



**Escorts  
Investment  
Bank**

A Project of BAHRIA TOWN

TOGETHER  
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Condensed Interim  
Financial Information  
For the Quarter Ended

30 September  
**2019**

ESCORTS INVESTMENT BANK LIMITED

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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

Cornellius, Lane & Mufti

Advocates & Solicitors

## Share Registrar

Hameed Majeed Associates (Pvt.) Ltd.

## 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, Lahore.

Tel: (92-42) 35341845-6

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

UAN: 08000 3425



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The Board of Directors of Escorts Investment Bank Limited (the "Company") is pleased to present the condensed interim un-audited financial reports of the Company for the period ended on September 30, 2019.

The Company developed further Microfinance branches and escalated business volumes in both business models i.e. House Finance and Micro Finance. Proactive and preemptive approach of your Company while extending loans to the customers ensured the genuine building of portfolio which is evident from timely recovery of outstanding loans. The loss of the Company for the quarter ending on September 30, 2019 reduced to Rs. 2.601 million during the period under review, as compared to Rs. 32.495 million for the corresponding period in the FY 2018.

The Company has been able to develop healthier portfolios in its business activities i.e. House Finance, Micro Finance and Corporate Finance which resulted in increased revenue of Rs. 35.108 million as compared to Rs. 17.085 million for the corresponding period. Moreover, we are pleased to report that we have been able to maintain our expenses at substantially the same level despite expanding our footprint in the Microfinance business. The financial highlights are given below:

Description	Quarter ended	
	2019	2018
Revenue	35,107,827	17,085,172
Mark-up	(1,652,046)	(5,382,480)
Loss before taxation	(31,363,863)	(31,652,587)
Taxation	(410,075)	(107,527)
Loss after taxation	(2,601,008)	(32,495,753)

During the period under review, the Company completed a Rights Issue of Rs. 915 million by offering 207 shares against each 100 shares held. The revised Share Capital of the Company is Rs. 1,356 million increasing the Company's equity base. Subsequent to the period under review, PACRA has maintained the Company's Long-Term and Short-Term Credit Ratings at "A-" and "A2" respectively with stable outlook, which indicates the confidence over your Company's performance.

Previously, the Securities and Exchange Commission of Pakistan ("SECP") had curtailed the ability of the Company to accept deposits through its Order dated 06.02.2019. The Lahore High Court was pleased to set-aside the SECP Order with directions to review the matter afresh within a stipulated time period. The Company's Management is confident that permission will be granted enabling the Company to start raising fresh deposits.

The Board of Directors would like to thank the Regulator, and its Sponsors, for their continued support. We also take this opportunity to express our appreciation to the employees of the Company for their continued 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**





ایسکورتس انویسٹمنٹ بینک لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز 30 ستمبر 2019ء کو ختم ہونے والی مدت کے لئے کمپنی کی مجموعی عبوری (درمیانی مدت کی) مالیاتی معلومات غیر پڑتال شدہ پیش کرنے پر خوشی کا اظہار کرتے ہیں۔

کمپنی نے زیر جائزہ مدت کے دوران، مزید مائیکرو فنانس برانچیں تیار کیں اور کاروباری حجم کو ہمارے دونوں کاروباری ماڈلز یعنی ہاؤس فنانس اور مائیکرو فنانس میں بڑھایا۔ آپ کی کمپنی کے فعال اور قفل از وقت اقدامات کے ذریعے صارفین کے قرضوں کو بڑھاتے وقت حقیقی پورٹ فولیو کو یقینی بنایا گیا جو کہ قرضوں کی بر وقت وصولی سے صاف ظاہر ہوتا ہے۔ زیر جائزہ مدت کے دوران کمپنی کا نقصان 2,601 ملین روپے رہا جو کہ پچھلے سال اسی مدت کے دوران 32,495 ملین روپے تھا۔ کمپنی نے اپنی کاروباری سرگرمیوں مثلاً ہاؤس فنانس، مائیکرو فنانس اور کارپوریٹ فنانس میں پورٹ فولیوز بک کروائے ہیں جس کے نتیجے میں کمپنی کی آمدن 35,108 ملین روپے رہی جو کہ سابقہ مدت میں 17,085 ملین روپے تھی۔

قلیل مدتی سرٹیفیکیشن کی تکمیل کی وجہ سے مارک اپ اخراجات میں کمی واقع ہوئی۔ اگرچہ کمپنی اپنے مائیکرو فنانس کے کاروبار میں قدم مسلسل بڑھا رہی ہے، اس کے باوجود دیگر اخراجات تقریباً اسی سطح پر برقرار رہے۔ فنانشل جھلکیوں کا موازنہ درج ذیل ہے۔

سہ ماہی

تفصیل

30 ستمبر 2019ء	30 ستمبر 2018ء
آمدن	17,085,172
مارک اپ	(5,382,480)
خسارہ قفل از ٹیکس	(31,652,587)
ٹیکس	(107,527)
خسارہ بعد از ٹیکس	(32,495,753)
آمدن	35,107,827
مارک اپ	(1,652,046)
خسارہ قفل از ٹیکس	(31,363,863)
ٹیکس	(410,075)
خسارہ بعد از ٹیکس	(2,601,008)

زیر جائزہ مدت کے دوران، کمپنی نے اپنا رائج شہر ایسٹرنز انکیشن مکمل کر لیا ہے اور شہر بولڈرز کو ان کے شہر ز ادا کر دیے ہیں۔ رائج شہر ایسٹرنز ساٹھ 915 ملین روپے تھا جس نے ہر 100 شہر ز کے مقابلہ میں 207 شہر ز کی پیش کش کی۔ اب کمپنی کا نیا شہر کمپلٹ 1,356 ملین روپے ہے جو کمپنی کی مستحکم بنیاد کو مزید مضبوط کرے گا۔ زیر جائزہ مدت کے بعد، PACRA بالترتیب "اے"، "اور" اے "2" پر کمپنی کی طویل مدتی اور قلیل مدتی کریڈٹ ریٹنگ برقرار رکھی ہے جو کہ آپ کی کمپنی پر اعتماد کا مثبت بولتا ثبوت ہے۔

سکیورٹی اینڈ ایڈجسٹمنٹ آف پاکستان (ایس ای سی پی) نے کمپنی کی ڈپازٹ لینے کی اجازت میں کمی کی جسے کمپنی نے پاکستان کی معزز عدالتوں میں چیلنج کیا تھا۔ عدالت نے بالآخر 6 فروری 2019ء کو ایس ای سی پی کی خط مسترد کر دیا جس میں کمی کی گئی تھی اور ایس ای سی پی کو حکم دیا کہ ہماری کمپنی کو مقرر مدت میں ساعت کا مناسب موقع فراہم کرنے کے بعد تازہ آرڈر پاس کریں۔ منجھٹ (ٹیک اوور رٹرنز انکیشن کے دوران ایس ای سی پی کے ابتدائی معاہدے کے مطابق) نے ڈپازٹ جمع کرنے کی مکمل اجازت ملنے کے بارے میں پر اعتماد ہے کیونکہ آپ کی کمپنی تمام قواعد و ضوابط اور معاہدوں کی مکمل تعمیل کرتی ہے۔

بورڈ سائرس ز کو ان کی مسلسل حمایت پر شکریہ ادا کرنا چاہتا ہے جو کہ ہمارے مقاصد کے حصول میں ہماری صلاحیتوں میں اضافہ کرتے رہیں گے۔ ہم اس موقع پر کمپنی کے ملازمین کی بھی وفاداری، سخت محنت اور بھرپور تعاون پر تعریف کرنا چاہیں گے جو انہوں نے پورا سال ہمارا ساتھ دیا۔ کمپنی ان کی تمام خدمات پر تمام ملازمین کا بھرپور شکریہ ادا کرتی ہے اور کمپنی ان کی خدمات کو یاد رکھے گی۔

منجانب ابراہے بورڈ

*(Signature)*

*(Signature)*

ڈائریکٹر

نوید امین | چیف ایگزیکٹو/ڈائریکٹر



## Condensed Interim Financial Information (Un-audited)

For the quarter ended 30 September 2019



**Condensed Interim Statement of Financial Position**  
As At 30 September 2019

30 September  
**2019**

		30-Sep-19 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>	<b>Note</b>		
Property and equipment	5	119,432,794	114,387,569
Intangible assets	6	5,566,587	6,072,585
Cards and rooms		12,750,000	12,750,000
Long term investments		124,999,875	124,999,875
Long term finances	7	71,701,014	59,911,398
Long term deposits		449,600	424,600
Deferred tax asset -net	8	183,043,072	182,949,684
		517,942,942	501,495,711
<b>CURRENT ASSETS</b>			
Current maturities of non-current assets		35,036,910	23,474,330
Short term investments		320,622,070	105,504,135
Short term finances		36,123,787	31,563,350
Short term advances		4,852,552	6,498,690
Prepayments		2,589,552	1,254,007
Interest accrued		8,311,376	6,443,528
Other receivables		68,209,969	68,348,594
Tax refunds due from the government		115,419,360	111,956,047
Cash and bank balances	9	329,175,483	578,486,018
		920,341,059	933,528,699
<b>TOTAL ASSETS</b>		1,438,284,001	1,435,024,410
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
300,000,000 (2019: 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	441,000,000
Revaluation surplus on property and equipment		18,704,394	18,944,536
Capital reserves		158,496,621	158,496,621
Revenue reserves		(585,076,825)	(568,738,374)
		948,124,190	49,702,783
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances - subordinated loans	10	-	650,000,000
Long term finances - sponsors loan	11	-	17,217,910
Long term certificates of deposit		66,250,000	66,250,000
		66,250,000	733,467,910
<b>CURRENT LIABILITIES</b>			
Current maturities of non-current liabilities		233,860,367	233,860,367
Short term finances - sponsors loan	12	-	158,782,090
Short term certificates of deposit		-	29,461,224
Short term borrowings		65,680,934	68,893,670
Accrued markup		7,476,288	36,012,482
Trade and other payables	13	100,388,790	108,843,910
Unclaimed dividend		2,385,654	2,385,654
Provision for taxation		14,117,778	13,614,320
		423,909,811	651,853,717
Contingencies and commitments	14	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		1,438,284,001	1,435,024,410

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

Chief Executive Officer

Director

Chief Financial Officer



	Note	Three months period ended	
		30-Sep-19 Rupees	30-Sep-18 Rupees
<b>INCOME</b>			
Profit on financing		9,018,811	418,278
Return on investments		10,301,892	6,354,490
Income from fee and commission		924,829	86,209
Profit on bank deposits		14,243,545	9,597,823
Other income		618,750	628,372
		<b>35,107,827</b>	<b>17,085,172</b>
<b>EXPENSES</b>			
Mark-up on certificates of deposit		1,652,046	5,382,480
Mark-up on borrowings		4,133,702	12,396,334
Administrative expenses	<b>15</b>	31,363,863	31,652,587
Finance cost		35,160	41,997
		<b>37,184,771</b>	<b>49,473,398</b>
Operating loss before provision and taxation		(2,076,944)	(32,388,226)
Other operating expenses		(113,989)	-
Loss before taxation		(2,190,933)	(32,388,226)
Taxation - Net		(410,075)	(107,527)
Loss after taxation		(2,601,008)	(32,495,753)
Loss per share-basic and diluted		(0.02)	(0.74)

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

Chief Executive Officer

Director

Chief Financial Officer





**Condensed Interim Statement of  
Comprehensive Income (Un-audited)**  
For the Quarter Ended

30 September

**2019**

	Three months period ended	
	30-Sep-19 Rupees	30-Sep-18 Rupees
Loss after taxation	(2,601,008)	(32,495,753)
<b>Other comprehensive income:</b>		
Items that may be reclassified subsequently to the statement of profit or loss	-	-
Items that will not be reclassified to the statement of profit or loss	-	-
	-	-
<b>Total comprehensive loss for the period</b>	<b>(2,601,008)</b>	<b>(32,495,753)</b>

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

Chief Executive Officer


Director

Chief Financial Officer




	Three months period ended	
	30-Sep-19	30-Sep-18
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,190,933)	(32,388,226)
<b>Adjustment for non cash expenses and other items:</b>		
Depreciation on property and equipment	2,844,086	2,212,003
Amortization on intangible assets	505,998	214,092
Provisions of doubtful balances	113,989	-
	3,464,073	2,426,095
Cash generated from / (used in) operations before working capital changes	1,273,140	(29,962,131)
<b>Decrease / (increase) in operating assets</b>		
Finances - net	(28,026,622)	(21,900,706)
Investments	(215,117,935)	(52,822,726)
Loan and advances	1,646,138	(45,233)
Interest accrued	(1,867,848)	93,171
Other receivables	138,625	703,512
Deposits and prepayments	(1,360,545)	(315,526)
	(244,588,187)	(74,287,508)
<b>(Decrease) / Increase in operating liabilities</b>		
Certificates of deposit	(29,461,224)	49,084,922
Accrued markup	(28,536,194)	9,832,453
Trade and other payables	(8,455,120)	(3,966,186)
	(66,452,538)	54,951,189
Net cash used in operations	(309,767,585)	(49,298,450)
Income tax paid	(3,463,318)	(1,639,230)
Net cash used in operating activities	(313,230,903)	(50,937,680)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(7,889,311)	(15,390,191)
Net cash used in investing activities	(7,889,311)	(15,390,191)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares	915,000,000	-
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 from financing activities	71,809,679	-
Net decrease in cash and cash equivalents	(249,310,535)	(66,327,871)
Cash and cash equivalents at the beginning of the period	578,486,018	756,000,407
Cash and cash equivalents at the end of the period	329,175,483	689,672,536

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

  
 Chief Executive Officer

  
 Director

  
 Chief Financial Officer





## **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 18 October 2019.

## **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 financial statements for the year ended 30 June 2019. 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 2019. 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 2019.

### 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 2019.

	Note	30-Sep-19 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
<b>5 PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	5.1	110,731,278	105,396,798
Advances for purchase of assets		8,701,516	8,990,771
		119,432,794	114,387,569
<b>5.1 Operating fixed assets</b>			
Opening net book value		105,396,798	97,389,870
Cost of addition	5.1.1	8,178,566	19,182,439
Less: Depreciation for the period / year		2,844,086	11,175,511
Closing net book value		110,731,278	105,396,798
<b>5.1.1 Cost of addition</b>			
Improvement on leasehold premises		4,406,402	6,798,619
Office furniture and fixtures		704,367	3,734,878
Computer equipment		1,072,938	556,588
Office equipment		1,894,713	3,475,169
Owned vehicles		100,146	4,617,185
		8,178,566	19,182,439





	Note	30-Sep-19 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
<b>6 INTANGIBLE ASSETS</b>			
Software	<b>6.1</b>	5,566,587	6,072,585
		5,566,587	6,072,585
<b>6.1 Software</b>			
Net carrying value		6,072,585	76,132
Cost of addition		-	8,135,744
Less: Amortization for the period / year		505,998	2,139,291
Net carrying value		5,566,587	6,072,585
<b>7 LONG TERM FINANCES</b>			
Secured and considered good	<b>7.1 &amp; 7.2</b>	104,750,794	81,328,083
Considered doubtful			
Others		52,247,053	52,247,053
Less: Provision for doubtful finances		(52,247,053)	(52,247,053)
		-	-
Less: Current maturity		32,870,925	21,308,345
Less: general provision for micro finance portfolio		178,855	108,340
Closing balance		71,701,014	59,911,398

**7.1** It includes amount of Rs. 68.567 million (30 June 2019:Rs. 59.24 million) disbursed to house finance customers at return ranges from 16.48% to 22.42% per annum for tenure of 02 to 20 years.

**7.2** It includes amount of Rs. 35.771 million (30 June 2019:Rs. 21.68 million) disbursed to micro finance customers at return ranges from 38.50% to 45% per annum for tenure of 01 to 02 years.

## **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-19 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
<b>9 CASH AND BANK BALANCES</b>			
Cash in hand		157,305	92,098
Cash with banks:			
Current accounts with:			
State Bank of Pakistan		121,078	85,604
Others		2,102,319	1,632,565
		2,223,397	1,718,169
Saving and deposit accounts	9.1	326,794,781	359,436,451
Escrow account	9.2	-	217,239,300
		329,175,483	578,486,018

**9.1** Rate of return on term deposit receipts (TDRs) ranges from 12.05% to 13.10% (30 June 2019: 11.50% to 12.05%) per annum.

**9.2** Subsequent to successful completion of right issue transaction, the amount was released in accordance with the directions of SECP.

	Note	30-Sep-19 Rupees (Un-audited)	30-Jun-19 Rupees (Audited)
<b>10 LONG TERM FINANCES - SUBORDINATED LOANS</b>			
<b>From the Holding Company:</b>			
Subordinated loan	10.1	-	650,000,000
<b>From others</b>			
Others - subordinated loans	10.2	137,694,382	137,694,382
		137,694,382	787,694,382
Less: Current maturity shown under current liabilities		137,694,382	137,694,382
		-	650,000,000

**10.1** This subordinated loan received from holding company for meeting Minimum Equity Requirement (MER) and was repayable on demand after expiry of minimum tenure of 24 months. It carries mark-up at the rate of 03- months KIBOR as on date of receipt of loan. This amount converted into right issue shares in accordance with applicable laws in Pakistan.

**10.2** These loans are converted from Certificates of Deposits (COD) of outgoing sponsors and its associated undertakings. It carries mark-up at rate of 06- month KIBOR as on date of takeover transaction i.e. 08 January 2018, duly approved by SECP and repayment of principal and mark-up is subject to prior approval of SECP.



	<b>Note</b>	<b>30-Sep-19 Rupees (Un-audited)</b>	<b>30-Jun-19 Rupees (Audited)</b>
<b>11 LONG TERM FINANCES - SPONSORS LOAN</b>			
<b>Related party - unsecured</b>			
Sponsors loan - Bahria Town (Private) Limited	<b>11.1</b>	-	17,217,910

- 11.1** Sponsors loan converted during the period into right issue shares as per the distinct resolutions passed by both Sponsor and the Company and in accordance with applicable laws in Pakistan.

## **12 SHORT TERM FINANCES - SPONSORS LOAN**

<b>Related party - unsecured</b>			
Sponsors loan - Bahria Town (Private) Limited	<b>11.1</b>	-	158,782,090

## **13 TRADE AND OTHER PAYABLES**

This includes an amount of Rs. 39.441 million (30 June 2019: Rs. 39.441 million) payable to successors of depositors.

## **14 CONTINGENCIES AND COMMITMENTS**

### **14.1 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 2019.

### **14.2 Commitments in respect of**

- i) Outstanding guarantees amount to Rs. Nil (30 June 2019: Nil)
- ii) House finance customers amount to Rs. 7.375 million (30 June 2019: Nil)

## **15 ADMINISTRATIVE EXPENSES**

	<b>Three months period ended</b>	
	<b>30-Sep-19 Rupees (Un-audited)</b>	<b>30-Sep-18 Rupees (Un-audited)</b>
Salaries, allowance and other benefits	14,792,915	15,945,102
Staff training and welfare	750,000	-
Advertisement and business promotion	500,083	2,987,000



	Three months period ended	
	30-Sep-19 Rupees (Un-audited)	30-Sep-18 Rupees (Un-audited)
Rent, rates and taxes	1,153,022	2,153,760
Utilities	1,574,416	967,430
Communication charges	439,920	463,433
Travelling and vehicle maintenance	1,286,025	684,222
Repair and maintenance	695,538	178,059
Entertainment	209,057	118,093
Fee and subscriptions	1,240,865	928,313
Legal and professional charges	4,527,629	4,260,043
Printing and stationery	429,961	358,646
Insurance	414,348	182,004
Depreciation	2,844,086	2,212,003
Amortization on intangible assets	505,998	214,092
Miscellaneous expenses	-	387
	<b>31,363,863</b>	<b>31,652,587</b>

## 16 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise, holding Company, local associated undertakings, staff retirement funds, directors, other related parties and key management personnel. The Company carried out transactions with the related parties in the normal course of business which are as follows:

### Transactions during the period

#### Holding Company:

Mark-up on long term financing	-	10,258,630
Rent expense	-	2,100,000
Utilities expense	1,224,910	1,418,125
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

Borrowings paid	17,500,000	-
Shares issued against borrowings	15,173,960	-
Markup on borrowings paid	834,785	-
Markup accrued on borrowings	713,206	-

##### The Safari Club

Entertainment expense	7,065	-
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	<b>30-Sep-19 Rupees (Un-audited)</b>	<b>30-Sep-18 Rupees (Un-audited)</b>
<b>Other related parties</b>		
Borrowings received	29,461,224	-
Markup on borrowings paid	888,729	-
Markup accrued on borrowings	1,282,792	-
Certificate of deposit matured	29,461,224	-
Profit paid on certificates of deposit	-	840,603
<b>Executives</b>		
Remuneration to key management personnel	4,398,189	6,836,527
<b>Others:</b>		
Contribution to staff retirement benefits plan	866,048	321,528
	<b>30-Sep-19 Rupees (Un-audited)</b>	<b>30-Jun-19 Rupees (Audited)</b>
<b>Balances at the end of the period</b>		
<b>Holding Company:</b>		
Certificate of deposit	10,000,000	10,000,000
Subordinated loan	-	650,000,000
Sponsors loan	-	176,000,000
Trade and other payables	394,345	32,341,435
<b>Associated Company:</b>		
<b>Escorts Capital Limited</b>		
Borrowings	7,947,410	40,621,370
Markup accrued on borrowings	67,161	188,740
<b>Other related parties</b>		
Certificate of deposit	-	29,461,224
Borrowings	57,733,524	28,272,300
Markup accrued on borrowings	468,810	74,747
Trade and other payables	7,065	6,450

## 17 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.

Quarter ended 30 September 2019 (Un-audited)			
	Financing activities	Investing activities	Total
	-----Rupees-----		
Profit on financing	9,018,811	-	9,018,811
Income from fee and commission	924,829	-	924,829
Return on investments	-	24,545,437	24,545,437
<b>Total income for reportable segments</b>	<b>9,943,640</b>	<b>24,545,437</b>	<b>34,489,077</b>
Finance costs	931,359	4,889,549	5,820,908
Administrative expenses	29,462,723	1,901,140	31,363,863
<b>Segment result</b>	<b>(20,450,442)</b>	<b>17,754,748</b>	<b>(2,695,694)</b>
Other income			618,750
Other operating expenses			(113,989)
Loss before taxation			(2,190,933)

As at 30 September 2019 (Un-audited)			
	Financing activities	Investing activities	Total
	-----Rupees-----		
<b>Segment assets</b>	<b>167,973,897</b>	<b>773,150,186</b>	<b>941,124,083</b>
Unallocated assets			497,159,918
			1,438,284,001
<b>Segment liabilities</b>	<b>58,987,330</b>	<b>305,516,875</b>	<b>364,504,205</b>
Unallocated liabilities			125,655,606
Equity			948,124,190
			1,438,284,001



## Quarter ended 30 September 2018 (Un-audited)

	Financing activities	Investing activities	Total
	-----Rupees-----		
Profit on financing	418,278	-	418,278
Income from fee and commission	86,209	-	86,209
Return on investments	-	15,952,313	15,952,313
<b>Total income for reportable segments</b>	<b>504,487</b>	<b>15,952,313</b>	<b>16,456,800</b>
Finance costs	455,332	17,365,479	17,820,811
Administrative expenses	808,742	30,843,845	31,652,587
<b>Segment result</b>	<b>(759,587)</b>	<b>(32,257,011)</b>	<b>(33,016,598)</b>
Other income			628,372
Other operating charges			-
Loss before taxation			(32,388,226)

## As at 30 June 2019 (Audited)

	Financing activities	Investing activities	Total
	-----Rupees-----		
<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
			1,435,024,410
<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
			1,435,024,410

## 18 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 2019.

The Company's financial risk management objective and policies are consistent with those disclosed in the annual financial statements of the Company and for the year ended 30 June 2019.



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

## **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**

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on 28th October 2019.

## **21 GENERAL**

**21.1** 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 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.

**21.2** Figures have been rounded off to the nearest rupees.

Chief Executive Officer

Director

Chief Financial Officer



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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  
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