **DCCL**, as the case may be, (as mentioned in Schedule 4) on the basis that their services have not been interrupted by the transfer and vesting of the Undertaking and Business of **LSEVL** into **DCCL**, under this Scheme and on the same remuneration and other conditions of service, rights, privileges as to the provident fund, gratuity, any other retirement funds, if any, and other matters as had been applicable to them, before the Effective Date.



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## ARTICLE – 5 – GENERAL PROVISIONS

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### SANCTION AND EFFECTIVENESS OF SCHEME

1. Sanctions and Provisions of the Scheme:

- (a) This Scheme has been formulated in terms of the provisions of Section 279 and all other enabling provisions of the Act and for an order under Section 282 (along with Section 283) of the Act for bringing the Scheme into effect.
- (b) This Scheme is subject to the sanction of the Court and may be sanctioned in its present form or with or without any modification thereof or addition thereto as the Court may approve and this Scheme shall become effective, with such modification or addition, if any, also subject to any conditions, which the Court may impose.
- (c) The Scheme also incorporates the provisions of the issuance of Class B-Redeemable shares and Perpetual and Convertible Sukuks (collectively called additional securities under the Distribution Ratio) to be dealt with under Sections 66 and 83 of the Companies Act, 2017, Section 87(4)(d)(i) of the Securities Act, 2015, The Structuring of Debt Securities Regulations, 2020 & The Companies (Further Issue of Shares) Regulations, 2020. Whereas the issuance of these additional securities only warrants the approval from the Boards and the shareholders of the companies, however, since the allocation of the same is part of the Effective Swap ratio for the benefit of the shareholders, therefore the same have been made a part of the Scheme.
- (d) The respective Boards of Directors of **LSEVL** and **DCCL** have approved the foregoing Scheme for the submission of the same to the honorable Lahore High Court (LHC), and have prayed to the Court to order the convening of the Extraordinary General Meetings (EOGMs) of the relevant companies under its own appointed Chairmen of the meetings for seeking the approval of the Scheme by way of special resolution(s) before sanctioning the Scheme in its absolute discretion. The respective Board of Directors of **DCCL** and **LSEVL**, have also sought the authority from their shareholders to be authorized to give consent to, either singly or jointly, to any modifications or additions or alterations to be made to this Scheme or to any conditions, which the Court may think fit to impose and may give any directions, as the honorable Court may consider necessary to settle any question(s) or difficulty arising under this Scheme or in regard to its implementation or in any matter connected therewith.
- (e) The provisions of this Scheme shall become binding and operative on the date (the "**Sanction Date**") of the order of the Court (through the signed order and the Scheme), sanctioning this Scheme under Section 279 of the Act, and by making any necessary provisions under Section 282 of the Act.

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- (f) Notwithstanding that the Scheme becomes binding and operative on the Sanction Date, the merger of **LSEVL**, and transfer to and vesting in **DCCL**, of the Undertaking and the Business shall be deemed to have taken place on the “**Effective Date**” and shall be treated accordingly, as per the provisions of this Scheme.
- (g) Except as expressly otherwise stated herein, following the Sanction Date, the Undertakings and the Business recorded in the books of account of **LSEVL** (as per Schedule 1) at the respective values shall be recorded/reflected in the books of account of **DCCL** on the date preceding the **Effective Date**. From the accounting perspective, the transfer of balance from the books of the Transferor to the books of Transferee shall serve this purpose. Moreover, the profit and loss items in the books of accounts will be shown in the Statement of Changes in Equity and no corresponding changes shall need to be made in the Statement of Profit and Loss for the interim period between the Effective Date and the Sanction Date.
- (h) Each of **LSEVL** and **DCCL** shall take all actions and execute all formalities considered and deemed necessary and expedient by their respective Boards of Directors to properly and smoothly cause the transfer and vesting of the respective Undertakings and Businesses in the manner stated herein, and shall carry out and execute this Scheme pursuant to and in accordance with the order of the Court.
- (i) Without prejudice to the generality of the foregoing, the respective Boards of Directors of **LSEVL** and **DCCL**, may, generally or with regard to any specific issue or matter related to the execution and implementation of the Scheme, upon its due approval by the Court, authorize any person(s) or officials to carry out such acts, deeds and things as may be deemed expedient and necessary, for a proper and smooth implementation of the Scheme from time to time.
- (j) The Board of Directors of **DCCL** and **LSEVL** have given their assent to any modification or amendment to the Scheme or to agree to any terms and/or conditions, which the Court and / or any other Authority, Body or Commission under the law, may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and / or carrying out the Scheme and to do all acts, deed and things as may be necessary or desirable or expedient for putting the Scheme into effect.
- (k) For the purposes of giving effect to the Scheme or any modification or amendment thereof, the directors of **DCCL** are hereby authorized by **LSEVL** to give such directions and / or to take all such steps and actions as may be necessary or desirable including any direction for settling any question or doubt or difficulty, whatsoever that may arise from time to time.

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2. As of the **Sanction Date**, the terms of this Scheme shall be binding on each of **LSEVL** and **DCCL** and all their respective shareholders, members, employees, debtors and creditors and any person having any right or liability in relation to them.
  3. All the costs, charges and expenses, incurred / to be incurred in relation to or in connection with the Scheme of Arrangement and of carrying out the implementation of the Scheme or incidental to the completion of the amalgamation/merger in pursuance of the Scheme, shall be borne and paid by **LSEVL**.
  4. There can be difference in tax year(s) between the Effective Date and the Sanction Date. Tax returns shall not be changed/revised for the effective dates for the entities involved (i.e. **DCCL** and **LSEVL**). Moreover, tax position as on Sanction date shall be carried forward to the Transferee i.e. from **LSEVL** to **DCCL**.
  5. No gain or loss shall be taken to arise on disposal of asset from the Transferor to the Transferee by virtue of the Scheme under Section 97A of the Income Tax Ordinance, 2001. No double taxation impact (in the form of withholding taxes or/and collecting taxes or/and assessment basis) shall be made/ levied on income, profits and revenues of the companies/ entities involved by virtue of this Scheme, and only net of tax balances shall be transferred.
  6. This Scheme shall become null and void, subject to the following and in that event, no rights and liabilities shall accrue to or be incurred in terms of this Scheme:
    - (a) if the Scheme is not approved by the requisite majority of the shareholders and the members of any of **LSEVL** and **DCCL**;
    - (b) if the sanction of the Court in respect of this Scheme is not obtained by such date (if any) as may be mutually agreed by the respective Board of Directors of **LSEVL** and **DCCL**.
  7. After the **Sanction Date**, the shares, perpetual and convertible Sukuk, Class B - Redeemable shares of **DCCL** shall be listed on the Pakistan Stock Exchange under the order of the Court without any further, act, deed, formality or fee, subject to the filing of such documentation as may be required by it, in accordance with applicable rules and regulations.
  8. After the **Sanction Date**, **LSEVL** will be dissolved by the Order of the Honorable Lahore High Court, Lahore without winding up.

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## **DELISTING / LISTING**

9. Subsequent to the Sanction Date, **LSE VENTURES LIMITED** shall stand de-listed from Pakistan Stock Exchange Limited within such timeframe during which the shares reconstruction arrangement is completed, and the members of **LSEVL** shall be allotted the shares by **DCCL**.
10. Subsequent to the Sanction Date, the ordinary shares, Sukuk and redeemable shares of **DIGITAL CUSTODIAN COMPANY LIMITED** shall stand listed (at par value/ nominal value) on PSX within such timeframe during which the shares reconstruction arrangement under this Scheme is completed, without any further, act, deed, formality or fee except that **DCCL** shall be required to file all required documentation to PSX for the purposes of listing. Furthermore, the additional securities under this Scheme, i.e. Class B - Redeemable Shares and Perpetual and Convertible Sukuks of **DCCL** shall also stand listed subject to the submission of necessary paperwork and the certified copy of the Scheme to PSX.

## **MISCELLANEOUS**

11. This Scheme shall be governed by and be construed in accordance with the substantive and procedural laws of Pakistan.
12. The section or headings used in this Scheme, are solely for the convenience of reference, and shall not affect the meaning or interpretation of this Scheme or any of its provisions.
13. The transfer, vesting and amalgamation of the Undertaking and Businesses in terms of this Scheme shall not: (i) constitute any assignment, devolution, conveyance, alienation, parting with possession, or other disposition under any law for the time being in force; (ii) give rise to any forfeiture; (iii) invalidate or discharge any contract; and (iv) give rise to any right of first refusal or pre-emptive right.
14. This Scheme is subject to the sanction of the Court and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve; and this Scheme is also subject to any such modification or addition or conditions, if any, which the Court may impose.
15. The Swap and the Effective Swap ratios (as mentioned in this Scheme and having been duly approved by way of the special resolution) will not be changed unless directed (and accepted by the Company) by the honorable Lahore High Court. Any difference, if any, will be adjusted either in the goodwill or merger reserves, as the case may be. No further approval for any change having been ordered by the honorable Court, shall be required from the shareholders of the Company.

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16. The Board of Directors of **DCCL** shall have the power to rectify any accounting, calculation, rounding or typographical errors and any other errors in the Scheme, if any, and the presence of any such errors will not affect the spirit, efficacy and implementation of the Scheme.
  17. In case of any ambiguity or conflict ad actual transfer of assets, liabilities and reserves, the Board of Directors of **DCCL** shall be the authority to decide and resolve the issue before and after the **Sanction Date**.

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## ARTICLE – 6 – TERMS & CONDITIONS GOVERNING THE ISSUANCE OF CLASS B – REDEEMABLE SHARES AND PERPETUAL AND CONVERTIBLE SUKUKs

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1. The issuance of Class B - Redeemable Share & Perpetual and Convertible Sukuk to the shareholders of **DCCL** and **LSEVL** is part of the Scheme to benefit the shareholders in more than one way of holding the ownership stake in **DCCL**.
2. As per the Companies Act-2017, the issuance of shares of different classes only requires approval of the shareholders, which shall be sought as part of the approval of the Scheme from the general body of the members of the Company (**DCCL**) to be held under the court appointed Chairman of the EOGM under the orders of the honorable Lahore High Court.
3. Moreover, the conversion of Sukuks into the ordinary shares requires approval under Section 83(1)(b) of the Companies Act, 2023, which will also be obtained from the shareholders.
4. The issuance of the above additional securities shall be independently construed. If for any reason, the issuance of these additional securities (or either of the securities) is not allowed and effectuated, **this non-approval will not affect the Scheme** and the swap ratio (and ratio of additional capital) will remain the same and difference will be credited to the merger reserves.
5. Perpetual and Convertible Sukuk and Class B - Redeemable Shares shall separately be listed at PSX. Opening price (at PSX) of these securities shall be the par/nominal value of these securities. Moreover, Perpetual and Convertible Sukuk shall be traded on NTS (new trading system) of PSX like equity security due to its hybrid nature.

### CLASS B REDEEMABLE SHARES

1. **Class B - Redeemable Shares** of **DCCL** shall also be issued to the shareholders of **LSEVL** and **DCCL** as part of the Scheme.
2. The **Digital Custodian Company Limited – Class B - Redeemable Shares** shall be issued under the approval of the Board of Directors, who may issue, allot, forfeit, surrender, rectify or otherwise dispose of the same to such persons, firms, corporation or corporations on such terms and conditions and at any such time as may be thought fit, subject to and in accordance with the provisions of the Companies Act, 2017.
3. The Distribution Ratio for the issuance of Class B-Redeemable Shares of **DCCL**, as part of the additional securities to the shareholders of **LSEVL** and **DCCL** shall be as per the following:

No. of Class B - Redeemable Share to be given to the Shareholders of <b>LSEVL</b>	21,769,440
No. of Class B - Redeemable Share to be given to the Shareholders of <b>DCCL</b>	10,453,355
Ratio of Distribution (of Class B – Redeemable Share) is <b>20%</b> (of post-merger capital)	<b>32,222,795</b>

4. As part of the Scheme, the following amendment/addition (in the relevant Article of DCCL) shall be approved by the members of **DCCL (and LSEVL)** to be made in Memorandum and Articles of Association of the residual company (DCCL) to accommodate the issuance of **Class B - Redeemable Shares**:

#### **POWERS TO ISSUE SHARES WITH DIFFERENT RIGHTS AND PRIVILEGES**

- Subject to the Applicable Law and, in particular, Section 58 of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2020, any Share in the Company may be issued with different rights, restrictions and privileges, including but not limited to, the following as may be approved by the Company by way of a Special Resolution:
  - different voting rights; voting rights disproportionate to the paid-up value of Shares held; voting rights for specific purpose only; or no voting rights at all;
  - different rights for entitlement of Dividend, right Shares or bonus Shares or entitlement to receive the notices and to attend the General Meetings;
  - different rights for participation in surplus assets in case of liquidation; or no participation at all;
  - rights and privileges for an indefinite period, for a limited specific period or for such period or periods as may from time to time be determined by the Company; and
  - different manner and mode of redemption, including redemption in accordance with the provisions of these Articles including but not limited to, by way of conversion into Shares with such rights and privileges as determined by the Company.
- Shares with various rights be issued on terms and conditions that may be determined by the Board of Directors subject to the approval of shareholders in the General Meeting through Special Resolution and other necessary statutory approvals, if required.
- Rights, privileges, terms and conditions regarding dividend, zero dividend, tracking or non-tracking, stepped or otherwise, voting rights, cumulative, non-cumulative, participation, non-participation, conversion, non-conversion, redemption, non-redemption etc., will be defined in the offering documents and will be considered as integral part of this Article (as a sub-article).
- The issuance of variant classes will be identified through distinctive class names.
- The rights, privileges and obligations defined in other Articles, will only be applicable to the existing ordinary shareholders and variant rights, privileges and obligations of the shareholders of other classes will be construed according to their respective offering documents.

- In the event of any conflict or inconsistency between the provisions of this Article and any other Articles, this Article shall prevail.

5. Terms and conditions of **Class – B Redeemable Shares** is as follows:

<b>1 -</b>	<b>Name of Security</b>	<b>Digital Custodian Company Limited – Class B - Redeemable Share</b>	
<b>2 -</b>	Security Type and relevant Regularity Provisions	Class B - Redeemable Shares	
		1. Section 58 of the Companies Act, 2017	
		2. Section 83 of the Companies Act, 2017	
		3. The Companies (Further Issue of Shares) Regulations, 2020	
		4. Section 87(4)(d)(i) of the Securities Act, 2015	
		5. All other enabling provisions under the Securities Act, 2015, the Companies Act, 2017 and other laws, rules and regulations	
<b>3 -</b>	Participation in Surplus Assets in case of Liquidation	No participation unless converted into ordinary shares on occurrence of triggering event. On conversion, new ordinary shares issued (on conversion) shall rank pari-passu to the existing ordinary shares	
<b>4 -</b>	Dividend on Class B Share is Cumulative or Non-Cumulative	Cumulative only to the extent of Base Rate Non-Cumulative over and above Base Rate unless Dividend (over and above the Base rate) is declared by the Board of Directors of the Company. Interim dividend can also be declared by the Board of Directors.	
<b>5 -</b>	Redemption	Redeemable partially or in full	
<b>6 -</b>	Redemption Rate	Rs. /Share	As decided by the Board of Directors of the Company up to the par/nominal value per share
<b>7 -</b>	Conversion into Ordinary Shares of the Company	Conversion into Ordinary Shares of the Company on occurrence of the triggering events	
<b>8 -</b>	Conversion Rate	One Class B - Redeemable Share can be converted into [One Ordinary Share x remaining par value (per share) of Class B - Redeemable Share divided by 10.00 rounded up to two decimals] on occurrence of triggering events. Fractional conversion into ordinary shares shall be ignored.	
<b>9 -</b>	Call Option in Cash to the Company	Not Applicable	
<b>10 -</b>	Put Option in Cash to the holders of Class B - Redeemable Share	Not Applicable	
<b>11 -</b>	Par/ Nominal Value	Rs. /Share	<b>10.00</b>
<b>12 -</b>	Issue Price	Rs. /Share	<b>10.00</b>



<b>13 -</b>	Issuance by way of	Issuance under the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Merger of LSE Ventures Limited with and into Digital Custodian Company Limited under in terms of provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017 and the Securities Act, 2015 and relevant regulations ('the Scheme').
<b>14 -</b>	Tenor	Perpetual unless redeemed in full or partially at the discretion of the Board of Directors of the Company and can be converted into Ordinary Shares on triggering events.
<b>15 -</b>	Instrument Rating	Optional
<b>16 -</b>	Security / Charge	Not Applicable
<b>17 -</b>	Voting Rights	Voting right of One Class B - Redeemable Share is equivalent to [One Ordinary Share* x remaining par value (per share) of Class B - Redeemable Share divided by 10.00 rounded up to two decimals]. Fractional vote shall be ignored. *(irrespective of the par/nominal value of the Ordinary Share) Rights, privileges and obligations is as applicable to the Ordinary Shareholders of the Company.
<b>18 -</b>	Profit Rate / Dividend	As to be decided by the Board of Directors from time to time, but to be over and above the Base Rate (per Share) without any priority on any existing Ordinary Shares of the Company.
<b>19 -</b>	Base Rate	(Rs. 1.00 per share per annum multiplied by the remaining par value (per share) of Class B - Redeemable Share divided by 10.00) to be paid to the Class B - Redeemable Shareholders latest by end of every December 31st of each year.
<b>20 -</b>	Right to Bonus to the Class B - Redeemable Shareholders	Not Applicable No Bonus entitlement (in the form of Sukuk or Shares) to the Class B - Redeemable Shareholders
<b>21 -</b>	Any Other Right(s)	1. No right to the Right Issue (in the form of Shares or Sukuks) 2. No Right to Specie Dividend (in any form) 3. No Right to Dividend (declared and paid to the Ordinary Shareholders)
<b>22 -</b>	Listing	It shall be listed on PSX
<b>23 -</b>	Shari'ah Compliance	Optional
<b>24 -</b>	Issue Size	Rs. <b>Rs. 322,227,950</b>
<b>25 -</b>	Issue Size	Nos. <b>32,222,795</b>
<b>26 -</b>	Ranking/Priority	Priority over any ordinary shares
<b>27 -</b>	Triggering Events	1 – if the winding up (either compulsory or voluntary) of the Issuer has occurred.

		2 – if a receiver or administrator (or equivalent person in any other jurisdiction) is appointed over any of the assets of any of the Issuer or part thereof.
		3 – In respect of the issuance of the Class B - Redeemable Share if the Issuer fails/omits to comply with the Terms and Conditions in terms thereof in any material respect including payment of three consecutive dividends that are accrued.
		4 – If special resolution is passed by the shareholders (including Class B - Redeemable Shareholders) in the general meeting to convert the Class B - Redeemable Share into Ordinary Shares of the Company at the conversion rate.
28 -	Meeting and Resolutions	Since voting rights are vested to the Class B - Redeemable Shareholders, no separate meeting or resolution(s) are required. Class B - Redeemable Shareholders can convene the general meeting and pass the resolutions as the shareholders under the relevant provisions of the Companies Act, 2017.
29 -	Other Issuance	Class B - Redeemable Shares can also be issued to the Ordinary Shareholders by way of Bonus if declared by the Board of Directors of the Company.
30 -	Issuer	<b>Digital Custodian Company Limited</b>

#### PERPETUAL AND CONVERTIBLE SUKUK

1. Perpetual and Convertible Sukuks of **DCCL** shall also be issued to the shareholders of **LSEVL** and **DCCL** as part of the Scheme.
2. The **Digital Custodian Company Limited – Perpetual and Convertible Sukuk** shall be issued under the decision of the Board of Directors who may issue, allot, forfeit, surrender, rectify or otherwise dispose of the same to such persons, firms, corporation or corporations on such terms and conditions and at any such time as may be thought fit, subject to and in accordance with the provisions of the Companies Act, 2017.
3. As part of the Scheme, the following amendment/addition (in the relevant Article of DCCL) shall be approved by the members of **DCCL (and LSEVL)** to be made in Memorandum and Articles of Association of the residual company (DCCL) to accommodate the issuance of **Digital Custodian Company Limited – Perpetual and Convertible Sukuks**.
4. The Distribution Ratio for the issuance of Perpetual and Convertible Sukuks of **DCCL**, as part of the additional securities to the shareholders of **LSEVL** and **DCCL** shall be as per the following:

No. of Perpetual and Convertible Sukuk to be given to the Shareholders of <b>LSEVL</b>	21,769,440
No. of Perpetual and Convertible Sukuk to be given to the Shareholders of <b>DCCL</b>	10,453,355

Ratio of Distribution (of Perpetual and Convertible Sukuk) is **20%** (of post-merger capital)

**32,222,795**

5. Terms and conditions of **Perpetual and Convertible Sukuks** is as follows:

<b>1 -</b>	<b>Name of the Security</b>		<b>Digital Custodian Company Limited – Perpetual and Convertible Sukuk</b>
<b>2 -</b>	Security Type and relevant Regularity Provisions		Perpetual and Convertible Sukuks 1. Section 66 of the Companies Act, 2017 2. the Issuance of Convertible Debt Securities through Right Offer Regulations, 2022 3. The Structuring of Debt Securities Regulations, 2020 4. Section 87(4)(d)(i) of the Securities Act, 2015 5. Section 83(1)(b) of the Companies Act, 2017 6. All other enabling provisions under the Securities Act, 2015, the Companies Act, 2017 and other laws, rules and regulations
<b>3 -</b>	Participation in Surplus Assets in case of Liquidation		No participation unless converted into ordinary shares on occurrence of any of the triggering events. On conversion, new ordinary shares issued (on conversion) shall rank pari-passu to the existing ordinary shares.
<b>4 -</b>	Profit (on Debt) is Cumulative or Non-Cumulative		<b>Not Applicable – minimum payment of Base Rate to be made</b> Non-Cumulative over and above Base Rate unless Profit Rate (over and above the Base rate) is declared by the Board of Directors of the Company. Interim profit can also be declared by the Board of Directors.
<b>5 -</b>	Redemption		Not Applicable
<b>6 -</b>	Redemption Rate	Rs. / Certificate	Not Applicable
<b>7 -</b>	Conversion into Ordinary Shares of the Company		Conversion into Ordinary Shares of the Company on the occurrence of any of the triggering events
<b>8 -</b>	Conversion Rate		One Perpetual and Convertible Sukuk into One Ordinary Share
<b>9 -</b>	Call Option in Cash to the Company		Not Applicable
<b>10 -</b>	Put Option in Cash to the holders of Perpetual and Convertible Sukuk		Not Applicable
<b>11 -</b>	Par/ Nominal Value	Rs. / Certificate	<b>10.00</b>

<b>12 -</b>	Issue Price	Rs. / Certificate	<b>10.00</b>
<b>13 -</b>	Issuance by way of	Issuance under the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Merger of LSE Ventures Limited with and into Digital Custodian Company Limited under in terms of provisions of Sections 279 To 283 and all other enabling provisions of the Companies Act, 2017, the Securities act, 2015 and the relevant regulations ('the Scheme')	
<b>14 -</b>	Tenor	Perpetual unless converted into Ordinary Shares on the occurrence of any of the triggering events	
<b>15 -</b>	Instrument Rating	Instrument Rating (to be obtained) <b>Long Term:</b> <b>Short Term:</b>	
		By JCR-VIS Credit Rating Agency <b>(Instrument Rating shall be obtained after the Sanction Date)</b>	
<b>16 -</b>	Security / Charge	Pari-passu floating charge on current (present and future assets). Charge shall be created within the 90 days of the issuance of Sukuk.	
<b>17 -</b>	Voting Rights	Voting rights of One Perpetual and Convertible Sukuk is equivalent to Ordinary Share i.e. One Perpetual and Convertible Sukuk carries voting right equivalent to One Ordinary Share (irrespective of the par/nominal value of the Ordinary Share). Rights, privileges and obligations is as applicable to the Ordinary Shareholders of the Company.	
<b>18 -</b>	Profit Rate / Dividend	As decided by the Board of Directors over and above Base Rate (per Sukuk) without any priority on existing Ordinary Shares of the Company.	
<b>19 -</b>	Base Rate	Rs. <b>1.00</b> per Sukuk per annum to be paid to the Sukukholders latest by end of every December 31 <sup>st</sup> of each year.	
<b>20 -</b>	Right to Bonus to the Perpetual and Convertible Sukukholders	Not Applicable No Bonus entitlement (in the form of Sukuk or Shares) to the Perpetual and Convertible Sukukholders.	
<b>21 -</b>	Any Other Right(s)	<ol style="list-style-type: none"> <li>1. No right to the Right Issue (in the form of Shares or Sukuk)</li> <li>2. No Right to Specie Dividend (in any form)</li> <li>3. No Right to Dividend (declared and paid to the Ordinary Shareholders).</li> </ol>	
<b>22 -</b>	Listing	It shall be listed on PSX	

<b>23 -</b>	Shari'ah Compliance		Shari'ah Compliant <b>(relevant procedures shall be complied with after Sanction Date)</b>
<b>24 -</b>	Issue Size	Rs.	<b>Rs. 322,227,950</b>
<b>25 -</b>	Issue Size	Nos.	<b>32,222,795</b>
<b>26 -</b>	Ranking/Priority		Priority over any other form of shares but subordinate to any other secured loan (including loans secured by way of floating charge).
<b>27 -</b>	Triggering Events		<p>1 – if the winding up (either compulsory or voluntary) of the Issuer has occurred.</p> <p>2 – if a receiver or administrator (or equivalent person in any other jurisdiction) is appointed over any of the assets of any of the Issuer or part thereof.</p> <p>3 – if the Issuer is unable to pay its indebtedness as it falls due.</p> <p>4 – In respect of the issuance of the Perpetual and Convertible Sukuk if the Issuer fails/omits to comply with the Terms and Conditions in terms thereof in any material respect including payment of three consecutive profits that are accrued.</p> <p>5 – If special resolution is passed by the shareholders (including Perpetual and Convertible Sukukholders) in the general meeting to convert the Perpetual and Convertible Sukuk into Ordinary Shares of the Company at the conversion rate.</p>
<b>28 -</b>	Investment Agent		<b>LSE Capital Limited</b> (or as to be decided by the Board of Directors of the Issuer)
<b>29 -</b>	Meeting and Resolutions		Since voting rights are vested to the Perpetual and Convertible Sukukholders, no separate meeting or resolution(s) are required. Perpetual and Convertible Sukukholders can convene the general meeting and pass the resolutions as the shareholders under the relevant provisions of the Companies Act, 2017.
<b>30 -</b>	Other Issuance		Perpetual and Convertible Sukuk can also be issued to the Ordinary Shareholders by way of Bonus (out of shelf registration) if declared by the Board of Directors of the Company.
<b>31 -</b>	Issuer		Digital Custodian Company Limited
<b>32 -</b>	Shelf Registration		Rs. 500,000,000 (divided into 50,000,000 Sukuk of Rs. 10.00 each)

**SCHEDULE – 1 - The Undertaking and Net Assets of LSE Ventures Limited to Digital Custodian Company Limited**

	<b>Transfer from LSEVL to DCCL</b>
	<b>Rs. in 000</b>
<b>Non-Current Assets</b>	
Investment in associates	2,010,641
Intangible assets	6,231
Financial assets	698,985
Long term deposits	100
	<b>2,715,957</b>
<b>Current Assets</b>	
Trade and other receivables	66,789
Advances and prepayments	1,154
Tax refunds due from Government - net	7,703
Cash and bank balances	13,534
	<b>89,180</b>
<b>Total Assets</b>	<b>2,805,137</b>
<b>Less :</b>	
<b>Non-Current Liabilities</b>	
Deferred tax	(165,225)
<b>Current Liabilities</b>	
Trade and other payables	(20,587)
Current portion of lease liabilities	-
Provision for taxation	(18,012)
Unpaid dividend	(54,272)
Unclaimed dividend	(15,568)
<b>Total Liabilities</b>	<b>(273,664)</b>
<b>Net Worth</b>	<b>2,531,473</b>
<b>Represented by</b>	
Issued, subscribed and paid-up share capital	1,088,472
Un-appropriated profits	708,961
Merger/demerger reserve	734,040
<b>Total Equity</b>	<b>2,531,473</b>

- Listing status of LSEVL shall be transferred to DCCL.

DCCL shall be listed on PSX by virtue of merger of LSEVL with and into LSEVL and listing status of LSEVL (as a transferor) shall be transferred to DCCL (as a transferee). Please refer to Article - 4 of the Scheme.

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**SCHEDULE – 3 - List of the shareholders of :**

- **LSE Ventures Limited**
- **Digital Custodian Company Limited**

List of shareholders will be added on the effective date



### SCHEDULE – 3- The Statement of Financial Position showing Merger Effect

	LSEVL November 30, 2023 Rs. in 000	DCCL November 30, 2023 Rs. in 000	LSEVL Merger Adjustments Rs. in 000	DCCL Rs. in 000	DCCL After Merger Rs. in 000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property and equipment	-	19,237	-	-	19,237
Intangible assets	6,231	362,026	-	-	368,257
Investment in subsidiaries	369,529	-	(369,529)	-	-
Investment in associates	1,283,266	138,418	727,375	-	2,149,059
Financial assets	753,152	-	(54,167)	-	698,985
Long term deposits	100	2,184	-	-	2,284
	<b>2,412,278</b>	<b>521,866</b>			<b>3,237,822</b>
<b>Current Assets</b>					
Trade and other receivables	66,789	16,580	-	-	83,369
Short term investments	-	246	-	-	246
Advances and prepayments	1,154	2,079	-	-	3,233
Tax refunds due from Government - net	7,703	19,388	-	-	27,091
Cash and bank balances	13,534	765	-	-	14,299
	<b>89,180</b>	<b>39,058</b>			<b>128,238</b>
<b>Total Assets</b>	<b>2,501,458</b>	<b>560,924</b>	<b>303,679</b>	<b>-</b>	<b>3,366,061</b>
<b>Authorized share capital</b>	2,000,000	600,000		400,000	3,000,000
<b>Share capital</b>					
Issued, subscribed and paid-up share capital	1,795,979	522,668	(707,507)	789,458	2,400,598
Redeemable Shares	-	-	-	322,228	322,228
Perpetual Sukuk	-	-	-	322,228	322,228
<b>Capital reserves</b>					
Merger/demerger reserve	26,533	-	707,507	(734,040)	-
Share premium	-	-	-	-	-
Fair value reserve	67,073	-	(67,073)	-	-
	<b>93,606</b>	<b>-</b>			<b>-</b>
<b>Revenue reserves</b>					
Un-appropriated profits	338,209	2,474	370,752	(699,874)	11,561
<b>Total equity</b>	<b>2,227,794</b>	<b>525,142</b>			<b>3,056,615</b>
<b>Non-Current Liabilities</b>					
Lease liabilities	-	4,154	-	-	4,154
Deferred tax	165,225	8,062	-	-	173,287
	<b>165,225</b>	<b>12,216</b>			<b>177,441</b>
<b>Current Liabilities</b>					
Trade and other payables	20,587	19,468	-	-	40,055
Current portion of lease liabilities	-	4,098	-	-	4,098
Provision for taxation	18,012	-	-	-	18,012
Unpaid dividend	54,272	-	-	-	54,272
Unclaimed dividend	15,568	-	-	-	15,568
	<b>108,439</b>	<b>23,566</b>			<b>132,005</b>
<b>Equity and Liabilities</b>	<b>2,501,458</b>	<b>560,924</b>	<b>303,679</b>	<b>-</b>	<b>3,366,061</b>
	-	-	-	-	-



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**SCHEDULE – 4 - Transfer of Staff and Employees**

Transfer of Employees from **LSEVL** to **DCCL**



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**SCHEDULE – 5 - The Statement of Financial Position –**

- **LSE Ventures Limited**
- **Digital Custodian Company Limited**

As attached



**SCHEDULE – 6 - Statement of Financial Position of DIGITAL CUSTODIAN COMPANY LIMITED immediately after Merger Effect**

	Before Merger	Transfer from	Merger	After Merger
	DCCL	LSEVL	Adjustments	DCCL
	Rs. in 000	Rs. in 000	Rs. in 000	Rs. in 000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property and equipment	19,237	-	-	19,237
Intangible assets	362,026	6,231	-	368,257
Investment in subsidiaries	-	-	-	-
Investment in associates	138,418	2,010,641	-	2,149,059
Financial assets	-	698,985	-	698,985
Long term deposits	2,184	100	-	2,284
	<b>521,866</b>	<b>2,715,957</b>		<b>3,237,822</b>
<b>Current Assets</b>				
Trade and other receivables	16,580	66,789	-	83,369
Short term investments	246	-	-	246
Advances and prepayments	2,079	1,154	-	3,233
Tax refunds due from Government - net	19,388	7,703	-	27,091
Cash and bank balances	765	13,534	-	14,299
	<b>39,058</b>	<b>89,180</b>		<b>128,238</b>
<b>Total Assets</b>	<b>560,924</b>	<b>2,805,137</b>	<b>-</b>	<b>3,366,061</b>
<b>Authorized share capital</b>	600,000	2,000,000	(400,000)	3,000,000
<b>Share capital</b>				
Issued, subscribed and paid-up share capital	522,668	1,088,472	(789,458)	2,400,598
Redeemable Shares	-	-	(322,228)	322,228
Perpetual Sukuk	-	-	(322,228)	322,228
<b>Capital reserves</b>				
Merger/demerger reserve	-	734,040	734,040	-
Share premium	-	-	-	-
Fair value reserve	-	-	-	-
<b>Revenue reserves</b>				
Un-appropriated profits	2,474	708,961	699,874	11,561
<b>Total equity</b>	<b>525,142</b>	<b>2,531,473</b>		<b>3,056,615</b>
<b>Non-Current Liabilities</b>				
Lease liabilities	4,154	-	-	4,154
Deferred tax	8,062	165,225	-	173,287
	<b>12,216</b>	<b>165,225</b>		<b>177,441</b>
<b>Current Liabilities</b>				
Trade and other payables	19,468	20,587	-	40,055
Current portion of lease liabilities	4,098	-	-	4,098
Provision for taxation	-	18,012	-	18,012
Unpaid dividend	-	54,272	-	54,272
Unclaimed dividend	-	15,568	-	15,568
	<b>23,566</b>	<b>108,439</b>		<b>132,005</b>
<b>Equity and Liabilities</b>	<b>560,924</b>	<b>2,805,137</b>	<b>-</b>	<b>3,366,061</b>

Schedule – 7 - Effective SWAP Ratio and Distribution Ratio

<u>Effective SWAP Ratio and Distribution Ratio</u>	<u>Shareholders LSEVL</u>		<u>Shareholders LSEVL</u>
Common Shares i.e. Ordinary Shares of DCCL*	60.60%	of Pre-Merger Capital	108,847,200
Adjusted Shares i.e. Additional Ordinary Shares of DCCL	49.00%	of Post-Merger Capital	53,335,128
<b>Additional Securities</b>			
Perpetual and Convertible Sukuk	20.00%	of Post-Merger Capital	21,769,440
Class B - Redeemable Shares	20.00%	of Post-Merger Capital	21,769,440
<b>* 606 shares of DCCL against 1,000 shares of LSEVL</b>			<b>205,721,208</b>
Effective SWAP Ratio for the shareholders of <b>LSE Ventures Limited</b> (for all Securities)	<b>1.145</b>		
<b>Distribution to the shareholders of Digital Custodian Company Limited</b>			<b>Shareholders DCCL</b>
Adjusted Shares i.e. Additional Ordinary Shares of DCCL	49.00%		25,610,720
<b>Additional Securities</b>			
Perpetual and Convertible Sukuk	20.00%		10,453,355
Class B - Redeemable Shares	20.00%		10,453,355

**IN THE MATTER OF THE SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION  
FOR THE AMALGAMATION/MERGER OF LSE VENTURES LIMITED  
WITH & INTO  
THE DIGITAL CUSTODIAN COMPANY LIMITED**

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1. The Board of Directors of LSE Ventures Limited (or Digital Custodian Company) in its meetings, held on Jan 30<sup>th</sup>, 2024, has approved the following, and have recommended for the adoption of the same as special resolutions in the EOGM of the Company, to be convened under the orders of the honorable Lahore High Court (LHC):
2.
  - a. the attached Scheme of Compromises, Arrangement and Reconstruction, and its filing with the honorable Lahore High Court (LHC), for seeking the sanction of the Court for the amalgamation / merger / partial merger of LSE Ventures Limited with and into Digital Custodian Company Limited, under Part-I of the Scheme in terms of the provisions of Sections 279 to 283 of the Companies Act, 2017;
  - b. the issuance of Class-B Redeemable shares and Perpetual and Convertible Sukuks under Part II of the Scheme and all other enabling provisions under the Securities Act, 2015 [Section 87(4)(d)(i)], the Companies Act, 2017 (Sections 66 & 83), The Structuring of Debt Securities Regulations, 2020 & The Companies (Further Issue of Shares) Regulations, 2020;
  - c. the specific changes in the Articles and Memorandum of Association of Digital Custodian Company, for (1) increasing the authorized (and paid up) capital of the Company, (2) enabling the company to incorporate the revised object clause in its principal line of business as described in the objectives of the Scheme, and (3) allowing the issuance of additional securities (Class B Redeemable Shares and Perpetual and Convertible Sukuks) to the shareholders of the merging companies as per the Scheme.
3. The Board of directors of LSE Ventures Limited (or Digital Custodian Company) has also approved the swap ratio, having been determined by M/s Kreston Hyderbhimji & Co., Chartered Accountants, together with the Distribution ratio and the Effective Swap ratio for different kinds of allocations to be made under the Scheme for the overall beneficial allotment of the equity shares and securities to the shareholders of the merging companies.
4. The Board of Directors of LSE Ventures Limited (or Digital Custodian Company) has also approved the following resolutions, and has also recommended the same to their respective shareholders for approval of the same as special resolutions, with or without amendments/alterations, if any, as and when the EOGM of the Company is convened under the orders of the honorable Lahore High Court, along with the Statement of Information accompanying the Notice to the Members under Section 281(1)(A) / 134(3) of the Companies Act, 2017:
  - 1) **“RESOLVED THAT** pursuant to the provisions of Section 279 to 283 of the Companies, Act, 2017 and all other applicable provisions, if any, and subject to the sanction by the Honorable Lahore High Court, the merger of LSE Ventures Limited (‘Transferor Company’) with and into Digital Custodian Company Limited (‘Transferee Company’) as per the Scheme of Amalgamation/ Merger, as placed before the shareholders, be and are hereby approved”;

- 2) **“RESOLVED FURTHER THAT** the Scheme of merger/amalgamation of LSE Ventures Limited (& its Members) with and into the Digital Custodian Company Limited (& its Members), be and is hereby specifically approved’;
- 3) **“RESOLVED FURTHER THAT** the swap ratio, having been determined by M/s Kreston Hyderbhimji & Co., Chartered Accountants, together with the Distribution ratio and the Effective Swap ratio for different kinds of allocations to be made under the Scheme, be and are hereby approved, for enabling the beneficial allotment of the equity shares and securities to the shareholders of the merging companies as per the Scheme”;
- 4) **RESOLVED FURTHER THAT** approval be and is hereby given to the Board of Directors of LSE Ventures Limited and Digital custodian Company Limited to amend any of the Swap ratio, Distribution ratio and/or Effective Swap ratio, as the case may be, if advised or directed by the honorable Lahore High Court for the issuance of common shares and additional securities of Digital Custodian Company Limited to the shareholders of the LSE Ventures Limited.
- 5) **RESOLVED FURTHER THAT** the specific changes in the Articles and Memorandum of Association of Digital Custodian Company, be and hereby approved, for (1) increasing the authorized (and paid up) capital of the Company, (2) enabling the company to incorporate the revised object clause in its principal line of business as described in the objectives of the Scheme, and (3) allowing the issuance of additional securities (Class B Redeemable Shares and Perpetual and Convertible Sukuks) to the shareholders of the merging companies as per the Scheme.
- 6) **RESOLVED FURTHER THAT** pursuant to the provision of Section 279 to 283 of the Companies, Act, 2017 and other applicable provisions, necessary joint/separate application(s), petition(s) and may be moved by the Chief Executive Officer or the Company Secretary of Digital Custodian Company Limited singly before the Honorable Lahore High Court, for seeking its directions as to convening, holding and conducting of any meeting(s) of the shareholders and creditors (if any) or dispensation thereof, as the case may be, including for the appointment of Chairman, issuance and dispatch of notices and placement of advertisements and for seeking any other directions as the Honorable Lahore High Court may deem fit and proper and for seeking the approval of the proposed amalgamation/ merger and the proposed Scheme of Amalgamation / Merger.”
- 7) **“RESOLVED FURTHER THAT** Chief Executive or the Company Secretary of Digital Custodian Company Limited and/or LSE Ventures Limited (as the case may be), be and is hereby singly authorized to sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and to swear affidavits or execute bonds for the above-mentioned amalgamation/ merger to the competent authorities including but not limited to honorable Lahore High Court, the Securities & Exchange Commission of Pakistan, and the Competition Commission of Pakistan”;
- 8) **RESOLVED FURTHER THAT** the Chief Executive Officer or the Company Secretary of the Digital Custodian Company Limited, be and are hereby singly authorized to submit the certified true copies of the resolutions passed by the shareholders of the Company (i.e. respective company/ corporate undertaking) to the Honorable Lahore High Court, the Registrar of

Companies, the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited and such other competent authorities, if necessary.”

**9) RESOLVED FURTHER THAT** the Chief Executive Officer, or the Company Secretary of the Digital Custodian Company Limited, be and are hereby singly authorized:

- a) To sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and to swear affidavits or execute bonds for the above-mentioned amalgamation/merger;
- b) To engage any counsel(s)/advocate(s)/consultant(s) to file the application(s) and petition(s) before the Honorable Lahore High Court, and to do other needful tasks;
- c) To appear [in person or through representative(s)] before the Honorable Lahore High Court; the Offices of the Registrar of the Companies; the Securities and Exchange Commission of Pakistan; Pakistan Stock Exchange Limited and/or before any other authority or person in connection with the aforesaid amalgamation/merger; and
- d) To do any other act, deed or thing which may be ancillary or incidental to the above-mentioned matter or which may otherwise be required for the aforesaid purpose.

**10) “RESOLVED FURTHER THAT** the approval of the shareholders be and is hereby also granted to the terms and conditions as set out in the draft Scheme of Amalgamation/ Merger, which includes, inter-alia, the following:

- (a) That all asset and liabilities including Income Tax and all other statutory liabilities of the Transferor Company (LSE Ventures Limited) will be transferred to and shall vest in the Transferee Company i.e. Digital Custodian Company Limited (as described in Schedule – 1 of the Scheme);
- (b) That the Scheme of Amalgamation / Merger shall be effective from Effective Date, the provisions of the Scheme, so far as they relate to transfer and vesting of the business and undertaking(s) of the Transferor Company (as described in Schedule – 1 , Schedule – 3 and Schedule - 6 of the Scheme) into the Transferee Company, shall be applicable and come into operation from the Sanction Date or such other date as the Honorable Lahore High Court may approve;
- (c) That all the employees of the Transferor Company (i.e. LSE Ventures Limited), if any, in service on the date immediately preceding the date on which Scheme finally takes effect i.e. the Effective Date, shall become the employees of the Transferee Company i.e. Digital Custodian Company Limited (as described in Schedule – 4 of the Scheme) on such date without any break or interruption in service and upon terms and conditions not less favorable than those subsisting in the concerned Transferor Company on the said date;
- (d) That the listing status of the LSE Ventures Limited (LSEVL) with the Pakistan Stock Exchange Limited (PSX) and eligibility status (of LSEVL) with Central Depository Company of Pakistan Limited (CDC) along with all privileges, rights and liabilities of the Transferor

Company with PSX and CDC shall be transferred in the names of the Digital custodian Company Limited (as described in the Scheme).

- 11) RESOLVED FURTHER THAT** approval be and is hereby accorded to approve the terms and conditions as deliberated in the Article-6 of the Scheme for issuance of additional securities and no further approval is required from the shareholders for their issuance.
- 12) RESOLVED FURTHER THAT** approval be and is hereby accorded under Section 83(1)(b) of the Companies Act, 2017 for the possible conversion of 32,222,795 Digital Custodian Company Limited – Perpetual and Convertible Sukuk into 32,222,795 ordinary shares of the Company on triggering events as deliberated in the Scheme.
- 13) RESOLVED FURTHER THAT** the approval be and is hereby accorded to approve the shelf registration of further Rs. 500,000,000 divided into 50,000,000 Digital Custodian Company Limited – Perpetual and Convertible Sukuk of Rs. 10.00 each that can be issued to the existing shareholders as a bonus or right.
- 14) RESOLVED FURTHER THAT** approval be and is hereby accorded under Section 83(1)(b) of the Companies Act, 2017 for the possible conversion of further 50,000,000 Digital Custodian Company Limited – Perpetual and Convertible Sukuk (as kept under Shelf Registration) into 50,000,000 ordinary shares of the Company on triggering events as deliberated in the Scheme.