

2021

AN EYE ON THE FUTURE



CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE 3RD QUARTER ENDED 31 MARCH 2021



**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

On behalf of the Board of Directors of Escorts Investment Bank Limited ("Company"), we are pleased to present the Directors' report together with the condensed interim financial statements (unaudited) of the Company for the quarter ended on March 31, 2021.

## ECONOMY REVIEW

The performance of the economy remains mixed during the period. In the previous quarter with the persistent and targeted efforts of Government that included tax amnesty for construction sector and electricity package for industrial consumption, economy had started showing signs of recovery but the resurgence of Covid-19 through its third wave, has again adversely affected the financial sector and the economy on the whole has slowed down and is facing a downward trend. Owing to the continuous rise in Covid-19 cases, the Government has again announced lock down in major cities of Pakistan. This may further impact the business environment.

## PERFORMANCE REVIEW

During the period, EIBL continued to remain conservative towards writing new business. This coupled with persistent lower interest rates had affected Company's profitability and resultantly, Company incurred a loss of Rs. 57.496 million as against Rs. 21.476 million of corresponding last year period. The Company was focusing mainly on recoveries of installments with a cautious approach towards writing new business especially in case of Microfinance as our target market primarily belongs to lower class which is most affected by Covid-19.

## ACKNOWLEDGEMENT

The Board of Directors would like to thank Securities and Exchange Commission of Pakistan and the sponsors for their continued support and guidance. Board would also like to record the appreciation for management and staff for their dedication, hard work, and efforts

For and on behalf of the Board



**Naveed Amin**  
Chief Executive / Director



**Zainab Malik**  
Chairperson / Director

## ڈائریکٹرز کی رپورٹ

ہم ایس کارٹس انویسٹمنٹ بینک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز رپورٹ اور 31 مارچ 2021 کو اختتام پذیر ہونے والی مدت کے غیر آڈٹ شدہ مالی گوشوارے پیش کرنے میں مسرت کا اظہار کرتے ہیں۔

### اقتصادی جائزہ

اس عرصے کے دوران معیشت میں ملاحراجمان رہا۔ کچھلی سہ ماہی میں کیے گئے حکومتی اقدامات جن میں تعمیراتی شعبے میں ٹیکس کی چھوٹ اور صنعتی شعبے کے لیے بجلی کے استعمال کے کٹبج کی بدولت بہتری کے آثار نظر آنا شروع ہو گئے تھے لیکن کووڈ-19 کی تیسری لہر کی وجہ سے مالیاتی شعبے اور معیشت پر دوبارہ برا اثر پڑا ہے۔ کووڈ-19 کے بڑھتے ہوئے کیمرز کی وجہ سے گورنمنٹ نے اہم شہروں میں لاک ڈاؤن کا اعلان کر دیا ہے۔ اس سے کاروباری شعبے مزید متاثر ہوگا۔


### کارکردگی کا جائزہ

زیر جائزہ مدت کے دوران کمپنی نے نئے کاروبار میں محتاط رویہ اختیار کیا۔ کم شرح سود کی بدولت کمپنی کے منافع پر اثر پڑا اور نقصان 57.496 ملین روپے رہا جو گذشتہ سال اسی مدت کے دوران 21.476 ملین روپے تھا۔ مائیکرو فنانس کے معاملے میں محتاط نئے کاروبار کے ساتھ قسطوں کی وصولیوں پر کمپنی کی خصوصی توجہ مرکوز رہی چونکہ ہماری ٹارگٹ مارکیٹ بنیادی طور پر نچلے طبقے سے تعلق رکھتی ہے جو کووڈ-19 سے زیادہ متاثر ہے۔


### اعتراف

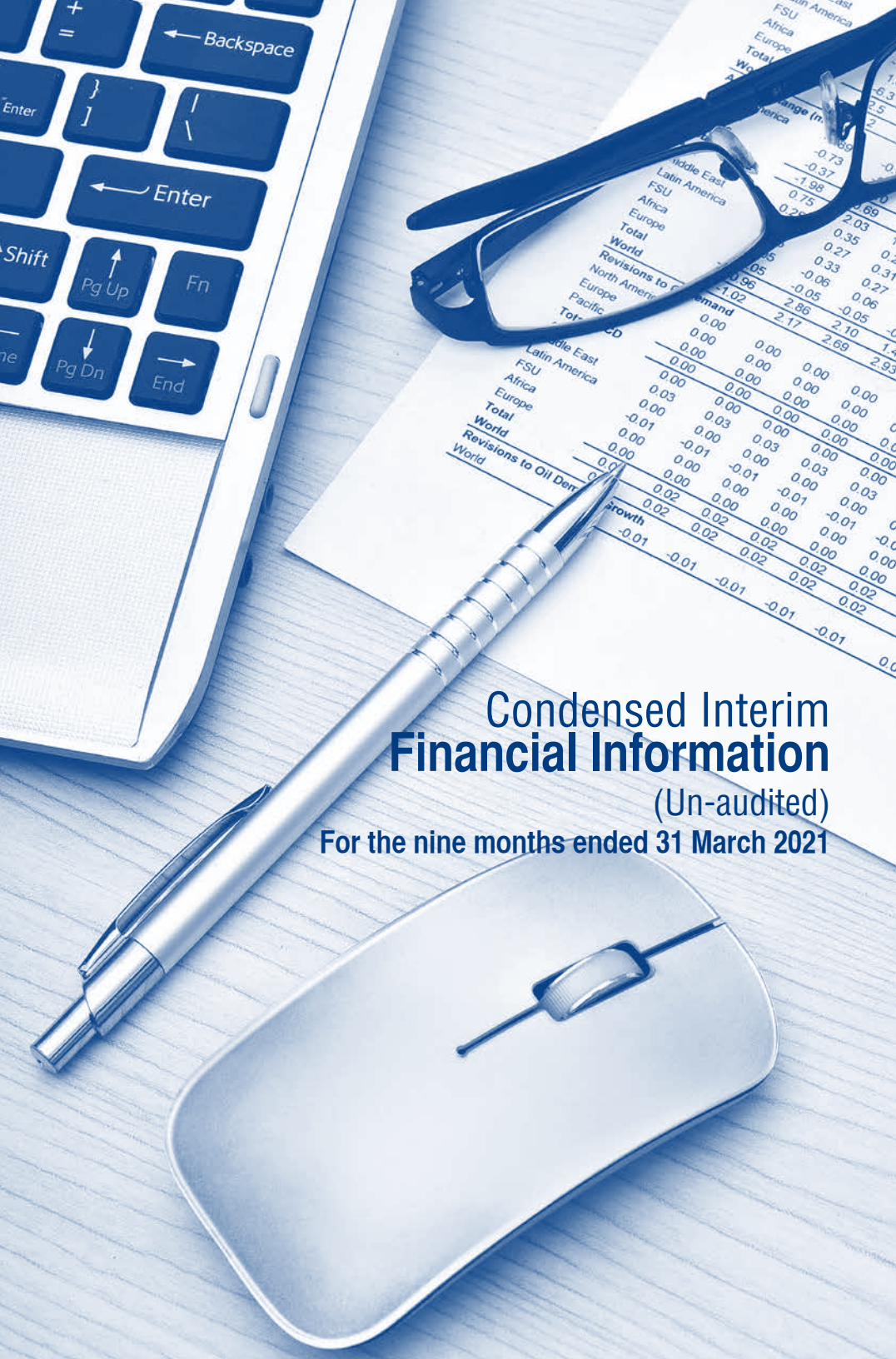
بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سپانسرز کے گراں قدر تعاون، مدد اور رہنمائی پر ان کا شکریہ ادا کرتا ہے۔ بورڈ کمپنی کے ملازمین کی وابستگی، محنت اور جدوجہد کا اعتراف کرتا ہے۔

منجانب/برائے بورڈ

  
نویڈامین

چیف ایگزیکٹو/ڈائریکٹر

  
زینب ملک  
چیرپرسن/ڈائریکٹر



**Condensed Interim  
Financial Information**  
(Un-audited)  
For the nine months ended 31 March 2021

	Demand	Revisions to Oil Demand	Growth
Middle East	0.00	0.00	0.00
Latin America	0.00	0.00	0.00
FSU	0.00	0.00	0.00
Africa	0.00	0.00	0.00
Europe	0.03	0.03	0.03
Total	0.00	0.00	0.00
World	-0.01	-0.01	-0.01
Revisions to Oil Demand	0.00	0.00	0.00
World	0.02	0.02	0.02

	Demand	Revisions to Oil Demand	Growth
Middle East	0.00	0.00	0.00
Latin America	0.00	0.00	0.00
FSU	0.00	0.00	0.00
Africa	0.03	0.03	0.03
Europe	0.00	0.00	0.00
Total	0.00	0.00	0.00
World	-0.01	-0.01	-0.01
Revisions to Oil Demand	0.00	0.00	0.00
World	0.02	0.02	0.02

	Demand	Revisions to Oil Demand	Growth
Middle East	0.00	0.00	0.00
Latin America	0.00	0.00	0.00
FSU	0.00	0.00	0.00
Africa	0.03	0.03	0.03
Europe	0.00	0.00	0.00
Total	0.00	0.00	0.00
World	-0.01	-0.01	-0.01
Revisions to Oil Demand	0.00	0.00	0.00
World	0.02	0.02	0.02

# Condensed Interim Statement of Financial Position


As at 31 March 2021

	Note	31-Mar-21 Rupees (Un-audited)	30-Jun-20 Rupees (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	196,586,306	190,478,756
Intangible assets	6	6,145,802	4,048,592
Cards and rooms		12,750,000	12,750,000
Long term investments		24,812,500	126,250,000
Long term finances	7	133,378,757	134,322,408
Long term deposits		25,449,600	15,449,600
Deferred tax asset - net	8	183,612,243	183,336,579
		582,735,208	666,635,935
<b>CURRENT ASSETS</b>			
Current portion of non-current assets		58,169,059	51,038,121
Short term investments		127,752,315	100,963,800
Short term finances		86,853,766	57,939,457
Short term advances		1,824,933	6,186,898
Prepayments		1,935,395	759,639
Interest accrued		10,187,673	10,225,945
Other receivables		44,247,407	71,784,977
Tax refunds due from the government		128,361,208	124,148,444
Cash and bank balances	9	54,464,901	286,662,222
		513,796,657	709,709,503
<b>TOTAL ASSETS</b>		<b>1,096,531,865</b>	<b>1,376,345,438</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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
Capital reserves		158,309,246	159,746,746
Revenue reserve		(671,125,345)	(614,079,194)
Revaluation surplus on property and equipment		17,547,377	17,997,309
		860,731,278	919,664,861
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term certificates of deposit		20,000,000	51,250,000
Lease liabilities		60,061,820	61,602,519
		80,061,820	112,852,519
<b>CURRENT LIABILITIES</b>			
Current portion of non-current liabilities		50,989,214	157,465,127
Accrued markup		-	13,142,620
Trade and other payables		85,458,564	155,138,276
Unclaimed dividend		2,385,654	2,385,654
Provision for taxation		16,905,335	15,696,381
		155,738,767	343,828,058
<b>CONTINGENCIES AND COMMITMENTS</b>	10	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,096,531,865</b>	<b>1,376,345,438</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).

  
Chief Executive Officer

  
Chairperson


  
Chief Financial Officer

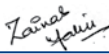
# Condensed Interim Statement of Profit or Loss


For the period and quarter ended 31 March 2021 (Un-audited)

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
<b>INCOME</b>					
Profit on financing		53,201,159	36,783,198	17,325,748	16,015,924
Return on investments		11,774,523	38,361,061	2,655,446	12,776,716
Income from fee and commission		3,380,564	3,411,954	1,104,600	1,032,847
Profit on bank deposits		8,830,702	31,420,551	2,183,209	7,685,110
Other income		9,259,221	1,443,750	489,685	206,250
		<b>86,446,169</b>	<b>111,420,514</b>	<b>23,758,688</b>	<b>37,716,847</b>
<b>EXPENSES</b>					
Mark-up on certificates of deposit		-	4,119,513	-	930,525
Mark-up on borrowings		-	10,481,764	-	2,640,515
Administrative expenses	11	129,764,081	121,887,869	36,778,803	48,412,409
Finance cost		4,641,599	3,200,733	1,537,200	1,218,254
Other expenses		1,029,428	-	1,029,428	-
		<b>135,435,108</b>	<b>139,689,879</b>	<b>39,345,431</b>	<b>53,201,703</b>
Operating loss before provisions and taxation		(48,988,939)	(28,269,365)	(15,586,743)	(15,484,856)
(Charge) / Reversal of provision against doubtful finances		(7,573,848)	8,152,444	(5,122,869)	(81,034)
<b>Loss before Taxation</b>		<b>(56,562,787)</b>	<b>(20,116,921)</b>	<b>(20,709,612)</b>	<b>(15,565,890)</b>
Taxation - net		(933,296)	(1,359,479)	(179,854)	(593,378)
<b>Net Loss for the Period</b>		<b>(57,496,083)</b>	<b>(21,476,400)</b>	<b>(20,889,466)</b>	<b>(16,159,268)</b>
Loss per share - basic and diluted		(0.42)	(0.16)	(0.15)	(0.12)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).

  
Chief Executive Officer

  
Chairperson

  
Chief Financial Officer



# Condensed Interim Statement of Comprehensive Income

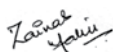
For the period and quarter ended 31 March 2021 (Un-audited)

	Nine months ended March 31,		Quarter ended March 31,	
	2021 Rupees	2020 Rupees	2021 Rupees	2020 Rupees
<b>Net Loss for the Period</b>	(57,496,083)	(21,476,400)	(20,889,466)	(16,159,268)
<b>Other Comprehensive Income:</b>				
<b>Items that will not be reclassified to profit or loss account</b>	-	-	-	-
<b>Items that may be reclassified subsequently to profit or loss account</b>				
Loss on revaluation of investments - term finance certificate	(2,187,500)	125	(790,875)	125
Loss on disposal of term finance certificate - reclassified to profit or loss	750,000	-	750,000	-
Other comprehensive loss for the period	(1,437,500)	125	(40,875)	125
<b>Total Comprehensive Loss for the Period</b>	<b>(58,933,583)</b>	<b>(21,476,275)</b>	<b>(20,930,341)</b>	<b>(16,159,143)</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).



Chief Executive Officer



Chairperson



Chief Financial Officer

# Condensed Interim Statement of Changes in Equity

For the period ended 31 March 2021 (Un-audited)

Rupees

Particulars	Issued, subscribed and paid up capital	Capital reserves		Revenue reserve	Revaluation surplus on property and equipment	Total
		Statutory reserve	(Deficit)/gain on revaluation of investments			
<b>Balance as at 30 June 2019 (audited)</b>	441,000,000	158,496,746	(125)	(568,738,374)	18,944,536	49,702,783
Effect of initial application of IFRS 16	-	-	-	(874,757)	-	(874,757)
Net loss for the period	-	-	-	(21,476,400)	-	(21,476,400)
Other comprehensive loss for the period	-	-	125	-	-	125
Total comprehensive loss for the period	-	-	125	(21,476,400)	-	(21,476,275)
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation on revalued asset for the period - net of tax	-	-	-	710,421	(710,421)	-
<b>Transaction with owners:</b>	915,000,000	-	-	-	-	915,000,000
Issuance of ordinary shares	-	-	-	(15,503,543)	-	(15,503,543)
Transaction cost on issuance of ordinary shares	-	-	-	-	-	-
<b>Balance as at 31 March 2020</b>	1,356,000,000	158,496,746	-	(605,882,653)	18,234,115	926,848,208
Net loss for the period	-	-	-	(8,433,347)	-	(8,433,347)
Other comprehensive loss	-	-	1,250,000	-	-	1,250,000
Total comprehensive loss	-	-	1,250,000	(8,433,347)	-	(7,183,347)
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation on revalued asset for the period - net of tax	-	-	-	236,806	(236,806)	-
<b>Balance as at 30 June 2020 (audited)</b>	1,356,000,000	158,496,746	1,250,000	(614,079,194)	17,997,309	919,664,861
Net loss for the period	-	-	-	(57,496,083)	-	(57,496,083)
Other comprehensive loss	-	-	(1,437,500)	-	-	(1,437,500)
Total comprehensive loss	-	-	(1,437,500)	(57,496,083)	-	(58,933,583)
Transfer from surplus on revaluation of property and equipment on account of incremental depreciation on revalued asset for the period - net of tax	-	-	-	449,932	(449,932)	-
- Revaluation surplus on property and equipment	-	-	-	-	-	-
- adjustment due to change in tax rate	-	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	1,356,000,000	158,496,746	(187,500)	(671,125,345)	17,547,377	860,731,278

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).



Chairperson



Chief Financial Officer

# Condensed Interim Statement of Cash Flows

For the period ended 31 March 2021 (Un-audited)

	Note	Period ended March 31,	
		2021 Rupees	2020 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Net Loss for the Period</b>		(56,562,787)	(20,116,921)
Adjustment for:			
- Depreciation on property and equipment	5.1	12,180,750	9,259,760
- Depreciation on right of use assets		5,185,314	3,403,776
- Amortization on intangible assets	6.1	1,012,047	1,517,995
- Recovery against provision for doubtful balances		-	(8,152,444)
- Interest on lease liability against right-of-use assets		4,487,770	-
- Finance cost		153,829	-
- Other expenses		750,000	-
- Provision for doubtful balances		7,573,848	-
		31,343,558	6,029,087
		(25,219,229)	(14,087,834)
<b>Decrease / (increase) in operating assets</b>			
- Finances - net		(42,675,444)	(122,316,986)
- Investments		(26,788,515)	(52,863,760)
- Loan and advances		4,361,965	(1,305,601)
- Interest accrued		38,272	(1,848,330)
- Other receivables		27,537,570	(362,523)
- Deposits and prepayments		(11,175,756)	(194,808)
<b>Decrease in operating liabilities</b>			
- Certificates of deposit		(31,531)	(101,707,980)
- Accrued mark-up		(13,142,620)	(24,961,317)
- Trade and other payables		(69,679,712)	7,486,491
<b>Net changes in working capital</b>		(131,555,771)	(298,074,814)
<b>Net Cash Used in Operations</b>		(156,775,000)	(312,162,648)
Finance cost paid		(153,829)	-
Taxation - net		(4,212,770)	(10,055,545)
<b>Net Cash Used in Operating Activities</b>		(161,141,599)	(322,218,193)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property and equipment		(23,473,614)	(15,098,507)
Capital expenditure on intangible assets		(3,109,257)	-
<b>Net Cash Used in Investing Activities</b>		(26,582,871)	(15,098,507)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of ordinary shares		-	915,000,000
Repayment of sub-ordinated loan - old sponsors		(137,694,382)	-
Disposal of Term Finance Certificates		99,250,000	-
Payment of lease liabilities against right-of-use assets		(6,028,469)	(3,719,747)
Borrowings - net		-	(65,709,420)
Conversion of sub-ordinated loan into ordinary shares		-	(650,000,000)
Conversion of sponsors loan into ordinary shares		-	(176,000,000)
Share issue cost		-	(15,503,543)
<b>Net Cash (Used in) / Generated from Financing Activities</b>		(44,472,851)	4,067,290
<b>Net Decrease in Cash and Cash Equivalents during the Period</b>		(232,197,321)	(333,249,410)
Cash and cash equivalents at the beginning of the period		286,662,222	578,486,018
<b>Cash and Cash Equivalents at the End of the Period</b>		54,464,901	245,236,608

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements (un-audited).

  
Chief Executive Officer

  
Chairperson

  
Chief Financial Officer

# Selected Notes to and Forming Part of the Condensed Interim Financial Statements

For the period ended 31 March 2021 (Un-audited)

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Escorts Investment Bank Limited (“the Company”) is a public limited company incorporated in Pakistan on May 15, 1995 under the provisions of the repealed Companies Ordinance, 1984 (Now the Companies Act, 2017). The Company started its commercial operations on October 16, 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 (NBFC) 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 April 04, 2021. The ratings denote an adequate capacity of timely payment of financial commitments.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements (un - audited) have 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, 2003 the NBFC & NE Regulations, 2008 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, 2003 the NBFC & NE Regulations, 2008 have been followed wherever applicable.

These condensed interim financial statements (un - audited) 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 June 30, 2020. These condensed interim financial statements (un - audited) are 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 these condensed interim financial statements (un - audited) are the same as applied in the preparation of the preceding audited annual published financial statements of the Company

for the year ended June 30, 2020. These interim financial statements (un - audited) 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 June 30, 2020.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements (un - audited) in conformity with the approved accounting standards require 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 the preparation of these condensed interim financial statements (un - audited), 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 applied in the preceding audited annual published financial statements of the Company for the year ended June 30, 2020.

	Note	31-Mar-21 Rupees (Un-audited)	30-Jun-20 Rupees (Audited)
<b>5. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	5.1	142,093,842	130,935,921
Right-of-use assets		54,305,601	59,490,915
Advances for purchase of assets		186,863	51,920
		196,586,306	190,478,756
<b>5.1 Operating fixed assets</b>			
Opening net book value		130,935,921	105,396,798
Cost of addition	5.1.1	23,338,671	38,650,246
Less: Depreciation for the period / year	11	12,180,750	13,111,123
Closing net book value		142,093,842	130,935,921
<b>5.1.1 Cost of addition</b>			
Office premises		16,826,161	-
Improvement on leasehold premises		4,276,367	16,145,012
Office furniture and fixtures		939,785	3,824,497
Computers		65,049	2,328,354
Office equipment		1,125,479	3,672,119
Vehicles		105,830	12,680,264
		23,338,671	38,650,246
<b>6. INTANGIBLE ASSETS</b>			
Accounting software	6.1	3,036,547	4,048,592
Advance for ERP implementation		3,109,255	-
		6,145,802	4,048,592

		<b>31-Mar-21</b> <b>Rupees</b> <b>(Un-audited)</b>	<b>30-Jun-20</b> <b>Rupees</b> <b>(Audited)</b>
<b>6.1</b>	<b>Accounting software - Net carrying value</b>		
	As at July 01, 2020	4,048,592	6,072,585
	Less: Amortization charge during the period / year	1,012,047	2,023,993
		3,036,545	4,048,592
<b>7.</b>	<b>LONG TERM FINANCES</b>		
	Considered good	185,232,272	183,210,712
	Considered doubtful	40,829,380	31,615,956
	Less: Provision for doubtful finances	(36,529,672)	(31,402,587)
		4,299,708	213,369
	Less: Current portion	(56,003,074)	(48,872,136)
	Less: General provision for micro finance portfolio	(150,149)	(229,537)
		133,378,757	134,322,408
<b>7.1</b>	<b>Considered good</b>		
	House finance - secured	154,825,250	136,862,253
	Micro finance	30,029,899	45,959,398
	Others - secured	377,123	389,061
		185,232,272	183,210,712

**7.1.1** This represents the balances of amount disbursed to house finance customers at return rate ranging from 13.17% to 22.42% (June 30, 2020: 13.98% to 22.42%) per annum for tenure of 2 to 20 years.

**7.1.2** This represents the balance amount disbursed to micro finance customers at return rate ranging from 38.50% to 45% (June 30, 2020: 38.50% to 45%) per annum for tenure of 1 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 ranges from 12% to 20% (June 30, 2020: 12% to 20%) per annum.

**7.2** These finances facilities are secured by ranking charge on assets and pledge of stocks. The expected rate of return ranges 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.

		<b>31-Mar-21</b> <b>Rupees</b> <b>(Un-audited)</b>	<b>30-Jun-20</b> <b>Rupees</b> <b>(Audited)</b>
<b>9. CASH AND BANK BALANCES</b>			
Cash in hand		861,643	453,545
Cash with banks:			
Current accounts with:			
- State Bank of Pakistan		323,395	158,996
- Others		20,625,931	20,467,073
		20,949,326	20,626,069
Saving and deposit accounts	9.1	32,653,932	265,582,608
		54,464,901	286,662,222

**9.1** Rate of return on these accounts ranges from 5.50% to 6.50% (June 30, 2020: 6.50% to 11.50%) per annum whereas on term deposit receipts (TDRs) profit rate ranges from 6.51% to 6.60% (June 30, 2020: 6.60% to 13.25%) per annum.

## **10. CONTINGENCIES AND COMMITMENTS**

### **10.1 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 except as stated below.

The Assistant Commissioner Sindh Revenue Board (SRB) has initiated proceedings u/s 15 & 15A of the Sindh Sales Tax on Services, Act 2011 and as a result which order was issued on May 16, 2020. In consequence of such order Company filed an appeal before the Commissioner (Appeals) SRB, who has issued order on October 22, 2020, where directions are issued to rival parties to sit together to devise a mechanism for the reconciliation of input tax adjustment in the light of applicable provisions. However, SRB has yet not served any notice for such meeting to the Company. In this response the Company has filed an appeal before Appellate Tribunal SRB against the aforementioned order. The case is pending for adjudication and the Company expects a favorable outcome in this regard.

The Commissioner Inland Revenue has issued notices under section 44(4) of the Income tax Rules, 2002 in respect of tax years 2014-2020. The Company is in the process of making compliance of such notices.

		<b>31-Mar-21</b> <b>Rupees</b> <b>(Un-audited)</b>	<b>30-Jun-20</b> <b>Rupees</b> <b>(Audited)</b>
<b>10.2 Commitments</b>			
ERP implementation agreement		3,899,385	-
House finance customers		28,200,000	12,300,000

	Nine months ended		Quarter ended	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)	Rupees (Un-audited)
<b>11. ADMINISTRATIVE EXPENSES</b>				
Salaries, allowance and other benefits	71,868,439	57,393,589	20,555,234	23,110,315
Staff training and welfare	1,485,054	2,441,400	207,000	941,400
Advertisement and business promotion	292,020	7,018,209	81,090	4,445,340
Rent, rates and taxes	773,682	607,522	163,200	142,500
Utilities	4,561,192	3,892,516	1,003,967	967,849
Communication charges	3,622,799	2,068,421	1,073,477	666,207
Travelling and vehicle maintenance	3,555,649	5,805,985	993,918	1,839,049
Repair and maintenance	2,777,380	3,239,921	824,481	1,057,998
Entertainment	870,962	1,118,400	206,269	351,311
Fee and subscriptions	1,273,398	1,544,223	413,932	1,965
Legal and professional charges	15,477,104	18,836,545	3,753,668	8,280,505
Printing and stationery	1,458,327	2,326,179	322,594	872,073
Insurance	3,369,964	1,409,839	888,876	512,504
Depreciation on property and equipment	12,180,750	9,259,760	4,225,310	3,367,394
Depreciation on right of use assets	5,185,314	3,403,776	1,728,438	1,350,000
Amortization on intangible assets	1,012,047	1,517,995	337,349	505,999
Miscellaneous expenses	-	3,589	-	-
	129,764,081	121,887,869	36,778,803	48,412,409

## 12. SEGMENTAL ANALYSIS

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

### 12.1 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'.

### 12.2 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.



**Nine months ended 31 March 2021 (Un-audited)**

	Financing activities			Investing activities	Total
	House finance activities	Micro finance activities	Term & other finance activities		
-----Rupees-----					
Profit on financing	20,317,792	32,883,367	-	-	53,201,159
Income from fee and commission	68,964	3,311,600	-	-	3,380,564
Return on investments	-	-	-	20,605,225	20,605,225
<b>Total income for reportable segments</b>	<b>20,386,756</b>	<b>36,194,967</b>	<b>-</b>	<b>20,605,225</b>	<b>77,186,948</b>
Finance costs	48,179	4,527,919	892	64,609	4,641,599
Other expenses	-	-	-	1,029,428	1,029,428
Administrative expenses	44,054,433	79,218,649	535,954	5,955,045	129,764,081
<b>Segment result</b>	<b>(23,715,856)</b>	<b>(47,551,601)</b>	<b>(536,846)</b>	<b>13,556,143</b>	<b>(58,248,160)</b>
Other income - net					1,685,373
Loss before taxation					<u>(56,562,787)</u>
<b>Segment assets</b>	<b>171,177,791</b>	<b>213,988,679</b>	<b>2,543,108</b>	<b>166,379,857</b>	<b>554,089,435</b>
Unallocated assets					542,442,430
					<u>1,096,531,865</u>
<b>Segment liabilities</b>	<b>22,221,104</b>	<b>84,105,024</b>	<b>396,813</b>	<b>28,734,714</b>	<b>135,457,655</b>
Unallocated liabilities					100,342,932
Equity					860,731,278
					<u>1,096,531,865</u>

**Nine months ended 31 March 2020 (Un-audited)**

	Financing activities			Investing activities	Total
	House finance activities	Micro finance activities	Term & other finance activities		
-----Rupees-----					
Profit on financing	15,413,434	20,579,948	789,816	-	36,783,198
Income from fee and commission	562,100	2,849,854	-	-	3,411,954
Return on investments	-	-	-	69,781,612	69,781,612
<b>Total income for reportable segments</b>	<b>15,975,534</b>	<b>23,429,802</b>	<b>789,816</b>	<b>69,781,612</b>	<b>109,976,764</b>
Finance costs	2,533,676	4,945,674	292,401	10,030,259	17,802,010
Administrative expenses	45,275,183	65,669,914	4,471,230	6,471,542	121,887,869
<b>Segment result</b>	<b>(31,833,325)</b>	<b>(47,185,786)</b>	<b>(3,973,815)</b>	<b>53,279,811</b>	<b>(29,713,115)</b>
Other income					1,443,750
Other operating charges					8,152,444
Loss before taxation					<u>(20,116,921)</u>

As at 30 June 2020 (Audited)

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

### 13. TRANSACTIONS WITH RELATED PARTIES

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

Transactions during the period	Related Party	Relationship	Nature of transaction	Nine months ended	
				March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
				-----Rupees-----	
	Bahria Town (Private) Limited	Holding Company	Utilities and maintenance expense paid	3,010,636	2,763,439
			Payment made for vehicle purchased	12,478,500	-
			Expense recorded on account of Utilities and maintenance payable	2,725,282	-
			Payment made on account of trade and other payable	1,085,850	-
			Long term security deposit paid against rent	10,000,000	-
			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
	Escorts Capital Limited	Associated Company	Office premises purchased	16,028,700	-
			Borrowings paid	-	22,263,160
			Shares issued against borrowings	-	15,173,960
			Mark-up on borrowings accrued	-	927,398
			Mark-up on borrowings paid	-	1,065,011
	Bahria Grand Hotel and Resorts	Associated Company	Entertainment expense	114,636	346,599
			Payment of entertainment expense	106,586	-
	The Safari Club	Associated Company	Entertainment expense	-	26,913
	Others	Associated Companies	Borrowings paid	-	57,733,224
			Mark-up on borrowings accrued	-	3,141,254
			Certificate of deposit matured	-	29,461,224
			Advertisement expense	-	3,480,000
			Mark-up on borrowings paid	-	3,216,001
			Borrowings received	-	29,461,224
	Executives	Key management personnel	Remuneration to key management personnel	17,776,378	12,968,905
	Escorts Investment Bank Limited Employees Provident Fund		Contribution to staff retirement benefits plan	1,643,282	1,330,801

Relation with the Company	Nature of transaction	31-Mar-21 Rupees (Un-audited)	30-Jun-20 Rupees (Audited)
<b>Balance at Period / year end</b>			
Bahria Town (Private) Limited	Trade and other payables	164,619	14,014,323
	Certificates of deposit	10,000,000	10,000,000
	Security deposit against branches	25,000,000	15,000,000
Bahria Grand Hotel and Resort	Entertainment	8,050	-

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

#### **14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

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

These condensed interim financial statements (un-audited) do 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 these condensed interim financial statements (un-audited) approximate their face value.

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

#### **15. SUBSEQUENT EVENTS**

There were no significant adjustable events subsequent to March 31, 2021 which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

#### **16. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements (un-audited) are approved and authorized for issuance by the Board of Directors of the Company on April 30, 2021.

## 17. GENERAL

- 17.1 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 other comprehensive income and condensed interim statement of cash flows (un audited) have been compared with the balances of comparable (un audited) period of immediately preceding financial year.
- 17.2 Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.
- 17.3 Figures have been rounded off to the nearest rupees.



Chief Executive Officer

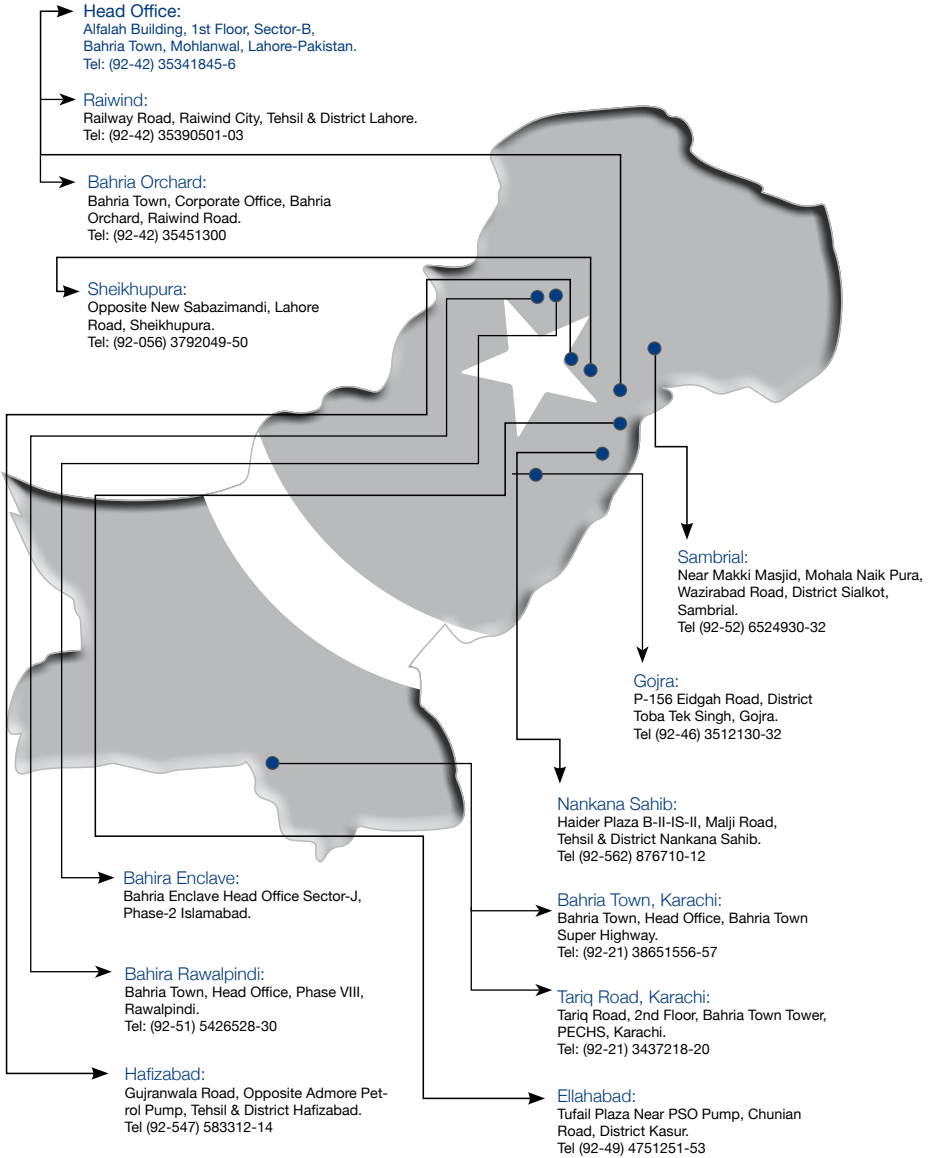


Chairperson



Chief Financial Officer

# BRANCH NETWORK





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