SIB | SECURITY INVESTMENT BANK LTD.

ANNUAL REPORT
DECEMBER 31, 2020

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Vision
Mission

VISION

Aiming for continued growth, we will further develop our strengths to seize new opportunities and maintain our steadfast commitment.

MISSION

- *Meet the challenges of highly competitive market with our expertise, creativity and service.*
- *Develop & maintain strong client relationship.*
- *Continuously enhance our contributions towards industrial development of the country.*
- *Above all, in a tradition of prudent growth, our unwavering determination to strengthen long-term earnings and return on shareholders' equity will endure.*

COMPANY INFORMATION

BOARD OF DIRECTORS

Haji Jan Muhammad (Chairman)
Mr. Muhammad Mehboob
Mr. Muhammad Shoaib
Mrs. Samreen Shoaib
Mr. Shaikh Abdullah
Mr. Karim Muhammad Munir
Ms. Azra Yaqub Vowda

PRESIDENT & CHIEF EXECUTIVE

Mr. Zafar .M. Sheikh

AUDIT COMMITTEE

Mr. Shaikh Abdullah (Chairman)
Haji Jan Muhammad
Mr. Muzaffar Ahmed Ghauri
Mr. Karim Muhammad Munir

HUMAN RESOURCE AND REMUNIRATION COMMITTEE

Mr. Muzaffar Ahmed Ghauri (Chairman)
Mr. Zafar .M. Sheikh
Mr. Muhammad Mehboob

BUSINESS DEVELOPMENT COMMITTEE

Mr. Karim Muhammad Munir (Chairman)
Mr. Muhammad Mehboob
Mr. Muhammad Shoaib
Mr. Zafar .M. Sheikh

Chief Financial Officer

Mr. Shakeel Ahmed

AUDITORS

Bakers Tilly Mehmood Idrees Qamar,
Chartered Accountants

TAX ADVISORS

Grant Thoranton Anjum Rahman
Chartered Accountants

LEGAL ADVISORS

Rehan Kayani (Barrister at Law)

SHARE REGISTRAR

M/s. C&K Management
Associates (Pvt) Limited
404, Trade Tower,
near Hotel Metropole, Karachi.

BANKERS

Habib Metropolitan Bank Limited.
United Bank Limited.
Summit Bank Limited.

REGISTERED OFFICE

Suite No. 1, 1st Floor, Junaid Plaza,
I-10, Markez, Islamabad.
Tel : (051) 4102920
Website : www.sibl.com.pk

KARACHI OFFICE

502, 5th Floor, Madina City Mall,
Abdullah Haroon Road, Saddar Karachi.
Tel: (021) 35659750-54
Fax: (021) 35659755
E-mail : sibl@sibl.com.pk

NOTICE OF THE THIRTIETH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirtieth Annual General Meeting of Security Investment Bank Limited (the Company) will be held at the Registered Office of the Company located at Suite Number 1, 1st Floor, Junaid Plaza, I-10 Markaz, Islamabad, on 12 April 2021 at 9:00 a.m. to transact the following business:

ORDINARY BUSINESS

1) To confirm the minutes of the Annual General Meeting held on 20 April 2020.

2) To receive and adopt the audited financial statements of the Company for the year ended 31 December 2020 together with the directors' and auditor's reports thereon.

3) To appoint auditors and fix their remuneration for the year ending 31 December 2021.The retiring auditors M/s. Baker Tilly Mehmood Idrees Qamar. Chartered Accountants retire and being eligible offers themselves for reappointment to act as the external auditors of the Bank and fix their remuneration for the years ending 31, December 2021.

ANY OTHER BUSINESS

5) To consider any other business with the permission of the Chair.

BOOK CLOSURE

The share transfer book of the company will remain closed from 05 April 2021 to 12 April 2021 (both days inclusive). Transfer applications received in order at the office of the Share Registrar of the Company (i.e. C & K Management Associates (Private) Limited, room number 404, Trade Tower, Abdullah Haroon Road, Karachi) by the close of business on 04 April 2021 will be treated in time for determining the entitlement of members to attend the Annual General Meeting of the Company.

By order of the board

Karachi:
13th March, 2021

Company Secretary

NOTES:

1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his/her behalf. Proxies in order to be effective must be received at the office of the share registrar of the company duly stamped and signed not less than 48 hours before the meeting. A member may not appoint more than one proxy.

2) Members are requested to promptly communicate to the Share Registrar of the Company any change in their addresses.

3) CDC account holders and sub-account holders are required to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan.

   a) For attending the meeting.

      i) In case of individuals, the account holder or sub-account holder shall bring his or her original CNIC or original passport alongwith Participant ID Number and the Account Number at the time of attending meeting.

      ii) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

b) For appointing proxies

i) In case of individuals, the account holder or sub-account holder 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 number shall be mentioned on the 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 or her original CNIC or original passport at the time of meeting.

v) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted to the company along with proxy form.

4) Pursuant to Section 150 of the Income Tax Ordinance, 2001 and Finance Act, 2020 withholding tax on dividend income will be deducted for 'Filer' and 'Non-Filer' shareholders at 15% and 30% respectively. According to the Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts. Members that hold shares with joint shareholders are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to our Share Registrar in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal shares by principal shareholder and joint holder(s).

5) SUBMISSION OF COMPUTERISED NATIONAL IDENTITY CARD / NATIONAL TAX NUMBER

We would like to bring it to the notice of our valued shareholders that the Securities & Exchange Commission of Pakistan (SECP) vide Notification No. SRO 831(I)/2012 dated 05 July 2012 in supersession of earlier Notification No. SRO 779(I)/2011 dated 18 August 2011, has directed all the listed companies to issue dividend warrant(s) only crossed as "A/C Payee Only" in the name of registered shareholder or in the name of authorised person where a registered shareholder authorises the Company to pay dividend, on his behalf, to any other person. The dividend warrant(s) should also bear the Computerised National Identity Card Number (CNIC) of the registered shareholder or the authorised person, except in case of minor(s) and corporate shareholders.

In view of the above, it is requested that the Members, who have not yet submitted photocopy of their valid CNIC are requested to send the same at the earliest directly to the Company Share Registrar.

The Corporate Shareholders are requested to provide at the earliest their National Tax Number directly to the Company Share Registrar.

6) DIVIDEND MANDATE OPTION

In compliance of the Circular No. 18 of 2012 dated 05 June 2012, we would like to inform our valued shareholders that Section 242 of the Companies Act, 2017 allows the shareholders of a company to order the company to pay them cash dividend, if declared, through their respective banks.

In this regard, those shareholders who would like to avail the above facility are requested to provide following details directly to the Share Registrar of the Company.

Name of Shareholder
Folio Number / Participant ID and Account Number
CNIC Number
Title of Bank Account
Bank Account Number
Bank's Name
Branch Name
Branch Address
Cell Number of Shareholder, if any
Landline Number of Shareholder, if any

7) Electronic Transmission of Financial Statements and Notices

Pursuant to Notification vide SRO 787 (I)/2014 dated September 08, 2014:SECP has directed all companies to facilitate their members receiving Annual Financial Statements and Notice of Annual General Meeting (Notice) through electronic mail system (e-mail). The Company is pleased to offer this facility to our valued members who desire to receive Annual Financial Statements and Notices through email in future. In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company website i.e. http://www.sibl.com.pk Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1MB in size. Further, it is the responsibility of the member (s) to timely update the Share Registrar of any changes in his/her/its/their registered email address at the address of Company's Share Registrar mentioned above.

8) Placement of Financial Statements

The Company has placed the Audited Financial Statements for the year ended December 31, 2020 along with Auditors and Directors Reports thereon on its website: http://www.sibl.com.pk

CHAIRMAN'S REVIEW REPORT

I am pleased to present you, the 29th Annual Report for the year ended December 31, 2020.

The administration and adequacy of the Board is fundamentally the Chairman's obligation. The Board of Executives ("the Board") of Security Investment Bank ("SIB") has performed their obligations persevering in maintaining the finest intrigued of shareholders' of the Company and has overseen the issues of the Company in a viable and effective way, which comes about in a productive year for SIB and conveyed benefits to our shareholders, in spite of investment banking sector is under pressure and weak economic outlook prevail during the financial year 2020.

The Board has constituted effective Audit, Human Resource & Remuneration and Risk Management Committees and approved their respective terms of references, assigned adequate resources so that the Committees perform their responsibilities diligently.

All significant issues throughout the year was presented before the Board or its Committees to strengthen and formalize the corporate decision-making, particularly all related party's transactions executed by the Company were approved by the Board.

The Board received agendas and supporting written material in sufficient time prior to the board and its committee meetings. The Board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

The Board has exercised its power assigned to the Board in accordance with the relevant laws and regulations applicable and the Board has always prioritized the Compliance with all the applicable laws and regulations.

I would like to acknowledge thank to our shareholders, my fellow directors, stakeholders and our staff for their hard work and commitment. I am also grateful to the regulators for their cooperation and support. We look forward to future success in the Company's endeavours.

Haji Jan Muhammad
Chairman
Karachi: March 13, 2021

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of Security Investment Bank Limited (the "Company") are pleased to present the 29th Annual Report along with the Audited Financial Statements and Auditor's Report thereon for the year ended 31 December 2020.

Economic Overview

The economy will have received a severe hit from the corona virus pandemic and subsequent lockdown measures in the 1 and 2 quarters of FY 2020 (Jan–June). However, the present government took various measures to overcome the halted situation. To stabilize the wheel of economy SBP from time to time, taking regulatory measures to address pressure on cash flow of borrowers affected, facilitating deferment and restructuring of their loans and cut down it policy rate.

Looking forward, based on current economic, fiscal, monetary and exchange rate policies and on prospects for the international environment, economic activity is rebound in the first quarter of FY21 compared to the last quarter of previous FY.

From the beginning of FY-20, GDP growth was forecasts in excess of 2.4% compared to 3.3% during FY-19. However, due to slowdown in growth in FY-20 real GDP was attributable to 0.4%. During the year under review, inflation was 10.7% compared to 6.7%. The prime factors contributing to higher inflation include higher food inflation, increase in POL products prices and rise in utilities tariff. Pakistan current account deficit has shown a significant improvement standing at USD 3.0bn (-1.1% of GDP) compared to USD 13.4bn (-4.9% of GDP) last year. The primary driver of the significant improvement was balance of trade goods and services.

SBP, Monetary Policy Committee (Committee) reviewed its policy frequently to take appropriate action towards supporting growth and employment during these challenging times. The Committee considered that outlook for growth and inflation in Pakistan is likely to improve, therefore decided to keep the policy rate unchanged at 7%, cumulative reduction in policy rate during the year 2020 was 625 basis points.

In the context of overall economy, during the year 2020 the equity market performed positive outlook, witnessed blue-ships remained active, the PSX-100 index showed 43694 points at the closing of the year 2020 as compared to PSX-100 index 40887 of the preceding year.

Financial Performance

The key financial result achieved during the year presented as under:

Operating Results	Year 2020	Year 2019
	(Rupees in million)	
Total Income	41	73
Expenditure	32	31
Finance cost	-	-
Administrative	32	31
Profit from operation	9	41
Un-realized gain on re-measurement of shares	81	13
Profit before tax	90	50
Taxation	(13)	(11)
Net Profit after tax	77	39
Earnings per share	1.503	0.768

Market risk

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

Interest rate risk

Interest rate risk arises from the possibility when changes in interest rate affect the value of financial instruments. The Bank is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching the re-pricing of assets and liabilities.

Corporate Governance

The Board of Directors of the Company (the "Board") regularly reviews the strategic direction, business plans and performance in the light of the Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance. The Company is complying with the provisions set out by the Regulator and the listing rules of the Stock Exchanges.

As required under the Code of Corporate Governance, the Board would like to confirm that:

- The 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;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements, and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The directors are not entitled any remuneration except meeting fee and any increase in meeting fees approved by the board of directors in their meeting and ratify it in upcoming meeting of shareholders."
- The executive director/Chief Executive Officer is entitled remuneration approved by the board of directors in their meeting and ratifies it in upcoming meeting of shareholders."
- In compliance to the Code of Corporate Governance, in respect of Director's Training Program for majority of its Directors so as to acquaint them with the regulations, applicable laws, their duties and responsibilities. The exercise is on-going expected to be completed in the up- coming financial year 2021"
- Key operating and financial data of six years of the Company are as follows:

	(Rupees in millions)					
Description / Year	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Shareholder's equity	716	639	779	582	573	519
Deposits	-	-	-	8	8	29
Borrowings	-	-	3	37	-	-
Short term financing	54	242	556	415	292	260
Investments	438	333	113	56	125	41
Operating profit	90	50	34	22	11	3.4
Net profit	77	39	17	61	9	0.9
Total assets	735	839	819	678	623	557
Dividend	-	-	-	-	-	-
Bonus	-	-	-	-	-	-

Value of Provident Fund Investment

As on 31 December 2020 based on the unaudited accounts, the value of investment of Provident Fund is Rs. 1.2 millions (2019 Rs 1 millions).

Pattern of Shareholding

The pattern of shareholding as at 31 December 2020 along with the disclosure required under the Code of Corporate Governance, 2020 is annexed to the report.

Changes in the Board

During the year under review, Ms. Azra Yaqub replaced with the outgoing director Muzaffar Ahmed Ghouri.

Board and Audit Committee Meetings and Attendance

During the year ended 31 December 2020, six Board of Directors; four Audit Committee and one Human Resources and Remuneration Committee (HR & R) meetings were held. Attendance of each director is as follows:

Name	Independent / Non-Independent	Executive / Non-Executive Director	Board of Directors	Audit Committee	HR & R Committee
Haji Jan Muhammad	Non-Independent	Non-Executive	6	4	Not Applicable
Mohammad Shoaib	Non-Independent	Non-Executive	6	Not Applicable	Not Applicable
Muhammad Mahboob	Non-Independent	Non-Executive	4	Not Applicable	1
Samreen Shoaib	Non-Independent	Non-Executive	2	Not Applicable	Not Applicable
Shaikh Abdullah	Independent	Non-Executive	6	4	Not Applicable
Karim Muhammad Munir	Independent	Non-Executive	6	4	Not Applicable
Muzaffar Ahmed Ghouri	Independent	Non-Executive	2	1	-
Azra Yaqub	Independent	Non-Executive	-	-	-
Zafar M. Shaikh	Non-Independent	Executive	4	Not Applicable	1

Leave of absence granted to members who did not attend the Board and Committee meetings.

Audit Committee

The Audit Committee of the Board continued to perform its duties and responsibilities in an effective manner as per its terms of reference duly approved by the Board. The committee composition has also been attached with this report.

Trading in Shares of the Company by Directors and Executives

During the year, the Directors, CEO, CFO, Company Secretary and Head of Internal Audit and their spouses and minor children did not carry out any transaction in the shares of the Company.

Ethics and Business Practices

As per the Corporate Governance guidelines, the Company has circulated a "Code of Ethics" for compliance. All directors and employees of the Company acknowledging their understanding and acceptance of the Code have signed it.

Directors' Training Program

Details provided in Statement of Compliance.

Earnings per Share

Earning per share of the Company is Rs 1.503 for the year ended 31 December 2020 (2019 Rs 0.768).

Dividend

No dividend is declared for the year ended 31 December 2020 in the Board meeting held on March 13, 2020.

Future outlook

Your company's management is endeavouring to improve the company's business by establishing credit lines with different banks to increase earnings and return for shareholders. Meanwhile the Company is reviewing various business options within the NBFC Regulatory Framework.

Related party transaction

In order to comply with the requirements of listing regulations, the Company has presented all related party transactions before the Audit Committee and Board for their review and approval. The Audit Committee and Board have approved these transactions in their respective meetings.

Auditors

The present auditors Baker Tilly Mehmood Idress Qamar, Chartered Accountants retire and being eligible have offered themselves for re-appointment.

Acknowledgement

We, the directors of SIBL, are grateful to the Regulator, Stock Exchanges for their cooperation and support. We do acknowledge and are thankful to our shareholders for their support and cooperation. We also acknowledge and are thankful for the untiring efforts of the management and staff.

On behalf of the Board

Haji Jan Muhammad
Chairman / Director

Zafar M Sheikh
Chief Executive Officer

Karachi
March 13, 2021

ڈائریکٹرز رپورٹ برائے حصص دار

ڈائریکٹر سیکورٹی انویسٹمنٹ بینک 31 (The Company) دسمبر 2020 کو اختتام پزیر سال پر انتیسویں (29) سالانہ رپورٹ بمع محتسب شدہ مالیاتی دستاویزات آڈٹ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معاشی جائزہ:

پہلے دوسہ ماہی 2020 سال ملکی معاشی حالت پر شدید دباؤ رہا - جس کی وجہ اس سال کے دوران کورونا وائرس کی وبا اور اسکے نتیجے میں ہونے والی بندش تھی۔
اس موجودہ حالت کو قابوہ پانے کے لئے حکومت نے کئی اقدامات بھی اٹھائے۔ اس موجود حالت میں معیشت کا پہیہ چلانے اور اسکو مستحکم کرنے کے لیے کئی اقدامات کیے اسٹیٹ بینک آف پاکستان نے وقتاً فوقتاً کئی ریگولیٹری اقدامات اٹھائے-تاکہ جو دباؤ cash flow کی وجہ سے ادھار لینے پر تھا وہ loan کی واپسی میں التواء کا سبب رہا تھا-لھذا اس میں آسانی پیدا کی گئی ہے-اور loan کی restructuring پر توجہ دی گئی ہے-اور policy rate میں بھی کمی کی گئی ہے۔
موجودہ معاشی، مالی اور exchange rate کا جائزہ لیتے ہوئے بین القوامی ماحول کے امکانات کے پیشِ نظر پہلے سہ ماہی 2021 کے سال میں معاشی حالات وا بہتری کی طرف گامزن ہو گئے۔

سال 2020ء کے شروع میں GDP کی افزائش 2.4% سے زیادہ کی پیشن گوئی کی گئی تھی بنسبت سال 2019ء کے دوران یہ افزائش 3.3% رہی تھی۔لیکن سا 2020ء میں اصل میں 0.4% تک گر گئی۔زیرغور سال کے دوران Inflation 10.7% تھا۔جو پچھلے سال 6.7% کے مقابلے میں بہت زیادہ رہا۔اس افراط زر میں زیادتی کی خاص وجوہات میں سے کھانے کی اشیاء کی قیمتوں میں اضافہ، POL مصنوعات میں تیزی کا رجحان اور Inflation ٹیرف میں اضافہ ہے۔پاکستان کا کرنٹ اکاؤنٹ میں نمایاں بہتری آئی ہے جو کہ US$ 3.00 bn (-1.1% GDP) پچھلے سال کے مقابلہ میں US$ 13.46bn (-4.9% GDP) ۔اس کی بنیا وجہ Balance of trade and services میں بہتری رہی ہے۔

SBP کی مالی پالیسی کمیٹی نے پالیسی کا فوری جائزہ لیا تاکہ موجودہ حالات میں مناسب اقدامات کے زریعے سے نمو اور روزگار کے مواقع میں بہتری لائی جاسکے۔کمیٹی کے خیا میں پاکستان میں افراطِ ذر اور نمو میں بہتری آنے کے امکانات موجود ہیں اور اسی لیئے اس سال بھی policy rate کو 7% پر ہی رکھا گیا اور اس طرح سال 2020 میں مجمو policy rate میں کمی 625 basis points تھی۔

Equity مارکیت کے سال 2020 میں مجموعی معاشی حالات کے تناظر میں مثبت رجحان دیکھا گیا ہے۔بحیثیتِ مجموعی معیشت کے تناظر میں سال 2020ء کے دوران Equity مارکیٹ نے بہتری کا مظاہرہ کیا۔جس کا مشاہدہ (Blue chips) کی موثر کارکردگی سے کیا جاسکتا ہے۔انڈیکس سال 2020ء کے اختتام 43094 پوائنٹس رہی۔بموازنہ پچھلے سال PSX انڈیکس 40887 پوائنٹس رہا۔
اس سال کے دوران نمایاں مالیاتی نتائج درج ذیل ہیں۔

	Year 2020 روپے ملین	Year 2019 روپے ملین
منافع	41	73
خرچے	32	31
مالی خرچہ	-	-
انتظامی خرچے	32	31
منافع Operation	9	41
حصص کی re-measurement پر غیر حقیقی فائدہ	81	13
منافع محصول سے پہلے	90	50
محصولات	13	11
منافع محصول کے بعد	77	39
منافع فی حصہ	1.503	0.768

مارکیٹ کا خطرہ

بینک کی activities کی وجہ سے بینک کو مارکیٹ کے خطرات سے مبرآزما ہونا پڑتا ہے (اس کے علاوہ کریڈٹ کے خطرات اور سالیت کے خطرات)۔ مارکیٹ کے خطرات بینک کو اپنی Activities کے دوران سامنا کرنا پڑتا ہے ان میں سود کی شرح کا خطرہ اور دوسری قیمتوں کا خطرہ موجود ہیں۔

سود کا خطرہ

شرح سود کا خطرہ کے بڑھ نے کی وجہ سود کی شرح میں تیزی ہوتی ہے جس کی وجہ سے Financial Instruments کی قیمت میں تبدیلی واقع ہوتی ہے۔ بینک سود کے خطرات سے دوچار رہتی ہے جس کی وجہ Assets and Liabilities میں Gap اور Mismatch جو ایک متعین وقت میں Mature اور Re-price ہو ہیں بینک ان خطرات کو Assets and Liabilities کو Re-price کر کے قابو میں لاتے ہیں۔

کارپوریٹ گورنینس

کمپنی کے ڈائریکٹر کا بورڈ مستقل طور پر علمی، کاروباری پلان اور کارکردگی کو کمپنی کے مقاصد کی روشنی میں جانچتا رہتا ہے بورڈ آف ڈائریکٹرز اچھے کارپوریٹ گورنینس کے اعلیٰ معیا قائم رکھنے کے لیے ہمیشہ کوشاں رہتے ہیں۔

- انتظامیہ کی تیار کردہ مالیاتی رپورٹس آپریشنز کے نتائج حصولِ زر اور استعمال نیز ایکویٹی میں ہونے والی تبدیلیوں کی درست عکاسی کرتے ہیں۔
- حسابی کتاب مناسب طور پر رکھی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں حسبِ سابق اکاؤنٹس کے درست اُصولوں کو اختیار کیا گیا ہے اور حسابی اندازوں کی بنیادی معقول اور محتاط ہے۔
- حسابات کی تیاری میں اُن بین الاقوامی معیاروں کی، جن کا نفاذ پاکستان میں ہو چکا ہے، پیروی گئی ہے اور کسی بھی انحراف کو واضح طور پر ظاہر کیا گیا ہے۔

- اندرونی کنٹرول کا نظام بلحاظِ ساخت مکمل ہے اور اس پر عملدار آمد اور نگرانی موثر ہے۔
- کمپنی کے چلتے رہنے کی صلاحیت ہر قسم کے شک وشبہ سے بالا ہے۔
- لسٹنگ ریگولیشنز میں کوڈ آف کارپوریٹ گورنینس کے بہترین طریقوں، پر عمل درآمد میں کوئی قابل ذکر انحراف نہیں ہوا ہے۔
- ڈائریکٹر کسی بھی Remuneration کے مجاز نہیں ہونگے سوائے میٹنگ فیس کے۔ میٹنگ فیس میں کوئی بھی بڑھوئی بورڈ آف ڈائریکٹرز کی منظوری سے ہوتی ہے جسے بعد میں آنے والی حصہ داروں کی میٹنگ میں منظور کیا جاتا ہے۔
- ایگزیکیوٹیو ڈائریکٹر اور چیف ایگزیکیو ڈائریکٹر کو دی گئی Remuneration کو بورڈ آف ڈائریکٹرز سے منظور کیا جاتا ہے۔ جسے بعد میں آنے والی حصہ داروں کی میٹنگ میں منظور کیا جاتا ہے۔
- کوڈ آف گورنینس کی کمپلائنس کرتے ہوئے ڈائریکٹر ٹریننگ پروگرام کت تحت بیشتر ڈائریکٹران کو ضوابطہ اور مرّوجہ قوانین کے مطابق ان کی ذمہ داری اور فرائض سے آگاہی دی جاتی ہے اس سلسلے میں یہ کوشش موجودہ سال میں جاری ہے اور آنے والے مالیاتی سال 2021 میں مکمل ہو جائے گی۔

پچھلے سالوں کی نمایاں آپریشنل اور مالی اعداد وشمار درجِ ذیل ہیں۔

	2020	2019	2018	2017	2016	2015
حصص داروں کا اثاثہ	716	639	779	582	573	519
امانت	-	-	-	8	8	29
ادھار	-	-	3	37	-	-
قلیل المبعاد سرمایہ کاری	54	242	556	415	292	260
سرمایہ کاری	438	333	113	56	125	41
زیر عمل منافع	90	50	34	22	11	3.4
خالص منافع	77	39	17	61	9	0.9
کُل اثاثہ	735	839	819	678	623	557
ڈیوڈنڈ	-	-	-	-	-	-
بونس	-	-	-	-	-	-

پراوڈنڈ فنڈ میں سرمایہ داری کی قدر

31 دسمبر 2020 غیر محتسب کھاتوں کے مطابق پیراوڈنڈ فنڈ سرمایہ داری کی قدر مسبلغ Rs.1.2 ملین (مبلغ Rs.1 ملین 2019)

طرز حصہ داری

طرز حصہ داری 31 دسمبر 2020 اور disclosure جو ضابطہ کورپوریٹ گورننس 2020 کے تحت لازمی ہے وہ اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ میں تبدیلی

زیرِ نظر رواں سال میں مسز عزرا یعقوب، مظفر احمد غوری کی جگہ کمپنی کی ڈائریکٹر منتخب ہوئی ہیں۔

بورڈاورآڈٹ کمیٹی کی میٹنگزاورحاضری

31 دسمبر کوختم ہونے والے سال میں چھ ڈائریکٹر کے بورڈ کی، چار آڈٹ کمیٹی کی اور تین Human Resoursces and Remuneration کمیٹی کی میٹنگز منعقد ہوئی ہر ایک ڈائریٹر کی حاضری درج ذیل ہے۔

نام	آزاد/غیر آزاد	انتظامی/غیر انتظامی ڈائریکٹر	بورد آف ڈائریکٹر	آڈٹ کمیٹی	ایچ آر کمیٹی
حاجی جان محمد	غیر آزاد	غیر انتظامی	6	4	ناقابل اطلاق
محمد شُعیب	غیر آزاد	غیر انتظامی	6	ناقابل اطلاق	ناقابل اطلاق
محمد محبوب	غیر آزاد	غیر انتظامی	4	ناقابل اطلاق	1
ثمرین شُعیب	غیر آزاد	غیر انتظامی	2	ناقابل اطلاق	ناقابل اطلاق
شیخ عبداللہ	آزاد	غیر انتظامی	6	4	ناقابل اطلاق
کریم محمد منیر	آزاد	غیر انتظامی	6	4	ناقابل اطلاق
مظفر احمد غوری	آزاد	غیر انتظامی	2	1	-
عذرا یعقوب	آزاد	غیر انتظامی	-	-	-
ظفر ایم شیخ	غیر آزاد	انتظامی	4	ناقابل اطلاق	1

ڈائریکٹروں کو میٹنگ سے غیر حاضری سے استثناء دی جاسکتی ہے

آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی اپنی ذمہ داری موثر انداز میں ضابطہ کے مطابق (جو بورڈ نے تشکیل دیا ہے) انجام دے رہی ہے۔

کمپنی کے حصص میں لین دین

پورے سال کے دوران ڈائریکٹر، سی ای او۔ سی ایف او، کمپنی سیکریٹری اور اندرونی آڈٹ کے سربراہ اور ان سب کی اہلیہ اور ان کے چھوٹے بچوں نے ہماری کمپنی کے حصص میں کو لین دین نہیں کی۔

کارپوریٹ گورننس کے رہنما طریقہ کار جو کمپنی نے Code of Ethics کے ذریعے ترسیل کیے ہیں تمام کمپنی کے ڈائریکٹران اور ملازمین نے اس کوڈ کو سمجھنے اور تسلیم کرنے توثیق کی ہے۔

ضابطہ اخلاف کی تفصیل

ڈائریکٹروں کے بورڈ ضابطہ اخلاف کی پوری طرح پابندی کی ہے تمام ملازمین اس ضابطہ اخلاق سے واقف ہیں اور ان سے گزارش کی جاتی کہ وہ کاروباری پابندی کرتے رہے گی

ڈائریکٹر کا تربیتی پروگرام

پروگرامکی تفصیلات Statement of complience میں مہیہ کی گئی ہے۔

منافع فی حصہ

کمپنی کا منافع فی شیئر ختم ہونے والے سال 31 دسمبر 2020 میں Rs1.503 رہا ہے. (2019 میں Rs0.768)۔

ڈیوڈنڈ

31 دسمبر 2020 کو ختم ہونے والے سال کے لیے بورڈ میٹنگ منعقدہ 13 مارچ 2021 میں کوئی ڈیوڈنڈ (Dividend) کا اعلان نہیں کیا گیا ہے۔

صورت حال

آپ کی کمپنی کی منیجمنٹ بھر پور کوشش کر رہی ہے کہ مختلف بینکوں سے کریڈٹ لائن کو بہتر کرے جس سے کمپنی کا کاروبار بہتر ہونے کے ساتھ حصص داروں کے منافع کو بڑھا جا سکے۔ مزید براں کمپنی NBFC Regulatory Framework کو مدِنظر رکھتے ہوئے مختلف کاروباری اختیارات کو دیکھ رہی ہے۔

متعلقہ پارٹی کے لین دین

listing ریگولیشن کی ضروریات کی تعمیل کیلئے کمپنی نے تمام متعلقہ پارٹی کے لین دین کو بورڈ اور آڈٹ کمیٹی کے جائزے اور منظوری کیلئے پیش کیا۔ بورڈ اور آڈٹ کمیٹی نے اپنی میٹنگز میں ان متعلقہ لین دین کو منظور کیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز بیکر تلی محمود ادریس قمر چارٹرڈ اکاؤنٹنٹ اب اس منصب سے مستعفی ہو چکے ہیں۔ اور اپنے آپ کو موجودہ سال کے لیے آڈیٹر کی نامزگی کے لیے پیش کیا ہے۔

ہم ڈائریکٹر SIBL ریگولیٹر اور Stock Exchange کے تعاون اور اعانت کے لیے بھر پور شکریہ ادا کرتے ہیں۔ اور تمام حصہ داروں کو ان کی معاونت اور تعاون کے لیے بے حد شکر گزار ہیں۔ منیجمنٹ اور اسٹاف کی انتھک کوششوں کا اعتراف کرتے ہوئے ان کا بھی شکریہ ادا کرتے ہیں۔

برائے اور از طرف ڈائریکٹر

حاجی جان محمد	**ظفر علی شیخ**
چیئرمین	چیف ایگزیکٹوز آفیسرز

کراچی 13 مارچ 2021

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 in the following manner:

1. The total number of directors during the year 2020 are 8 as per the following:

Category		Number of Directors
a	Male Director*	6
b	Female Director	2

*including the President & CEO who is an Executive Director

2. The composition of the Board as at December 31, 2020 is as follows:

Category	Name
Non-Executive Director	Mr. Haji Jan Muhammad
	Mr. Muhammad Mahboob
	Mr. Muhammad Shoaib
	Mrs. Samreen Shoaib
Independent Director	Mr. Shaikh Abdullah
	Ms. Azra Yaqub Vowda **
	Mr. Karim Muhammad Munir
President & CEO	Mr. Zafar M Sheikh

** Further, during the year ended, Ms. Azra Yaqub Vowda replaced with the outgoing director Muzaffar Ahmed Ghouri on November 26, 2020.

3. The Directors have confirmed that none of them is serving as a director on more than seven (7) listed companies, including Securities Investment Bank Limited (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The Board has approved a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and these Regulations.

7. The meetings of the Board presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and these Regulations.

9. The Board has not arranged any training program for its directors during the year. Two of the seven directors namely Mr. Muhammad Mahboob and Mr. Muhammad Shoaib have already obtained certification under the Director's Training Program and one of the directors namely Mr. Haji Jan Muhammad is exempt from Director's Training Program as per criteria prescribed in the

said regulation. The Board is committed to compliance with corporate governance regulations and plans fulfillment of the Director's Training Program within the prescribed timelines.

10. The Board has approved the Appointment of the Chief Financial Officer and the Company Secretary, Auditor including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. The financial statements of the company were duly endorsed by Chief Executive Office and Chief Financial Officer before approval of the Board.

12. The Board formulated the following committees comprising of the members listed against each committee during the year 2020:

a) Audit Committee

Name	**Designation**
Mr. Shaikh Abdullah	Chairman
Mr. Haji Jan Muhammad	Member
Mr. Muzaffar Ahmed Gahuri **	Member
Mr. Karim Muhammad Munir	Member

b) HR& Remuneration Committee

Ms. Muzaffar Ahmed Ghauri **	Chairman
Mr. Zafar M. Sheikh	Member
Mr. Muhammad Mahboob	Member

c) Risk Management Committee

Mr. Karim Muhammad Munir	Chairman
Mr. Muhammad Mahboob	Member
Mr. Muhammad Shoaib	Member
Mr. Zafar M Sheikh	Member

** Further, during the year under review Mr Muzaffar Ahmed Ghouri resigned as Chairman of HR& Remuneration Committee, will be replaced by Ms. Azra Yaqub Vowda in the up-coming board meeting.

1. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

2. The frequency of meetings of the committee were as per following:

Meetings	Frequency
Audit Committee	Four quarterly meeting were held during the year ended December 31, 2020
HR & Remuneration Committee	One meeting was held during the year ended December 31, 2020

15. The Board has set-up an effective internal audit function/managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company. However, Mr. Arsalan Channa who was appointed as internal auditor with effect from 03 August 2020, has resigned on 17 September 2020 serving one month notice. After his leaving, process of appointment of internal auditor started, Interviews were being conducted and it is still in process.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and are registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guide lines on code of ethics as adopted by the ICAP and that the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the CEO, CFO, 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. Following are explanations for non compliance with regulations, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36.

- Regulation 10(2) which requires the Board of Directors of the company to carry out annual review of business risks. However, the Company is taking measures to carry out such review in next Board meeting.
- Regulation 20(1) which requires that the Board shall appoint, determine remuneration, renew contracts and terms and conditions of employment of chief financial officer, company secretary and head of internal audit of the company. However, the Company has not appointed Head of Internal Audit as on December 31, 2020. Explanation has been provided in Para 15 above; and
- Regulation 31(5) which requires that the Company shall ensure that head of internal audit is suitably qualified, experienced and conversant with the Company's policies and procedures. However, the Company has not appointed Head of Internal Audit as on December 31, 2020. Explanation has been provided in Para 15 above.

Karachi, 13th March 2021

HAJI JAN MUHAMMAD
CHAIRMAN

ZAFAR M SHEIKH
CEO

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNINCE) 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 Security Investment Bank Limited, for the year ended December 31, 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 unconsolidated financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2020.

We draw attention to paragraph 19 to the annexed statement of compliance as at December 31, 2020 which states that the Company is in non-compliance with certain provisions of the Regulations.

Engagement Partner: Mehmood A. Razzak

Karachi.

Date: March 13, 2021

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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AUDITORS' REPORT TO THE MEMBERS

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF UNCONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS

Report On The Audit Of The Unconsolidated Financial Statements

Opinion

We have audited the unconsolidated financial statements of **SECURITY INVESTMENT BANK LIMITED** (the Company), which comprise of the unconsolidated statement of financial position as at **December 31, 2020**, and the unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement, unconsolidated statement of changes in equity for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity 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) along with Part VIIIA of the repealed Companies Ordinance, 1984, 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), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the profit, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the 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 period. 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:

1.	**Control environment relating to the financial reporting process and related IT systems**	
	Key audit matter	**How the matter was addressed in our audit**
	The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach. As the unconsolidated financial statements are based on extensive number of data flows from IT systems, consequently the financial reporting control environment is determined as a key audit matter.	Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights. Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the profit and loss account and statement of financial position.
2.	**Valuation of Investments**	
	The Company's investment comprises investments in equity and debt instruments. As at December 31, 2020 total net investment amount to Rs. 391.991 million. The valuation of these investments is made using different valuation techniques as disclosed in note 14 to the unconsolidated financial statements. The Company's accounting policy and movement in the year in the investments balances are disclosed in note no. 7.5 and 14 respectively to the unconsolidated financial statements. We have considered this as a key audit matter in view of the significance of these investments in relation to the total assets of the Company.	Valuation of investments were addressed by applying following procedures: - Evaluated the design and implementation of key control around investments; - Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; - Performed purchases and sales testing on sample basis of trades made during the year and checked that transaction were recorded in the correct period as part of investment in case of purchases/transfers. Checked the existence of the securities from the Central Depository Company's report. We also reviewed management's assessment of whether there are any indicators of impairment including those securities that are not actively traded; and Furthermore, we also assessed the adequacy of the respective disclosure relating to investments as disclosed in the unconsolidated financial statements.
3.	**Compliance with laws and regulations**	
	The Company is in highly regulated industry and is governed by stringent laws and regulations which mainly include Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008, various circulars issued by the SECP from time to time to regulate the business of the Company. The Company is required to comply with these rules and regulations.	Our audit procedures in respect of this area included the following: Obtained an understanding of the relevant legal and regulatory framework within which the Company operates and assessed the design and operation of its key controls over this framework.

3.	Compliance with laws and regulations	
	Key audit matter	**How the matter was addressed in our audit**
	We have considered compliance with laws and regulation as a key audit matter since failure to comply with any of these applicable laws and regulations could have a material financial impact on the business of the Company.	Discussed the applicable policies and procedures with senior management and reviewed Board papers, and internal audit reports for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance.

Information other than the Unconsolidated and Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the unconsolidated and consolidated financial statements of the company and our auditor's reports thereon.
Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) along with Part VIIIA of the repealed Companies Ordinance, 1984, 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) and for such internal control as management determines is necessary to enable the preparation of the unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

b) the unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017)along with Part VIIIA of the repealed Companies Ordinance, 1984, 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) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mehmood A. Razzak.

Karachi
Date: March 13, 2021

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Note	2020	2019
		---------- Rupees	----------
ASSETS			
NON CURRENT ASSETS			
Property and equipment	8	**156,727,396**	158,654,100
Intangible assets	9	**3,043,340**	3,353,336
Deferred tax	22	**941,809**	-
Long term investments	10	**45,941,799**	45,941,799
Long term financing	11	**5,017,015**	7,567,047
Long term loans and advances	12	**2,500,000**	2,500,000
		214,171,359	218,016,282
CURRENT ASSETS			
Short term financing	13	**53,968,338**	242,654,793
Short term investments	14	**391,990,545**	288,064,541
Loans and advances	15	**1,030,957**	1,479,000
Deposits, prepayments and other receivables	16	**8,065,351**	3,510,029
Accrued interest	17	**2,903,489**	9,613,068
Tax refund due from Government	18	**55,843,850**	67,623,955
Cash and bank balances	19	**7,293,874**	8,033,947
		521,096,404	620,979,333
TOTAL ASSETS		**735,267,763**	838,995,615
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
100,000,000 (2019: 100,000,000) ordinary shares of Rs.10/- each		**1,000,000,000**	1,000,000,000
Issued, subscribed and paid-up share capital	20	**514,335,580**	514,335,580
Statutory reserves	21	**186,259,883**	170,798,844
Accumulated profit / (losses)		**15,396,933**	(46,447,221)
		715,992,396	638,687,203
NON-CURRENT LIABILITIES			
Deferred tax	22	**-**	980,476
CURRENT LIABILITIES			
Subordinated loan	23	**-**	180,000,000
Unclaimed dividend		**2,090,749**	2,094,583
Accrued and other liabilities	24	**17,184,618**	17,233,353
		19,275,367	199,327,936
TOTAL EQUITY AND LIABILITIES		**735,267,763**	838,995,615
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

SHAKEEL AHMED	ZAFAR M. SHEIKH	HAJI JAN MOHAMMAD
CFO	CHIEF EXECUTIVE	CHAIRMAN/DIRECTOR

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		---------- Rupees	----------
Income			
Income on financing	26	**10,943,250**	54,294,087
Return on securities	27	**12,090,674**	4,263,101
Gain on sale of investments		**16,446,192**	5,070,366
Profit on deposit with banks		**555,262**	1,013,550
Other income	28	**1,285,938**	8,577,392
		41,321,316	73,218,496
Expenditure			
Administrative expenses	29	**32,117,244**	31,826,520
Operating profit before taxation		**9,204,072**	41,391,976
Loss on investment in subsidiary		**-**	(4,058,201)
Unrealized gain on remeasurement of investments classified as fair value through profit or loss		**80,954,237**	13,337,834
Profit before taxation		**90,158,309**	50,671,609
Taxation	30	**(12,853,116)**	(11,163,266)
Net profit after tax		**77,305,193**	39,508,343
Earnings per share - basic and diluted	31	**1.503**	0.768

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

SHAKEEL AHMED	ZAFAR M. SHEIKH	HAJI JAN MOHAMMAD
CFO	CHIEF EXECUTIVE	CHAIRMAN/DIRECTOR

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	---------- Rupees	----------
Net profit after tax	**77,305,193**	39,508,343
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit and loss account Surplus/deficit on revaluation of investments	-	-
Total comprehensive income for the year	**77,305,193**	39,508,343

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

SHAKEEL AHMED	ZAFAR M. SHEIKH	HAJI JAN MOHAMMAD
CFO	CHIEF EXECUTIVE	CHAIRMAN/DIRECTOR

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**90,158,309**	50,671,609
Adjustment for non cash and other items		
Depreciation	**1,963,202**	2,240,496
Amortization	**309,996**	196,664
Impairment loss	**-**	4,058,201
Liability written-off	**-**	7,429,663
Gain on disposal of shares	**(16,446,192)**	(5,070,366)
Loss / (gain) on disposal of fixed assets	**(8,998)**	(194,637)
Unrealized gain on remeasuerment of investments classified as fair value through profit and loss	**(80,954,237)**	(13,337,834)
	(95,136,229)	(4,677,813)
Cash flows from operating activities before working capital changes	**(4,977,920)**	45,993,796
(Increase) / decrease in operating assets		
Short term financing	**188,686,455**	317,341,909
Loans and advances	**448,043**	(53,805)
Deposits, prepayments and other receivables	**(4,555,322)**	508,344
Accrued interest	**6,709,579**	(6,954,227)
	191,288,755	310,842,221
(Decrease) in operating liabilities		
Unclaimed dividend	**(3,834)**	-
Short term borrowings	**-**	(2,759,096)
Accrued and other liabilities	**(48,735)**	(22,771,515)
	(52,569)	(25,530,611)
Net change in operating assets and liabilities	**191,236,186**	285,311,610
Income tax paid	**(2,995,296)**	(1,200,236)
Net cash generated from operating activities	**183,262,970**	330,105,170
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets - net	**(36,500)**	(121,600,347)
Additions in intangible assets	**-**	(1,050,000)
Investment in quoted shares	**(265,800,979)**	(230,715,025)
Sale proceeds of disposal of fixed assets	**9,000**	804,800
Sale of investments (shares)	**259,275,400**	24,059,885
Net cash used in investing activities	**(6,553,075)**	(328,500,687)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	**2,550,032**	(3,025,751)
Subordinated loans	**(180,000,000)**	-
Net cash used in financing activities	**(177,449,968)**	(3,025,751)
Net decrease in cash and cash equivalents	**(740,073)**	(1,421,268)
Cash and cash equivalents at the beginning of the year	**8,033,947**	9,455,215
Cash and cash equivalents at the end of the year	**7,293,874**	8,033,947

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

SHAKEEL AHMED	ZAFAR M. SHEIKH	HAJI JAN MOHAMMAD
CFO	CHIEF EXECUTIVE	CHAIRMAN/DIRECTOR

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Issued, Subscribed and Paidup Share Capital	Reserves		Gain / (loss) on remeasurement of investments measured at fair value through other comprehensive income	Total
		Statutory reserve	Accumulated profit / (losses)		
	---------- Rupees ----------				
Balance as at January 01, 2019	**514,335,580**	**162,897,175**	**(78,053,895)**	**(287,166)**	**598,891,694**
Total comprehensive income for the year ended December 31, 2019					
Profit for the year	-	-	39,508,343	-	39,508,343
Other comprehensive income	-	-	-	-	-
	-	-	39,508,343	-	39,508,343
Reclassification of unrealised loss to profit and loss account	-	-	-	287,166	287,166
Transfer to statutory reserve	-	7,901,669	(7,901,669)	-	-
Balance as at December 31, 2019	**514,335,580**	**170,798,844**	**(46,447,221)**	**-**	**638,687,203**
Total comprehensive income for the year ended December 31, 2020					
Profit for the year	-	-	77,305,193	-	77,305,193
Other comprehensive income	-	-	-	-	-
	-	-	77,305,193	-	77,305,193
Reclassification of unrealised loss to profit and loss account	-	-	-	-	-
Transfer to statutory reserve	-	15,461,039	(15,461,039)	-	-
Balance as at December 31, 2020	**514,335,580**	**186,259,883**	**15,396,933**	**-**	**715,992,396**

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

SHAKEEL AHMED	ZAFAR M. SHEIKH	HAJI JAN MOHAMMAD
CFO	CHIEF EXECUTIVE	CHAIRMAN/DIRECTOR

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. STATUS AND PRINCIPAL ACTIVITIES

1.1 Security Investment Bank Limited (the Company) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company was incorporated in Pakistan on May 23, 1991 and started its commercial operations on December 31, 1991. Its shares are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at Office No. 1, 1st Floor, Junaid Plaza, I-10 Markaz, Islamabad.

1.2 The Company is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under section 282C of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP) as amended through SRO 1002 (I) /2015 dated October 15, 2015 and Non-Banking Finance Companies and Notified Entities Regulations 2008 as amended through SRO 1160(I) / 2015 dated November 25, 2015 (previously this was covered under SRO 585(1)/87 dated July 13, 1987, issued by the Ministry of Finance). The license is valid until May 29, 2022.

1.3 During the year the Company has not renewed its credit rating. During the year 2019, VIS Credit Rating Company Limited (VIS) had assigned initial entity ratings of 'BBB+/A-2' (Triple B Plus/A-Two) to Security Investment Bank Limited (SIBL). The long term rating of 'BBB+' signifies adequate credit quality. The short term rating of 'A-2' signifies good certainty of timely payment.

1.4 In the year 2016, the Company made an investment in newly incorporated wholly owned subsidiary company namely Security Capital & Investment (Private) Limited amounting to Rs. 50 million. As per the agreement dated September 07, 2016 between the Company and the subsidiary, the Company ceded the legal right on Trading Right Entitlement Certificate (TREC) and 1,602,953 shares of the Pakistan Stock Exchange Limited (PSX) and Pakistan Mercantile Exchange (PMEX) membership card to the subsidiary. During the year 2017, the TREC had been transferred by the Company in the name of the subsidiary. However, title of shares of PSX and PMEX card has not yet been transferred in the name of the subsidiary due to the reason that the subsidiary has not obtained license to deal as broker from SECP till the date of unconsolidated statement of financial position.

Rahat Aziz, an advocate of High Court, had filed an application on instruction of Security Capital & Investment (Private) Limited for striking off the name of the Company from the Register of Companies under Companies Easy Exit Scheme (CEES). And on 15 January 2020, via Letter No. CEER/MISC/1-1/2020 of Securities and Exchange Commission of Pakistan, persuant to the provisions of sub section (1) of section 426 of the Companies Act, 2017 (the Act) read with Companies (Easy Exit) Regulations, 2014 (the Regulations), same has been accepted and dissolution letter will be issued to the company after publication of company name under sub section 426(3) of the Companies Act, 2017.

1.5 Disclosure of Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. The management has carried out its assessment in respect of COVID-19 and is of the view that there is no material impact due to COVID-19 on the financial statements of the Company.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at Office No. 1, 1st Floor, Junaid Plaza, I-10 Markaz, Islamabad. The Company has a regional office at Suite no. 502, 5th Floor, Madina City Mall, Abdullah Haroon Road, Saddar Karachi.

3. BASIS OF PREPARATION

3.1 Unconsolidated financial statements

These are the unconsolidated financial statements (herein after referred as the financial statements) of the Company in which investment in subsidiary is accounted for on the basis of direct or indirect equity interest rather than on the basis of reported results and net assets of the investee. Consolidated financial statements of the Company are prepared separately.

3.2 Statement of compliance

These unconsolidated 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 Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, 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), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and directives issued by Securities and Exchange Commission of Pakistan (SECP) 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, the NBFC Regulations and directives issued by SECP have been followed.

3.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees which is the functional and presentation currency of the Company and rounded to the nearest Rupee.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

4.1 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

There are certain amendments to existing accounting and reporting standards that have become applicable to the Company's accounting periods beginning on or after January 01, 2020. These are considered either not to be relevant or do not have any significant impact on the Company's operations and therefore are not detailed in these unconsolidated financial statements.

4.2 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2021:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Covid-19 Related Rent concessions - Amendment to IFRS 16	June 01, 2020
Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IFRS 7 IFRS 4 and IFRS 16	January 01, 2021
Classification of Liabilities as Current or Non-current - Amendments to IFRS 3	January 01, 2023
Reference to the Conceptual Framework - Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment Proceeds before Intended use - Amendments to IAS 16	January 01, 2022
Annual improvement process IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
Sale or contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, underlying assumptions and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future

events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the unconsolidated financial statements:

(a) determining the residual values and useful lives of property and equipment (Note 8)
(b) classification, valuation and impairment of financial instruments (Note 7.4 and 7.5)
(c) recognition of taxation and deferred tax (Note 7.15) and
(d) accounting for post employment benefits (Note 7.8)
(e) impairment of non financial assets (Note 7.3)

6. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention, except for investments carried at fair value through profit and loss and investments carried at fair value through other comprehensive income. In these unconsolidated financial statements, except for the amount reflected in cash flow statements, all the transactions have been accounted for on accrual basis.

7. SIGNIFICANT ACCOUNTING POLICIES

7.1 Property and equipment

Property and Equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit and loss account applying the straight line method in accordance with the rate specified in note 8 to these unconsolidated financial statements, whereby the cost of an asset is written off over its estimated useful life. Full month's depreciation is charged on additions during the month in which asset is acquired, while no depreciation is charged in the month of disposal.

The assets residual values and useful lives are reviewed, and adjusted if significant, at each statement of financial position date. Minor renewals or replacements, maintenance, repairs and profit or loss on disposal of fixed assets are included in current year's income. Major renewals and repairs are capitalized.

Fully depreciated assets are being kept at written down value of Rs. 1/- each.

7.2 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Intangibles are stated at cost less accumulated amortization and impairment losses, if any. These costs are amortized over their estimated useful life using the straight-line method. (Refer Note 9)

7.2.1 Trading rights and membership card

These are stated at cost less impairments, if any. The carrying amounts are reviewed at each statement of financial position 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.

7.3 Impairment

The carrying amount of the Company's assets, except assets carried as per IFRS-9, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognised as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

7.4 Investments in subsidiary

Investment in unquoted subsidiary is initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

7.5 Financial Instruments

Financial Assets

The Company classifies its financial assets in the following categories: The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

b) Financial assets at fair value through other comprehensive income

The Company operates a recognised Provident Fund (the Fund) for its permanent employees.

c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Derecognition of financial assets

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

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables.

Off-setting of financial assets and financial liabilities

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

7.6 Impairment of financing

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. This objective evidence of impairment of fixed income securities is determined in accordance with provisioning criteria for non performing exposures as per the requirements of NBFS Rules and Regulations.

7.7 Trade date and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the settlement date, i.e. the date on which the asset is delivered to or by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

7.8 Staff retirement benefits

Defined contribution plan

The Company operates an approved Provident Fund Scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and the employee, to the fund @10% of basic salary.

7.9 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income currently.

7.10 Cash and bank balances

Cash in hand and at bank are carried at nominal amounts.

7.11 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks in current and deposit account and short term clean placement.

7.12 Provisions

Provisions are recognised when the Company has legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

7.13 Revenue

Income on financing, placement, government securities, profit on deposits and term finance certificates are generally recognised on time proportion basis taking into account the principal / net investment outstanding and applicable rates of profit / return thereon. Income on discounted commercial papers is recognized on a time proportion basis over the life of instruments. Where recovery is considered doubtful, income is recognised on receipt basis.

Dividends on equity investments are recognised as income when the right to receive payment is established.

Income from capital gains is recognised on earned basis.

Fee, commission, liquidated damages etc. are recorded on earned basis except which is spread over the time proportion.

7.14 Finance cost

Finance cost includes return on deposits and borrowings which are recognised on a time proportionate basis taking into account the relevant issue date and final maturity date.

7.15 Taxation

Current

Current tax is the expected tax payable on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method on all temporary differences at the statement of financial position date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, if any, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of all deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the statement of financial position date.

Deferred tax on surplus / (deficit) on revaluation of investments is charged or credited directly to the same account.

7.16 Related party transactions

All transactions with the related parties are priced on arm's length basis.

7.17 Provision for doubtful debts on financing

The Company reviews its doubtful debts at each reporting date to assess whether provision / (income suspension) should be recorded in the profit and loss account in addition to the mandatory provision / (income suspension) required in accordance with the requirements of the NBFC Regulations issued by Securities and Exchange Commission of Pakistan. In particular, calculating the provision for doubtful debts on financing is subject to numerous judgments, estimates and timing of future cash flows. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

7.18 Dividend distributions and appropriations

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

8. PROPERTY AND EQUIPMENT

	Leasehold Property	Building	Furniture and fixtures	Computer and Equipments	Vehicles	Generator	Telephone System	Total
	Rupees							
As at December 31, 2018								
Gross carrying value basis								
Cost	-	32,000,000	8,969,102	3,448,967	940,501	582,736	253,969	46,195,275
Accumulated depreciation	-	(53,334)	(3,112,703)	(2,413,433)	(102,668)	(509,008)	(99,718)	(6,290,864)
Net book value	-	31,946,666	5,856,399	1,035,534	837,833	73,728	154,251	39,904,411
Year ended December 31, 2019								
Net carrying value basis								
Opening net book value	-	31,946,666	5,856,399	1,035,534	837,833	73,728	154,251	39,904,411
Additions (at cost)	121,516,047	-	15,000	69,300	-	-	-	121,600,347
Disposals								
Cost	-	-	(67,865)	-	(900,000)	-	-	(967,865)
Accumulated depreciation	-	-	57,702	-	300,000	-	-	357,702
	-	-	(10,163)	-	(600,000)	-	-	(610,163)
Depreciation charge	-	(640,000)	(889,742)	(423,437)	(219,112)	(11,640)	(56,564)	(2,240,495)
Closing net book value	121,516,047	31,306,666	4,971,494	681,397	18,721	62,088	97,687	158,654,100
As at December 31, 2019								
Gross carrying value basis								
Cost	121,516,047	32,000,000	8,916,237	3,518,267	40,501	582,736	253,969	166,827,757
Accumulated depreciation	-	(693,334)	(3,944,743)	(2,836,870)	(21,780)	(520,648)	(156,282)	(8,173,657)
Net book value	121,516,047	31,306,666	4,971,494	681,397	18,721	62,088	97,687	158,654,100
Year ended December 31, 2020								
Net carrying value basis								
Opening net book value	121,516,047	31,306,666	4,971,494	681,397	18,721	62,088	97,687	158,654,100
Additions (at cost)	-	-	-	36,500	-	-	-	36,500
Disposals								
Cost	-	-	-	(77,400)	-	-	-	(77,400)
Accumulated depreciation	-	-	-	77,398	-	-	-	77,398
	-	-	-	(2)	-	-	-	(2)
Depreciation charge	-	(640,000)	(888,625)	(327,121)	(8,100)	(11,643)	(87,713)	(1,963,202)
Closing net book value	121,516,047	30,666,666	4,082,869	390,774	10,621	50,445	9,974	156,727,396
As at December 31, 2020								
Gross carrying value basis								
Cost	121,516,047	32,000,000	8,916,237	3,477,367	40,501	582,736	253,969	166,786,857
Accumulated depreciation	-	(1,333,334)	(4,833,368)	(3,086,593)	(29,880)	(532,291)	(243,995)	(10,059,461)
Net book value	121,516,047	30,666,666	4,082,869	390,774	10,621	50,445	9,974	156,727,396
Depreciation rate per annum (%)	-	2	10	20	20	10	10	

8.1 Cost and accumulated depreciation as at the end of the year include an amount of Rs. 3,035,614/- (2019 : Rs. 2,137,486/-) in respect of fully depreciated assets still in use.

8.2 **Particulars of Disposal of Property and Equipment**

	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit / (Loss) on Disposal	Mode of Disposal	Particulars of Buyer	Relationship
	---------- Rupees ----------							
Computer and Equipments								
Split Air Conditioner-GABA Electronics	70,400	70,399	1	8,000	7,999	Negotiation	Unrelated Party	No Relationship
Air conditioner-Old	7,000	6,999	1	1,000	999			

	Note	2020	2019
		---------- Rupees ----------	
9. INTANGIBLE ASSETS			
Corporate membership of the PMEX		**2,500,000**	2,500,000
NBFC License	**9.1**	**333,340**	583,336
DHA Membership	**9.2**	**210,000**	270,000
		3,043,340	3,353,336

9.1 This represents NBFC license which was renewed on 29 May 2019 and is valid for three years from the date of renewal.

9.2 This membership was acquired on 27 June 2019 which is valid for a period of 5 years and after that it shall be renewed as per the requirements of Pakistan Defence Officers Housing Authority.

	Note	2020	2019
		---------- Rupees ----------	
10. LONG TERM INVESTMENTS			
Investment - subsidiary			
5,000,000 ordinary shares of Security Capital & Investments (Private) Limited @ Rs. 10/- each	**10.1**	**45,941,799**	45,941,799

10.1 This represents investment in wholly owned subsidiary of the Company as detailed in note 1.4 to this unconsolidated financial statements. Break up value per share on December 31, 2020 is Rs. 10.145 (2019: Rs. 9.188).

	Note	2020	2019
		---------- Rupees ----------	
11. LONG TERM FINANCING			
Murabaha Financing			
Secured and considered good			
Murabaha finance		**60,371,151**	12,979,298
Less: Deferred Murabaha income		**(1,385,798)**	(1,393,381)
Murabaha receivable	**11.1**	**58,985,353**	11,585,917
Less: Current maturity		**(53,968,338)**	(4,018,870)
		5,017,015	7,567,047

11.1 These represent financing of vehicle on Murabaha basis against hypothecation of vehicles for a period of 2 years to 3 years, carrying mark up at 1 Year KIBOR + 3% per annum (2019: 1 Year KIBOR+3%).

	Note	2020	2019
		---------- Rupees ----------	
12. LONG TERM ADVANCE			
Advances - secured			
- Staff		**410,957**	1,129,000
- Against expenses		**620,000**	350,000
- For office premises	**12.1**	**2,500,000**	2,500,000
		3,530,957	3,979,000
Less: Current portion		**(1,030,957)**	(1,479,000)
		2,500,000	2,500,000

12.1 This amount represents advance paid for office space in National Commodity Exchange Limited Building (NCEL) in the year 2003-04 and 2004-05. The said building is still under construction.

	Note	2020	2019
		---------- Rupees ----------	
13. SHORT TERM FINANCING - Secured and considered good			
Associated companies	**13.1**	**-**	238,635,923
Current maturity under murabaha finance	**11**	**53,968,338**	4,018,870
		53,968,338	242,654,793

13.1 Non-compliance with Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations)

13.1.1 Regulation 19(h) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) states that an NBFC shall not provide finance to its major shareholders, chief executive, directors, key executives firms or companies in which it or any of its chief executive, directors, key executives, or their close relatives are interested as a partner, director, guarantor or major shareholder. However, as at December 31 2019, the Company had primarily provided financing facilities to its related parties including directors and officers.

During the year 2016, in response to amendments in the Regulations as to restriction imposed on financing made to related parties as stated in regulation 19(h), the Company vide letter dated February 4, 2016 requested Securities and Exchange Commission of Pakistan (the Commission) to grant relaxation from regulation 19(h). The Commission vide its letter dated February 17, 2016 refused the relaxation and directed the Company to comply with the amended Regulations within stipulated time period of six months. The Company vide letter dated April 18, 2016 again requested for the relaxation which was not responded by the Commission.

13.1.2 Regulation 17(2) of the Regulations states that the total outstanding Exposure (fund based and non-fund based) by an NBFC to any group shall not exceed twenty-five per cent (25) of the equity of an NBFC (as disclosed in the latest financial statements), provided that the maximum outstanding fund-based Exposure does not exceed twenty per cent (20) of the equity of an NBFC. However, as at December 31, 2019, the Company had breached total exposure and the fund based exposure limits with respect to H.M. Esmail & Company Limited, New Delite Company Limited, Madina Electronics, ARY Services (Private) Limited by 4.12% and 9.12% respectively.

13.1.3 Regulation 18A of the Regulations states that an NBFC may provide unsecured Finance up to Rs. 200,000/- (Rupees two hundred thousand only) to a single borrower. However, as at December 31, 2019, the Company had extended unsecured financing to H.M. Esmail & Company Limited, New Delite Company Limited, ARY Services (Private) Limited, Madina Electronics and Stallion Deliveries (Private) Limited amounting to Rs. 113.5 million, Rs. 61.216 million, Rs. 46.368 million, Rs. 14.05 million and 1.56 million respectively.

13.1.4 Regulation 23 of the Regulations states that an NBFC while taking an exposure shall not provide finance if the total Exposure availed by the borrower from financial institutions exceeds 10 times the Equity of the borrower as disclosed in the financial statements of the borrower, provided that the fund-based Exposure of a borrower shall not exceed 4 times of its equity as disclosed in the borrower's latest financial statements. However, as at December 31 2019, the equity of ARY Services (Private) Limited , Madina Electronics, Stallion Deliveries Stallion Deliveries (Pvt) were negative, based on their financial statements as at June 30, 2019, by Rs. 336.35 million, Rs. 13.86 million and Rs. 52.68 million respectively.

13.1.5 During the year 2018, the Commission carried out the inspection and directed the Company to provide comments on violation of above stated Regulation 19(h), 17(1), 17(2), 18A and Regulation 23 of the Regulations vide letter SCD/S&ED-IW/SIBL/2018/324, dated July 02, 2018.

Furthermore, SECP vide its letter No. SCD-S&ED-IW/SIBL/2018/29 dated August 20, 2018 instructed the Company to provide detailed plan/schedule of repayments against all financing extended by the Company. The Company in response to the said letter has submitted the required repayment plan/schedule vide its letter dated September 3, 2018.

During the year 2019, the Company had adjusted its portfolio of financing on the basis of repayment schedule shared with and confirmed by SECP through letter October 17, 2018.

Further, the Company submitted an application vide its letter Ref. 2020-010002 dated January 13, 2020 to SECP for extension of group loan/financing for the term of 2 years, which was not acceded by the Regulator vide its letter No. SC/NBFC-42/SIBL/2019/42 dated February 06, 2020. Therefore, the Company decided to adjust the entire amount of subordinated loan against the outstanding amount of group financing as on December 31, 2019 through Circular Resolution of the Board dated February 14, 2020. The said Resolution was submitted to the SECP vide letter Ref. 2020-010010-MS dated Februrary 18, 2020 on which the decision of Regulator was acceeded by SECP on April 16, 2020. During the year 2020, the financing to related parties has been adjusted subordinated loan.

	Note	2020	2019
		---------- Rupees ----------	
14. SHORT TERM INVESTMENTS			
Measured at amortised cost			
Market treasury bills		**53,000,000**	25,000,000
Measured at fair value through other other comprehensive income			
Term finance certificates	**14.1**	**5,836,219**	5,836,219
Measured at fair value through profit or loss			
Investment in equity shares	**14.2**	**333,154,326**	257,228,322
		391,990,545	288,064,541

14.1 Particulars of listed Term Finance Certificates (TFC) :

	No. of Certificates		2020		2019	
			Cost	Market Value	Cost	Market Value
	2020	2019	---------- Rupees ----------			
Telecard Limited	**5,000**	5,000	**7,781,625**	**5,836,219**	7,781,625	5,836,219

14.1.1 Terms of redemption of listed TFCs are as follows:

Particulars	Certificates denomination	Profit rate per annum	Profit payment	Redemption terms
Telecard Limited	5,000	3 months KIBOR + 0%	Quarterly	Originally Eight years from May 2005. Then rescheduled up to May 27, 2015. Now it is restructured to be redeemable over the period of 5 years with 2 years grace period carrying mark up @ 3 months KIBOR+0%.
Valuation of certificates	5,000			
Redemption up to December 31, 2020	3,467			
Balance as at December 31, 2020	1,533			

14.1.2 Telecard Limited has restructured its TFCs redemption schedule on December 30, 2011 relating to the default of payment of redemption due on May 27, 2011, without any consequences or delay penalties after the approval obtained by the Company from the TFC holders upon Company's request. The said restructuring has resulted in lower current maturity. As a result, the last redemption date had been extended to May 27, 2015, instead of the revised final redemption date of November 27, 2013. In the year 2015 it was restructured to be redeemable over the period of 5 years with 2 years grace period carrying mark up @ 3 months KIBOR + 0%.

The TFCs are secured against a first specific charge over the fixed assets of the Company, aggregating to Rs. 800 million and specific charge over the intangible assets (frequency spectrum) procured from the Pakistan Telecommunication Authority.

14.2 Quoted Shares

All shares have face value of Rs. 10/- each unless identified otherwise.

2020	2019		2020		2019	
No. of ordinary shares			Cost	Market Value	Cost	Market Value
			---------- Rupees ----------			
		Cement				
365,708	277,021	Lucky Cement Limited	**164,926,570**	254,565,682	**117,001,592**	118,675,796
28,872	28,872	D.G. Khan Cement Company Limited	**2,355,185**	3,308,154	**2,355,185**	2,144,323
25,445	125,445	Maple Leaf Cement Factory Limited	**939,684**	1,145,279	**4,632,684**	2,902,797
50,000	50,000	Fauji Cement Company Limited	**729,500**	1,083,500	**729,500**	778,000
21,993	81,993	Pioneer Cement Limited	**641,316**	2,271,877	**2,390,916**	2,499,967
		Bank				
629,253	917,443	Bank Al Habib Limited	**41,939,010**	43,796,009	**63,971,295**	69,872,458
48,737	13,112	MCB Bank Limited	**7,912,030**	9,029,991	**2,590,013**	2,687,173
-	70,149	Faysal Bank Limited	**-**	-	**1,207,264**	1,334,234
45,175	134,175	Habib Metropolitan Bank Limited	**1,771,614**	1,761,373	**5,261,898**	4,877,261
4,467	-	Bank Of Punjab	**42,571**	41,409		
6,512	41,512	Bank Alfalah Limited	**262,434**	230,069	**1,672,934**	1,897,098
		Chemical				
-	33,300	ICI Pakistan Limited	**-**	-	**17,230,138**	22,472,505
-	210,000	Lotte Chemical Pakistan Limited	**-**	-	**3,250,800**	2,944,200
-	5,329	Akzo Nobel Pakistan Limited	**-**	-	**755,173**	1,432,808
		Foods & Personal Care Products				
-	200,000	Fauji Foods Limited	**-**	-	**3,302,705**	2,894,000
		Oil & Gas Exploration Compaies				
-	3,000	Pakistan Oilfields Limited	**-**	-	**1,144,110**	1,340,160
115,750	120,750	Sui Southern Gas Company Limited	**2,068,909**	1,680,690	**2,158,279**	2,598,540

2020	2019		2020		2019	
No. of ordinary shares			Cost	Market Value	Cost	Market Value
			---------- Rupees ----------			
		Power Generation				
126,500	-	Kot Addu Power Company Limited	**2,873,201**	3,440,800	**-**	-
114,000	140,000	The Hub Power Company Limited	**9,344,927**	9,043,620	**11,478,501**	13,069,000
		Synthetic & Rayon				
1,000	-	Gatron (Industries) Limited	**675,000**	620,000	**-**	-
		Modarabas				
685	-	First Prudential Modaraba	**692**	966	**-**	-
		Fertilizer				
5,581	-	Fatima Fertilizer Company Limited	**130,093**	162,407	**-**	-
		Technology & Communication				
60,000	-	Hum Network Limited	**334,416**	326,400	**-**	-
71,000	300,000	Pakistan Telecommunication Company Ltd	**825,020**	646,100	**2,757,500**	2,808,000
1,720,678	2,752,101		**237,772,171**	333,154,326	**243,890,487**	257,228,322

		2020	2019
		---------- Rupees ----------	
15.	**LOANS AND ADVANCES**		
	Current portion of advances	**1,030,957**	1,479,000
16.	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**		
	Security deposits	**361,280**	361,280
	Prepayments	**727,185**	750,736
	Other receivables - considered good	**6,976,886**	2,398,013
		8,065,351	3,510,029
17.	**ACCRUED INTEREST**		
	Profit on demand finance- receivable	**147,947**	6,383,518
	Profit on TFC - receivable	**1,369,744**	1,369,744
	Profit on murabaha car finance receivable	**1,385,798**	1,859,806
		2,903,489	9,613,068
18.	**TAX REFUND DUE FROM GOVERNMENT**		
	Advance tax	**272,862,387**	269,867,091
	Less: Provisions for taxation	**(217,018,537)**	(202,243,136)
		55,843,850	67,623,955

		Note	2020	2019
			---------- Rupees	----------
19.	**CASH AND BANK BALANCES**			
	Cash in hand		**45,012**	47,798
	With State Bank of Pakistan in current account		**4,009**	5,419
	Current accounts		**1,805,810**	1,825,147
	Deposit accounts	**19.1**	**5,439,043**	6,155,583
			7,293,874	8,033,947

19.1 Rate of return on these deposits accounts range from 5% to 7% per annum (2019: 8% to 12% per annum).

			Note	2020	2019
				---------- Rupees	----------
20.	**ISSUED, SUBSCRIBED AND PAID UP CAPITAL**				
Number of shares					
2020	**2019**				
23,552,000	23,552,000	Ordinary shares of Rs. 10/- each fully paid in cash		**235,520,000**	235,520,000
27,881,558	27,881,558	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares.		**278,815,580**	278,815,580
51,433,558	51,433,558			**514,335,580**	514,335,580
21.	**STATUTORY RESERVES**		**21.1**	**186,259,883**	170,798,844

21.1 This reserve is created at the rate of 20% of profit for the year from ordinary activities after taxation as per management discretion. However, in prior periods, this reserve was created in compliance with Regulation No. 16 of Non-Banking Finance Companies and Notified Entities Regulations 2008, as this was mandatory to be created by a deposit taking NBFC. The Company has ceased to be a deposit taking NBFC in 2016.

		Note	2020	2019
			---------- Rupees	----------
22.	**DEFERRED TAX**			
	Deferred tax liability / (asset) arising in respect of:			
	Accelerated depreciation		**3,307,988**	2,981,151
	Unrealized gain/(loss) on revaluation of investments measured at fair value through profit on loss		**12,143,153**	(2,000,675)
	Unabsorbed business losses		**(4,816,421)**	-
	Unabsorbed tax depreciation		**(875,507)**	-
	Alternative corporate tax-2020		**(10,701,022)**	-
			(941,809)	980,476
22.1	**Movement in deferred tax**			
			980,476	2,552,146
	Opening balance - liability		**1,922,285**	(1,571,670)
	Income / (expense) during the year			
			(941,809)	980,476
	Closing balance - (assets) / liability			

	Note	2020	2019
		---------- Rupees	----------

23. SUBORDINATED LOAN

Subordinated loan - Unsecured	-	-
Current portion of subordinated loan	-	(180,000,000)
	-	(180,000,000)

23.1 This subordinated loan was raised by the Company from Sponsors Directors. The loan was granted for a terms of three years, commencing from date of the said agreement dated April 10, 2018. The interest rate implicit in the agreement was six month KIBOR, which was ratified by the Securities and Exchange Commission of Pakistan (SECP) via letter no. SC/NBFC/SIBL/42/2018/233 dated September 17, 2018. The principal amount and interest thereon were repayable at the maturity of the loan i.e. April 10, 2021.

23.2 In accordance with the requirement of Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (vide SRO No. 1002(I)/2015 dated October 15, 2015 and SRO No. 1160(I)/2015 dated November 25, 2015), the Securities and Exchange Commission of Pakistan has instructed existing NBFCs to meet with Minimum Capital requirement of Rs.750 million to raise deposits. In order to avail the license of deposit taking NBFC, during the year, the Company has raised subordinated loan of Rs. 180 million from related parties under Clause xix of Rule 2 of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

23.3 On July 31, 2019, the Company obtained consent from Sponsor Directors to waive the interest accrued on subordinated loan till June 30, 2019. Further, on August 26, 2019, the Board of Directors passed a resolution for waiver of interest on subordinated loan till its maturity.

23.4 During the year 2019, the Company decided to adjust the entire amount of subordinated loan against the outstanding amount of group financing as on December 31, 2019 through Circular Resolution of the Board dated February 14, 2020. The said Resolution was submitted to the SECP vide letter Ref. 2020-010010-MS dated Februrary 18, 2020.

23.5 During the current year, upon request of the Company, SECP through letter No. SC/NBFC-42/SIBL/2019-90 dated April 15, 2020 has acceeded the Company's request and issued a directive to adjust the subordinated loan of Rs. 180,000,000 against settlement of group financing / loan. Accordingly, the Company has adjusted its book of accounts with the same amount.

	Note	2020	2019
		---------- Rupees	----------

24. ACCRUED AND OTHER LIABILITIES

Payable to related parties	**14,024,097**	14,800,033
Accrued and other expenses	**3,160,521**	2,433,320
	17,184,618	17,233,353

24.1 This includes the amount paid by the wholly owned subsidiary namely Security Capital & Investment (Private) Limited against purchase of assets (including PMEX membership card) amounting to Rs. 14 million.

25. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at the statement of financial position date.

	Note	2020	2019
		---------- Rupees	----------

26. INCOME ON FINANCING

Demand finance	**10,302,511**	52,585,943
Murabaha finance	**640,739**	1,610,265
Lease finance	**-**	97,879
	10,943,250	54,294,087

		Note	2020	2019
			---------- Rupees ----------	
27.	**RETURN ON SECURITIES**			
	Return on government securities		**4,350,183**	1,561,213
	Return on term finance certificates (TFCs)		**-**	295,741
	Dividend income		**7,740,491**	2,406,147
			12,090,674	4,263,101
28.	**OTHER INCOME**			
	Gain on sale of fixed assets		**8,998**	194,637
	Commission		**-**	195,234
	Processing income		**607,350**	68,850
	Rental income		**624,000**	-
	Miscellaneous		**45,590**	8,118,671
			1,285,938	8,577,392
29.	**ADMINISTRATIVE EXPENSES**			
			17,929,416	17,446,959
	Salaries, wages and other benefits		**326,945**	360,809
	Contribution to provident fund		**1,400,806**	1,128,626
	Rent, rates and taxes		**748,232**	676,167
	Telephone, telex and fax		**450,833**	653,836
	Electricity, water and gas		**499,126**	289,935
	Printing, postage and stationery		**378,151**	343,068
	Insurance		**1,956,647**	2,145,028
	Fees and membership		**320,044**	59,977
	Brokerage and commission		**1,823,697**	664,726
	Central Depository Company charges		**430,000**	445,300
	Auditors' remuneration		**1,007,200**	1,165,080
	Legal and professional fees		**494,394**	573,287
	Vehicle running and maintenance		**513,574**	628,980
	Repairs and maintenance		**150,298**	548,511
	Advertisement		**405,988**	1,230,918
	Travelling and conveyance		**408,644**	562,098
	Entertainment		**1,963,202**	2,240,496
	Depreciation		**310,000**	196,664
	Amortisation		**12,865**	9,371
	Bank charges		**233,146**	67,600
	Old age benefit		**16,300**	17,870
	Books, periodicals and newspapers		**337,736**	371,214
	Other expenses			
			32,117,244	31,826,520
29.1	**Auditors' remuneration**		**300,000**	300,000
			100,000	100,000
	Statutory audit fee		**30,000**	45,300
	Half yearly review fee			
	Out of pocket expenses			
			430,000	445,300

	Note	2020	2019
		---------- Rupees ----------	

30. TAXATION

Current tax	**14,378,391**	10,667,330
Prior year tax	**397,010**	2,067,606
Deferred tax	**(1,922,285)**	(1,571,670)
	12,853,116	11,163,266

30.1 The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, underlying assumptions and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The declared results for Assessment years 1993-94, 1994-95 were accepted whereas return of income in respect of Tax years 2004, 2009, 2010, 2017 and 2018, are deemed to be assessed in terms of section 120(1)(b) of the Income Tax Ordinance, 2001 (the "Ordinance").

The return of income furnished for assessment year 1995-96 to 2001-02 were filed in the status of a public company. However the status of a banking company was assigned to the Company by the tax department and certain disallowances were made in the profit and loss expenses. For the assessment year 1995-96 to 2000-01 issues were settled in favor of the Company by the Appellate Tribunal Inland Revenue (the ATIR).

Assessment in respect of tax year 2008 was amended vide order dated December 24, 2009 issued under section 122 of the Ordinance by Deputy Commissioner Inland Revenue (the DCIR) creating tax demand of Rs. 37,791,566. The Company filed an appeal before Commissioner Inland Revenue (Appeals) (the CIR(A)), which was decided in favor of tax department and the Company filed a second appeal before ATIR which was also decided against the Company.

The Company has filed a reference application before Islamabad High Court against the said order of ATIR. The date of hearing has not yet been fixed.

No additional provision has been made against this demand as the management is confident that reference application will be decided in favour of the Company.

The return in respect of tax year 2012 filed by the Company was selected for audit under section 177 of the Ordinance. Information document request was served under section 176 of the Ordinance which was duly responded. And on the basis of reply submitted and hearing with the officer the return was amended under section 122(5) creating a tax demand amounting Rs. 14,460,027. Being aggrieved with the assessment, an appeal against the said order was submitted before the Commissioner Inland Revenue (Appeals-I) which has been heard for order.

Assessment in respect of tax year 2012 was amended vide assessment order dated February 28, 2014 under section 221/113 of the Ordinance. A rectification application was filed which was rejected. The order of DCIR was contested before CIR (A) who remanded back the case to DCIR for further verification. No further notice in this regard has been received by the Company.

The returns filed by the Company for the said years were selected for audit under section 177 of the Ordinance, online showcause notices were issued but adjournment was asked. However, no further action has been taken by the authorities in this regard.

		2019 Rupees
30.2	**Relationship between tax expense and accounting profit**	
	Profit before income tax expense	50,671,609
	Tax at the applicable rate of 29%	14,694,767
	Tax effect of:	
	- Tax effect of admissible / in-admissible expenses in determining taxable income net	(2,888,016)
	- Capital gain tax	(755,262)
	- Income not subject to tax / income subject to final tax regime / tax credits	(384,159)
	Adjustment for prior year tax	2,067,606
	Deferred tax	(1,571,670)
		11,163,266

The carrying amount of the Company's assets, except assets carried as per IFRS-9, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognised as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The numerical reconciliation between tax expense and accounting profit for the year ended December 31, 2020 has not been presented for in these unconsolidated financial statements as the income of the Company was either subject to minimum tax, alternate corporate tax, special rate of tax or final tax under various provisions of the Income Tax Ordinance, 2001.

			2020	2019
31.	**EARNINGS PER SHARE - BASIC AND DILUTED**		---------- Rupees	----------
31.1	**Basic earning per share**			
	Profit after tax	Rs.	**77,305,193**	39,508,343
	Weighted average number of ordinary shares		**51,433,558**	51,433,558
	Earnings per share	Rs.	**1.503**	0.768

31.2 Diluted earning per share

No figure for diluted earnings per share has been presented as the Company has not issued any instrument that would have an impact on its earnings exercised.

32. Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

An amount of Rs. 0.327 million (2019: Rs. 0.361 million) has been charged during the year in respect of contributory provident fund maintained by the Company.

32.1 Disclosure relating to provident fund

The Company operates a recognised Provident Fund (the Fund) for its permanent employees.

		Note	2020	2019
			---------- Rupees ----------	
(i)	Size of the Fund		**1,830,981**	1,417,874
(ii)	Cost of investments made		**1,856,030**	1,449,959
(iii)	Percentage of investments made		**0.67**	0.73
(iv)	Fair value of investments in government securities		**1,243,642**	1,057,360

Break up of the investments is as follows:	2020	2019	2020	2019
	---------- Percentage ----------		---------- Rupees ----------	
Bank balance	**25.71**	27.69	**470,719**	392,599
Government securities	**67.92**	74.57	**1,243,642**	1,057,360

32.2 Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

33. REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVE AND NON-EXECUTIVE DIRECTORS AND EXECUTIVES

	2020				2019			
	Chief Executive Officer	**Non-Executive Directors**	**Executive Director**	**Executive**	Chief Executive Officer	Non-Executive Directors	Executive Director	Executive
	---------- Rupees ----------							
Directors meeting fees	**-**	**735,000**	**-**	**-**	-	700,000	-	-
Managerial remuneration	**5,400,000**	**-**	**-**	**-**	4,947,000	-	-	-
Bonus	**450,000**	**-**	**-**	**-**	865,500	-	-	-
Medical expense	**450,000**	**-**	**-**	**-**	412,248	-	-	-
Other benefits	**2,586,696**	**-**	**-**	**-**	1,084,933	-	-	-
	8,886,696	**735,000**	**-**	**-**	7,309,681	700,000	-	-
Number of persons	**1**	**7**	**-**	**-**	1	7	-	-

33.1 The executives of the Company are also entitled to free use of Company owned and maintained vehicles.

33.2 The amount charged in the financial statements as the fee of directors for attending Board of Directors meeting was Rs. 0.035 million per meeting.

34. LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily cashable marketable securities. The maturity profile is monitored on regular basis by Assets and Liabilities Committee to ensure that adequate liquidity is maintained. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any.

	December 31, 2020			
	Upto three months	More than three months and upto one year	Over one year	Total
	---------- Rupees ----------			
Liabilities				
Subordinated loan	-	-	-	-
Unclaimed dividend	**2,090,749**	-	-	**2,090,749**
Accrued and other liabilities	**3,160,521**	**14,024,097**	-	**17,184,618**
	5,251,270	**14,024,097**	-	**19,275,367**

	December 31, 2019			
	Upto three months	More than three months and upto one year	Over one year	Total
	---------- Rupees ----------			
Liabilities				
Subordinated loan	-	180,000,000	-	180,000,000
Unclaimed dividend	2,094,583	-	-	2,094,583
Accrued and other liabilities	2,433,320	14,800,033	-	17,233,353
	4,527,903	194,800,033	-	199,327,936

35. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

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 Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the credit worthiness of counter-parties.

Concentration of credit risk arises when a number of counter-parties 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. Concentration of credit risk indicate the relative sensitivity of a Company's performance to developments affecting a particular industry.

The Company follows two sets of guidelines. Firstly, it has its own operating policies duly approved by the Board of Directors. Secondly, it adheres to the regulations issued by the SECP and SBP. The operating policies define the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Company seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentration of risks with individuals or groups of customers in specific locations or business. It also obtains security when appropriate. Details of industry / sector analysis of finance portfolio is given below:

35.1 Finance

	2020		2019	
	Rupees	%	Rupees	%
Services	-	0.00%	46,368,141	19.43%
Cable and electric goods	50,000,000	84.77%	192,267,782	80.57%
Individuals	8,985,353	15.23%	-	0.00%
	58,985,353	100%	238,635,923	100%

35.2 Geographical Segment

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

36. 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.

36.1 Interest rate risk

Interest rate risk arises from the possibility when changes in interest rate affect the value of financial instruments. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of assets and liabilities.

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

	December 31, 2020				
		Exposed to Interest Rate / Yield Risk			
Description	**Total**	**Within one year**	**More than one year and up to five years**	**Above five years**	**Not Exposed to Interest Rate / Yield Risk**
Financial assets					
Investment in subsidiary	45,941,799	-	-	-	45,941,799
Long term financing	5,017,015		5,017,015	-	-
Short term financing	53,968,338	53,968,338	-	-	-
Investment in TFCs	5,836,219	5,836,219	-	-	-
Investment in T-bills	53,000,000	53,000,000	-	-	-
Short term investments in quoted shares	333,154,326	-	-	-	333,154,326
Loans and advances	410,957	-	-	-	410,957
Deposits and other receivables	7,338,166	-	-	-	7,338,166
Accrued interest	2,903,489	-	-	-	2,903,489
Balances with banks and cash in hand	7,293,874	5,439,043	-	-	1,854,831
Total	514,864,183	118,243,600	5,017,015	-	391,603,568
Financial liabilities					
Unclaimed dividend	2,090,749	-	-	-	2,090,749
Accrued and other liabilities	17,184,618	-	-	-	17,184,618
Total	**19,275,367**	-	-	-	19,275,367
Total interest rate sensitivity gap		118,243,600	5,017,015	-	372,328,201
Cumulative interest rate sensitivity gap		118,243,600	123,260,615	123,260,615	

Description	Total	December 31, 2019			
		Exposed to Interest Rate / Yield Risk			Not Exposed to Interest Rate / Yield Risk
		Within one year	More than one year and up to five years	Above five years	
Financial assets					
Investment in subsidiary	45,941,799	-	-	-	45,941,799
Long term financing	7,567,047	-	7,567,047	-	-
Short term financing	242,654,793	242,654,793	-	-	-
Investment in TFCs	5,836,219	5,836,219	-	-	-
Investment in T-bills	25,000,000	25,000,000	-	-	-
Short term investments in quoted shares	257,228,322	-	-	-	257,228,322
Loans and advances	1,129,000			-	
Deposits and other receivables	2,759,293	-	-	-	2,759,293
Accrued interest	9,613,068	-	-	-	9,613,068
Balances with banks and cash in hand	8,033,947	6,155,583	-	-	1,878,364
Total	604,634,488	279,646,595	7,567,047	-	317,420,846
Financial liabilities					
Unclaimed dividend	2,094,583	-	-	-	2,094,583
Accrued and other liabilities	17,233,353	-	-	-	17,233,353
Total	19,327,936	-	-	-	19,327,936
Total interest rate sensitivity gap		279,646,595	7,567,047	-	298,092,910
Cumulative interest rate sensitivity ga		279,646,595	287,213,642	287,213,642	

36.2 Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

36.3 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.

	Note	2020	2019
		---------- Rupees	----------
36.4 Financial instruments by category			
Financial assets			
Measured at fair value through profit or loss			
Investment in quoted equity shares		**333,154,326**	257,228,322
Measured at fair value through other comprehensive income			
Term finance certificates		**5,836,219**	5,836,219
Measured at amortized cost			
Market treasury bills		**53,000,000**	25,000,000
Long term advances		**2,500,000**	2,500,000
Deposits and other receivables		**7,338,166**	2,759,293
Accrued interest		**2,903,489**	9,613,068
Bank balances		**7,293,874**	8,033,947
		73,035,529	47,906,308
		412,026,074	310,970,849
Financial liabilities			
Financial liabilities carried at amortized cost			
Unclaimed dividend		**2,090,749**	2,094,583
Accrued and other liabilities		**17,184,618**	17,233,353
		19,275,367	19,327,936

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences may arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs)

As at December 31, 2020, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
Measured at fair value through other comprehensive income				
Term Finance Certificates (TFCs)	-	-	**5,836,219**	**5,836,219**
Measured at fair value though profit or loss				
Quoted shares	**333,154,326**	-	-	**333,154,326**

As at December 31, 2019, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
Measured at fair value through other comprehensive income				
Term Finance Certificates (TFCs)	-	-	**5,836,219**	**5,836,219**
Measured at fair value though profit or loss				
Quoted shares	**257,228,322**	-	-	**257,228,322**

Valuation techniques

For level 3 investments - investment in respect of term finance certificates, the Company has received Telecard Limited sukuks which are non tradeable.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

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

Transfers during the year

There were no transfers between various levels of fair value hierarchy during the period.

38. 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.

The Securities and Exchange Commission of Pakistan has notified amendments in the Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 and Non-Banking Finance Companies and Notified Entities Regulations 2008 (vide SRO No. 1002(I)/2015 dated October 15, 2015 and SRO No. 1160(I)/2015 dated November 25, 2015). The Board of Directors in its meeting held on September 07, 2016 has resolved to continue the Company's IFS License as Non Deposit taking Lending NBFC and, accordingly, the Company is in compliance with Minimum Capital Requirement as stipulated in the NBFC Regulations, 2008.

39. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes subsidiary company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and retirement benefit funds. The Company has a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method and are in the normal course of business at contracted rates and terms determined in accordance with market rates. Transactions with related parties during the year, other than Director's remuneration, are as follows:

Transactions During the year

Nature of Transaction	Nature of Relationship	Basis of Relationship	2020 Rupees	2019 Rupees
Return on financing				
- H.M Esmail & Co. Limited	Associated Undertaking	Common Director	**4,244,625**	26,897,482
- Madina Electronics	Associated Undertaking	Common Director	**525,436**	3,236,169
- New Delite Company Limited	Associated Undertaking	Common Director	**2,298,707**	14,542,723
- Ary Services (Private) Limited	Associated Undertaking	Common Director	**1,167,563**	7,638,124
			8,236,331	52,314,498
Repayment / adjustment of demand finance by companies (principal)				
- H.M Esmail & Co. Limited	Associated Undertaking	Common Director	**121,813,993**	151,351,431
- Madina Electronics	Associated Undertaking	Common Director	**14,575,555**	18,741,033
- New Delite Company Limited	Associated Undertaking	Common Director	**65,565,563**	81,785,697
- Ary Services (Private) Limited	Associated Undertaking	Common Director	**47,680,759**	59,924,821
			249,635,870	311,802,982
Markup included in principal				
- H.M Esmail & Co. Limited	Associated Undertaking	Common Director	**8,312,136**	23,065,867
- Madina Electronics	Associated Undertaking	Common Director	**525,436**	3,179,604
- New Delite Company Limited	Associated Undertaking	Common Director	**4,345,735**	12,437,426
- Ary Services (Private) Limited	Associated Undertaking	Common Director	**1,167,563**	7,651,703
			14,350,870	46,334,600
Adjustment / Repayment of demand finance after SECP inspection				
- H.M Esmail & Co. Limited	Associated Undertaking	Common Director	**121,813,993**	189,190,591
- Madina Electronics	Associated Undertaking	Common Director	**14,575,555**	23,427,080
- New Delite Company Limited	Associated Undertaking	Common Director	**65,565,563**	102,220,707
- Ary Services (Private) Limited	Associated Undertaking	Common Director	**47,680,759**	59,924,821
			249,635,870	374,763,199

Transactions During the year

Nature of Transaction	Nature of Relationship	Basis of Relationship	2020 Rupees	2019 Rupees
Subordinated loan adjusted				
- Haji Jan Mohammad	Director	Directorship	**30,000,000**	-
- Muhammad Shoaib	Director	Directorship	**25,000,000**	-
- Muhammad Mehboob	Director	Directorship	**25,000,000**	-
- Shahnaz Jawed	Sponsor	Sponsorship	**25,000,000**	-
- Fouzia Rauf	Sponsor	Sponsorship	**25,000,000**	-
- Muhammad Iqbal	Sponsor	Sponsorship	**25,000,000**	-
- Zarina Iqbal	Sponsor	Sponsorship	**25,000,000**	-
			180,000,000	-
Freehold land (DHA Plot) purchased				
- Muhammad Shoaib Gandhi	Director	Directorship	-	107,082,047
Office rent received				
- Ary Services (Private) Limited	Associated Undertaking	Common Director	**624,000**	-
Long term financing recovery				
Murabaha financing				
- H.M Esmail & Co. Limited	Associated Undertaking	Common Director	-	539,957
- New Delite Company Limited	Associated Undertaking	Common Director	-	1,286,250
- Zafar M Sheikh	Chief Executive	Directorship	-	1,020,012
			-	2,846,219
Lease financing				
- New Delite Company Limited	Associated Undertaking	Common Director	-	5,847,955
Advance against expenses				
- Sheikh Abdullah	Director	Directorship	**24,000**	60,000
Recovery against car finance				
- Zafar M Sheikh	Chief Executive	Directorship	**1,020,012**	1,020,012
Recovery against advance for expenses				
- Security Capital & Investment (Private) Limited	Subsidiary Company	Wholly owned subsidiary	-	2,070
Other				
- Contribution to staff provident fund	Employee Fund		**326,945**	360,809
Guarantee commission income				
- ARY Films & TV Production	Associated Undertaking	Common Director	-	195,234

Balances as at the year end

Nature of Balances	Nature of Relationship	Basis of Relationship	2020 Rupees	2019 Rupees
Long term investments				
- Security Capital & Investment (Private) Limited	Subsidiary	Wholly owned subsidiary	**45,941,799**	45,941,799
Long term financing				
Car financing				
- Zafar M Sheikh	Chief Executive	Directorship	**2,805,075**	3,825,087
Short term financing				
- H.M Esmail & Co. Limited	Associated Undertaking	Common Director	-	113,500,913
- Madina Electronics	Associated Undertaking	Common Director	-	14,050,107
- New Delite Company Limited	Associated Undertaking	Common Director	-	61,216,762
- Ary Services (Private) Limited	Associated Undertaking	Common Director	-	46,368,141
			-	235,135,923
Advance against expenses				
- Sheikh Abdullah	Director	Directorship	**122,000**	98,000
Subordinate loan				
- Haji Jan Mohammad	Director	Directorship	-	30,000,000
- Muhammad Shoaib	Director	Directorship	-	25,000,000
- Muhammad Mehboob	Director	Directorship	-	25,000,000
- Shahnaz Jawed	Sponsor	Sponsorship	-	25,000,000
- Fouzia Rauf	Sponsor	Sponsorship	-	25,000,000
- Muhammad Iqbal	Sponsor	Sponsorship	-	25,000,000
- Zarina Iqbal	Sponsor	Sponsorship	-	25,000,000
			-	180,000,000

	2020	2019
	---------- Rupees ----------	
40. STAFF STRENGTH		
Number of employees at end of the year	**12**	12
Average number of employees during the year	**14**	14

41. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue by the Board of Directors on March 13, 2021.

42. GENERAL

42.1 Figures have been rounded off to the nearest rupee.

42.2 Corresponding figures' have been re-classified, wherever necessary for the purposes of comparison.

SHAKEEL AHMED	ZAFAR M. SHEIKH	HAJI JAN MOHAMMAD
CFO	CHIEF EXECUTIVE	CHAIRMAN/DIRECTOR

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

AUDITORS' REPORT TO THE MEMBERS

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS

Report On The Audit Of The Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of SECURITY INVESTMENT BANK LIMITED(the Holding Company) and its subsidiary (the Group), which comprise of theconsolidatedstatement of financial position as at December 31, 2020, and theconsolidated profit and loss account, consolidated statement of comprehensive income,consolidated cash flow statement,consolidated statement of changes in equityfor the year then ended, and notes to theconsolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion,the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis forOpinion

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 Consolidated Financial Statements section of our report. We are independent of the Group 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.

Emphasis of Matter

We draw attention to note no 3.2 to the consolidated financial statements of the Group which states that the subsidiary company is not considered a going concern and therefore the subsidiary company has prepared its financial statements on a basis other than going concern, as the subsidiary company has applied to the Securities and Exchange Commission of Pakistan (SECP) for liquidation of the subsidiary company and the same has been accepted by SECP. Our opinion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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:

1.	**Control environment relating to the financial reporting process and related IT systems**	
	Key audit matter	**How the matter was addressed in our audit**
	The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach. As the consolidated financial statements are based on extensive number of data flows from IT systems, consequently the financial reporting control environment is determined as a key audit matter.	Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights. Our audit procedures extensively consisted of several

1.	Control environment relating to the financial reporting process and related IT systems	
	Key audit matter	**How the matter was addressed in our audit**
		substantive procedures as well as data analysis relating to the most significant balances on the consolidatedprofit and loss account and consolidated statement of financial position.
2.	**Valuation of Investments**	
	The Group's investment comprises investments in equity and debt instruments. As at December 31, 2020 total net investment amount to Rs. 415.746 million. The valuation of these investments is made using different valuation techniques as disclosed in note 13 to the consolidated financial statements. The Group's accounting policy and movement during the year in the investments balances are disclosed in note no. 7.4 and 13 respectively to the consolidated financial statements. We have considered this as a key audit matter in view of the significance of these investments in relation to the total assets of the Group.	Valuation of investments were addressed by applying following procedures: - Evaluated the design and implementation of key control around investments; - Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; - Performed purchases and sales testing on sample basis of trades made during the year and checked that transaction were recorded in the correct period as part of investment in case of purchases/transfers. Checked the existence of the securities from the Central Depository Company's report. We also reviewed management's assessment of whether there are any indicators of impairment including those securities that are not actively traded; and Furthermore, we also assessed the adequacy of the respective disclosure relating to investments as disclosed in the consolidated financial statements.
3.	**Compliance with laws and regulations**	
	The Group is in highly regulated industry and is governed by stringent laws and regulations which mainly include Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008, various circulars issued by the SECP from time to time to regulate the business of the Group. The Group is required to comply with these rules and regulations. We have considered compliance with laws and regulation as a key audit matter since failure to comply with any of these applicable laws and regulations could have a material financial impact on the business of the Group.	Our audit procedures in respect of this area included the following: Obtained an understanding of the relevant legal and regulatory framework within which the Group operates and assessed the design and operation of its key controls over this framework. Discussed the applicable policies and procedures with senior management and reviewed Board papers, and internal audit reports for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance.

Information Other than Consolidated and Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditors' reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the Companies Act, 2017 along with Part VIIIA of the repealed Companies Ordinance, 1984, 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) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the

Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 to 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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is
Mehmood A. Razzak.

Karachi
Date: March 13, 2021

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020	2019
		---------- Rupees	----------
ASSETS			
NON CURRENT ASSETS			
Property and equipment	8	**156,727,396**	158,654,100
Intangible assets	9	**3,043,340**	3,353,336
Deferred tax	22	**941,809**	-
Long term financing	10	**5,017,015**	7,567,047
Long term loans and advances	11	**2,500,000**	2,500,000
		168,229,560	172,074,483
CURRENT ASSETS			
Short term financing	12	**53,968,338**	242,654,793
Short term investments	13	**391,990,545**	288,064,541
Loans and advances	14	**1,030,957**	1,479,000
Deposits, prepayments and other receivables	15	**8,065,351**	3,510,029
Accrued interest	16	**2,903,489**	9,613,068
Tax refund due from Government	17	**55,843,850**	67,623,955
Cash and bank balances	18	**7,293,874**	8,033,947
		521,096,404	620,979,333
Non-current assets held for distribution	19	**36,726,592**	31,941,238
TOTAL ASSETS		**726,052,556**	824,995,054
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
100,000,000 (2019: 100,000,000) ordinary shares of Rs.10/- each		**1,000,000,000**	1,000,000,000
Issued, subscribed and paid-up share capital	20	**514,335,580**	514,335,580
Statutory reserves	21	**186,259,883**	170,798,844
Accumulated profit / (losses)		**20,182,288**	(46,447,220)
		720,777,751	638,687,204
NON-CURRENT LIABILITIES			
Deferred tax	22	**-**	980,476
CURRENT LIABILITIES			
Subordinated loan	23	**-**	180,000,000
Unclaimed dividend		**2,090,749**	2,094,583
Accrued and other liabilities	24	**3,184,056**	3,232,791
		5,274,805	185,327,374
TOTAL EQUITY AND LIABILITIES		**726,052,556**	824,995,054
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

SHAKEEL AHMED	ZAFAR M. SHEIKH	HAJI JAN MOHAMMAD
CFO	CHIEF EXECUTIVE	CHAIRMAN/DIRECTOR

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		---------- Rupees	----------
Income			
Income on financing		**10,943,250**	54,294,087
Return on securities	**26**	**12,090,674**	4,263,101
Gain on sale of investments	**27**	**16,446,192**	5,070,366
Profit on deposit with banks		**555,262**	1,013,550
Other income		**1,285,938**	8,577,392
	28	**41,321,316**	73,218,496
Expenditure			
Administrative expenses		**32,117,244**	31,826,520
	29		
Operating profit		**9,204,072**	41,391,976
Unrealized gain/(loss) on remeasurement of investments classified as fair value through profit and loss account		**80,954,237**	13,337,834
Profit before taxation from continuing operations		**90,158,309**	54,729,810
Taxation			
- Current		**(14,378,391)**	(10,667,330)
- Prior year		**(397,010)**	(2,067,606)
- Deferred		**1,922,285**	1,571,670
	30	**(12,853,116)**	(11,163,266)
Profit after taxation from continuing operations		**77,305,193**	43,566,544
Discontinued operations			
Profit / (loss) from discontinued operations - net of tax	**31**	**4,785,355**	(1,229,454)
Profit for the year		**82,090,548**	42,337,090
Earnings per share - basic and diluted	**32**	**1.596**	0.823

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

SHAKEEL AHMED	ZAFAR M. SHEIKH	HAJI JAN MOHAMMAD
CFO	CHIEF EXECUTIVE	CHAIRMAN/DIRECTOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	---------- Rupees	----------
Net profit after tax	**82,090,548**	42,337,090
Other comprehensive income for the year		
Items that may be reclassified subsequently to income statement		
Surplus / deficit on revaluation of investments	-	-
Total comprehensive income for the year	**82,090,548**	42,337,090

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

SHAKEEL AHMED	ZAFAR M. SHEIKH	HAJI JAN MOHAMMAD
CFO	CHIEF EXECUTIVE	CHAIRMAN/DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	---------- Rupees ----------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation from continuing and discontinued operations	**94,943,664**	53,500,356
Adjustment for non cash and other items		
Depreciation	**1,963,202**	2,043,832
Amortization	**309,996**	196,664
Impairment loss	**-**	5,000,000
Liability written-off	**-**	7,429,663
Gain on disposal of shares	**(16,446,192)**	(5,070,366)
Gain on disposal of fixed assets	**(8,998)**	(194,637)
Unrealized gain on remeasurement of investments classified as fair value through profit and loss	**(80,954,237)**	(15,843,249)
	(95,136,229)	(6,438,093)
Cash flows from operating activities before working capital changes	**(192,566)**	47,062,263
Decrease / (increase) in operating assets		
Short term financing	**188,686,455**	317,341,909
Loans and advances	**448,043**	(55,875)
Deposits, prepayments and other receivables	**(4,555,322)**	508,344
Accrued interest	**6,709,579**	(6,954,227)
	191,288,755	310,840,151
(Decrease) in operating liabilities		
Unclaimed dividend	**(3,834)**	-
Short term borrowings	**-**	(2,759,096)
Accrued and other liabilities	**(48,735)**	(22,803,226)
	(52,569)	(25,562,322)
Net change in operating assets and liabilities	**191,236,186**	285,277,829
Net decrease in operating assets from discontinued operations	**(4,785,355)**	(11,804,081)
Income tax paid	**(2,995,296)**	(835,364)
Net cash generated from operating activities	**183,262,970**	319,700,647
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets - net	**(36,500)**	(121,600,347)
Additions in intangible assets	**-**	(853,336)
Investment in quoted shares	**(265,800,979)**	(230,715,025)
Sale proceeds of disposal of fixed assets	**9,000**	804,800
Sale of investments (shares)	**259,275,404**	24,059,885
Net cash used in investing activities	**(6,553,075)**	(328,304,023)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	**2,550,032**	(3,025,751)
Subordinated loans	**(180,000,000)**	-
Net cash used in financing activities	**(177,449,968)**	(3,025,751)
Net decrease in cash and cash equivalents	**(740,073)**	(11,629,127)
Cash and cash equivalents at the beginning of the year	**8,033,947**	19,663,073
Cash and cash equivalents at the end of the year	**7,293,874**	8,033,947

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

SHAKEEL AHMED	ZAFAR M. SHEIKH	HAJI JAN MOHAMMAD
CFO	CHIEF EXECUTIVE	CHAIRMAN/DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Issued, Subscribed and Paidup Share Capital	Reserves		Gain / (loss) on remeasurement of investments measured at fair value through other comprehensive income	Total
		Statutory reserve	Accumulated profit / (losses)		
	---------- Rupees ----------				
Balance as at January 01, 2019	**514,335,580**	**162,897,175**	**(80,882,642)**	**3,965,468**	**600,315,581**
Total comprehensive income for the year ended December 31, 2019					
Profit for the year	-	-	42,337,090	-	42,337,090
Other comprehensive income	-	-	-	-	-
	-	-	42,337,090	-	42,337,090
Reclassification of unrealized gain to profit and loss account	-	-	-	(3,965,468)	(3,965,468)
Statutory reserve	-	7,901,669	(7,901,669)	-	-
Balance as at January 01, 2020	**514,335,580**	**170,798,844**	**(46,447,221)**	**-**	**638,687,203**
Total comprehensive income for the year ended December 31, 2020					
Profit for the year	-	-	82,090,548	-	82,090,548
Other comprehensive income	-	-	-	-	-
	-	-	82,090,548	-	82,090,548
Statutory reserve	-	15,461,039	(15,461,039)	-	-
Balance as at December 31, 2020	**514,335,580**	**186,259,883**	**20,182,288**	**-**	**720,777,751**

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

SHAKEEL AHMED	ZAFAR M. SHEIKH	HAJI JAN MOHAMMAD
CFO	CHIEF EXECUTIVE	CHAIRMAN/DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. STATUS AND PRINCIPAL ACTIVITIES

The Group

1.1 The Group consists of Security Investment Bank Limited (the Holding Company) and Security Capital & Investment (Private) Limited (the subsidiary company).

Holding Company

1.2 Security Investment Bank Limited (the Holding Company) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Holding Company was incorporated in Pakistan on May 23, 1991 and started its commercial operations on December 31, 1991. Its shares are quoted on Pakistan Stock Exchange. The registered office of the Holding Company is situated at Office No. 1, 1st Floor, Junaid Plaza, I-10 Markaz, Islamabad.

1.3 The Holding Company is licensed to carry out business of investment finance services as a Non-Banking Finance Company (NBFC) under section 282C of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP) as amended through SRO 1002 (I) /2015 dated October 15, 2015 and Non-Banking Finance Companies and Notified Entities Regulations 2008 as amended through SRO 1160(I) / 2015 dated November 25, 2015 (previously this was covered under SRO 585(1)/87 dated July 13, 1987, issued by the Ministry of Finance. The license is valid until May 29, 2022.

1.4 During the year the Holding Company has not renewed its credit rating. During the year 2019, VIS Credit Rating Company Limited (VIS) had assigned initial entity ratings of 'BBB+/A-2' (Triple B Plus/A-Two) to the Holding Company. The long term rating of 'BBB+' signifies adequate credit quality. The short term rating of 'A-2' signifies good certainty of timely payment.

Subsidiary Company

1.5 Security Capital & Investments (Private) Limited (the subsidiary company) is a private company limited by shares incorporated in Pakistan on February 23, 2015 under the repealed Companies Ordinance, 1984. The registered office of the company is situated at Karachi in the province of Sindh.

1.6 In the year 2016, the Holding Company made an investment in newly incorporated wholly owned subsidiary company namely Security Capital & Investment (Private) Limited amounting to Rs. 50 million. As per the agreement dated September 07, 2016 between the Company and the subsidiary, the Holding Company ceded the legal right on Trading Right Entitlement Certificate (TREC) and 1,602,953 shares of the Pakistan Stock Exchange Limited (PSX) and Pakistan Mercantile Exchange (PMEX) membership card to the subsidiary. During the year 2017, the TREC has been transferred by the Holding Company in the name of the subsidiary. However, title of shares of PSX and PMEX card has not yet been transferred in the name of the subsidiary due to the reason that the subsidiary has not obtained license to deal as broker from SECP till the date of unconsolidated statement of financial position.

Rahat Aziz, an advocate of High Court, had file an application on instruction of Security Capital & Investment (Private) Limited for striking off the name of the Holding Company from the Register of Companies under Companies Easy Exit Scheme (CEES). And on 15 January 2020, via Letter No. CEER/MISC/1-1/2020 of Securities and Exchange Commission Of Pakistan, persuant to the provisions of sub section (1) of section 426 of the Companies Act, 2017 (the Act) read with Companies (Easy Exit) Regulations, 2014 (the Regulations), same has been accepted and dissolution letter will be issued to the company after publication of company name under sub section 426(3) of the Companies Act, 2017.

1.7 Disclosure of Impact of COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. The management has carried out its assessment in respect of COVID-19 and is of the view that there is no material impact due to COVID-19 on the financial statements of the Group.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Holding Company is situated at Office No. 1, 1st Floor, Junaid Plaza, I-10 Markaz, Islamabad. The Holding Company has a regional office at Suite no. 502, 5th Floor, Madina City Mall, Abdullah Haroon Road, Saddar Karachi.

3. BASIS OF PREPARATION

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary company.

The assets and liabilities of subsidiary company have been accounted for as per the requirements of International Financial Reporting Standard 5 "Non-current assets held for sale and discontinued operations" and hence not been consolidated on a line by line basis. The carrying value of investment held by the holding company is eliminated against holding company's share in paid up capital of the subsidiary. Analysis of subsidiary's assets and liabilities, and income and expenses have been presented as a separate note as disclosed in note 19 and 31 to the consolidated financial statement.

All material inter-group balances, transactions and resulting unrealized profits / losses are eliminated.

3.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The subsidiary has planned to discontinue its operations from next year, and hence prepared its financial statements on other than going concern basis. The group has accounted for the same in accordance with the relevant IFRS.

The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, 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), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and directives issued by Securities and Exchange Commission of Pakistan (SECP) 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, the NBFC Regulations and directives issued by SECP have been followed.

3.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees which is the functional and presentation currency of the Group and rounded to the nearest Rupee.

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

4.1 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group's accounting periods beginning on or after January 01, 2020. These are considered either not to be relevant or do not have any significant impact on the Group's operations and therefore are not detailed in these consolidated financial statements.

4.2 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2021:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
Covid-19 Related Rent concessions - Amendment to IFRS 16	June 01, 2020
Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IFRS 7 IFRS 4 and IFRS 16	January 01, 2021
Classification of Liabilities as Current or Non-current - Amendments to IFRS 3	January 01, 2023
Reference to the Conceptual Framework - Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment Proceeds before Intended use - Amendments to IAS 16	January 01, 2022
Annual improvement process IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
Sale or contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, underlying assumptions and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Group's accounting policies, management has made the following estimates and judgements which are significant to the consolidated financial statements:

(a) determining the residual values and useful lives of property and equipment (Note 8)
(b) classification, valuation and impairment of financial instruments (Note 7.4 and 7.5)
(c) recognition of taxation and deferred tax (Note 7.15) and
(d) accounting for post employment benefits (Note 7.7)
(e) impairment of non financial assets (7.3)

6. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention, except for investments carried at fair value through profit and loss and investments carried at fair value through other comprehensive income. In these consolidated financial statements, except for the amount reflected in consolidated cash flow statements, all the transactions have been accounted for on accrual basis.

7. SIGNIFICANT ACCOUNTING POLICIES

7.1 Property and equipment

Property and Equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit and loss account applying the straight line method in accordance with the rate specified in note 8 to these unconsolidated financial statements, whereby the cost of an asset is written off over its estimated useful life. Full month's depreciation is charged on additions during the month in which asset is acquired, while no depreciation is charged in the month of disposal.

The assets residual values and useful lives are reviewed, and adjusted if significant, at each statement of financial position date. Minor renewals or replacements, maintenance, repairs and profit or loss on disposal of fixed assets are included in current year's income. Major renewals and repairs are capitalized.

Fully depreciated assets are being kept at written down value of Rs. 1/- each.

7.2 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to

the entity and the cost of such asset can be measured reliably.

Intangibles are stated at cost less accumulated amortization and impairment losses, if any. These costs are amortized over their estimated useful life using the straight-line method. (Refer Note 9)

7.2.1 Trading rights and membership card

These are stated at cost less impairments, if any. The carrying amounts are reviewed at each consolidated statement of financial position 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.

7.3 Impairment

The carrying amount of the assets, except assets carried as per IFRS-9, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

7.4 Financial Instruments

Financial Assets
The Holding Company classifies its financial assets in the following categories: The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit and loss account.

b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit and loss account

Financial assets at fair value through profit and loss account are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit and loss account is recognised in profit and loss account in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Derecognition of Financial Assets

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

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Financial Liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

Impairment of Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group applies the simplified approach to recognise lifetime expected credit losses for trade and other receivables.

Off-setting of Financial Assets and Financial Liabilities

A financial asset and financial liability is off-set and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

7.5 Impairment of Financing

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. This objective evidence of impairment of fixed income securities is determined in accordance with provisioning criteria for non performing exposures as per the requirements of NBFS Rules and Regulations.

7.6 Trade Date and Settlement Date Accounting

All "regular way" purchases and sales of financial assets are recognized on the settlement date, i.e. the date on which the asset is delivered to or by the Group. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

7.7 Staff Retirement Benefits

Defined contribution plan

The Group operates an approved Provident Fund Scheme for all its permanent employees. Equal monthly contributions are made, both by the Group and the employee, to the fund @10% of basic salary.

7.8 Financial Instruments

All financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Group looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income currently.

7.9 Cash and Bank Balances

Cash in hand and at bank are carried at nominal amounts.

7.10 Cash and Cash Equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of consolidated cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks in current and deposit account and short term clean placement.

7.11 Provisions

Provisions are recognized when the Group has legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each statement of consolidated financial position date and are adjusted to reflect the current best estimate.

7.12 Non Current Assets Held for Distribution

Non-current assets are classified as held for distribution when their carrying value will be recovered principally through a sale/distribution transaction rather than through continuing use. These assets are available for distribution in their present condition subject only to terms that are usual and customary for distribution of such assets and there distribution is highly probable. The Group measures their non-current assets classified as held for distribution at a lower of carrying amount and fair value less cost to sell.

7.13 Revenue

Income on financing, placement, government securities, profit on deposits and term finance certificates are generally recognized on time proportion basis taking into account the principal / net investment outstanding and applicable rates of profit / return thereon. Income on discounted commercial papers is recognized on a time proportion basis over the life of instruments. Where recovery is considered doubtful, income is recognized on receipt basis.

Dividends on equity investments are recognized as income when the right to receive payment is established.

Income from capital gains is recognized on earned basis.

Fee, commission, liquidated damages etc. are recorded on earned basis except which is spread over the time proportion.

7.14 Finance cost

Finance cost includes return on deposits and borrowings which are recognized on a time proportionate basis taking into account the relevant issue date and final maturity date.

7.15 Taxation

Current

Current tax is the expected tax payable on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method on all temporary differences at the consolidated statement of financial position date between the tax base of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, if any, to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of all deferred tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at the consolidated statement of financial position date.

Deferred tax on surplus / (deficit) on revaluation of investments is charged or credited directly to the same account.

7.16 Related Party Transactions

All transactions with the related parties are priced on arm's length basis.

7.17 Provision for Doubtful Debts on Financing

The Group reviews its doubtful debts at each reporting date to assess whether provision / (income suspension) should be recorded in the profit and loss account in addition to the mandatory provision / (income suspension) required in accordance with the requirements of the NBFC Regulations issued by Securities and Exchange Commission of Pakistan. In particular, calculating the provision for doubtful debts on financing is subject to numerous judgments, estimates and timing of future cash flows. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

7.18 Dividend Distributions and Appropriations

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

8. PROPERTY AND EQUIPMENT

	Leasehold Property	Building	Furniture and fixtures	Computer and Equipments	Vehicles	Generator	Telephone System	Total
	Rupees							
As at December 31, 2018								
Gross carrying value basis								
Cost	-	32,000,000	8,969,102	3,639,330	940,501	582,736	253,969	46,385,638
Accumulated depreciation	-	(53,334)	(3,112,703)	(2,471,492)	(102,668)	(509,008)	(99,718)	(6,348,923)
Net book value	-	31,946,666	5,856,399	1,167,838	837,833	73,728	154,251	40,036,715
Year ended December 31, 2019								
Net carrying value basis								
Opening net book value	-	31,946,666	5,856,399	1,167,838	837,833	73,728	154,251	40,036,715
Additions (at cost)	121,516,047	-	15,000	69,300	-	-	-	121,600,347
Disposals								
Cost	-	-	(67,865)	-	(900,000)	-	-	(967,865)
Accumulated depreciation	-	-	57,702	-	300,000	-	-	357,702
	-	-	(10,163)	-	(600,000)	-	-	(610,163)
Reclassification to held for distribution assets	-	-	-	(132,303)	-	-	-	(132,303)
Depreciation charge	-	(640,000)	(889,742)	(423,437)	(219,112)	(11,640)	(56,565)	(2,240,496)
Closing net book value	121,516,047	31,306,666	4,971,494	681,398	18,721	62,088	97,686	158,654,100
As at December 31, 2019								
Gross carrying value basis								
Cost	121,516,047	32,000,000	8,916,240	3,459,854	40,500	582,736	253,969	166,769,346
Accumulated depreciation	-	(693,334)	(3,944,746)	(2,778,456)	(21,779)	(520,648)	(156,283)	(8,115,246)
Net book value	121,516,047	31,306,666	4,971,494	681,398	18,721	62,088	97,686	158,654,100
Year ended December 31, 2020								
Net carrying value basis								
Opening net book value	121,516,047	31,306,666	4,971,494	681,398	18,721	62,088	97,686	158,654,100
Additions (at cost)	-	-	-	36,500	-	-	-	36,500
Disposals								
Cost	-	-	-	(77,400)	-	-	-	(77,400)
Accumulated depreciation	-	-	-	77,398	-	-	-	77,398
	-	-	-	(2)	-	-	-	(2)
Depreciation charge	-	(640,000)	(888,625)	(327,121)	(8,100)	(11,643)	(87,713)	(1,963,202)
Closing net book value	121,516,047	30,666,666	4,082,869	390,775	10,621	50,445	9,973	156,727,396
As at December 31, 2020								
Gross carrying value basis								
Cost	121,516,047	32,000,000	8,916,240	3,418,954	40,500	582,736	253,969	166,728,446
Accumulated depreciation	-	(1,333,334)	(4,833,371)	(3,028,179)	(29,879)	(532,291)	(243,996)	(10,001,050)
Net book value	121,516,047	30,666,666	4,082,869	390,775	10,621	50,445	9,973	156,727,396
Depreciation rate per annum (%)	-	2	10	20	20	10	10	

8.1 Cost and accumulated depreciation as at the end of the year include an amount of Rs. 3,035,614/- (2019 : Rs. 2,137,486/-) in respect of fully depreciated assets still in use.

8.2 Particulars of Disposal of Property and Equipment

	Original Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Profit / (Loss) on Disposal	Mode of Disposal	Particulars of Buyer	Relationship
	---------- Rupees ----------							
Computer and Equipments								
Split Air Conditioner-GABA Electronics	70,400	70,399	1	8,000	7,999	Negotiation	Unrelated Party	No Relationship
Air conditioner-Old	7,000	6,999	1	1,000	999			

	Note	2020	2019
		---------- Rupees ----------	
9. INTANGIBLE ASSETS			
Corporate membership of the PMEX		**2,500,000**	2,500,000
NBFC License	**9.1**	**333,340**	583,336
DHA Membership	**9.2**	**210,000**	270,000
		3,043,340	3,353,336

9.1 This represents NBFC license which was renewed on 29 May 2019 and is valid for three years from the date of renewal.

9.2 This membership was acquired on 27 June 2019 which is valid for a period of 5 years and after that it shall be renewed as per the requirements of Pakistan Defence Officers Housing Authority.

	Note	2020	2019
		---------- Rupees ----------	
10. LONG TERM FINANCING			
Murabaha Financing			
Secured and considered good			
Murabaha finance		**60,371,151**	12,979,298
Less: Deferred Murabaha income		**(1,385,798)**	(1,393,381)
Murabaha receivable	**10.1**	**58,985,353**	11,585,917
Less: Current maturity		**(53,968,338)**	(4,018,870)
		5,017,015	7,567,047

10.1 These represent financing of vehicle on Murabaha basis against hypothecation of vehicles for a period of 2 years to 3 years, carrying mark up at 1 Year KIBOR + 3% per annum (2019: 1 Year KIBOR+3%).

	Note	2020	2019
		---------- Rupees ----------	
11. LONG TERM ADVANCE			
Advances - secured			
- Staff		**410,957**	1,129,000
- Against expenses		**620,000**	350,000
- For office premises		**2,500,000**	2,500,000
	11.1	**3,530,957**	3,979,000
Less: Current portion		**(1,030,957)**	(1,479,000)
		2,500,000	2,500,000

11.1 This amount represents advance paid for office space in National Commodity Exchange Limited Building (NCEL) in the year 2003-04 and 2004-05. The said building is still under construction.

	Note	2020	2019
		---------- Rupees	----------
12. SHORT TERM FINANCING - Secured and considered good			
Associated companies	**12.1**	-	238,635,923
Current maturity under murabaha finance		**53,968,338**	4,018,870
		53,968,338	242,654,793

12.1 Non-compliance with Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations).

12.1.1 Regulation 19(h) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations) states that an NBFC shall not provide finance to its major shareholders, chief executive, directors, key executives firms or companies in which it or any of its chief executive, directors, key executives, or their close relatives are interested as a partner, director, guarantor or major shareholder. However, as at December 31, 2019 the Holding Company has primarily provided financing facilities to its related parties including directors and officers.

During the year 2016, in response to amendments in the Regulations as to restriction imposed on financing made to related parties as stated in regulation 19(h), the Holding Company vide letter dated February 4, 2016 requested Securities and Exchange Commission of Pakistan (the Commission) to grant relaxation from regulation 19(h). The Commission vide its letter dated February 17, 2016 refused the relaxation and directed the Holding Company to comply with the amended Regulations within stipulated time period of six months. The Holding Company vide letter dated April 18, 2016 again requested for the relaxation which was not responded by the Commission.

12.1.2 Regulation 17(2) of the Regulations states that the total outstanding Exposure (fund based and non-fund based) by an NBFC to any group shall not exceed twenty-five per cent (25) of the equity of an NBFC (as disclosed in the latest financial statements), provided that the maximum outstanding fund-based Exposure does not exceed twenty per cent (20) of the equity of an NBFC. However, as at December 31, 2019, the Holding Company had breached total exposure and the fund based exposure limits with respect to H.M. Esmail & Company Limited, New Delite Company Limited, Madina Electronics, ARY Services (Private) Limited by 4.12% and 9.12% respectively.

12.1.3 Regulation 18A of the Regulations states that an NBFC may provide unsecured Finance up to Rs. 200,000/- (Rupees two hundred thousand only) to a single borrower. However, as at December 31, 2019, the Holding Company had extended unsecured financing to H.M. Esmail & Company Limited, New Delite Company Limited, ARY Services (Private) Limited, Madina Electronics and Stallion Deliveries (Private) Limited amounting to Rs. 113.5 million, Rs. 61.216 million, Rs. 46.368 million, Rs. 14.05 million and 1.56 million respectively.

12.1.4 Regulation 23 of the Regulations states that an NBFC while taking an exposure shall not provide finance if the total Exposure availed by the borrower from financial institutions exceeds 10 times the Equity of the borrower as disclosed in the financial statements of the borrower, provided that the fund-based Exposure of a borrower shall not exceed 4 times of its equity as disclosed in the borrower's latest financial statements. However, as at December 31, 2019 the equity of ARY Services (Private) Limited , Madina Electronics, Stallion Deliveries Stallion Deliveries (Pvt) are negative, based on their financial statements as at June 30, 2019, by Rs. 336.35 million, Rs. 13.86 million and Rs. 52.68 million respectively.

12.1.5 During the year 2018, the Commission carried out the inspection and directed the Holding Company to provide comments on violation of above stated Regulation 19(h), 17(1), 17(2), 18A and Regulation 23 of the Regulations vide letter SCD/S&ED-IW/SIBL/2018/324, dated July 02, 2018.

Furthermore, SECP vide its letter No. SCD-S&ED-IW/SIBL/2018/29 dated August 20, 2018 instructed the Holding Company to provide detailed plan/schedule of repayments against all financing extended by the Holding Company. The Holding Company in response to the said letter had submitted the required repayment plan/schedule vide its letter dated September 3, 2018.

During the year 2019, the Holding Company had adjusted its portfolio of financing on the basis of repayment schedule shared with and confirmed by SECP through letter October 17, 2018.

Further, the Holding Company submitted an application vide its letter Ref. 2020-010002 dated January 13, 2020 to SECP for extension of group loan/financing for the term of 2 years, which was not acceded by the Regulator vide its letter No. SC/NBFC-42/SIBL/2019/42 dated February 06, 2020. Therefore, the Holding Company decided to adjust the entire amount of subordinated loan against the outstanding amount of group financing as on December 31, 2019 through Circular Resolution of the Board dated February 14, 2020 on which the decision of Regulator was acceeded by SECP on April 16, 2020. During the year 2020, the financing to related parties has been adjusted against subordinated loan.

	Note	2020	2019
		---------- Rupees ----------	
13. SHORT TERM INVESTMENTS			
Measured at amortised cost			
Market treasury bills		**53,000,000**	25,000,000
Measured at fair value through other comprehensive income			
Term finance certificates	**13.1**	**5,836,219**	5,836,219
Measured at fair value through profit and loss account			
Investment in equity shares	**13.2**	**333,154,326**	257,228,322
		391,990,545	288,064,541

13.1 Particulars of listed Term Finance Certificates (TFC)

	Note	No. of Certificates		2020		2019	
				Cost	Market Value	Cost	Market Value
		2020	2019	---------- Rupees ----------			
Telecard Limited	**13.1.1**	**5,000**	5,000	**7,781,625**	**5,836,219**	7,781,625	5,836,219

13.1.1 Terms of redemption of listed TFCs are as follows:

Particulars	Certificates denomination	Profit rate per annum	Profit payment	Redemption terms
Telecard Limited	5,000	3 months KIBOR + 0%	Quarterly	Originally Eight years from May 2005. Then rescheduled up to May 27, 2015. Now it is restructured to be redeemable over the period of 5 years with 2 years grace period carrying mark up @ 3 months KIBOR+0%.
Valuation of certificates	5,000			
Redemption up to December 31, 2020	3,467			
Balance as at December 31, 2020	1,533			

13.1.2 Telecard Limited has restructured its TFCs redemption schedule on December 30, 2011 relating to the default of payment of redemption due on May 27, 2011, without any consequences or delay penalties after the approval obtained by the Holding Company from the TFC holders upon Holding Company's request. The said restructuring has resulted in lower current maturity. As a result, the last redemption date has been extended to May 27, 2015, instead of the revised final redemption date of November 27, 2013. In the year 2015 it was restructured to be redeemable over the period of 5 years with 2 years grace period carrying mark up @ 3 months KIBOR + 0%.

The TFCs are secured against a first specific charge over the fixed assets of the Holding Company, aggregating to Rs. 800 million and specific charge over the intangible assets (frequency spectrum) procured from the Pakistan Telecommunication Authority.

13.2 Quoted Shares

All shares have face value of Rs. 10/- each unless identified otherwise.

2020	2019		2020		2019	
No. of ordinary shares			Cost	Market Value	Cost	Market Value
			---------- Rupees ----------			
		Cement				
365,708	277,021	Lucky Cement Limited	**164,926,570**	254,565,682	**117,001,592**	118,675,796
28,872	28,872	D.G. Khan Cement Company Limited	**2,355,185**	3,308,154	**2,355,185**	2,144,323
25,445	125,445	Maple Leaf Cement Factory Limited	**939,684**	1,145,279	**4,632,684**	2,902,797
50,000	50,000	Fauji Cement Company Limited	**729,500**	1,083,500	**729,500**	778,000
21,993	81,993	Pioneer Cement Limited	**641,316**	2,271,877	**2,390,916**	2,499,967
		Bank				
629,253	917,443	Bank Al Habib Limited	**41,939,010**	43,796,009	**63,971,295**	69,872,458
48,737	13,112	MCB Bank Limited	**7,912,030**	9,029,991	**2,590,013**	2,687,173
-	70,149	Faysal Bank Limited	**-**	-	**1,207,264**	1,334,234
45,175	134,175	Habib Metropolitan Bank Limited	**1,771,614**	1,761,373	**5,261,898**	4,877,261
4,467	-	Bank Of Punjab	**42,571**	41,409		
6,512	41,512	Bank Alfalah Limited	**262,434**	230,069	**1,672,934**	1,897,098
		Chemical				
-	33,300	ICI Pakistan Limited	**-**	-	**17,230,138**	22,472,505
-	210,000	Lotte Chemical Pakistan Limited	**-**	-	**3,250,800**	2,944,200
-	5,329	Akzo Nobel Pakistan Limited	**-**	-	**755,173**	1,432,808
		Foods & Personal Care Products				
-	200,000	Fauji Foods Limited	**-**	-	**3,302,705**	2,894,000
		Oil & Gas Exploration Compaies				
-	3,000	Pakistan Oilfields Limited	**-**	-	**1,144,110**	1,340,160
115,750	120,750	Sui Southern Gas Company Limited	**2,068,909**	1,680,690	**2,158,279**	2,598,540
		Power Generation				
126,500	-	Kot Addu Power Company Limited	**2,873,201**	3,440,800	**-**	-
114,000	140,000	The Hub Power Company Limited	**9,344,927**	9,043,620	**11,478,501**	13,069,000
		Synthetic & Rayon				
1,000	-	Gatron (Industries) Limited	**675,000**	620,000	**-**	-
		Modarabas				
685	-	First Prudential Modaraba	**692**	966	**-**	-
		Fertilizer				
5,581	-	Fatima Fertilizer Company Limited	**130,093**	162,407	**-**	-
		Technology & Communication				
60,000	-	Hum Network Limited	**334,416**	326,400	**-**	-
71,000	300,000	Pakistan Telecommunication Company Ltd	**825,020**	646,100	**2,757,500**	2,808,000
1,720,678	2,752,101		**237,772,172**	333,154,326	**243,890,487**	257,228,322

	Note	2020	2019
		---------- Rupees	----------
14. LOANS AND ADVANCES			
Current portion of advances		**1,030,957**	1,479,000
15. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Security deposits		**361,280**	361,280
Prepayments		**727,185**	750,736
Other receivables - considered good		**6,976,886**	2,398,013
		8,065,351	3,510,029
16. ACCRUED INTEREST			
Profit on demand finance- receivable		**147,947**	6,383,518
Profit on TFC - receivable		**1,369,744**	1,369,744
Profit on murabaha car finance receivable		**1,385,798**	1,859,806
		2,903,489	9,613,068
17. TAX REFUND DUE FROM GOVERNMENT			
Advance tax		**272,862,387**	269,867,091
Less: Provisions for taxation		**(217,018,537)**	(202,243,136)
		55,843,850	67,623,955
18. CASH AND BANK BALANCES			
Cash in hand		**45,012**	47,798
With State Bank of Pakistan in current account		**4,009**	5,419
Current accounts		**1,805,810**	1,825,147
Deposit accounts	**18.1**	**5,439,043**	6,155,583
		7,293,874	8,033,947

18.1 Rate of return on these deposits accounts range from 5% to 7% per annum (2019: 8% to 12% per annum).

19. NON-CURRENT ASSETS HELD FOR DISTRIBUTION

The subsidiary company discontinued its business of undertaking stock brokerage business, and to act as Trading Right Entitlement Certificate (TREC) Holder of the stock exchange and as broker under the Securities Brokers (Licensing and Operations) Regulations, 2016. Accordingly, the assets had been classified as held for distribution as at December 31, 2019 in accordance with the requirement of IFRS-5 "Non Current Assets - Held For Sale" in the consolidated financial statements.

Breakup of assets (after elimination entries) as disclosed in the separate financial statements of subsidiary is as follows:

	2020	2019
	---------- Rupees	----------
Property and equipment	**96,844**	107,605
Investments	**23,755,763**	20,004,853
Advances, prepayments and other receivables	**-**	391,261
Loans	**10,000,000**	10,000,000
Accrued markup	**2,313,699**	813,699
Cash and bank balances	**560,286**	623,820
	36,726,592	31,941,238

There are no liabilities in the financial statements of subsidiary as on December 31, 2020.

20. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of shares 2020	Number of shares 2019		Note	2020 (Rupees)	2019 (Rupees)
23,552,000	23,552,000	Ordinary shares of Rs. 10/- each fully paid in cash		**235,520,000**	235,520,000
27,881,558	27,881,558	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares.		**278,815,580**	278,815,580
51,433,558	51,433,558			**514,335,580**	514,335,580

21. STATUTORY RESERVES

	Note	2020 (Rupees)	2019 (Rupees)
Statutory reserves	**21.1**	**186,259,882**	170,798,844

21.1 This reserve is created by Holding Company at the rate of 20% of profit after tax for the year from ordinary activities after taxation as per management discretion. However, in prior periods, this reserve was created in compliance with Regulation No. 16 of Non-Banking Finance Companies and Notified Entities Regulations 2008, as this was mandatory to be created by a deposit taking NBFC. The Holding Company was ceased to be a deposit taking NBFC in 2016.

22. DEFERRED TAX

	Note	2020 (Rupees)	2019 (Rupees)
Deferred tax liability / (asset) arising in respect of:			
Accelerated depreciation		**3,307,988**	2,981,151
Unrealized gain/(loss) on revaluation of investments measured at fair value through profit on loss		**12,143,153**	(2,000,675)
Unabsorbed business losses		**(4,816,421)**	-
Unabsorbed tax depreciation		**(875,507)**	-
Alternative corporate tax-2020		**(10,701,022)**	-
		(941,809)	980,476

22.1 Movement in deferred tax

	2020 (Rupees)	2019 (Rupees)
	980,476	2,552,146
Opening balance - liability	**1,922,285**	(1,571,670)
Income / (expense) during the year		
	(941,809)	980,476
Closing balance - (assets) / liability		

23. SUBORDINATED LOAN

	2020 (Rupees)	2019 (Rupees)
Subordinated loan - Unsecured	**-**	-
Current portion of subordinated loan	**-**	(180,000,000)
	-	(180,000,000)

23.1 This subordinated loan was raised by the Holding Company from Sponsors Directors. The loan was granted for a terms of three years, commencing from date of the said agreement dated April 10, 2018. The interest rate implicit in the agreement was six month KIBOR, which was ratified by the Securities and Exchange Commission of Pakistan (SECP) via letter no. SC/NBFC/SIBL/42/2018/233 dated September 17, 2018. The principal amount and interest thereon were repayable at the maturity of the loan i.e. April 10, 2021.

23.2 In accordance with the requirement of Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (vide SRO No. 1002(I)/2015 dated October 15, 2015 and SRO No. 1160(I)/2015 dated November 25, 2015), the Securities and Exchange Commission of Pakistan has instructed existing NBFCs to meet with Minimum Capital requirement of Rs.750 million to raise deposits. In order to avail the license of deposit taking NBFC, during the year 2018, the Holding Company raised subordinated loan of Rs. 180 million from related parties under Clause xix of Rule 2 of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.

23.3 On July 31, 2019, the Holding Company obtained consent from Sponsor Directors to waive the interest accrued on subordinated loan till June 30, 2019. Further, on August 26, 2019, the Board of Directors passed a resolution for waiver of interest on subordinated loan till its maturity.

23.4 During the year 2019, the Holding Company decided to adjust the entire amount of subordinated loan against the outstanding amount of group financing as on December 31, 2019 through Circular Resolution of the Board dated February 14, 2020. The said Resolution was submitted to the SECP vide letter Ref. 2020-010010-MS dated Februrary 18, 2020.

23.5 During the current year, upon request of the Holding Company, SECP through letter No. SC/NBFC-42/SIBL/2019-90 dated April 15, 2020 has acceeded the Company's request and issued a directive to adjust the subordinated loan of Rs. 180,000,000 against settlement of group financing / loan. Accordingly, the Holding Company has adjusted its book of accounts with the same amount.

	Note	2020	2019
		---------- Rupees ----------	
24. ACCRUED AND OTHER LIABILITIES			
Payable to related parties		**23,535**	799,471
Accrued and other expenses		**3,160,521**	2,433,320
		3,184,056	3,232,791

25. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at the consolidated statement of financial position date.

	Note	2020	2019
		---------- Rupees ----------	
26. INCOME ON FINANCING			
Demand finance		**10,302,511**	52,585,943
Murabaha finance		**640,739**	1,610,265
Lease finance		**-**	97,879
		10,943,250	54,294,087
27. RETURN ON SECURITIES			
Return on government securities		**4,350,183**	1,561,213
Return on term finance certificates (TFCs)		**-**	295,741
Dividend income		**7,740,491**	2,406,147
		12,090,674	4,263,101

		Note	2020	2019
			---------- Rupees	----------
28.	**OTHER INCOME**			
	Gain on sale of fixed assets		**8,998**	194,637
	Commission		**-**	195,234
	Processing income		**607,350**	68,850
	Rental income		**624,000**	-
	Miscellaneous		**45,590**	8,118,671
			1,285,938	8,577,392
29.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits		**17,929,416**	17,446,959
	Contribution to provident fund	**33**	**326,945**	360,809
	Rent, rates and taxes		**1,400,806**	1,128,626
	Telephone, telex and fax		**748,232**	676,167
	Electricity, water and gas		**450,833**	653,836
	Printing, postage and stationery		**499,126**	289,935
	Insurance		**378,151**	343,068
	Fees and membership		**1,956,647**	2,145,028
	Brokerage and commission		**320,044**	59,977
	Central Depository Company charges		**1,823,697**	664,726
	Auditors' remuneration	**29.1**	**430,000**	445,300
	Legal and professional fees		**1,007,200**	1,165,080
	Vehicle running and maintenance		**494,394**	573,287
	Repairs and maintenance		**513,574**	628,980
	Advertisement		**150,298**	548,511
	Travelling and conveyance		**405,988**	1,230,918
	Entertainment		**408,644**	562,098
	Depreciation	**8**	**1,963,202**	2,240,496
	Amortisation		**309,996**	196,664
	Bank charges		**12,865**	9,371
	Old age benefit		**233,146**	67,600
	Books, periodicals and newspapers		**16,300**	17,870
	Other expenses		**337,736**	371,214
			32,117,244	31,826,520
29.1	**Auditors' remuneration**			
	Statutory audit fee		**300,000**	300,000
	Half yearly review fee		**100,000**	100,000
	Out of pocket expenses		**30,000**	45,300
			430,000	445,300
30.	**TAXATION**			
	Current tax	**30.1**	**14,378,391**	10,667,330
	Prior year tax		**397,010**	2,067,606
	Deferred tax		**(1,922,285)**	(1,571,670)
			12,853,116	11,163,266

30.1 The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, underlying assumptions and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The declared results for Assessment years 1993-94, 1994-95 were accepted whereas return of income in respect of Tax years 2004, 2009, 2010, 2017 and 2018, are deemed to be assessed in terms of section 120(1)(b) of the Income Tax Ordinance, 2001 (the "Ordinance").

The return of income furnished for assessment year 1995-96 to 2001-02 were filed in the status of a public company. However the status of a banking company was assigned to the Holding Company by the tax department and certain disallowances were made in the profit and loss expenses. For the assessment year 1995-96 to 2000-01 issues were settled in favor of the Holding Company by the Appellate Tribunal Inland Revenue (the ATIR).

Assessment in respect of tax year 2008 was amended vide order dated December 24, 2009 issued under section 122 of the Ordinance by Deputy Commissioner Inland Revenue (the DCIR) creating tax demand of Rs. 37,791,566. The Holding Company filed an appeal before Commissioner Inland Revenue (Appeals) (the CIR(A)), which was decided in favor of tax department and the Holding Company filed a second appeal before ATIR which was also decided against the Holding Company.

The Holding Company has filed a reference application before Islamabad High Court against the said order of ATIR. The date of hearing has not yet been fixed.

No additional provision has been made against this demand as the management is confident that reference application will be decided in favour of the Holding Company.

The return in respect of tax year 2012 filed by the Holding Company was selected for audit under section 177 of the Ordinance. Information document request was served under section 176 of the Ordinance which was duly responded. And on the basis of reply submitted and hearing with the officer the return was amended under section 122(5) creating a tax demand amounting Rs. 14,460,027. Being aggrieved with the assessment, an appeal against the said order was submitted before the Commissioner Inland Revenue (Appeals-I) which has been heard for order.

Assessment in respect of tax year 2012 was amended vide assessment order dated February 28, 2014 under section 221/113 of the Ordinance. A rectification application was filed which was rejected. The order of DCIR was contested before CIR (A) who remanded back the case to DCIR for further verification. No further notice in this regard has been received by the Holding Company.

The returns filed by the Holding Company for the said years were selected for audit under section 177 of the Ordinance, online showcause notices were issued but adjournment was asked. However, no further action has been taken by the authorities in this regard.

30.2 Relationship between tax expense and accounting profit

	2019 Rupees
Profit before income tax expense	50,671,609
Tax at the applicable rate of 29%	14,694,767
Tax effect of:	
- Tax effect of admissible / in-admissible expenses in determining taxable income net	(2,888,016)
- Capital gain tax	(755,262)
- Income not subject to tax / income subject to final tax regime / tax credits	(384,159)
Adjustment for prior year tax	2,067,606
Deferred tax	(1,571,670)
	11,163,266

The numerical reconciliation between tax expense and accounting profit for the year ended December 31, 2020 has not been presented for in these consolidated financial statements as the income of the Group was either subject to minimum tax, alternate corporate tax, special rate of tax or final tax under various provisions of the Income Tax Ordinance, 2001.

	Note	2020	2019
		---------- Rupees ----------	

31. INCOME / (LOSS) FROM DISCONTINUED OPERATIONS

Profit / (loss) after taxation form discontinued operations:		
Revenue	-	-
Operating expenses	-	-
Administrative expenses	**(109,295)**	(199,369)
Impairment loss on TREC	-	(5,000,000)
Profit on deposit account	**1,539,311**	1,463,660
Other income	-	840
Profit / (loss) before taxation	**1,430,016**	(3,734,869)
Taxation	**(395,571)**	-
Equity investments at FVPL - net change in fair value	**3,750,910**	2,505,415
	4,785,355	(1,229,454)

32. EARNINGS PER SHARE - BASIC AND DILUTED

32.1 Basic earning per share

Profit after tax attributable to ordinary shareholders of parent entity	**82,090,548**	42,337,090
Weighted average number of ordinary shares	**51,433,558**	51,433,558
Earnings per share	**1.596**	0.823

32.2 Diluted earning per share

Earnings per share has not been presented as the Group has not issued any instrument that would have an impact on its earnings exercised.

33. DEFINED CONTRIBUTION PLAN

An amount of Rs. 0.327 million (2019: Rs. 0.361 million) has been charged during the year in respect of contributory provident fund maintained by the Group.

33.1 Disclosure relating to provident fund

The Holding Company operates a recognized Provident Fund (the Fund) for its permanent employees.

		Note	2020	2019
			---------- Rupees ----------	
(i)	Size of the Fund		**1,830,981**	1,417,874
(ii)	Cost of investments made		**1,856,030**	1,449,959
(iii)	Percentage of investments made		**0.67**	0.73
(iv)	Fair value of investments in government securities		**1,243,642**	1,057,360

Break up of the investments is as follows:	2020	2019	2020	2019
	---------- Percentage ----------		---------- Rupees ----------	
Bank balance	**25.71**	27.69	**470,719**	392,599
Government securities	**67.92**	74.57	**1,243,642**	1,057,360

33.2 Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

34. REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVE AND NON-EXECUTIVE DIRECTORS AND EXECUTIVES

	2020				2019			
	Chief Executive Officer	**Non-Executive Directors**	**Executive Director**	**Executive**	Chief Executive Officer	Non-Executive Directors	Executive Director	Executive
	---------- Rupees ----------							
Directors meeting fees	**-**	**735,000**	**-**	**-**	-	700,000	-	-
Managerial remuneration	**5,400,000**	**-**	**-**	**-**	4,947,000	-	-	-
Bonus	**450,000**	**-**	**-**	**-**	865,500	-	-	-
Medical expense	**450,000**	**-**	**-**	**-**	412,248	-	-	-
Provident fund	**2,586,696**	**-**	**-**	**-**	1,084,933	-	-	-
	8,886,696	**735,000**	**-**	**-**	7,309,681	700,000	-	-
Number of persons	**1**	**7**	**-**	**-**	1	7	-	-

34.1 The executives of the Group are also entitled to free use of Company owned and maintained vehicles.

34.2 The amount charged in the consolidated financial statements as the fee of directors for attending Board of Directors meeting was Rs. 0.035 million per meeting.

35. LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group has diversified its funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily cashable marketable securities. The maturity profile is monitored on regular basis by Assets and Liabilities Committee to ensure that adequate liquidity is maintained. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any.

	December 31, 2020			
	Upto three months	**More than three months and upto one year**	**Over one year**	**Total**
	---------- Rupees ----------			
Liabilities				
Subordinated loan	**-**	**-**	**-**	**-**
Unclaimed dividend	**2,090,749**	**-**	**-**	**2,090,749**
Accrued and other liabilities	**3,184,056**	**-**	**-**	**3,184,056**
	5,274,805	**-**	**-**	**5,274,805**

	December 31, 2019			
	Upto three months	More than three months and upto one year	Over one year	Total
	---------- Rupees ----------			
Liabilities				
Subordinated loan	-	180,000,000	-	180,000,000
Unclaimed dividend	2,094,583	-	-	2,094,583
Accrued and other liabilities	3,232,791	-	-	3,232,791
	5,327,374	180,000,000	-	185,327,374

36. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

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 Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the credit worthiness of counter-parties.

Concentration of credit risk arises when a number of counter-parties 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. Concentration of credit risk indicate the relative sensitivity of a Group's performance to developments affecting a particular industry.

The Group follows two sets of guidelines. Firstly, it has its own operating policies duly approved by the Board of Directors. Secondly, it adheres to the regulations issued by the SECP and SBP. The operating policies define the extent of fund and non-fund based exposures with reference to a particular sector or group.

The Group seeks to manage its credit risk exposure through diversification of lending activities to avoid undue concentration of risks with individuals or groups of customers in specific locations or business. It also obtains security when appropriate. Details of industry / sector analysis of finance portfolio is given below:

36.1 Finance

	2020		2019	
	Rupees	%	Rupees	%
Services	10,000,000	14.50%	56,368,141	22.67%
Cable and electric goods	50,000,000	72.48%	192,267,782	77.33%
Individuals	8,985,353	13.03%	-	0.00%
	68,985,353	100%	248,635,923	100%

36.2 Geographical Segment

These consolidated financial statements represent operations of the Group in Pakistan only.

37. MARKET RISK

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

37.1 Interest rate risk

Interest rate risk arises from the possibility when changes in interest rate affect the value of financial instruments. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities that mature or reprice in a given period. The Group manages this risk by matching the repricing of assets and liabilities.

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

	December 31, 2020				
		Exposed to Interest Rate / Yield Risk			
Description	**Total**	**Within one year**	**More than one year and up to five years**	**Above five years**	**Not Exposed to Interest Rate / Yield Risk**
Financial assets					
Long term financing	5,017,015		5,017,015	-	-
Short term financing	53,968,338	53,968,338	-	-	-
Investment in TFCs	5,836,219	5,836,219	-	-	-
Investment in T-bills	53,000,000	53,000,000	-	-	-
Short term investments in quoted shares	333,154,326	-	-	-	333,154,326
Loans and advances	410,957	-	-	-	410,957
Deposits and other receivables	7,338,166	-	-	-	7,338,166
Accrued interest	2,903,489	-	-	-	2,903,489
Balances with banks and cash in hand	7,293,874	5,439,043	-	-	1,854,831
Non-current assets held for distribution	36,629,748	10,000,000	-	-	26,629,748
Total	505,552,132	128,243,600	5,017,015	-	372,291,517
Financial liabilities					
Unclaimed dividend	2,090,749	-	-	-	2,090,749
Accrued and other liabilities	3,184,056	-	-	-	3,184,056
Total	5,274,805	-	-	-	5,274,805
Total interest rate sensitivity gap		128,243,600	5,017,015	-	367,016,712
Cumulative interest rate sensitivity gap		128,243,600	133,260,615	133,260,615	

Description	Total	December 31, 2019			
		Exposed to Interest Rate / Yield Risk			Not Exposed to Interest Rate / Yield Risk
		Within one year	More than one year and up to five years	Above five years	
Financial assets					
Investment in shares of PSX	20,004,853	-	-	-	20,004,853
Long term financing	11,585,917	4,018,870	7,567,047	-	-
Short term financing	238,635,923	238,635,923	-	-	-
Investment in TFCs	5,836,219	5,836,219	-	-	-
Investment in T-bills	25,000,000	25,000,000	-	-	-
Short term investments in quoted shares	257,228,322	-	-	-	257,228,322
Deposits and other receivables	2,759,293	-	-	-	2,759,293
Accrued interest	10,426,767	-	-	-	10,426,767
Balances with banks and cash in hand	8,657,767	6,158,921	-	-	2,498,846
Non-current assets held for distribution	31,833,633	10,000,000	-	-	21,833,633
Total	611,968,694	289,649,933	7,567,047	-	314,751,714
Financial liabilities					
Unclaimed dividend	2,094,583	-	-	-	2,094,583
Accrued and other liabilities	3,232,791	-	-	-	3,232,791
Total	5,327,374	-	-	-	5,327,374
Total interest rate sensitivity gap		289,649,933	7,567,047	-	309,424,340
Cumulative interest rate sensitivity gap		289,649,933	297,216,980	297,216,980	

Markup rates are mentioned in the respective notes to these consolidated financial statements.

37.2 Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

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

	Note	2020	2019
		---------- Rupees	----------
37.4 Financial instruments by category			
Financial assets			
Measured at fair value through profit and loss account			
Investment in quoted equity shares		**333,154,326**	257,228,322
Investment in shares of PSX		**23,755,763**	20,004,853
Measured at fair value through other comprehensive income			
Term finance certificates		**5,836,219**	5,836,219
Measured at amortized cost			
Short term financing		**63,968,338**	252,654,793
Market treasury bills		**53,000,000**	25,000,000
Long term advances		**2,500,000**	2,500,000
Deposits and other receivables		**7,338,166**	3,150,554
Accrued interest		**5,217,188**	10,426,767
Bank balances		**7,854,160**	8,657,767
		139,877,851	302,389,881
		478,868,396	585,459,275
Financial liabilities			
Financial liabilities carried at amortized cost			
Unclaimed dividend		**2,090,749**	2,094,583
Accrued and other liabilities		**3,184,056**	3,232,791
		5,274,805	5,327,374

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences may arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Holding Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets are based on the quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Group is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: fair value measurements using inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs)

As at December 31, 2020, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
Measured at fair value through other comprehensive income				
Term Finance Certificates (TFCs)	-	-	5,836,219	5,836,219
Measured at fair value though profit and loss account				
Quoted shares	356,910,089	-	-	356,910,089

As at December 31, 2019, the Group held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
Measured at fair value through other comprehensive income				
Term Finance Certificates (TFCs)	-	-	5,836,219	5,836,219
Measured at fair value though profit or loss				
Quoted shares	277,233,175	-	-	277,233,175

Valuation techniques
For level 3 investments - investment in respect of term finance certificates, the Holding Company has received Telecard Limited sukuks which are non tradeable.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

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

Transfers during the year
There were no transfers between various levels of fair value hierarchy during the period.

39. 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 Group defines as net operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Holding Company is exposed to externally imposed capital requirements.

The Securities and Exchange Commission of Pakistan has notified amendments in the Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 and Non-Banking Finance Companies and Notified Entities Regulations 2008 (vide SRO No. 1002(I)/2015 dated October 15, 2015 and SRO No. 1160(I)/2015 dated November 25, 2015). The Board of Directors in its meeting held on September 07, 2016 has resolved to continue the Holding Company's IFS License as Non Deposit taking Lending NBFC and, accordingly, the Holding Company is in compliance with Minimum Capital Requirement as stipulated in the NBFC Regulations, 2008.

40. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and retirement benefit funds. The Group has a policy whereby all transactions with related parties are entered into at arm's length prices using comparable uncontrolled price method and are in the normal course of business at contracted rates and terms determined in accordance with market rates. Transactions with related parties during the year, other than Director's remuneration, are as follows:

Transactions During the year

Nature of Transaction	Nature of Relationship	Basis of Relationship	2020 Rupees	2019 Rupees
Return on financing				
- H.M Esmail & Co. Limited	Associated Undertaking	Common Director	**4,244,625**	26,897,482
- Madina Electronics	Associated Undertaking	Common Director	**525,436**	3,236,169
- New Delite Company Limited	Associated Undertaking	Common Director	**2,298,707**	14,542,723
- Ary Services (Private) Limited	Associated Undertaking	Common Director	**1,167,563**	7,638,124
			8,236,331	52,314,498
Repayment / adjustment of demand finance by companies (principal)				
- H.M Esmail & Co. Limited	Associated Undertaking	Common Director	**121,813,993**	151,351,431
- Madina Electronics	Associated Undertaking	Common Director	**14,575,555**	18,741,033
- New Delite Company Limited	Associated Undertaking	Common Director	**65,565,563**	81,785,697
- Ary Services (Private) Limited	Associated Undertaking	Common Director	**47,680,759**	59,924,821
			249,635,870	311,802,982
Markup included in principal				
- H.M Esmail & Co. Limited	Associated Undertaking	Common Director	**8,312,136**	23,065,867
- Madina Electronics	Associated Undertaking	Common Director	**525,436**	3,179,604
- New Delite Company Limited	Associated Undertaking	Common Director	**4,345,735**	12,437,426
- Ary Services (Private) Limited	Associated Undertaking	Common Director	**1,167,563**	7,651,703
			14,350,870	46,334,600
Adjustment / Repayment of demand finance after SECP inspection				
- H.M Esmail & Co. Limited	Associated Undertaking	Common Director	**121,813,993**	189,190,591
- Madina Electronics	Associated Undertaking	Common Director	**14,575,555**	23,427,080
- New Delite Company Limited	Associated Undertaking	Common Director	**65,565,563**	102,220,707
- Ary Services (Private) Limited	Associated Undertaking	Common Director	**47,680,759**	59,924,821
			249,635,870	374,763,199
Subordinated loan adjusted				
- Haji Jan Mohammad	Director	Directorship	**30,000,000**	-
- Muhammad Shoaib	Director	Directorship	**25,000,000**	-
- Muhammad Mehboob	Director	Directorship	**25,000,000**	-
- Shahnaz Jawed	Sponsor	Sponsorship	**25,000,000**	-
- Fouzia Rauf	Sponsor	Sponsorship	**25,000,000**	-
- Muhammad Iqbal	Sponsor	Sponsorship	**25,000,000**	-
- Zarina Iqbal	Sponsor	Sponsorship	**25,000,000**	-
			180,000,000	-
Freehold land (DHA Plot) purchased				
- Muhammad Shoaib Gandhi	Director	Directorship	**-**	107,082,047
Office rent received				
- Ary Services (Private) Limited	Associated Undertaking	Common Director	**624,000**	-

Transactions During the year

Nature of Transaction	Nature of Relationship	Basis of Relationship	2020 Rupees	2019 Rupees
Long term financing recovery				
Murabaha financing				
- H.M Esmail & Co. Limited	Associated Undertaking	Common Director	-	539,957
- New Delite Company Limited	Associated Undertaking	Common Director	-	1,286,250
- Zafar M Sheikh	Chief Executive	Directorship	-	1,020,012
			-	2,846,219
Lease financing				
- New Delite Company Limited	Associated Undertaking	Common Director	-	5,847,955
Advance against expenses				
- Sheikh Abdullah	Director	Directorship	**24,000**	60,000
Recovery against car finance				
- Zafar M Sheikh	Chief Executive	Directorship	**1,020,012**	1,020,012
Other				
- Contribution to staff provident fund	Employee Fund		**326,945**	360,809
Guarantee commission income				
- ARY Films & TV Production	Associated Undertaking	Common Director	-	195,234

Balances as at the year end

Nature of Balances	Nature of Relationship	Basis of Relationship	2020 Rupees	2019 Rupees
Long term financing				
Car financing				
- Zafar M Sheikh	Chief Executive	Directorship	**2,805,075**	3,825,087
Short term financing				
- H.M Esmail & Co. Limited	Associated Undertaking	Common Director	-	113,500,913
- Madina Electronics	Associated Undertaking	Common Director	-	14,050,107
- New Delite Company Limited	Associated Undertaking	Common Director	-	61,216,762
- Ary Services (Private) Limited	Associated Undertaking	Common Director	-	46,368,141
			-	235,135,923
Advance against expenses				
- Sheikh Abdullah	Director	Directorship	**122,000**	98,000
Subordinate loan				
- Haji Jan Mohammad	Director	Directorship	-	30,000,000
- Muhammad Shoaib	Director	Directorship	-	25,000,000
- Muhammad Mehboob	Director	Directorship	-	25,000,000
- Shahnaz Jawed	Sponsor	Sponsorship	-	25,000,000
- Fouzia Rauf	Sponsor	Sponsorship	-	25,000,000
- Muhammad Iqbal	Sponsor	Sponsorship	-	25,000,000
- Zarina Iqbal	Sponsor	Sponsorship	-	25,000,000
				180,000,000

	2020	2019
	---------- Rupees ----------	
41. STAFF STRENGTH		
Number of employees at end of the year	**12**	12
Average number of employees during the year	**14**	14

42. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors on March 13, 2021.

43. GENERAL

43.1 Figures have been rounded off to the nearest rupee.

43.2 Corresponding figures' have been re-classified, wherever necessary for the purposes of comparison.

PATTERN OF SHAREHOLDING

AS AT 31 DECEMBER 2020

Number of shareholders	Shareholding		Total number of shares held
	From	To	
801	1	100	30,150
476	101	500	115,061
219	501	1000	176,498
442	1001	5000	733,630
45	5001	10000	308,335
16	10001	15000	203,050
3	15001	20000	53,051
6	20001	25000	143,185
2	25001	30000	63,122
2	30001	35000	85,602
1	40001	45000	45,172
4	45001	50000	210,127
1	50001	55000	68,575
1	65001	70000	105,500
3	120001	125000	487,440
1	160001	165000	208,236
1	170001	175000	231,758
1	205001	210000	301,680
1	230001	235000	375,463
1	300001	305000	396,500
1	375001	380000	427,500
1	420001	425000	495,000
1	430001	435000	521,072
1	490001	495000	706,977
1	585001	590000	834,447
1	705001	710000	917,841
1	915001	920000	926,234
1	925001	930000	1,089,900
1	1085001	1090000	1,114,392
1	1110001	1115000	1,160,500
1	1150001	1155000	1,172,500
1	1160001	1165000	1,178,581
1	1175001	1180000	1,421,698
1	1470001	1475000	1,573,550
1	1515001	1520000	1,825,050
1	1570001	1575000	4,453,120
2	1760001	1765000	2,232,482
1	1825001	1830000	2,796,114
1	2225001	2230000	2,923,849
1	2230001	2235000	3,425,000
1	2795001	2800000	3,650,100
1	2920001	2925000	4,945,316
1	3650001	3655000	7,300,200
1	4945001	4950000	
1	7300001	7305000	
2051			**51,433,558**

S/R. No.	Categories of shareholders	Number of shareholder	Shares held	Shares held %
1	INDIVIDUALS	2010	**47,994,320**	93.31
2	INVESTMENT COMPANIES	4	**2,029**	0.00
3	INSURANCE COMPANIES	2	**375,693**	0.73
4	JOINT STOCK COMPANIES	25	**1,416,307**	2.75
5	FINANCIAL INSTITUTIONS	5	**5,079**	0.01
6	MODARABA COMPANIES	1	**889**	0.00
7	MUTUAL FUND	1	**1,421,698**	2.76
8	OTHERS	1	**208,236**	0.40
9	EMPLOYEES BENEVOLENT FUND	1	**7,307**	0.01
10	MODARABAS	1	**2,000**	0.00
		2051	**51,433,558**	**100.00**

DETAILS OF PATTERN OF SHAREHOLDING AS PER REQUIREMENTS OF CODE OF CORPORATE GOVERNANCE

Row Labels	Shares held	%
1) Individual	**13,933,866**	
Individual	13,933,866	27.09
2) Investment companies except ICP	**2,029**	
Investment companies except ICP	2,029	0.00
3) Public / Private Sector Companies and Corporations	**1,416,307**	
Public / Private Sector Companies and Corporations	1,416,307	2.75
4) Directors, Chief Executive Officer and their spouse and minor children	**2,254,074**	
Haji Jan Muhammad	1,221	0.00
Karim Muhammad Munir	500	0.00
Mohammad Shoaib	1,111	0.00
Muhammad Mehboob	2,760	0.01
Shaikh Abdullah	1,000	0.00
Samreen Shoaib	2,232,482	4.34
Azra Yaqub Vawda	15,000	0.03
5) Investment Corporation of Pakistan	**1,705**	
Investment Corporation of Pakistan	1,705	0.00
6) Associated companies, undertakings and related parties	**17,987,314**	
Fouzia Bano	1,825,050	3.55
Maryiam Bai	1,178,581	2.29
Muhammad Hanif	2,226,560	4.33
Muhammad Iqbal	4,084,349	7.94
Shahnaz Javed	3,650,100	7.10
Yasmin Bano	2,226,560	4.33
Zarina Iqbal	2,796,114	5.44
7) Banks, DFIs, Insurance Companies, Modarabas and Mutual Funds except National Bank of Pakistan, Trustee Department	**2,019,197**	
Banks, DFIs, Insurance Companies, Modarabas and Mutual Funds except National Bank of Pakistan, Trustee Department	2,019,197	3.93
8) Shareholders holding ten percent or more voting interest	**13,819,066**	
Amina Bano	7,300,200	14.19
HAR	6,518,866	12.67
Grand Total	**51,433,558**	**100.00**

Dividend Mandate

Dear Shareholder,

Dividend Mandate: (Optional)

Security Investment Bank Limited wishes to inform its Shareholders that under the Law (Section 250 of the Companies Ordinance, 1984) they are entitled (if they so opt) to receive their cash dividend directly in their designated bank accounts instead of receiving it through dividend warrants. This will not only be convenient but will also save considerable time as funds will be credited directly into the bank account.

Shareholders either desiring to execise this option or wanting to update the Bank Mandate information already provided should subit the following information to Security Investment Bank Limited Share Registrar at the address noted herein:

S.No	Shareholder/Member Details	
1	Shareholder Name	
2	Father's/ Husband's Name	
3	Folio Number	
4	Name of Bank and Branch	
5	Title of Bank Account	
6	Bank Account Number	
7	Cell Number	
8	Telephone Number (if any)	
9	CNIC Number (attach copy)	
10	NTN (in case of corporate entity, attach copy)	
11	Passport No. (in case of foreign shareholder)	

Signature of Member/Shareholder

Please note that this dividend mandate is OPTIONAL and NOT COMPULSORY, in case you do not wish your dividend to be directly credited into your bank account then the same shall be paid to you through the dividend warrants.

CNIC Submission (Mandatory):

Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number is mandatorily required to be mentioned on dividend warrants, you are therefore requested to submit a copy of your valid CNIC. In case of non-receipt of the copy of valid CNIC, Security Investment Bank Limited (the Company) would be unable to comply with SRO 831(1)/2012 dated 5 July 2012 of SECP and therefore may be constrained under Section 251(2) (a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholders in future.

Security Investment Bank Limited Share Registrar

C & K Management Associates (Pvt) Limited
404, Trade Tower, Near Hotel Metropolitan, Karachi.

***Note:** The Shareholders who hold shares in Central Depository Company are requested to submit the duly filled in Dividend Mandate Form to their Participants/Investor Account Services.

Yours faithfully,
Shakeel Ahmed
Company Secretary
Security Investment Bank Limited

FORM OF PROXY
THIRTIETH ANNUAL GENERAL MEETING

I/We .....

of .....

a member / members of SECURITY INVESTMENT BANK LIMITED and holding.....

ordinary shares, as per Register Folio/CDC A/c or sub account no. .....

do hereby appoint.....

of.....

to vote for me/us and on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held on 12th April 2021 and at any adjournment thereof.

As Witness my/our hand this..... day of .....2021.

Folio No.

REVENUE STAMP RS. 5/-

Witness:

1. Name_____

   CNIC No._____

2. Name_____

   CNIC No._____

SIGNATURE OF MEMBER(S)

IMPORTANT:

1 A member entitled to attend Thirtieth Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him.

2 The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If the member is a corporation its common seal (if any) should be affixed on the instrument.

3 The proxies shall be deposited at the Share registrar's office of the Company not less than 48 hours before the time of the meeting.

4 For CDC Account Holders / Corporate Entities
In addition to the above the following requirements have to be met.

(i) Copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(ii) The proxy shall produce his original CNIC or original passport at the time of meeting.

(iii) in case of a corporate entity, the Board of Director's resolution / power of attorney with specimen signature.

پراکسی فارم

تیسواں سالانہ عمومی اجلاس

میں/ہم ----------کا / کے بحیثیت ممبر(ز)سیکورٹی انویسٹمنٹ بینک لمیٹڈ اور حامل----------عام حصص بمطابق فولیونمبر/ CDC Sub A/C / CDC A/C نمبر----------مقرر کرتا / کرتے ہیں۔محترم / محترمہ----------آف----------کو اپنے/ ہمارے ایماء پر کمپنی کے 12 اپریل 2021 کو ہونے والے 30واں سالانہ عمومی اجلاس میں شرکت کرنے، حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور نمائندہ (پراکسی)۔

بطور گواہ آج بتاریخ----------میرے/ ہمارے دستخط ہوئے۔

پانچ روپے کے رسیدی ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے۔

فولیونمبر----------

گواہ:

۱۔نام:----------

CNIC:----------

۲۔نام:----------

CNIC:----------

اہم نکات:

1۔کوئی ممبر جو کہ سالانہ عمومی اجلاس میں شرکت کرنے کا مجاز ہے وہ اپنے بدلے شرکت اور حقِ رائے دہی کے لیئے پراکسی نامزد کرسکتا ہے۔

2۔ پراکسی انسٹرومینٹ ممبر سے یا بااختیار اٹارنی سے دستخط شدہ ہونا لازمی ہے، اگر ممبر کوئی کمپنی یا کارپوریشن ہے تو اسکی Commom Seal پراکسی انسٹرومینٹ پر ہونا لازمی ہے۔

3۔ہر لحاظ سے مکمل اور دستخط شدہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئر رجسٹرار کی آفس میں موصول ہوجانا چاہیئے۔

4۔CDC اکاؤنٹ رکھنے والے/ کارپوریٹ ادارے۔

مزید برآں درج ذیل شرائط کو پورا کیا جائے گا۔

۱)پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی نقول بھی دی جائیں۔

۲)پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

۳)کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹر کی قرارداد/ پاور آف اٹارنی مع دستخط کے نمونے کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔