**VIS**
Credit Rating Company Limited

RATING REPORT

# LSE VENTURES LIMITED


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## RATING DETAILS

| RATINGS CATEGORY | Latest Rating | | Previous Rating | |
|---|---|---|---|---|
| | Long-term | Short-term | Long-term | Short-term |
| ENTITY | AA- | A1 | AA- | A1 |
| RATING OUTLOOK/ WATCH | Stable | | Stable | |
| RATING ACTION | Reaffirmed | | Upgrade | |
| RATING DATE | August 11, 2026 | | July 07, 2025 | |

| Shareholding (5% or More) | Other Information |
|---|---|
| LSE Capital Limited – 27.84% | Incorporated in 2022 |
| Directors – 14.07%% | Public Limited Company (listed) |
| Joint Stock Companies – 45.27% | Chief Executive Officer: Mr. Aftab Ahmed Chaudhry |
| General Public – 12.82% | External Auditor: Ilyas Saeed & Co. |

## Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings

https://docs.vis.com.pk/docs/CorporateMethodology.pdf

## Rating Scale

https://docs.vis.com.pk/docs/VISRatingScales.pdf

## Rating Rationale

LSE Ventures' investment portfolio continues to underpin its strong financial risk profile through strategic holdings in well-established and financially sound institutions, including PACRA, CDC, NCCPL, and Pakistan GasPort Consortium Limited (PGPC). These investee companies benefit from resilient business models, sound credit fundamentals, and demonstrated capacity to generate consistent dividend streams, providing the Company with stable and predictable cash flows while preserving the quality of its asset base. The portfolio's concentration in key capital market infrastructure entities further enhances its defensive characteristics and supports earnings stability. The assigned ratings derive considerable support from the Company's conservative investment philosophy and its commitment to maintaining a high-quality investment portfolio. Management's investment strategy to maintain at least 70% of the new portfolio in entities rated in the 'AA' category or above, while exposure to 'A+' rated investments will be capped at 30%, materially reduces investment risk. Going forward, the ratings remain contingent upon the Company's ability to preserve this disciplined investment strategy, maintain its portfolio within the high-grade credit spectrum, and continue generating sustainable dividend income from its core strategic investments.

## Company Profile

LSE Ventures Limited ('LSEVL' or the 'Company') was registered on July 18, 2022 under the Companies Act, 2017 as a public unlisted company limited by shares. In June 2023, the Company obtained the listing status under the symbol "LSEVL" at Pakistan Stock Exchange (PSX) as a result of demerger scheme approved on April 26, 2023 by the Honorable Lahore High Court (LHC), accomplished through a reverse merger with Data Textiles Limited. The Company's principal line of business is to invest in shares, bonds, stocks, units of mutual funds or any other securities or its related instruments or otherwise in all types of real assets and in such manner as may from time to time be determined by the Company and to hold, or sale such real assets, shares, bonds, stocks, units of mutual funds or any other securities or its related instruments, subject to the compliance with applicable laws. On January 27, 2026, the Company obtained a license under of the Corporate Restructuring Companies Act - 2016. This positions the Company to be deemed as a financial institition for the purposes of clause (a) of Section 2 of Financial Institutions (Recovery of Finances) Ordinance - 2001. The new license also enables LSEVL to acquire non-performing assets of financial institutions, and restructure, reorganize, revive and liquidate these distressed companies or their businesses. The head office / registered office of the Company is located at The Exchange Hub, LSE Plaza, 19, Khayaban-e-Aiwan-e-Iqbal, Lahore, Pakistan. LSEVL primarily manages the legacy equity investments made by the former Lahore Stock Exchange (LSE) during its operation as a stock exchange. These investments position LSEVL as a significant stakeholder in the domestic capital market, with major shareholdings in key capital market infrastructure entities, including the Pakistan Credit Rating Agency (PACRA), National Clearing Company of Pakistan Limited (NCCPL), Central Depository Company of Pakistan (CDC), and Pakistan Mercantile Exchange Limited (PMEX).

## Management and Governance

### CHAIRMAN/CEO PROFILE

Mr. Muhammad Iqbal serves as the Chairman of LSEVL. He is a fellow of the Institute of Chartered Accountants of Pakistan, is a seasoned industrialist and capital markets expert with extensive experience in textiles, sugar, and construction. A Pakistan Stock Exchange member since 1990 and stock market investor. He has held key roles, including Chairman at Al-Abbas Sugar Mills, CEO of Security Stock Fund, and Director at BMA Capital Management.

Mr. Aftab Ahmed Ch serves as the CEO of LSEVL. He is an MBA graduate from Nicholls State University and alumnus of Stanford's Executive Program, has over 30 years of experience spanning logistics, procurement, budget management, and financial markets. Currently, Mr. Aftab works for a market development entity-E-Finance Solutions Ltd, and renders board and committee level services to some corporates and not for profit initiatives.

### BOARD & SENIOR MANAGEMENT

| Name | Director |
|---|---|
| Mr. Muhammad Iqbal | Chairman (Non-Executive Director) |
| Sardar Shahbaz Iqbal Ahmed Khan | Non-Executive Director |
| Mr. M. Tabassum Munir | Independent Director |
| Mr. Muhammad SaleemTabassum Ahmad Ranjha | |
| Ms. Mehr Saleem | |
| Ms. Aasiya Riaz | Executive Director |
| Mr. Aftab Ahmad Chaudhry | CEO (Executive Director) |

The Board comprises seven directors, including the Chief Executive Officer, with an appropriate mix of two Executive Directors, two Non-Executive Directors and three Independent Directors, in compliance with Code of Corporate Governance. During FY25, the Board witnessed certain changes prior to the election of directors, including the resignation of Mr. Amir Zia (Non-Executive Director) on 20 June 2025 and the appointment of Mr. Muhammad Iqbal as a Non-Executive Director on 24 June 2025. Subsequently, following the election of directors at the Extraordinary General Meeting (EOGM) held on 16 August 2025, the Board was reconstituted. The reconstituted Board included the induction of Sardar Shahbaz Iqbal Ahmed Khan as Non-Executive Director, and Ms. Mehr Saleem and Mr. Muhammad Saleem Ahmad Ranjha as Independent Directors, replacing Ms. Minahil Ali, Dr. Zahid Mahmood and Mr. Shahnawaz Mahmood, respectively. Furthermore, Ms. Aasiya Riaz transitioned from Non-Executive Director to Executive Director. No further changes in the Board composition were reported through the nine months ended March 31, 2026.

The Board operates through two committees: the Audit Committee (AC) and Human Resource & Remuneration Committee (HRRC); all chaired by Independent Directors, ensuring robust governance and oversight. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance. The Company has not constituted a separate Investment Committee. Investment proposals are initially reviewed by the Audit Committee before being presented to the Board of Directors for final approval. Management stated that all investment decisions are undertaken in accordance with the Company's approved investment policies and the applicable regulatory framework.

### AUDIT OPINION

M/s. Ilyas Saeed & Co., Chartered Accountants, categorized as 'Category A' on the SBP's Panel of Auditors, serve as the Company's statutory auditors. Management informed that the Company follows a practice of rotating its external auditors approximately every two years. The FY25 audit resulted in an unqualified and unmodified audit opinion.

## Risk Management Framework

LSEVL maintains an established risk management framework to support its investment activities, with investment decisions guided by approved policies and defined investment criteria. The framework emphasizes investments in companies with established operating track records, positive cash flows and sound governance practices. Investment proposals are evaluated based on comprehensive due diligence, including financial, legal and commercial assessments, while expected returns are benchmarked against the Company's Minimum Acceptable Rate of Return (MARR), incorporating an appropriate risk premium over the Weighted Average Cost of Capital (WACC). Governance safeguards, including Board oversight, representation rights where applicable and contractual protections, are incorporated to safeguard the Company's investment interests. During the due diligence meeting, management confirmed that no material changes have been made to the Company's risk management framework since the previous year. Furthermore, investment proposals continue to be reviewed by the Audit Committee before being submitted to the Board of Directors for final approval, with all investment decisions undertaken in accordance with the Company's approved investment policy and applicable regulatory requirements.

## Financial Risk

### ASSET MIX

| (Rs. in million) | 30-Jun-25 | % | 31-Mar-26 | % |
|---|---|---|---|---|
| Investment in Associates | 2,168.90 | 66.20% | 2,661.20 | 56.40% |
| Financial Assets | 788.8 | 24.10% | 1,721.60 | 36.50% |
| Trade & Other Receivables | 241.3 | 7.40% | 269.5 | 5.70% |
| Cash & Bank Balances | 29.3 | 0.90% | 54.6 | 1.20% |
| Assets Classified as Held for Sale | 47.1 | 1.40% | - | - |
| Total Assets | 3,275.80 | 100% | 4,721.00 | 100% |

The Company's asset base remained predominantly investment-driven, with Investment in Associates and Financial Assets collectively accounting for 90.3% of total assets at end-FY25 and 92.9% at end-9MFY26. Total assets increased by 44.1% during 9MFY26, primarily driven by growth in the investment portfolio. Investment in Associates increased to PKR 2.66bn (FY25: PKR 2.17bn), while other investments more than doubled to PKR 1.72bn (FY25: PKR 0.79bn), primarily reflecting fair value appreciation. Trade and Other Receivables remained modest, while Cash and Bank Balances increased to PKR 54.6mn, providing adequate liquidity for operational requirements. Assets classified as held for sale, namely PACRA, amounting to PKR 47.1mn at end-FY25, were restated as management decided to retain this investment .

| Investments | % Holding in respective company |
|---|---|
| The Pakistan Credit Rating Agency Limited (PACRA) | 34.00% |
| Central Depository Company of Pakistan Limited (CDC) | 10.00% |
| National Clearing Company of Pakistan Limited (NCCPL) | 24.00% |
| Pakistan GasPort Consortium Ltd. – Preference Shares | 33.00% |
| Pakistan Mercantile Exchange Limited (PMEX) | 7.50% |

| | |
|---|---|
| LSE Financial Services Limited (LSEFSL) | 28.03% |
| LSE Capital Limited (LSECL) | 19.00% |
| Digital Custodian Company Limited (DCCL) | 10.00% |

The Company's investment portfolio continues to comprise strategic holdings in key capital market infrastructure entities. Management highlighted that these investments continue to generate stable returns and remain aligned with the Company's long-term investment strategy. LSEVL continues to maintain a concentrated investment portfolio, with dividend income primarily generated from four core investments, namely CDC, NCCPL, PACRA and PGPC. Dividend receipts amounted to approximately PKR 400 million during FY25 and 9MFY26 also tracking the same. No new investments have been undertaken during the review period, with changes in the investment portfolio primarily reflecting fair value remeasurements. Innvestments in SSR Pictures and Berlitz were written off during FY24.

Management indicated that the Company's immediate focus remains on maximizing returns from its existing investment portfolio . The investment strategy continues to emphasize long-term strategic holdings capable of generating sustainable dividend income and capital appreciation.

## PROFITABILITY

LSEVL's earnings continue to be primarily supported by dividend income from its investment portfolio. During FY25, revenue increased to PKR 466.3mn (FY24: PKR 285.6mn), with dividend income accounting for 86.0% of total revenue (FY24: 67.3%). Administrative and general expenses increased to PKR 131.2mn (FY24: PKR 102.8mn), mainly due to higher shared service costs, while other income rose to PKR 14.9mn (FY24: PKR 9.0mn) on account of higher markup income from an associated company. The post-tax share of profit from associates declined to PKR 37.3mn (FY24: PKR 129.1mn), reflecting lower contribution from associate companies. Nevertheless, operating profit improved to PKR 378.5mn (FY24: PKR 297.0mn), while lower finance costs of PKR 2.7mn (FY24: PKR 6.8mn) supported an increase in profit after tax to PKR 208.6mn (FY24: PKR 187.1mn).

Profitability strengthened significantly during 9MFY26, with profit after tax increasing to PKR 991.9mn (9MFY25: PKR 215.9mn), primarily driven by unrealized fair value gains on the PACRA investment, reflected in higher other income of PKR 805.6mn (9MFY25: PKR 13.8mn), along with improved earnings from associates.

## CAPITALIZATION

LSEVL continues to maintain a debt-free and equity-funded capital structure, supporting a low financial risk profile and providing financial flexibility for future growth. During 9MFY26, the Company completed a stock split, reducing the face value of its ordinary shares from PKR 10 to PKR 5 per share, followed by the successful completion of a PKR 200.0mn Right Issue, resulting in an increase in paid-up capital to PKR 1.996bn (FY25: PKR 1.796bn). According to management, the proceeds are intended to strengthen the Company's capital base and support portfolio diversification, with emphasis on strategic investment opportunities.. The Company also expects its recently obtained Corporate Restructuring Company (CRC) licence to commence contributing to earnings from the next financial year. Going forward, while the Company intends to continue financing operations primarily through equity, any future use of leverage to support portfolio expansion will remain an important consideration from a credit perspective.

| Financial Summary | | | | (PKR Mn) Appendix I |
|---|---|---|---|---|
| **Balance Sheet** | **FY23A** | **FY24A** | **FY25A** | **9MFY26M** |
| **Long-term Investments** | 1,600.9 | 1,143.2 | 2,168.9 | 4,382.8 |
| **Cash & Bank Balances** | 83.9 | 3.0 | 29.3 | 54.6 |
| **Other Assets** | 775.3 | 1,710.8 | 1,077.6 | 283.6 |
| **Total Assets** | 2,460.1 | 2,857.0 | 3,275.8 | 4,721.0 |
| **Creditors** | - | - | 20.5 | 46.3 |
| **Other Liabilities** | 262.9 | 414.9 | 599.6 | 714.9 |
| **Total Liabilities** | 262.9 | 414.9 | 620.1 | 761.2 |
| **Paid up Capital** | 1,796.0 | 1,796.0 | 1,796.0 | 1,996.0 |
| **Revenue Reserve** | 362.8 | 466.9 | 495.8 | 1,308.1 |
| **Equity (excl. Revaluation Surplus)** | 2,197.2 | 2,442.2 | 2,655.7 | 3,959.8 |
| | | | | |
| **Income Statement** | **FY23A** | **FY24A** | **FY25A** | **9MFY26M** |
| **Net Sales** | 126.6 | 285.6 | 466.3 | 360.2 |
| **Gross Profit** | 126.6 | 285.6 | 466.3 | 360.2 |
| **Operating Profit** | 238.3 | 297.0 | 378.5 | 1,082.1 |
| **Finance Costs** | 0.0 | 6.8 | 2.7 | 0.2 |
| **Profit Before Tax** | 238.3 | 290.2 | 375.9 | 1,081.9 |
| **Profit After Tax** | 221.9 | 187.1 | 208.6 | 991.9 |
| | | | | |
| **Ratio Analysis** | **FY23A** | **FY24A** | **FY25A** | **9MFY26M** |
| **Gross Margin (%)** | 100.0% | 100.0% | 100.0% | 100.0% |
| **Operating Margin (%)** | 188.2% | 104.0% | 81.2% | 300.4% |
| **Net Margin (%)** | 175.3% | 65.5% | 44.7% | 275.4% |
| **Leverage (x)** | 0.12 | 0.17 | 0.23 | 0.19 |
| **Current Ratio (x)** | 1.36 | 1.71 | 1.80 | 1.62 |
| **Return on Average Assets* (%)** | 9.0% | 7.0% | 6.8% | 33.1% |
| **Return on Average Equity* (%)** | 10.1% | 8.1% | 8.2% | 40.0% |
| **Annualized, if required* | | | | |
| A - Actual Accounts | | | | |
| M – Management Accounts | | | | |

| REGULATORY DISCLOSURES | Appendix II |
|---|---|
| Name of Rated Entity | LSE Ventures Limited |
| Sector | Miscellaneous |
| Type of Relationship | Solicited |
| Purpose of Rating | Entity Ratings |

**Rating History**

| Rating Date | Medium to Long Term | Short Term | Rating Outlook | Rating Action |
|---|---|---|---|---|
| RATING TYPE: ENTITY | | | | |
| 11-Aug-26 | AA- | A1 | Stable | Reaffirmed |
| 07-Jul-25 | AA- | A1 | Stable | Upgrade |
| 14-May-25 | A+ | A1 | Stable | Initial |

| | |
|---|---|
| Instrument Structure | N/A |
| Statement by the Rating Team | VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. |
| Probability of Default | VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default. |
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**Due Diligence Meeting Conducted**

| Name | Designation | Date |
|---|---|---|
| Mr. Aftab Ahmed Chaudhry | CEO | 9th July 2026 |
| Mr. Muhammad Usman | CFO | |