



PSX IPO Summit 2024

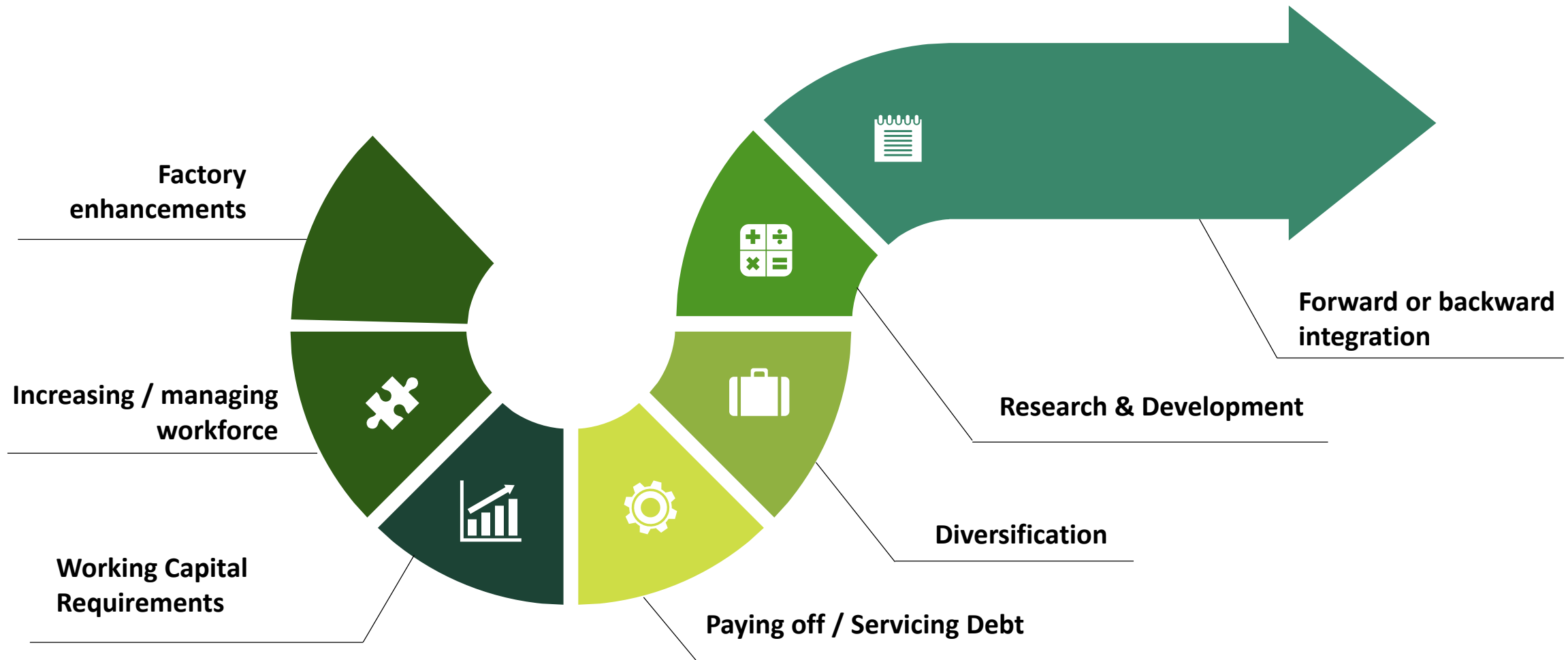
Empowering the Future of Capital Markets



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Financial needs of a business



Listing on Exchange



Pakistan Stock Exchange provides opportunity to businesses in Pakistan to list their companies.

Businesses list their companies on the Exchange and in return offer a small part of its ownership to multiple shareholders from the general public.

It is a cost efficient measure to raise long term capital, where businesses do not give away their management control



MAIN Board

- Companies with a minimum post issue paid up capital of PKR 200 million and above
- A company can go public by offering new shares or selling its existing shares.
- Must prepare periodic financial statements and publish them on website
- Must be in business for at least three years and profitable for at least two preceding years before getting listed (Exemption for Green Field Projects and flexibility for loss-making companies)

GEM Board

- A platform for small, medium and growth companies to raise capital to fund growth and expansion
- Companies with a minimum post issue paid up capital of PKR 25 million
- Only Eligible Investors are authorized to buy and sell shares of a GEM Board Listed company.
- An information Memorandum (IM) will be required to be circulated instead of the Prospectus.
- Green Field Projects and Loss-Making companies can also apply for the board

Debt

- Debt securities listed on the Stock Exchange include securities such as bonds and paper which represent loans to an entity in which the entity promises to repay the security holders the total amount borrowed.



Why List - Benefits of Listing

Raise Long Term Working Capital

For funding expansions, mergers, working capital requirements, etc.

Debt Limit Enhancement

Banks improve loan limits with competitive interest rates to listed companies with higher paid up capital or Equity

Enhances Company's Public Profile

IPOs can be effective branding and marketing tools as they attract media interest. Listed companies are regarded as industry leaders in their respective sectors.

HR Capital

Highly skilled employees are attracted to listed companies. Moreover, companies can offer Employee Stock Options to their existing work force.

Clear Regulations & FX Structure

The exchange has been facilitating foreign investors since 1991. With the availability of foreign investors, listing can help attract investment from foreign investors.

Improved Relations with Bankers and Suppliers

Due to the requisite of making financial accounts public and disclosing all price sensitive information, the banker's and supplier's trust on the company enhances.

Capital Gains Tax

Listing the company results in lower taxes for shareholders. As on Sale of Shares of unlisted company Income tax is applied whereas Capital Gains Tax is applied of selling of a listed company shares

Business Continuity and Succession Planning

Listing makes transition from first generation to the next hassle free

Added Benefits of Listing



**Improves
Liquidity**



Financial Structure

Raised capital can be injected into the company to improve financial management as the listed entity will follow International standards.



Strengthen Negotiation Power

Lenders and customers feel secure when dealing with listed entities as they are transparent and follow disclosure requirements. This allows companies to negotiate better rates with banks, suppliers and customers.



Expand Operations

The company can utilize the surplus funds to acquire newly entered ventures in the market and maintain its unique position. Can also consider expansion by J.V with International Alliances as they possess higher level of confidence and low risk rating with listed entities.

Added Benefits of Listing



Strategic Efficiency

Listing adds value to structure and team. Having an effective team and efficient resources allows the entity to improve planning and strategizing projects in line with the Organization's Mission.



Internal Controls

Code of Corporate Governance assists in building and implementing better internal controls. Internal controls increase the operational efficiency of the organization.



Succession Planning & Longevity

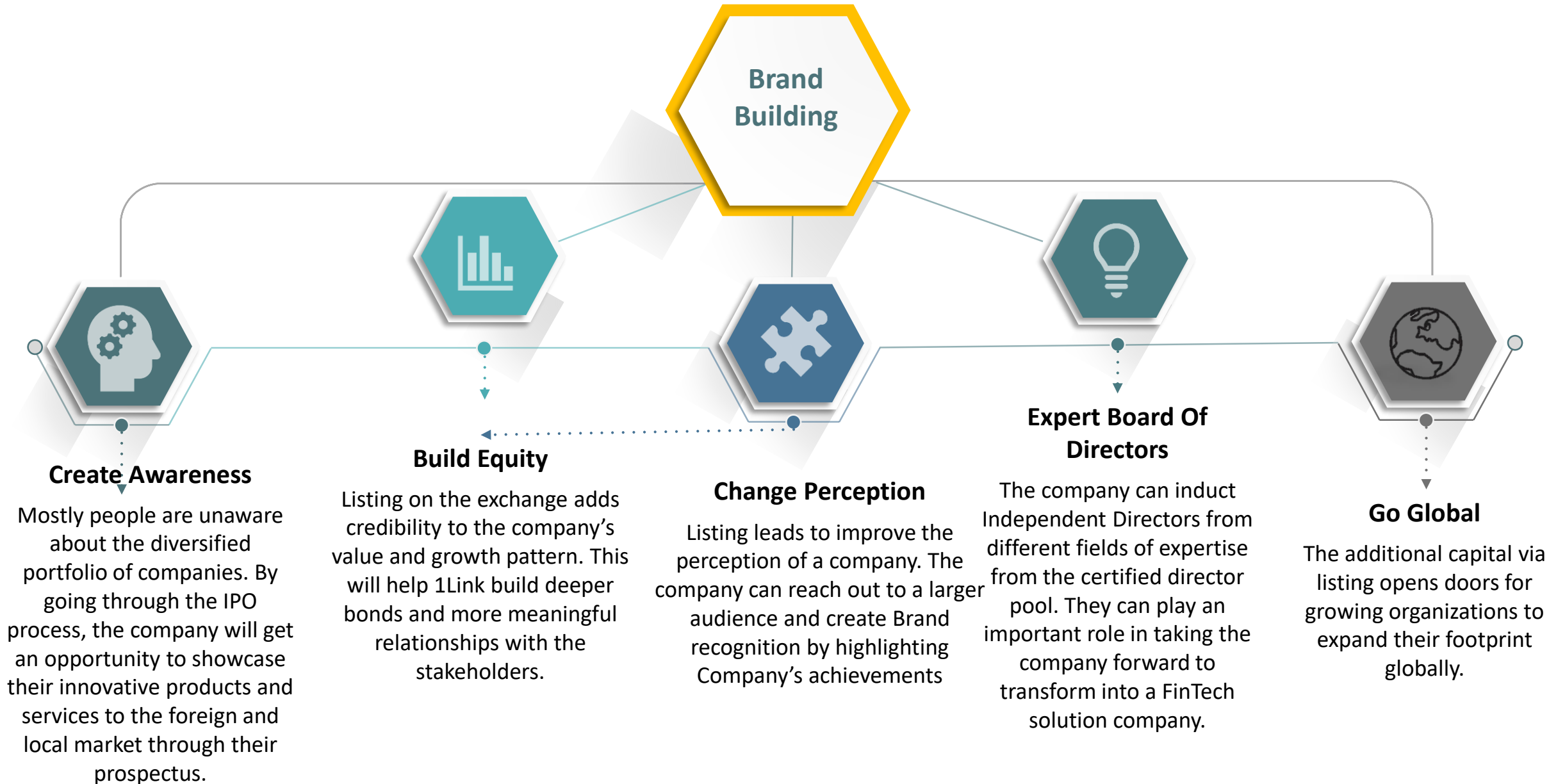
A lot of good-performing companies fail to continue the legacy after there is a change in leadership.



Corporatization

Having a strong Governance and Corporate structure allows planning that transition. This provides the organization to choose capable individuals and build robust structures for longevity.

Added Benefits of Listing



Added Benefits of Listing



Advantages of Listing on GEM Board



Cost Effective

Listing on GEM board involves reduced costs to raise capital with no SECP Fee and a minimized PSX initial listing fee capped at PKR 50,000.

Flexible Fund Raising

Listing on GEM board allows to raise capital from a large base of accredited investors. No requirement for term sheet, exclusivity clause and signing SHA, as in a typical private fund raise.

Brand Building

Listing on GEM board creates brand recognition and adds value in the profile of the company. This brings company one step closer to the Main board.

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Exit and Capital Raising

GEM board provides an opportunity for the sponsors to raise additional capital and also to liquidate portion of their shareholding.

Go Global

The additional capital via listing opens doors for growing organizations to expand their footprint globally.

Clear Regulations & FX Structure

The exchange has been facilitating foreign investors since 1991. With the availability of foreign investors, listing can help attract investment from foreign investors.

Do I give away control and decision making power? What is the amount of shares that I have to put up for listing?

- Companies have to list at least 25% of their shares, (10 % for Gem Board) hence majority of the shares i.e. 75% stay with the Major Stakeholders and founder
- By keeping majority shares, company may retain its decision making power even after listing

How does my board of directors change after an IPO listing?

- As per Code of Corporate Governance, one third independent directors have to be added to represent share-holders. All committees must be drawn from existing Board of Directors
- Board must include Audit Committee and HR&R (Human Resource & Remuneration). Nomination & Risk management committee are optional

What is the Code of Corporate Governance, 2017?

- A code which companies must follow in structuring of its Board of Directors.
- Code includes instructions such as having at least 7 directors, one female reserved seat, Chairman of Board separate from CEO and so on

What is the current dividend policy for Pakistan?

- As per Companies Act a company has the choice to distribute dividend according to their dividend policies
- A company is not liable to pay any unrealized gain on its investment property

How do I retain control of my company after an IPO? How can I restructure my company to assure this?

- Create a holding company with 100% ownership which will then own majority shares of your company
- Ensure that one entity does not buy majority shares or allocate 5% of issued shares to the employees of the company

Thank You

