



# Escorts Investment Bank

A Project of BAHRIA TOWN

TOGETHER  
WE PROSPER



## ANNUAL REPORT 2019

ESCORTS INVESTMENT BANK LIMITED

## VISION

Value addition for our stakeholders through enhanced business activity and emphasis on Better Risk Identification and Management as apposed to Risk Avoidance



## MISSION

To build Escorts Investment Bank Limited into an elite institute comparable with, if not better than, any top quality local or foreign financial institution, in terms of a progressive corporate culture and an autonomous, committed and dedicated executive Management with An Eye On the Future



# Escorts Investment Bank

A Project of BAHRIA TOWN



## Who We are?

Escorts Investment Bank Limited started its operations in October 1996.

EIBL is regulated and supervised by the Securities and Exchange Commission of Pakistan and is listed on the Pakistan Stock Exchange.

Bahria Town, a leading real estate developer has acquired majority shareholding and management control of Escorts Investment Bank Limited w.e.f. January 8, 2018 and injected PKR 1.2 billion in the bank.

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# CORPORATE INFORMATION

## Board of Directors

Mr. Zain Malik  
Chairman  
Mr. Naveed Amin  
President & Chief Executive Officer  
Mr. Rashid Ahmed  
Mr. Umair Rafique Vadria  
Mr. Karim Hatim  
Mr. Tahir Saeed Effendi  
Mr. Khawaja Nadeem Abbas

## Audit Committee

Mr. Karim Hatim  
Chairman / Member  
Mr. Zain Malik  
Member  
Mr. Tahir Saeed Effendi  
Member

## Human Resource & Remuneration (HRR) Committee

Mr. Umair Rafique Vadria  
Chairman / Member  
Mr. Zain Malik  
Member  
Mr. Naveed Amin  
Member

## Chief Financial Officer

Mr. Muhammad Usman Khalid, ACA

## Company Secretary

Mr. Ajwad Ali

## External Auditors

Tariq Abdul Ghani Maqbool & Co.  
Chartered Accountants

## Internal Auditors & Tax Consultants

Riaz Ahmad and Company  
Chartered Accountants

## Legal Advisor

Cornelius, Lane & Mufti  
Advocates & Solicitors

## Share Registrar

Hameed Majeed Associates (Pvt.) Limited

## Bankers to the Company

Bank Alfalah Limited  
MCB Bank Limited  
Sindh Bank Limited  
United Bank Limited

## Registered Office

Alfalah Building, 1<sup>st</sup> Floor, Sector-B,  
Bahria Town Lahore  
Tel: (92-42) 35341845-6  
[www.escortsbank.net](http://www.escortsbank.net)  
[info@escortsbank.net](mailto:info@escortsbank.net)  
UAN: 08000 3425



# PHOTO GALLERY

## Inauguration of Hafizabad Branch



## Inauguration of Nankana Branch



# PHOTO GALLERY

## Inauguration of Ellahabad Branch



## Signing Ceremony with Zameen.com



# NOTES FOR CALLING ANNUAL GENERAL MEETING

Notice is hereby served to all the Members of the Company that the 24<sup>th</sup> Annual General Meeting of the Members of ESCORTS INVESTMENT BANK LIMITED ("Company") will be held on Monday October 28, 2019 at 09:30 a.m. at Bahria Grand Hotel & Resort situated at Canal Bank Road, Executive Lodges, Sector-B, Bahria Town, Lahore, to transact the following business:

## ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on October 29, 2018.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended June 30, 2019 together with the Directors' and Auditors' report thereon;
3. To appoint External Auditors for the year ending June 30, 2020 and fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, M/s Tariq Abdul Ghani Maqbool and Company Chartered Accountants who being eligible have offered themselves for re-appointment.

## SPECIAL BUSINESS:

4. To consider dissemination of annual audited accounts through CD or DVD or USB instead of transmitting the same in the form of hard copy. However, for convenience of shareholders Standard Request Form will be uploaded on Company's website for those who opt to receive Annual Audited Accounts at their registered address of through email:

"Resolved that dissemination of information regarding Annual Audited Accounts to the Shareholders in soft form i.e. CD or DVD or USB as notified by Securities & Exchange Commission of Pakistan vide its SRO 470(I)/2016 dated May 31, 2016 be and is hereby approved."

## OTHER BUSINESS:

5. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD



AJWAD ALI

COMPANY SECRETARY

Lahore  
October 07, 2019

## Notes:

1. The share transfer books of the Company will remain closed from October 22, 2019 to October 28, 2019 (both days inclusive). Transfers received in order at the office of Company's Share Registrar M/s Hameed Majeed Associates (Pvt.) Limited, HM House, 7-Bank Square, Lahore, by close of business on Monday, October 21, 2019, will be considered in time, to entitle the transferees to attend and vote at the AGM.
2. All members are entitled to attend and vote at the Meeting. A member entitled to attend and vote may appoint another member as his / her proxy to attend and vote in his / her behalf. Proxies in order to be effective must be received by the Company at the registered office not less than forty eight (48) hours before the time of holding meeting.
3. An instrument of proxy applicable for the Meeting is being provided with the notice sent to the members. Further copies of the instrument may be obtained from the registered office of the Company during normal office hours. The proxy form can also be downloaded from the Company's website: [www.escortsbank.net/](http://www.escortsbank.net/)
4. The members are requested to submit a copy of their Computerised National Identity Card (CNIC), if not already provided and immediately notify changes if any, in their addresses to our Share Registrar Hameed Majeed Associates (Pvt.) Limited.
5. CDC Account Holders will further have to follow the below mentioned guidelines as laid down in Circular 1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

### A. For attending the meeting:

- i) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
- ii) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her CNIC or original passport at the time of attending the meeting.

### B. For appointing proxies:

- i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the proxy form.



# NOTES FOR CALLING ANNUAL GENERAL MEETING

- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

## **Circulation of Accounts via Email**

As per SRO 787 (I)/2014 the transmission of Annual Financial Statements along with Notice to members through email shall be considered compliance with relevant requirements of Companies Act.

In this regard, shareholders are requested to fill the following form and submit to the Registered Office of the Company:

I/We ..... of ..... being a member of Escorts Investment Bank Limited, holder of ..... Ordinary shares as per Registered Folio number/CDC A/c # ..... E-mail ID ..... having CNIC No. ....

The above e-mail address please be recorded in the members register maintained under Section 120 of the Companies Act, 2017.

I will inform the Company or the Registrar about any change in my e-mail address immediately. Henceforth, I will receive the Audited Financial Statements along with Notice only on the above e-mail address, unless a hard copy has been specifically requested by me.

\_\_\_\_\_  
Signature of Member

## **ANNEXURE-1**

### **STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017 PERTAINING TO THE SPECIAL BUSINESS**

This statement sets out the material facts concerning the Special Business listed at agenda item 4 to be transacted at the forthcoming Annual General Meeting of the Company to be held on October 28, 2019.

In order to implement SECP directions with respect to transmission / circulation of information such as Annual Audited Accounts through CD/DVD/USB to all members instead of hard copies. Resolution is part of notice for concurrence of shareholders to adopted newly introduced mode of transmission.

### **CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT & NOTICE OF ANNUAL GENERAL MEETING**

M/s Hameed Majeed Associates (Pvt.) Limited  
HM House, 7 – Bank Square, Lahore  
Email: shares@hmaconsultants.com

### **Subject: CONSENT FORM FOR ELECTRONIC TRANSMISSION OF ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING**

Dear Sirs,

I/we, being the shareholder(s) of Escorts Investment Bank Limited ("Company"), do hereby consent and authorize the Company for electronic transmission of the Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the Company of any change in my Email address. I understand that the transmission of Annual Audited Financial Statements of the Company along with Notice of Annual General Meeting via the Email shall meet the requirements of Companies Act 2017.

1. Name of Shareholder(s):
2. Fathers / Husband Name:
3. CNIC:
4. NTN:
5. Participant ID / Folio No:
6. E -mail address:
7. Telephone:
8. Mailing address:

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

(In case of corporate shareholders, the authorized signatory must sign)

# CHAIRMAN'S REVIEW REPORT

Escorts Investment Bank Limited ("EIBL") was a defunct / non-functioning entity and heavily burdened with obligations towards its creditors / depositors when in January 2018 Bahria Town (Private) Limited ("BTPL"), the largest private sector real estate developer of Pakistan, took the initiative to revive EIBL and secure the public interests (especially the shareholders and depositors) by injecting more than Rupees 1.2 billion and thereby clearing the outstanding liabilities (including depositor's payments along with mark-up).

The new management has adopted a two-pronged approach: revival and expansion. Salient initiatives include streamlining of regulatory matters (renewal of licenses etc.), opening new branches, setting up mortgage / housing finance business, building IT infrastructure, operational policies and manuals, employing best human resources etc. Furthermore, the affairs of EIBL are under consistent supervision and guidance of a well-structured Board comprising leading professionals having enviable experience of the industry.


Objective of EIBL further strengthens and supports the vision of Prime Minister of Pakistan Mr. Imran Khan i.e. provision of houses via Naya Pakistan Housing Scheme and creation of job opportunities for public through mortgage financing and BTPL will Insha Allah participate in this scheme too in future which requires huge funds.

We have always been conscious about our Corporate Social responsibility (CSR) for the wellbeing and uplift of the masses especially about low-income strata. In the pursuit of our vision and to support National Financial Inclusion Strategy (NFIS), Company had decided to launch Microfinance activity which has been mostly untapped area for investment banks in Pakistan. We are Alhamdulillah successfully running the micro finance business and exploring other options too.

The core essence of acquiring a defunct, loss making institution with huge public liability by BTPL was based on only one pre-requisite that EIBL would be allowed to generate deposits from individuals to undertake housing finance and other allowed business activities. This was agreed and intimated to BTPL by SECP through written and verbal confirmations. We, EIBL, have secured the public interest by paying off the liabilities of approx. Rupees 531 million to long outstanding depositors which could not have been possible has SECP not extended the relaxations graciously as per its initial commitments. But soon after we (EIBL and BTPL) fulfill their commitments, the SECP curtailed the relaxations given to EIBL which has started effecting our business model and currently we are under litigation with SECP on this matter.

I would like to place here my sincere gratitude to my fellow board members, consultants and team, who devoted their valuable time in the development, monitoring and reviewing of the policies and business model to ensure business operations are running smoothly. I am confident that the company will continue to grow in future and God willing, will become a leading institution in NBFC sector.

Many thanks!



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Zain Malik  
Chairman

# چیرمین کی جائزہ رپورٹ

## چیرمین کی جائزہ رپورٹ

ایس کارٹس انویسٹمنٹ بینک لمیٹڈ ("EIBL") ناکارہ/غیر فعال ادارہ تھا اور جب جنوری 2018ء میں پاکستان کے سب سے بڑے نجی ریٹیل اسٹیٹ ڈیویلپمنٹ بجریہ ٹاؤن (پرائیویٹ) لمیٹڈ ("BTPL") نے EIBL کی بحالی کا آغاز کیا تو اس کے ذمہ قرض خواہان/ڈیپازٹرز کو بھاری رقوم واجب الادا تھیں۔ 1.2 بلین روپے صرف کر کے EIBL نے عوامی مفادات (خصوصاً حصص داران اور ڈیپازٹرز) کو محفوظ کیا ہے۔ اور اس طرح بینک نے اپنے واجبات (بشمول مارک اپ بمعہ ڈیپازٹرز کی رقوم) ادا کئے ہیں۔

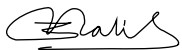
نئی انتظامیہ نے بحالی اور توسیع پر مشتمل دو طرفہ طریقہ کار اپنایا ہے۔ بحالی اور توسیع نمایاں اقدامات میں ریگولیٹری معاملات (لائسنس وغیرہ کی تجدید) کو نپٹانا، فعال پالیسیاں اور مینوئل، قابل انسانی وسائل کی تقرری شامل ہیں۔ مزید برآں EIBL کے معاملات صنعت کا قابل رشک تجربہ رکھنے والے ماہر بورڈ اراکین کی مسلسل نگرانی اور رہنمائی کے زیر سایہ ہیں۔

EIBL کا مقصد وزیراعظم پاکستان عمران خان کے ویژن مورچنگ فنانسنگ کے تحت عوام کے لئے ملازمت کے مواقع پیدا کرنا اور نیا پاکستان ہاؤسنگ سکیم کے ذریعے گھروں کی تعمیر کی بھرپور ترجمانی کرتا ہے۔ انشاء اللہ BTPL اس سکیم میں اپنا کردار ادا کرے گی جس میں بھاری رقوم کی ضرورت ہوتی ہے۔ ہم عوام الناس خصوصاً کم آمدنی والے افراد کی فلاح و بہبود کے لئے اپنی کاروباری سماجی ذمہ داری (CSR) سے متعلق ہمیشہ سے متحرک ہیں۔ اپنے ویژن کے حصول اور نیشنل فنانسینشل انکلوژن سٹریٹیجی (NFIS) میں تعاون کے لئے کمپنی نے مائیکرو فنانس سرگرمیوں کے آغاز کا فیصلہ کیا ہے جو پاکستان میں سرمایہ داری بینکوں کے لئے ایک نیا شعبہ ہے۔ الحمد للہ ہم کامیابی سے مائیکرو فنانس کاروبار کو چلا رہے ہیں اور نئے مواقع دریافت کرنے کی کوشش کر رہے ہیں۔

ناکارہ اور خسارے والی کمپنی کو حاصل کرنے کا مقصد یہ تھا کہ EIBL انفرادی لوگوں سے ڈپازٹ لے کر ہاؤسنگ فنانس اور دیگر کاروباری سرگرمیوں کو شروع کرے گا اور اس پر SECP نے BTPL کو اپنی رضا مندی سے زبانی اور تحریری طور پر مطلع کیا تھا۔ ہم EIBL نے عوامی مفادات میں تقریباً 531 ملین روپے کے واجبات ادا کئے اور یہ SECP کی جانب سے دی گئی منظوری کے بغیر ممکن نہ ہوتا۔ لیکن جوں ہی (EIBL اور BTPL) نے اپنے عہد کو پورا کیا SECP نے EIBL کو دی گئی منظوری کو ختم کر دیا ہے جس کی وجہ سے ہمارا کاروبار اور تاحال ہم اس معاملہ پر SECP کے ساتھ قانونی چارہ جوئی کر رہے ہیں۔

میں اس موقع پر اپنے ساتھی بورڈ اراکین، مشیر اور ٹیم کے انتہائی شکر گزار ہوں جنہوں نے اپنا قیمتی وقت کاروباری ماڈل اور پالیسیوں میں بہتری، نگرانی اور نظر ثانی میں صرف کیا تاکہ کاروباری آپریشنز آسانی سے رواں ہو سکیں۔ میں پر امید ہوں کہ کمپنی مستقبل میں مزید ترقی پائے گی اور اللہ کی مہربانی سے NBFC سیکٹر میں معروف ادارہ بنے گی۔

بہت شکریہ!



زین ملک

چیرمین

# DIRECTORS' REPORT

The Board of Directors of Escorts Investment Bank Limited (“**Company**”) are pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended June 30, 2019 and independent Auditor's Report thereon.

## BUSINESS AND OPERATION REVIEW

The financial sector continues to witness the ramifications originating from the weak socio-economic conditions. However, Financial Year 2018-19 has been proved to be a good year in terms of multiple factors which include increased footprint of the Company by establishing new branches, increased customer demand in microfinance, no default on lending which were the main reasons for curtailed loss of the Company to Rs. 50.296 million in current year (last year Rs. 154.409 million) despite of unprecedented increase in discount rate.

### House Finance

Though continuous increased discount rate and inflationary conditions over the period under review have dented the purchasing power of local customers, yet, your Company has managed to find the emerged opportunity. On contrary, devaluation of Rupee has enhanced the purchasing power of overseas Pakistanis who are therefore not affected by increased lending rates. This overseas customer base is tapped successfully and your Company remained successful in grabbing the business opportunity out of such challenged conditions. The Company has also engaged in the other financing activities to cater the working capital need of entities.

### Microfinance Business

Financial year 2018-19 of the Company had received good response on the Microfinance lending business and witnessed the robust expansion in Microfinance Branch network. At present, Company has four (04) specific Microfinance Branches opened in the Province of Punjab. Management have further planned to increase the outreach of Microfinance all over Pakistan in year 2019-20.

## FINANCIAL RESULTS

After the acquisition of Company, the management remained focused on improving operational efficiencies and quality of services being offered to our widespread customer base. The year under review includes the operational results of microfinance business started in mid of Financial Year along with mortgage business.

**Rupees**

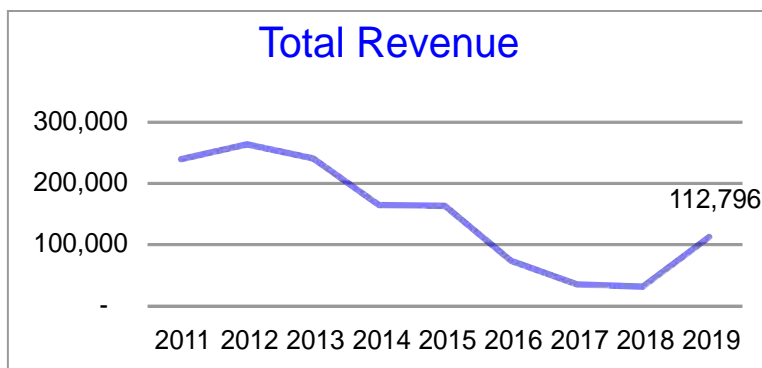
Description	Year ended	
	2019	2018
Revenue	112,795,634	31,809,232
Mark-up	(17,706,472)	(37,296,393)
Loss before taxation	(49,507,613)	(233,161,023)
Taxation	(788,838)	78,751,587
Loss after taxation	(50,296,451)	(154,409,436)



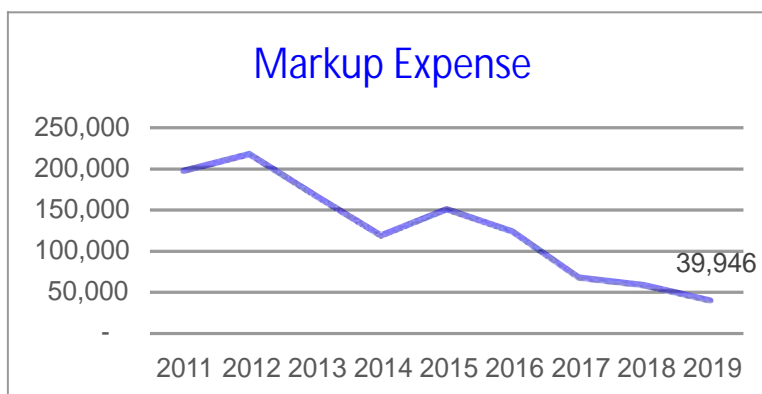
# DIRECTORS' REPORT

The Company resumed its long stopped business activities and strived against the un-precedent economic challenges and succeeded in securing a good and healthy portfolio in mortgage finance and microfinance along with the development of new branches.

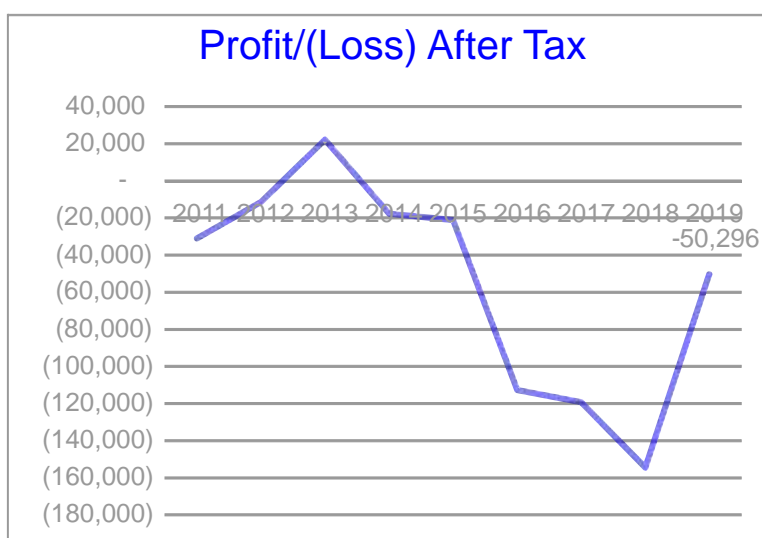
Despite of afore - mentioned challenges, your Company acting prudently has invested in good portfolios and invested the surplus funds efficiently which resulted in increase of revenue for the current year to Rs. 112.795 million as compared to corresponding previous year of Rs. 31.809 million showing growth of 254.6%



Markup on borrowings has also dropped due to timely announcement of Right Issue and conversion of sponsor's sub-ordinated loan which ceased to accrue upon its announcement and approval for Right Issue. Company has reported markup of Rs. 39,946 million in current year as compared to corresponding previous year of Rs. 58.572 million.



Proactive adoption of remedial measures and predictive actions of your Company has curtailed the recurrent loss path and is continuously striving for achievement of our combined goals. As apparent from the results, your Company is striving to generate revenue to cover its operational expenses. Company has reported net loss of Rs. 50.296 million in current year as compared to corresponding previous year of Rs. 154.409 million.



## FUTURE OUTLOOK

Considering the prevalent global and domestic situation, your Company has decided to aggressively step into microfinance lending along with other lending activities. Key initiative of your Company also includes entering into agreement with DataCheck (Credit Bureau Organization for screening customers) and planned digitization of the microfinance processes in order to further strengthen your Company against any plausible risks.

# DIRECTORS' REPORT

## DIVIDEND

No dividend has been recommended by the board of directors for the year June 30, 2019 (2018: Nil)

## CREDIT RATING

PACRA has maintained the Company's long term credit rating to "A-" and short term credit rating to "A2" with stable outlook on April 18, 2019.

## RISK MANAGEMENT

During the year, the Securities and Exchange Commission of Pakistan ("SECP") instructed to curtail the deposit taking permission of the Company from only individuals, sole proprietors, provident /gratuity funds, trusts and charitable institutions which indeed has negligible impact on the Company. In this respect, Company has initiated legal remedies and is confident of withdrawal of this restriction/curtailment as your Company has been compliant with all the rules / regulations and commitments made thereon.

## Compliance Risk

The year 2018-2019 was the year of change, where the strict actions were taken by the government agencies against money laundry activities, modified taxations reforms, strict compliance with relation to AML policies. Your Company is in the phase of development; therefore, the management is expecting that afore-mentioned factors may not materially impact on the business model of the Company, in coming years.

## DIRECTORS DECLARATION

In compliance with the provisions of the listing regulations of the Pakistan Stock Exchange, the Board members are pleased to confirm that:

- a) these financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- b) proper books of accounts of the Company have been maintained;
- c) appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- e) the system of internal controls is sound in design and has been effectively implemented and efficiently monitored;
- f) there are no significant doubts upon the Company's ability to continue as going concern;
- g) there is no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- i) the statement of Code of Ethics and Business Practices has been developed and acknowledged by the directors and employees of the Company.

# DIRECTORS' REPORT

## BOARD OF DIRECTORS MEETING

- The Board held four (04) meetings during the year. Attendance by each director was as follows:

Director Name	Meetings Attended
Mr. Zain Malik	4
Mr. Naveed Amin	4
Mr. Rashid Ahmed	4
Mr. Karim Hatim	4
Mr. Tahir Saeed Effendi	1
Mr. Umair Rafique Vadria	4
Khawaja Nadeem Abbas	4

Leave of absence was granted to directors who could not attend some of the board meetings.

- The Audit Committee held four (04) meetings during the year. Attendance by each member was as follows:

Director Name	Attended
Mr. Karim Hatim	4
Mr. Zain Malik	4
Mr. Tahir Saeed Effendi	1

- The HR Committee held one (01) meeting during the year. Attendance by each member was as follows:

Director Name	Attended
Mr. Umair Rafique Vadria	1
Mr. Zain Malik	1
Mr. Naveed Amin	1

## Composition of Board

The board consists of 7 directors with following composition:

Independent directors	2
Other non-executive directors	4
Executive directors	1
<b>Total number of directors</b>	<b>7</b>

## AUDITORS

The Bank's External Auditors' M/s Tariq Abdul Ghani Maqbool & Co. Chartered Accountants retired and are eligible and offer themselves for reappointment. The Board and Audit Committee recommend their reappointment.

# DIRECTORS' REPORT

## SUBSEQUENT EVENT

Subsequent to the year under review the Company has completed the transaction of its Right Share issue approved by the members of the Company, where the 207 shares to be allocated against each 100 shares and injected share capital of Rs.915 million. Further by completing the transaction the Paid up Share Capital will enhance from 44,100,000/- shares to 135,600,000/- shares. This transaction provides a strong equity base to your Company.

## PATTERN OF SHAREHOLDINGS

A statement showing pattern of shareholdings of the Company and additional information as at June 30, 2019 is included in the report.

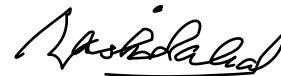
## ACKNOWLEDGEMENT

The Directors wish to place on record the gratitude to Securities and Exchange Commission of Pakistan for their valued support, assistance and guidance. The Board would like to thank the sponsors for their continued support which will continue to enhance our capabilities to achieve our objectives. We would also take this opportunity to express their admiration to the employees of the Company for their commitment, hard work and cooperation throughout the year. The Company recognizes and records its gratitude for all their efforts.

For and on behalf of the Board,



**Naveed Amin**  
Chief Executive/Director



**Director**



## ڈائریکٹرز کی رپورٹ

### ڈائریکٹرز کی رپورٹ

ایسکارٹس انویسٹمنٹ بینک لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز 30 جون 2019 کو اختتام پذیر سال کے لئے کمپنی پڑتال شدہ مالیاتی گوشوارے پیش کرنے میں مسرت کا اظہار کرتے ہیں۔

### کاروباری اور فعالی جائزہ

کمزور سماجی و معاشی حالات کے پیش نظر مالی شعبہ اتار چڑھاؤ کا شکار رہا۔ تاہم مالی سال 19-2018 میں کئی عوامل کے لحاظ سے ایک اچھا سال ثابت ہوا جن میں برانچ نیٹ ورک کی توسیع، مائیکرو فنانس میں صارفین کی بڑھتی ہوئی طلب اور صارفین کی ہر وقت ادائیگی شامل ہیں۔ انہی بنیادی وجوہات کی بناء پر کمپنی اپنا خالص 50,296,296 ملین روپے تک کم کرنے میں کامیاب ہوئی۔

### ہاؤس فنانس

زیر جائزہ مدت کے دوران بڑھتی ہوئی شرح سود اور مہنگائی کی وجہ سے جہاں مقامی صارفین کی قوت خرید میں کمی ہوئی وہی تاریکین وطن کی قوت خرید میں اضافہ ہوا اور آپ کی کمپنی نے اس سے فائدے اٹھاتے ہوئے سمندر پار صارفین پر اپنی توجہ مرکوز کی اور معاشی منڈی کو مواقع میں تبدیل کیا اور ہاؤسنگ فنانس میں خاطر خواہ اضافہ کیا۔

### مائیکرو فنانس کاروبار

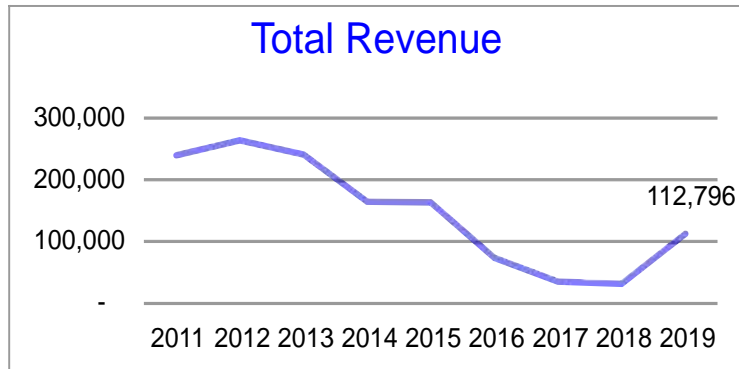
مالی سال 19-2018 میں کمپنی نے مائیکرو فنانس سرگرمیوں کی مد میں مثبت ردعمل حاصل کیا اور مائیکرو فنانس برانچ نیٹ ورک میں نمایاں توسیع ہوئی ہے۔ تاحال، کمپنی نے صوبہ پنجاب میں چار (04) خصوصی مائیکرو فنانس شاخوں کا آغاز کیا ہے۔ انتظامیہ سال 20-2019 میں پاکستان بھر میں مائیکرو فنانس صارفین میں اضافہ کا ارادہ رکھتی ہے۔

### مالیاتی نتائج

کمپنی کے حصول کے بعد، انتظامیہ فعالی کارکردگی اور اپنے صارفین کو فراہم کردہ خدمات میں بہتری کے لئے بھرپور توجہ دے رہی ہے۔ زیر جائزہ سال میں مالیاتی سال کے وسط میں مائیکرو فنانس کاروبار کا آغاز اور مورچنگ کاروبار شامل ہیں۔ مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

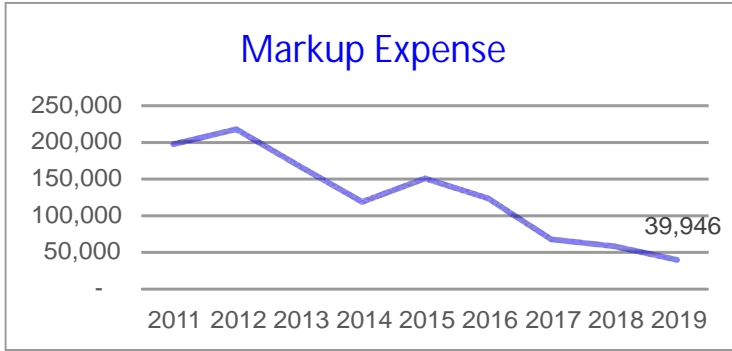
اختتام پذیر سال		تفصیلات
2018	2019	
31,809,232	112,795,634	آمدنی
(37,296,393)	(17,706,472)	مارک اپ
(233,161,023)	(49,507,613)	خسارہ قبل از ٹیکس
78,751,587	(788,838)	ٹیکسیشن
(154,409,436)	(50,296,451)	خسارہ بعد از ٹیکس

کمپنی نے کافی عرصہ سے بند کاروباری سرگرمیوں کا دوبارہ آغاز کیا اور ناقابل یقین اقتصادی چیلنجز کے خلاف بھرپور کوشش کی اور مورچنگ فنانس اور مائیکرو فنانس میں بہتر اور پرکشش پورٹ فولیو کے ہمراہ نئی شاخوں کے قیام میں کامیاب ہوئی۔



مذکورہ بالا چیلنجز کے باوجود، آپ کی کمپنی نے مکمل ذمہ داری سے اچھے پورٹ فولیو میں سرمایہ داری کی ہے اور یقیناً سربلس رقوم کو مؤثر انداز میں استعمال کیا ہے۔ جس کے نتیجے میں حالیہ برس آمدنی میں 112.795 ملین روپے اضافہ ہوا ہے جو گذشتہ برس اسی مدت کے دوران 31.809 ملین روپے تھی۔ یہ اضافہ 25.4 فی صد کی نمو ظاہر کرتا ہے۔

## ڈائریکٹرز کی رپورٹ



رائٹ اجراء کے بروقت اعلان اور سپانسر کے ذیلی قرضوں میں تبدیلی کی وجہ سے قرضوں پر مارک اپ بھی کم ہوا ہے۔ رائٹ اجراء کے اعلان اور منظوری کی وجہ سے اس میں اضافہ رک گیا ہے۔ کمپنی نے گزشتہ برس 58.572 ملین روپے کے مقابلہ میں رواں سال 39.946 ملین روپے مارک اپ رپورٹ کیا ہے۔



بروقت احتیاطی اقدامات کی وجہ سے آپ کی کمپنی نے خسارہ کے تسلسل پر قابو پایا ہے اور ہمارے مشترکہ اہداف کے حصول کے لئے مسلسل کوشش جاری ہے۔ جیسا کہ نتائج سے ظاہر ہے آپ کی کمپنی اپنے فعالی اخراجات پر قابو پا کر آمدنی میں اضافہ کے لئے کوشاں ہے۔ کمپنی نے گزشتہ برس 154.409 ملین روپے خالص نقصان کے مقابلہ میں رواں سال 50.296 ملین روپے خسارہ رپورٹ کیا ہے

### مستقبل کا منظر نامہ

موجودہ عالمی اور ملکی اہتر حالات کو مد نظر رکھتے ہوئے آپ کی کمپنی نے مائیکرو فنانس قرضوں کی فراہمی کے علاوہ قرضوں سے متعلق دیگر سرگرمیوں میں انقلابی اقدامات اٹھانے کا فیصلہ کیا ہے۔ آپ کی کمپنی کے بنیادی اقدام میں ڈیٹا پیکیج (صارفین کی سکریننگ کے لئے کریڈٹ بیورو اور گنارنٹیشن) کے ساتھ معاہدہ میں شمولیت اور مائیکرو فنانس سرگرمیوں کی ڈیجیٹائزیشن ممکنہ خطرات سے مقابلہ کے لئے آپ کی کمپنی کو مزید مستحکم کرے گی۔

### منافع منقسمہ

30 جون 2019ء کے لئے بورڈ آف ڈائریکٹرز کی جانب سے کوئی منافع منقسمہ تجویز نہ کیا ہے (2018: صفر)

### کریڈٹ ریٹنگ

PACRA نے 18 اپریل 2019 کو مثبت امکانات کے ہمراہ کمپنی کی طویل مدتی کریڈٹ ریٹنگ "A-" اور قلیل مدتی کریڈٹ ریٹنگ "A2" برقرار رکھی ہے۔

### رسمک منجمنٹ

سال بھر میں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("SECP") نے کمپنی کو صرف افراد، کاروبار فرد واحد، پروڈیونٹ/گریجویٹ فنڈز، ٹرسٹ اور خیراتی اداروں سے رقم لینے کی اجازت ختم کر دی ہے۔ جس کے کمپنی پر معمولی اثرات مرتب ہوئے ہیں۔ اس تناظر میں، کمپنی نے قانونی چارہ جوئی کا آغاز کر دیا ہے اور کمپنی اس پابندی/حد کو ختم کرنے کے لئے پرامید ہے کیونکہ آپ کی کمپنی تمام اصول و ضوابط پر سختی سے عمل کرتی ہے۔

### تعمیلی خدمات

سال 2018-2019ء تبدیلی کا سال تھا جہاں حکومتی اداروں نے منی لانڈرنگ، ترمیم شدہ بیکسیشن اصلاحات، AML پالیسیوں سے متعلقہ کالی تعلیم سے متعلق سخت کارروائی کی ہے۔ آپ کی کمپنی ترقی کے مراحل طے کر رہی ہے لہذا انتظامیہ پر عزم ہے کہ مذکورہ بالا عوامل آئندہ برسوں میں کمپنی کے کاروباری ماڈل پر اثرات مرتب نہیں کریں گے۔

## ڈائریکٹرز کی رپورٹ

### ڈائریکٹرز کا اعلامیہ

- پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز کے قواعد کی تعمیل میں بورڈ اراکین ازراہ مسرت توثیق کرتے ہیں کہ:
- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹس کاروباری امور، آپریشنز سے حاصل نتائج، کیش فلوا اور ایکویٹی میں تبدیلی کو واضح انداز میں پیش کرتے ہیں۔
  - کمپنی کے کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔
  - مالیاتی اسٹیٹمنٹس کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات مناسب فیصلوں کی بنیاد پر لگائے گئے ہیں۔
  - مالیاتی اسٹیٹمنٹس کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کا اطلاق کیا گیا ہے۔
  - داخلی ضبط کا ایک مربوط نظام قائم ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔
  - کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں کوئی نمایاں ابہام موجود نہ ہے۔
  - لسٹنگ ریگولیشنز میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری میں کوئی رکاوٹ نہ ہے۔
  - واجب الادا ڈیبٹس اور دیگر حکومتی لیویز سے متعلق معلومات کھاتوں کے متعلقہ نوٹس میں بیان کی گئی ہیں۔
  - ضابطہ اخلاق اور کاروباری عمل داری کا بیان تیار کیا گیا ہے اور کمپنی کے ملازمین اور ڈائریکٹرز اس کو تسلیم کرتے ہیں۔

### بورڈ آف ڈائریکٹرز کے اجلاس

سال بھر میں بورڈ کے چار (04) اجلاس منعقد ہوئے۔ ڈائریکٹرز کی حاضری حسب ذیل ہے:

نام ڈائریکٹر	اجلاس میں حاضری
محترم زین ملک	4
محترم نوید امین	4
محترم رشید احمد	4
محترم کریم حاتم	4
محترم طاہر سعید آقندری	1
محترم عمیر رفیق وادریہ	4
خواجہ ندیم عباس	4

جو ڈائریکٹرز بورڈ اجلاسوں میں شرکت نہ کر پائے انہیں رخصت عنایت کی گئی۔

سال بھر میں آڈٹ کمیٹی کے چار (04) اجلاس منعقد ہوئے۔ ہر رکن کی حاضری حسب ذیل ہے:

نام ڈائریکٹر	اجلاس میں حاضری
محترم کریم حاتم	4
محترم زین ملک	4
محترم طاہر سعید آقندری	1

سال بھر میں ایچ آر کمیٹی کا ایک (01) اجلاس منعقد ہوا۔ اراکین کی حاضری حسب ذیل ہے:

نام ڈائریکٹر	اجلاس میں حاضری
محترم عمیر رفیق وادریہ	1
محترم زین ملک	1
محترم نوید امین	1

## ڈائریکٹرز کی رپورٹ

### بورڈ کی ترکیب

بورڈ سات (07) ڈائریکٹرز پر مشتمل ہے جس کی ترکیب حسب ذیل ہے:

2	آزاد ڈائریکٹرز
4	دیگر نان ایگزیکٹو ڈائریکٹرز
1	ایگزیکٹو ڈائریکٹرز
7	کل تعداد ڈائریکٹرز

### آڈیٹرز

بینک کے بیرونی آڈیٹرز میسرز طارق عبدالغنی مقبول اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اہل ہونے پر اپنی دوبارہ تقرری کی پیشکش کرتے ہیں۔ بورڈ اور آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی سفارش کی ہے۔

### دیگر امور

زیر جائزہ سال کے علاوہ کمپنی نے کمپنی کے اراکین کی جانب سے منظور شدہ رائٹ حصص کے اجراء کی ٹرانزیکشن مکمل کی ہے۔ جہاں ہر 100 حصص کے مقابلہ میں 207 حصص مختص کئے گئے ہیں 915 ملین روپ کا سرمایہ فراہم ہوا ہے۔ مزید برآں، ٹرانزیکشن مکمل کرتے ہوئے ادا شدہ سرمایہ 44,100,000 حصص سے بڑھ کر 135,600,000 حصص ہو جائے گا۔ یہ ٹرانزیکشن آپ کی کمپنی کو مستحکم ایکویٹی بنیاد فراہم کرے گی۔

### شیر ہولڈنگ کی وضع

30 جون 2019ء کو کمپنی کی شیر ہولڈنگ کی وضع اور دیگر معلومات کا بیان اس رپورٹ میں شامل ہے۔

### اعتراف

ڈائریکٹرز گراں قدر تعاون، معاونت اور رہنمائی کرنے پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا شکریہ ادا کرنا چاہتے ہیں۔ اپنے مقاصد کے حصول کے لئے بورڈ سپانسرز کی مسلسل حمایت کا مشکور ہے جو ہماری صلاحیتوں میں مسلسل اضافہ کرتی رہے گی۔ ہم اس موقع پر سال بھر میں کمپنی کے ملازمین کی وابستگی، انتھک محنت اور تعاون کے لئے ان کا شکریہ ادا کرتے ہیں۔ کمپنی ان کی تمام کوششوں کے لئے ان کا شکریہ ادا کرتی ہے۔

منجانب/ برائے بورڈ

*Nasir Ahmad*

ڈائریکٹر

نسلسلا  
نوید امین

چیف ایگزیکٹو/ ڈائریکٹر



# FINANCIAL HIGHLIGHTS

## Last Eight Years of Escorts Bank At a Glance

(Rupees in '000')

### FINANCIAL DATA

	2019	2018	2017	2016	2015	2014	2013	2012
Share Capital	441,000	441,000	441,000	441,000	441,000	441,000	441,000	441,000
Reserves	(410,241)	(360,942)	(207,582)	(89,402)	15,640	33,236	56,808	34,575
Shareholders' Equity	30,758	80,057	233,418	351,598	456,640	474,236	497,808	475,575
Subordinated Loan	787,694	787,694	154,470	-	-	-	-	-
Deposits	189,711	282,940	447,726	698,358	1,078,539	1,185,538	758,007	659,261
Borrowings	68,894	-	-	-	-	44,503	-	599,349
Current Liabilities	651,854	650,940	515,653	599,375	852,456	1,016,131	688,043	1,432,927
Total Liabilities	1,385,322	1,419,940	733,835	879,911	1,175,331	1,445,381	993,420	1,700,946
Tangible Fixed Assets	127,138	115,572	119,228	129,324	137,143	143,737	128,046	138,188
Intangible Fixed Assets	6,073	76	114	171	257	385	578	1,444
Capital Work in Progress	-	-	-	-	-	-	7,669	-
Financing - Net of Provision	112,782	10,420	126,325	191,807	527,798	456,453	336,352	326,872
Net Investment in Finance Lease	2,166	2,166	2,166	2,241	2,980	3,065	3,572	5,431
Investments & Placements	230,504	279,159	80,575	220,487	272,524	569,455	307,547	984,310
Current Assets	933,529	1,221,108	404,282	485,045	884,614	1,301,120	744,069	1,476,796
Total Assets	1,435,024	1,519,940	987,948	1,252,983	1,631,972	1,919,617	1,491,228	2,176,521

### OPERATING RESULTS

Total Revenue	112,796	31,809	35,564	73,626	163,319	164,887	241,185	264,110
Markup Expense	39,946	58,572	67,672	123,803	151,061	118,983	167,961	218,037
Operating & Other Expenses	122,357	206,397	61,449	61,263	65,788	63,171	54,586	68,057
Provision against Non-Performing Loans	-	21,158	-	-	(725)	(192)	247	49
Profit/(loss) before Tax	(233,161)	(233,161)	(94,333)	(111,439)	(52,805)	(17,075)	18,391	(22,033)
Profit/(loss) after Tax	(50,296)	(154,409)	(119,269)	(112,615)	(21,052)	(17,721)	22,233	(11,320)

### FINANCIAL RATIOS

Earnings/(loss)/ per Share (Rs.)	(1.14)	(3.50)	(2.70)	(2.55)	(0.48)	(0.40)	0.46	(0.26)
Net Asset Value per Share (Rs.)	0.70	1.82	5.29	7.97	10.35	10.75	11.29	10.78
Market Value per Share (Rs.)	12.15	32.39	15.45	2.50	2.50	2.75	3.70	1.95
High	33.49	52.54	21.99	3.89	4.00	2.75	4.98	2.95
Low	11.94	13.46	2.32	1.41	1.63	2.75	1.75	1.10
Price Earning Ratio			-	-	-	-	8.04	-
Profit/(loss) Before Tax Ratio (%)	(43.89)	(733.00)	(265.25)	(151.36)	(32.78)	(10.47)	7.63	(8.34)
Revenue to Expenses (Times)	0.69	0.12	0.27	0.40	0.75	0.91	1.08	0.92
Return on Average Assets (%)	-	-	-	-	-	-	1.21	-
Return on Capital Employed (%)	-	-	-	-	-	-	4.57	-
Total Assets Turnover Ratio (Times)	0.08	0.02	0.04	0.06	0.10	0.09	0.16	0.12
Advances to Deposits (Times)	0.59	0.04	0.28	0.27	0.49	0.39	0.44	0.50
Borrowings to Equity (Times)	2.24	-	-	-	-	0.09	-	0.79
Total Liabilities to Equity (Times)	45.04	17.74	3.14	2.50	2.57	3.05	2.00	3.58
Current Ratio	1.43	1.88	0.78	0.81	1.04	1.28	1.08	1.03

# STATEMENT OF COMPLIANCE

## WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

### For the year ended 30 June 2019

Name of company: Escorts Investment Bank Limited

Year ending: June 30, 2019

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (7) as per the following:
  - a) Male: Seven (7)
  - b) Female: Zero (0)
  
2. The composition of board is as follows:
  - a) Independent Directors
    - i) Mr. Karim Hatim
    - ii) Mr. Umair Rafique Vadria
  
  - b) Other Non-executive Director
    - i) Mr. Zain Malik
    - ii) Mr. Rashid Ahmed
    - iii) Mr. Tahir Saeed Effendi
    - iv) Khawaja Nadeem Abbas
  
  - c) Executive Directors
    - i) Mr. Naveed Amin
  
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Five (05) out of seven (07) Directors of the Company have certification / exemption under the Directors Training Program that meets the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

# STATEMENT OF COMPLIANCE

## WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

For the year ended 30 June 2019

11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
  - a) Audit Committee
    - i) Mr. Karim Hatim (Chairman)
    - ii) Mr. Zain Malik (Member)
    - iii) Mr. Tahir Saeed Effendi (Member)
  - b) HR and Remuneration Committee
    - i) Mr. Umair Rafique Vadria (Chairman)
    - ii) Mr. Zain Malik (Member)
    - iii) Mr. Naveed Amin (Member)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:
  - a) Audit Committee Quarterly
  - b) HR and Remuneration Committee Yearly
15. The board has outsourced the internal audit function to Riaz Ahmad and Company who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



Zain Malik  
Chairman

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

## Review Report On Statement Of Compliance Contained In Listed Companies (Code of corporate governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Escorts Investment Bank Limited** (the Company) for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Date: October 05, 2019  
Lahore

  
Tariq Abdul Ghani Maqbool & Co.  
Chartered Accountants

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Escorts Investment Bank Limited (the Company), which comprise the statement of financial position as at June 30, 2019, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No	Key audit matters	How the matter was addressed in our audit
1)	<b>Control environment relating to the financial reporting process and related IT systems</b>	
	<p>The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.</p> <p>As the financial statements are based on extensive number of data flows from IT systems, consequently the financial reporting control environment is determined as a key audit matter.</p>	<p>Our key procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.</p> <p>Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the statement of profit or loss and statement of financial position.</p>

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

### Report on the Audit of the Financial Statements

S.No	Key audit matters	How the matter was addressed in our audit
2)	<b>Compliance with laws and regulations</b>	
	<p>The Company is in highly regulated industry and is governed by stringent laws and regulations which mainly include Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008, various circulars issued by SECP from time to time to regulate the business of the Company. The Company is required to comply with these rules and regulations.</p> <p>We have considered compliance with laws and regulation as a key audit matter since failure to comply with any of these applicable laws and regulations could have a material financial impact on the business of the Company.</p>	<p>Our key audit procedures in respect of this area included the following:</p> <p>Obtained an understanding of the relevant legal and regulatory framework which the Company operates and assessed the design and operation of its key controls over this framework.</p> <p>Discussed the applicable policies and procedures with senior management and reviewed board minutes for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance.</p>

#### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

### Report on the Audit of the Financial Statements

conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

### Report on the Audit of the Financial Statements

- (b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Shahid Mehmood.

Date: October 05, 2019  
Lahore

  
Tariq Abdul Ghani Maqbool & Co.  
Chartered Accountants

# FINANCIAL STATEMENTS

For the year ended 30 June 2019



# STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 Rupees	2018 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	9	114,387,569	102,822,050
Intangible assets	10	6,072,585	76,132
Cards and rooms	11	12,750,000	12,750,000
Long term investments	12	124,999,875	-
Long term finances	13	59,911,398	216,345
Net investment in lease finance	14	-	-
Long term deposits	15	424,600	424,600
Deferred tax asset - net	16	182,949,684	182,542,426
		501,495,711	298,831,553
<b>Current assets</b>			
Current maturities of non-current assets	17	23,474,330	2,395,545
Short term investments	18	105,504,135	279,158,608
Short term finances	19	31,563,350	9,974,445
Short term advances	20	6,498,690	185,284
Prepayments	21	1,254,007	593,943
Interest accrued	22	6,443,528	2,058,860
Other receivables	23	68,348,594	67,902,101
Tax refunds due from the government	24	111,956,047	102,838,785
Cash and bank balances	25	578,486,018	756,000,407
		933,528,699	1,221,107,978
		1,435,024,410	1,519,939,531
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital 300,000,000 (2018: 300,000,000) ordinary shares of Rs. 10/- each		3,000,000,000	3,000,000,000
Issued, subscribed and paid up capital	26	441,000,000	441,000,000
Revaluation surplus on property and equipment	27	18,944,536	19,941,617
Capital reserves	28	158,496,621	158,496,922
Revenue reserves		(568,738,374)	(519,439,180)
		49,702,783	99,999,359
<b>Non-current liabilities</b>			
Long term finances - subordinated loans	29	650,000,000	650,000,000
Long term finances - sponsors loan	30	17,217,910	-
Long term certificates of deposit	31	66,250,000	119,000,000
Long term security deposits	32	-	-
		733,467,910	769,000,000
<b>Current liabilities</b>			
Current maturities of non-current liabilities	33	233,860,367	139,860,367
Short term finances - sponsors loan	34	158,782,090	176,000,000
Short term certificates of deposit	35	29,461,224	163,940,000
Short term borrowings	36	68,893,670	-
Accrued markup	37	36,012,482	20,150,119
Trade and other payables	38	108,843,910	136,185,808
Unclaimed dividend		2,385,654	2,385,654
Provision for taxation	39	13,614,320	12,418,224
		651,853,717	650,940,172
Contingencies and commitments	40	-	-
		1,435,024,410	1,519,939,531

The annexed notes from 01 to 63 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
<b>INCOME</b>			
Profit on financing	41	9,812,611	4,095,936
Return on investments	42	41,612,959	4,771,715
Income from fee and commission	43	1,445,841	120,688
Profit on bank deposits		42,806,648	19,349,633
Other income	44	17,117,575	3,471,260
		<u>112,795,634</u>	<u>31,809,232</u>
<b>EXPENSES</b>			
Mark-up on certificates of deposit		17,706,472	37,296,393
Mark up on borrowings from others		22,239,973	21,276,480
Administrative expenses	45	122,101,770	91,852,078
Finance cost		135,937	52,134
		<u>162,184,152</u>	<u>150,477,085</u>
Operating loss before provisions and taxation		(49,388,518)	(118,667,853)
Other operating expenses	46	(155,612)	(114,677,175)
Reversal of provision for doubtful finances		36,517	184,005
Loss before taxation		(49,507,613)	(233,161,023)
Taxation - net	47	(788,838)	78,751,587
Loss after taxation		<u>(50,296,451)</u>	<u>(154,409,436)</u>
Loss per share - basic	48	<u>(1.14)</u>	<u>(3.50)</u>
Loss per share - diluted	48	<u>(0.37)</u>	<u>(1.14)</u>

The annexed notes from 01 to 63 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	2019 Rupees	2018 Rupees
Loss after taxation	(50,296,451)	(154,409,436)
<b>Other comprehensive loss :</b>		
Items that may be reclassified subsequently to the statement of profit or loss:		
Loss on revaluation of investments - term finance certificates	(125)	-
	(125)	-
Total comprehensive loss for the year	<u>(50,296,576)</u>	<u>(154,409,436)</u>

The annexed notes from 01 to 63 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer



# STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

(Rupees)

	Issued, subscribed and paid up capital	Revaluation surplus on property and equipment	Capital reserves		Revenue reserves	Total
			Statutory reserve	(Deficit)/gain on revaluation of investments	Accumulated loss	
<b>Balance as at 01 July 2017</b>	441,000,000	20,695,526	158,496,746	176	(366,079,303)	254,113,145
<b>Total comprehensive income for the year</b>						
Net loss for the year ended 30 June 2018	-	-	-	-	(154,409,436)	(154,409,436)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(154,409,436)	(154,409,436)
Transfer from surplus on revaluation of property and equipment on account of						
- Incremental depreciation on revalued assets for the year - net of tax	-	(1,049,559)	-	-	1,049,559	-
- Revaluation surplus on property and equipment - adjustment due to change in tax rate (note No. 27)	-	295,650	-	-	-	295,650
<b>Balance as at 30 June 2018</b>	441,000,000	19,941,617	158,496,746	176	(519,439,180)	99,999,359
Impact of change in accounting policy (Note 8.02(b))	-	-	-	(176)	176	-
<b>Adjusted balance as at 30 June 2018</b>	441,000,000	19,941,617	158,496,746	-	(519,439,004)	99,999,359
<b>Total comprehensive income for the year</b>						
Net loss for the year ended 30 June 2019	-	-	-	-	(50,296,451)	(50,296,451)
Other comprehensive loss	-	-	-	(125)	-	(125)
Total comprehensive loss	-	-	-	(125)	(50,296,451)	(50,296,576)
Transfer from surplus on revaluation of property and equipment on account of						
- Incremental depreciation on revalued assets for the year - net of tax	-	(997,081)	-	-	997,081	-
- Revaluation surplus on property and equipment - adjustment due to change in tax rate (note No. 27)	-	-	-	-	-	-
<b>Balance as at 30 June 2019</b>	441,000,000	18,944,536	158,496,746	(125)	(568,738,374)	49,702,783

The annexed notes from 01 to 63 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(49,507,613)	(233,161,023)
<b>Adjustment for non cash expenses and other items:</b>			
Depreciation on property and equipment	9.02	11,175,511	6,893,194
Amortization on intangible assets	10.01	2,139,291	38,060
Impairment on shares / units	18.02.1	281	-
Impairment of cards and rooms		-	20,700,000
Reversal of gain on revaluation of shares / units		176	-
Finance cost		135,937	52,134
Loss on sale of property and equipment		-	216,867
Provisions of doubtful balances / (reversal)		118,638	35,232,137
Debit balances written off		-	57,952,166
Long outstanding liabilities written back	44	(14,632,953)	-
		(1,063,119)	121,084,558
		(50,570,732)	(112,076,465)
<b>Decrease / (increase) in operating assets</b>			
Finances - net		(102,481,838)	95,570,135
Investments		48,654,473	(198,583,266)
Loans and advances		(6,313,406)	67,756,749
Interest accrued		(4,384,668)	1,002,173
Other receivables		(446,493)	(1,069,735)
Deposits and prepayments		(660,064)	44,516,180
		(65,631,996)	9,192,236
<b>Increase / (decrease) in operating liabilities</b>			
Certificates of deposit		(93,228,776)	(164,786,347)
Accrued mark-up		15,726,426	(24,490,802)
Trade and other payables		(12,708,945)	66,619,990
		(90,211,295)	(122,657,159)
Net changes in operating assets and liabilities		(155,843,291)	(113,464,923)
Cash used in operations		(206,414,023)	(225,541,388)
Taxation-net		(9,117,262)	(3,451,761)
Net cash used in operating activities		(215,531,285)	(228,993,149)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property and equipment		(22,741,030)	(25,121,809)
Proceeds from sale of long term investment in subsidiary company		-	175,004,000
Capital expenditure on intangible assets	10.01	(8,135,744)	-
Proceeds from sale of property and equipment		-	967,860
Net cash (used in) / generated from investing activities		(30,876,774)	150,850,051
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Subordinated loan received		-	650,000,000
Proceeds from short term finances		-	176,000,000
Proceeds from short term borrowings		68,893,670	-
Net cash generated from financing activities		68,893,670	826,000,000
Net (decrease) / increase in cash and cash equivalents		(177,514,389)	747,856,902
Cash and cash equivalents at the beginning of the year		756,000,407	8,143,505
Cash and cash equivalents at the end of the year		578,486,018	756,000,407

The annexed notes from 01 to 63 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 1 LEGAL STATUS AND ITS NATURE OF BUSINESS

Escorts Investment Bank Limited (“the Company”) is a public limited Company incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on 15 May 1995. The Company started its commercial operations on 16 October 1996 and is listed on the Pakistan Stock Exchange Limited. The Company is licensed to carry out investment finance services, as a Non-Banking Finance Company under Section 282-C of the Companies Ordinance, 1984 and Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003. The Company is a subsidiary of Bahria Town (Private) Limited and commenced its operation under new management since 08 January 2018.

The Pakistan Credit Rating Agency (PACRA) has maintained long term and short term Credit Ratings of the Company at "A-" and "A2" respectively with stable outlook on 18 April 2019. The ratings denote an adequate capacity of timely payment of financial commitments.

## 2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at Alfalah Building, 1st Floor, Sector B, Bahria Town, Lahore. The regional offices are located as follows:

<b>Regional office</b>	<b>Office address</b>
Lahore	Bahria Town, Corporate Office, Bahria Orchard, Raiwind Road.
Karachi	Bahria Town, Head Office, Bahria Town Super Highway.
Rawalpindi / Islamabad	Bahria Town, Head Office, Phase VIII.
Raiwind	Railway Road, Raiwind city.
Ellahabad	Tufail Plaza Near PSO Pump, Chunian Road
Hafizabad	Gujranwala Road, Opposite Admore Petrol Pump, Hafizabad.

## 3 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events, please refer to the Directors' report.

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period/year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are reflected in note 8.01 and 8.02.

## 4 BASIS OF PREPARATION

### 4.01 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprises of;

- International Financial Reporting Standards ('IFRS') issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, and the NBFC Regulations have been followed.

### 4.02 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## Standards, amendments to published standards and interpretations effective in current year and are relevant to the Company

Following are the amendments that are applicable during the year from the dates mentioned below against the respective standard:

<b>Standard or Interpretation</b>	<b>Effective date (Annual periods beginning on or after)</b>
IFRS 2 Share-based Payment - Amendments regarding Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 9 Financial Instruments - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	June 30, 2019
IFRS 15 Revenue from Contracts with Customers	June 30, 2019
IAS 40 Investment Property: Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IAS 28 Investment in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment by investment choice	January 01, 2018
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## Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

IFRS 3 Business Combinations - Amendments regarding the definition of business	January 01, 2020
IFRS 3 Business Combinations - Previously held interests in a joint operation	January 01, 2019
IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 10 Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures - Sale or contribution of assets between an investor and its associate or joint venture	Not yet finalised
IFRS 11 Joint Arrangements - Previously held interests in a joint operation	January 01, 2019
IFRS 16 Leases - This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
IAS 1 / IAS 8 Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material	January 01, 2020
IAS 12 Income Tax Amendments resulting from Annual Improvements 2015-2017 Cycle (income tax consequences of dividends)	January 01, 2019
IAS 19 Employee Benefits - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IAS 23 Borrowing Cost - Amendments resulting from Annual Improvements 2015-2017 Cycle (borrowing costs eligible for capitalisation)	January 01, 2019
IAS 28 Investments in Associates and Joint Ventures - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
IFRIC 23 Uncertainty over Income Tax Treatments - it clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12.	January 01, 2019

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

The above standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements except for the increased disclosures in certain cases.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for the Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

In addition to the above, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 17 Insurance Contracts	January 01, 2021

The effects of IFRS 16 - Leases are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

## 5 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

## 6 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of property and equipment / certain financial instruments at fair value and amortised cost, investment on equity basis, certain liabilities at amortized cost and certain other investments at fair value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

## 7 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property and equipment, doubtful receivables and taxation.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which such estimates are revised. Such estimates are:

- Useful life of depreciable assets;
- Provision for doubtful receivables ;
- Provision for current tax and deferred tax;
- Classification and valuation of investment;
- Classification and provision of long term finances, net investment;
- in finance lease, short term finances and other receivables;
- Impairment of assets.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 8 SIGNIFICANT ACCOUNTING POLICIES

### 8.01 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS 15") "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Company:

- Identifies the contract with a customer,
  - Identifies the performance obligations in the contract,
- and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

### 8.02 IFRS 9 'Financial Instruments'

The Company has adopted IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively except in case of calculation of impairment provision on financial assets where the requirements of the NBFC regulations prevail.

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

#### a) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or statement of comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The accounting policies that apply to financial instruments are stated in note 8.09 to the financial statements.

- b) The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 01 July 2018:

Financial instruments	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount as per IAS 39	Net carrying amount as per IFRS-9
			30 June 2018 Rupees	01 July 2018 Rupees
Long term finances	Loans and receivables	Amortized cost	216,345	216,345
Net investment in lease finance	Loans and receivables	Amortized cost	-	-
Long term deposits	Loans and receivables	Amortized cost	424,600	424,600
Short term investments	Held to maturity	Amortized cost	270,937,042	270,937,042
	Available for sale	FVTPL	457	457
Short term finances	Loans and receivables	Amortized cost	9,974,445	9,974,445
Interest accrued	Loans and receivables	Amortized cost	2,058,860	2,058,860
Other receivables	Loans and receivables	Amortized cost	67,902,101	67,902,101
Cash and bank balances	Loans and receivables	Amortized cost	756,000,407	756,000,407

The application of this change has resulted a decrease in 'accumulated loss' and fair value reserve by Rs. 176 as at 01 July 2018.

As allowed by paragraph 7.2.15 of IFRS 9, the Company has elected not to restate comparative figures and therefore adjustments to the carrying amounts of financial assets and liabilities at the date of transition resulting from adoption of IFRS 9, were recognised through adjustment to the opening equity of current period.

## 8.03 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to income by applying reducing balance method to write off the cost over estimated remaining useful life of assets at the rates specified in note 9 to the financial statements. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property and equipment. Depreciation on addition to property and equipment is charged from the month when asset is available for use up to the month of its de-recognition.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains / losses on disposal of property and equipment are included in current year's income.

Subsequent costs are included in the asset's carrying amount are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss account during the year in which these are incurred.

Fully depreciated assets are being kept at a token value of Rs. 1/- each.

## 8.04 Intangible assets

Intangible assets represent computer software and is stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to income on the reducing balance method so as to write off the cost of an asset over its estimated useful life. Amortization on addition is charged from the month when asset is available for use up to the month of its de-recognition.

The Company assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in the statement of profit or loss currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 8.05 Revaluation

Increase in carrying amounts arising on revaluation of property and equipment are recognized, net of tax, in the statement of comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses the impairment previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Loss that reverse previous revaluation surplus of the same asset are first recognized in the statements of comprehensive income to the extent of the remaining surplus attributable to the asset - all other decreases are charged to statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the assets original cost, net of tax, is reclassified from revaluation surplus on property and equipment to unappropriated profit.

## 8.06 Cards and Rooms

These are stated at cost less impairments, if any. The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying value is in excess of recoverable amount, these are written down to their estimated recoverable amount.

## 8.07 Investments

### at amortised cost

Investments where management has intent to hold till maturity to collect contractual cash flows which are solely payments of principal and interest on principal amount outstanding are classified at amortised cost.

### at fair value through other comprehensive income

Investments where management intends to hold for collecting contractual cash flows which may be sold in response to need for liquidity are classified at fair value through other comprehensive income.

### at fair value through profit or loss

Investments other than designated under amortised cost and fair value through profit or loss are classified at fair value through profit or loss.

All investments are initially recognized at cost, being the fair value plus transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, the requirements of IFRS 9 'Financial Instruments' applies.

All "regular way" purchases and sales of listed shares are recognized on the trade date, i.e. the date that the Company commits to purchase/sell the asset.

Amortization cost is charged to statement of profit or loss.

Under exceptional circumstances, shifting from one category to another category may be made subject to the following conditions:

Shifting of investments to/from aforementioned categories is allowed once a year only with the approval of the Board of Directors within two months of the commencement of accounting year. Any further shifting to/from the category is not allowed during the remaining part of that accounting year.

Shifting to/from the category is allowed with the approval of the Assets and Liabilities Committee (ALCO) subject to the condition that the reasons for such shifting will be recorded in writing; and

The Company may, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces the accounting mismatch with the approval of ALCO and shall be recorded in minutes of meeting.

Shifting among the investment categories is generally not allowed. It is permitted under exceptional circumstances like not being able to sell the securities within the prescribed period of 90 days due to tight liquidity position in market or extreme market volatility with the approval of ALCO. The justification for such exceptional shifting of securities shall be recorded in the minutes of ALCO meeting. Shifting of securities from one category to another shall be done at the lower of the market value or the acquisition cost/book value, and the diminution in value, if any, on such transfer shall be fully provided for.

The surplus/deficit arising as a result of revaluation of investments held at FVTPL and amortised cost is taken to statement of profit or loss. Furthermore, the surplus/deficit on revaluation of securities at FVOCI is taken to "Gain/Deficit on revaluation of Investments " account. However, any permanent diminution in the value of securities is provided for by charging it to the statement of profit or loss. The measurement of surplus/ deficit is done on portfolio basis for each of the above three categories separately.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## **Securities under repurchase/reverse repurchase agreements**

Transactions of repurchase/reverse repurchase of investment securities are entered into at contracted rates for specified periods of time and are accounted for as follows:

### **Repurchase agreements**

Investments purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the statement of financial position. Amounts paid under these agreements are recorded as fund placements. The difference between purchase and resale price is treated as return from fund placements with financial institutions or income from reverse repurchase transactions of listed shares, as the case may be, and accrued over the life of the reverse repo agreement.

### **Trade date accounting**

All purchases and sales of investments that require delivery within the time frame established by the regulations or market conventions are recognized on the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

### **Commodities**

Commodities are principally acquired with the purpose of selling in near future and generating a profit from fluctuations in price. These inventories are measured at fair value less cost to sell.

### **Net investment in lease finance**

Leases, where all the risks and rewards incidental to ownership of the assets are substantially transferred to the lessee are classified as finance leases. Net investment in lease finance is recognised at an amount equal to the aggregate of minimum lease payments including any guaranteed residual value and excluding unearned finance income, write-offs and provision for doubtful lease finances, if any.

## **8.08 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and cash with banks in current and deposit accounts.

## **8.09 Financial instruments**

### **a) Financial assets**

#### **Initial measurement**

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

#### **Subsequent Measurement**

##### **Debt Investments at FVOCI**

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in the statement of comprehensive income. On de-recognition, gains and losses accumulated in the statement of comprehensive income are reclassified to the statement of profit or loss.

##### **Equity Investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in the statement of comprehensive income and are never reclassified to the statement of profit or loss.

##### **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

##### **Financial assets measured at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

**b) Financial liabilities**

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

**c) Derivatives**

Derivative instruments held by the Company comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivatives is equivalent to the unrealised gain or loss from marking the derivatives using prevailing market rates at the date of statement of financial position. The unrealised gains are included in other assets while unrealised losses are included in other liabilities in the statement of financial position. The corresponding gains and losses are included in the statement of profit or loss.

**d) Recognition and derecognition**

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

**e) Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**f) Regular way purchases or sales of financial assets**

Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention on the market place are recognized and derecognized on a trade date basis.

**8.10 Provisions**

Provisions are recorded when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

**8.11 Staff retirement benefits  
Employees compensated absences**

The liability in respect of compensated absences of employees is accounted for in the period in which the absences accrue. As the component of liability involved is not material, the Company did not carry out actuarial valuation for the said liability.

**8.12 Provident fund**

The Company operates approved contributory provident fund for all permanent employees. Equal monthly contribution is made both by employees and the Company to the fund at 10% of basic salary. The fund is administrated by the Trustees.

**8.13 Revenue recognition**

Return on finances provided, placements and government securities are recognized on time proportionate basis.

Mark-up on lease finance is recognized using the finance method. Under this method, the unearned lease income i.e. the excess of the aggregate lease rentals and the residual value over the cost of the leased assets, is deferred and taken to income so as to produce a constant periodic rate of return on the outstanding net investment in lease finance. Processing fee, documentation charges and other lease related income are taken to income currently.

Brokerage commission and other advisory fee are recognized when such services are provided.

Guarantee commission is received in advance, and deferred over the guarantee period.

Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

Consultancy and corporate advisory fee income is recognized using percentage of completion method. Dividend income is recognized when the right to receive payment is established. Processing income received from house finance, micro finance and corporate finance customers is recognised when the promised services are provided.

## 8.14 Return on deposits and borrowings

Return on Certificates of Deposits (CODs) and borrowings are recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

## 8.15 Taxation

### Current Taxation

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

### Deferred Tax

Deferred tax liability is accounted for in respect of all taxable temporary differences at the date of statement of financial position arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses, provisions and tax credits to that extent it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled.

## 8.16 Operating segment

The Company has structured its key business areas in two segments in a manner that each segment becomes a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The business segments within the Company have been categorized into the following classifications of business segments.

### Business segments

The Company's activities are broadly categorized into two primary business segments namely financing activities and investment activities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

### Financing activities

Financing activities include providing long-term and short-term financing facilities to corporate and individual customers including lease financing.

### Investment activities

Investment activities include money market activities, investment in government securities, advisory services, capital market activities and the management of the Company's liquidity.

## 8.17 Related party

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

## 8.18 Impairment

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where, it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Recoverable amount is the greater of net selling price and value in use.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

## **8.19 Dividend distributions and appropriations**

Dividend distributions and appropriations other than statutory appropriations are recorded in the period in which they are approved.

## **8.20 Borrowings cost**

Finance costs are recognized as an expense in the year in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

## **8.21 Foreign currency translations**

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the date of statement of financial position and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to the statement of profit or loss.

## **8.22 Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

## **8.23 Ordinary share capital**

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

## **8.24 Contingent liability**

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

## **8.25 Comprehensive income**

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in statement of profit or loss as required or permitted by approved accounting standards.





# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Office premises	Freehold improvements	Leasehold improvements	Office furniture and fixtures	Computer equipment	Office equipment	Owned vehicles	Total
<b>At 30 June 2019</b>								
Cost	127,901,129	6,712,240	41,682,323	10,541,992	13,233,334	10,572,856	11,729,045	222,372,919
Accumulated depreciation	(61,933,627)	(6,712,240)	(26,158,992)	(4,197,000)	(9,842,028)	(4,529,658)	(3,602,576)	(116,976,121)
Net book value	65,967,502	-	15,523,331	6,344,992	3,391,306	6,043,198	8,126,469	105,396,798
Annual rates (%) of depreciation	5.00	20.00	20.00	10.00	33.33	10.00	20.00	

**9.02 Depreciation charge for the year has been allocated as follows:**

	2019	2018
	Rupees	Rupees
Administrative expenses	11,175,511	6,893,194
	11,175,511	6,893,194

**9.03** Had there been no revaluation, the related figures of office premises as on 30 June 2019 would be as follows:

Particulars	Cost	Accumulated depreciation	Net book value
Office premises (2019)	89,692,600	50,407,543	39,285,057
Office premises (2018)	89,692,600	48,339,908	41,352,692

**9.04 DISPOSAL OF PROPERTY AND EQUIPMENT**

The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchaser
Generator	3,057,828	(2,359,723)	698,105	168,067	(530,038)	Negotiations	Ms Shazia Bashir, Lahore
Aggregate of items of operating fixed assets with individual book values not exceeding Rs. 500,000	2,470,236	(1,983,614)	486,622	799,793	313,171	Negotiations	-
<b>Rupees 2018</b>	<b>5,528,064</b>	<b>(4,343,337)</b>	<b>1,184,727</b>	<b>967,860</b>	<b>(216,867)</b>		
<b>Rupees 2019</b>	-	-	-	-	-		

**9.05** The forced sale value of immovable property is Rupees 66.18 million as at revaluation date i.e. 22 March 2018.

**9.06** Particulars of immovable property (i.e. office premises) in the name of the Company are as follows:

Location	Usage of immovable Property	Total Area (Square feet)	Covered Area (Square feet)
Davis Road, Lahore	Rented out	3,315	3,315

**9.07** This includes advance paid for construction of branches all over Pakistan.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 10 INTANGIBLE ASSETS

	Note	2019 Rupees	2018 Rupees
Software	10.01	6,072,585	76,132
		<u>6,072,585</u>	<u>76,132</u>
<b>10.01 Software</b>			
<b>Net carrying value</b>			
Opening balance as at 01 July		76,132	114,192
Additions during the year		8,135,744	-
Less: amortization charge		2,139,291	38,060
Net book value (NBV) as at 30 June		<u>6,072,585</u>	<u>76,132</u>
<b>Gross carrying value</b>			
Cost		2,600,000	2,600,000
Additions during the year		8,135,744	-
Less: accumulated amortization		4,663,159	2,523,868
Net book value		<u>6,072,585</u>	<u>76,132</u>
Amortization rate per annum		<u>33.33%</u>	<u>33.33%</u>

## 11 CARDS AND ROOMS

Corporate membership of Pakistan Mercantile Exchange Limited		750,000	750,000
Office rooms	11.01	12,000,000	12,000,000
		<u>12,750,000</u>	<u>12,750,000</u>
<b>11.01 Office rooms</b>			
Opening balance		12,000,000	32,700,000
Impairment charged during the year	46	-	20,700,000
Closing net book value		<u>12,000,000</u>	<u>12,000,000</u>

## 12 LONG TERM INVESTMENTS

### Debt investment - Fair value through other comprehensive income (FVTOCI) - Quoted

Term finance certificates			
Cost		125,000,000	-
Less: changes in fair value		125	-
		<u>124,999,875</u>	<u>-</u>

**12.01** It represents investment in United Bank Limited - Additional Tier - 1TFC. It bears mark-up rate at 03-month KIBOR (ask side) +1.55% and mark-up is payable quarterly in arrears.

## 13 LONG TERM FINANCES

Secured and considered good	13.01	81,328,083	445,905
<b>Considered doubtful</b>			
Others	13.02	52,247,053	52,283,570
Less: provision for doubtful finances	13.03	52,247,053	52,283,570
		-	-
Less: current maturity	17	21,308,345	229,560
Less: general provision for micro finance portfolio	13.04	108,340	-
		<u>59,911,398</u>	<u>216,345</u>
<b>13.01 Secured and considered good</b>			
House finance	13.01.1	59,241,588	-
Micro finance	13.01.2	21,667,949	-
Other	13.01.3	418,546	445,905
		<u>81,328,083</u>	<u>445,905</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

**13.01.1** It represents amount disbursed to house finance customers at return rate ranging from 15.53% to 19.65% per annum for tenure of 02 to 20 years.

**13.01.2** It represents amount disbursed to micro finance customers at return rate ranging from 38.5% to 45% per annum for tenure of 01 to 2 years.

**13.01.3** These finance facilities are secured by hypothecation of or charge on assets, mortgage of property, lien over bank deposits and pledge of stocks for a period up to 5 years. The expected rate of return range from 12% to 20% (2018: 12% to 20%) per annum.

**13.02** These finance facilities are secured by ranking charge on assets and pledge of stocks for a period up to 5 years. The expected rate of return range from 14% to 17% (2018: 14% to 17%) per annum.

<b>13.03 Particulars of provision for long term finances</b>	<b>Note</b>	<b>2019 Rupees</b>	<b>2018 Rupees</b>
Opening balance		52,283,570	32,738,390
(Reversal) / charge for the year		(36,517)	19,545,180
Closing balance	13.03.1	<u>52,247,053</u>	<u>52,283,570</u>

**13.03.1** This includes provision of Rs. 17.884 million (2018: Rs. 17.377 million) provided against un-identified balances in finance portfolio and Rs. 2.284 million (2018: Rs. 2.168 million) provided in accordance with Schedule X of Non Banking Finance Companies and Notified Entities Regulations, 2008.

**13.04** This represents provision provided in accordance with Regulation 25A 'Creation of General Provision against micro finance portfolio' at 0.5% of outstanding micro finance portfolio.

<b>14 NET INVESTMENT IN LEASE FINANCE</b>	<b>Note</b>	<b>2019 Rupees</b>	<b>2018 Rupees</b>
Lease rental receivables	14.01	578,415	578,415
Add: Residual value		2,165,985	2,165,985
		<u>2,744,400</u>	<u>2,744,400</u>
Less: Unearned finance income		49,628	49,628
		<u>2,694,772</u>	<u>2,694,772</u>
Less: Provision for doubtful leases		528,787	528,787
		<u>2,165,985</u>	<u>2,165,985</u>
Less: Current maturity	17	2,165,985	2,165,985
		<u>-</u>	<u>-</u>

#### **14.01 Particulars of net investment in lease finance**

	2019			2018
	Not later than one year	later than one year but not later than five years	Total	Total
	Rupees	Rupees	Rupees	Rupees
Leased rentals receivable	578,415	-	578,415	578,415
Add: Residual value	2,165,985	-	2,165,985	2,165,985
Gross investment in lease finance	<u>2,744,400</u>	-	<u>2,744,400</u>	<u>2,744,400</u>
Less: Unearned finance income	49,628	-	49,628	49,628
Net investment in lease finance	<u>2,694,772</u>	-	<u>2,694,772</u>	<u>2,694,772</u>

**14.01.1** The leases made by the Company are for a period ranging from 03 years to 05 years. Security deposits obtained at the time of disbursement of lease facility ranges from 11% to 16% (2018: 11% to 16%). Leased assets are insured in favour of the Company. The rate of return ranges from 15% to 17% per annum (2018: 15% to 17% per annum). Penalty is charged in case of delayed payment.

**14.01.2** As per Non-Banking Finance Companies and Notified Entities Regulations, 2008, the aggregate net exposure in finance leases against which income suspension is required amounted to Rs. 0.529 million (2018: Rs. 0.529 million) at the end of current year.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
<b>15 LONG TERM DEPOSITS</b>			
<b>Considered good</b>			
Security deposits:			
Others		424,600	424,600
<b>Considered doubtful</b>			
Others		330,350	330,350
Less: impairment allowance for doubtful deposits	46	(330,350)	(330,350)
		-	-
		<u>424,600</u>	<u>424,600</u>

## 16 DEFERRED TAX ASSET - NET

Deferred taxation comprises of the following:

Deferred tax liability on taxable temporary differences

in respect of the following:

Property and equipment

Revaluation surplus on property

(8,114,917)	(8,259,269)
(7,737,909)	(8,145,167)
(15,852,826)	(16,404,436)

Deferred tax asset on deductible temporary differences

in respect of the following:

Cards and rooms

Long term finances (Provision for morabaha financing and others)

Long term investments

Net investment in lease finance (Provision for doubtful leases)

Short term investments (Gain on remeasurement)

Short term finances (Provision for doubtful finances)

Short term advances

Interest accrued receivable (Provision for doubtful receivable)

Other receivables (Provision for doubtful receivables)

Tax losses

6,003,000	6,003,000
15,151,645	15,162,235
36	-
153,348	153,348
-	(51)
4,183,793	4,183,793
-	4,060
(49,805)	49,805
5,113,607	5,113,607
183,565,548	168,277,065
<u>214,121,172</u>	<u>198,946,862</u>
198,268,346	182,542,426
(15,318,662)	-
<u>182,949,684</u>	<u>182,542,426</u>

Deferred tax not recognized during the year

Net deferred tax asset has been recognised for all temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management of the Company is certain that the Company would have taxable profits in foreseeable future. However, deferred tax asset for the period ended 30 June 2019 does not constitute a significant impact on the financial statements, therefore, management decided not to recognise the asset for current period. Movement of deferred tax asset - net is as follows:

### Movement in deferred tax asset - Net

Opening balance		182,542,426	104,008,549
Adjustment due to change in tax rate		-	295,650
Deferred tax charged during the year	16.01	407,258	78,238,227
Closing balance		<u>182,949,684</u>	<u>182,542,426</u>

**16.01** This represents related deferred tax on incremental depreciation of revaluation surplus on property and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
<b>17 CURRENT MATURITIES OF NON-CURRENT ASSETS</b>			
Long term finances	13	21,308,345	229,560
Net investment in lease finance	14	2,165,985	2,165,985
		<u>23,474,330</u>	<u>2,395,545</u>
<b>18 SHORT TERM INVESTMENTS</b>			
<b>Amortised cost</b>			
Treasury bills	18.01.1	99,882,462	270,937,042
<b>Fair value through profit or loss (FVTPL)</b>			
Listed shares / units	18.02	-	281
<b>Shares - Others</b>	18.03	5,621,673	8,221,109
		<u>105,504,135</u>	<u>279,158,432</u>
Gain on revaluation of shares / units		-	176
		<u>105,504,135</u>	<u>279,158,608</u>

## 18.01 Encumbered and un-encumbered - face value

	2019			2018		
	Held by the bank	Given as a collateral	Total	Held by the bank	Given as a collateral	Total
Treasury bills	100,000,000	-	100,000,000	275,000,000	-	275,000,000

	Note	2019 Rupees	2018 Rupees
<b>18.01.1 Treasury Bills</b>			
Face value		100,000,000	275,000,000
Less: discount		(117,538)	(4,062,958)
		<u>99,882,462</u>	<u>270,937,042</u>

**18.01.2** These represent investment made in treasury bills of 3 months tenure and rate of return on these bills is 10.997% (2018: 5.98% to 6.76%) per annum.

## 18.02 Particulars of listed shares / units - FVTPL investments

No. of certificates	2019	2018	2019		2018	
			Carrying value	Market value	Carrying value	Market value
<b>Mutual Fund - close end fund</b>						
-	49		-	-	281	105
-	49		-	-	281	105

**18.02.1** During the year, impairment was charged against 49 shares / units of Dawood Capital Management Fund having carrying value of Rs. 281. Also gain on revaluation of shares / units was reversed during the year.

## 18.03 Shares - Others

This represents investments in shares of various listed companies. Due to the changes in NBFC Regulations in 2008, the Company had to conclude its brokerage business under the Investment Finance Services License. The Company started the process of intimating its brokerage clients to close their accounts with the Company in compliance with these regulations. Most of the account holders have closed their accounts accordingly. Certain accounts could not be transferred/closed because of non receipt of response from the holders despite repeated reminders. The management has decided to record these on statement of financial position as an asset and a corresponding liability by the same amount.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
<b>19 SHORT TERM FINANCES</b>			
<b>Secured and considered good</b>			
Other than related party	19.01	31,610,165	9,974,445
<b>Considered doubtful</b>			
Others		14,426,871	14,426,871
Less: provision for doubtful finances	46	14,426,871	14,426,871
Less: general provision for micro finance portfolio	19.03	46,815	-
		<u>31,563,350</u>	<u>9,974,445</u>
<b>19.01</b>	These include amount of Rs. 9.97 million (2018: 9.97 million) financed against bill discounting to outgoing sponsors' related party which will be repaid before payment of Old sponsors' subordinated loan. Further, an amount of Rs.15 million is disbursed to corporate customer during the year.		
<b>19.02 Particulars of provision for short term finances:</b>			
Opening balance		14,426,871	13,767,834
Charge for the year	19.02.1	-	659,037
Closing balance		<u>14,426,871</u>	<u>14,426,871</u>
<b>19.02.1</b>	This represent provision provided in accordance with Schedule X of Non Banking Finance Companies and Notified Entities Regulations, 2008.		
<b>19.03</b>	This represent provision provided in accordance with Regulation 25A 'Creation of General Provision against micro finance portfolio' at 0.5% of outstanding micro finance portfolio.		
<b>20 SHORT TERM ADVANCES</b>			
<b>Considered good:</b>			
Advances against salaries / expenses	20.01	1,847,440	185,284
Advances to consultants	20.02	4,651,250	-
		<u>6,498,690</u>	<u>185,284</u>
<b>20.01 Movement in short term advances:</b>			
Opening balance		185,284	33,999
Net disbursements / (payments) during the year		1,662,156	165,285
		<u>1,847,440</u>	<u>199,284</u>
Less: Bad debt written off		-	14,000
Closing balance		<u>1,847,440</u>	<u>185,284</u>
<b>20.02</b>	This comprises amount paid to consultants for the Right Issue transaction.		
<b>21 PREPAYMENTS</b>			
Prepayments		<u>1,254,007</u>	<u>593,943</u>
<b>22 INTEREST ACCRUED</b>			
Interest from financing		1,959,637	679,529
Interest from deposits		1,756,768	-
Interest from term finance certificates		2,727,123	-
Interest from treasury bills		-	1,379,331
		<u>6,443,528</u>	<u>2,058,860</u>
<b>23 OTHER RECEIVABLES</b>			
Receivable from old sponsors' associated company	23.01	27,992,210	27,992,210
Receivable from clients	23.02	40,356,384	39,909,891
Others	23.03	-	-
		<u>68,348,594</u>	<u>67,902,101</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees	
<b>23.01 Particulars of receivable from old sponsors' associated company</b>				
Essem Hotel Limited		18,228,790	18,228,790	
Escorts Pakistan Limited		9,763,420	9,763,420	
		<u>27,992,210</u>	<u>27,992,210</u>	
<b>23.01.1</b>	After acquisition by Bahria Town (Private) Limited, these companies ceased to be associated concerns of the Company.			
<b>23.02 Receivable from clients</b>				
Considered good		40,356,384	39,909,891	
Considered		28,953,437	28,953,437	
Less: provision for doubtful	23.02.1	(28,953,437)	(28,953,437)	
		<u>40,356,384</u>	<u>39,909,891</u>	
<b>23.02.1 Particulars of provision for doubtful receivables</b>				
Opening balance		28,953,437	20,940,831	
Charge for the year		-	8,012,606	
Closing balance		<u>28,953,437</u>	<u>28,953,437</u>	
<b>23.03 Others</b>				
Considered good		-	-	
Considered doubtful		5,742,979	5,742,979	
Less: Provision for doubtful		(5,742,979)	(5,742,979)	
		<u>-</u>	<u>-</u>	
<b>24 TAX REFUNDS DUE FROM THE GOVERNMENT</b>				
Opening balance		102,838,785	157,339,190	
Payments during the year		9,117,262	3,437,760	
		<u>111,956,047</u>	<u>160,776,950</u>	
Adjustments during the year		-	(57,938,165)	
		<u>111,956,047</u>	<u>102,838,785</u>	
<b>25 CASH AND BANK BALANCES</b>				
Cash in hand		92,098	26,785	
Cash with banks:				
Current accounts with:				
State Bank of Pakistan		85,604	258,617	
Others		1,632,565	71,494	
		<u>1,718,169</u>	<u>330,111</u>	
Saving and deposit accounts	25.01	359,436,451	755,643,511	
Escrow account	25.02	217,239,300	-	
		<u>578,486,018</u>	<u>756,000,407</u>	
<b>25.01</b>	Rate of return on these accounts range from 8.25% to 10.25% (2018: 5.75% to 6.5% ) per annum whereas on term deposit receipts (TDR's) profit rate ranges from 11.5% to 12.05% (2018: 5.85% to 6.25%) per annum.			
<b>25.02</b>	Securities and Exchange Commission of Pakistan ("SECP") has allowed relaxation of requirement of underwriter in terms of regulation 3(3)(ii) of the Companies ( Further Issue of Shares) Regulations, 2018 by allowing sponsors/associated Companies of the Company to underwrite unsubscribed portion of right issue by placing an amount equivalent to public portion of Right issue in Escrow account. With reference to SECP conditions, the Company has maintained an Escrow saving account with bank having AAA rating.			
<b>25.03 Reconciliation of liabilities arising from financing activities</b>			(Rupees)	
	As at 30 June 2018	Non-cash changes	Cash Flows	As at 30 June 2019
Subordinated loans	787,694,382	-	-	787,694,382
Sponsors loan	176,000,000	-	-	176,000,000
Borrowings - associated underaking	-	-	68,893,670	68,893,670
Total liabilities from financing activities	<u>963,694,382</u>	<u>-</u>	<u>68,893,670</u>	<u>1,032,588,052</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
<b>26 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
42,000,000 (2018: 42,000,000) ordinary shares of Rs. 10/- each issued as fully paid in cash		420,000,000	420,000,000
2,100,000 (2018: 2,100,000) ordinary shares of Rs. 10/- each issued as fully paid in bonus shares		21,000,000	21,000,000
		<u>441,000,000</u>	<u>441,000,000</u>
<b>27 REVALUATION SURPLUS ON PROPERTY AND EQUIPMENT</b>			
Opening balance		28,086,784	29,565,036
Less: Incremental depreciation for the year		(1,404,339)	(1,478,252)
		<u>26,682,445</u>	<u>28,086,784</u>
Opening deferred tax liability		8,145,167	8,869,510
Less: Adjustment due to change in tax rate		-	(295,650)
Less: Related deferred tax liability on incremental depreciation		(407,258)	(428,693)
		<u>7,737,909</u>	<u>8,145,167</u>
Closing balance	27.01	<u>18,944,536</u>	<u>19,941,617</u>

**27.01** The revaluation of building (ground floor) was carried out by an independent valuer "M/s Minhas Associates" as at 22 March 2018 on the basis of market and depreciated replacement values and was duly certified by statutory auditors. However, the impact of current revaluation was ignored being immaterial. Previously, revaluation of building was carried out as at 14 June 2017.

	Note	2019 Rupees	2018 Rupees
<b>28 CAPITAL RESERVES</b>			
Capital reserves			
Statutory reserve	28.01	158,496,746	158,496,746
(Loss) / gain on revaluation of investments		(125)	176
		<u>158,496,621</u>	<u>158,496,922</u>

**28.01** This represents special reserve created in compliance with the Rule 2 of Part III of Prudential Regulations for Non-Banking Finance Companies issued by Securities and Exchange Commission of Pakistan.

	Note	2019 Rupees	2018 Rupees
<b>29 LONG TERM FINANCES - SUBORDINATED LOANS</b>			
<b>From Holding Company</b>			
Subordinated loans	29.01	650,000,000	650,000,000
<b>From others</b>			
Other - Subordinated loans	29.02	137,694,382	137,694,382
		<u>787,694,382</u>	<u>787,694,382</u>
Less: Current maturity	33	<u>137,694,382</u>	<u>137,694,382</u>
		<u>650,000,000</u>	<u>650,000,000</u>

**29.01** This subordinated loan received from holding company (sponsor company) for meeting Minimum Equity Requirement (MER) and was repayable on demand after expiry of minimum tenure of 24 months. It carried mark-up at the rate of 3-months KIBOR as on date of receipt of loan. Markup on outstanding loan amount was stopped on 29 October 2018 after announcement of right issue and sponsors' approval for conversion of sponsors' loan into right issue shares. Right issue concluded subsequent to reporting period and return (Form-3) for the allotment of shares has been filed to SECP on 24 September 2019.

**29.02** These loans are converted from Certificates of Deposits (COD) of outgoing sponsors and its associated undertakings. It carries mark-up at rate of 6-month KIBOR as on date of takeover transaction i.e. 08 January 2018, duly approved by SECP and repayment of principal and mark-up amount is subject to prior approval of SECP.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
<b>30 LONG TERM FINANCES - SPONSORS LOAN</b>			
<b>Related party - unsecured</b>			
Sponsor loans - Bahria Town (Private) Limited	34.01	17,217,910	-
<b>31 LONG TERM CERTIFICATES OF DEPOSIT</b>			
<b>Others - Unsecured</b>			
Individuals	31.01	140,250,000	119,000,000
Others	31.02	20,000,000	-
		160,250,000	119,000,000
		160,250,000	119,000,000
Less: current maturity	33	94,000,000	-
		66,250,000	119,000,000
<b>31.01</b> These have been issued for term ranging from over 2 to 3 years commencing from 23 February 2018 and expected return on these certificates ranges from 7.13% to 8.26% (2018: 6.67% to 8.26%) per annum payable on monthly, quarterly, semi-annually or on maturity basis. It also includes deposits of Rs. 66.25 million (2018: Rs.35 million) under Profit and Loss Sharing scheme under which profit or loss will be calculated by consultant and payable annually. However, in case of loss, no loss will be transferred and will be adjusted against future profits.			
<b>31.02</b> These have been issued for term of 3 years commencing from 15 May 2019. It includes an amount of Rs. 10 million issued to parent Company Bahria town (Pvt) Limited under Profit and Loss Sharing scheme under which profit or loss will be calculated by consultant and payable annually. However, in case of loss, no loss will be transferred and will be adjusted against future profits.			
<b>32 LONG TERM SECURITY DEPOSITS</b>			
Security deposits	32.01	2,165,985	2,165,985
Less: Current maturity	33	2,165,985	2,165,985
		-	-
<b>32.01</b> These represent interest free security deposits received on lease contracts and are adjustable at the expiry of the lease contracts. Further, no amount is kept in a separate bank account against security deposits.			
<b>32.02</b> These deposits were not utilized for the purpose of business during the year.			
<b>33 CURRENT MATURITIES OF NON-CURRENT LIABILITIES</b>			
Long term finances - subordinated loans	29	137,694,382	137,694,382
Long term certificates of deposit	31	94,000,000	-
Long term security deposits	32	2,165,985	2,165,985
		233,860,367	139,860,367
<b>34 SHORT TERM FINANCES - SPONSORS LOAN</b>			
<b>Related party - unsecured</b>			
Sponsor loans - Bahria Town (Private) Limited	34.01	158,782,090	176,000,000
<b>34.01</b> This represents interest free unsecured loan, repayable on demand by the lender. This loan has been obtained to meet day to day working capital requirements of the Company. Sponsor vide its distinct resolutions dated 18 December 2018 and 26 April 2019, resolved to subscribe the right issue announced during the current year for an amount of Rs. 17.218 million whereas rest of the amount is deposited into Escrow Account in accordance with relaxation for underwriting allowed by SECP.			
<b>35 SHORT TERM CERTIFICATES OF DEPOSIT</b>			
<b>Related parties - Unsecured</b>			
Escorts Capital Limited	35.01	-	52,000,000
Individuals	35.02	29,461,224	-
<b>Others - Unsecured</b>			
Individuals	35.03	-	111,940,000
		29,461,224	163,940,000

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
<b>35.01 Escorts Capital Limited</b>			
Opening balance		52,000,000	-
Certificates issued during the year		-	52,000,000
Certificates converted into short term borrowings during the year		(40,621,370)	-
Payments during the year		(11,378,630)	-
		<u>-</u>	<u>52,000,000</u>
<b>35.02</b> These have been issued for term of 1 year and expected rate of return on these certificates is 7.13% (2018: Nil) per annum payable monthly.			
<b>35.03</b> These have been issued for terms ranging from 3 months to 1 year and expected rate of return on these certificates ranges from 6.67% to 8.33% (2018: 6.67% to 8.33%) per annum payable monthly, quarterly, semi-annually or on maturity.			
<b>36 SHORT TERM BORROWINGS</b>			
<b>Related parties - unsecured</b>			
Escorts Capital Limited		40,621,370	-
Ace International		28,272,300	-
		<u>68,893,670</u>	<u>-</u>
<b>36.01</b> Mark-up rates on borrowings from related parties ranges between 9.65 - 9.75% (2018: Nil) per annum with monthly profit payment.			
<b>37 ACCRUED MARKUP</b>			
Accrued markup on certificates of deposit		699,558	1,360,590
Accrued markup on secured borrowings	37.01	-	202,421
Accrued markup on unsecured borrowings	37.02	35,312,924	18,587,108
		<u>36,012,482</u>	<u>20,150,119</u>
<b>37.01</b> Accrued markup on these borrowings has been written back during the year.			
<b>37.02</b> This includes an amount of Rs. 30.543 million (2018: Rs. 17.162 million) payable to Bahria Town (Private) Limited (Holding Company) and Rs. 4.507 million (2018: Rs. 1.425 million) payable to outgoing sponsors against their subordinated loans. Further, payment of markup to old sponsors is subject to prior approval of SECP.			
		<b>2019</b>	<b>2018</b>
	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
<b>38 TRADE AND OTHER PAYABLES</b>			
Customers' credit balances		4,880,447	6,273,504
Certificate of depositors - deceased and untraceable	38.01	39,440,852	58,506,714
Accrued expenses and other payables	38.02	64,522,611	71,405,590
		<u>108,843,910</u>	<u>136,185,808</u>
<b>38.01</b> This represents the principal amount of certificate of deposits of Rs. 34.122 million (2018: Rs. 50.62 million) along with accrued markup of Rs. 5.319 million thereon (2018: Rs. 7.88 million), calculated till 31st January 2018. This remained unpaid due to non-submission of succession certificates (by legal heirs of depositors) and other legal issues.			
<b>38.02</b> This includes mark up of Rs. 0.353 million (2018: Rs. 0.51 million) suspended during the year.			
<b>39 PROVISION FOR TAXATION</b>			
Opening balance		12,418,224	12,931,584
Add: Taxation - current		1,196,096	(513,360)
		<u>13,614,320</u>	<u>12,418,224</u>
Less: Tax payments / adjustments during the year		-	-
		<u>13,614,320</u>	<u>12,418,224</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 40 CONTINGENCIES AND COMMITMENTS

### 40.01 Contingencies

- a) The Company's assessments till Assessment Year 2002-03, has been finalized except that the Income Tax department is in appeal before the Honourable Lahore High Court for Assessment Years 1997-98 and 1998-99 on following issues:
  - i) status of Company as "banking Company" rather than "public limited Company"; and
  - ii) taxability of "dividend income" as separate block of income.
- b) The Company has filed appeals before Honourable Lahore High Court for Tax Year 2003 to 2006 on various matters. The case is pending for adjudication and the Company expects a favourable outcome in this regard.
- c) In respect of tax year 2009, the assessing officer has issued an assessment order under section 122(5A) to amend the income tax return filed by the Company. The Company has filed an appeal before CIR(A) in this respect. The case is pending for adjudication and the Company expects a favourable outcome in this regard.
- d) For tax year 2009, tax department finalized an order U/S 161/205 of the Income Tax Ordinance, 2001. The Company filed an appeal against the said order in CIR(A) and the case was remanded back. The case is pending for adjudication and the Company expects a favourable outcome in this regard.
- e) Sindh Revenue Board has initiated proceedings by issuing notice u/s 52(1) of the Sindh Sales Tax on Services, Act 2011 for the scrutiny of Sindh sales tax returns and records for the tax year 2012, 2013 and 2014 on 22 January 2018 and 12 February 2018, which was duly complied by the Company on 07 February 2018 and 09 March 2018 and subsequently neither any further notice received nor any order was passed in this regard and the Company also expects no unfavourable outcome.
- f) For tax year 2015, income tax return has been amended by Assistant / Deputy Commissioner (A/DCIR) vide order dated 31 January 2019 u/s 122(5) by creating a tax demand of Rs. 2,786,906. The Company has filed an appeal before Commissioner Inland Revenue (Appeals), who vide Order No. 53 dated 26 June 2019 deleted the demand but confirmed the additions of certain expenditures. The Company has now decided to file an appeal before Appellate Tribunal Inland Revenue against the aforesaid additions and ultimately expects favourable outcome.
- g) The Company filed a recovery suit/case/complaint No. 21/2017 dated 24 November 2016 for an amount of Rs. 41.45 million against Mr. Javaid Iqbal son of Mr. Taj Muhammad, one of the clients of the Company. The accused availed the morabaha financing facility and was unable to settle his liability. Further, the cheques provided by Mr. Javaid Iqbal were also dishonoured. Non bailable warrants were issued by the Honourable Court. The case is pending for adjudication in Banking Court No. 1, Lahore and the Company expects a favourable outcome in this regard.
- h) The Company filed a recovery suit against M/s Faran Maize Industries (Private) Limited in the Honourable Banking Court No. 4, which was decreed in favour of the Company for a decree amount of Rs. 15.43 million. The property under mortgage has already been sold to settle the liability. However, M/s Faran Maize Industries (Private) Limited has filed objection petition against the decree and pending for arguments on objection petition.
- i) The Company filed a recovery suit against M/s Taj Textile Mills Limited in the Honourable Banking Court No. 1 dated 30 June 2004 for an amount of Rs. 18.57 million and cost of funds for an amount of Rs. 32.19. The case was decreed in favour of the Company for a decree amount of Rs. 18.57 million and cost of funds for an amount of Rs. 32.19. Currently, the case is pending at the stage of auction of property as the debtor has filed objection petition against the auction and pending for the submission of reply till 27 September 2019. Negotiations for out of court settlement are also in process at the same time.
- j) The Company has filed a recovery suit against Genertech Pakistan Limited before Honourable Banking Court No. 3, Lahore dated 06 September 2006 for the recovery of Rs. 19.56 million. The case was decreed in favour of the bank with decree amount of Rs. 18.46 million. Currently, the case is pending at the stage of auction of property, 126 Kanals and 8 Marlas situated at Mauza Mahal, District Kasur as the Genertech Pakistan Limited has filed objection petition against the auction and pending for the submission of reply till 09 October 2019.
- k) During the year, the Securities and Exchange Commission of Pakistan (SECP) on 06 February 2019, withdrew its permission to the bank to raise deposits from individuals, sole proprietors, provident/gratuity funds, trusts, charitable institutions and Section 42 companies. A Constitutional Writ Petition No. 16434/2019 was filed by the Company before the Honourable Lahore High Court, Lahore on 19 March 2019 against the order of SECP. On 03 July 2019, the Honourable Lahore High Court, decided the case by remanding back the matter to the SECP. However, the Company intends to file Intra Court Appeal before the Honourable Lahore High Court against the decision.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 40.02 Commitments

There were no outstanding guarantees (2018: Nil) during the year.

		2019	2018
	Note	Rupees	Rupees
<b>41 PROFIT ON FINANCING</b>			
Long term		8,805,344	4,095,936
Short term		1,007,267	-
		<u>9,812,611</u>	<u>4,095,936</u>
<b>42 RETURN ON INVESTMENTS</b>			
<b>Mark-up / return on investments</b>			
<b>Amortised cost</b>			
Treasury bills		29,910,289	4,771,715
<b>Fair value through other comprehensive income</b>			
Term finance certificates		11,702,670	-
		<u>41,612,959</u>	<u>4,771,715</u>
	43.01	<u>1,445,841</u>	<u>120,688</u>
<b>43 INCOME FROM FEE AND COMMISSION</b>			
<b>43.01</b>			
This represents processing income received from house finance, micro finance and corporate finance customers.			
<b>44 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Late payment charges on auto finance lease and morabaha financing		3,309	149,449
Broken period income		6,313	268,561
		9,622	418,010
<b>Income from non - financial assets</b>			
Rental income		2,475,000	2,681,250
Rent expense waived off by holding Company		4,000,000	-
Gain on disposal of property and equipment		-	372,000
Long outstanding liabilities written back		10,632,953	-
		<u>17,117,575</u>	<u>3,471,260</u>
<b>45 ADMINISTRATIVE EXPENSES</b>			
Salaries, wages, other benefits and allowances	45.01	54,721,156	33,453,794
Directors fee		4,200,000	-
Staff training and welfare		865,000	80,325
Advertisement and business promotion		5,358,202	1,359,585
Rent, rates and taxes		1,382,308	5,672,330
Utilities		3,418,711	2,159,916
Communication charges		3,008,393	2,516,468
Travelling and vehicle maintenance		4,684,527	5,533,640
Repair and maintenance		1,437,701	1,642,228
Entertainment		1,093,654	1,067,665
Fee and subscriptions		2,681,839	12,720,462
Legal and professional charges	45.02	19,998,689	15,079,535
Auditors' remuneration	45.03	1,830,272	1,471,850
Printing and stationery		2,197,064	1,806,727
Fee, brokerage and commission		-	13,404
Insurance	45.04	1,908,544	154,398
Donations	45.05	-	30,000
Depreciation	9.02	11,175,511	6,893,194
Amortization of intangible assets	10.01	2,139,291	38,060
Miscellaneous expenses		908	158,497
		<u>122,101,770</u>	<u>91,852,078</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

**45.01** This includes contribution to provident fund amounting to Rs. 1.313 million (2018: Rs. 0.775 million) made by the Company in the approved provident fund trust.

**45.02** It includes an amount of Rs. 5.026 million (2018: 3.36 million) paid to internal audit department which is outsourced to Category "A" rated independent Chartered Accountant firm.

	Note	2019 Rupees	2018 Rupees
<b>45.03 Auditors' remuneration</b>			
Statutory audit fee		1,334,000	1,188,875
Half year review		311,272	282,975
Certification fee		100,000	-
Out of pocket		85,000	-
		<u>1,830,272</u>	<u>1,471,850</u>

**45.04** This includes insurance expense amounting to Rs. 0.123 million (2018: Rs. 0.123 million) for covering any losses that may be incurred as a result of employee's fraud or gross negligence in accordance with rule - 9 "Insurance Coverage" of NBFC (Establishment and Regulation) Rules, 2003.

**45.05** This donation was made to the Escorts Foundation. However, no donation was made after acquisition of the Company.

	Note	2019 Rupees	2018 Rupees
<b>46 OTHER OPERATING EXPENSES</b>			
Impairment loss	11.01	-	20,700,000
Loss on sale of fixed assets		-	588,867
Impairment on shares / units	18.02.1	281	-
Reversal of gain on revaluation of shares / units		176	-
Provisions of doubtful balances			
Provisions made during the year:			
Long term finances		-	20,420,180
Doubtful finances	19.02	-	659,037
Other receivables - others	23.03	-	5,742,979
Interest accrued		-	171,741
Other receivables - clients	23.02.1	-	8,012,606
Long term deposits	15	-	330,350
Micro finances	13.04 & 19.03	155,155	-
Long term loans and advances		-	79,249
		<u>155,155</u>	<u>35,416,142</u>
Debit balances written off	46.01	-	57,952,166
Penalty	46.02	-	20,000
		<u>155,612</u>	<u>114,677,175</u>

**46.01** This includes amount of Rs. Nil (2018: Rs. 57.938 million) recognised by the Company as compensation on delayed refunds in prior years. The amount was calculated from the end of three (03) months of the date of filing of return which was not receivable in light of provisions of sections 170 and 171 of the Income Tax Ordinance, 2001 and particular judgment of honourable Lahore High Court reported as 2015 PTD 1913 = 122 Tax 10.

**46.02** Penalty imposed during the year by Pakistan Stock Exchange (PSX) under Regulations 5.6.4.(a) & 5.6.4.(c) relating to late submission of prior printed copies of Annual / Quarterly accounts for the period ended 31 Dec 2015, 30 June 2016, 31 Dec 2016 and 31 March 2017.

## 47 TAXATION-NET

Taxation			
-Current year	47.01	1,196,096	643,500
-Prior years		-	(1,156,860)
		<u>1,196,096</u>	<u>(513,360)</u>
Deferred taxation			
-For current year		(407,258)	(78,238,227)
		<u>788,838</u>	<u>(78,751,587)</u>

# Notes To The Financial Statements

For the year ended 30 June 2019

**47.01** - Income tax return has been filed to the income tax authorities upto and including tax year 2018 under the provisions of the Income Tax Ordinance, 2001.

- Provision for taxation has been made in accordance with section 113 of the Income Tax Ordinance, 2001 ("The Ordinance"). There is no relation between aggregate tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.

**47.02** The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

Description	Year ended		
	2018	2017	2016
Provision as per financial statements	643,500	1,711,260	736,259
Tax assessed	643,500	554,400	754,076

## 48 LOSS PER SHARE - BASIC AND DILUTED

		2019	2018
<b>Basic loss per share</b>			
Net loss for the year after taxation	Rupees	(50,296,451)	(154,409,436)
Weighted average number of ordinary shares	Number	44,100,000	44,100,000
Loss per share - basic	Rupees	(1.14)	(3.50)
<b>Diluted loss per share</b>			
		<b>2019</b>	<b>2018</b>
Net loss, net of effects of dilutive potential ordinary shares	Rupees	(50,296,451)	(154,409,436)
Weighted average number of ordinary shares, net of effects of dilutive potential ordinary shares	Number	135,600,000	135,600,000
Loss per share - dilutive	Rupees	(0.37)	(1.14)
<b>Reconciliation of basic loss to diluted loss</b>			
Net loss for the year after taxation	Rupees	(50,296,451)	(154,409,436)
Adjustment for Right share options	Rupees	-	-
Net loss, net of effects of dilutive potential ordinary shares	Rupees	(50,296,451)	(154,409,436)
<b>Reconciliation of weighted average number of shares</b>			
Weighted average number of shares outstanding used to calculate basic loss per share	Number	44,100,000	44,100,000
Adjustment for Right share options	Number	91,500,000	91,500,000
Weighted average number of shares outstanding used to calculate diluted loss per share	Number	135,600,000	135,600,000

## 49 SEGMENTAL ANALYSIS

The Company's activities are broadly categorized into two primary business segments namely financing activities and investment activities within Pakistan:

### Financing activities

Financing activities include providing long-term and short-term financing facilities to corporate and individual customers.

### Investing activities

Investing activities include money market activities, investment in government securities, advisory services, capital market activities and the management of the Company's liquidity.

# Notes To The Financial Statements

For the year ended 30 June 2019

			(Rupees)
			For the year ended 30 June 2019
	Financing activities	Investing activities	Total
Profit on financing	11,258,452	-	11,258,452
Return on investments	-	84,419,607	84,419,607
<b>Total income for reportable segments</b>	<b>11,258,452</b>	<b>84,419,607</b>	<b>95,678,059</b>
Finance cost	4,716,500	35,365,882	40,082,382
Administrative expenses	79,366,151	42,735,620	122,101,770
	<u>(72,824,199)</u>	<u>6,318,106</u>	<u>(66,506,093)</u>
Other operating income			17,117,575
Other operating expenses			(119,095)
Loss before taxation			<u>(49,507,613)</u>
<b>Segment assets</b>	<b>185,257,309</b>	<b>247,737,901</b>	<b>432,995,210</b>
Unallocated assets			1,002,029,200
			<u>1,435,024,410</u>
<b>Segment liabilities</b>	<b>482,827,826</b>	<b>645,668,195</b>	<b>1,128,496,021</b>
Unallocated liabilities			275,770,142
Equity			30,758,247
			<u>1,435,024,410</u>

			(Rupees)
			For the year ended 30 June 2018
	Financing activities	Investing activities	Total
Profit on financing	4,095,936	-	4,095,936
Return on investments	-	24,121,348	24,121,348
<b>Total income for reportable segments</b>	<b>4,095,936</b>	<b>24,121,348</b>	<b>28,217,284</b>
Finance cost	8,509,830	50,115,177	58,625,007
Administrative expenses	13,332,971	78,519,107	91,852,078
Segment result	<u>(17,746,865)</u>	<u>(104,512,936)</u>	<u>(122,259,801)</u>
Other operating income			3,591,948
Other operating charges			(114,493,170)
Loss before taxation			<u>(233,161,023)</u>
<b>Segment assets</b>	<b>13,265,864</b>	<b>293,287,939</b>	<b>306,553,803</b>
Unallocated assets			1,213,385,728
			<u>1,519,939,531</u>
<b>Segment liabilities</b>	<b>47,049,678</b>	<b>1,040,196,343</b>	<b>1,087,246,021</b>
Unallocated liabilities			352,635,768
Equity			80,057,742
			<u>1,519,939,531</u>

## 50 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise, local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:

Relation with the Company	Nature of transaction	2019 Rupees	2018 Rupees
<b>Transactions during the year</b>			
Holding Company	Rent expense waived off	(9,300,000)	4,000,000
	Utilities expense	3,409,753	1,248,090
	Subordinated loan received		650,000,000
	Sponsors loan received	-	176,000,000
	Markup on long term financing	13,380,822	17,161,973
	Proceeds from sale of long term investment in subsidiary Company	-	175,004,000
	Certificate of deposits issued	10,000,000	-
<b>Balance at year end</b>			
Holding Company	Trade and other payables	1,798,640	4,333,000
	Markup accrued on long term financing	30,542,795	17,161,973
	Subordinated loan	650,000,000	650,000,000
	Sponsors loan	176,000,000	176,000,000
	Certificates of deposit issued	10,000,000	-

# Notes To The Financial Statements

For the year ended 30 June 2019

## Transactions during the year

Associated Companies			
	<b>Escorts Capital Limited</b>		
	Profit paid on certificates of deposit	3,290,121	-
	Markup on certificates of deposit	-	840,603
	Long term deposit received	-	45,000,000
	Markup on short term borrowings	188,740	-
	Short term borrowings received	40,621,370	-
	Long term loans received	-	68,562,566
	Finance received	-	55,470,870
	Mark up received	-	37,061,740
	Certificates of deposit matured	52,000,000	-
	<b>Bahria Grand Hotel and Resort</b>		
	Entertainment expense	307,537	187,649
	<b>The Clove Restaurant &amp; Grill</b>		
	Entertainment expense	70,458	-
	<b>The Safari Club</b>		
	Entertainment expense	50,873	-
	<b>Other Associated Companies</b>		
	Profit paid on certificates of deposit	3,606,865	-
	Certificates of deposit matured	28,272,300	-
	Markup on borrowings	119,595	-
	Borrowings received	28,272,300	-

## Balance at year end

Associated Companies			
	<b>Escorts Capital Limited</b>		
	Markup accrued on borrowings	188,740	-
	Borrowings	40,621,370	-
	Certificates of deposit	-	52,000,000
	Profit accrued on certificates of deposit	-	840,603
	<b>The Safari Club</b>		
	Trade and other payables	6,450	-
	<b>Other Associated Companies</b>		
	Markup accrued on borrowings	74,747	-
	Certificates of deposit	29,461,224	-
	Borrowings	28,272,300	-

## Transactions during the year

Others	Contribution to staff retirement benefits plan	1,312,662	775,492
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### 50.01 Basis of relationship with the Company

Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Company Name	Basis of Association	Aggregate percentage (%) of shareholding in the Company
Bahria Town (Private) Limited	Holding Company	76.25%
Escorts Capital Limited	Associated Company	N/A
Bahria Grand Hotel and Resort	Associated Company	N/A
Bahria International Academy	Associated Company	N/A
Ace Junior Academy	Associated Company	N/A
Ace International Academy	Associated Company	N/A
The Clove restaurant and grill	Associated Company	N/A
The Safari club	Associated Company	N/A

# Notes To The Financial Statements

For the year ended 30 June 2019

## 51 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

	(Rupees)					
	Chief Executive/Director		Non - Executives		Executives	
	2019	2018	2019	2018	2019	2018
Managerial remuneration	4,590,000	1,912,500	-	-	5,071,500	5,537,543
House rent allowance	4,590,000	1,912,500	-	-	5,071,500	3,551,249
Medical Allowance	1,020,000	425,000	-	-	1,127,000	494,885
Meeting fee	-	-	4,200,000	-	-	-
Fuel allowance	528,280	-	-	-	1,455,178	-
Utilities	-	197,592	-	-	-	974,537
Leave encashment	850,000	-	-	-	-	530,000
Retirement benefits	-	-	-	-	-	436,792
	<u>11,578,280</u>	<u>4,447,592</u>	<u>4,200,000</u>	<u>-</u>	<u>12,725,178</u>	<u>11,525,006</u>
Number of persons	1	1	6	6	3	6

**51.01** Total number of directors of the Company including Chief Executive Officer is 07 (2018: 07). No remuneration was paid to any non-executive director. Further certain vehicles are provided by Sponsor to executives of the Company free of cost and these vehicles are not at name of the Company.

## 52 MATURITIES OF ASSETS AND LIABILITIES

Description	(Rupees)					
	upto one month	within one year	More than one year and upto five year	Above five years	Non fixed maturities	Total
<b>As at 30 June 2019</b>						
<b>ASSETS</b>						
Property and equipment	-	-	36,031,877	12,388,190	65,967,502	114,387,569
Intangible assets	-	-	6,072,585	-	-	6,072,585
Cards and rooms	-	-	-	-	12,750,000	12,750,000
Deferred tax asset	-	-	182,949,684	-	-	182,949,684
Net investment in lease finance	-	2,165,985	-	-	-	2,165,985
Investments	-	105,504,135	124,999,875	-	-	230,504,010
Finances	-	52,871,695	37,508,642	22,402,756	-	112,783,093
Advances	1,847,440	4,651,250	-	-	-	6,498,690
Prepayments	-	1,254,007	424,600	-	-	1,678,607
Interest accrued	-	6,443,528	-	-	-	6,443,528
Other receivables	-	27,992,210	40,356,384	-	-	68,348,594
Tax refunds due from the government	-	111,956,047	-	-	-	111,956,047
Cash and bank balances	361,246,718	217,239,300	-	-	-	578,486,018
	<u>363,094,158</u>	<u>530,078,157</u>	<u>428,343,647</u>	<u>34,790,946</u>	<u>78,717,502</u>	<u>1,435,024,410</u>
<b>LIABILITIES</b>						
Subordinated loans	-	137,694,382	650,000,000	-	-	787,694,382
Short term borrowings	-	68,893,670	-	-	-	68,893,670
Certificates of deposit	-	123,461,224	66,250,000	-	-	189,711,224
Long term security deposits	-	2,165,985	-	-	-	2,165,985
Short term finances	-	158,782,090	17,217,910	-	-	176,000,000
Accrued markup	4,506,642	31,505,840	-	-	-	36,012,482
Trade and other payables	-	108,843,910	-	-	-	108,843,910
Unclaimed dividend	-	2,385,654	-	-	-	2,385,654
Provision for taxation	-	13,614,320	-	-	-	13,614,320
	<u>4,506,642</u>	<u>647,347,075</u>	<u>733,467,910</u>	<u>-</u>	<u>-</u>	<u>1,385,321,627</u>
Net assets	<u>358,587,516</u>	<u>(117,268,918)</u>	<u>(305,124,263)</u>	<u>34,790,946</u>	<u>78,717,502</u>	<u>49,702,783</u>
<b>Represented by:</b>						
Share capital and reserves						30,758,247
Revaluation surplus on property and equipment						18,944,536
						<u>49,702,783</u>



# Notes To The Financial Statements

For the year ended 30 June 2019

Description	Upto one month	Within one year	More than one year and upto five year	Above five years	Non fixed maturities	Total
<b>As at 30 June 2018</b>						
<b>ASSETS</b>						
Property and equipment	-	-	27,140,175	6,242,399	69,439,476	102,822,050
Intangible assets	-	-	76,132	-	-	76,132
Cards and rooms	-	-	-	-	12,750,000	12,750,000
Deferred tax asset	-	-	182,542,426	-	-	182,542,426
Net investment in lease finance	-	2,165,985	-	-	-	2,165,985
Investments	-	279,158,608	-	-	-	279,158,608
Finances	-	10,204,005	216,345	-	-	10,420,350
Advances	185,284	-	-	-	-	185,284
Prepayments	-	593,943	424,600	-	-	1,018,543
Interest accrued	-	2,058,860	-	-	-	2,058,860
Other receivables	-	27,992,210	39,909,891	-	-	67,902,101
Tax refunds due from the government	-	102,838,785	-	-	-	102,838,785
Cash and bank balances	756,000,407	-	-	-	-	756,000,407
	<u>756,185,691</u>	<u>425,012,396</u>	<u>250,309,569</u>	<u>6,242,399</u>	<u>82,189,476</u>	<u>1,519,939,531</u>
<b>LIABILITIES</b>						
Subordinated loans	-	137,694,382	650,000,000	-	-	787,694,382
Certificates of deposit	200,000	163,740,000	119,000,000	-	-	282,940,000
Long term security deposits	-	2,165,985	-	-	-	2,165,985
Short term finances	-	176,000,000	-	-	-	176,000,000
Accrued markup	712,568	19,437,551	-	-	-	20,150,119
Trade and other payables	-	136,185,808	-	-	-	136,185,808
Unclaimed dividend	-	2,385,654	-	-	-	2,385,654
Provision for taxation	-	12,418,224	-	-	-	12,418,224
	<u>912,568</u>	<u>650,027,604</u>	<u>769,000,000</u>	<u>-</u>	<u>-</u>	<u>1,419,940,172</u>
Net assets	<u>755,273,123</u>	<u>(225,015,208)</u>	<u>(518,690,431)</u>	<u>6,242,399</u>	<u>82,189,476</u>	<u>99,999,359</u>
<b>Represented by:</b>						
Share capital and reserves						80,057,742
Surplus on revaluation of property and equipment						19,941,617
						<u>99,999,359</u>

## 53 CREDIT RISK AND CONCENTRATIONS OF CREDIT RISKS

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The management attempts to control credit risk through monitoring credit exposures, limiting transactions with specific counterparties, and continuous assessing of the credit worthiness of counterparties.

The management monitors and limits bank's exposure to credit risk through monitoring of client's credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets diversified in organizations of sound financial standing covering various industrial sectors and segments.

### 53.01 Segment information

Class of business

Class of business	Financing		Certificates of deposit	
	2019	2018	2019	2018
	Percentage		Percentage	
Agribusiness	7.55	15.04	-	-
Textile	8.41	16.74	-	-
Individuals	63.24	40.20	73.93	81.62
Engineering and construction	14.07	28.02	5.27	-
Others	6.73	-	20.80	18.38
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

# Notes To The Financial Statements

For the year ended 30 June 2019

## 53.02 Geographical

These financial statements represent operations of the Company in Pakistan only.

The age of term loan and lease rental receivables and related impairment loss at the statement of financial position date was:

	2019 Rupees	2018 Rupees
<b>Aging of term loan and lease rental receivables</b>		
Not past due	102,545,257	27,675,218
Past due 0 - 90 days	81,352	91,110
Past due 91- 180 days	70,932	43,338
180 days to 1 year	39,450	62,538
More than 1 year	79,569,953	52,002,987
	<u>182,306,944</u>	<u>79,875,191</u>

## 53.03 Collaterals held against term financing

Description	2019				Net exposure
	Gross exposure	Collaterals			
		Mortgage	Hypothecation	Liquid collaterals	
Long term finances	133,575,136	205,739,520	68,367,643	-	(140,532,027)
Short term finances	46,037,036	-	15,429,000	10,000,000	20,608,036

Description	2018				Net exposure
	Gross exposure	Collaterals			
		Mortgage	Hypothecation	Liquid collaterals	
Long term finances	52,729,475	1,200,000	69,571,193	-	(18,041,718)
Short term finances	24,401,316	-	15,429,000	10,000,000	(1,027,684)

	Rating			2019	2018
	Short term	Long term	Agency	Rupees	
United Bank Limited	A1+	AAA	JCR-VIS	308,565,696	496,628,325
Bank Alfalah Limited	A1+	AA+	JCR-VIS	269,538,239	258,614,154
Askari Bank Limited	A1+	AA+	PACRA	-	4,894
Sindh Bank Limited	A1	A+	JCR-VIS	152,698	330,503
MCB Bank Limited	A1+	AAA	PACRA	51,664	136,084
Burj Bank Limited	A1	A	PACRA	-	1,026
Bank Al-Habib Limited	A1+	AA+	PACRA	19	19
State Bank of Pakistan*				85,604	258,617
				<u>578,393,920</u>	<u>755,973,622</u>

\* Credit rating is not available.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of a company's performance to developments affecting a particular industry.

## 54 LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the bank's reputation. In spite the fact that the bank is in a positive working capital position at the year end, management believes the liquidity risk to be low.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equates to their carrying balances as the impact of discounting is not significant.

# Notes To The Financial Statements

For the year ended 30 June 2019

(Rupees)					
Description	Carrying Amounts	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
<b>30 June 2019</b>					
Customers' security deposit	2,165,985	2,165,985	2,165,985	-	-
Certificates of deposits	189,711,224	194,127,988	127,877,988	66,250,000	-
Short term finances	158,782,090	158,782,090	158,782,090	-	-
Short term borrowings	68,893,670	68,893,670	68,893,670	-	-
Accrued mark-up	36,012,482	36,012,482	36,012,482	-	-
Trade and other payables	108,843,910	108,843,910	108,843,910	-	-
	<u>564,409,361</u>	<u>568,826,125</u>	<u>502,576,125</u>	<u>66,250,000</u>	<u>-</u>

(Rupees)					
Description	Carrying Amounts	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
<b>30 June 2018</b>					
Customers' security deposit	2,165,985	2,165,985	2,165,985	-	-
Certificates of deposits	282,940,000	298,477,496	189,750,912	108,726,584	-
Short term finances	176,000,000	176,000,000	176,000,000	-	-
Accrued mark-up	20,150,119	20,150,119	20,150,119	-	-
Trade and other payables	136,185,808	136,185,808	136,185,808	-	-
	<u>617,441,912</u>	<u>632,979,408</u>	<u>524,252,824</u>	<u>108,726,584</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / profit rates effective as at 30 June 2019. The rates of mark up have been disclosed in respective notes to the financial statements.

## 55 MARKET RISK

The Company's activities expose it to a variety of market risks (in addition to liquidity and credit risks). Market risk with respect to the Company's activities include interest rate risk, currency risk and other price risk.

### 55.01 Interest rate risk

Interest rate risk arises from the possibility that changes in interest will affect the value of financial instruments. Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of financial assets and liabilities that mature or reprise in a given period.

The Company's exposure to interest rate risk on its financial assets and financial liabilities are summarized as follows:

(Rupees)					
Description	Within one year	More than one year and upto five years	Above five years	Not exposed to interest rate risk	Total
<b>30 June 2019</b>					
<b>FINANCIAL ASSETS</b>					
Investments	230,504,010	-	-	-	230,504,010
Net investment in lease finance	2,165,985	-	-	-	2,165,985
Finances	52,871,695	37,508,642	22,402,756	-	112,783,093
Advances	-	-	-	6,498,690	6,498,690
Deposits and prepayments	1,254,007	424,600	-	-	1,678,607
Bank balances	576,675,751	-	-	1,718,169	578,393,920
	<u>863,471,448</u>	<u>37,933,242</u>	<u>22,402,756</u>	<u>8,216,859</u>	<u>932,024,305</u>
<b>FINANCIAL LIABILITIES</b>					
Certificates of deposit	123,461,224	66,250,000	-	-	189,711,224
Short term borrowings	68,893,670	-	-	-	68,893,670
Trade and other payables	-	-	-	108,843,910	108,843,910
	<u>192,354,894</u>	<u>66,250,000</u>	<u>-</u>	<u>108,843,910</u>	<u>367,448,804</u>
Interest rate sensitivity gap	671,116,554	(28,316,758)	22,402,756	-	-
Cumulative interest rate sensitivity gap	<u>671,116,554</u>	<u>642,799,796</u>	<u>665,202,552</u>	<u>-</u>	<u>-</u>

Effective interest rates on these financial instruments are disclosed in the respective notes.

# Notes To The Financial Statements

For the year ended 30 June 2019

(Rupees)

Description	Within one year	More than one year and upto five years	Above five years	Not exposed to interest rate risk	Total
<b>30 June, 2018</b>					
<b>FINANCIAL ASSETS</b>					
Investments	279,158,608	-	-	-	279,158,608
Net investment in lease finance	2,165,985	-	-	-	2,165,985
Finances	9,974,445	216,345	-	-	10,190,790
Advances	-	-	-	185,284	185,284
Deposits and prepayments	593,943	424,600	-	-	1,018,543
Bank balances	755,643,511	-	-	330,111	755,973,622
	<u>1,047,536,492</u>	<u>640,945</u>	<u>-</u>	<u>515,395</u>	<u>1,048,692,832</u>
<b>FINANCIAL LIABILITIES</b>					
Certificates of deposit	163,940,000	119,000,000	-	-	282,940,000
Trade and other payables	-	-	-	136,185,808	136,185,808
	<u>163,940,000</u>	<u>119,000,000</u>	<u>-</u>	<u>136,185,808</u>	<u>419,125,808</u>
Interest rate sensitivity gap	883,596,492	(118,359,055)	-	-	-
Cumulative interest rate sensitivity gap	<u>883,596,492</u>	<u>765,237,437</u>	<u>765,237,437</u>	<u>-</u>	<u>-</u>

## 55.02 Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is exposed to equity price risk as Company holds investments at fair value through profit or loss.

		Rupees		
		Changes in PSX all index	Effects on profit/loss	Effects on equity
<b>Investment at fair value through profit or loss</b>	2019	+10%	-	-
		-10%	-	-
	2018	+10%	-	11
		-10%	-	(11)

The Company has adopted IFRS 9 'Financial Instruments' during current year which has resulted in reclassification of financial assets.

## 55.03 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk arising from currency exposure as it is not involved in foreign currency transactions.

## 55.04 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. Currently, the Company is not exposed to any price risk as it does not hold any significant investments exposed to price risk.

## 56 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total capital employed. The board of directors also monitors the level of dividends to ordinary shareholders.

The Company is exposed to externally imposed capital requirements.

SECP vide SRO No. 1160/(1)/2015 dated 25 November 2015 has made certain amendments in NBFCs and Notified Entities Regulations, 2008. The existing minimum equity requirement is Rs. 750 million. After takeover of the Company, M/s Bahria Town (Private) Limited had injected Rs. 650 million as subordinated loan to meet the minimum equity requirement of Rs. 750 million. Subsequent to the statement of financial position date and as mentioned in note No. 60, this loan is converted into shares.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

Additionally, the Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-equity ratio calculated as total debt to equity.

The debt-to-equity ratios at 30 June 2019 and at 30 June 2018 were as follows:

	2019 Rupees	2018 Rupees
Debt	1,224,465,261	1,248,800,367
Cash and bank balances	578,486,018	756,000,407
Net debt	645,979,243	492,799,960
Total equity	30,758,247	80,057,742
Total capital employed	676,737,490	572,857,702
Gearing ratio (%)	95.45%	86.02%

## 57 PROVIDENT FUND

Note

The following information is based on the latest un-audited financial statement of the trust:

	2019 Rupees (Un-audited)	2018 Rupees (Audited)
Size of the fund - Total assets	2,644,351	793,120

**57.01** No investments were made during the year.

## 58 FAIR VALUES OF FINANCIAL INSTRUMENTS

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.
- The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

### 58.01 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

#### (i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

	(Rupees)			
As at 30 June 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Long term investments	124,999,875	-	-	124,999,875
Short term investments	-	-	-	-
Total non-financial assets	124,999,875	-	-	124,999,875
As at 30 June 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Short term investments	457	-	-	457
Total non-financial assets	457	-	-	457

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There was no transfer in and out of level 1 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

## 59 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING (Rupees)

Description	Note	2019		2018	
		Carried under		Carried under	
		Non - Shariah Arrangements	Shariah Arrangements	Non - Shariah Arrangements	Shariah Arrangements
<b>FINANCIAL ASSETS</b>					
Investments	12 & 18	230,504,010	-	279,158,608	-
Net investment in lease finance	14	-	-	-	-
Finances	13 & 19	91,474,748	-	10,190,790	-
Advances	20	-	6,498,690	-	185,284
Deposits and prepayments	15 & 21	1,678,607	-	1,018,543	-
Bank balances	25	576,675,751	1,810,267	755,643,511	356,896
		<u>900,333,116</u>	<u>8,308,957</u>	<u>1,046,011,452</u>	<u>542,180</u>
<b>FINANCIAL LIABILITIES</b>					
Long term finances - subordinated loans	29	787,694,382	-	787,694,382	-
Long term finances - sponsors loan	30	-	17,217,910	-	-
Certificates of deposit	31,33 & 35	189,711,224	-	282,940,000	-
Long term security deposits	32	-	-	-	-
Short term finances - sponsors loan	34	-	158,782,090	-	176,000,000
Short term borrowings	36	68,893,670	-	-	-
		<u>1,046,299,276</u>	<u>176,000,000</u>	<u>1,070,634,382</u>	<u>176,000,000</u>

Description	Note	2019		2018	
		Carried under		Carried under	
		Non - Shariah Arrangements	Shariah Arrangements	Non - Shariah Arrangements	Shariah Arrangements
<b>Sources of other income</b>					
Profit on financing	41	9,812,611	-	4,095,936	-
Return on investments	42	41,612,959	-	4,771,715	-
Income from fee and commission	43	1,445,841	-	120,688	-
Profit on bank deposits		42,806,648	-	19,349,633	-
Other income	44	3,309	17,114,266	28,761	3,442,499
		<u>95,681,368</u>	<u>17,114,266</u>	<u>28,366,733</u>	<u>3,442,499</u>

### 59.01 Relationship with banks

Name	Relationship	
	Non Islamic window operations	With Islamic window operations
Bank Alfalah Limited	✓	-
Bank Al-Habib Limited	✓	-
MCB Bank Limited	✓	-
Sindh Bank Limited	✓	-
United Bank Limited	✓	-



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 59.02 RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

### Fair value hierarchy

Judgements and estimates are made for non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

(Rupees)				
As at 30 June 2019	Level 1	Level 2	Level 3	Total
Property and equipment:				
- Office premises	-	65,967,502	-	65,967,502
Total non-financial assets	<u>-</u>	<u>65,967,502</u>	<u>-</u>	<u>65,967,502</u>
As at 30 June 2018	Level 1	Level 2	Level 3	Total
Property and equipment:				
- Office premises	-	69,439,476	-	69,439,476
Total non-financial assets	<u>-</u>	<u>69,439,476</u>	<u>-</u>	<u>69,439,476</u>

The Company's policy is to recognise transfers in and out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

### Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for the items of property and equipment carried at revalued amounts every five years. The management updates the assessment of the fair value of each item of property and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold office premises is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same freehold office premises.

### Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's items of property and equipment carried at revalued amounts at the end of every five years.

Changes in fair values are analysed between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

## 60 SIGNIFICANT NON-ADJUSTING EVENTS AND TRANSACTIONS AFTER THE REPORTING PERIOD

After successful takeover of EIBL, the new incumbent management of the Company has announced the Right Issue of amount Rs. 915 million divided into 91.50 million ordinary shares of Rs. 10 each on 29 October 2018 to provide further strength to the equity base thus raising its paid-up capital from Rs. 441 million to Rs. 1,356 million. Proportion of 207 shares for each 100 shares held is offered which shall rank pari-passu with the existing shares of the Company in all respects.

The Sponsors along with its associates communicated their willingness to underwrite and undertake the unsubscribed public portion (if any) of Right Issue through either conversion of existing sub-ordinated / sponsor loans or injection of fresh funds (if required). Securities and Exchange Commission of Pakistan (SECP) vide its letter SC/NBFC-34/EIBL/2019-369 dated 19 April 2019 relaxed the underwriting requirement under Regulation 3 (3) (ii) of Companies (Further Issue of Shares) Regulations, 2018 and directed sponsors to deposit amount equivalent to public portion into an Escrow Account.

The Sponsor and its associated Companies / undertakings have deposited the funds and complied with SECP requirements and fulfilled its commitment. Subsequent to reporting period, Right Issue is completed successfully and Form-3 "Allotment of shares" have been filed to SECP on 24 September 2019.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2019

## 61 NUMBER OF EMPLOYEES

The total number of employees as at 30 June 2019 were 59 (30 June 2018: 60) and the average number of employees during the year were 44 (30 June 2018: 38).

## 62 DATE OF AUTHORIZATION FOR ISSUE

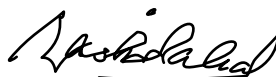
These financial statements were authorized for issue on 05 October, 2019 by the Board of Directors of the Director

## 63 GENERAL

- Figures have been rounded off to the nearest rupee, unless otherwise stated.
- Corresponding figures have been rearranged/reclassified, wherever necessary, to facilitate comparison.



Chief Executive Officer



Director



Chief Financial Officer

# PATTERN OF SHAREHOLD

For the year ended 30 June 2019

Number of ShareHolders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital
	From	To		
150	1 -	100	3,765	0.01
180	101 -	500	81,124	0.18
188	501 -	1000	181,874	0.41
280	1001 -	5000	786,227	1.78
100	5001 -	10000	788,214	1.79
26	10001 -	15000	335,000	0.76
21	15001 -	20000	384,500	0.87
12	20001 -	25000	277,161	0.63
10	25001 -	30000	285,162	0.65
4	30001 -	35000	138,000	0.31
9	35001 -	40000	341,397	0.77
3	40001 -	45000	128,307	0.29
4	45001 -	50000	196,000	0.44
2	50001 -	55000	107,000	0.24
4	55001 -	60000	238,500	0.54
2	60001 -	65000	128,000	0.29
1	70001 -	75000	72,000	0.16
3	75001 -	80000	231,490	0.52
2	80001 -	85000	168,000	0.38
1	90001 -	95000	95,000	0.22
5	95001 -	100000	495,500	1.12
1	100001 -	105000	103,003	0.23
1	120001 -	125000	121,500	0.28
2	125001 -	130000	254,500	0.58
1	185001 -	190000	190,000	0.43
1	190001 -	195000	192,000	0.44
1	250001 -	255000	250,500	0.57
1	285001 -	290000	286,500	0.65
1	395001 -	400000	397,500	0.90
2	405001 -	410000	816,000	1.85
1	415001 -	420000	419,500	0.95
1	610001 -	615000	610,100	1.38
1	660001 -	665000	663,500	1.50
1	700001 -	705000	705,000	1.60
1	33625001 -	33630000	33,628,176	76.25
<b>1,023</b>			<b>44,100,000</b>	<b>100.00</b>

# CATEGORIES OF SHAREHOLDERS

For the year ended 30 June 2019

Categories of Shareholders	Shares Held	%age of Capital
<b>Associated Companies, Undertakings and related parties</b>		
1 BAHRIA TOWN (PRIVATE) LIMITED.	33,628,176	76.2544
	33,628,176	76.2544
<b>Directors and their spouse(s) and minor children:</b>		
1 UMAIR RAFIQUE	500	0.0011
2 RASHID AHMED	500	0.0011
3 KARIM HATIM	500	0.0011
4 ZAIN MALIK (Nominee of Bahria Town (Pvt) Limited)	0	0.0000
5 NAVEED AMIN (Nominee of Bahria Town (Pvt) Limited)	0	0.0000
6 TAHIR SAEED EFFENDI (Nominee of Bahria Town (Pvt) Limited)	0	0.0000
7 KHAWAJA NADEEM ABBAS (Nominee of Bahria Town (Pvt) Limited)	0	0.0000
	1,500	0.0034
<b>Executives / Officers</b>		
1 AEZAD AHMED	10	0.0000
2 HAFIZ BILAL AHMAD	100	0.0002
3 MANSOOR LATIF	10	0.0000
4 KAMRAN CHUGHTAI	10	0.0000
	130	0.0003
<b>Public sector companies and corporations:</b>		
	Nil	Nil
<b>Banks, Development Finance institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b>		
1 ESCORTS INVESTMENT BANK LIMITED	1,000	0.0023
2 STATE LIFE INSURANCE CORP. OF PAKISTAN	77,490	0.1757
	78,490	0.1780
<b>Others:</b>		
1 KRONOSWISS (PRIVATE) LIMITED	10,000	0.0227
2 Crescent Standard Business Management (Pvt) Limite	1	0.0000
3 FIKREES (PRIVATE) LIMITED	50	0.0001
4 HIGH LAND SECURITIES (PVT) LIMITED	3,000	0.0068
5 DARSON SECURITIES (PVT.) LIMITED - MF	1,000	0.0023
6 TRUST SECURITIES & BROKERAGE LIMITED - MF	15,000	0.0340
7 DARSON SECURITIES (PVT) LIMITED	6,000	0.0136
8 ARIF HABIB LIMITED - MF	10,000	0.0227
9 MRA SECURITIES LIMITED - MF	5,500	0.0125
10 N. U. A. SECURITIES (PRIVATE) LIMITED - MF	3,000	0.0068
11 AZEE SECURITIES (PVT.) LTD	210	0.0005
12 MEGA SECURITIES (PVT) LTD	60	0.0001
13 MULTILINE SECURITIES (PVT) LIMITED - MF	15,000	0.0340
14 ORIENTAL SECURITIES (PVT) LTD.	5,000	0.0113
15 RAO SYSTEMS (PVT.) LTD.	50,000	0.1134
16 MULTILINE SECURITIES (PVT) LIMITED	34,500	0.0782
17 SHAFFI SECURITIES (PVT) LIMITED	3,000	0.0068
18 NH SECURITIES (PVT) LIMITED.	5,000	0.0113
19 CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	15,500	0.0351
20 UHF CONSULTING (PRIVATE) LIMITED	705,000	1.5986
	886,821	2.0109
<b>Shareholders holding 5% or more voting rights:</b>		
BAHRIA TOWN (PRIVATE) LIMITED.	33,628,176	76.2544

# CATEGORIES OF SHAREHOLDERS

For the year ended 30 June 2019

Sr. #	Categories	No. of Shareholders	Shares Held	Percentage of Holding
1	Directors, Chief Executive Officer, and their spouse and minor children	3	1,500	0.0034
2	Associated Companies, Undertakings and Related Parties	1	33,628,176	76.2544
3	Banks, Development Financial Institutions, Non Banking Financial Institutions	1	1,000	0.0023
4	Insurance Companies	1	77,490	0.1757
5	Modarbas and Mutual Funds	1	15,500	0.0351
6	General Public (Local)	993	9,504,883	21.5530
7	Others	2	10,001	0.0227
8	Joint Stock Companies	17	861,320	1.9531
9	Executives / Officers	4	130	0.0003
	<b>TOTAL:</b>	<b>1,023</b>	<b>44,100,000</b>	<b>100.0000</b>

# CATEGORIES OF SHAREHOLDERS

For the year ended 30 June 2019

## DETAILED CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Shares Held	Percentage of Holding
<b>Directors, Chief Executive Officer, and their spouse and minor children</b>		
1 UMAIR RAFIQUE	500	0.001
2 RASHID AHMED	500	0.001
3 KARIM HATIM	500	0.001
4 ZAIN MALIK (Nominee of Bahria Town (Pvt) Limited)	-	-
5 NAVEED AMIN (Nominee of Bahria Town (Pvt) Limited)	-	-
6 TAHIR SAEED EFFENDI (Nominee of Bahria Town (Pvt) Limited)	-	-
7 KHAWAJA NADEEM ABBAS (Nominee of Bahria Town (Pvt) Limited)	-	-
	1,500	0.003
<b>Associated Companies, Undertakings and Related Parties</b>		
1 BAHRIA TOWN (PRIVATE) LIMITED.	33,628,176	76.254
	33,628,176	76.254
<b>Banks, Development Financial Institutions, Non Banking Financial Institutions</b>		
1 ESCORTS INVESTMENT BANK LIMITED	1,000	0.002
	1,000	0.002
<b>Insurance Companies</b>		
1 STATE LIFE INSURANCE CORP. OF PAKISTAN	77,490	0.176
	77,490	0.176
<b>Modarbas and Mutual Funds</b>		
1 CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	15,500	0.035
	15,500	0.035
<b>General Public (Local)</b>		
	9,504,883	21.553
<b>Others</b>		
1 KRONOSWISS (PRIVATE) LIMITED	10,000	0.023
2 Crescent Standard Business Management (Pvt) Limited	1	0.000
	10,001	0.023
<b>Joint Stock Companies</b>		
1 FIKREES (PRIVATE) LIMITED	50	0.000
2 HIGH LAND SECURITIES (PVT) LIMITED	3,000	0.007
3 DARSON SECURITIES (PVT.) LIMITED - MF	1,000	0.002
4 TRUST SECURITIES & BROKERAGE LIMITED - MF	15,000	0.034
5 DARSON SECURITIES (PVT) LIMITED	6,000	0.014
6 ARIF HABIB LIMITED - MF	10,000	0.023
7 MRA SECURITIES LIMITED - MF	5,500	0.012
8 N. U. A. SECURITIES (PRIVATE) LIMITED - MF	3,000	0.007
9 AZEE SECURITIES (PVT.) LTD	210	0.000
10 MEGA SECURITIES (PVT) LTD	60	0.000
11 MULTILINE SECURITIES (PVT) LIMITED - MF	15,000	0.034
12 ORIENTAL SECURITIES (PVT) LTD.	5,000	0.011
13 RAO SYSTEMS (PVT.) LTD.	50,000	0.113
14 MULTILINE SECURITIES (PVT) LIMITED	34,500	0.078
15 SHAFFI SECURITIES (PVT) LIMITED	3,000	0.007
16 NH SECURITIES (PVT) LIMITED.	5,000	0.011
17 UHF CONSULTING (PRIVATE) LIMITED	705,000	1.599
	861,320	1.953
<b>Executives / Officers</b>		
1 AEZAD AHMED	10	0.000
2 HAFIZ BILAL AHMAD	100	0.000
3 MANSOOR LATIF	10	0.000
4 KAMRAN CHUGHTAI	10	0.000
	130	0.000
<b>Grand Total:</b>	<b>44,100,000</b>	<b>100.000</b>

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# FORM OF PROXY

Twenty Fourth Annual General Meeting

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being a member of Escorts Investment Bank Limited and holder of \_\_\_\_\_  
\_\_\_\_\_ shares as per Registered Folio No. \_\_\_\_\_.

For Beneficial Owners as per CDC list

CDC Participant I. D. No. \_\_\_\_\_

Sub-Account No. \_\_\_\_\_

NIC \_\_\_\_\_ or Passport No \_\_\_\_\_

hereby appoint \_\_\_\_\_ of \_\_\_\_\_ Who is also a member of the Company, Folio No.  
\_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ who is also  
member of the Company vide Registered Folio No. \_\_\_\_\_ as my/our Proxy to attend, speak and vote for me/ us and  
on my/ our behalf at the 24th Annual General Meeting of the Company to be held on October 28, 2019 at 09:30 a.m. at Bahria  
Grand Hotel and Resort, Executive Lodges, Sector-B, Bahria Town, Lahore and at any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

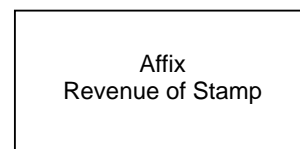
## WITNESS

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC: \_\_\_\_\_



## WITNESS

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC: \_\_\_\_\_

Signature of Member (s)

## Note:

1. This proxy instrument should be signed, stamped (if applicable) and returned to the Company Secretary of Escorts Investment Bank Limited before the time fixed for the meeting.
2. CDC Shareholders and their Proxies are each requested to attach an attested Photocopy of their National Identity Card or Passport with this proxy form before submission to the company.



# تشکیل نیابت داری (پراسی فارم)

چوبیسوی سالانہ اجلاس عام

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_ بحیثیت \_\_\_\_\_

اسکورٹس انوسٹمنٹ بینک لمیٹڈ رکن (ممبر) اور حامل ہیں \_\_\_\_\_ عام حصص کے مطابق درج شدہ فولیو نمبر \_\_\_\_\_ اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر \_\_\_\_\_

\_\_\_\_\_ اور ڈیلی کھاتہ نمبر \_\_\_\_\_ محترم / محترمہ \_\_\_\_\_ ساکن \_\_\_\_\_ یا بصورت \_\_\_\_\_

دیگر محترم / محترمہ \_\_\_\_\_ ساکن \_\_\_\_\_ کو اپنی جگہ 28 اکتوبر 2019 دن 09:30

بجے صبح: بحریہ گرینڈ ہوٹل اینڈ ریزوٹ، ایگزیکٹو لاجز سیکٹر-B بحریہ ٹاؤن لاہور میں منعقد ہو رہا ہے یا اس کے کسی بلتوی شدہ اجلاس میں رائے و ہندگی کیلئے اپنا نمائندہ مقرر کرتا کرتی ہوں۔

مورخہ \_\_\_\_\_ دن \_\_\_\_\_ 2019

گواہ

(1) دستخط \_\_\_\_\_

نام \_\_\_\_\_

پتہ \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

(2) دستخط \_\_\_\_\_

نام \_\_\_\_\_

پتہ \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

ریونیوٹکٹ چسپاں کریں

(دستخط کپنی میں پہلے سے موجودی)

نمونہ کے مطابق ہونے چاہیے)

ہدایات

(1) نیابت داروں پر کسی موثر بنانے کیلئے اجلاس کے مقرر کردہ وقت کم از کم 48 گھنٹے کپنی کے رجسٹرڈ پتہ (الفلاح بلڈنگ، فرسٹ فلور، سیکٹر-B، بحریہ ٹاؤن، لاہور) میں جمع کروانا ضروری ہے۔

(2) سی ڈی سی حصص داران اور ان کے مختار (پراسی) دونوں کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل ضروری ہے۔



**Lahore Branch:**

Bahria Town Corporate Office,  
Bahria Orchard, Raiwind Road.  
Tel: (92-42) 35451300, 35451467

**Karachi Branch:**

Bahria Town Head Office,  
Bahria Town Super Highway  
Tel: (92-21) 38651556, 38651557

**Rawalpindi Branch:**

Bahria Town Head Office,  
Phase VIII.  
Tel: (92-51) 5426528, 5426529, 5426530

**Presence in Other Cities:**

Raiwind: Tel: (92-42) 35390501-03  
Ellahabad: Tel (92-49) 4751251-53  
Hafizabad: Tel (92-547) 583312-14  
Nankana Sahib: Tel (92-562) 876710-12

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[info@escortsbank.net](mailto:info@escortsbank.net)

Follow Escorts Investment Bank Limited



**Escorts  
Investment  
Bank**

A Project of BAHRIA TOWN

**Registered Office:**

Alfalah Building, 1st Floor, Sector-B,  
Bahria Town, Mohlanwal, Lahore-Pakistan.

Tel: (92-42) 35341845-6

[www.escortsbank.net](http://www.escortsbank.net)

[info@escortsbank.net](mailto:info@escortsbank.net)