

2020

ANNUAL REPORT



AN EYE ON THE FUTURE



**Escorts
Investment
Bank**



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FINANCIAL CALENDAR

2020

1st Quarter results issued on	October 28, 2019
2nd Quarter results issued on	February 29, 2020
3rd Quarter results issued on	April 30, 2020
Recommendation of Annual Results by the BOD	October 06, 2020
25th AGM scheduled for approval of Annual Results	October 28, 2020



Escorts Investment Bank

VISION

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

MISSION

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

An Eye On The Future.

WHO WE ARE?

- Escorts Investment Bank Limited (EIBL) is a Non-Banking Financial Institution with valid IFS license. It was registered and incorporated in Pakistan on 15th May 1995.
- EIBL is regulated and supervised by Securities and Exchange Commission of Pakistan and is listed on Pakistan Stock Exchange Limited.
- In the year 2018, sponsorship and management control was taken over by Bahria Town (Private) Limited from the outgoing sponsors.
- EIBL focuses primarily on lending business including House Finance, Corporate Finance & Micro Finance.

CORE VALUES



Integrity



Continuous Innovation

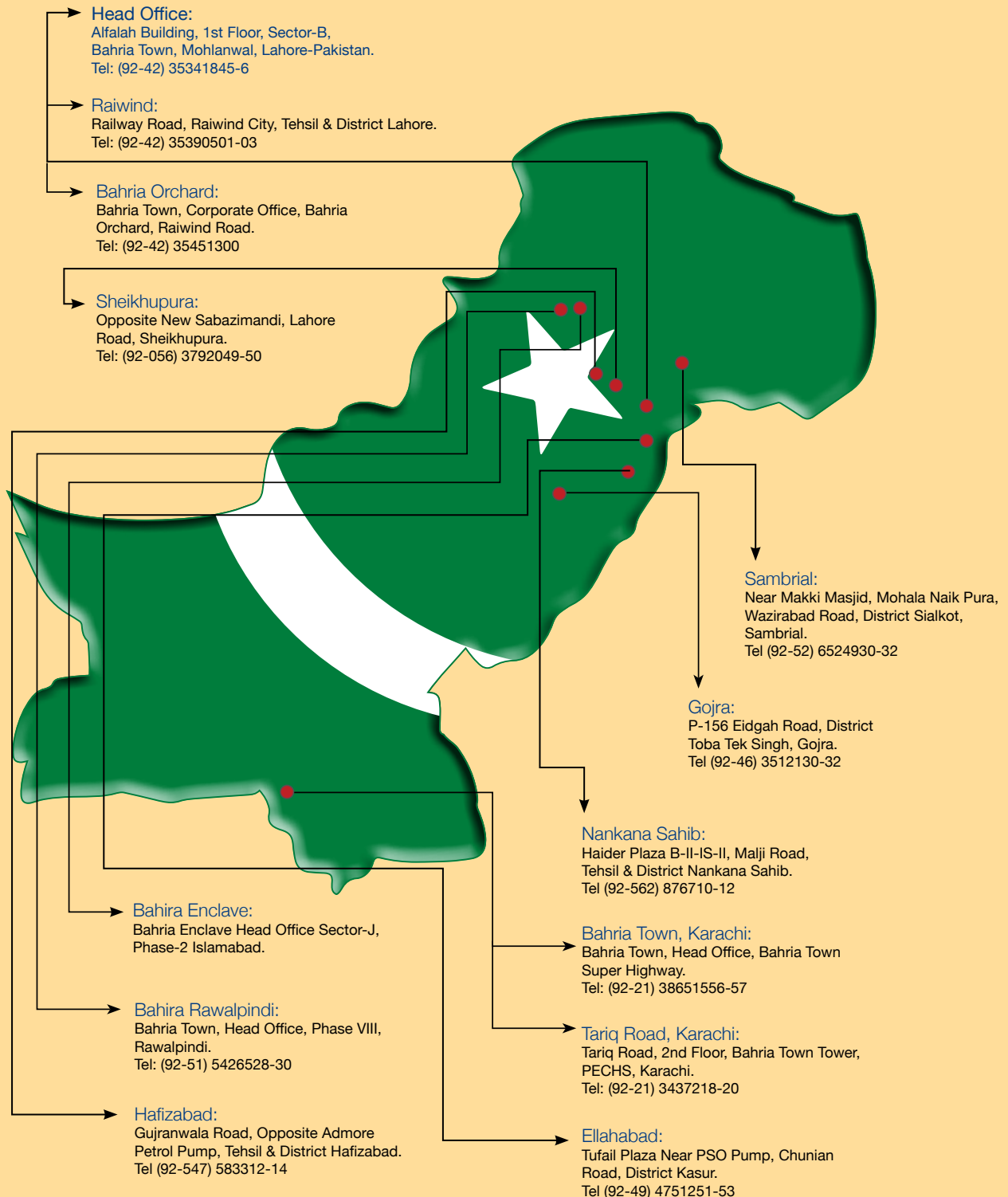


Honesty



Commitment to Customers

BRANCH NETWORK



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

Tariq Abdul Ghani Maqbool & 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





PRODUCT PORTFOLIO



Housing Finance

Build Your Own Dream Home

Quick Processing 🏠 Easy Installment



Deposit Schemes

Turning Savings into Capital

Attractive Profits 🔄 Flexible Terms of Investment



مائیکرو فنانس

آپ کی ترقی کا سامان ایسکاٹس بینک کے ذریعے ہوا آسان
آسان اقساط فوری قرضے کا اجراء

انفرادی قرضہ

لائبوسٹاک قرضہ

کاروباری قرضہ

زرعی قرضہ

قرضہ برائے چھوٹی سواری



OTHER PRODUCTS



Term Loans



Letter of Guarantee



Letter of Credit - Inland



Bill Discounting



Advisory services

* and many more



A- LONG TERM RATING

A2 SHORT TERM RATING

BEFORE ACQUISITION

BB LONG TERM RATING **B** SHORT TERM RATING



**CREDIT
RATING**

ENTITY RATINGS BY PACRA

Long Term: A-
Short Term: A2

RATING DEFINITION

LONG TERM RATING

A- denotes a high credit quality with lower expectation of credit risk. It indicates very strong capacity to timely honour its financial commitments.

SHORT TERM RATING

A2: denotes satisfactory capacity of your Company for timely payment.

NOTICE FOR CALLING OF ANNUAL GENERAL MEETING

Notice is hereby served to all the Members of the Company that the 25th Annual General Meeting of the Members of **ESCORTS INVESTMENT BANK LIMITED** ("Company") will be held on Wednesday October 28, 2020 at 09:30 a.m. at Bahria Grand Hotel & Resort situated at Canal Bank Road, Executive Lodges, Sector-B, Bahria Town, Lahore, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Extraordinary General Meeting held on January 09, 2020.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended June 30, 2020 together with the Auditor's Report, Directors' Report and Chairperson's Review Report thereon;
3. To appoint External Auditors for the year ending June 30, 2021 and fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of auditors, M/s. Crowe Hussain Chaudhury and Company Chartered Accountants who being eligible have offered themselves for the appointment.

OTHER BUSINESS:

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

BY ORDER OF THE BOARD



AJWAD ALI
Company Secretary

Lahore:
October 07, 2020

NOTES:

1. The share transfer books of the Company will remain closed from October 22, 2020 to October 28, 2020 (both days inclusive). Transfers received in order at the office of Company's Share Registrar M/s Hameed Majeed Associates (Pvt.) Limited, HM House, 7 – Bank Square, Lahore, by close of business on Wednesday, October 21, 2020, will be considered in time, to entitle the transferees to attend and vote at the AGM.
2. All members are entitled to attend and vote at the Meeting. A member entitled to attend and vote may appoint another member as his / her proxy to attend and vote in his / her behalf. Proxies in order to be effective must be received by the Company at the registered office not less than forty eight (48) hours before the time of holding meeting.
3. An instrument of proxy applicable for the Meeting is being provided with the notice sent to the members. Further copies of the instrument may be obtained from the registered office of the Company during normal

office hours. The proxy form can also be downloaded from the Company's website: www.escortsbank.net

4. The members are requested to submit a copy of their Computerised National Identity Card (CNIC), if not already provided and immediately notify changes if any, in their addresses to our Share Registrar Hameed Majeed Associates (Pvt.) Limited.
5. CDC Account Holders will further have to follow the below mentioned guidelines as laid down in Circular 1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

A. For attending the meeting:

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

B. For appointing proxies:

- i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the proxy form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

Placement of Financial Statements

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2020 along with Auditor's Report, Directors' Report and Chairperson's Review Report thereon on its website: www.escortsbank.net

Circulation of Annual Reports through Digital Storage

Pursuant to the SECP's notification SRO 470(I) / 2016 dated 31st May, 2016 the Members of Escorts Investment Bank Limited during the Company's 24th Annual General Meeting held on October 28, 2019, had accorded their consent for transmission of Annual Reports including Audited Annual Financial Statements and other information contained therein of the Company through CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form available on the Company's website www.escortsbank.net and the Company will provide the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand.

Circulation of Accounts via Email

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.escortsbank.net and send the form, duly signed by the shareholder, along with copy of his/her CNIC to the Company's Share Registrar M/s Hameed Majeed Associates (Pvt.) Limited.

CHAIRPERSON'S MESSAGE



Zainab Malik
Chairperson

The prime objective of your Company is to build a top quality financial institution in terms of progressive corporate culture while adding value for our stakeholders, employees and customers. The Company has always been conscious about its responsibility towards well-being and uplift of masses especially the low-income strata.

We have adopted multi-pronged approach where lot of efforts have been made in developing top line finance institution like, persistent increase of branch network, digitalization of processes for swift responses, nurturing human resource, laying infrastructure including both IT and other.

The year 2019-20 started with increasing trend in discount rates and Company have capitalized the momentum via placement of surplus funds at higher interest returns. At beginning, we continued expansion of our branch network and has enhanced the Company's presence through start of underwriting new business. The expanded branch structure and initiative of Government of Pakistan towards construction sector have laid the strong basis to capture the market (House finance and Micro finance) and we succeeded in it, Alhamdulillah.

However, in January 2020, world witnessed un-precedent outbreak of pandemic (COVID-19) in China which ultimately spread over the globe and no economy left un-affected. By grace of Almighty Allah, Pakistan remained least affected due to timely remedial measures adopted by our Government machinery. But, it dented the bottom line targets of companies in Pakistan massively especially financial sector.

In light of dynamic challenges including COVID-19, Company has strengthened its credit and risk policies and continued to book business with more caution. Financial sector remained a risk-based industry and we will remain prudent in our management and pricing of risk. At the same time, we are well placed to take advantage of the opportunities that will arise in future.

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

Regards and Thanks!

PROFILE OF DIRECTORS



MS. ZAINAB MALIK
Chairperson

Ms. Zainab Malik is serving as Director in Niche Lifestyle (Private) Limited since 2019. She has been a Director in Brand Central (Private) Limited for the last 7 years. She has also remained Sole Proprietor of Niche Digital Media & Cine Gold during the years 2011-2019. She was also Brand Head at Faraz Manan for the Years 2017 and 2018. Miss Zainab holds a Master's in Economics from Karachi University and has profound experience in business management.



MR. NAVEED AMIN
CEO/ Director

Mr. Naveed Amin is a Fellow Member of Institute of Chartered Accountants of Pakistan and is serving as the Chief Executive/ Directors of Escorts Investment Bank Limited. He has served in Non-Banking Finance Companies (NBFCs) and manufacturing industries for over 22 years in key positions. He has served as member of Board of Directors in Investment Banks and Leasing Companies (NBFC), Central Depository Company of Pakistan Limited (CDC) and National Clearing Company of Pakistan Limited (NCCPL). Presently he is on the board of First IBL Modaraba as an Independent Director and holds the position of Chairman Audit Committee.

MR. KARIM HATIM
Independent Director



Mr. Karim Hatim is an Independent Director on the Board of Directors of Escorts Investment Bank Limited. Mr. Karim formerly served as group Head Advisory & Strategic Investment Group of Pak Brunie and currently serving as Chief Executive Officer of Awal Modaraba. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan with twenty years of post qualification experience of working in Non- Banking Finance Companies and Development Finance Institutions. Area of specialization include development and implementation of business strategies, turnaround of companies with emphasis on revival of sick units, recovery and restructuring of infected portfolios, corporate finance, treasury, financial and credit appraisal.

SYED AAMIR AHSAN
Independent Director



He is a graduate from the University of South Florida and holds a CPA from the University of Illinois, USA. He has a rich professional experience of over 35 years, with 26 year in fertilizer business. He served With Engro Chemical Pakistan from 1993 till 2002 at various key positions. He has extensive experience in managing finances, investor relations and audit. He is serving as Independent Director at Escorts Investment Bank Limited.

SYED TAHIR NAWAZISH
Director



Mr. Tahir Nawazish is currently serving as Chairman, Board of Directors at Central Power Generation Company, Guddo (GENCO II) and as director for GENCO Holding Private Limited, since 2016. He has also remained Chairman, Board of Directors at First Fidelity Leasing Modaraba for the past 13 years. He also served as Senior Industry Consultant for Teradata Corporation Limited for the period 2010-2018. He holds an MBA from Karachi University. He is currently serving as Director of Escorts Investment Bank Limited.

MR. TAHIR SAEED EFFENDI
Director



Mr. Tahir Saeed Effendi is serving as a Director in Escorts Investment Bank Limited and has over 30 years broad- based professional experience in the financial services sector. He is a Fellow Member of Institute of Chartered Accountants of Pakistan and a Fellow Member of the Institute of Bankers and Institute Chartered Managers.

KHAWAJA NADEEM ABBAS
Director

Khawaja Nadeem Abbas is an Associate Member of Institute of Chartered Accountants of Pakistan and is vastly experienced in the fields of financial services and corporate affairs. He has also worked in Saudi Arabia at key financial positions in oil and gas companies and heavy machinery manufacturers. He is serving as the Director of Escorts Investment Bank Limited.

DIRECTOR'S REPORT

The Board of Directors of Escorts Investment Bank Limited ("Company") are pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended June 30, 2020 and independent auditor's report thereon.

ECONOMY REVIEW

Mixed performance during the FY 2020 was witnessed despite of certain tough economic decisions taken by the Government. However, the unpredicted attack of COVID – 19, in March 2020, globally changed the economic and social dynamics in Pakistan; it results into stoppage of business activities, lockdowns to control the further damages and this would have far reaching impacts on economy.

Pandemic has brought multifaceted challenges for Pakistan to preserve and improve the fundamentals of economy. However, economy has witnessed a contraction in economic activity resulting into negative growth of 0.59 percent in services sector only.

Although, initiatives and reform measures to support the Pakistan's economy have resulted into certain positive indicators of macro-economy which was further supplemented by debt relief initiative taken by G-20 countries, but the economic growth is mainly dependent upon the complete eradication of this pandemic. The economic cycle has started to regain its momentum and the business activities almost normalized, however the coming 5-6 months are very crucial with regard to probable next wave of COVID -19.

BUSINESS AND OPERATION REVIEW

The financial sector continues to witness the ramifications originating from the uncertain socio-economic conditions. Financial year 2019-20 was the Corona year which hampered the economic activities and hindered the Company's journey towards achievement of profitability. Though it did not affect existing portfolio of your Company but have deeply dented and restricted Company's ability to book new business. The markup income on investments of companies decreased significantly due to decrease in discount rate and so

is the scenario with your Company. *It goes without saying that Your Company would have achieved its objectives and profitability had this pandemic situation not surfaced.*

However, over all year was good in terms of multiple factors which include increased footprint of the Company by establishing new branches, increased customer demand in microfinance and house finance and efficient management of business portfolios. The cash loss of the Company further curtailed and reported to Rs.14.775 million as compared to Rs. 36.982 million in the corresponding financial year despite of the lockdown situation in the last quarter of the year.

Microfinance Business

Financial year 2019-2020 of the Company was the good year for the microfinance lending business and remain unaffected due to COVID-19, it slow down due to smart lockdown and closure of businesses except essential business. However, a good size of portfolio was developed, witness expansion in microfinance branches (before COVID -19) and increase in portfolio. At present, Company have Eight (08) specific microfinance branches, while same was four (4) as on June 30, 2019. Management intention to increase the outreach of the branch network in the coming year is temporarily halted and adopted the wait and watch policy for the post COVID-19 effect.

House Finance

The year under review was the productive year with relation to house finance business, the resolution of Bahria Town Karachi case, government encouragement for house financing and reduction of the policy rates were the major factors that contributed in the growth of house finance business. No negative impact of COVID-19 was noticed during the year and in subsequent period, except it temporarily hampers the growth of the house finance business due to the lock down period. The Company is expecting a sizeable growth in the coming year, mainly due to brand recognition and reduction in policy rates. The Company has also engaged in the other financing activities to cater the working capital need of entities.

Right Issue

Further, during the year under review the Company has completed the transaction of its right share issue as approved by the members of the Company, wherein 207 shares were offered / allocated against each 100 shares and injected share capital of Rs.915 million, further by the completing the transaction the paid up share capital has enhanced from 44,100,000/- shares to 135,600,000/- shares. This

transaction provides a handsome equity base to your Company.

FINANCIAL RESULTS

The management focus on improving operational efficiencies and quality of services being offered to our widespread customer base was continued during the year. The financial results are as under:

Description	Year ended	
	2020	2019
Revenue	147,437,531	112,795,634
Mark-up on Deposits	(4,124,397)	(17,706,472)
Loss before taxation	(28,214,581)	(49,507,613)
Taxation	(1,695,166)	(788,838)
Loss after taxation	(29,909,747)	(50,296,451)

Total revenue has increased immensely since previous year and this is primarily due to increase in finance portfolio and mark-up income on investments. The Company reports revenue of 147.44 million as compared to corresponding figure of Rs. 112.80 million, showing a growth of 30.71%



Markup expense has decrease significantly during the period due to conversion of sub-ordinated loan into ordinary shares and repayment of Certificate of deposits as per their agreed terms. Hence, the Company reports markup expense of Rs. 16.77 million as compared to Rs. 39.95 million of corresponding previous year.



Company continued to carry its momentum towards achieving profitability and by employing proactive and predictive approach, during these unprecedented times, Company has curtailed the recurrent loss path to Rs. 29.909 million net loss as compared to Rs. 50.30 million of corresponding precious year and management is continuously striving for achievement of its combined goals.



DIRECTOR'S REPORT

FUTURE OUTLOOK

Considering the prevalent global and domestic situation, your Company has decided to concentrate on existing business model, however the process of transformation of the business models into Shariah compliant products are in process, launching is slightly delayed mainly due to covid-19 lockdown. Further, the Company in continuation to convert the microfinance and IT systems into digitalization for the development and implementation of ERP and CRM system.

The initiatives to encourage housing projects in Pakistan and adoption of various policies to provide stimulus for growth of this sector would prove to be an essential determinant to flourish the housing finance sector as well. It is expected that House finance and Micro finance would play its pivotal role in coming times subject to positive conclusion of this pandemic.

DIVIDEND

No dividend has been recommended by the board of directors for the year June 30, 2020 (2019: Nil)

CREDIT RATING

PACRA has maintained the Company's long term credit rating to "A-" and short term credit rating to "A2" with stable outlook on April 18, 2020.

RISK MANAGEMENT

The Board of directors is responsible for establishing the risk management framework, which includes company risk management policies, review, approvals and continued monitoring to ensure that an appropriate sound and effective internal control and compliance system is in place all the time. An independent outsourced internal audit team is assisting the Audit committee, who is reportable to the Board of Directors.

The Company has followed disclosure requirements of regulator regarding the effects of COVID-19, the COVID-19 has not materially impact the business of your Company.

The Securities and Exchange Commission of Pakistan ("SECP") instructed to curtail the deposit taking permission of the Company from only

individuals, sole proprietors, provident /gratuity funds, trusts and charitable institutions which indeed has negligible impact on the Company. In this respect, Company has initiated legal remedies and is confident of withdrawal of this restriction/ curtailment as your Company has been compliant with all the rules / regulations and commitments made thereon.

Compliance Risk

Year 2019-2020 witness the continuation of last year policy, where the strict actions were taken by the government agencies against money laundering activities, modified taxations reforms, strict compliance with relation to AML policies. However, in the last quarter of the year due to the Corona pandemic the pace of the implementation remained slightly slow. Your company is in the phase of development; therefore, the management is expecting that the aforementioned factors may not materially impact on the business model of the company, in coming years.

DIRECTORS DECLARATION

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

- a) these financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- b) proper books of accounts of the Company have been maintained;
- c) appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- e) the system of internal controls is sound in design and has been effectively implemented and efficiently monitored;
- f) there are no significant doubts upon the Company's ability to continue as going concern;

- g) there is no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- i) the statement of Code of Ethics and Business Practices has been developed and acknowledged by the directors and employees of the Company.

BOARD OF DIRECTORS

The board of directors who had filled a casual vacancy in 2018 completed their term and new board of directors were elected during an Extraordinary General Meeting held on January 09, 2020, for a term of three years. The Committees were accordingly reconstituted and Ms. Zainab Malik was appointed as Chairperson of the Board.

The following were the Board of Directors who had retired;

Mr. Naveed Amin	Executive Director
Mr. Rashid Ahmed	Non- Executive Director
Mr. Karim Hatim	Independent Director
Mr. Tahir Saeed Effendi	Non- Executive Director
Mr. Umair Rafique Vadria	Independent Director
Khawaja Nadeem Abbas	Non- Executive Director

The following Directors were elected unanimously for a term of three (03) years commencing from January 09, 2020:

Ms. Zainab Malik	Non- Executive Director
Mr. Naveed Amin	Executive Director
Syed Aamir Ahsan	Independent Director
Mr. Karim Hatim	Independent Director
Mr. Tahir Saeed Effendi	Non- Executive Director
Syed Tahir Nawazish	Non- Executive Director
Khawaja Nadeem Abbas	Non- Executive Director

MEETINGS

The Board held four (04) meetings during the year out of which one (1) meeting was held prior to the election and was attended by the previous Board. Attendance by each director was as follows:

Director Name	Status	Meetings Attended
Mr. Zain Malik	Resigned	1
Mr. Naveed Amin	Re-elected	4
Mr. Rashid Ahmed	Retired	1
Mr. Karim Hatim	Re-elected	4
Mr. Tahir Saeed Effendi	Re-elected	4
Mr. Umair Rafique Vadria	Retired	1
Khawaja Nadeem Abbas	Re-elected	4
Ms. Zainab Malik	Elected	3
Syed Aamir Ahsan	Elected	3
Syed Tahir Nawazish	Elected	2

DIRECTOR'S REPORT

After the election of the Board, the Audit Committee was reconstituted as follows;

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

The Audit Committee held four (04) meetings during the year out of which three (03) meetings were held subsequent to the elections. Attendance by each member was as follows:

AUDIT COMMITTEE MEETINGS

Director Name	Attended
Mr. Karim Hatim	4
Mr. Zain Malik	1
Mr. Tahir Saeed Effendi	4
Ms. Zainab Malik	3
Syed Aamir Ahsan	3

The HRR Committee was also reconstituted subsequent to election of the Board as follows;

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

The HRR Committee held two (02) meetings during the year, one meeting was held prior to the election of the Board. Attendance by each member was as follows:

HUMAN RESOURCE AND REMUNERATION COMMITTEE MEETINGS

Director Name	Attended
Mr. Umair Rafique Vadria	1
Mr. Zain Malik	1
Mr. Naveed Amin	2
Khawaja Nadeem Abbas	1
Mr. Tahir Saeed Effendi	1
Syed Aamir Ahsan	1

COMPOSITION OF BOARD

The board consists of 7 directors with following composition:

Independent Directors	2
Other Non-Executive Directors	4
Executive Directors	1
Total number of directors	7

AUDITORS

The Bank's External Auditors' M/s Tariq Abdul Ghani Maqbool & Co. Chartered Accountants retired and are not eligible for re-appointment due to completion of maximum term mentioned in the laws. Audit committee has recommended M/s Crowe Hussain Chaudhary & Co. Chartered Accountants, a SBP category 'A' rated firm, as an auditor of the Company for the year 2020-21, which duly endorsed by the board of directors.

PATTERN OF SHAREHOLDINGS

A statement showing pattern of shareholdings of the Company and additional information as at June 30, 2020 is included in the report.

ACKNOWLEDGEMENT

The Directors wish to place on record the gratitude to its customer for their valued support. The Board would also like to thank and acknowledge the efforts of the sponsors for their continued support which will continue to enhance our capabilities to achieve our objectives.

For and on behalf of the Board



Naveed Amin
Chief Executive / Director



Syed Tahir Nawazish
Director

چیر پرسن کا پیغام

آپ کی کمپنی کا بنیادی مقصد اسے ایک اعلیٰ معیار کا ترقی کرتا ہوا کارپوریٹ کلچر کا حامل ادارہ بنانا ہے اور اس کے حصہ داران، ملازمین اور صارفین کے لیے اس کی قدر میں اضافہ کرنا ہے۔ عوام کی فلاح و بہبود خصوصاً کم آمدنی والے طبقہ کی بہتری کے لیے کمپنی کو اپنی ذمہ داری کا ہمیشہ سے احساس رہا ہے۔

اسے صف اول کا مالیاتی ادارہ بنانے کے لیے ہم نے کثیرالوجہ نقطہ نظر اپناتے ہوئے، اپنے برانچ نیٹ ورک کی مستقل توسیع، ٹیکنالوجی کو بروئے کار لاتے ہوئے استعداد کار میں اضافہ اور انسانی وسائل کی بہترین تربیت اور دیگر بنیادی ڈھانچے کی تعمیر پر ساری توجہ صرف کی ہے۔

مالی سال 2019-20 کے آغاز میں ڈسکاؤنٹ ریٹ میں اضافے کا رجحان رہا جس سے فائدہ اٹھاتے ہوئے کمپنی نے اضافی رقم بلند شرح منافع پر انویسٹ کر دیں۔ آغاز میں ہم نے اپنے برانچ نیٹ ورک کی توسیع جاری رکھی اور نئے کاروبار کا اجرا کیا۔ تعمیراتی شعبے میں حکومتی توجہ اور ہمارے وسیع نیٹ ورک کی وجہ سے ہمیں دونوں شعبوں ہاؤس فنانس اور مائیکرو فنانس میں استحکام حاصل ہوا۔ الحمد للہ۔

تاہم، جنوری 2020 میں چین سے شروع ہونے والی وبا (کووڈ-19) جو بعد ازاں عالمی وبا کی صورت اختیار کر گئی اور عالمی معیشت پر بڑی طرح اثر انداز ہوئی۔ اللہ کے فضل و کرم اور حکومتی سطح پر اٹھائے جانے والے بروقت اصلاحی اقدامات کی وجہ سے پاکستان سب سے کم متاثر ہوا۔ اگرچہ اس کے بد اثرات کی وجہ سے کمپنیوں خصوصاً مالیاتی شعبے کے اہداف متاثر ہوئے۔

بشمول کووڈ-19 اور دیگر چیلنجوں کی وجہ سے کمپنی نے اپنی کریڈٹ اور رسک پالیسیوں کو مزید مستحکم کیا ہے اور کاروبار کی توسیع میں محتاط رویہ اختیار کیا ہے۔ چونکہ مالیاتی شعبے کی بنیاد رسک پر ہے اس لیے ہمیں اس کا تعین محتاط رہتے ہوئے کرنا ہوگا۔ اس وقت ہم مستقبل کے مواقع سے فائدہ اٹھانے کے لیے پوری طرح تیار ہیں۔

میں یہاں اپنے ساتھی بورڈ ممبروں، کونسلٹنٹس اور ٹیم کا مخلصانہ شکریہ ادا کرنا چاہتی ہوں، جنہوں نے پالیسیوں اور کاروباری ماڈل کی ترقی، نگرانی اور جائزہ لینے میں اپنا قیمتی وقت صرف کیا اور اس بات کو یقینی بنایا کہ کاروبار درست طریقے سے چلتا رہے۔ مجھے یقین ہے کہ کمپنی مستقبل میں بھی ترقی کرتی رہے گی اور خدا نے چاہا تو کمپنی این بی ایف سی کے شعبے میں ایک سرکردہ ادارہ بن جائے گی بشرطیکہ ریگولیٹرز کی طرف سے سازگار ماحول مہیا کر دیا جائے۔

بہت شکریہ

Zainab

زینب ملک

چیر پرسن

ڈائریکٹرز کی رپورٹ

ایسکارٹس انویسٹمنٹ بینک لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے لئے کمپنی کے پڑتا ہل شدہ مالیاتی گوشوارے معہ آزاد ڈیٹرز کی رپورٹ پیش کرنے پر مسرت کا اظہار کرتے ہیں ہیں۔

اقتصادی جائزہ

حکومت کے بعض سخت اقتصادی فیصلوں کے باوجود مالی سال 2020 کے دوران مخلوط کارکردگی کا مشاہدہ کیا گیا۔ تاہم مارچ 2020 میں کووڈ-19 کے غیر متوقع حملے نے معاشی اور معاشرتی حرکیات کو عالمی سطح پر تبدیل کر دیا۔ پاکستان میں، اس کے نتیجے میں کاروباری سرگرمیاں بند ہو گئیں، کووڈ-19 کے مزید نقصانات پر قابو پانے کے لئے لاک ڈاؤن کرنا پڑا اور اس سے معیشت پر بڑا اثر پڑا۔ اس وبا کی وجہ سے پاکستانی معیشت کو محفوظ اور بہتر بنانے کے چیلنجز درپیش ہیں۔ تاہم، معاشی سرگرمی میں کمی دیکھی گئی ہے جس کے نتیجے میں صرف خدمات کے شعبے میں 0.59 فیصد کی منفی نمو ہوئی۔

اگرچہ پاکستانی معیشت کو سنبھال دینے کے لیے اٹھائے گئے ابتدائی اور اصلاحی اقدامات کے نتیجے میں میکرو معیشت میں کچھ مثبت اشاریے نظر آئے ہیں جن کو مزید تقویت جی ٹی ٹوئی ممالک کی جانب سے قرضوں کی ادائیگی کی سہولت کی وجہ سے مزید تقویت ملی ہے۔ لیکن معاشی نمو بنیادی طور پر اس وبا کی بیماری کے مکمل خاتمے پر منحصر ہے۔ معیشت کا پیہ پی پیز ہونا شروع ہو گیا ہے اور کاروباری سرگرمیاں تقریباً معمول پر آ گئیں ہیں، تاہم آنے والے 5-6 مہینے کووڈ-19 کی مکمل اگلی لہر کے حوالے سے بہت اہم ہیں۔

کاروبار اور آپریشن کا جائزہ

مالیاتی شعبے میں غیر یقینی معاشرتی اور اقتصادی صورتحال سے ناپسندیدہ نتائج ظاہر ہو رہے ہیں۔ مالی سال 20-2019 کو روٹا کا سال تھا جس نے معاشی سرگرمیوں اور منافع کے حصول کی طرف کمپنی کے سفر میں رکاوٹ پیدا کی۔ اگرچہ اس نے آپ کی کمپنی کے موجودہ پورٹ فولیو کو متاثر نہیں کیا لیکن نئے کاروبار کی رفتار کو سست کر دیا ہے۔ ڈسکاؤنٹ ریٹ میں تیزی سے ہونے والی کمی کی وجہ سے سرمایہ کاری پر منافع کی شرح کم ہونے سے صورتحال مزید ابتر ہو گئی۔ یہ کہنا بے جا نہ ہوگا کہ آپ کی کمپنی منافع کے ہدف کو پالیتی اگر یہ وبا کی صورتحال پیدا نہ ہوتی۔

تاہم یہ سال متعدد عوامل کے لحاظ سے بہتر رہا جن میں نئی شاخیں قائم کرنا، مائیکرو فنانس اور ہاؤس فنانس میں صارفین کی طلب میں اضافہ اور کاروباری پورٹ فولیو کا موثر انتظام شامل ہیں۔ کمپنی کا نقد نقصان مزید کم ہو کر 14.775 ملین رہا جو کہ پچھلے سال 36.982 ملین تھا۔

مائیکرو فنانس

مائیکرو فنانس کاروبار کے لحاظ سے مالیاتی سال 20-2019 کمپنی کے لیے اچھا رہا اگرچہ کووڈ-19 کی وجہ سے ہونے والے لاک ڈاؤن اور کاروباری بندش کی وجہ سے سست روی کا شکار ہوا۔ کووڈ-19 سے پہلے مائیکرو فنانس کا اچھا خاصہ پورٹ فولیو تیار ہو چکا تھا اور برانچ نیٹ ورک میں توسیع ہو چکی تھی۔ اس وقت کمپنی کی آٹھ برانچیں مائیکرو فنانس کاروبار کے لیے مخصوص ہیں جو کہ پچھلے سال جون 2019 میں چار تھیں۔ آئندہ سال میں برانچ نیٹ ورک کی توسیع کو عارضی طور پر روک دیا گیا ہے اور کووڈ-19 کے بعد کے اثر کے لئے دیکھو اور انتظار کی پالیسی کو اپنایا گیا ہے۔

ہاؤس فنانس

زیر جائزہ سال ہاؤس فنانس کاروبار سے متعلق اچھا رہا، بحریہ ٹاؤن کراچی کیس کا مثبت فیصلہ، گھروں کی فنانسنگ کے لئے حکومتی حوصلہ افزائی اور پالیسی ریٹ میں کمی وہ اہم عوامل تھے جنہوں نے ہاؤس فنانس کے کاروبار میں اضافے میں اہم کردار ادا کیا۔ سال کے دوران اور اس کے بعد کے عرصے میں کووڈ-19 کا کوئی منفی اثر نہیں دیکھا گیا، سوائے اس کے کہ لاک ڈاؤن کاروبار میں عارضی طور پر رکاوٹ بنا۔ کمپنی آئندہ سال ہاؤس فنانس میں نمایاں اضافہ کی توقع کر رہی ہے جس کی بنیادی وجہ ایسکورٹس

برانڈ کو تسلیم کیا جانا اور پالیسی ریٹ میں کمی ہے۔ کمپنی کاروباری اداروں کی ورکنگ کیپٹل کی ضروریات کو پورا کرنے کے لئے دیگر فنانسنگ سرگرمیوں میں بھی مصروف عمل ہے۔

رائیٹ حصص کا اجرا

مزید یہ کہ زیر جائزہ سال کے دوران کمپنی نے اپنے رائٹ حصص کا اجرا مکمل کیا ہے جیسا کہ کمپنی کے ممبران نے منظور کیا تھا، جس میں ہر 100 حصص کے مقابلہ میں 207 حصص کی پیش کش/مختص کی گئی تھی اور 915 ملین روپے کا شیئر کیپٹل لگایا گیا تھا۔ اس لین دین کو مکمل کرتے ہوئے ادا شدہ حصص کیپٹل 44,100,000/- حصص سے بڑھ کر 135,600,000/- حصص تک پہنچ گئی ہے۔ یہ لین دین آپ کی کمپنی کو خاطر خواہ سرمایہ کی بنیاد فراہم کرتا ہے۔

مالیاتی نتائج

اس سال بھی استعداد کار میں بہتری اور خدمات کا بلند معیار انتظامیہ کی توجہ کا مرکز رہا۔ مالی نتائج درج ذیل ہیں:

مالی سال		تفصیلات
2020	2019	
147,437,531	112,795,634	آمدنی
(4,124,397)	(17,706,472)	مارک اپ
(28,214,581)	(49,507,613)	خسارہ قبل از ٹیکس
(1,695,166)	(788,838)	ٹیکس
(29,909,747)	(50,296,451)	خسارہ بعد از ٹیکس

معاشی صورتحال اور کووڈ-19 کے چیلنج کے باوجود آپ کی کمپنی ایک اچھا کاروبار کرنے میں کامیاب ہوئی جس کی وجہ سے ریونیو 147.44 ملین روپے رہا جو پچھلے سال کے ریونیو 112.80 ملین کے مقابلے میں 30.71 فیصد زیادہ رہا۔



سب آرڈینیٹ قرض کو عام حصص میں تبدیل کرنے اور ڈپازٹ سرٹیفکیٹ کی ادائیگی کی وجہ سے مارک اپ اخراجات میں خاطر خواہ کمی ہوئی۔ اس سال مارک اپ کی مد میں اخراجات 16.77 ملین روپے رہے جو پچھلے سال 39.95 ملین روپے تھے



کمپنی منافع کے حصول کی طرف اپنا سفر جاری رکھے ہوئے ہے اور ان غیر معمولی حالات کے دوران، فعال طریقہ کار کی بدولت نقصان کم کرنے میں کامیاب ہوئی جو اس سال 29.909 ملین رہا جو پچھلے سال 50.30 ملین تھا۔ کمپنی اپنے مقاصد کے حصول کے لیے کوشاں ہے۔



ڈائریکٹرز کی رپورٹ

مستقبل کا منظر نامہ

موجودہ عالمی اور ملکی صورتحال کے مد نظر آپ کی کمپنی نے موجودہ کاروباری ماڈل پر توجہ دینے کا فیصلہ کیا ہے، تاہم کاروباری ماڈل کو شرعیہ کے موافق مصنوعات میں تبدیل کرنے کا عمل جاری ہے، البتہ ابتدا میں بنیادی طور پر کووڈ-19 لاک ڈاؤن کی وجہ سے قدرے تاخیر ہوئی ہے۔ مزید، کمپنی اپنے مائیکرو فنانس کے طریقہ کار کو تیز تر کرنے کے لیے ERP اور CRM سسٹم لگانے کے لیے کوشاں ہے۔

منافع منقسمہ

30 جون 2020 کے لئے بورڈ آف ڈائریکٹرز کی جانب سے کوئی منافع منقسمہ تجویز نہ کیا گیا ہے (2019: صفر)

کریڈٹ ریٹنگ

پیکر نے 18 اپریل 2020 کو مستحکم امکانات کے ساتھ کمپنی کی طویل مدتی کریڈٹ ریٹنگ کو A- "اور قلیل مدتی کریڈٹ ریٹنگ کو A2" برقرار رکھا ہے۔

رиск مینجمنٹ

بورڈ آف ڈائریکٹرز ریسک مینجمنٹ فریم ورک کے نفاذ کا ذمہ دار ہے، جس میں کمپنی کی ریسک مینجمنٹ کی پالیسیاں، جائزہ، منظوری اور جاری نگرانی شامل ہے تاکہ یہ یقینی بنایا جاسکے کہ ہر وقت مناسب موزوں اور موثر اندرونی کنٹرول اور تعمیل کا نظام موجود ہے۔ آؤٹ سورس کی گئی ایک آزاد داخلی آڈٹ ٹیم آڈٹ کمیٹی کی مدد کر رہی ہے، جو بورڈ آف ڈائریکٹرز کو پورٹ کرتی ہے۔

کمپنی نے کووڈ-19 کے اثرات سے متعلق ریگولیٹر کے انکشافی تقاضوں پر عمل کیا ہے، کووڈ-19 نے آپ کی کمپنی کے کاروبار کو زیادہ متاثر نہیں کیا ہے۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("ایس ای سی پی") نے کمپنی کو افراد، واحد ملکیتی اداروں، پروویڈنٹ/گریجویٹ فنڈز، ٹرسٹ اور خیراتی اداروں سے ڈپازٹ لینے کی اجازت ختم کر دی ہے۔ جس کے کمپنی پر معمولی اثرات مرتب ہوئے ہیں۔ اس سلسلے میں کمپنی نے قانونی چارہ جوئی کا آغاز کر دیا ہے اور کمپنی اس پابندی کے خاتمے کے لیے پُر امید ہے کیونکہ آپ کی کمپنی تمام اصول و ضوابط پر سختی سے عمل پیرا ہے۔

تعمیلی خدشات

سال 2019-20 میں گزشتہ سال کی پالیسی کے تسلسل کا مشاہدہ کیا گیا، جہاں سرکاری اداروں کی جانب سے منی لانڈرنگ کی سرگرمیوں، ٹیکسوں میں اصلاحی ترامیم، اے ایم ایل پالیسیوں کے سلسلے میں سخت تعمیل اور سخت کارروائیاں عمل میں آئیں۔ تاہم کووڈ وبا کی بیماری کے سبب سال کی آخری سہ ماہی میں عمل درآمد کی رفتار قدرے سست رہی۔ آپ کی کمپنی ترقی کے مرحلے میں ہے۔ لہذا انتظامیہ توقع کرتی ہے کہ مذکورہ عوامل آئندہ سالوں میں کمپنی کے کاروباری ماڈل پر زیادہ اثر انداز نہیں ہوں گے۔

ڈائریکٹرز کا اعلامیہ

پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز کے قواعد کی تعمیل میں بورڈ اراکین ازراہ مسرت توثیق کرتے ہیں کہ:

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

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز جنہوں نے 2018 میں عبوری آسامیوں کو پُر کیا تھا، نے اپنی میعاد پوری کر لی اور نئے بورڈ آف ڈائریکٹرز کا انتخاب کمپنی کے غیر معمولی اجلاس منعقدہ 09 جنوری 2020 کو تین سال کی مدت کے لئے کیا گیا۔ اس کے مطابق کمیٹیوں کی تشکیل نو کی گئی اور محترمہ زینب ملک کو بورڈ کی چیئر پرسن مقرر کیا گیا۔

ریٹائر ہونے والے ڈائریکٹرز

جناب نوید امین	ایگزیکٹو ڈائریکٹر
جناب رشید احمد	نان-ایگزیکٹو ڈائریکٹر
جناب کریم حاتم	انڈیپنڈنٹ ڈائریکٹر
جناب طاہر سعید آفندی	نان-ایگزیکٹو ڈائریکٹر
جناب عمر رفیق وادریہ	انڈیپنڈنٹ ڈائریکٹر
خواجہ ندیم عباس	نان-ایگزیکٹو ڈائریکٹر

ڈائریکٹرز کی رپورٹ

مندرجہ ذیل ڈائریکٹر ان کو 09 جنوری 2020 سے شروع ہونے والی تین (03) سال کی مدت کے لئے متفقہ طور پر منتخب کیا گیا۔

محترمہ زینب ملک	نان- ایگزیکٹو ڈائریکٹر
جناب نوید امین	ایگزیکٹو ڈائریکٹر
سید عامر احسن	انڈیپنڈنٹ ڈائریکٹر
جناب کریم حاتم	انڈیپنڈنٹ ڈائریکٹر
جناب طاہر سعید آفندی	نان- ایگزیکٹو ڈائریکٹر
سید طاہر نواز ش	نان- ایگزیکٹو ڈائریکٹر
خواجہ ندیم عباس	نان- ایگزیکٹو ڈائریکٹر

اجلاس

سال بھر میں بورڈ کے چار (04) اجلاس منعقد ہوئے جن میں سے ایک (1) اجلاس انتخابات سے قبل ہوا تھا اور اس میں سابقہ بورڈ نے بھی شرکت کی تھی۔
ڈائریکٹرز کی حاضری حسب ذیل ہے:

نام ڈائریکٹر	حیثیت	اجلاس میں حاضری
جناب زین ملک	مستغنی	1
جناب نوید امین	دوبارہ منتخب	4
جناب رشید احمد	ریٹائرڈ	1
جناب کریم حاتم	دوبارہ منتخب	4
جناب طاہر سعید آفندی	دوبارہ منتخب	4
جناب عمر رفیق وادریہ	ریٹائرڈ	1
خواجہ ندیم عباس	دوبارہ منتخب	4
محترمہ زینب ملک	منتخب	3
سید عامر احسن	منتخب	3
سید طاہر نواز ش	منتخب	2

الیکشن کے بعد آڈٹ کمیٹی کا قیام دوبارہ عمل میں لایا گیا جو درج ذیل ہے:

جناب کریم حاتم	چیئر مین
محترمہ زینب ملک	رکن
سید عامر احسن	رکن
جناب طاہر سعید آفندی	رکن

آڈٹ کمیٹی نے سال کے دوران چار (04) اجلاس منعقد کیے جن میں سے انتخابات کے بعد تین (03) اجلاس ہوئے۔ ہر ممبر کی حاضری مندرجہ ذیل ہے۔

اجلاس آڈٹ کمیٹی

نام ڈائریکٹر	حیثیت	اجلاس میں حاضری
جناب کریم حاتم	دوبارہ منتخب	4
جناب زین ملک	مستعفی	1
جناب طاہر سعید آفندی	دوبارہ منتخب	4
محترمہ زینب ملک	منتخب	3
سید عامر احسن	منتخب	3

ایچ آر آر کمیٹی کا قیام بھی عمل میں لایا گیا جو کہ درج ذیل ہے:

سید عامر احسن	چیئر مین
جناب طاہر سعید آفندی	رکن
خواجہ ندیم عباس	رکن
جناب نوید امین	رکن

اجلاس ایچ آر آر کمیٹی

نام ڈائریکٹر	اجلاس میں حاضری
جناب عمیر رفیق وادریہ	1
جناب زین ملک	1
جناب نوید امین	2
خواجہ ندیم عباس	1
جناب طاہر سعید آفندی	1

ڈائریکٹرز کی رپورٹ

بورڈ کی ترکیب

بورڈ 7 ڈائریکٹرز پر مشتمل ہے جس کی ترکیب حسب ذیل ہے:

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

آڈیٹرز

کمپنی کے بیرونی آڈیٹرز میسرز طارق عبدالغنی مقبول اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ ریٹائر ہو گئے ہیں اور قوانین میں مذکور مدت کے مطابق دوبارہ تقرری کے اہل نہیں ہیں۔ آڈٹ کمیٹی نے میسرز کرو حسین چودھری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، ایک اسٹیٹ بینک کیٹیگری اے ریٹائرڈ فرم، کو سال 2020-21 کے لئے کمپنی کا آڈیٹر مقرر کرنے کی سفارش کی ہے، جس کی بورڈ آف ڈائریکٹرز نے باقاعدہ توثیق کی ہے۔

شینیر ہولڈنگ کی وضع

30 جون 2020 کو کمپنی کی شینیر ہولڈنگ کی وضع اور دیگر معلومات اس رپورٹ میں شامل ہیں۔

اعتراف

ڈائریکٹرز اپنے صارفین کے قابل قدر تعاون کا شکریہ ادا کرتے ہیں۔ اپنے مقاصد کے حصول کے لیے بورڈ سپانسرز کی مسلسل حمایت کا مشکور ہے جو ہماری صلاحیتوں میں مسلسل اضافہ کرتی رہے گی۔

منجانب/ برائے بورڈ



سید طاہر نواز

ڈائریکٹر



نویدا مین

چیف ایگزیکٹو/ ڈائریکٹر

POVERTY ALLEVIATION

Contribution towards community development

Despite the wide variety of microfinance providers in Pakistan, the lending methodology is surprisingly uniform. Funds have been provided through the group lending methodology by the majority of MFB's across the country. The group lending methodology uses both the community group and the solidarity group approach.

The difference between the Community approach and the solidarity group approach mainly is that the community approach focuses on reducing the transaction costs of loan screening, disbursement and repayment whereas the solidarity group approach is more focused on using the group for guarantee purposes and ensuring that the social collateral becomes operative. While the community organization also exerts peer pressure for the return of the loan the collateral aspects of the community group are not always as well defined as the solidarity group model.

Keeping in view the above, we focused on community development by providing the microloans to those poor business owners who are not already overburdened through finances by other microfinance banks & NGO's. Our focus is to support the families for the growth of their existing businesses.





WOMEN EMPOWERMENT

55.8% of women as compared to 41% of men are living below the poverty line. The status of women in Pakistan differs considerably across classes, regions, and the rural/urban divide due to the uneven socioeconomic development and the impact of tribal and feudal social formations on the lives of women in Pakistan. Gender Concerns International reports that the overall women's rights in Pakistan have improved with the increasing number of women are educated and literate. However, women in Pakistan face discrimination as a result of the patriarchal (male-dominated) society of Pakistan.

Access to money and women empowerment is important factors that contribute to the development of a country. For this purpose, our focus is to provide micro-loans to women who support their families by doing work at their homes. Our branches are focusing on providing loans to women who engaged in any business activity and supporting their families.

We have tapped a significant market this far and are currently designing new products and services that will cater to our goal i.e. "provision of greater economic opportunities for the underprivileged especially women".

FINANCIAL HIGHLIGHTS

Last Six Years of Escorts Bank At a Glance

	2020	2019	2018	2017	2016	2015
FINANCIAL DATA						
Share Capital	1,356,000	441,000	441,000	441,000	441,000	441,000
Reserves	(454,332)	(410,241)	(360,942)	(207,582)	(89,402)	15,640
Shareholders' Equity	901,668	30,758	80,057	233,418	351,598	456,640
Subordinated Loan	137,694	787,694	787,694	154,470	-	-
Deposits	51,250	189,711	282,940	447,726	698,358	1,078,539
Borrowings	-	68,894	-	-	-	-
Current Liabilities	343,828	651,854	650,940	515,653	599,375	852,456
Total Liabilities	456,681	1,385,322	1,419,940	733,835	879,911	1,175,331
Tangible Fixed Assets	203,228	127,138	115,572	119,228	129,324	137,143
Intangible Fixed Assets	4,049	6,073	76	114	171	257
Financing - Net of Provision	241,133	112,782	10,420	126,325	191,807	527,798
Net Investment in Finance Lease	2,166	2,166	2,166	2,166	2,241	2,980
Investments & Placements	227,213	230,504	279,159	80,575	220,487	272,524
Current Assets	709,710	933,529	1,221,108	404,282	485,045	884,614
Total Assets	1,376,345	1,435,024	1,519,940	987,948	1,252,983	1,631,972
OPERATING RESULTS						
Total Revenue	147,438	112,796	31,809	35,564	73,626	163,319
Markup Expense	16,766	39,946	58,572	67,672	123,803	151,061
Operating & Other Expenses	158,886	122,357	206,397	61,449	61,263	65,788
Provision against Non-Performing Loans	143	-	21,158	-	-	(725)
Profit/(loss) before Tax	(28,215)	(49,508)	(233,161)	(94,333)	(111,439)	(52,805)
Profit/(loss) after Tax	(29,910)	(50,296)	(154,409)	(119,269)	(112,615)	(21,052)
FINANCIAL RATIOS						
Earnings/(loss)/ per Share (Rs.)	(0.68)	(1.14)	(3.50)	(2.70)	(2.55)	(0.48)
Net Asset Value per Share (Rs.)	20.45	0.70	1.82	5.29	7.97	10.35
Market Value per Share (Rs.)	7.80	12.15	32.39	15.45	2.50	2.50
High	14.09	33.49	52.54	21.99	3.89	4.00
Low	6.17	11.94	13.46	2.32	1.41	1.63
Profit/(loss) Before Tax Ratio (%)	(19.14)	(43.89)	(733.00)	(265.25)	(151.36)	(32.78)
Revenue to Expenses (Times)	0.84	0.69	0.12	0.27	0.40	0.75
Total Assets Turnover Ratio (Times)	0.11	0.08	0.02	0.04	0.06	0.10
Advances to Deposits (Times)	4.71	0.59	0.04	0.28	0.27	0.49
Borrowings to Equity (Times)	-	2.24	-	-	-	-
Total Liabilities to Equity (Times)	0.51	45.04	17.74	3.14	2.50	2.57
Current Ratio	2.06	1.43	1.88	0.78	0.81	1.04

STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance)
Regulations, 2019

Name of company: Escorts Investment Bank Limited

Year ending: June 30, 2020

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

1. The total number of directors are seven (7) as per the following:

a)	Male:	Six (6)
b)	Female:	One (1)

2. The composition of board is as follows:

a)	Independent Directors
i)	Mr. Karim Hatim
ii)	Syed Aamir Ahsan
b)	Non-Executive Directors
i)	Ms. Zainab Malik
ii)	Syed Tahir Nawazish
iii)	Mr. Tahir Saeed Effendi
iv)	Khawaja Nadeem Abbas
c)	Executive Director
i)	Mr. Naveed Amin

3. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairperson and, in her absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training Program for the following Directors;

Names

1.	Mr. Naveed Amin
2.	Syed Aamir Ahsan
3.	Mr. Tahir Saeed Effendi
4.	Khawaja Nadeem Abbas

Following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program:

1. Syed Tahir Nawazish
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

a) **Audit Committee**

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

b) **HR and Remuneration Committee**

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

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:
 - a) Audit Committee:
4 meetings were held during the financial year ended June 30, 2020.
 - b) HR and Remuneration Committee:
2 meetings were held during the financial year ended June 30, 2020.
15. The board has outsourced the internal audit function to Riaz Ahmad and Company who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below

Non Mandatory Requirement	Reg. No	Explanation
Representation of Minority shareholders: The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	5	No one intended to contest election as director representing minority shareholders.
Responsibilities of the Board and its members: Adoption of the corporate governance practices	10 (1)	Non-mandatory provisions of the CCG Regulations are partially complied.
Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29 (1)	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee
Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30 (1)	Currently, the board has not constituted a Risk Management Committee ("RMC") and the Company's Head of Risk Department performs the requisite functions and apprises the board accordingly. The board shall constitute RMC in near future.
Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	35	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.

Zainab Malik

Ms. Zainab Malik
Chairperson

INDEPENDENT AUDITOR'S REVIEW REPORT OF ESCORTS INVESTMENT BANK LIMITED

Review Report on Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of Escorts Investment Bank Limited ("the Company") for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.


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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

Lahore
Date: 06 October 2020


Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Escorts Investment Bank Limited (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	Adoption of IFRS 16 – 'Leases'	
	Refer to note 33 to the financial statements The Company has adopted IFRS 16 'Leases' on July 01, 2019. Under the requirement of IFRS 16, the Company recognized right of use assets and the lease liabilities for certain lease payments – i.e. these leases are on the statement of financial position.	Our audit procedures in respect of this area included: Obtained an understanding of the Company's process and related internal controls for lease accounting, including those relating to assessment of discount rate, lease term and extension options and considered their appropriateness; On a sample basis, tested the lease data by comparing the lease agreement with related IFRS 16 "Lease" calculations;

Sr. No.	Key audit matters	How the matter was addressed in our audit
	The application of this standard requires management to make judgements, estimates and assumptions with regard to lease term and discount rate for calculation of lease liabilities and consequently considered as a key audit matter	<p>Tested, on a sample basis, the calculation of right of use asset and lease liabilities by performing recalculations and tracing the terms with relevant supporting documents;</p> <p>We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.</p>

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

Management is responsible for the other information. The other information comprises the information included in the company's annual report for 2020, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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



TARIQ ABDUL GHANI MAQBOOL & CO.
Chartered Accountants

Lahore

DATE: 06 October 2020

*Tariq Abdul Ghani Maqbool & Co., a Partnership firm
registered in Pakistan and an independent member
of Geneva Group International (GGI), a Swiss entity.*

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-current Assets			
Property and equipment	9	190,478,756	114,387,569
Intangible assets	10	4,048,592	6,072,585
Cards and rooms	11	12,750,000	12,750,000
Long term investments	12	126,250,000	124,999,875
Long term finances	13	134,322,408	59,911,398
Net investment in lease finance	14	-	-
Long term deposits	15	15,449,600	424,600
Deferred tax asset - net	16	183,336,579	182,949,684
		666,635,935	501,495,711
Current assets			
Current maturities of non-current assets	17	51,038,121	23,474,330
Short term investments	18	100,963,800	105,504,135
Short term finances	19	57,939,457	31,563,350
Short term advances	20	6,186,898	6,498,690
Prepayments	21	759,639	1,254,007
Interest accrued	22	10,225,945	6,443,528
Other receivables	23	71,784,977	68,348,594
Tax refunds due from the government	24	124,148,444	111,956,047
Cash and bank balances	25	286,662,222	578,486,018
		709,709,503	933,528,699
		1,376,345,438	1,435,024,410
EQUITY AND LIABILITIES			
Share capital and reserves			
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	26	1,356,000,000	441,000,000
Revaluation surplus on property and equipment	27	17,997,309	18,944,536
Capital reserves	28	159,746,746	158,496,621
Revenue reserves	29	(614,079,194)	(568,738,374)
		919,664,861	49,702,783
Non-current liabilities			
Long term finances - subordinated loans	30	-	650,000,000
Long term finances - sponsors' loan	31	-	17,217,910
Long term certificates of deposit	32	51,250,000	66,250,000
Lease liability	33	61,602,519	-
Long term security deposits	34	-	-
		112,852,519	733,467,910
Current liabilities			
Current maturities of non-current liabilities	35	157,465,127	233,860,367
Short term finances - sponsors' loan	36	-	158,782,090
Short term certificates of deposit	37	-	29,461,224
Short term borrowings	38	-	68,893,670
Accrued markup	39	13,142,620	36,012,482
Trade and other payables	40	155,138,276	108,843,910
Unclaimed dividend	41	2,385,654	2,385,654
Provision for taxation	42	15,696,381	13,614,320
		343,828,058	651,853,717
Contingencies and commitments	43	-	-
		1,376,345,438	1,435,024,410

The annexed notes from 01 to 68 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Chairperson

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
INCOME			
Profit on financing	44	51,770,437	9,812,611
Return on investments	45	44,501,722	41,612,959
Income from fee and commission	46	3,818,121	1,445,841
Profit on bank deposits		37,197,974	42,806,648
Other income	47	10,149,277	17,117,575
		147,437,531	112,795,634
EXPENSES			
Mark-up on certificates of deposit		4,124,397	17,706,472
Mark up on borrowings from others		12,642,434	22,239,973
Administrative expenses	48	163,269,055	122,101,770
Finance cost	49	4,522,670	135,937
		184,558,556	162,184,152
Operating loss before provisions and taxation		(37,121,025)	(49,388,518)
Other operating expenses	50	(457,579)	(155,612)
Reversal of provision for doubtful finances		9,364,023	36,517
Loss before taxation		(28,214,581)	(49,507,613)
Taxation - net	51	(1,695,166)	(788,838)
Loss after taxation		(29,909,747)	(50,296,451)
Loss per share - basic	52	(0.24)	(1.14)
Loss per share - diluted	52	(0.22)	(0.37)

The annexed notes from 01 to 68 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Chairperson

STATEMENT OF COMPREHENSIVE INCOME

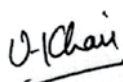
FOR THE YEAR ENDED 30 JUNE 2020

	2020 Rupees	2019 Rupees
Loss after taxation	(29,909,747)	(50,296,451)
Other comprehensive income / (loss):		
Items that may be reclassified subsequently to the statement of profit or loss:		
Profit/(loss) on revaluation of investments - term finance certificates	1,250,125	(125)
	1,250,125	(125)
Items that will not be reclassified to the statement of profit or loss:		
Deferred tax adjustment attributable to changes in proportion of income taxable under normal tax regime related to revaluation surplus	-	-
	-	-
Total comprehensive income / (loss) for the year	(28,659,622)	(50,296,576)

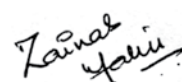
The annexed notes from 01 to 68 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Chairperson

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

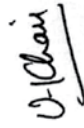
(Rupees)

	Issued, subscribed and paid up capital	Revaluation surplus on property and equipment	Capital reserves		Revenue reserves	Total
			Statutory reserves	(Deficit)/ gain on revaluation of investments	Accumulated loss	
Balance as at 01 July 2018	441,000,000	19,941,617	158,496,746	-	(519,439,004)	99,999,359
Total comprehensive income for the year						
Net loss for the year ended 30 June 2019	-	-	-	-	(50,296,451)	(50,296,451)
Other comprehensive income / (loss)	-	-	-	(125)	-	(125)
Total comprehensive loss	-	-	-	(125)	(50,296,451)	(50,296,576)
Transfer from surplus on revaluation of property and equipment on account of - Incremental depreciation on revalued assets for the year - net of tax	-	(997,081)	-	-	997,081	-
Balance as at 30 June 2019	441,000,000	18,944,536	158,496,746	(125)	(568,738,374)	49,702,783
Effect of initial application of IFRS 16	-	-	-	-	(874,757)	(874,757)
Balance as at 30 June 2019 - adjusted	441,000,000	18,944,536	158,496,746	(125)	(569,613,131)	48,828,026
Total comprehensive income for the year						
Net loss for the year ended 30 June 2020	-	-	-	-	(29,909,747)	(29,909,747)
Other comprehensive income / (loss)	-	-	-	1,250,125	-	1,250,125
Total comprehensive income / (loss)	-	-	-	1,250,125	(29,909,747)	(28,659,622)
Issuance of ordinary shares	915,000,000	-	-	-	-	915,000,000
Transaction cost on issuance of ordinary shares	-	-	-	-	-	(15,503,543)
Transfer from surplus on revaluation of property and equipment on account of - Incremental depreciation on revalued assets for the year - net of tax	-	(947,227)	-	-	947,227	-
Balance as at 30 June 2020	1,356,000,000	17,997,309	158,496,746	1,250,000	(614,079,194)	919,664,861

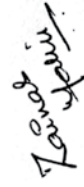
The annexed notes from 01 to 68 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Chairperson

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(28,214,581)	(49,507,613)
Adjustment for non cash expenses and other items:			
Depreciation on property and equipment	9.02	13,111,123	11,175,511
Depreciation on right of use assets	9.03	4,881,226	-
Amortization on intangible assets	10.01	2,023,993	2,139,291
Impairment on shares / units		-	281
Reversal of gain on revaluation of shares / units		-	176
Interest on finance lease	49	4,335,130	-
Finance cost	49	187,540	135,937
Provisions of doubtful balances	50	457,579	-
Recovery against provision for doubtful balances - net		(9,364,023)	118,638
Long outstanding liabilities written back	47	(7,537,099)	(14,632,953)
		8,095,469	(1,063,119)
		(20,119,112)	(50,570,732)
Changes in operating assets and liabilities			
Decrease / (increase) in operating assets			
Finances - net		(119,444,464)	(102,481,838)
Investments		4,540,335	48,654,473
Loans and advances		311,792	(6,313,406)
Interest accrued		(3,782,417)	(4,384,668)
Other receivables		(3,436,383)	(446,493)
Deposits and prepayments		(14,530,632)	(660,064)
		(136,341,769)	(65,631,996)
Increase / (decrease) in operating liabilities			
Certificates of deposit		(123,461,224)	(93,228,776)
Accrued mark-up		(22,869,862)	15,726,426
Trade and other payables		53,831,465	(12,708,945)
		(92,499,621)	(90,211,295)
Net changes in operating assets and liabilities		(228,841,390)	(155,843,291)
Cash used in operations		(248,960,502)	(206,414,023)
Finance cost paid		(187,540)	-
Taxation-net		(12,192,397)	(9,117,262)
Net cash used in operating activities		(261,340,439)	(215,531,285)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property and equipment	9	(29,711,395)	(22,741,030)
Capital expenditure on intangible assets	10.01	-	(8,135,744)
Net cash used in investing activities		(29,711,395)	(30,876,774)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		915,000,000	-
Payment of short term borrowings		(68,893,670)	68,893,670
Repayment of lease liabilities		(5,374,749)	-
Conversion of sub-ordinated loan		(650,000,000)	-
Conversion of sponsors loan		(176,000,000)	-
Share issue cost		(15,503,543)	-
Net cash (used in) / generated from financing activities		(771,962)	68,893,670
Net decrease in cash and cash equivalents		(291,823,796)	(177,514,389)
Cash and cash equivalents at the beginning of the year		578,486,018	756,000,407
Cash and cash equivalents at the end of the year		286,662,222	578,486,018

The annexed notes from 01 to 68 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Chairperson

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND ITS NATURE OF BUSINESS

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

The Pakistan Credit Rating Agency (PACRA) has maintained long term and short term Credit Ratings of the Company at "A-" and "A2" respectively with stable outlook on 09 April 2020. The ratings denote an adequate capacity of timely payment of financial commitments.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

Regional office	Office address
Lahore	Bahria Town, Corporate office, Bahria Orchard, Raiwind Road, Lahore
Karachi	Bahria Town, Head Office, Bahria Town Super Highway, Karachi Bahria Town Tower, Tariq Road, Karachi.
Rawalpindi / Islamabad	Bahria Town, Head Office, Phase VIII, Islamabad Bahria Enclave, Head Office, Phase II, Islamabad.
Raiwind	Railway Road, Raiwind City, Raiwind.
Ellahabad	Tufail Plaza Near PSO Pump, Chunian Road, Ellahabad.
Hafizabad	Gujranwala Road, Opposite Admore Petrol Pump, Hafizabad.
Nankana	Haider plaza B-II-IS-II, Malji Road, Tehsil & District Nankana Sahib.
Sambrial	Near Makki Masjid, Mohala Naik Pura, Wazirabad Road, Sambrial.
Gojra	P-156 Eidgah Road, District Toba Teksing, Gojra.
Sheikhupura	Opposite New Sabazimandi, Lahore Road, Sheikhupura.

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

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

The Company has adopted IFRS 16 'Leases' (effective from annual period on or after January 1, 2019). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. IFRS 16 supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Inactives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

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

4. BASIS OF PREPARATION

4.01 Statement of compliance

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

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

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

4.02 Standards, interpretations and amendments to published approved accounting standards

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

Standards, amendments to published standards and interpretations effective in current year.

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

Standard or Interpretation		Effective date (Annual periods beginning on or after)
IFRS 16	Leases - original issue	January 01, 2019
IAS 19	Employee benefit (amendments) - Regarding the plan amendments, curtailments or settlement	January 01, 2019
IAS 28	Investment in associates and joint venture (amendments) - Regarding long-term interests in associates and joint ventures	January 01, 2019
IFRIC 23	Uncertainty over income tax treatments - It clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.	January 01, 2019

Standard or Interpretation		Effective date (Annual periods beginning on or after)
IFRS 9	Financial instruments (amendments) - Prepayment Features with Negative Compensation. For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9.	January 01, 2019

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

Annual Improvements to IFRSs (2015-2017) Cycle:

IFRS 3 & IFRS 11	The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.	January 01, 2019
IAS 12	The amendments clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI or equity.	January 01, 2019
IAS 23	The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.	January 01, 2019

Amendments not yet effective

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

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 01, 2020
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Standard or Interpretation		Effective date (Annual periods beginning on or after)
IFRS - 7	Amendment to 'Financial Instruments : Disclosures' pertains to pre-replacement issues in the context of the IBOR reform.	January 01, 2020
IFRS - 9	Amendment to 'Financial Instruments' pertaining to pre-replacement issues in the context of the IBOR reform.	January 01, 2020
IFRS - 16	'Leases' - Amendment to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.	January 01, 2020
IAS -1	'Presentation of financial statements' (amendments) Regarding the definition of material Regarding the classification of liabilities	January 01, 2020 January 01, 2023
IAS-8	'Accounting policies, change in accounting estimates and error'(amendments) Regarding the definition of material	January 01, 2020
IFRS 4	'Insurance contracts'(amendments) Regarding the expiry date of the deferral approach	January 01, 2023
IAS 37	'Provisions, contingent liabilities and contingent assets' (amendments) Regarding the costs to include when assessing whether a contract is onerous	January 01, 2022

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective from January 01, 2022:

Annual Improvements to IFRSs (2018-2020) Cycle:

IFRS 9	The amendment clarifies that an entity includes only fee paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.	January 01, 2022
IFRS 16	The amendment partially amends Illustrative Example 13 accompanying IFRS16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease activities.	January 01, 2022
IAS 41	The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flow when measuring the fair value of a biological asset using a present value technique.	January 01, 2022

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

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

Standard or Interpretation		Effective date (Annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 17	Insurance Contracts	January 01, 2022

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

5. FUNCTIONAL AND PRESENTATION CURRENCY

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

6. BASIS OF MEASUREMENT

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

7. JUDGMENT, ESTIMATES AND ASSUMPTIONS

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

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

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

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

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

8. SIGNIFICANT ACCOUNTING POLICIES

8.01 Change in significant accounting policies

During preparation of these financial information, the significant accounting policies adopted and applied by the management 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, except stated in 8.02.

8.02 New standards, interpretations and amendments & change in accounting policy

The Company has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

(a) IFRS 16 'Leases'

The company applied IFRS 16 'Leases' for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have a significance impact for leases where the Company is the Lessor.

IFRS 16 introduced a single, on balance sheet accounting model for leases. As a result the Company, as a lessee, has recognised right-of-use assets representing its right to use the underlaying assets and lease liabilities representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at July 01, 2019. Accordingly, the comparative information presented has not been changed.

IFRS 16 establishes principle for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that leases provide relevant information that faithfully represents those transactions. The standard provides a single accounting model, requiring lessee to recognise assets and liabilities for all leases unless the lease term is 12 months or less or do not contain a purchase option (short-term leases) and, lease contracts for which the underlying asset has a low value.

Under IFRS 16, assets leased by the company are being recognized on the statement of financial position of the company with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 01, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized leases assets and leases liabilities.

The effect of adopting IFRS 16 is, as follows:

The Impact of adoption of IFRS 16 as follows:	01 July 2019 Rupees
Expense charged to accumulated loss	874,757
Non Current Assets	
Property and equipment	
Right of use assets	30,814,838
Non Current Liabilities	
Lease Liabilities	30,999,143
Current Liabilities	
Current portion of non current liabilities	
Lease Liabilities	690,452

However, the Company has opted not to recognize low value / short term leases as right of use asset and has recognized the lease payments associated with those leases as an expense on straight line bases.

(b) Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to chief decision maker. The management monitors the operating results of its business units separately for the purpose of making decisions regarding resources allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

Segment performance is evaluated based on operating profit or loss and is measured consistently in accordance with operating profit or loss in the financial statements. The Company has broadly classified its business segments into, namely, 'House finance activities', 'Micro finance activities', 'Term and other finance activities' and 'Investment activities', based on nature of business and the related risks and returns associated with each.

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

ii) **Investment activities**

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

8.03 Property and equipment

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

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

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

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

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

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

8.04 Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Where the Company determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

8.05 Intangible assets

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

Amortization is charged to income on the reducing balance method so as to write off the cost of an

asset over its estimated useful life. Amortization on addition is charged from the month when asset is available for use up to the month of its de-recognition.

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

8.06 Revaluation surplus

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

8.07 Cards and Rooms

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

8.08 Investments

at amortised cost

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

at fair value through other comprehensive income

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

at fair value through profit or loss

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

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

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

Amortization cost is charged to statement of profit or loss.

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

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

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

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

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

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

Securities under repurchase/reverse repurchase agreements

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

Repurchase agreements

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

Trade date accounting

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

Commodities

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

Net investment in lease finance

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

8.09 Cash and cash equivalents

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

8.10 Financial instruments

a) Financial assets

Initial measurement

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

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

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

Subsequent Measurement

Debt Investments at FVOCI

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

Equity Investments at FVOCI

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

Financial assets at FVTPL

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

Financial assets measured at amortized cost

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

Financial assets are derecognized when the rights to receive cash flows from the financial assets have

expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

IFRS 9 replaces the incurred loss model with expected credit loss with distinct approaches. General approach for measuring expected credit losses on balances suggest use of 12 month expected allowance. Since Company's financial asset are short term in nature, therefore, no credit loss is expected on them.

However, for calculating impairment against leases, Murabaha finance, Term finance, House finance and Micro finance, the requirement of NBFC Regulations prevails and applied.

b) Financial liabilities

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

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

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

c) Derivatives

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

d) Recognition and derecognition

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

e) Offsetting of financial assets and financial liabilities

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

f) Regular way purchases or sales of financial assets

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

8.11 Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

8.12 Provisions

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

8.13 Staff retirement benefits

Employees compensated absences

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

8.14 Provident fund

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

8.15 Revenue recognition

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

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

Reversal of provision is recognized as per requirement of NBFC regulation.

Income on bank deposits are recognized on accrual basis.

Rental income on investment property is recognised on accrual basis.

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

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

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

Consultancy and corporate advisory fee income is recognized using percentage of completion method.

Dividend income is recognized when the right to receive payment is established.

Processing income received from house finance, micro finance and corporate finance customers is recognised when the promised services are provided.

8.16 Return on deposits and borrowings

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

8.17 Taxation

Current Taxation

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

Deferred Tax

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

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

8.18 Operating segment

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

Business segments

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

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

Financing activities

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

Investment activities

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

8.19 Related party

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

8.20 Impairment

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

Recoverable amount is the greater of net selling price and value in use.

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

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

8.21 Dividend distributions and appropriations

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

8.22 Borrowings cost

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

8.23 Foreign currency translations

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

8.24 Earnings per share (EPS)

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

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

8.25 Ordinary share capital

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

8.26 Contingent liability

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

8.27 Comprehensive income

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

	Note	2020 Rupees	2019 Rupees
9. PROPERTY AND EQUIPMENT			
Operating fixed assets	9.01	130,935,921	105,396,798
Right-of-use assets	9.03	59,490,915	-
Advances against capex	9.08	51,920	8,990,771
		190,478,756	114,387,569

9.01 The following is a statement of operating fixed assets (tangible):

	Office Premises	Freehold Improvements	Leasehold Improvements	Office Furniture & Fixtures	Computer Equipments	Office Equipments	Owned Vehicles	Total
(Rupees)								
At 30 June 2018								
Cost / revalued amount	127,901,129	6,712,240	34,883,704	6,807,114	12,676,746	7,097,687	7,111,860	203,190,480
Accumulated depreciation	(58,461,653)	(6,712,240)	(23,005,019)	(3,676,570)	(8,273,354)	(3,985,832)	(1,685,942)	(105,800,610)
Net book value	69,439,476	-	11,878,685	3,130,544	4,403,392	3,111,855	5,425,918	97,389,870
Year ended 30 June 2019								
Additions	-	-	6,798,619	3,734,878	556,588	3,475,169	4,617,185	19,182,439
Depreciation charge for the year (note no. 9.02)	(3,471,974)	-	(3,153,973)	(520,430)	(1,568,674)	(543,826)	(1,916,634)	(11,175,511)
Net book value as at 30 June 2019	65,967,502	-	15,523,331	6,344,992	3,391,306	6,043,198	8,126,469	105,396,798
Year ended 30 June 2020								
Additions	-	-	16,145,012	3,824,497	2,328,354	3,672,119	12,680,264	38,650,246
Depreciation charge for the year (note no. 9.02)	(3,298,376)	-	(4,783,030)	(770,525)	(1,549,353)	(848,855)	(1,860,984)	(13,111,123)
Net book value as at 30 June 2020	62,669,126	-	26,885,313	9,398,964	4,170,307	8,866,462	18,945,749	130,935,921
At 30 June 2019								
Cost / revalued amount	127,901,129	6,712,240	41,682,323	10,541,992	13,233,334	10,572,856	11,729,045	222,372,919
Accumulated depreciation	(61,933,627)	(6,712,240)	(26,158,992)	(4,197,000)	(9,842,028)	(4,529,658)	(3,602,576)	(116,976,121)
Net book value	65,967,502	-	15,523,331	6,344,992	3,391,306	6,043,198	8,126,469	105,396,798
Annual rates (%) of depreciation	5.00	20.00	20.00	10.00	33.33	10.00	20.00	
At 30 June 2020								
Cost / revalued amount	127,901,129	6,712,240	57,827,335	14,366,489	15,561,688	14,244,975	24,409,309	261,023,165
Accumulated depreciation	(65,232,003)	(6,712,240)	(30,942,022)	(4,967,525)	(11,391,381)	(5,378,513)	(5,463,560)	(130,087,244)
Net book value	62,669,126	-	26,885,313	9,398,964	4,170,307	8,866,462	18,945,749	130,935,921
Annual rates (%) of depreciation	5.00	20.00	20.00	10.00	33.33	10.00	20.00	

	Note	2020 Rupees	2019 Rupees
9.02 Depreciation charge for the year has been allocated as follows:			
Administrative expenses		13,111,123	11,175,511
		13,111,123	11,175,511
9.03 Right-of-use assets			
As at 01 July 2019 due to adoption of IFRS 16 "Leases"	8.02	30,814,838	-
Additions		33,557,303	-
Depreciation expense		(4,881,226)	-
As at 30 June 2020		59,490,915	-

9.04 Had there been no revaluation, the carrying values of office premises as on 30 June 2020 would have been as follows;

Particulars	Rupees		
	Cost	Accumulated Depreciation	Net Book Value
Office premises (2020)	89,692,600	52,371,795	37,320,805
Office premises (2019)	89,692,600	50,407,543	39,285,057

9.05 Disposal of property and equipment

There was no disposal of property and equipment during the year (2019:Nil).

9.06 The forced sale value of immoveable property was Rupees 66.18 million as at revaluation date i.e. 22 March 2018.

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

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

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

	Note	2020 Rupees	2019 Rupees
10. INTANGIBLE ASSETS			
Software	10.01	4,048,592	6,072,585
		4,048,592	6,072,585

	2020 Rupees	2019 Rupees
10.01 Software		
Net carrying value		
Opening balance as at 01 July	6,072,585	76,132
Additions during the year	-	8,135,744
Less: amortization charge	2,023,993	2,139,291
Net book value (NBV) as at 30 June	4,048,592	6,072,585
Gross carrying value		
Cost	10,735,744	2,600,000
Additions during the year	-	8,135,744
Less: accumulated amortization	6,687,152	4,663,159
Net book value	4,048,592	6,072,585
Amortization rate per annum	33.33%	33.33%

11. CARDS AND ROOMS		
Corporate membership of Pakistan Mercantile Exchange Limited	750,000	750,000
Office rooms	12,000,000	12,000,000
	12,750,000	12,750,000

12. LONG TERM INVESTMENTS		
Debt investment - Fair value through other comprehensive income (FVTOCI) - Quoted		
Term finance certificates		
Cost	125,000,000	125,000,000
Changes in fair value	1,250,000	(125)
	126,250,000	124,999,875

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

	Note	2020 Rupees	2019 Rupees
13. LONG TERM FINANCES			
Considered good	13.01	183,210,712	81,328,083
Considered doubtful			
Others	13.02	31,615,956	52,247,053
Less: provision for doubtful finances	13.03	31,402,587	52,247,053
		213,369	-
Less: current maturity		48,872,136	21,308,345
Less: general provision for micro finance portfolio	13.04	229,537	108,340
		134,322,408	59,911,398

	Note	2020 Rupees	2019 Rupees
13.01 Considered good			
House finance - secured	13.01.1	136,862,253	59,241,588
Micro finance	13.01.2	45,959,398	21,667,949
Other - secured	13.01.3	389,061	418,546
		183,210,712	81,328,083

13.01.1 It represents amount disbursed to house finance customers at return rate ranging from 13.98% to 22.42% (2019: 15.53% to 19.65%) per annum for tenure of 02 to 20 years.

13.01.2 It represents amount disbursed to micro finance customers at return rate ranging from 38.50% to 45% (2019: 38.50% to 45%) per annum for tenure of 01 to 2 years.

13.01.3 These finance facilities are secured by hypothecation of or charge on assets, mortgage of property, lien over bank deposits and pledge of stocks. The expected rate of return range from 12% to 20% (2019: 12% to 20%) per annum.

13.02 These finance facilities are secured by ranking charge on assets and pledge of stocks. The expected rate of return ranges from 14% to 17% (2019: 14% to 17%) per annum.

	Note	2020 Rupees	2019 Rupees
13.03 Particulars of provision for long term finances			
Opening balance		52,247,053	52,283,570
Charge for the year		84,390	-
Less: reversal for the year		9,364,023	36,517
Less: amount written off		11,564,833	-
Closing balance	13.03.1	31,402,587	52,247,053

13.03.1 This includes provision of Rs. 12.278 million (2019: Rs.17.884 million) provided against unidentified balances in finance portfolio provided in accordance with schedule X, Non Banking Finance Companies and Notified Entities Regulations, 2008.

	Note	2020 Rupees	2019 Rupees
13.04 Particulars of general provision for micro finance portfolio			
Opening balance		108,340	-
Charge for the year		121,197	108,340
Closing balance	13.04.1	229,537	108,340

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

	Note	2020 Rupees	2019 Rupees
14. NET INVESTMENT IN LEASE FINANCE			
Lease rental receivables	14.01	578,415	578,415
Add: Residual value		2,165,985	2,165,985
		2,744,400	2,744,400
Less: Unearned finance income		49,628	49,628
		2,694,772	2,694,772
Less: Provision for doubtful leases		528,787	528,787
		2,165,985	2,165,985
Less: Current maturity		2,165,985	2,165,985
		-	-

14.01 Particulars of net investment in lease finance

	2020			2019
	Not later than one year	Later than one year but not later than five years	Total	Total
	Rupees	Rupees	Rupees	Rupees
Leased rentals receivable	578,415	-	578,415	578,415
Add: Residual value	2,165,985	-	2,165,985	2,165,985
Gross investment in lease finance	2,744,400	-	2,744,400	2,744,400
Less: Unearned finance income	49,628	-	49,628	49,628
Net investment in lease finance	2,694,772	-	2,694,772	2,694,772

14.01.1 The leases made by the Company are for a period ranging from three years to five years. Security deposits obtained at the time of disbursement of lease facility ranges from 11% to 16% (2019: 11% to 16%). Leased assets are insured in favour of the Company. The rate of return ranges from 15% to 17% per annum (2019: 15% to 17% per annum). Penalty is charged in case of delayed payments.

14.01.2 As per Non-Banking Finance Companies and Notified Entities Regulations, 2008, the aggregate net exposure in finance leases against which income suspension is required amounted to Rs. 0.529 million (2019: Rs. 0.529 million) at the end of current year.

	Note	2020 Rupees	2019 Rupees
15. LONG TERM DEPOSITS			
Considered good			
Security deposits:			
Related party	15.01	15,000,000	-
Others		449,600	424,600
Considered doubtful			
Others		330,350	330,350
Less: impairment allowance for doubtful deposits		330,350	330,350
		-	-
		15,449,600	424,600

15.01 This security deposit against leasehold branches located at Bahria Town and all over Pakistan being leased by holding company i.e. M/s Bahria Town (Private) Limited.

	2020 Rupees	2019 Rupees
16. DEFERRED TAX ASSET - NET		
Deferred taxation comprises of the following:		
Deferred tax liability on taxable temporary differences in respect of the following:		
Property and equipment	(8,618,476)	(8,114,917)
Revaluation surplus on property	(7,351,014)	(7,737,909)
Right of use assets	(17,252,365)	-
	(33,221,855)	(15,852,826)
Deferred tax asset on deductible temporary differences in respect of the following:		
Cards and rooms	6,003,000	6,003,000
Long term finances (Provision for morabaha financing and others)	9,168,627	15,151,645
Long term investments	(362,500)	36
Long term deposit	95,802	-
Net investment in lease finance (Provision for doubtful leases)	153,348	153,348
Short term finances (Provision for doubtful finances)	4,401,623	4,183,793
Short term advances	4,060	-
Interest accrued receivable (Provision for doubtful receivable)	-	(49,805)
Other receivables (Provision for doubtful receivables)	12,832,380	5,113,607
Lease liability	18,620,111	-
Tax losses	181,185,331	183,565,548
	232,101,782	214,121,172
Deferred tax not recognized during the year	198,879,927 (15,543,348)	198,268,346 (15,318,662)
	183,336,579	182,949,684

16.01 Net deferred tax asset has been recognized 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 utilized. The management of the Company is certain that the Company would have taxable profits in foreseeable future. However, deferred tax asset for the period ended 30 June 2020 does not constitute a significant impact on the financial statements, therefore, management decided not to recognize the asset for current period. Movement of deferred tax asset - net is as follows:

	Note	2020 Rupees	2019 Rupees
Movement in deferred tax asset - Net			
Opening balance		182,949,684	182,542,426
Deferred tax charged during the year	16.01.1	386,895	407,258
Closing balance		183,336,579	182,949,684

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

	Note	2020 Rupees	2019 Rupees
17. CURRENT MATURITIES OF NON-CURRENT ASSETS			
Long term finances	13	48,872,136	21,308,345
Net investment in lease finance	14	2,165,985	2,165,985
		51,038,121	23,474,330
18. SHORT TERM INVESTMENTS			
Amortised cost			
Treasury bills	18.01.1	95,374,512	99,882,462
Shares - Others	18.02	5,589,288	5,621,673
		100,963,800	105,504,135

18.01 Encumbered and un-encumbered - face value

	2020			2019		
	Held by the Bank	Given as a collateral	Total	Held by the Bank	Given as a collateral	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Treasury bills	95,700,000	-	95,700,000	100,000,000	-	100,000,000

	Note	2020 Rupees	2019 Rupees
18.01.1 Treasury Bills			
Face value		95,700,000	100,000,000
Less: discount		(325,488)	(117,538)
	18.01.2	95,374,512	99,882,462

18.01.2 These represent investment made in treasury bills of 3 months tenure and yield on these bills is 7.90% (2019: 10.997%).

18.02 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	2020 Rupees	2019 Rupees
19. SHORT TERM FINANCES			
Secured and considered good			
Other than related party	19.01	58,121,186	31,610,165
Considered doubtful			
Others		14,543,949	14,426,871
Less: provision for doubtful finances		14,485,411	14,426,871
		58,538	-
Less: general provision for micro finance portfolio	19.03	240,267	46,815
		57,939,457	31,563,350

19.01 These include amount of Rs. 10 million (2019: Rs. 10 million) financed against bill discounting to outgoing sponsors' related party which will be repaid before payment of Old sponsors' subordinated loan.

	Note	2020 Rupees	2019 Rupees
19.02 Particulars of provision for short term finances:			
Opening balance		14,426,871	14,426,871
Charge for the year		58,540	-
Closing balance	19.02.1	14,485,411	14,426,871

19.02.1 This represent provision provided in accordance with Schedule X, of Non Banking Finance Companies and Notified Entities Regulations, 2008.

		2020 Rupees	2019 Rupees
19.03 Particulars of general provision for micro finance portfolio			
Opening balance		46,815	-
Charge for the year		193,452	46,815
Closing balance		240,267	46,815

This represent provision made in accordance with Regulation 25A Creation of General Provision against micro finance portfolio at 0.5% of outstanding micro finance portfolio.

	Note	2020 Rupees	2019 Rupees
20. SHORT TERM ADVANCES			
Considered good:			
Advances against salaries / expenses	20.01	1,481,474	1,847,440
Advances to consultants		4,705,424	4,651,250
		6,186,898	6,498,690

	Note	2020 Rupees	2019 Rupees
20.01 Movement in short term advances:			
Opening balance		1,847,440	185,284
Net disbursements / (payments) during the year		(365,966)	1,662,156
Closing balance		1,481,474	1,847,440
21. PREPAYMENTS			
Prepayments		759,639	1,254,007
22. INTEREST ACCRUED			
Interest from financing		8,074,082	1,959,637
Interest from deposits		46,110	1,756,768
Interest from term finance certificates		2,105,753	2,727,123
		10,225,945	6,443,528
23. OTHER RECEIVABLES			
Receivable from old sponsors' associated company	23.01	27,992,210	27,992,210
Receivable from clients	23.02	40,232,259	40,356,384
Sales tax - net		2,529,258	-
Others	23.03	1,031,250	-
		71,784,977	68,348,594
23.01 Particulars of receivable from old sponsors' associated company			
Essem Hotel Limited		18,228,790	18,228,790
Escorts Pakistan Limited		9,763,420	9,763,420
		27,992,210	27,992,210
23.01.1 After acquisition by M/s Bahria Town (Private) Limited during the year 2018, these companies ceased to be associated concerns of the Company.			
		2020 Rupees	2019 Rupees
23.02 Receivable from clients			
Considered good		40,232,259	40,356,384
Considered doubtful		28,953,437	28,953,437
Less: provision for doubtful receivables		28,953,437	28,953,437
		-	-
		40,232,259	40,356,384

	Note	2020 Rupees	2019 Rupees
23.03 Others			
Considered good		1,031,250	-
Considered doubtful		5,742,979	5,742,979
Less: provision for doubtful receivables		5,742,979	5,742,979
		-	-
		1,031,250	-
24. TAX REFUNDS DUE FROM THE GOVERNMENT			
Opening balance		111,956,047	102,838,785
Payments during the year		12,192,397	9,117,262
		124,148,444	111,956,047
25. CASH AND BANK BALANCES			
Cash in hand		453,545	92,098
Cash with banks:			
Current accounts with:			
State Bank of Pakistan		158,996	85,604
Others		20,467,073	1,632,565
		20,626,069	1,718,169
Saving and deposit accounts	25.01	265,582,608	359,436,451
Escrow account	25.02	-	217,239,300
		286,662,222	578,486,018

25.01 Rate of return on these accounts range from 6.50% to 11.50% (2019: 8.25% to 10.25%) per annum whereas on term deposit receipts (TDR's) profit rate ranges from 6.6% to 13.25% (2019: 11.5% to 12.05%) per annum.

25.02 Securities and Exchange Commission of Pakistan ('SECP') has allowed relaxation of requirement of underwriting in terms of regulation 3(3)(ii) of the Companies (Further Issue of Shares) Regulations, 2018 by allowing sponsors/associated companies of the company to underwrite unsubscribed portion of right issue by placing an amount equivalent to public portion of Right issue in Escrow account. Subsequent to successful completion of right issue transaction, the amount was released in accordance with the directions of SECP.

25.03 Reconciliation of liabilities arising from financing activities

	Rupees			
	As at 30 June 2019	Non-cash changes	Cash Flows	As at 30 June 2020
Subordinated loans	787,694,382	(650,000,000)	-	137,694,382
Sponsors loan	176,000,000	(176,000,000)	-	-
Borrowings - associated underaking	68,893,670	-	(68,893,670)	-
Total liabilities from financing activities	1,032,588,052	(826,000,000)	(68,893,670)	137,694,382

	Note	2020 Rupees	2019 Rupees
26. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
133,500,000 (2019: 42,000,000) ordinary shares of Rs. 10/- each issued as fully paid in cash	26.01	1,335,000,000	420,000,000
2,100,000 (2019: 2,100,000) ordinary shares of Rs. 10/- each issued as fully paid in bonus shares		21,000,000	21,000,000
		1,356,000,000	441,000,000

26.01 Reconciliation between ordinary shares in issue at the beginning and end of the year is as follows:

	2020 Numbers	2019 Numbers
As at beginning of the year	42,000,000	42,000,000
Issue of right shares	91,500,000	-
As at end of the year	133,500,000	42,000,000

	Note	2020 Rupees	2019 Rupees
27. REVALUATION SURPLUS ON PROPERTY AND EQUIPMENT			
Opening balance		26,682,445	28,086,784
Less: incremental depreciation for the year		1,334,122	1,404,339
		25,348,323	26,682,445
Opening deferred tax liability		7,737,909	8,145,167
Less: related deferred tax liability on incremental depreciation		386,895	407,258
		7,351,014	7,737,909
Closing balance	27.01	17,997,309	18,944,536

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

	Note	2020 Rupees	2019 Rupees
28. CAPITAL RESERVES			
Capital reserves			
Statutory reserve	28.01	158,496,746	158,496,746
Gain / (loss) on revaluation of investments		1,250,000	(125)
		159,746,746	158,496,621

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

	Note	2020 Rupees	2019 Rupees
29. REVENUE RESERVE			
Revenue reserve			
Accumulated loss		(614,079,194)	(568,738,374)
30. LONG TERM FINANCES - SUBORDINATED LOANS			
From Holding Company			
Subordinated loans	30.01	-	650,000,000
From others			
Other - Subordinated loans	30.02	137,694,382	137,694,382
		137,694,382	787,694,382
Less: Current maturity		137,694,382	137,694,382
		-	650,000,000

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

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

	Note	2020 Rupees	2019 Rupees
31. LONG TERM FINANCES - SPONSORS' LOAN			
Related party - unsecured			
Sponsor' loans - M/s Bahria Town (Private) Limited	36.01	-	17,217,910
32. LONG TERM CERTIFICATES OF DEPOSIT			
Others - Unsecured			
Individuals	32.01	46,250,000	140,250,000
Others	32.02	20,000,000	20,000,000
		66,250,000	160,250,000
		66,250,000	160,250,000
Less: current maturity		15,000,000	94,000,000
		51,250,000	66,250,000

32.01 These have been issued for the term ranging from over 2 to 3 years commencing from 23 February 2018 and expected return on these certificates ranged from 7.13% to 8.26% (2019: 7.13% to 8.26%). Deposits of Rs. 46.250 million (2019: Rs. 66.250 million) were issued under Profit and Loss Sharing scheme under which profit or loss will be calculated and payable annually. However, in case of loss, no loss will be transferred and will be adjusted against future profits.

32.02 These have been issued for term of 3 years commencing from 15 May 2019. It includes an amount of Rs. 10 million issued to parent company, "M/s Bahria Town (Private) Limited" under Profit and Loss Sharing scheme under which profit or loss will be calculated and payable annually. However, in case of loss, no loss will be transferred and will be adjusted against future profits.

	Note	2020 Rupees	2019 Rupees
33. LEASE LIABILITY			
Lease liabilities	33.01	64,207,279	-
Less: current maturity		2,604,760	-
		61,602,519	-

33.01 Set out below are the carrying amounts of lease liabilities and the movements during the period

	Note	2020 Rupees	2019 Rupees
As at 01 July 2019 due to adoption of IFRS 16 "Leases"	8.02	31,689,595	-
Additions		33,557,303	-
Interest on finance lease		4,335,130	-
Payments		(5,374,749)	-
As at 30 June 2020		64,207,279	-

	2020			2019		
	Lease payments	Finance cost	Present value of lease liability	Lease payments	Finance cost	Present value of lease liability
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Not later than one year	8,416,214	5,811,454	2,604,760	-	-	-
Later than one year and not later than five years	51,863,156	23,663,544	28,199,612	-	-	-
Later than five years and above	38,417,184	5,014,277	33,402,907	-	-	-
	98,696,554	34,489,275	64,207,279	-	-	-

33.02 These represent lease liabilities recognized as a result of adoption of IFRS 16 - "Leases". As a result, the Company, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

	Note	2020 Rupees	2019 Rupees
34. LONG TERM SECURITY DEPOSITS			
Security deposits	34.01	2,165,985	2,165,985
Less: current maturity		2,165,985	2,165,985
		-	-

34.01 These represent interest free security deposits received on lease contracts and are adjustable at the expiry of the lease contracts. These security deposits have been utilized by the company for the business purposes.

	Note	2020 Rupees	2019 Rupees
35. CURRENT MATURITIES OF NON-CURRENT LIABILITIES			
Long term finances - subordinated loans	30	137,694,382	137,694,382
Long term certificates of deposit	32	15,000,000	94,000,000
Long term security deposits	34	2,165,985	2,165,985
Lease liability	33	2,604,760	-
		157,465,127	233,860,367

36. SHORT TERM FINANCES - SPONSORS' LOAN

Related party - unsecured

Sponsors' loan - M/s Bahria Town (Private) Limited	36.01	-	158,782,090
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36.01 Sponsors loan has been converted to ordinary share capital as per the resolutions passed by the sponsors and the Company.

	Note	2020 Rupees	2019 Rupees
37. SHORT TERM CERTIFICATES OF DEPOSIT			
Related parties - Unsecured			
Escorts Capital Limited	37.01	-	-
Individuals	37.02	-	29,461,224
		-	29,461,224

37.01 Escorts Capital Limited

Opening balance		-	52,000,000
Certificates converted into short term borrowings during the year		-	(40,621,370)
Payments during the year		-	(11,378,630)
		-	-

37.02 These have been issued for term of 1 year and expected rate of return on these certificates is 7.13% (2019: 7.13%) per annum payable monthly basis.

		2020 Rupees	2019 Rupees
38. SHORT TERM BORROWINGS			
Related parties - unsecured			
Escorts Capital Limited		-	40,621,370
Ace International		-	28,272,300
		-	68,893,670

38.01 Mark-up rates on borrowings from related parties ranges between 9.65 - 9.75% (2019: 9.65 - 9.75%) per annum with monthly profit payments, these borrowings have been paid during the year.

	Note	2020 Rupees	2019 Rupees
39. ACCRUED MARKUP			
Accrued markup on certificates of deposit		-	699,558
Accrued markup on unsecured borrowings	39.01	13,142,620	35,312,924
		13,142,620	36,012,482

39.01 This includes an amount of Rs. Nil (2019: Rs. 30.543 million) payable to M/s Bahria Town (Private) Limited (The Holding Company) and Rs. 13.143 million (2019: Rs. 4.507 million) payable to outgoing sponsors against their subordinated loans. Further, payment of markup to old sponsors is subject to prior approval of SECP.

	Note	2020 Rupees	2019 Rupees
40. TRADE AND OTHER PAYABLES			
Customers' credit balances		4,447,550	4,880,447
Certificate of depositors - deceased and untraceable	40.01	79,901,419	39,440,852
Accrued expenses and other payables	40.02	70,789,307	64,522,611
		155,138,276	108,843,910

40.01 This represents the principal amount of certificate of deposits of Rs. 74.122 million (2019: Rs. 34.122 million) along with accrued markup of Rs. 6.027 million (2019: Rs. 5.319 million) thereon. This remained unpaid due to non-submission of succession certificates (by legal heirs of depositors) and other legal issues.

40.02 This includes mark up of Rs. 0.496 million (2019: 0.353 million) suspended during the year.

	Note	2020 Rupees	2019 Rupees
41. UNCLAIMED DIVIDEND			
Unclaimed dividend	41.01	2,385,654	2,385,654

41.01 The Company is in process of opening separate designated saving account in accordance with provisions of Companies Act, 2017.

	2020 Rupees	2019 Rupees
42. PROVISION FOR TAXATION		
Opening balance	13,614,320	12,418,224
Add: Taxation - current	2,082,061	1,196,096
	15,696,381	13,614,320

43. CONTINGENCIES AND COMMITMENTS

43.01 Contingencies

- a) The Company's assessments till Assessment Year 2002-03, has been finalized except that the Income Tax department is in appeal before the Honourable Lahore High Court for Assessment Years 1997-98 and 1998-99 on following issues:
 - i) status of company as "banking company" rather than "public limited company"; and
 - ii) taxability of "dividend income" as separate block of income.
- b) The Company has filed appeals before Honourable Lahore High Court for Tax Year 2003 to 2006 on various matters. The case is pending for adjudication and the Company expects a favourable outcome in this regard.
- c) In respect of tax year 2009, the assessing officer has issued an assessment order under section 122(5A) to amend the income tax return filed by the Company. The Company has filed an appeal before CIR(A) in this respect. The case is pending for adjudication and the Company expects a favourable outcome in this regard.
- d) For tax year 2009, tax department finalized an order U/S 161/205 of the Income Tax Ordinance, 2001. The Company filed an appeal against the said order in CIR(A) and the case was remanded back. The case is pending for adjudication and the Company expects a favourable outcome in this regard.
- e) Sindh Revenue Board has initiated proceedings by issuing notice u/s 52(1) of the Sindh Sales Tax on Services, Act 2011 for the scrutiny of Sindh sales tax returns and records for the tax year 2012, 2013 and 2014 on 22 January 2018 and 12 February 2018, which was duly complied by the company on 07 February 2018 and 09 March 2018 and subsequently neither any further notice received nor any order was passed in this regard and the company also expects no unfavourable outcome in this regard.
- f) For tax year 2015, income tax return has been amended by Assistant / Deputy Commissioner (A/ DCIR) vide order dated 31 January 2019 u/s 122(5) by creating a tax demand of Rs. 2,786,906. The Company has filed an appeal before Commissioner Inland Revenue (Appeals), who vide Order No. 53 dated 26 June 2019 quashed the demand but confirmed the additions of certain expenditures. The Company has now decided to file an appeal before Appellate Tribunal Inland Revenue against the aforesaid additions and ultimately expects favourable outcome.
- g) The Company filed a recovery suit/case/complaint No. 21/2017 dated 24 November 2016 for an amount of Rs. 41.45 million against Mr. Javaid Iqbal son of Mr. Taj Muhammad, one of the clients of the Company. The accused availed the morabaha financing facility and was unable to settle his liability. Further, the cheques provided by Mr. Javaid Iqbal were also dishonoured. Non bailable warrants were issued by the Honourable Court. The case is fixed for arguments in Banking Court No. 1, Lahore and the Company expects a favourable outcome in this regard.
- h) The Company filed a recovery suit against M/s Faran Maize Industries (Private) Limited in the Honourable Banking Court No. 4, which was decreed in favour of the company for a decree amount of

Rs. 15.43 million. The property under mortgage has already been sold to settle the liability. However, M/s Faran Maize Industries (Private) Limited has filed objection petition against the decree and pending for arguments on objection petition.

- i) The Company has filed a recovery suit against Genertech Pakistan Limited before Honorable Banking Court No. 3, Lahore dated 06 September 2006 for the recovery of Rs. 19.56 million. The case was decreed in favour of the bank with decree amount of Rs. 18.46 million. Currently, the case is pending at the stage of auction of property, 126 Kanals and 8 Marlas situated at Mauza Mahal, District Kasur as the Genertech Pakistan Limited has filed objection petition against the auction and pending for the submission of reply till 09 October 2019.
- j) An execution petition filed by Company against M. Iqbal Mehr in suit no. 375 of 2010 in banking court no. III, Lahore. Non-bailable arrest warrant has been issued against M. Iqbal Mehr.
- k) Securities and Exchange Commission of Pakistan (SECP) curtailed the deposit taking permission to the Company to raise deposits from individuals, sole proprietors, provident/gratuity funds, trusts, charitable institutions and Section 42 companies. A Constitutional Writ Petition No. 12675/2020 is filed by the Company before the Honourable Lahore High Court, Lahore against the order of SECP. The matter is pending before High Court for adjudication.
- l) Proceedings were initiated u/s 15 & 15A of the Sindh Sales Tax on Services, Act 2011 and as a result order was issued. In consequence of such order Company filed an appeal before the Commissioner (Appeals) Sindh Revenue Board. The case is pending for adjudication and the Company expects a favourable outcome in this regard.
- m) An ejection petition seeking ejectment of Sindh Bank Limited from property of the Company located at Davis Road is filed before rent controller. Last hearing date was 18 June 2020 and next fixed on 11 August 2020. However, subsequent to reporting date, the matter is settled outside the court and petition is withdrawn by the Company.

	2020 Rupees	2019 Rupees
43.02 Commitments		
House Finance customer	12,300,000	-
44. PROFIT ON FINANCING		
Long term	39,230,628	8,805,344
Short term	12,539,809	1,007,267
	51,770,437	9,812,611
45. RETURN ON INVESTMENTS		
Mark-up / return on investments		
Amortised cost		
Treasury bills	26,992,271	29,910,289
Fair value through other comprehensive income		
Term finance certificates	17,509,451	11,702,670
	44,501,722	41,612,959

	Note	2020 Rupees	2019 Rupees
46. INCOME FROM FEE AND COMMISSION	46.01	3,818,121	1,445,841

46.01 This represents processing income received from house finance, micro finance and corporate finance customers.

	Note	2020 Rupees	2019 Rupees
47. OTHER INCOME			
Income from financial assets			
Late payment charges on micro finance		5,608	3,309
Early payment / termination charges		106,488	-
Broken period income		25,082	6,313
		137,178	9,622
Income from non - financial assets			
Rental income		2,475,000	2,475,000
Rent expense waived off by holding company		-	4,000,000
Long outstanding liabilities written back		7,537,099	10,632,953
		10,149,277	17,117,575

48. ADMINISTRATIVE EXPENSES

Salaries, wages, other benefits and allowances	48.01	74,241,041	54,721,156
Directors fee and training		3,591,400	4,200,000
Staff training and welfare		3,560,250	865,000
Advertisement and business promotion		7,155,708	5,358,202
Rent, rates and taxes		774,022	1,382,308
Utilities		5,402,271	3,418,711
Communication charges		3,201,674	3,008,393
Travelling and vehicle maintenance		6,759,522	4,684,527
Repair and maintenance		5,002,576	1,437,701
Entertainment		1,310,079	1,093,654
Fee and subscriptions		2,907,814	2,681,839
Legal and professional charges		22,811,361	19,998,689
Auditors' remuneration	48.02	1,950,270	1,830,272
Printing and stationery		2,639,917	2,197,064
Insurance	48.03	1,939,861	1,908,544
Depreciation on property and equipment	9.02	13,111,123	11,175,511
Depreciation on right of use assets	9.03	4,881,226	-
Amortization of intangible assets	10.01	2,023,993	2,139,291
Miscellaneous expenses		4,947	908
		163,269,055	122,101,770

48.01 This includes contribution to provident fund amounting to Rs. 1.700 million (2019: Rs. 1.313 million) made by the Company in the approved provident fund trust.

	2020 Rupees	2019 Rupees
48.02 Auditors' remuneration		
Statutory audit fee	1,334,000	1,334,000
Half year review	378,270	311,272
Certification fee	87,000	100,000
Out of pocket expenses	151,000	85,000
	1,950,270	1,830,272

48.03 This includes insurance expense amounting to Rs. 0.123 million (2019: Rs. 0.123 million) for covering any losses that may be incurred as a result of employee's fraud or gross negligence in accordance with rule - 9 "Insurance Coverage" of NBFC (Establishment and Regulation) Rules, 2003.

	Note	2020 Rupees	2019 Rupees
49. FINANCE COST			
Interest on finance lease		4,335,130	-
Bank and other charges		187,540	135,937
		4,522,670	135,937
50. OTHER OPERATING EXPENSES			
Impairment on shares / units		-	281
Reversal of gain on revaluation of shares / units		-	176
General provision on microfinance portfolio	13.04 & 19.03	314,649	155,155
Provision on doubtful microfinance portfolio		142,930	-
		457,579	155,612
51. TAXATION-NET			
Taxation			
Current year	51.01	2,082,061	1,196,096
Prior years		-	-
		2,082,061	1,196,096
Deferred taxation			
For current year		(386,895)	(407,258)
		1,695,166	788,838

51.01 Income tax return has been filed to the income tax authorities upto and including tax year 2019 under the provisions of the Income Tax Ordinance, 2001.

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

52. LOSS PER SHARE - BASIC AND DILUTED

The calculation of basic earnings per share has been based on the profit/(loss) attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

		2020	2019
Basic loss per share			
Net loss for the year after taxation	Rupees	(29,909,747)	(50,296,451)
Weighted average number of ordinary shares	Number	124,019,483	44,100,000
Loss per share - basic	Rupees	(0.24)	(1.14)
Diluted loss per share			
Net loss, net of effects of dilutive potential ordinary shares	Rupees	(29,909,747)	(50,296,451)
Weighted average number of ordinary shares, net of effects of dilutive potential ordinary shares	Number	135,600,000	135,600,000
Loss per share - dilutive	Rupees	(0.22)	(0.37)
Reconciliation of basic loss to diluted loss			
Net loss for the year after taxation	Rupees	(29,909,747)	(50,296,451)
Adjustment for Right share options	Rupees	-	-
Net loss, net of effects of dilutive potential ordinary shares	Rupees	(29,909,747)	(50,296,451)
Reconciliation of weighted average number of shares outstanding			
Weighted average number of shares outstanding used to calculate basic loss per share	Number	124,019,483	44,100,000
Adjustment for Right share options	Number	11,531,507	91,500,000
Weighted average number of shares outstanding used to calculate diluted loss per share	Number	135,600,000	135,600,000

53. SEGMENTAL ANALYSIS

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

(a) 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'.

(b) 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.

	(Rupees)				
	For the year ended 30 June 2020				
	Financing activities			Investing activities	Total
	House finance activities	Micro finance activities	Term and other finance activities		
Profit on financing	20,859,771	30,121,361	789,305	-	51,770,437
Income from fee and commission	823,921	2,994,200	-	-	3,818,121
Return on investments	-	-	-	81,699,696	81,699,696
Total income for reportable segments	21,683,692	33,115,561	789,305	81,699,696	137,288,254
Finance cost	3,080,674	6,483,705	282,605	11,442,517	21,289,501
Administrative expenses	63,948,944	84,921,929	5,388,370	9,009,812	163,269,055
Segment result	(45,345,926)	(58,290,073)	(4,881,670)	61,247,367	(47,270,302)
Other income - net					19,055,721
Loss before taxation					(28,214,581)
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

(Rupees)

For the year ended 30 June 2019					
	Financing activities			Investing activities	Total
	House finance activities	Micro finance activities	Term and other finance activities		
Profit on financing	5,946,214	3,153,417	712,980	-	9,812,611
Income from fee and commission	321,724	908,600	215,517	-	1,445,841
Return on investments	-	-	-	84,419,607	84,419,607
Total income for reportable segments	6,267,938	4,062,017	928,497	84,419,607	95,678,059
Finance cost	2,625,825	1,701,700	388,975	35,365,882	40,082,382
Administrative expenses	44,185,658	28,635,078	6,545,414	42,735,620	122,101,770
Segment result	(40,543,545)	(26,274,761)	(6,005,892)	6,318,105	(66,506,093)
Other operating income					17,117,575
Other operating charges					(119,095)
Loss before taxation					(49,507,613)
Segment assets	59,901,326	31,418,293	25,589,096	247,737,901	364,646,616
Unallocated assets					1,070,377,794
					1,435,024,410
Segment liabilities	247,389,828	129,756,161	105,681,837	645,668,195	1,128,496,021
Unallocated liabilities					275,770,142
Equity					30,758,247
					1,435,024,410

54. 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 terms of employment are as follows:

Relation with the Company	Nature of transaction	2020 Rupees	2019 Rupees
Transactions during the year			
Holding Company	Rent expense - waived off	-	9,300,000
	Purchase of vehicles at fair value	12,478,500	-
	Security deposit against branches	15,000,000	-
	Utilities expense	3,558,664	3,409,753
	Shares issued against subordinated loan	650,000,000	-
	Shares issued against sponsors loan	176,000,000	-
	Mark-up on long term financing	-	13,380,822
	Shares issued	30,542,790	-
	Certificates of deposit issued	-	10,000,000
Balance as at year end			
Holding Company	Trade and other payables	14,014,323	1,798,640
	Mark-up accrued on long term financing	-	30,542,795
	Subordinated loan	-	650,000,000
	Sponsors' loan	-	176,000,000
	Certificates of deposit	10,000,000	10,000,000
	Security deposit against branches	15,000,000	-

Relation with the Company	Nature of transaction	2020 Rupees	2019 Rupees
Transactions during the year			
Associated Companies	Escorts Capital Limited		
	Profit paid on certificates of deposit	-	3,290,121
	Shares issued against borrowings	15,173,960	-
	Borrowings paid	25,447,410	-
	Mark-up on borrowings accrued	950,364	188,740
	Borrowings received	-	40,621,370
	Mark-up on borrowings paid	1,139,104	-
	Certificates of deposit matured	-	52,000,000
	Bahria Grand Hotel and Resort		
	Entertainment expense	346,295	307,537
	The Clove Restaurant & Grill		
	Entertainment expense	-	70,458
	The Safari Club		
	Entertainment expense	26,913	50,873
	Other Associated Companies		
	Profit paid on certificates of deposit	-	3,606,865
	Certificates of deposit matured	29,461,224	28,272,300
	Advertisement expense	3,480,000	-
	Mark-up on borrowings accrued	3,141,254	119,595
	Mark-up on borrowings paid	3,216,001	-
	Borrowings received	29,461,224	28,272,300
	Repayment of borrowings	57,733,524	-
Balance at year end			
Associated Companies	Escorts Capital Limited		
	Markup accrued on borrowings	-	188,740
	Borrowings	-	40,621,370
	The Safari Club		
	Trade and other payables	-	6,450
	Other Associated Companies		
	Markup accrued on borrowings	-	74,747
	Certificates of deposit	-	29,461,224
	Borrowings	-	28,272,300
Transactions during the year			
Others	Contribution to staff retirement benefits plan	1,699,625	1,312,662

54.01 Basis of relationship with the Company

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

Company Name	Basis of Association	Aggregate percentage (%) of shareholding in the Company
Bahria Town (Private) Limited	Holding Company	87.96%
Escorts Capital Limited	Associated Company	N/A
Bahria Grand Hotel and Resort	Associated Company	N/A
Bahria International Academy	Associated Company	N/A
Ace Junior Academy	Associated Company	N/A
Ace International Academy	Associated Company	N/A
The Clove restaurant and grill	Associated Company	N/A
The Safari club	Associated Company	N/A
AAP News (San Media Private Limited)	Associated Company	N/A

55. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

(Rupees)

	Chief Executive/Director		Non - Executives		Executives	
	2020	2019	2020	2019	2020	2019
Managerial remuneration	4,337,550	4,590,000	-	-	2,633,767	5,071,500
House rent allowance	4,337,550	4,590,000	-	-	2,633,767	5,071,500
Medical allowance	963,900	1,020,000	-	-	585,252	1,127,000
Meeting fee	-	-	3,400,000	4,200,000	-	-
Fuel allowance	286,655	528,280	-	-	449,167	1,455,178
Utilities	60,000	60,000	-	-	73,000	146,000
Entertainment and others	-	-	1,037,779	787,531	-	-
Training	-	-	191,400	-	-	-
Leave encashment	872,240	850,000	-	-	-	-
Retirement benefits	433,755	459,000	-	-	263,377	556,200
	11,291,650	12,097,280	4,629,179	4,987,531	6,638,330	13,427,378
Number of persons	1	1	6	6	2	3

55.01 Total number of directors of the Company including chief executive officer is 07 (2019: 07). No remuneration was paid to any non-executive director. Further, certain executives of the Company are provided with company's maintained cars.

56. MATURITIES OF ASSETS AND LIABILITIES

(Rupees)

Description	Upto one month	Within one year	More than one year and upto five year	Above five years	Non fixed maturities	Total
As at 30 June 2020						
ASSETS						
Property and equipment	-	-	50,053,289	77,756,341	62,669,126	190,478,756
Intangible assets	-	-	4,048,592	-	-	4,048,592
Cards and rooms	-	-	-	-	12,750,000	12,750,000
Deferred tax asset	-	-	183,336,579	-	-	183,336,579
Net investment in lease finance	-	2,165,985	-	-	-	2,165,985
Investments	-	227,213,800	-	-	-	227,213,800
Finances	-	106,811,593	111,919,652	22,402,756	-	241,134,001
Advances	1,481,474	4,705,424	-	-	-	6,186,898
Prepayments	-	759,639	15,449,600	-	-	16,209,239
Interest accrued	-	10,225,945	-	-	-	10,225,945
Other receivables	-	27,992,210	43,792,767	-	-	71,784,977
Tax refunds due from the government	-	124,148,444	-	-	-	124,148,444
Cash and bank balances	286,662,222	-	-	-	-	286,662,222
	288,143,696	504,023,040	408,600,479	100,159,097	75,419,126	1,376,345,438

(Rupees)

Description	Upto one month	Within one year	More than one year and upto five year	Above five years	Non fixed maturities	Total
LIABILITIES						
Subordinated loans	-	137,694,382	-	-	-	137,694,382
Long term lease liabilities	-	-	-	-	-	-
Certificates of deposit	-	15,000,000	51,250,000	-	-	66,250,000
Long term security deposits	-	2,165,985	-	-	-	2,165,985
Lease liabilities	217,063	2,387,697	28,199,612	33,402,907	-	64,207,279
Short term finances	-	-	-	-	-	-
Accrued markup	13,142,620	-	-	-	-	13,142,620
Trade and other payables	-	155,138,276	-	-	-	155,138,276
Unclaimed dividend	-	2,385,654	-	-	-	2,385,654
Provision for taxation	-	15,696,381	-	-	-	15,696,381
	13,359,683	330,468,375	79,449,612	33,402,907	-	456,680,577
Net assets	274,784,013	173,554,665	329,150,867	66,756,190	75,419,126	919,664,861
Represented by:						
Share capital and reserves						901,667,552
Revaluation surplus on property and equipment						17,997,309
						<u>919,664,861</u>

(Rupees)

Description	Upto one month	Within one year	More than one year and upto five year	Above five years	Non fixed maturities	Total
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As at 30 June 2019

ASSETS

Property and equipment	-	-	36,031,877	12,388,190	65,967,502	114,387,569
Intangible assets	-	-	6,072,585	-	-	6,072,585
Cards and rooms	-	-	-	-	12,750,000	12,750,000
Deferred tax asset	-	-	182,949,684	-	-	182,949,684
Net investment in lease finance	-	2,165,985	-	-	-	2,165,985
Investments	-	105,504,135	124,999,875	-	-	230,504,010
Finances	-	52,871,695	37,508,642	22,402,756	-	112,783,093
Advances	1,847,440	4,651,250	-	-	-	6,498,690
Prepayments	-	1,254,007	424,600	-	-	1,678,607
Interest accrued	-	6,443,528	-	-	-	6,443,528
Other receivables	-	27,992,210	40,356,384	-	-	68,348,594
Tax refunds due from the government	-	111,956,047	-	-	-	111,956,047
Cash and bank balances	361,246,718	217,239,300	-	-	-	578,486,018
	363,094,158	530,078,157	428,343,647	34,790,946	78,717,502	1,435,024,410

(Rupees)

Description	Upto one month	Within one year	More than one year and upto five year	Above five years	Non fixed maturities	Total
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LIABILITIES

Subordinated loans	-	137,694,382	650,000,000	-	-	787,694,382
Short term borrowings	-	68,893,670	-	-	-	68,893,670
Certificates of deposit	-	123,461,224	66,250,000	-	-	189,711,224
Long term security deposits	-	2,165,985	-	-	-	2,165,985
Short term finances	-	158,782,090	17,217,910	-	-	176,000,000
Accrued markup	4,506,642	31,505,840	-	-	-	36,012,482
Trade and other payables	-	108,843,910	-	-	-	108,843,910
Unclaimed dividend	-	2,385,654	-	-	-	2,385,654
Provision for taxation	-	13,614,320	-	-	-	13,614,320
	4,506,642	647,347,075	733,467,910	-	-	1,385,321,627

Net assets	358,587,516	(117,268,918)	(305,124,263)	34,790,946	78,717,502	49,702,783
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Represented by:

Share capital and reserves	30,758,247
Surplus on revaluation of property and equipment	18,944,536
	<u>49,702,783</u>

57. CREDIT RISK AND CONCENTRATIONS OF CREDIT RISKS

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

The management monitors and limits bank's exposure to credit risk through monitoring of client's credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy.

The risk management function of the Company is continuously conducting assessments and monitoring the situation arising out of this pandemic to identify the business segments and borrowers which are most likely to be effected. The Company has further strengthened its credit risk evaluation criteria in a bid to combat any unfavorable conditions. Although, the Company has made provisions against certain micro loans, Company holds security against them in shape of hypothecation of their assets.

The management reviewed the risk management policies and is of view that the Company with its diversified segmentation is not exposed to major credit risks, concentration of credit risks and the threats posed by COVID-19.

57.1 Segment information

Class of business	Financing		Certificates of deposit	
	2020	2019	2020	2019
	Percentage		Percentage	
Textile	-	8.41	-	-
Chemical & Pharmaceuticals	1.03	-	-	-
Agribusiness	4.95	7.55	-	-
Education	20.70	-	-	-
Automobile parts & Accessories	1.20	-	-	-
Health care	4.19	-	-	-
Trading	5.02	-	-	-
Apparel & Clothing	2.43	-	-	-
Manufacturing	1.70	-	-	-
Services	8.00	-	-	-
Electronics & Electrical appliances	2.27	-	-	-
Production & Transmission of energy	0.49	-	-	-
Food	0.20	-	-	-
Individuals	7.33	63.24	69.82	73.93
Engineering & construction	14.06	14.07	15.09	5.27
Dairy product	13.10	-	-	-
Technology & Communications	4.86	-	-	-
Real estate	0.17	-	-	-
Others	8.30	6.73	15.09	20.80
	100.00	100.00	100.00	100.00

57.02 Geographical Segment

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

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

	2020 Rupees	2019 Rupees
Aging of term loan and lease rental receivables		
Not past due	229,556,510	102,545,257
Past due 0 - 90 days	1,548,982	81,352
Past due 91 - 180 days	225,511	70,932
180 days to 1 year	74,612	39,450
More than 1 year	58,635,639	79,569,953
	290,041,254	182,306,944

57.03 Collaterals held against term financing

Collaterals held against term financing					(Rupees)
Description	2020				
		Collaterals			Net exposure
	Gross exposure	Mortgage	Hypothecation	Liquid collaterals	
Long term finances (Note 57.03.1)	214,826,668	430,692,227	41,517,643	-	(257,383,202)
Short term finances	72,665,135	-	15,429,000	10,000,000	47,236,135

57.03.1 It includes the properties of value Rs. 41.051 million (2019: Nil) that are on mortgage through transfer of property in the name of 'Escorts Investment Bank Limited'.

(Rupees)

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

57.04 The credit quality of balances with the banks can be assessed with reference to external credit ratings of the banks:

	Rating			2020	2019
	Short term	Long term	Agency	Rupees	
United Bank Limited	A1+	AAA	JCR-VIS	8,296,697	308,565,696
Bank Alfalah Limited	A1+	AA+	JCR-VIS	277,528,677	269,538,239
Sindh Bank Limited	A1	A+	JCR-VIS	167,679	152,698
MCB Bank Limited	A1+	AAA	PACRA	56,610	51,664
Bank Al-Habib Limited	A1+	AA+	PACRA	19	19
State Bank of Pakistan*				158,996	85,604
				286,208,678	578,393,920

* Credit rating is not available.

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

58. LIQUIDITY RISK

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

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. However, the management believes the liquidity risk to be low.

The Company has received applications for the deferral and rescheduling of finance facilities in accordance with the relaxation allowed under Circular 9, 2020 of Securities and Exchange Commission of Pakistan. These applications have been reviewed as per the established policies and management is continuously evaluating the liquidity position. The Company is confident that the surplus liquidity available is sufficient to cater any adverse movement in cash flows.

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

(Rupees)					
Description	Carrying Amounts	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
30 June 2020					
Customers' security deposits	2,165,985	2,165,985	2,165,985	-	-
Certificates of deposits	66,250,000	66,250,000	15,000,000	51,250,000	-
Accrued mark-up	13,142,620	13,142,620	13,142,620	-	-
Trade and other payables	155,138,276	155,138,276	155,138,276	-	-
	236,696,881	236,696,881	185,446,881	51,250,000	-

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

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / profit rates effective as at 30 June 2020. The rates of mark up have been disclosed in respective notes to the financial statements.

59. MARKET RISK

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

59.01 Interest rate risk

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

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

(Rupees)

Descripton	Within one year	More than one year and upto five years	Above five years	Not exposed to interest rate risk	Total
30 June 2020					
FINANCIAL ASSETS					
Investments	227,213,800	-	-	-	227,213,800
Net investment in lease finance	-	-	-	2,165,985	2,165,985
Finances	106,811,593	111,919,652	22,402,756	-	241,134,001
Advances	-	-	-	6,186,898	6,186,898
Deposits and prepayments	-	-	-	16,209,239	16,209,239
Cash and bank balances	265,582,608	-	-	21,079,614	286,662,222
	599,608,001	111,919,652	22,402,756	45,641,736	779,572,145
FINANCIAL LIABILITIES					
Certificates of deposit	15,000,000	51,250,000	-	-	66,250,000
Short term borrowings	-	-	-	-	-
Trade and other payables	-	-	-	155,138,276	155,138,276
	15,000,000	51,250,000	-	155,138,276	221,388,276
Interest rate sensivity gap	584,608,001	60,669,652	22,402,756	-	-
Cumulative interest rate sensitivity gap	584,608,001	645,277,653	667,680,409	-	-

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

(Rupees)

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

59.02 Equity price risk

Equity price risk represents the risk that the fair value of equity investments will fluctuate because of changes in levels of indices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The company is currently not exposed to equity price risk.

59.03 Currency risk

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

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

59.04 Other price risk

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

60. CAPITAL RISK MANAGEMENT

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

The Company is exposed to externally imposed capital requirements which includes but not limited to maintenance of Minimum Equity Requirement (MER) and Capital Adequacy Ratio (CAR) at Rs. 750 million and 10% respectively. During the period, Company has successfully completed its Right Issue transaction of Rs. 915 million which provided strong equity base to the Company. The Company has maintained and complied with both requirements of MER and CAR during the current year.

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

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

The debt-to-equity ratios at 30 June 2020 and at 30 June 2019 were as follows:

	2020 Rupees	2019 Rupees
Debt	350,219,065	1,224,465,261
Cash and bank balances	286,662,222	578,486,018
Net debt	63,556,843	645,979,243
Total equity	901,667,552	30,758,247
Total capital employed	965,224,395	676,737,490
Gearing ratio (%)	6.58%	95.45%
61. PROVIDENT FUND	(Un-audited)	(Audited)
The following information is based on the latest un-audited financial statement of the trust:		
Size of the fund - Total assets	5,630,838	4,988,287

62. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

62.01 Recognized fair value measurements - financial instruments

(i) Fair value hierarchy

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

(Rupees)				
As at 30 June 2020	Level 1	Level 2	Level 3	Total
Financial assets:				
Long term investments	126,250,000	-	-	126,250,000
Short term investments	100,963,800	-	-	100,963,800
Total non-financial assets	227,213,800	-	-	227,213,800

(Rupees)				
As at 30 June 2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Long term investment	124,999,875	-	-	124,999,875
Short term investments	105,504,135	-	-	105,504,135
Total non-financial assets	230,504,010	-	-	230,504,010

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

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

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

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

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

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

62.02 Recognized fair value measurements - non-financial assets

Fair value hierarchy

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

(Rupees)				
As at 30 June 2020	Level 1	Level 2	Level 3	Total
Property and equipment:				
Office premises	-	62,669,126	-	62,669,126
Total non-financial assets	-	62,669,126	-	62,669,126

(Rupees)				
As at 30 June 2019	Level 1	Level 2	Level 3	Total
Property and equipment:				
Office premises	-	65,967,502	-	65,967,502
Total non-financial assets	-	65,967,502	-	65,967,502

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

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

Valuation techniques used to determine level 2 fair values

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

Valuation processes

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

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

63. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

(Rupees)					
Description	Note	2020		2019	
		Carried under		Carried under	
		Non - Shariah Arrangements	Shariah Arrangements	Non - Shariah Arrangements	Shariah Arrangements
FINANCIAL ASSETS					
Investments	12 & 18	227,213,800	-	230,504,010	-
Net investment in lease finance	14	-	-	-	-
Finances	13 & 19	241,134,001	-	91,474,748	-
Advances	20	-	6,186,898	-	6,498,690
Deposits and prepayments	15 & 21	16,209,239	-	1,678,607	-
Cash and bank balances	25	265,582,608	21,079,614	576,675,751	1,810,267
		750,139,648	27,266,512	900,333,116	8,308,957
FINANCIAL LIABILITIES					
Long term finances					
- subordinated loans	30	137,694,382	-	787,694,382	-
Long term finances					
- sponsors' loan	31	-	-	-	17,217,910
Lease liabilities	33 & 35	64,207,279	-	-	-
Certificates of deposit	32,35&37	-	66,250,000	189,711,224	-
Long term security deposits	34 & 35	-	2,165,985	-	2,165,985
Short term finances					
- sponsors loan	36	-	-	-	158,782,090
Short term borrowings	38	-	-	68,893,670	-
		201,901,661	68,415,985	1,046,299,276	178,165,985

(Rupees)

Description	Note	2020		2019	
		Carried under		Carried under	
		Non - Shariah Arrangements	Shariah Arrangements	Non - Shariah Arrangements	Shariah Arrangements
Sources of other income					
Profit on financing	44	51,770,437	-	9,812,611	-
Return on investments	45	44,501,722	-	41,612,959	-
Income from fee and commission	46	3,818,121	-	1,445,841	-
Profit on bank deposits		37,197,974	-	42,806,648	-
Other income		7,674,277	2,475,000	3,309	17,114,266
		144,962,531	2,475,000	95,681,368	17,114,266

63.01 Relationship with banks

Name of banks	Relationship	
	Non Islamic window operations	With Islamic window operations
Bank Alfalah Limited	✓	-
Bank Al-Habib Limited	✓	-
MCB Bank Limited	✓	-
Sindh Bank Limited	✓	-
United Bank Limited (UBL)	✓	-

64. IMPACT OF COVID -19 (CORONA VIRUS) ON FINANCIAL STATEMENTS

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 6.25% to 7.00% 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 days in case of Microfinance and 180 days 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 over these financial statements, however, as per management's assessment, there is no significant accounting impact of COVID-19 on these financial statements.

65. SUBSEQUENT EVENTS

There were no significant adjustable events subsequent to 30 June 2020, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

66. NUMBER OF EMPLOYEES

The total number of employees as at 30 June 2020 were 129 (30 June 2019: 59) and the average number of employees during the year were 98 (30 June 2019: 44).

67. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 06 October 2020 by the Board of Directors of the Company.

68. GENERAL

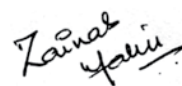
- Figures have been rounded off to the nearest rupee, unless otherwise stated.
- Corresponding figures have been rearranged/reclassified, wherever necessary, to facilitate comparison.



Chief Executive Officer



Chief Financial Officer



Chairperson

PATTERN OF SHAREHOLDING

AS ON 30 JUNE 2020

No. of Shareholders	Shareholdings		Total Number of Shares Held	Percentage
	From	To		
148	1	100	3,635	0.00
174	101	500	79,472	0.06
161	501	1000	155,566	0.11
324	1001	5000	924,951	0.68
120	5001	10000	998,618	0.74
49	10001	15000	628,630	0.46
33	15001	20000	590,374	0.44
19	20001	25000	437,680	0.32
13	25001	30000	364,050	0.27
9	30001	35000	283,496	0.21
13	35001	40000	491,794	0.36
3	40001	45000	124,748	0.09
8	45001	50000	386,122	0.28
2	50001	55000	105,000	0.08
3	55001	60000	178,500	0.13
1	60001	65000	63,500	0.05
2	65001	70000	136,500	0.10
2	70001	75000	149,000	0.11
2	75001	80000	157,490	0.12
1	80001	85000	81,000	0.06
2	85001	90000	171,500	0.13
1	90001	95000	91,500	0.07
6	95001	100000	596,659	0.44
2	100001	105000	208,003	0.15
2	105001	110000	213,619	0.16
1	110001	115000	113,768	0.08
1	115001	120000	117,000	0.09
1	120001	125000	125,000	0.09
2	125001	130000	254,500	0.19
1	130001	135000	131,000	0.10
1	135001	140000	136,500	0.10
4	140001	145000	574,442	0.42
1	145001	150000	150,000	0.11
1	155001	160000	160,000	0.12
1	160001	165000	163,000	0.12
1	165001	170000	166,000	0.12
1	175001	180000	180,000	0.13
2	195001	200000	396,000	0.29
1	215001	220000	220,000	0.16
1	235001	240000	238,887	0.18
1	245001	250000	249,836	0.18
1	270001	275000	270,500	0.20
1	285001	290000	288,500	0.21
1	305001	310000	307,500	0.23
2	340001	345000	687,500	0.51
1	425001	430000	425,187	0.31
1	445001	450000	448,500	0.33
1	660001	665000	663,500	0.49
1	710001	715000	715,000	0.53
1	1515001	1520000	1,517,396	1.12
1	119275001	119280000	119,279,077	87.96
1,132			135,600,000	100.00

CATEGORIES OF SHAREHOLDERS

AS ON 30 JUNE 2020

DETAILED CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children		
1 SYED AMIR AHSAN	500	0.0004
2 KARIM HATIM	1,537	0.0011
3 SYED TAHIR NAWAZISH (Nominee of Bahria Town (Pvt) Limited)	0	0.0000
4 ZAINAB MALIK (Nominee of Bahria Town (Pvt) Limited)	0	0.0000
5 NAVEEED AMIN (Nominee of Bahria Town (Pvt) Limited)	0	0.0000
6 TAHIR SAEED EFFENDI (Nominee of Bahria Town (Pvt) Limited)	0	0.0000
7 KHAWAJA NADEEM ABBAS (Nominee of Bahria Town (Pvt) Limited)	0	0.0000
	2,037	0.0015
Associated Companies, Undertakings and Related Parties		
1 BAHRIA TOWN (PRIVATE) LIMITED.	119,279,077	87.9639
	119,279,077	87.9639
Banks, Development Financial Institutions, Non Banking Financial Institutions		
1 ESCORTS INVESTMENT BANK LIMITED	1,000	0.0007
	1,000	0.0007
Insurance Companies		
1 STATE LIFE INSURANCE CORP. OF PAKISTAN	77,490	0.0571
	77,490	0.0571
Modarbas and Mutual Funds		
1 CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	96,659	0.0713
	96,659	0.0713
General Public (Local)		
	14,624,007	10.7847
Others		
1 ARABIAN SEA ENTERPRISES LIMITED	307,500	0.2268
2 KRONOSWISS (PRIVATE) LIMITED	30,748	0.0227
3 CRESCENT STANDARD BUSINESS MANAGEMENT (PVT) LIMITED	1	0.0000
	338,249	0.2494

Categories of Shareholders		Shares Held	Percentage
Joint Stock Companies			
1	TIME SECURITIES (PVT.) LIMITED - MF	20,000	0.0147
2	MEGA SECURITIES (PVT) LTD	60	0.0000
3	AZEE SECURITIES (PVT.) LTD	210	0.0002
4	HIGH LAND SECURITIES (PVT) LIMITED	3,000	0.0022
5	HORIZON SECURITIES LIMITED - MF	5,000	0.0037
6	MRA SECURITIES LIMITED - MF	15,000	0.0111
7	DARSON SECURITIES (PVT) LIMITED	106,000	0.0782
8	ASDA SECURITIES (PVT.) LTD.	20,000	0.0147
9	FIKREES (PRIVATE) LIMITED	500	0.0004
10	ORIENTAL SECURITIES (PVT) LTD.	15,374	0.0113
11	RAO SYSTEMS (PVT.) LTD.	270,500	0.1995
12	MAKDA (PVT.) LIMITED	500	0.0004
13	SHAFFI SECURITIES (PVT) LIMITED	5,000	0.0037
14	NH SECURITIES (PVT) LIMITED.	5,000	0.0037
15	UHF CONSULTING (PRIVATE) LIMITED	715,000	0.5273
		1,181,144	0.8711
Executives			
1	HAFIZ BILAL AHMAD	307	0.0002
2	KAMRAN CHUGHTAI	30	0.0000
		337	0.0002
Grand Total:		135,600,000	100.0000

CATEGORIES OF SHAREHOLDERS

AS ON 30 JUNE 2020

Sr. #	Categories	No. of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	2	2,037	0.0015
2	Associated Companies, Undertakings and Related Parties	1	119,279,077	87.9639
3	Banks, Development Financial Institutions, Non Banking Financial Institutions	1	1,000	0.0007
4	Insurance Companies	1	77,490	0.0571
5	Modarbas and Mutual Funds	1	96,659	0.0713
6	General Public (Local)	1,106	14,624,007	10.7847
7	Others	3	338,249	0.2494
8	Joint Stock Companies	15	1,181,144	0.8711
9	Executives	2	337	0.0002
TOTAL:		1,132	135,600,000	100.0000

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FORM OF PROXY

TWENTY FIFTH ANNUAL GENERAL MEETING

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

For Beneficial Owners as per CDC list

CDC Participant I. D. No. _____

Sub-Account No. _____

NIC _____ or Passport No _____

hereby appoint _____ of _____ Who is also a member of the Company, Folio No. _____
_____ or failing him/her _____ of _____ who is also
member of the Company vide Registered Folio No. _____ as my/our Proxy to attend, speak and
vote for me/ us and on my/ our behalf at the 25th Annual General Meeting of the Company to be held on
October 28, 2020 at 09:30 a.m. at Bahria Grand Hotel and Resort, Executive Lodges, Sector-B, Bahria Town,
Lahore and at any adjournment thereof.

Dated this _____ day of _____ 2020.

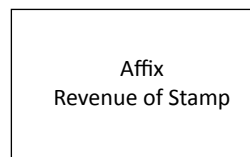
WITNESS

Signature: _____

Name: _____

Address: _____

CNIC: _____



WITNESS

Signature: _____

Name: _____

Address: _____

CNIC: _____

Signature of Member (s)

Note:

1. Proxies in order to be effective, must be received at the Registered Office of the Company at Alfalah Building, 1st Floor, Sector-B, Bahria Town Lahore not latter than 48 hours before the meeting.
2. CDC Shareholders and their Proxies are each requested to attach an attested Photocopy of their National Identity Card or Passport with this proxy form before submission to the company.

Second Fold

Affix Revenue
Stamp

The Company Secretary,

ESCORTS INVESTMENT BANK LIMITED

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

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تشکیل نیابت داری (پراسی فارم)

پچیسواں سالانہ اجلاس عام

میں / ہم _____ ساکن _____ بحیثیت _____
 اسکورٹس انوسٹمنٹ بینک لمیٹڈ رکن (ممبر) اور حامل ہیں _____ عام حصص کے مطابق درج شدہ فوئیو نمبر _____ اور یاسی ڈی سی کے شرکائی آئی ڈی نمبر _____
 اور ڈیلی کھاتہ نمبر _____ محترم / محترمہ _____ ساکن _____ یا بصورت _____
 دیگر محترم / محترمہ _____ ساکن _____ کو اپنی جگہ 28 اکتوبر 2020ء بروز بدھ دن 09:30 بجے بحریہ گریڈ ہوٹل اینڈ ریزوٹ کینال روڈ پر واقع ایگزیکٹو لاجز، سیکٹر-B بحریہ ٹاؤن لاہور میں منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

مورخہ _____ دن _____ 2020

گواہ	دستخط	نام	پتہ	شناختی کارڈ نمبر
_____	(1) دستخط	_____	_____	_____
_____	نام	_____	_____	_____
_____	پتہ	_____	_____	_____
_____	شناختی کارڈ نمبر	_____	_____	_____
_____	(2) دستخط	_____	_____	_____
_____	نام	_____	_____	_____
_____	پتہ	_____	_____	_____
_____	شناختی کارڈ نمبر	_____	_____	_____

ریونیوٹکٹ 50 روپے
والی چسپاں کریں

(دستخط کمپنی میں پہلے سے موجود
نمونہ کے مطابق ہونے چاہیے)

ہدایات

- نیابت داروں پر کسی موثر بنانے کیلئے اجلاس کے مقرر کردہ وقت کم از کم 48 گھنٹے کمپنی کے رجسٹرڈ پتہ (الفلاح بلڈنگ، فرسٹ فلور، سیکٹر-B، بحریہ ٹاؤن، لاہور) میں جمع کروانا ضروری ہے۔
- سی ڈی سی حصص داران اور ان کے مختار (پراسی) دونوں کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل ضروری ہے۔
- اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز کی قرارداد / مع نامزد کردہ شخص / انارنی کے نمونہ دستخط پاور آف اٹارنی (اگر پہلے فراہم نہ کیے گئے ہوں) پراسی فارم (مختار نامے) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

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The Company Secretary,

ESCORTS INVESTMENT BANK LIMITED

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

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**Escorts
Investment
Bank**



www.escortsbank.net
info@escortsbank.net

Follow Escorts Investment Bank Limited



Registered Office:

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

Tel: (92-42) 35341845-6

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