

2020

AN EYE ON THE FUTURE



CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 SEPTEMBER 2020



**Escorts
Investment
Bank**



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CORPORATE INFORMATION

Board of Directors

Ms. Zainab Malik
(Chairperson)

Mr. Naveed Amin
(Chief Executive Officer)

Mr. Karim Hatim
Syed Aamir Ahsan
Syed Tahir Nawazish
Mr. Tahir Saeed Effendi
Khawaja Nadeem Abbas

Audit Committee

Mr. Karim Hatim (Chairman)
Ms. Zainab Malik (Member)
Mr. Tahir Saeed Effendi (Member)
Syed Aamir Ahsan (Member)

Human Resource & Remuneration (HRR) Committee

Syed Aamir Ahsan (Chairman)
Mr. Tahir Saeed Effendi (Member)
Khawaja Nadeem Abbas (Member)
Mr. Naveed Amin (Member)

Chief Financial Officer

Mr. Muhammad Usman Khalid, ACA

Company Secretary

Mr. Ajwad Ali

External Auditors

Crowe Hussain Chaudhary & Co.
Chartered Accountants

Internal Auditors & Tax Consultants

Riaz Ahmad and Company
Chartered Accountants

Legal Advisor

Mandviwalla & Zafar
Advocates

Share Registrar

Hameed Majeed Associates (Private)
Limited

Bankers To the Company

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

Registered Office

Alfalah Building, 1st Floor, Sector-B,
Bahria Town, Mohlanwal Lahore
Tel: (92-42) 35341845-6
www.escortsbank.net
info@escortsbank.net
UAN: 042 111 003 425
Toll Free: 0800 03425



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DIRECTORS' REPORT

The Board of Directors of Escorts Investment Bank Limited ("Company") are pleased to present the Directors' report together with the condensed interim financial statements (un-audited) of the Company for the period ended on 30 September 2020.

ECONOMY REVIEW

Various steps taken by the Government of Pakistan helped counter economic impact of COVID 19. These steps included reduction in policy rate and cash flow support to businesses to manage their cash requirement and at the same time retain their human resource. In addition, subsidize financing lines are introduced to spur new investment. Government steps to boost construction activity are likely to help to boost demand for housing finance and construction sector related businesses and generate employment opportunities.

PERFORMANCE REVIEW

During the period under review, the Company followed the conservative approach towards writing new business. As at 30th September 2020, the housing and micro finance portfolio stood at Rs.165.558 million and Rs. 117.923 million respectively. Lowering of interest rate has impacted the Company profitability which is likely to improve with writing of new business. Due to the reasons mentioned above, loss for the period under review is Rs. 22.581 million as against Rs. 2.601 million for the corresponding period last year.

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 also like to thank and acknowledged the efforts of 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 our admiration to the employees of the Company for their commitment, hard work and cooperation throughout this challenged period. The Company recognizes and records its gratitude for all their efforts.

For and on behalf of the Board



Naveed Amin
Chief Executive / Director



Syed Tahir Nawazish
Director

ڈائریکٹرز کی رپورٹ

ایس کارٹس انویسٹمنٹ بینک لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز 30 ستمبر 2020 کو ختم ہونے والی مدت کے لئے کمپنی کی مجموعی عبوری مالیاتی گوشوارے (غیر آڈٹ شدہ) مع ڈائریکٹرز رپورٹ پیش کرنے پر خوشی کا اظہار کرتے ہیں۔

اقتصادی جائزہ

حکومت پاکستان کے مختلف اقدامات نے کووڈ 19 کے معاشی اثرات کو روکنے میں مدد فراہم کی۔ ان اقدامات میں پالیسی ریٹ کی شرح میں کمی اور کاروباری اداروں کو ادائیگیوں میں سہولت کی فراہمی شامل ہے تاکہ وہ اپنی دیگر نقد ضروریات کو پورا کر سکیں اور ساتھ ساتھ اپنے انسانی وسائل برقرار رکھ سکیں۔ اس کے علاوہ، نئی سرمایہ کاری کی حوصلہ افزائی کے لئے آسان قرضہ جات متعارف کرائے گئے۔ حکومتی سطح پر تعمیراتی سرگرمیوں کے فروغ سے ممکنہ طور پر ہاؤسنگ فنانس اور تعمیراتی شعبے سے متعلق کاروبار میں بہتری آئے گی اور روزگار کے مواقع پیدا ہوں گے۔


کارکردگی کا جائزہ

زیر جائزہ مدت کے دوران، کمپنی نے نیا کاروبار کرنے میں محتاط رویہ اختیار کیا۔ 30 ستمبر 2020 کو، ہاؤسنگ اور مائیکرو فنانس پورٹ فولیو 165.558 ملین روپے اور 117.923 ملین روپے بالترتیب رہا۔ شرح سود میں کمی نے کمپنی کے منافع کو متاثر کیا ہے جس میں نئے کاروبار کے ساتھ بہتری آنے کا امکان ہے۔ مذکورہ بالا وجوہات کی بناء پر، زیر جائزہ مدت کے دوران خسارہ 22.581 ملین روپے رہا جو پچھلے سال اسی مدت کے دوران 2.601 ملین روپے تھا۔

اعتراف

ڈائریکٹرز سیکورٹیز ریٹریڈ ایبڈ اسٹیٹس کی کمیشن آف پاکستان کے گراں قدر تعاون، مدد اور رہنمائی پر ان کا شکریہ ادا کرنا چاہتے ہیں۔ بورڈ اسپانسرز کی جانب سے مسلسل حمایت کے لئے ان کا شکریہ ادا ہے اور یہ اعتراف بھی کرنا چاہتا ہے کہ ان کی حمایت ہمارے مقاصد کے حصول کے لئے ہماری صلاحیتوں میں اضافہ کرتی رہے گی۔ ہم اس موقع پر کمپنی کے ملازمین کی وابستگی، محنت اور اس مشکل وقت میں تعاون کے لئے ان کی تعریف کا اظہار کریں گے۔ کمپنی ان کی تمام کوششوں کو سراہتی ہے۔

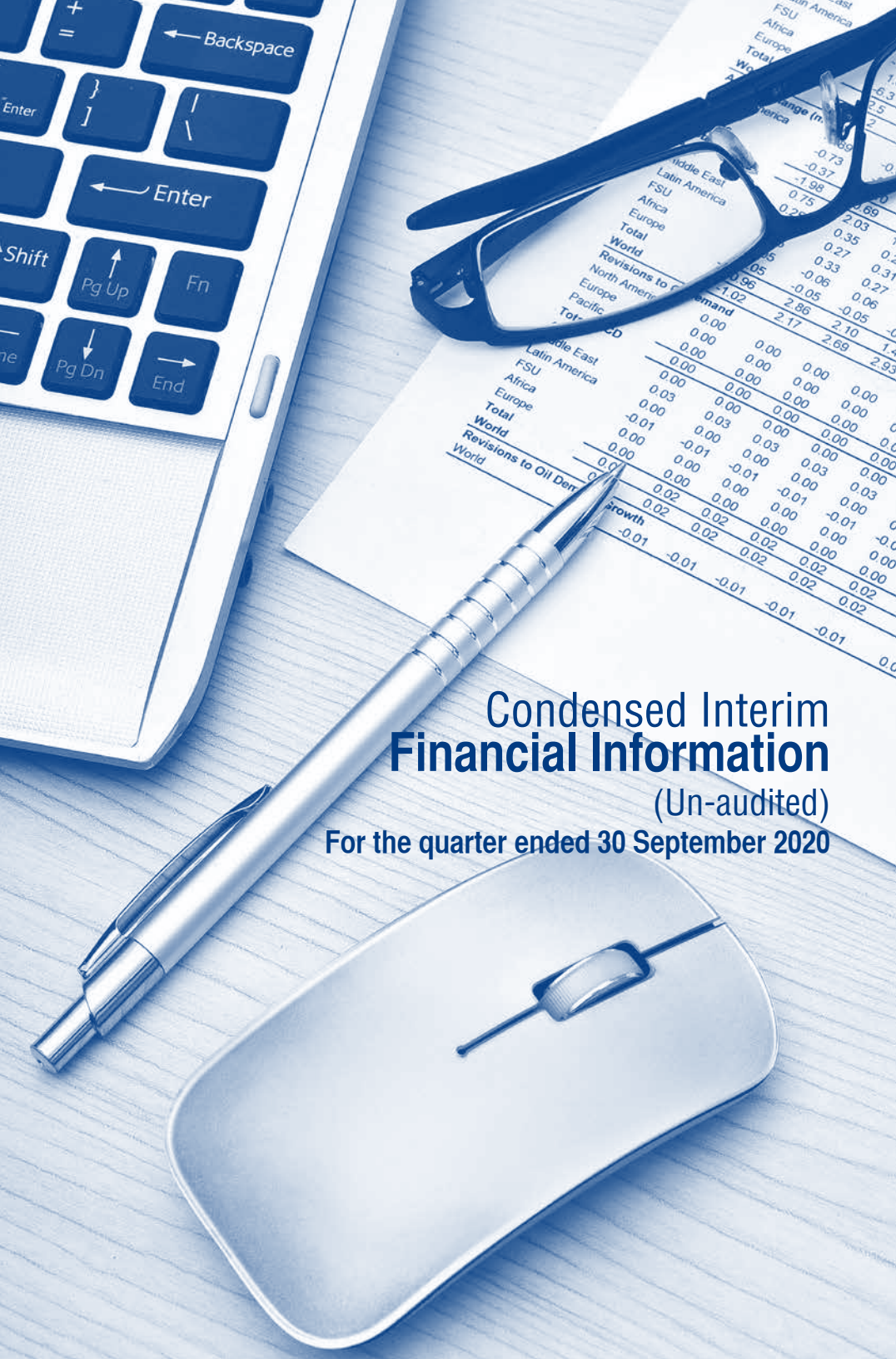
منجانب / برائے بورڈ


نویدا مین

چیف ایگزیکٹو/ڈائریکٹر


سید طاہر نوازش

ڈائریکٹر



**Condensed Interim
Financial Information**
(Un-audited)
For the quarter ended 30 September 2020

Middle East					
Latin America					
FSU					
Africa					
Europe					
Total					
World					
Revisions to Financial Statements					
North America					
Europe					
Pacific					
Total					
World					
Demand					
Middle East	0.00	0.00	0.00	0.00	0.00
Latin America	0.00	0.00	0.00	0.00	0.00
FSU	0.00	0.00	0.00	0.00	0.00
Africa	0.00	0.00	0.00	0.00	0.00
Europe	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00
World	-0.01	0.00	0.00	0.00	0.00
Revisions to Oil Derivatives	0.00	-0.01	0.00	0.00	0.00
World	0.00	0.00	-0.01	0.00	0.00
Growth	0.02	0.02	0.00	0.00	0.00
World	-0.01	0.02	0.02	0.02	0.00
		-0.01	-0.01	-0.01	-0.01

Condensed Interim Statement of Financial Position

As at 30 September 2020

	Note	30-Sep-20 Rupees (Un-audited)	30-Jun-20 Rupees (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	185,171,470	190,478,756
Intangible assets	6	6,820,500	4,048,592
Cards and rooms		12,750,000	12,750,000
Long term investments		124,480,250	126,250,000
Long term finances	7	155,691,384	134,322,408
Long term deposits		15,449,600	15,449,600
Deferred tax asset -net	8	183,428,467	183,336,579
		683,791,671	666,635,935
CURRENT ASSETS			
Current maturities of non-current assets		60,800,094	51,038,121
Short term investments	9	188,236,626	100,963,800
Short term finances		79,219,121	57,939,457
Short term advances		5,445,937	6,186,898
Prepayments		744,618	759,639
Interest accrued		9,550,799	10,225,945
Other receivables		71,434,637	71,784,977
Tax refunds due from the government		125,876,798	124,148,444
Cash and bank balances	10	110,495,928	286,662,222
		651,804,558	709,709,503
TOTAL ASSETS		1,335,596,229	1,376,345,438
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 300,000,000 (2020: 300,000,000) ordinary shares of Rs. 10/- each		3,000,000,000	3,000,000,000
Issued, subscribed and paid up capital		1,356,000,000	1,356,000,000
Revaluation surplus on property and equipment		17,772,343	17,997,309
Capital reserves		157,976,996	159,746,746
Revenue reserve		(636,435,654)	(614,079,194)
		895,313,685	919,664,861
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances - subordinated loans	11	-	-
Long term certificates of deposit		26,250,000	51,250,000
Lease liabilities		61,089,291	61,602,519
		87,339,291	112,852,519
CURRENT LIABILITIES			
Current maturities of non-current liabilities		182,465,127	157,465,127
Accrued markup		15,280,324	13,142,620
Trade and other payables	12	136,709,443	155,138,276
Unclaimed dividend		2,385,654	2,385,654
Provision for taxation		16,102,705	15,696,381
		352,943,253	343,828,058
Contingencies and commitments	13	-	-
TOTAL EQUITY AND LIABILITIES		1,335,596,229	1,376,345,438

The annexed notes from 01 to 21 form an integral part of this condensed interim financial information.

Chief Executive Officer

Chairperson

Chief Financial Officer

Condensed Interim Statement of Profit or Loss

For the quarter ended 30 September 2020 (Un-audited)

	Note	Three months period ended	
		30-Sep-20 Rupees (Un-audited)	30-Sep-19 Rupees (Un-audited)
INCOME			
Profit on financing		17,030,294	9,018,811
Return on investments		4,619,935	10,301,892
Income from fee and commission		1,085,700	924,829
Profit on bank deposits		3,916,194	14,243,545
Other income		642,817	618,750
		27,294,940	35,107,827
EXPENSES			
Mark-up on certificates of deposit		-	1,652,046
Mark-up on borrowings		2,137,704	4,133,702
Administrative expenses	14	45,119,382	31,363,863
Finance cost		1,550,568	35,160
		48,807,654	37,184,771
Operating loss before provisions and taxation		(21,512,714)	(2,076,944)
Other operating expenses		(754,270)	(113,989)
Loss before taxation		(22,266,984)	(2,190,933)
Taxation - net		(314,442)	(410,075)
Loss after taxation		(22,581,426)	(2,601,008)
Loss per share - basic and diluted		(0.17)	(0.02)

The annexed notes from 01 to 21 form an integral part of this condensed interim financial information.


Chief Executive Officer


Chairperson


Chief Financial Officer

Condensed Interim Statement of Comprehensive Income

For the quarter ended 30 September 2020 (Un-audited)

	Three months period ended	
	30-Sep-20 Rupees (Un-audited)	30-Sep-19 Rupees (Un-audited)
Loss after taxation	(22,581,426)	(2,601,008)
Other comprehensive income:		
Items that may be reclassified subsequently to the statement of profit or loss:		
Loss on revaluation of investments - term finance certificates	(1,769,750)	-
	(1,769,750)	-
Total comprehensive loss for the period	(24,351,176)	(2,601,008)

The annexed notes from 01 to 21 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chairperson



Chief Financial Officer


Condensed Interim Statement of Changes in Equity

For the quarter ended 30 September 2020 (Un-audited)

	Rupees				
	Issued, subscribed and paid up capital	Capital reserves	Revaluation surplus on property and equipment	Revenue reserve	Total
Balance as at 30 June 2019 (audited)	441,000,000	158,496,746	18,944,536	(569,613,131)	48,828,026
Transaction with owners:					
Issuance of ordinary shares	915,000,000	-	-	-	915,000,000
Transaction cost on Issuance of ordinary shares	-	-	-	(15,503,543)	(15,503,543)
Net loss for the period	-	-	-	(29,909,747)	(29,909,747)
Other comprehensive income	-	1,250,125	-	-	1,250,125
Total comprehensive income / (loss)	-	1,250,125	-	(29,909,747)	(28,659,622)
Transfer from surplus on revaluation of property and equipment on account of:					
- Incremental depreciation on revalued asset for the year - net of tax	-	-	(947,227)	947,227	-
Balance as at 30 June 2020 (audited)	1,356,000,000	158,496,746	17,997,309	(614,079,194)	919,664,861
Net loss for the period	-	-	-	(22,581,426)	(22,581,426)
Other comprehensive loss	-	(1,769,750)	-	-	(1,769,750)
Total comprehensive loss	-	(1,769,750)	-	(22,581,426)	(24,351,176)
Transfer from surplus on revaluation of property and equipment on account of:					
- Incremental depreciation on revalued asset for the period - net of tax	-	-	(224,966)	224,966	-
Balance as at 30 September 2020 (un-audited)	1,356,000,000	158,496,746	17,772,343	(636,435,654)	895,313,685

The annexed notes from 01 to 21 form an integral part of this condensed interim financial information.


Chairperson


Chief Financial Officer

Condensed Interim Statement of Cash Flows

For the quarter ended 30 September 2020 (Un-audited)

	Note	Three months period ended	
		30-Sep-20 Rupees (Un-audited)	30-Sep-19 Rupees (Un-audited)
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(22,266,984)	(2,190,933)
Adjustment for non cash expenses and other items:			
Depreciation on property and equipment	5.1	3,887,741	2,844,086
Depreciation on right of use assets		1,728,438	-
Amortization on intangible assets	6.1	337,347	505,998
Interest on lease liability against right-of-use assets		1,508,022	-
Finance cost		42,546	-
Provision for doubtful balances		754,270	113,989
		8,258,364	3,464,073
		(14,008,621)	1,273,140
Decrease / (increase) in operating assets			
Finances - net		(53,164,883)	(28,026,622)
Investments		(87,272,826)	(215,117,935)
Loan and advances		740,961	1,646,138
Interest accrued		675,146	(1,867,848)
Other receivables		350,340	138,625
Deposits and prepayments		15,021	(1,360,545)
		(138,656,241)	(244,588,187)
Decrease in operating liabilities			
Certificates of deposit		-	(29,461,224)
Accrued mark-up		2,137,704	(28,536,194)
Trade and other payables		(6,428,833)	(8,455,120)
		(4,291,129)	(66,452,538)
Net changes in operating assets and liabilities		(142,947,369)	(311,040,725)
Cash used in operations		(156,955,990)	(309,767,585)
Finance cost paid		(42,546)	-
Taxation - net		(1,728,360)	(3,463,318)
Net cash used in operating activities		(158,726,896)	(313,230,903)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property and equipment		(12,308,893)	(7,889,311)
Capital expenditure on intangible assets		(3,109,255)	-
Net cash used in investing activities		(15,418,148)	(7,889,311)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		-	915,000,000
Payment of lease liabilities against right-of-use assets		(2,021,250)	-
Borrowings - net		-	(3,212,736)
Conversion of sub-ordinated loan		-	(650,000,000)
Conversion of sponsors loan		-	(176,000,000)
Share issue cost		-	(13,977,585)
Net cash (used in) / generated from financing activities		(2,021,250)	71,809,679
Net decrease in cash and cash equivalents		(176,166,294)	(249,310,535)
Cash and cash equivalents at the beginning of the period		286,662,222	578,486,018
Cash and cash equivalents at the end of the period		110,495,928	329,175,483

The annexed notes from 01 to 21 form an integral part of this condensed interim financial information.

Chief Executive Officer

Chairperson

Chief Financial Officer

Selected Notes to the Condensed Interim Financial Statements

For the quarter ended 30 September 2020 (Un-audited)

1. LEGAL STATUS AND 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 registered office of the Company is situated at Alfalah Building, 1st Floor, Sector B, Bahria Town, Lahore. The Company is a subsidiary of Bahria Town (Private) Limited.

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 09 April 2020. The ratings denote an adequate capacity of timely payment of financial commitments.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provision 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), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where the provisions of and directives issued under the Companies, Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations have been followed.

This condensed interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual audited financial statements for the year ended 30 June 2020. This condensed interim financial information is being presented and submitted to the shareholders as required by Listing Regulations of Pakistan Stock Exchange and under Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2020. This interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual audited financial statements for the year ended 30 June 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2020.

	Note	30-Sep-20 Rupees (Un-audited)	30-Jun-20 Rupees (Audited)
5, PROPERTY AND EQUIPMENT			
Operating fixed assets	5.1	127,408,993	130,935,921
Right-of-use assets		57,762,477	59,490,915
Advances for purchase of assets		-	51,920
		185,171,470	190,478,756
5.1 Operating fixed assets			
Opening net book value		130,935,921	105,396,798
Cost of addition	5.1.1	360,813	38,650,246
Less: Depreciation for the period / year	14	3,887,741	13,111,123
Closing net book value		127,408,993	130,935,921
5.1.1 Cost of addition			
Improvement on leasehold premises		-	16,145,012
Office furniture and fixtures		-	3,824,497
Computers		46,073	2,328,354
Office equipment		262,820	3,672,119
Vehicles		51,920	12,680,264
		360,813	38,650,246
6. INTANGIBLE ASSETS			
Accounting software	6.1	3,711,245	4,048,592
Advance for ERP implementation		3,109,255	-
		6,820,500	4,048,592
6.1 Accounting software			
Net carrying value			
At 01 July		4,048,592	6,072,585
Less: Amortization charge	14	337,347	2,023,993
		3,711,245	4,048,592

	Note	30-Sep-20 Rupees (Un-audited)	30-Jun-20 Rupees (Audited)
7. LONG TERM FINANCES			
Considered good	7.1	213,723,675	183,210,712
Considered doubtful			
Others	7.2	32,610,372	31,615,956
Less: Provision for doubtful finances		31,769,869	31,402,587
		840,503	213,369
Less: Current maturity		58,634,109	48,872,136
Less: General provision for micro finance portfolio		238,685	229,537
		155,691,384	134,322,408
7.1 Considered good			
House finance - secured	7.1.1	165,558,444	136,862,253
Micro finance	7.1.2	47,788,108	45,959,398
Others - secured	7.1.3	377,123	389,061
		213,723,675	183,210,712

7.1.1 It represents amount disbursed to house finance customers at return rate ranging from 13.17% to 22.42% (30 June 2020: 13.98% to 22.42%) per annum for tenure of 02 to 20 years.

7.1.2 It represents amount disbursed to micro finance customers at return rate ranging from 38.50% to 45% (30 June 2020: 38.50% to 45%) per annum for tenure of 01 to 2 years.

7.1.3 These finance facilities are secured by hypothecation of or charge on assets, mortgage of property, lien over bank deposits and pledge of stocks. The expected rate of return range from 12% to 20% (30 June 2020: 12% to 20%) per annum.

7.2 These finance facilities are secured by ranking charge on assets and pledge of stocks. The expected rate of return range from 14% to 17% (30 June 2020: 14% to 17%) per annum.

8. DEFERRED TAX ASSET - NET

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.

	Note	30-Sep-20 Rupees (Un-audited)	30-Jun-20 Rupees (Audited)
9. SHORT TERM INVESTMENTS			
Amortised cost			
Treasury bills	9.1	181,762,830	95,374,512
Fair value through profit or loss (FVTPL)			
Listed shares / units		-	-
Shares - Others	9.2	6,473,796	5,589,288
		188,236,626	100,963,800

	Note	30-Sep-20 Rupees (Un-audited)	30-Jun-20 Rupees (Audited)
9.1 Treasury bills			
Face Value		183,000,000	95,700,000
Less: Discount		1,237,170	325,488
		181,762,830	95,374,512

9.2 Shares - Others

This represents investments in various listed companies shares. 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 of the same amount.

	Note	30-Sep-20 Rupees (Un-audited)	30-Jun-20 Rupees (Audited)
10. CASH AND BANK BALANCES			
Cash in hand		292,464	453,545
Cash with banks:			
Current accounts with:			
State Bank of Pakistan		196,408	158,996
Others		1,321,738	20,467,073
		1,518,146	20,626,069
Saving and deposit accounts	10.1	108,685,318	265,582,608
		110,495,928	286,662,222

10.1 Rate of return on these accounts range from 5.52% to 6.50% (30 June 2020: 6.50% to 11.50%) per annum whereas on term deposit receipts (TDR's) profit rate ranges from 6.22% to 6.60% (30 June 2020: 6.60% to 13.25%) per annum.

	Note	30-Sep-20 Rupees (Un-audited)	30-Jun-20 Rupees (Audited)
11. LONG TERM FINANCES - SUBORDINATED LOANS			
From others			
Other - Subordinated loans	11.1	137,694,382	137,694,382
		137,694,382	137,694,382
Less: Current maturity		137,694,382	137,694,382
		-	-

11.1 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.

12. TRADE AND OTHER PAYABLES

This includes an amount of Rs. 79.901 million (30 June 2020: Rs. 79.901 million) payable to depositors. This remained unpaid due to non-submission of succession certificates (by legal heirs of depositors) and other legal issues. Further, it includes markup of Rs. 0.869 million (30 June 2020: 0.496 million) suspended in accordance with NBFC Regulations.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There is no significant change in the status of contingencies as reported in the annual audited financial statements of the Company for the year ended 30 June 2020.

		30-Sep-20 Rupees (Un-audited)	30-Jun-20 Rupees (Audited)
13.2 Commitments			
ERP implementation agreement		3,899,385	-
House finance customer		48,100,000	12,300,000
		Three months period ended	
		30-Sep-20 Rupees (Un-audited)	30-Sep-19 Rupees (Un-Audited)
	Note		
14. ADMINISTRATIVE EXPENSES			
Salaries, allowance and other benefits	14.1	24,188,250	14,792,915
Staff training and welfare		764,400	750,000
Advertisement and business promotion		91,670	500,083
Rent, rates and taxes		447,502	1,153,022
Utilities		2,201,285	1,574,416
Communication charges		924,711	439,920
Travelling and vehicle maintenance		1,280,553	1,286,025
Repair and maintenance		1,077,396	695,538
Entertainment		324,880	209,057
Fee and subscriptions		785,238	1,240,865
Legal and professional charges		5,719,370	4,527,629
Printing and stationery		359,149	429,961
Insurance		1,001,452	414,348
Depreciation on property and equipment	5.1	3,887,741	2,844,086
Depreciation on right of use assets		1,728,438	-
Amortization on intangible assets	6.1	337,347	505,998
		45,119,382	31,363,863

- 14.1** This includes contribution to provident fund amounting to Rs. 0.479 million (30 June 2020: Rs. 1.700 million) made by the Company in the approved provident fund trust.

15. SEGMENTAL ANALYSIS

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

15.1 Financing activities

House finance activities

House finance activities include providing long-term financing facilities to individuals (both salaried and self-employed) of house finance customers.

Micro finance activities

Micro finance activities include providing long-term and short-term financing facilities to poor individuals (both salaried and self-employed) and micro - enterprise customers.

Term and other finance activities

Term finance activities include providing long-term financing facilities to corporate entities and individuals. Other operations that do not fall into the above referred activities are reported under 'Term and other finance activities'.

15.2 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.

Quarter ended 30 September 2020 (Un-audited)

	Financing activities			Investing activities	Total
	House finance activities	Micro finance activities	Term & other finance activities		
	-----Rupees-----				
Profit on financing	6,849,927	10,180,367	-	-	17,030,294
Income from fee and commission	-	1,085,700	-	-	1,085,700
Return on investments	-	-	-	8,536,129	8,536,129
Total income for reportable segments	6,849,927	11,266,067	-	8,536,129	26,652,123
Finance costs	506,316	1,868,656	38,360	1,274,940	3,688,272
Administrative expenses	15,689,800	26,508,041	806,547	2,114,993	45,119,382
Segment result	(9,346,189)	(17,110,631)	(844,907)	5,146,196	(22,155,531)
Other income - net					(111,453)
Loss before taxation					(22,266,984)

As at 30 September 2020 (Un-audited)

	Financing activities			Investing activities	Total
	House finance activities	Micro finance activities	Term & other finance activities		
-----Rupees-----					
Segment assets	180,158,808	213,949,906	12,543,108	423,032,832	829,684,653
Unallocated assets					505,911,576
					1,335,596,229
Segment liabilities	52,286,473	103,122,238	3,895,189	129,462,141	288,766,040
Unallocated liabilities					151,516,504
Equity					895,313,685
					1,335,596,229

Quarter ended 30 September 2019 (Un-audited)

	Financing activities			Investing activities	Total
	House finance activities	Micro finance activities	Term & other finance activities		
-----Rupees-----					
Profit on financing	4,411,656	4,172,347	434,808	-	9,018,811
Income from fee and commission	177,529	747,300	-	-	924,829
Return on investments	-	-	-	24,545,437	24,545,437
Total income for reportable segments	4,589,185	4,919,647	434,808	24,545,437	34,489,077
Finance costs	483,595	382,664	65,099	4,889,549	5,820,908
Administrative expenses	12,974,297	15,169,768	1,318,658	1,901,140	31,363,863
Segment result	(8,868,707)	(10,632,786)	(948,950)	17,754,748	(2,695,694)
Other income					618,750
Other operating charges					(113,989)
Loss before taxation					(2,190,933)

As at 30 June 2020 (Audited)

	Financing activities			Investing activities	Total
	House finance activities	Micro finance activities	Term & other finance activities		
-----Rupees-----					
Segment assets	152,866,123	193,293,644	12,555,046	497,757,198	856,472,011
Unallocated assets					519,873,427
					1,376,345,438
Segment liabilities	40,709,487	93,937,057	3,661,074	148,234,624	286,542,242
Unallocated liabilities					170,138,335
Equity					919,664,861
					1,376,345,438

16. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise, local associated companies / undertakings, 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	Quarter ended	
		30-Sep-20 Rupees (Un-audited)	30-Sep-19 Rupees (Un-Audited)
Transactions during the period			
Holding Company	Payment against purchase of vehicles at fair value	12,000,000	-
	Utilities expense	1,371,747	1,224,910
	Shares issued against subordinated loan	-	650,000,000
	Shares issued against sponsors loan	-	176,000,000
	Shares issued against mark-up on long term financing	-	30,542,790
Associated Companies			
	Escorts Capital Limited		
	Shares issued against borrowings	-	15,173,960
	Borrowings paid	-	17,500,000
	Mark-up on borrowings accrued	-	713,206
	Mark-up on borrowings paid	-	834,785
	Bahria Grand Hotel and Resort		
	Entertainment expense	21,081	-
	The Safari Club		
	Entertainment expense	-	7,065
	Other Associated Companies		
	Certificates of deposit matured	-	29,461,224
	Mark-up on borrowings	-	1,282,792
	Mark-up on borrowings paid	-	888,729
	Borrowings received	-	29,461,224
Executives	Remuneration to key management personnel	6,024,559	4,398,189
Others	Contribution to staff retirement benefits plan	478,738	866,048
		30-Sep-20 Rupees (Un-audited)	30-Jun-20 Rupees (Audited)
Balance at year end			
Holding Company	Trade and other payables	1,941,780	14,014,323
	Certificates of deposit	10,000,000	10,000,000
	Security deposit against branches	15,000,000	15,000,000
Associated Companies			
	Other Associated Companies		
	Entertainment	13,739	-

16.1 Bahria Town (Private) Limited - holding Company has waived off rent of certain branches including head office located in Bahria Town projects across the Pakistan.

17. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose itself to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk and interest rate risk).

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended 30 June 2020.

The Company's financial risk management objective and policies are consistent with those disclosed in the annual audited financial statements of the Company and for the year ended 30 June 2020.

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their face value.

18. IMPACT OF COVID -19 (CORONA VIRUS)

The COVID - 19 and the measures adopted by the global countries has far reaching impacts over the economies. This initiated the need for the Regulators and Governments across the globe to introduce fiscal and economic stimulus measures to mitigate its impact. Regulators have responded to the crises by undertaking various measures which includes but not limited to following:

- Reduction in policy rate by 625 basis points to 07 percent to sustain economic activity.
- Deferment in repayment of principal loan amount for 01 year upon application of borrower.
- Rescheduling of finance facility for borrowers who are unable to pay mark-up or need deferment exceeding 01 year.
- Non-classification of deferment and rescheduled cases as "Doubtful", "Substandard" unless the payment obligations are past due by 90 in case of Microfinance and 180 for other finance facilities.
- Extension in holding AGM and promoting use of digital services.
- Changes in effective date of IFRS-9 along with certain relaxations from the requirements contained in IFRS 9.

In order to ensure un-interrupted and continual operations of financial services to public, Government has certain financial institutes under essential services vide its distinct orders. The Company after implementing all the necessary Standard Operating Procedures (SOPs) to ensure the health safety of its employees, continued to carry its operations . Due to these factors, management has assessed the accounting implications , however, as per management's assessment, there is no significant accounting impact of COVID-19 on these condensed interim financial statements.

19. FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

20. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 28th October 2020.

21. GENERAL

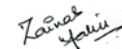
In order to comply with the requirements of International Accounting Standard (IAS) 34 “Interim Financial Reporting”, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

Figures have been rounded off to the nearest rupees.



Chief Executive Officer



Chairperson



Chief Financial Officer



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