

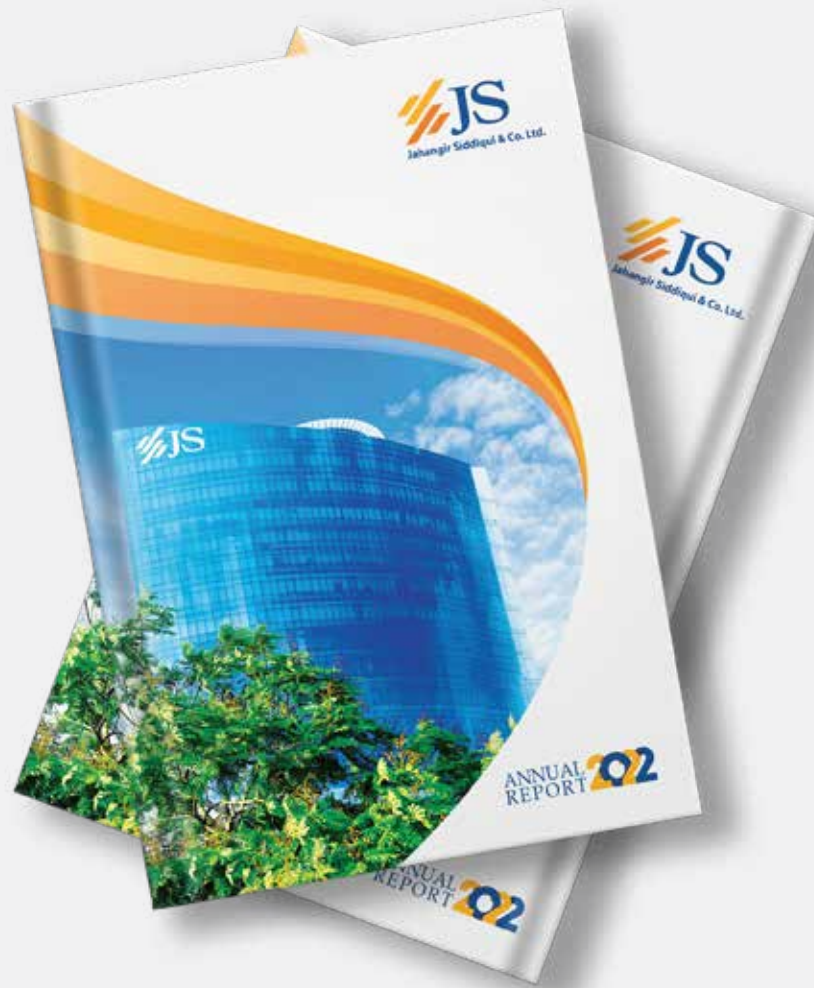


Jahangir Siddiqui & Co. Ltd.



ANNUAL  
REPORT 2022

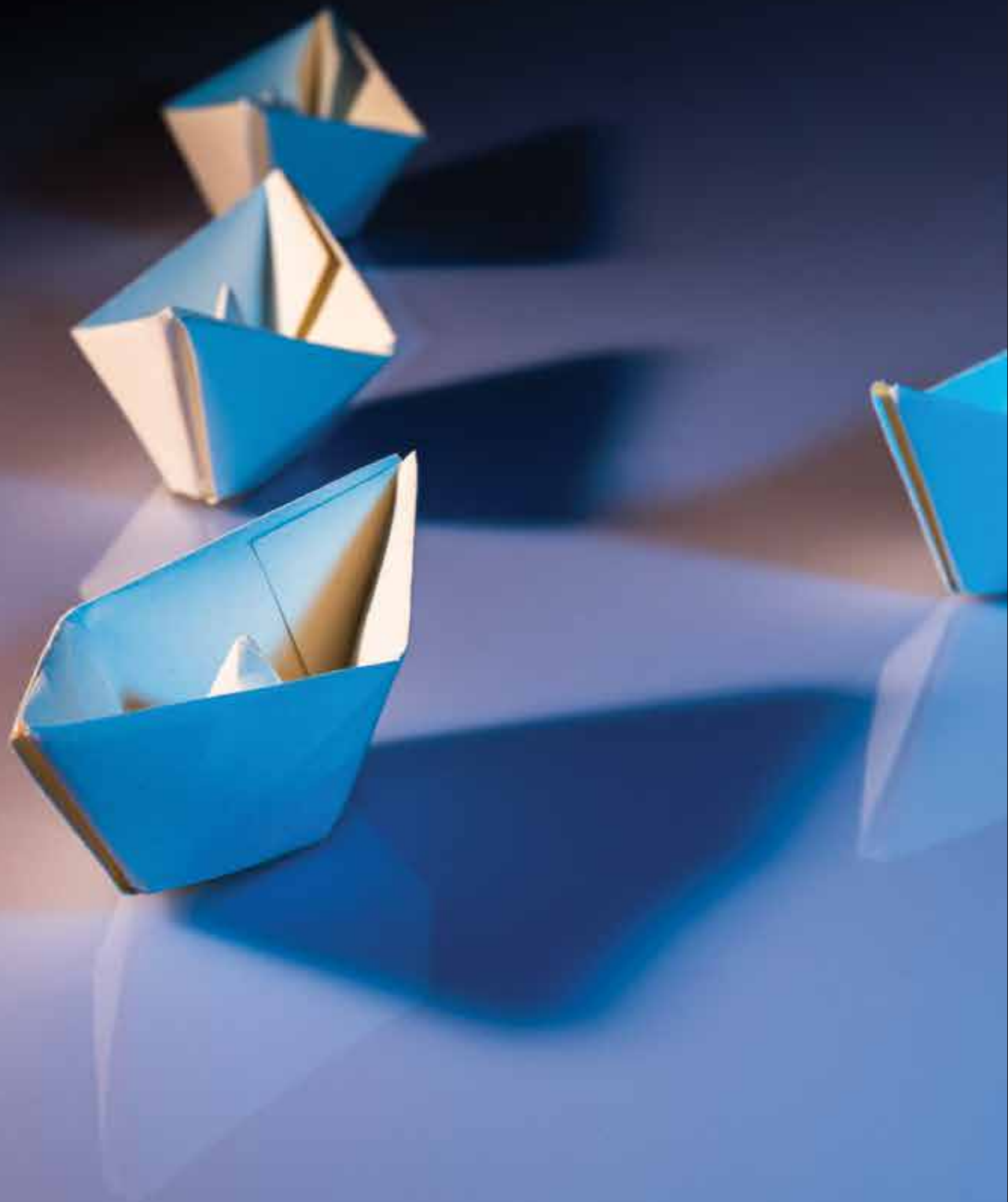




# ANNUAL REPORT 2022

Jahangir Siddiqui & Co. Ltd. ("JSCL") is the flagship investment holding company of JS Group. JSCL has made strategic long-term investments in diversified businesses primarily in financial services companies including conventional banking, Islamic banking, securities brokerage, asset management, general insurance and life insurance. These investee companies have a successful track record of producing sustainable returns and value creation for their stakeholders.

# **INTEGRITY**





**We strive to  
always do the  
right thing  
which has led to  
strong trust from  
all our  
stakeholders.**

# DISCIPLINE






**Our quest for  
excellence is  
always on the  
back of a  
defined and  
consistent  
investment  
thesis.**

# ENTREPRENEURIAL

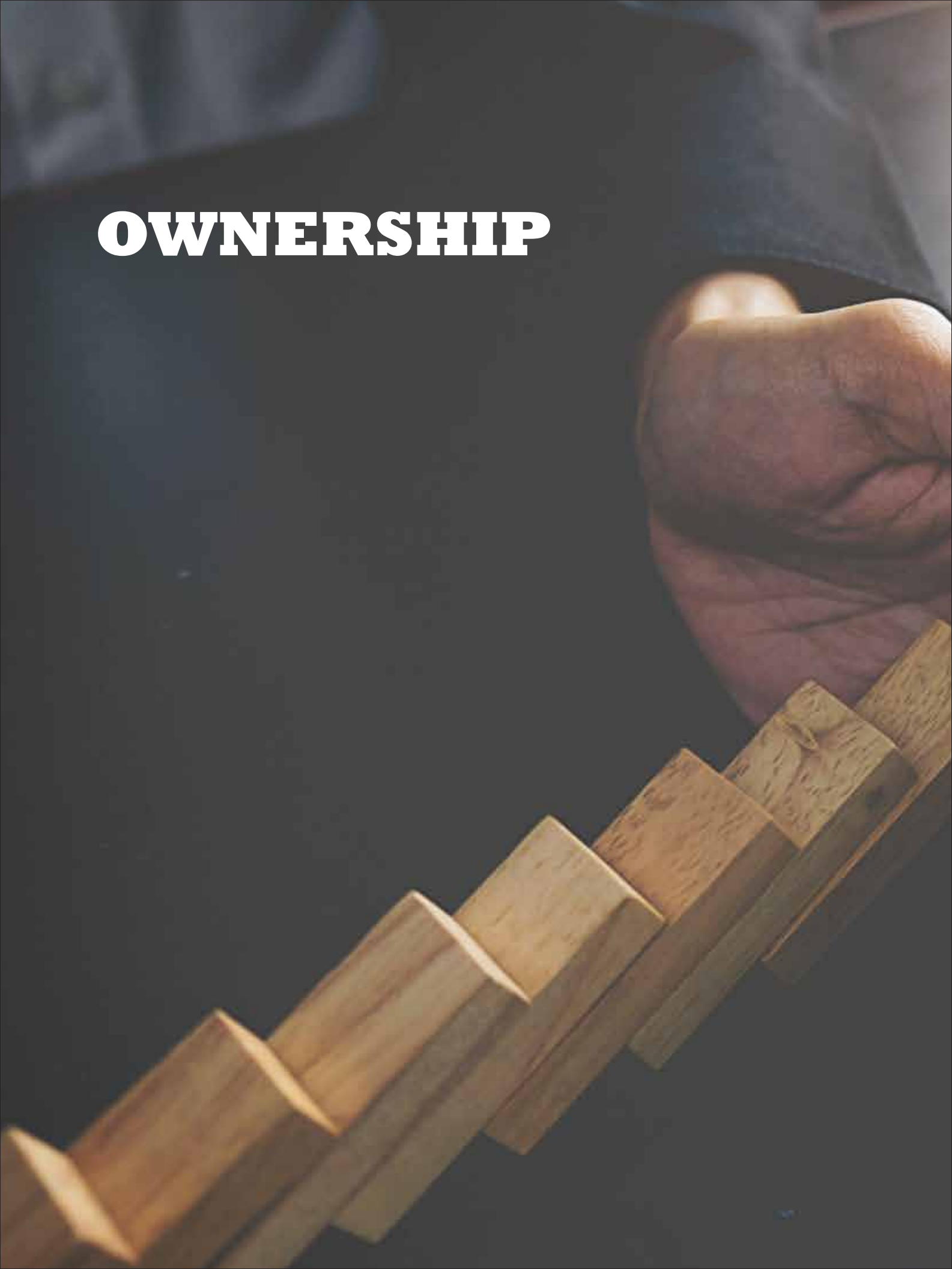






**We always look  
to identify  
opportunities  
that can broaden  
our outreach.**

# OWNERSHIP





Our talented  
team work with  
passion and take  
responsibility to  
focus on  
achieving our  
strategic  
objectives.

# COMMUNITY



We believe in paying  
back to society, through  
philanthropy, and to the  
country, through taxes.



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# ORGANIZATIONAL OVERVIEW









## **VISION**

To be recognized as the premier and best performing investment company in Pakistan.



## **MISSION**

To build value for our shareholders by providing competitive returns on a sustainable basis through prudent investment decisions by employing best practices of Corporate Governance and Risk Management and conducting our business in accordance with the highest standards of ethics and legal compliance.

# CORPORATE INFORMATION

## Board of Directors

**Justice (R) Agha Rafiq Ahmed Khan**  
Chairman - Independent

**Suleman Lalani**  
Vice Chairman - Executive

**Asad Nasir \***  
Chief Executive Officer

**Ali Raza Siddiqui**  
Director - Non-Executive

**Lt. Gen. (R) Javed Mahmood Bukhari**  
Director - Independent

**Samar Ali Shahid**  
Director - Independent

**Shahid Hussain Jatoi**  
Director - Non-Executive

**Chief Financial Officer**  
Najmul Hoda Khan

**Company Secretary**  
Syed Ali Hasham

## Audit Committee

**Lt. Gen. (R) Javed Mahmood Bukhari**  
Chairman

**Ali Raza Siddiqui**  
Member

**Shahid Hussain Jatoi**  
Member

## Human Resource & Remuneration Committee

**Samar Ali Shahid**  
Chairperson

**Ali Raza Siddiqui**  
Member

**Asad Nasir**  
Member

## Executive Committee

**Ali Raza Siddiqui**  
Chairman

**Asad Nasir**  
Member

**Shahid Hussain Jatoi**  
Member

**Suleman Lalani**  
Member

## External Auditors

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

## Internal Auditors

**Grant Thornton Anjum Rahman**  
Chartered Accountants

## Legal Advisor

Bawaney & Partners

## Share Registrar

**CDC Share Registrar Services Limited**  
CDC House, 99-B, Block-B, S.M.C.H.S.  
Main Shahr-e-Faisal  
Karachi - 74400  
Tel: 0800-23275  
Fax: (92-21) 34326053  
Email: info@cdcsrsl.com  
Website: www.cdcsrsl.com

## Registered Office

20th Floor, The Center  
Plot No. 28, SB - 5  
Abdullah Haroon Road  
Saddar, Karachi- 74400  
Pakistan  
UAN: +92 21 111 574 111  
Fax: (+92-21) 35632575

## Website

[www.js.com](http://www.js.com) 

\*Asad Nasir was elected as CEO on December 05, 2022.

# CORPORATE PROFILE

Jahangir Siddiqui & Co. Ltd. (“JSCL” or “the Company”) was incorporated under the repealed Companies Ordinance, 1984 (the Ordinance) on May 04, 1991, as a public unquoted company.

JSCL is primarily an investment holding company having investments in Conventional and Islamic Banking, Life and General Insurance, Asset Management and Brokerage, Petroleum and Energy, Textile, Infrastructure, Information Technology, Telecommunications, and Engineering sectors. On consolidated basis, the Company’s total assets surpasses PKR 600 billion.

The Company is listed on Pakistan Stock Exchange Limited having trading symbol of ‘JSCL’.

The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. However, the global footprint of the Group also encompasses Bahrain and Cayman Islands.

## IMPECCABLE CREDIT HISTORY

JSCL’s investment universe, being an investment holding company, mainly comprise of long-term strategic investments. Owing to the nature and longevity of the strategic investments, JSCL opts to meet its financing needs by raising long-term debts either in form of bank loans or issuance of Term Finance Certificates (TFCs) to meet its liquidity requirements.

The immaculate credit history of JSCL can be depicted from the following table that shows that each of the TFCs issued were repaid in full and on timely basis. The currently outstanding 10th and 11th issue of TFCs will mature in the year 2023.

| Issue Date                   | Maturity Date | Amount   | Outstanding | Credit Rating |     |
|------------------------------|---------------|----------|-------------|---------------|-----|
| ----- (Rs. in million) ----- |               |          |             |               |     |
| TFC 1                        | 18-04-03      | 18-04-08 | 500         | -             | N/A |
| TFC 2                        | 20-05-04      | 20-05-14 | 500         | -             | AA+ |
| TFC 3                        | 21-12-04      | 20-12-09 | 500         | -             | AA  |
| TFC 4                        | 30-09-05      | 30-09-10 | 500         | -             | AA+ |
| TFC 5                        | 21-11-06      | 21-05-12 | 1,100       | -             | AA  |
| TFC 6                        | 04-07-07      | 04-07-13 | 1,250       | -             | AA  |
| TFC 7                        | 30-10-12      | 30-04-16 | 1,000       | -             | AA+ |
| TFC 8                        | 08-04-14      | 08-04-19 | 750         | -             | AA+ |
| TFC 9                        | 24-06-16      | 24-06-21 | 1,000       | -             | AA+ |
| TFC 10                       | 18-07-17      | 18-07-23 | 1,500       | 375           | AA+ |
| TFC 11                       | 06-03-18      | 06-09-23 | 1,500       | 500           | AA+ |

## CREDIT RATING

The Pakistan Credit Rating Agency (“PACRA”) has maintained a long term credit rating of AA (Double A) and short term rating of A1+ (A one plus) for the Company. Further, the ratings for the Company’s 10th and 11th (listed on PSX) TFC issues, of PKR 1,500 million each, are also maintained at AA+ (Double A plus) by PACRA.

These ratings denote a very low expectation of credit risk, a strong capacity for timely payment of financial commitments and strong risk absorption capacity.



# JS GROUP, IT'S JOURNEY AND MAJOR MILESTONES

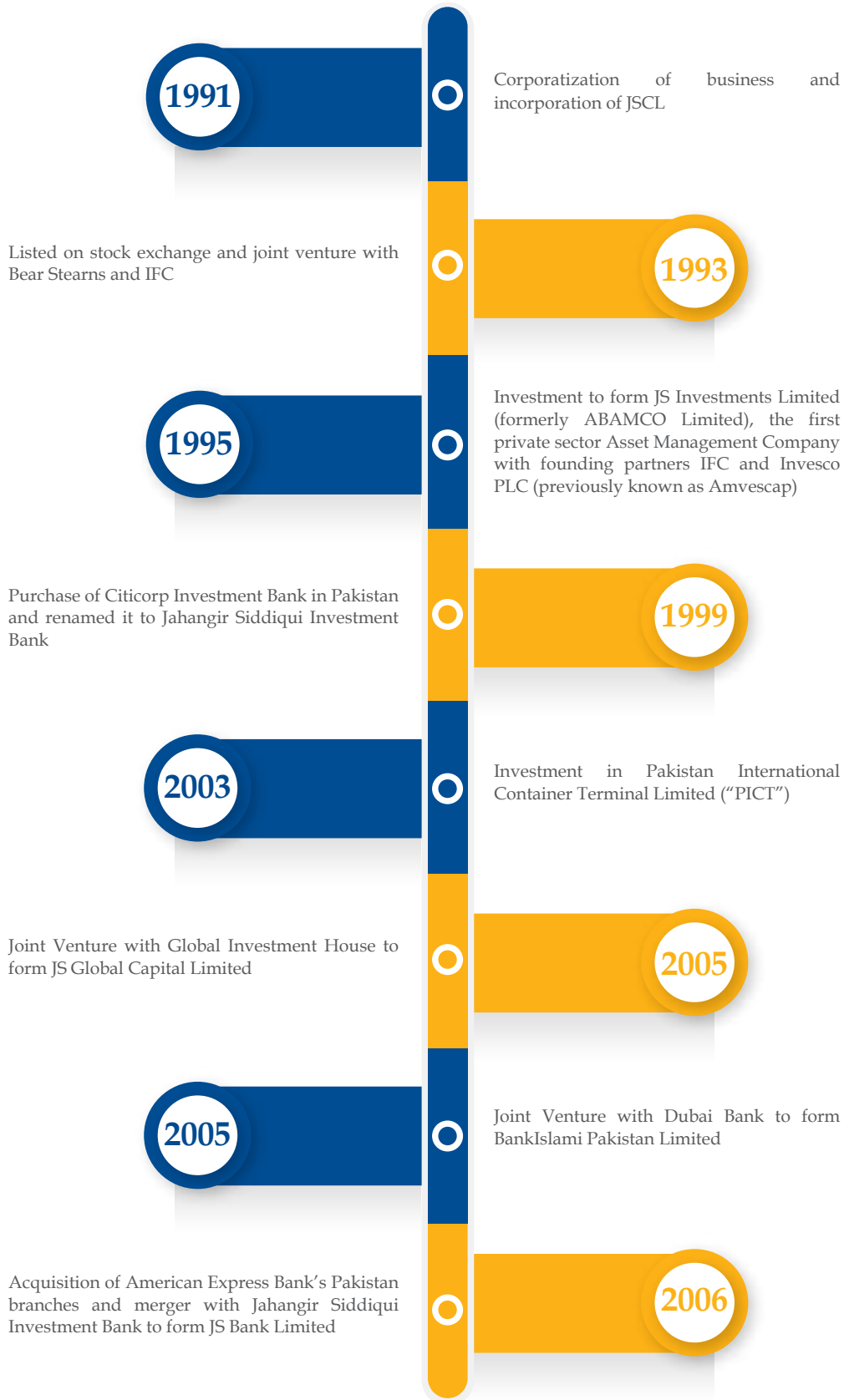
JS Group is a leading investment and financial services conglomerate, headquartered in Karachi, Pakistan.

JS Group for the purpose of this Annual Report 2022 includes Jahangir Siddiqui & Co. Ltd. as the Group's flagship holding company and its subsidiaries and sub-subsidiaries as detailed in JS Group's structure on page 24 .

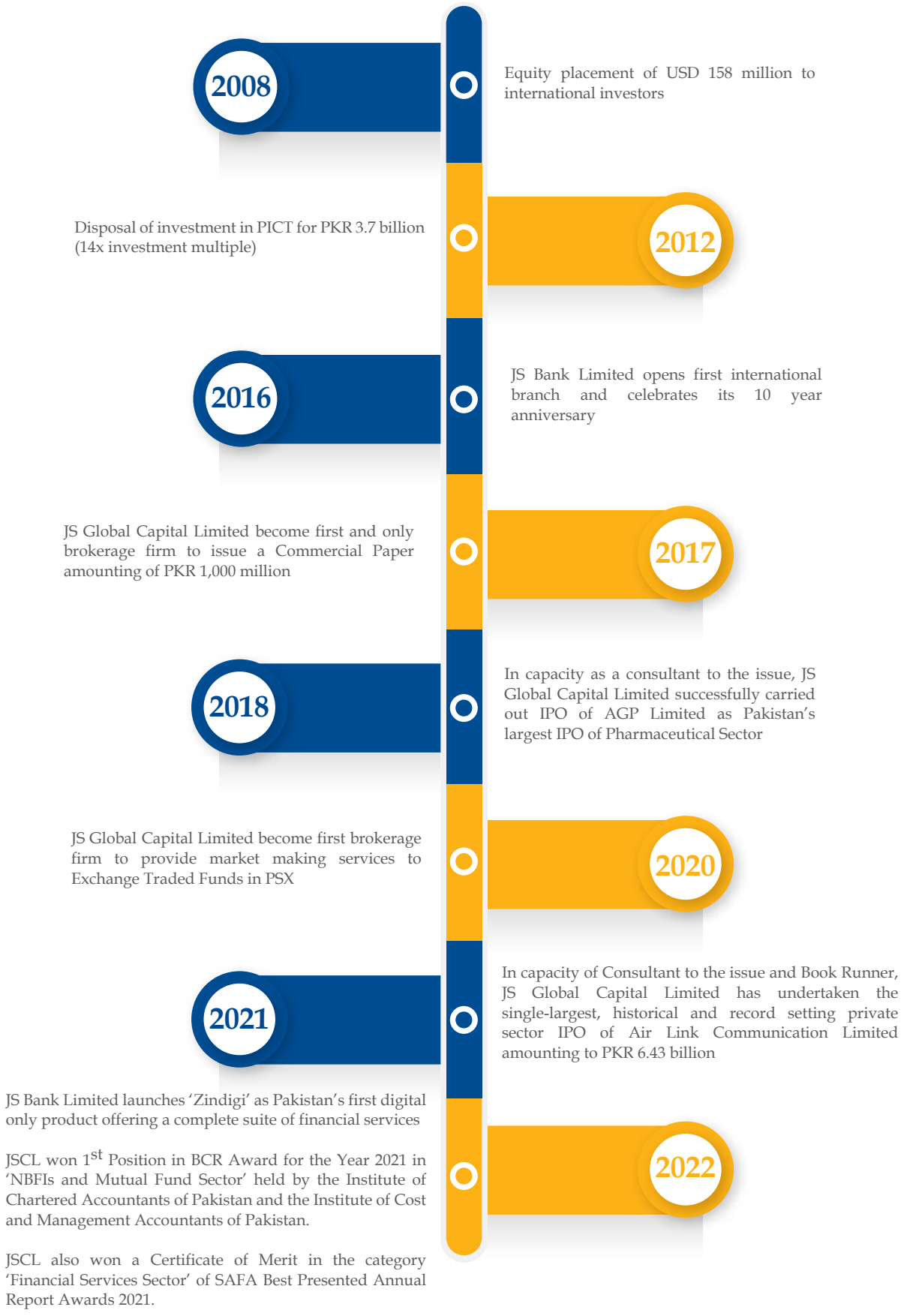
The Group's core financial services business was founded in Pakistan in 1970 by Mr. Jahangir Siddiqui as a sole proprietorship which has now grown to become one of Pakistan's most diversified and progressive financial services group. JS Group today has approximately 4,800 employees.

Key Milestones achieved by the JS Group together with history of major events are presented on the next page:

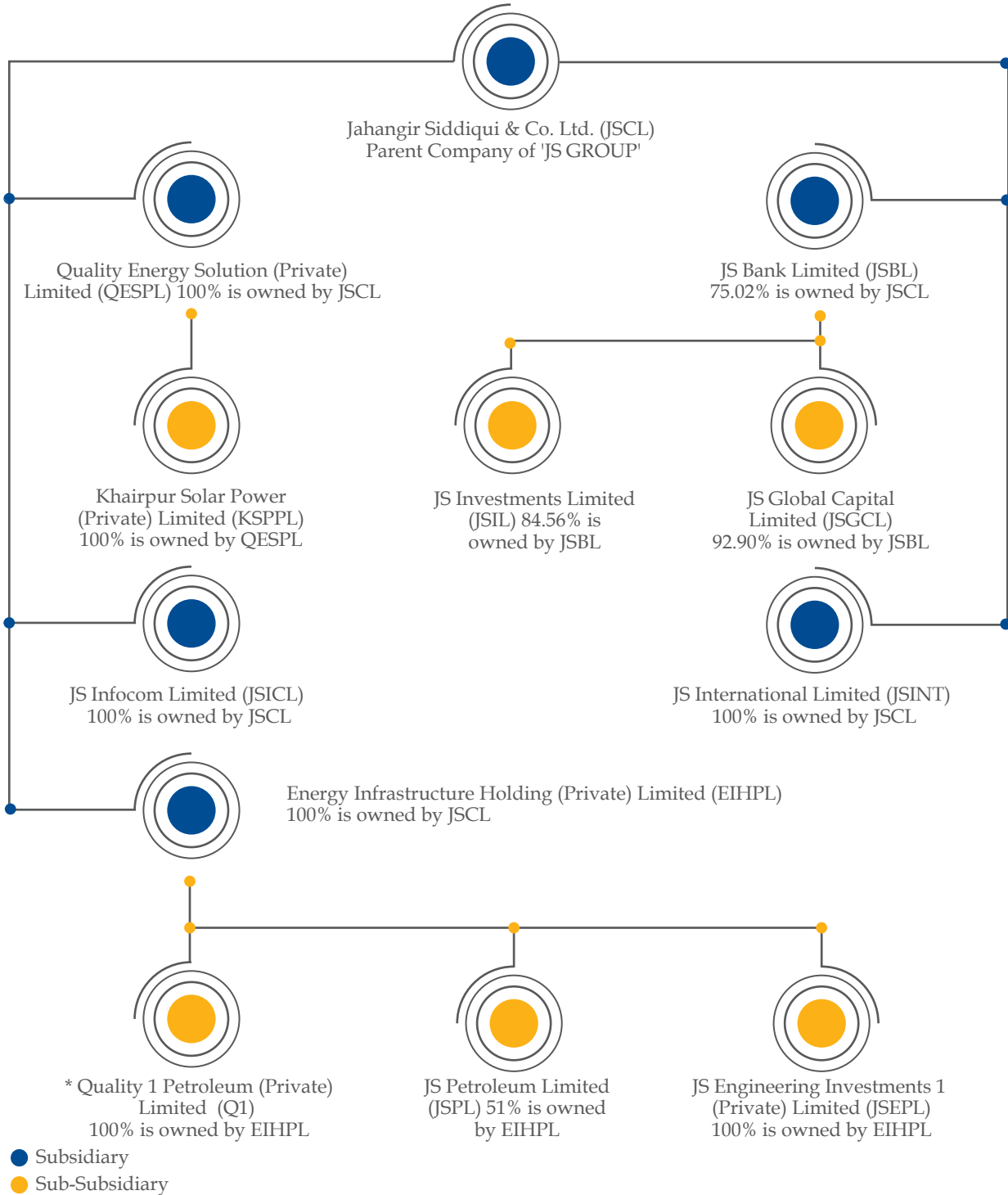








# JS GROUP STRUCTURE



\* In the year 2021, EIHPL, the parent of Q1, signed a SPA to dispose of its 100% shareholding in Q1. Therefore, Q1 has been accounted for as disposal group in the consolidated financial statements of the Group for the year ended December 31, 2022.



### **JS Bank Limited (JSBL) - 75.02% is owned by JSCL**

JSBL was incorporated on March 15, 2006, as a public limited company under the repealed Companies Ordinance, 1984, now Companies Act 2017. JSBL is a commercial bank offering quality and innovative range of products and services and complete financial solutions to its clients. JSBL was formed from the amalgamation of Jahangir Siddiqui Investment Bank Limited and American Express Bank Limited's Pakistan operations in December 2006. JSBL is listed on the Pakistan Stock Exchange Limited having trading symbol of 'JSBL'.

JSBL is amongst the fastest-growing Banks in Pakistan, with both a domestic and an international presence. JSBL is a leader in the SME space and has a substantial footprint in Digital Banking and Consumer Loans. JSBL has been recognized on multiple international and national forums, including the prestigious AsiaMoney, Asian Banking, Finance, DIGI, and Pakistan Banking Awards.

#### **Key financial figures of JSBL are as follows:**

##### **December 31, 2022 PKR in million**

|                      |         |
|----------------------|---------|
| Total Assets         | 616,715 |
| Total Advances - Net | 231,102 |
| Total Deposits       | 464,132 |
| Shareholder's Equity | 21,547  |
| Profit after Tax     | 965     |

For more information, please visit:

<https://jsbl.com/> 

### **JS Global Capital Limited (JSGCL) - 92.90% is owned by JSBL**

JSGCL was incorporated as a private limited company on June 28, 2000, under the repealed Companies Ordinance, 1984, now Companies Act 2017. However, JSGCL commenced its operations in May 2003 and name of the Company was changed from JSCL Direct (Private) Limited to Jahangir Siddiqui Capital Markets (Private) Limited. Subsequently, it was converted into a

public unquoted company and the holding company Jahangir Siddiqui & Co. Ltd. offered its 25% shareholding to the general public for subscription in December 2004 and the Company obtained listing on Karachi Stock Exchange Limited and Islamabad Stock Exchange Limited on February 07, 2005. During 2006-07, the Company issued 10,009,700 shares to Global Investment House K.S.C.C Kuwait, ('Global'). The shares were issued to Global without offering right shares on the basis of a special resolution passed on July 11, 2006.

During the year 2012, JSBL a subsidiary of JSCL, acquired 25,525,169 shares of JSGCL from JSCL and other shareholders against issuance of 185,321,537 shares in lieu thereof. As a result, the principal ownership of JSGCL was transferred to JSBL. Presently, JSGCL is a subsidiary of JSBL, which is a subsidiary of JSCL, the ultimate parent of the JS Group.

JSGCL is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (PSX) and member of Pakistan Mercantile Exchange Limited (PMEX). The principal activities of JSGCL are share brokerage, money market brokerage, forex brokerage, commodity brokerage, advisory, underwriting, book running and consultancy services.

JSGCL has been recognized on multiple international and national forums, including the prestigious AsiaMoney and CFA awards.

#### **Key financial figures of JSGCL are as follows:**

##### **December 31, 2022 PKR in million**

|                      |       |
|----------------------|-------|
| Total Assets         | 5,357 |
| Total Liabilities    | 3,097 |
| Shareholder's Equity | 2,261 |
| Profit after Tax     | 76    |

For more information, please visit:

<http://www.jsgcl.com/> 

**JS Investments Limited (JSIL) - 84.56% is owned by JSBL**

JSIL is a public listed company incorporated in Pakistan on February 22, 1995, under the repealed Companies Ordinance, 1984, now Companies Act 2017. The shares of JSIL are quoted on the Pakistan Stock Exchange Limited since April 24, 2007, having trading symbol of 'JSIL'. JSIL has obtained the license of an "Investment Advisor" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, it also acts as Pension Fund Manager under the Voluntary Pension System Rules, 2005. JSIL has also acquired the Private Equity and Venture Capital Fund Management Services license and REIT Management Services license from Securities and Exchange Commission of Pakistan (SECP).

**Key financial figures of JSIL are as follows:**

**December 31, 2022  
PKR in million**

|                               |        |
|-------------------------------|--------|
| Total Assets                  | 1,772  |
| Total Liabilities             | 416    |
| Shareholder's Equity          | 1,355  |
| Loss after Tax                | (149)  |
| Total Assets Under Management | 44,226 |

For more information, please visit:  
<http://www.jsil.com.com/>

**JS Infocom Limited (JSICL) - 100% is owned by JSCL**

JSICL was incorporated on August 25, 2003, as a public limited unlisted company under the repealed Companies Ordinance, 1984, now Companies Act 2017. JSICL's principal purpose is to undertake and invest in telecommunication, media and technology service businesses.

**Key financial figures of JSICL are as follows:**

**December 31, 2022  
PKR in million**

|                      |       |
|----------------------|-------|
| Total Assets         | 2,582 |
| Total Liabilities    | 0.67  |
| Shareholder's Equity | 2,581 |
| Profit after Tax     | 83    |

For more information, please visit:  
<http://www.jsinfocom.com/>

**Energy Infrastructure Holding (Private) Limited (EIHPL) - 100% is owned by JSCL**

EIHPL was incorporated under the repealed Companies Ordinance, 1984, now Companies Act 2017, on April 15, 2008 as a Private Limited Company. EIHPL's principal purpose is to undertake and invest in energy, petroleum and infrastructure projects.

**Key financial figures of EIHPL are as follows:**

**December 31, 2022  
PKR in million**

|                      |       |
|----------------------|-------|
| Total Assets         | 4,053 |
| Total Liabilities    | 241   |
| Shareholder's Equity | 3,811 |
| Loss after Tax       | (46)  |

**Quality 1 Petroleum (Private) Limited (Q1) - 100% is owned by EIHPL**

Q1 was incorporated on July 04, 2014, as a private limited company in Lahore. Q1 is licensed by Oil and Gas Regulatory Authority to operate as Oil Marketing Company (OMC). It is principally engaged in procurement, storage and marketing of petroleum related products.

In the year 2021, EIHPL (the parent company of Q1) had decided to dispose of its entire equity interest in Q1. Subsequent to the approval of directors and the shareholders of EIHPL in their respective meetings, Share Purchase Agreement (SPA) has been signed with the intended buyer on December 31, 2021.

At present, EIHPL and the intended buyer are currently in the process of obtaining certain regulatory approvals to meet the conditions precedents as per SPA which are expected to be completed during subsequent year. Therefore, the Group has presented its investment in Q1 as a disposal group held for sale under International Financial Reporting Standard 5 (IFRS-5).

**Key financial figures of Q1 (the disposal group) are as follows:**

|                      | <b>December 31, 2022</b> |
|----------------------|--------------------------|
|                      | <b>PKR in million</b>    |
| Total Assets         | 2,909                    |
| Total Liabilities    | 1,854                    |
| Shareholder's Equity | 1,112                    |
| Loss after Tax       | (5)                      |

For more information, please visit:

<https://q1petroleum.com/>

**JS Petroleum Limited (JSPL) - 51% is owned by EIHPL**

JSPL was incorporated under the repealed Companies Ordinance, 1984, now Companies Act 2017, on October 09, 2017, as a private limited company and was subsequently converted to public unlisted company. The principal business activity of JSPL will be to invest in and undertake Oil and Gas storage facility business.

**Key financial figures of JSPL are as follows:**

|                      | <b>December 31, 2022</b> |
|----------------------|--------------------------|
|                      | <b>PKR in million</b>    |
| Total Assets         | 522                      |
| Total Liabilities    | 1                        |
| Shareholder's Equity | 521                      |
| Loss after Tax       | (14)                     |

**JS Engineering Investments 1 (Private) Limited (JSEPL) - 100% is owned by EIHPL**

JSEPL was incorporated under the Companies Act, 2017, on November 23, 2017, as a private limited company. The principal activities of JSEPL will be to invest in engineering and automotive sectors. JSEPL is currently pursuing investment opportunities.

**Key financial figures of JSEPL are as follows:**

|                      | <b>December 31, 2022</b> |
|----------------------|--------------------------|
|                      | <b>PKR in million</b>    |
| Total Assets         | 4                        |
| Total Liabilities    | 0.5                      |
| Shareholder's Equity | 3.5                      |
| Loss after Tax       | (0.05)                   |

**Quality Energy Solution (Private) Limited (QESPL) - 100% is owned by JSCL**

QESPL was incorporated under the repealed

Companies Ordinance, 1984, now Companies Act 2017, on May 09, 2016 as a private limited company. The principal activities of QESPL are to undertake investments in power entities, listed or otherwise in Pakistan or elsewhere in the world.

**Key financial figures of QESPL are as follows:**

|                      | <b>December 31, 2022</b> |
|----------------------|--------------------------|
|                      | <b>PKR in million</b>    |
| Total Assets         | 27                       |
| Total Liabilities    | 0.43                     |
| Shareholder's Equity | 26                       |
| Profit after Tax     | 1.61                     |

**Khairpur Solar Power (Private) Limited (KSPPL) - 100% is owned by QESPL**

KSPPL was incorporated under the repealed Companies Ordinance, 1984, now Companies Act 2017, on May 05, 2016, as a private limited company. The principal activities of KSPPL is to develop, design, construct, build, own, operate, maintain and acquire solar energy project, coal fired power generation complexes and thermal, hydel, renewable energy and wind energy projects, carry on the business of electricity generation, transmission, sale and distribution services and maintain housing, transportation, communication and utility lines and other requisite logistic facilities for the construction, operation and maintenance of power plants.

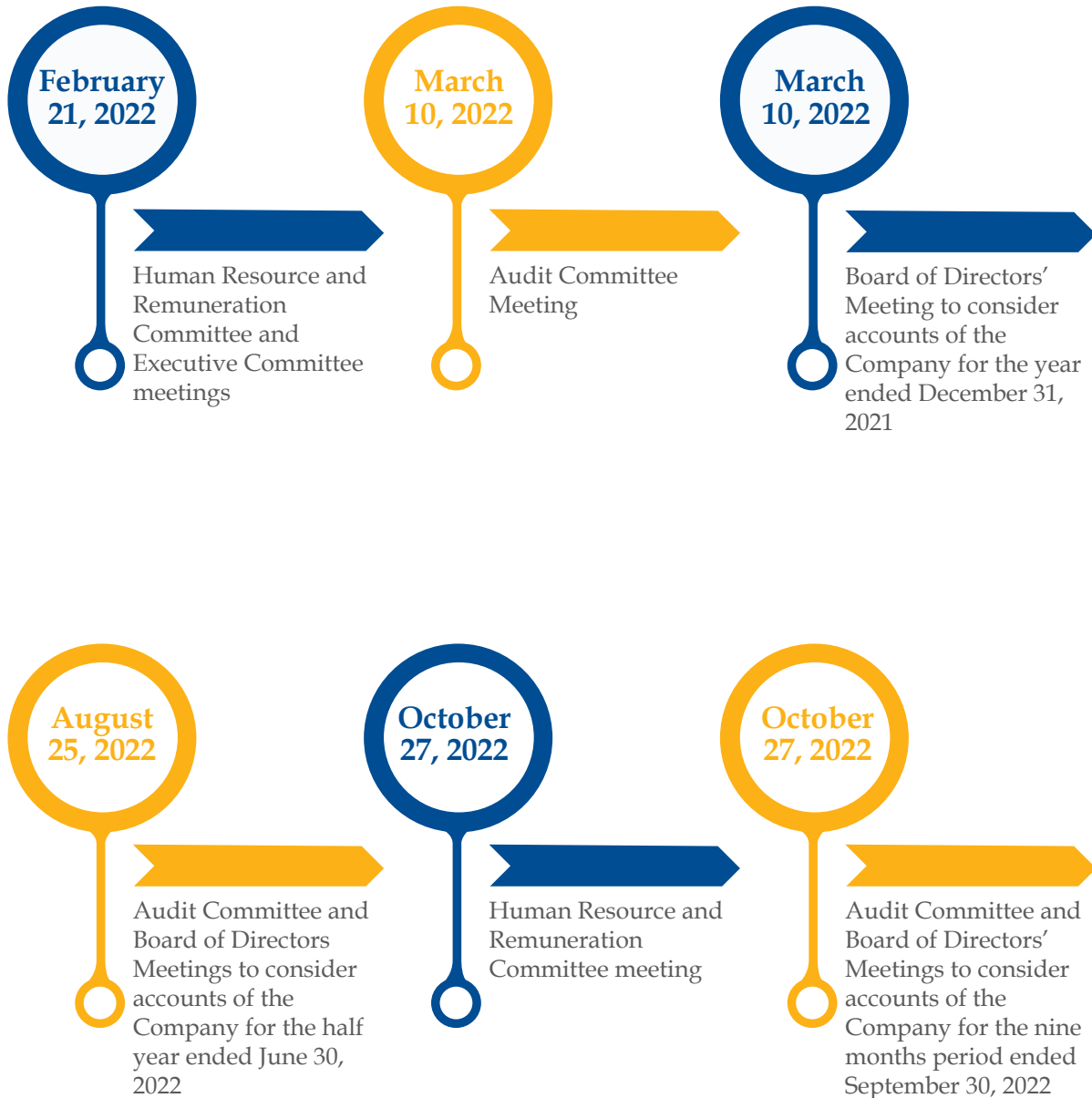
**Key financial figures of KSPPL are as follows:**

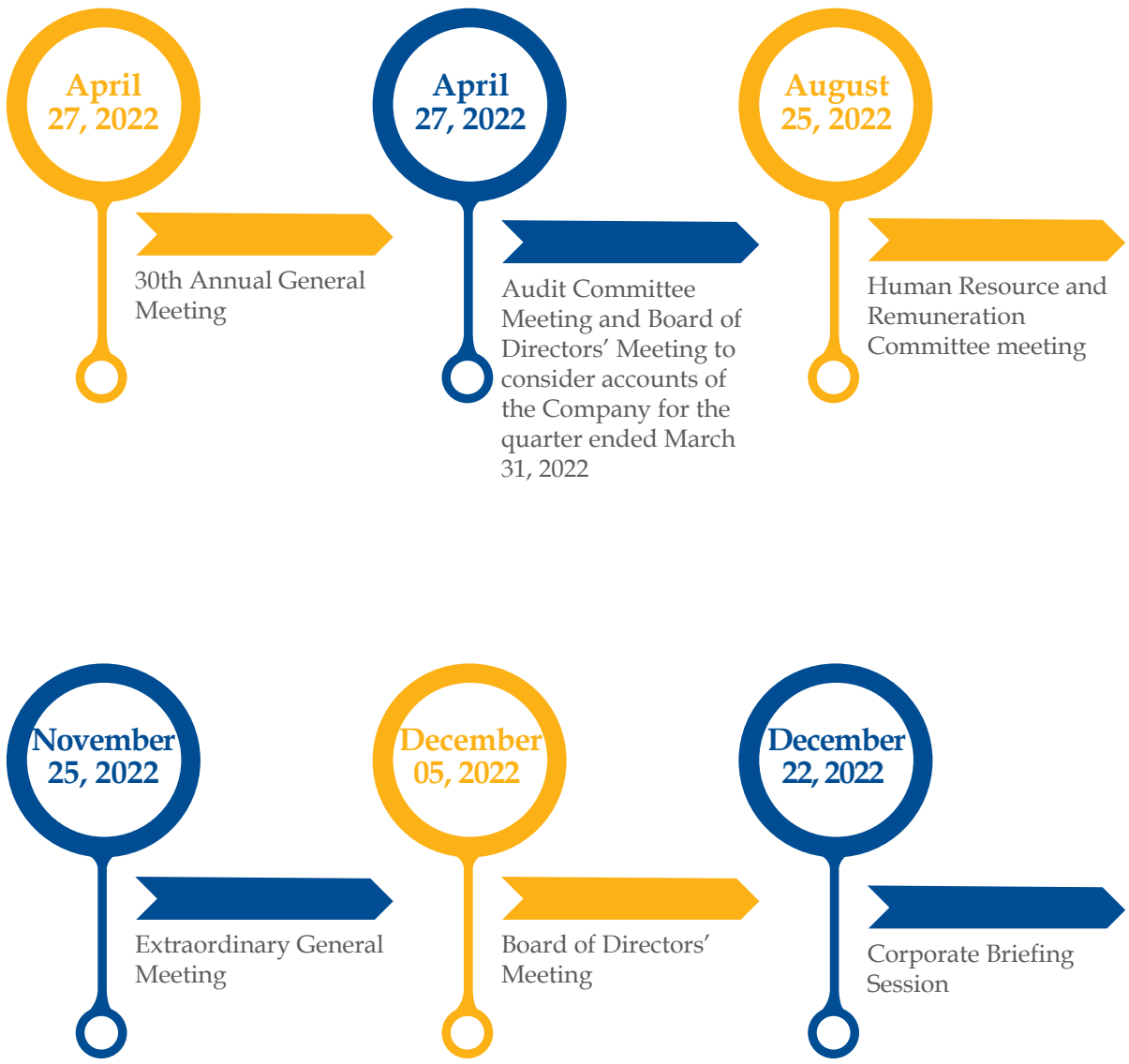
|                      | <b>December 31, 2022</b> |
|----------------------|--------------------------|
|                      | <b>PKR in million</b>    |
| Total Assets         | 14                       |
| Total Liabilities    | 0.65                     |
| Shareholder's Equity | 13                       |
| Profit after Tax     | 0.74                     |

**JS International Limited (JSINT) - 100% is owned by JSCL**

JSINT was incorporated in Cayman Islands B.W.I. on July 14, 2005. The primary objective for which JSINTL was established includes inward investment from non-resident Pakistanis and international institutional investors, financial advisory services to Pakistani companies expanding overseas and to foreign companies interested in investing or setting up joint ventures in Pakistan. JSINT is having a dormant status as of the date of Statement of Financial Position.

## CORPORATE CALENDAR 2022





## GEOGRAPHICAL PRESENCE

**PAKISTAN**



**GRAND CAYMAN**

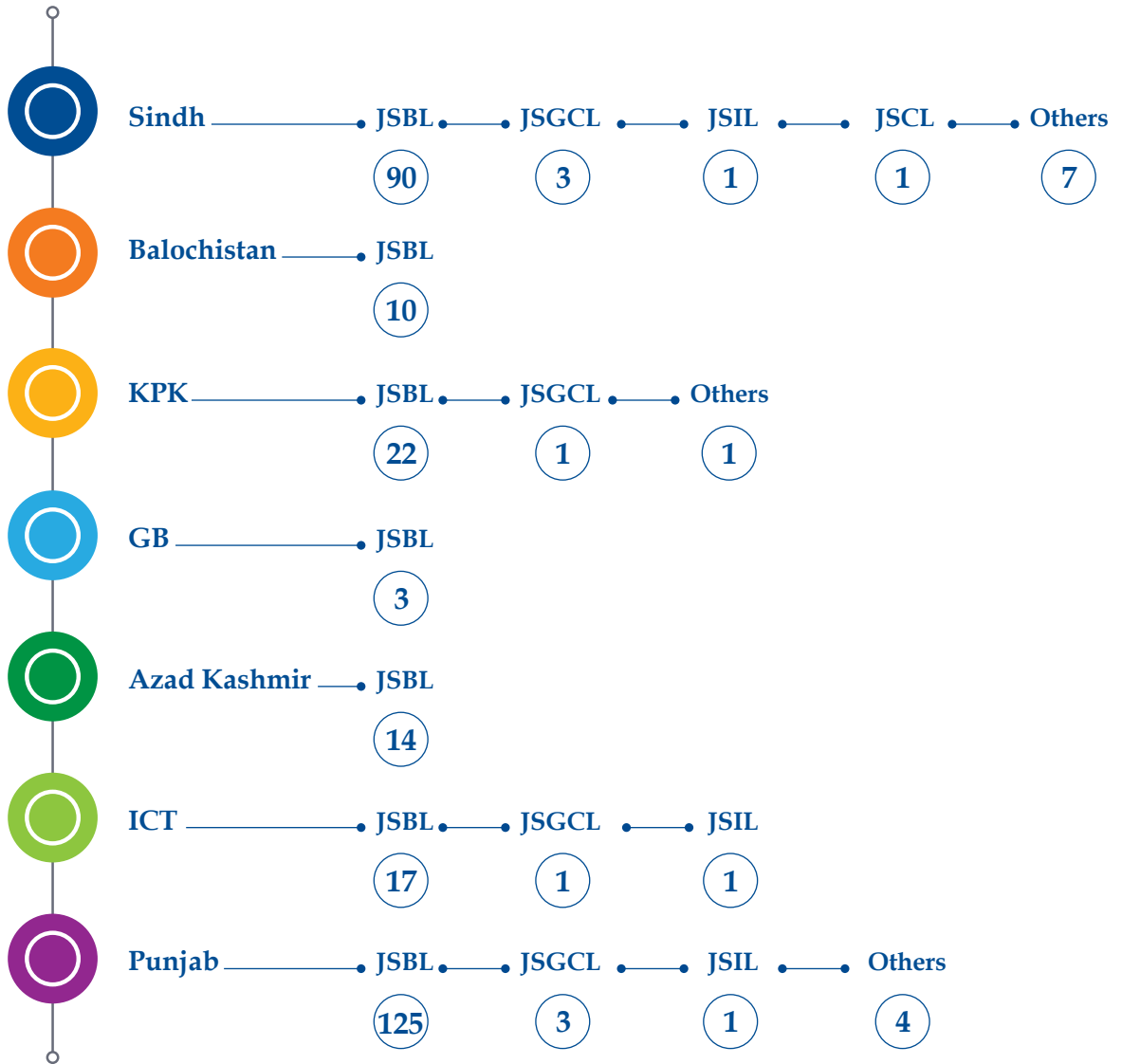


**BAHRAIN**





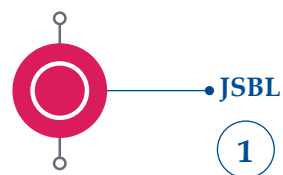
## PAKISTAN



## GRAND CAYMAN



## BAHRAIN



For detailed head office and branch network of JS Group, please refer Annexure II on page 358.

# GOVERNANCE





# CHAIRMAN'S REVIEW

Dear Shareholders,

I am pleased to present this review report to the shareholders of Jahangir Siddiqui & Co. Ltd. ("Company" or "JSCL") on overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's objectives.

The Board of Directors ("Board") of JSCL is enriched with appropriate mix of skills, core competencies, diversity, experience and knowledge and is committed to strong corporate governance to protect the overall interests of the Company and its shareholders specially minority shareholders. The Board while exercising its powers under the law has performed its duties diligently and has managed the affairs of the Company in an effective and efficient manner with meticulous compliance of ethical values, laws and regulations.

The Chairman is an independent director. Further, the Board has clearly defined the respective roles and responsibilities of the Chairman and the Chief Executive Officer.

The Board has constituted highly effective Audit, Human Resource & Remuneration and Executive Committees with clear charters having adequate representation of non-executive and independent directors with requisite experience and knowledge to manage the affairs of the Company. There exists a constructive relationship amongst the members of the Committees and the Board. The Company arranges orientation courses and requisite trainings, wherever required, to enable the directors to perform their duties in an effective manner.

The Board had engaged Grant Thornton Anjum Rahman ("GTAR") to perform annual evaluation of the Board, its own performance and that of its members and committees. The evaluation report submitted by GTAR was reviewed and discussed by the Human Resource and Remuneration Committee of the Board and the Board.

Moreover, the Board has also established policies that cover all essential areas of the Board's responsibility and operations of the Company.

I am pleased to report that the overall performance of the Board has been par excellence. The Board of JSCL with high level oversight on strategic planning, execution of strategies and business risks and continuous guidance has helped in effective steering of the Company by ensuring that the Company's objectives are achieved through a perfect mix of joint efforts of the management team.

Your Company's aim is to enhance qualitative long-term growth through best use of resources and operational excellence leading to significant value creation for the stakeholders. I thank you for your support and continued patronage and I thank the Board and our staff for their hard work and commitment to the Company.



**Justice (R) Agha Rafiq Ahmed Khan**  
Chairman

March 13, 2023

# چیرمین کا جائزہ

## معزز حصص یافتگان!

میں جہاں گزیر صدیقی اینڈ کمپنی لمیٹڈ ("کمپنی" یا "ISCL") کے حصص یافتگان کو بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے موثر کردار پر جائزہ پیش کرنے میں بہت خوشی محسوس کر رہا ہوں۔

ISCL کے بورڈ آف ڈائریکٹرز (بورڈ) مہارتوں، بنیادی صلاحیتوں، تنوع، وسیع تجربے اور علم کے مناسب مرکب کے حامل ہیں اور کمپنی اور اس کے حصص یافتگان خاص طور پر اقلیتی حصص یافتگان کے مجموعی مفادات کے تحفظ کے لئے مضبوط ادارتی نظم و ضبط کے لئے کوشاں ہیں۔ بورڈ نے اپنے اختیارات استعمال کرتے ہوئے اپنے فرائض کو سرگرمی سے انجام دیا اور کمپنی کے معاملات کو موثر اور منظم انداز میں چلایا جس میں اخلاقی قدروں، قوانین اور قواعد و ضوابط کی پاسداری کی گئی۔

چیرمین ایک آزاد ڈائریکٹر ہے۔ مزید یہ کہ بورڈ نے چیرمین اور چیف ایگزیکٹو آفیسر کے متعلقہ کردار اور ذمہ داریوں کا واضح طور پر تعین کیا ہے۔


بورڈ نے انتہائی موثر آڈٹ، انسانی وسائل و معاوضہ اور ایگزیکٹو کمپنیاں تشکیل دی ہیں کہ جن میں ضروری تجربہ اور علم کے حامل نان ایگزیکٹو اور آزاد ڈائریکٹران کو مناسب نمائندگی دی گئی ہے تاکہ کمپنی کے معاملات احسن انداز سے چل سکیں۔ کمپنیوں کے ممبران اور بورڈ کے مابین ایک تعمیری تعلق موجود ہے۔ کمپنی نے جہاں ضروری ہوا وہاں پر تعارفی کورسز اور ورکارٹریٹ کا اہتمام کیا ہے تاکہ ڈائریکٹران اپنے فرائض موثر انداز میں انجام دے سکیں۔

بورڈ نے اپنی اور اپنے ممبران اور کمپنیوں کی سالانہ تقصیص کے لئے گرانٹ ٹورن انجم رحمان (GTAR) کی خدمات حاصل کی ہیں۔ GTAR کی پیش کردہ رپورٹ کا جائزہ لیا گیا اور اس پر بورڈ کی انسانی وسائل و معاوضہ کمپنی اور بورڈ نے بحث کی۔

مزید یہ کہ بورڈ نے ایسی پالیسیاں تشکیل دی ہیں جو کہ بورڈ کی ذمہ داری اور کمپنی کے تمام بنیادی شعبوں کا احاطہ کرتی ہیں۔

میں بخوشی مطلع کرتا ہوں کہ بورڈ کی مجموعی کارکردگی بہترین پائی گئی۔ ISCL کے بورڈ نے کلیدی منصوبہ بندی، حکمت عملیوں کی تشکیل اور کاروباری خطرات کی گھرائی میں اعلیٰ سطح کا کردار ادا کیا اور کمپنی کے مقاصد کے حصول کو یقینی بنانے میں انتظامی ٹیم کی مربوط مشرکہ کوششوں سے کمپنی کی موثر سمت بندی میں مسلسل رہنمائی فراہم کی۔

آپ کی کمپنی کا عزم ہے کہ وسائل کے بہتر استعمال کے ذریعے طویل مدتی نمو اور کاروباری فوقیت حاصل ہونے سے متعلقین کے لئے قدر پیدا کی جاسکے۔ میں بورڈ کی مسلسل سرپرستی اور تعاون پر اور ہمارے اسٹاک کی استحکام و محنت اور کمپنی کے لئے ان کے عزم پر ان کا انتہائی مشکور ہوں۔



جلس (ریٹائرڈ) آفاریق احمد خان

چیرمین

13 مارچ 2023ء

# DIRECTORS' REPORT TO THE SHAREHOLDERS

**Dear Shareholders,**

We are pleased to present the Annual Report of Jahangir Siddiqui & Co. Ltd. ("the Company" or "JSCL") along with the audited unconsolidated financial statements and the audited consolidated financial statements of the Company and its subsidiaries ("the Group") and auditors' reports thereon for the year ended December 31, 2022.

## **The Economy**

The Pakistani economy was troubled by several tribulations throughout the year 2022, marking it as one of the most difficult periods in the Country's history. Noted challenges during the year comprised of domestic political uncertainties, a foreign Exchange crisis, and import restrictions all resulting into staggering inflation as well as, a steep hike in commodity and energy prices brought about by the Russia-Ukraine conflict.

During the start of the year, tensed domestic political environment coincided with the Russia-Ukraine conflict and compromised critical economic management significantly. Despite successful completion of the 6th Review of Extended Fund Facility (EFF) of the International Monetary Fund (IMF) during February, 2022, fiscal slippages, significant foreign exchange denominated debt repayments, mounting inflation, and current account deficits kept the economic outlook bleak. These factors resulted in a delay to the 7th and 8th Reviews of IMF-EFF, which were completed in July 2022. The FY2022-23 federal budget reflected some of the tough taxation measures that were considered necessary for required fiscal and economic adjustments.

The circumstances were further exacerbated by massive floods that inundated the country and resulted in an economic damage of up to USD 30 billion as per government's estimates. Combined with aforementioned challenges, the level of uncertainty led to the 9th Review of IMF-EFF being delayed despite an acute requirement for IMF backing to facilitate financing packages from friendly countries. The required realistic level of adjustments was such that it would have caused enormous turmoil both politically and economically.

The impact of foregoing developments resulted in, inter alia, an average Consumer Price Inflation (CPI) of 19.70 percent, increase in Policy Rate by 6.25 percent, reduction of foreign exchange reserves by USD 13.04 billion, depreciation of PKR by 28.28 percent.

## **Equity Capital Markets**

The KSE-100 Index declined by 9.36 percent during the year under review, representing the worst year for equities performance over the preceding 5 years. Adjusted for PKR devaluation, the KSE-100 Index declined by 29.34 percent, over the year.

The index, however, remained range-bound, touching a high of 46,970 points and a low of 39,028 points, over the period. In conjunction with depressed sentiments, average daily value traded declined significantly from PKR 16.993 billion in 2021 to PKR 6.94 billion in 2022.

## **Principal Activities:**

JSCL is an investment company primarily focused on financial services and also makes long term investments in growing companies in Pakistan. The financial services footprint covers all sectors including conventional banking, Islamic banking,

investment banking, securities brokerage, asset management, and insurance. JSCL also benefits from strategic long-term investments in various technology, infrastructural and industrial sector companies.

### Financial Performance:

#### Unconsolidated Financial Statements:

The Company reported a profit after tax of PKR 345 million for the year ended December 31, 2022, compared to PKR 786 million for the year ended December 31, 2021. Overall revenues for the year have decreased to PKR 1,384 million as compared to PKR 1,507 million for the year ended December 31, 2021, owing to decline in return on investment and realized capital loss on equity securities. The operating and administrative expenses have slightly increased.

The Company, keeping in mind the rising interest rate environment, maintained an accelerated repayment for its financings, and, therefore, the finance costs, despite a steep increase in interest rates, have decreased to PKR 246 million as compared to PKR 267 million for the same period last year. The breakup value per share as of December 31, 2022 was PKR 32.94.

|                              | (PKR in '000') |
|------------------------------|----------------|
| Profit before taxation       | 835,093        |
| Less: Taxation               |                |
| - Current                    | 434,153        |
| - Prior                      | 54,075         |
| - Deferred                   | 1,622          |
|                              | 489,850        |
| <b>Profit after taxation</b> | <b>345,243</b> |

The Basic Earnings per Share ("EPS") of the Company for 2022 is PKR 0.38 per share, whereas, the Diluted Earnings per Share is PKR 0.36 per share.

### Consolidated Financial Statements

During the year, the Group has reported an improvement in its assets base which increased to PKR 646,325 million as at December 31, 2022, from PKR 614,921 million as at December 31, 2021. The shareholders' equity was PKR 45,677 million as of the year end.

During the year, the Group reported a profit after tax of PKR 2,373 million for the year ended December 31, 2022, as compared to PKR 2,013 million for the year ended December 31, 2021 i.e., an increase of 17.9%.

Total income has increased by 69.97% over the last year mainly on account of increase in interest earned and increase in gain from disposal of equity securities and government securities during the year. The administrative and other expenses have increased to PKR 19,306 million i.e., by 17.09% over the last year. However, finance cost has significantly increased by 109.60% to PKR 57,425 million over the previous year due to the increase in interest rates.

|  | (PKR in '000)    |
|--|------------------|
| Profit before taxation   | 4,091,333        |
| Less: Taxation   |                  |
| - Current  | 1,710,011        |
| - Prior  | 59,250           |
| - Deferred   | (55,511)         |
|  | 1,713,750        |
| Profit for the year  | 2,377,583        |
| Loss after taxation for the year from discontinued operations    | (4,546)          |
| Profit for the year  | 2,373,037        |
| Less: Profit attributable to non-controlling interests           | 223,091          |
| <b>Profit for the year attributable to ordinary shareholders</b> | <b>2,149,946</b> |

The Basic Earnings per Share (“EPS”) from continuing and discontinued operations for the year ended December 31, 2022, is PKR 2.35 per share, whereas, the Diluted Earnings per Share is PKR 2.06 per share.

### Performance of Key Investments

#### JS Bank Limited (subsidiary)

JS Bank Limited (“JSBL” or “the Bank”) is a scheduled bank, incorporated in Pakistan, engaged in commercial banking and related services.

The Bank reported a profit before tax of PKR 2,131 million (profit after tax of PKR 965 million) for the year ended December 31, 2022, as compared to a profit before tax of PKR 2,209 million (profit after tax of PKR 1,304 million) in the prior year. The

Earnings per Share (EPS) stand at PKR 0.74 per share (December 31, 2021: PKR 1.01).

The Bank’s revenue reported total mark-up earned of PKR 72,047 million compared to PKR 39,125 million from the corresponding period last year, i.e., an increase of 84%. Whereas, total mark-up expensed also increased to PKR 57,191 million compared to PKR 27,230 million, i.e., an increase by 110%. Therefore, Net mark-up / interest income was 25% higher than the corresponding period last year and closed at PKR 14,856 million. Non-markup income stood at PKR 5,300 million, i.e., an increase of 4% from the corresponding period last year.

Operating expenses were PKR 16,749 million compared to PKR 12,723 million for the corresponding period last year, increased by 32%.

### Key figures are mentioned below:

|  | PKR in Million |         |        |
|--|----------------|---------|--------|
|  | 2022           | 2021    | Growth |
| Deposits                                     | 464,132        | 460,705 | 1%     |
| Total Assets                                 | 616,715        | 584,289 | 6%     |
| Investments – net                            | 303,465        | 231,266 | 31%    |
| Advances – net                               | 231,101        | 254,184 | (9)%   |
| Net mark-up/ interest income                 | 14,856         | 11,895  | 25%    |
| Profit before tax                            | 2,131          | 2,209   | (4)%   |
| Profit after tax                             | 965            | 1,304   | (26)%  |
| Earnings Per Share (Basic and Diluted) – PKR | 0.74           | 1.01    | (26)%  |

#### JS Global Capital Limited (Sub-Subsidiary)

JS Global Capital Limited (“JSGCL”) is a Trading Right Entitlement Certificate (TREC) holder of Pakistan Stock Exchange Limited (PSX) and member of Pakistan Mercantile Exchange Limited (PMEX). The principal activities of JSGCL are shares brokerage, money market brokerage, forex brokerage, commodity brokerage, advisory, underwriting, book running and consultancy services.

JSGCL posted a profit after tax of PKR 76 million for the year ended December 31, 2022, as compared to PKR 411 million during the year ended December 31, 2021. The operating revenue decreased to PKR 481 million during the year. Further, administrative and operating expenses of JSGCL have decreased by PKR 31 million for the year.



### **JS Investments Limited (Sub-Subsidiary)**

JS Investments Limited (“JSIL”) operates under the licenses of an Investment Adviser, Asset Management Company and Pension Funds Manager obtained from the Securities & Exchange Commission of Pakistan (SECP) under applicable laws. JSIL has also acquired the Private Equity and Venture Capital Fund Management Services license from SECP.

JSIL reported a loss after tax of PKR 149 million during the year ended December 31, 2022, as compared to loss after tax of PKR 300 million for the year ended December 31, 2021. The assets under management were PKR 44,226 million for the year ended December 31, 2022.

### **Investing Activities**

During the year 2022, the Company has invested PKR 533 million in other long-term investments, pursuant to the approval of the Board of Directors. Further, in order to meet working capital requirements, the Company has disinvested its various equity investments having aggregate fair value amounting to PKR 2,614 million.

### **Financing activities during the year:**

Owing to the high interest rate environment and capitalizing on the opportunity of having liquidity available, the Company accelerated its debt repayments. During the year under review, the Company has redeemed/repaid PKR 1,112.50 million on account of repayments of outstanding TFCs and term loan.

### **Distribution**

The preference shareholders, as per the term sheet of the preference shares, are entitled to a fixed cumulative dividend of 6% per annum. Therefore, the Board has recommended the same preferred dividend for the preference shareholders for the approval of the general meeting.

Further, the Board in its meeting held on March 13, 2023, has considered an interim dividend for the year ending December 31, 2023, at 6% (i.e., PKR 0.6 rupee per share) for the ordinary shareholders of the Company.

### **Contribution to National Exchequer:**

On unconsolidated and consolidated basis, the Company and the Company along with its subsidiaries have contributed PKR 153.31 million and PKR 2,114.91 million, respectively to the National Exchequer on account of various federal and provincial governments' levies including income tax and sales tax.

### **Corporate Governance and Financial Reporting Framework:**

The Directors of the Company are committed to good corporate governance and confirm compliance with the corporate and financial reporting framework of the Listed Companies (Code of Corporate Governance) Regulations, 2019, (“CCG”) promulgated by the Securities and Exchange Commission of Pakistan (“SECP”) for the following:

- These financial statements present fairly the state of affairs of the Company, the results of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies as stated in the notes to the accounts have been consistently applied in preparation of financial statements except for the amendments in existing International Financial Reporting Standards (“IFRSs”) that became effective during the year and new IFRSs, if any, adopted locally by the SECP during the year. Accounting estimates are based on reasonable and prudent judgment;
- IFRSs as applicable in Pakistan and the Companies Act, 2017 as stated in the notes attached with the accounts, have been followed in preparation of the financial statements;

- The system of internal control is sound in design and has been effectively implemented and monitored. The internal audit has been outsourced to M/s. Grant Thornton Anjum Rahman, Chartered Accountants, a member firm of Grant Thornton International;
- The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, set out by SECP have been adopted by the Company and are duly complied with. A Statement of Compliance to this effect along with Statutory Auditors' Review Report thereon is provided in the Annual Report;
- The Company is financially sound and is a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the CCG;
- No material payment is outstanding on account of taxes, duties, levies and charges except as disclosed in the financial statements;
- The statement of summarized key operating and financial data of the last six years appears on Page No. 142; and
- The Company operates an approved contributory provident fund for all its employees eligible to the scheme. The audited financial statements for the year ended June 30, 2022, indicate that the value of investments of the fund was PKR 41 million.

### **Management's Disclosure of Financial Responsibility and Risk Management**

The Company's management is responsible for preparing the financial statements and related notes contained in the Annual Report.

These financial statements and notes are prepared in accordance with approved accounting standards as applicable in Pakistan. Other financial data included in the Annual Report are consistent with the data in the financial statements.

The Company's accounting policies are integral to understanding the results reported. Accounting policies are described in detail in the notes to the financial statements. The Company's most complex accounting policies require management's judgment to ascertain the valuation of assets and liabilities. The Company has established detailed policies and control procedures that are intended to ensure that valuation methods are fair, well controlled and applied consistently.

The Board of Directors has established a system of sound internal financial controls, for achieving effectiveness and efficiency in its operations, reliable financial reporting and compliance with applicable laws and regulations. The Audit Committee of the Board of Directors is responsible for monitoring the integrity of the Company's financial statements, control system and the independence and performance of its internal and independent auditors. The independent outsourced Internal Audit function of the Company regularly monitors implementation of financial controls.

JSCL's financial health is linked to the overall performance of the capital markets of the country, which in turn, are influenced by the overall macroeconomic and political environment of Pakistan. Global economic performance, geo-political environment, commodities prices, and movements in exchange rates also impact the performance of the capital markets and hence the profitability of JSCL. Discussion on risk management is covered in detail under note 33 to the unconsolidated financial statements.

### **Corporate Affairs**

#### **The Board of Directors**

During the year, election of directors was held on November 25, 2022. Names of the current members of Board of Directors are appearing in the Company Information page. The following directors served on the board during the year:



| Male Members:                       |                                   |
|-------------------------------------|-----------------------------------|
| Justice (R) Agha Rafiq Ahmed Khan** | Chairman, Independent Director    |
| Mr. Suleman Lalani                  | Vice-Chairman, Executive Director |
| Mr. Asad Nasir***                   | Chief Executive Officer           |
| Mr. Ali Raza Siddiqui               | Non-Executive Director            |
| Lt. Gen. (R) Javed Mahmood Bukhari  | Independent Director              |
| Mr. Shahid Hussain Jatoi            | Non-Executive Director            |
| Female Member:                      |                                   |
| Ms. Samar Ali Shahid**              | Independent Director              |
| Outgoing Members:                   |                                   |
| Chief Justice (R) Mahboob Ahmed*    | Chairman, Non-Executive Director  |
| Ms. Hina Athar Khan*                | Non-Executive Director            |
| Mr. Saud Ahmed Mirza*               | Independent Director              |

\* Retired on November 25, 2022

\*\* Elected on November 25, 2022

\*\*\* Appointed as CEO on December 05, 2022

At present, the Board comprises of five non-executive directors – out of which three are independent, and two executive directors including the Chief Executive Officer (“CEO”). The Board includes a mix of Directors with the right expertise and necessary experience required to fulfill their essential oversight roles. The Board values diversity of business skills and experience as the Directors with diverse skillset, capabilities and experience gained from different geographic and cultural background are critical in today’s competitive business environment.

The positions of the Chairman and the CEO are separate in line with the Code and best governance practices.

The Board has three sub committees comprising of Audit Committee, Human Resource & Remuneration Committee and Executive

Committee, which assist the Board in the performance of its functions.

#### Casual Vacancy

During the year 2022, casual vacancy was filled by the Board in its meeting held on March 10, 2022, by co-opting Mr. Asad Nasir as Executive Director till the date of next Election of Directors.

#### Board Meetings

Five meetings of the Board of Directors were held during the year as mentioned in the Corporate Calendar. The attendance of Directors at Board meetings was as follows:

| Name of Directors                   | Meetings Eligibility | Meetings Attended |
|-------------------------------------|----------------------|-------------------|
| Chief Justice (R) Mahboob Ahmed*    | Four                 | One               |
| Mr. Ali Raza Siddiqui               | Five                 | Five              |
| Mr. Shahid Hussain Jatoi            | Five                 | Five              |
| Mr. Saud Ahmed Mirza*               | Four                 | Four              |
| Ms. Hina Athar Khan*                | Four                 | Four              |
| Lt. Gen. (R) Javed Mahmood Bukhari  | Five                 | Five              |
| Mr. Suleman Lalani                  | Five                 | Five              |
| Justice (R) Agha Rafiq Ahmed Khan** | One                  | One               |
| Ms. Samar Ali Shahid**              | One                  | One               |
| Mr. Asad Nasir***                   | Five                 | Five              |

\* Retired on November 25, 2022

\*\*Elected on November 25, 2022

\*\*\*Appointment as CEO on December 05, 2022

Subsequent to the election of directors held on November 25, 2022, board sub-committees were reconstituted. The composition of board sub-committees and attendance of directors at meetings as mentioned in the Corporate Calendar was as follows:

#### Audit Committee

| Name of Directors                  | Status                          | Eligibility | Meeting Attended |
|------------------------------------|---------------------------------|-------------|------------------|
| Lt. Gen. (R) Javed Mahmood Bukhari | Chairman – Independent Director | Nil         | Nil              |
| Mr. Saud Ahmed Mirza               | Retired                         | Four        | Four             |
| Mr. Ali Raza Siddiqui              | Non-Executive Director          | Four        | Four             |
| Mr. Shahid Hussain Jatoi           | Non-Executive Director          | Four        | Four             |

#### HR & Remuneration Committee

| Name of Directors               | Status                            | Eligibility | Meeting Attended |
|---------------------------------|-----------------------------------|-------------|------------------|
| Mr. Saud Ahmed Mirza            | Retired                           | Three       | Three            |
| Chief Justice (R) Mahboob Ahmed | Retired                           | Three       | Nil              |
| Mr. Suleman Lalani              | Retired                           | Three       | Three            |
| Ms. Samar Ali Shahid            | Chairperson- Independent Director | Nil         | Nil              |
| Mr. Ali Raza Siddiqui           | Non-Executive Director            | Nil         | Nil              |
| Mr. Asad Nasir                  | Chief Executive Officer           | Nil         | Nil              |

#### Executive Committee

| Name of Directors        | Status                           | Eligibility | Meeting Attended |
|--------------------------|----------------------------------|-------------|------------------|
| Mr. Ali Raza Siddiqui    | Chairman- Non-Executive Director | One         | One              |
| Mr. Shahid Hussain Jatoi | Non-Executive Director           | One         | One              |
| Mr. Suleman Lalani       | Executive Director               | One         | One              |
| Mr. Asad Nasir           | Chief Executive Officer          | Nil         | Nil              |

### Director's training program

Mr. Ali Raza Siddiqui, Mr. Asad Nasir, Lt. Gen. (R) Javed Mahmood Bukhari and Mr. Suleman Lalani are certified from Pakistan Institute of Corporate Governance ("PICG"), whereas, Mr. Shahid Hussain Jatoi is certified from the Institute of Chartered Accountants of Pakistan.

Further during the year 2022, Mr. Najmul Hoda Khan, Chief Financial Officer of the Company has obtained certification of Director's training program from PICG.

### Directors Remuneration Policy

The Board of Directors has approved the Directors' Remuneration Policy, as required by the law. The Remuneration of Directors including the Chairman, Chief Executive Officer, Executive Directors, non-Executive and Independent Directors is fixed by the Board as per the approved policy. Currently, the non-executive Directors, including Independent Directors, are entitled to PKR 250,000/- per quarter as Director's fee and the Chairman of the Board is entitled to PKR 50,000/- per quarter for services as Chairman of the Board in addition to Director's fee. Directors are also entitled to be paid travelling, hotel and other expenses incurred by them to attend the meetings.

Further, the Executive Directors' remuneration, including the Chief Executive Officer's remuneration, has been duly fixed by the Board. For detailed breakdown, please refer to note 32 to the Unconsolidated Financial Statements and note 52 to the Consolidated Financial Statements.

### Board Evaluation

In compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the performance evaluation of Board was conducted by the Grant Thornton Anjum Rahman, Chartered Accountants, a member firm of Grant Thornton International).

### Post Balance Sheet Date Event

Subsequent to the year end, the Company received a letter dated January 12, 2023, from JS Bank Limited ("JSBL") - a subsidiary bank, expressing an interest in acquiring the Company's entire shareholding in BankIslami Pakistan Limited ("BIPL"). The Board of Directors of the Company, in its meeting held on February 16, 2023, has provided their consent and approval to sell the entire shareholding of BIPL (i.e. 235,684,306 ordinary shares representing 21.26% of the issued and paid-up capital of BIPL) to JSBL, in exchange for consideration of 266,747,498 ordinary shares of face value of PKR 10 per share each of JSBL (i.e. 1.1318 ordinary shares of JSBL for every 1 ordinary share of BIPL) subject to the approval of the shareholders of the Company (by way of special resolution) and other requisite regulatory approvals.

On March 7, 2023, certain shareholders of BIPL had filed a Suit no. 318 of 2023 in the High Court of Sindh pleading that JSBL cannot acquire BIPL on various grounds and obtained interim injunction. However, on March 14, 2023, based on the appeal, the Honorable High Court of Sindh has modified the temporary injunction and has allowed the process of the proposed acquisition of majority shares and control of BIPL subject to the outcome of the appeal.

Further, in the Extraordinary General Meeting of the Company held on March 16, 2023, the shareholders of the Company, subject to receipt of requisite regulatory and other approvals, have accorded their consent and approval (by way of special resolution) to the Company to sell its entire investment and shareholding of BIPL (i.e. 235,684,306 ordinary shares representing 21.26% of issued and paid-up capital of BIPL) in exchange for consideration of 266,747,498 ordinary shares of face value of PKR 10 per share each of JSBL (i.e. 1.1318 ordinary shares of JSBL for every share of BIPL) to be issue to the Company as new other than rights and other than cash issue based on the valuation carried out by an approved valuer.

## Related Party Transactions

Related party transactions are disclosed at note 31 to the unconsolidated financial statements and note 51 to the consolidated financial statements for the year ended December 31, 2022.

## Corporate Social Responsibility

The operations of the Company do not generate significant environmental impacts, but the way its investee companies manage their operations may pose risks to the environment.

The Company being a responsible corporate citizen, regularly contributes towards the well-being of the under-privileged. During the year, the Company has made a contribution of PKR 5 million in these financial statements towards its CSR initiative to Future Trust.

Future Trust ("Trust") is a non-profit benevolent philanthropic organization, a charitable trust constituted under the Trust Act for the promotion, advancement and encouragement of education, medical and healthcare, vocations, rehabilitation, protection and improvement of the environment, self-help, microfinance, relief against poverty and general improvement of the socio-economic conditions and living standards of the people of Pakistan. JSCL's Chief Financial Officer, Mr. Najmul Hoda Khan, is an honorary trustee in Future Trust.

## Credit Rating

The Pakistan Credit Rating Agency ("PACRA") has maintained a long-term credit rating of AA (Double A) and short-term rating of A1+ (A one plus) for the Company. Further, the ratings for the Company's 10th and 11th (listed on PSX) TFC issues, of PKR 1,500 million each, are also maintained at AA+ (Double A plus) by PACRA.

These ratings denote a very low expectation of credit risk, the strong capacity for timely payment of financial commitments and strong risk absorption capacity.

## Auditors

The current auditors, KPMG Taseer Hadi & Co., Chartered Accountants, ("KPMG"), being retired offer themselves for reappointment.

KPMG have confirmed that the firm is fully compliant with the International Federation of Accountants' Guidelines of Code of Ethics, as adopted by Institute of Chartered Accountants of Pakistan (ICAP) and have satisfactory rating under Quality Control Review Program of the ICAP.

On the recommendation of the Board Audit Committee, the Board of Directors recommends the appointment of KPMG Taseer Hadi & Co., Chartered Accountants for the year ending December 31, 2023, at remuneration to be decided by the management, at the upcoming Annual General Meeting of the Company.


## Pattern of Shareholding

The Statement of Pattern of Shareholding of the Company as on December 31, 2022 is annexed to this report.

## Future Outlook

The economic outlook is expected to remain subdued until necessary adjustments, adopted so far, have passed through the socioeconomic fabric and future outlook achieves a certain level of stability. Notable hinderances to a swift recovery include, among others, continuation of Russia-Ukraine conflict that by now largely involves North Atlantic Treaty Organization, respite and sustained decline in inflation and Policy Rate, stability of Exchange Rate, materialization of assistance from Friendly countries, and elimination of import restrictions.

Additionally, subsidence of political turmoil that is likely post general elections, successful completion of 10th and 11th Reviews of 6th IMF-EFF, and Pakistan's likely entry into a new IMF Program post general elections, are other major upcoming developments that shall define medium term outlook for the economy.



Despite the resilience of Pakistan's economy, the compounding of socioeconomic challenges has necessitated difficult fiscal and administrative adjustments that, if not implemented, and, in an orderly fashion, shall likely remain critical trials for the foreseeable future, engendering disruptive periodic disorders.

The Company's investments in banking, insurance, and technology sectors are resilient enough to withstand a slowdown in general economic growth. However, Company's other investments in textile, chemicals, energy, telecommunication, media and infrastructural sectors are likely to grow with the overall economic wellbeing of the economy as a whole. Cumulatively, Company's Investments are resilient enough to contribute significantly and positively towards enhancing shareholders' value.

### **Acknowledgement**

The Directors greatly value the continued support and patronage of our clients and business partners. We also appreciate our employees and management for their dedication and hard work and to the Securities and Exchange Commission of Pakistan for its efforts to strengthen the financial markets, guidance on good corporate governance and other measures to safeguard investor rights.

### **For and on behalf of the Board of Directors**



**Shahid Hussain Jatoi**  
Director



**Asad Nasir**  
Chief Executive Officer

Karachi: March 13, 2023

بیہ کاری، انشورنس اور ٹیکنالوجی کے شعبوں میں کمپنی کی سرمایہ کاری عام اقتصادی ترقی میں سست روی کا مقابلہ کرنے کے لیے کافی چلدار ہے۔ تاہم، ٹیکسٹائل، کیمیکل، توانائی، ٹیلی کمیونیکیشن، میڈیا اور انفراسٹرکچر کے شعبوں میں کمپنی کی دیگر سرمایہ کاری کا مجموعی طور پر معیشت کی مجموعی اقتصادی بہبود کے ساتھ بڑھنے کا امکان ہے۔ مجموعی طور پر، کمپنی کی سرمایہ کاری اتنی چلدار ہے کہ حصص یافتگان کی قدر کو بڑھانے کے لیے نمایاں اور مثبت انداز میں اپنا حصہ ڈال سکے۔

### قدر شناسی:

ڈائریکٹران اپنے کلائنٹس اور کاروباری شراکت داروں کے مسلسل تعاون اور سرپرستی کی انتہائی قدر کرتے ہیں۔ ہم اپنے ملازمین اور انتظامیہ کے عزم اور انتھک محنت اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی کیپٹل مارکیٹس کو مستحکم کرنے، اچھے ادارتی نظم و ضبط پر رہنمائی فراہم کرنے اور سرمایہ کاروں کے حقوق کے تحفظ کے لئے دیگر اقدامات کرنے پر داد و تحسین پیش کرتے ہیں۔

برائے و منجانب بورڈ آف ڈائریکٹرز



اسد ناصر

چیف ایگزیکٹو آفیسر



شاہد حسین جتوئی

ڈائریکٹر

کراچی: 13 مارچ 2023



انہوں نے تصدیق کی ہے کہ وہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے ضابطہ اخلاق کے رہنما اصولوں کے مکمل پاسدار ہیں جسے انٹینیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) نے اختیار کیا ہے اور انہیں ICAP کے کوالٹی کنٹرول ریویو پروگرام میں تسلی بخش ریٹنگ حاصل ہے۔

بورڈ کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے KPMG تاخیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی سال 31 دسمبر 2023 کے لئے انتظامیہ کے طے کردہ معاوضہ پر تقرری کی سفارش کی ہے جس کی منظوری آنے والے سالانہ اجلاس عام میں لی جائے گی۔

### طرز حصص داری

31 دسمبر 2022 کو کمپنی کی طرز حصص داری کی ساخت رپورٹ کے ساتھ منسلک ہے۔

### مستقبل کے امکانات:

خوشہ ہے کہ معاشی مشکلات اس وقت رہیں گی جب تک کہ ضروری اصطلاحات، جواب تک اختیار کی گئی ہیں، سماجی اقتصادی امور سے نہ گزریں اور جب تک کہ مستقبل کا نقطہ نظر استحکام کی ایک خاص سطح حاصل نہیں کر لیتا۔ بحالی میں نمایاں رکاوٹوں میں دیگر کے علاوہ روس اور یوکرین تنازعہ بھی شامل ہے جس میں بڑی حد تک نارتھ اٹلانٹک ٹریٹی آرگنائزیشن، مہنگائی اور پالیسی ریٹ میں مسلسل کمی، شرح مبادلہ کا استحکام، دوست ممالک سے امداد کو عملی جامہ پہنانا اور درآمدی پابندیوں کا خاتمہ شامل ہے۔

مزید برآں، عام انتخابات کے بعد ممکنہ سیاسی ہنگامہ آرائی میں کمی، چھٹے IMF-EFF کے دسویں اور گیارہویں جائزوں کی کامیاب تکمیل، اور عام انتخابات کے بعد نئے IMF پروگرام میں پاکستان کا ممکنہ طور پر داخل ہونا، آنے والی دیگر اہم پیش رفت ہیں جو معیشت کے لیے درمیانی مدت کے نقطہ نظر کی وضاحت کریں گی۔

پاکستان کی معیشت کی لچک کے باوجود، سماجی اقتصادی چیلنجوں کے پیچیدہ ہونے کے لیے مشکل مالی اور انتظامی ایڈجسٹمنٹ کی ضرورت ہے، جن پر عمل درآمد نہ ہونے کی صورت میں، اور، منظم انداز میں، ممکنہ طور پر مستقبل قریب کیلئے اہم آزمائشیں رہیں گی، جو وقفے وقفے سے خلل ڈالنے والے عوارض کو جنم دیتی ہیں۔

## اداراتی سماجی ذمہ داری

کمپنی کے کاروباری عمل سے کوئی قابل ذکر ماحولیاتی اثرات مرتب نہیں ہوتے تاہم جن کمپنیوں میں سرمایہ کاری کی گئی ہے وہ جس انداز سے کام کرتی ہیں وہ ماحولیات کے لئے خطرہ ہو سکتی ہیں۔

کمپنی ایک ذمہ دار اداراتی شہری کی حیثیت سے باقاعدگی سے پسماندہ لوگوں کی بہبود میں معاونت کرتی ہے۔ سال کے دوران کمپنی نے اپنے CSR ذمہ داری کے تحت ان مالیاتی گوشواروں میں 5 ملین روپے کا عطیہ فیوچر ٹرسٹ کو دیا ہے۔

فیوچر ٹرسٹ (ٹرسٹ) ایک غیر منافع بخش رفاہی ادارہ ہے، ایک خیراتی ٹرسٹ جو کہ ٹرسٹ ایکٹ کے تحت قائم ہوا جس کا مقصد تعلیم، صحت و طبی نگہداشت، بحالی، تحفظ کو پروان چڑھانا، ترقی دینا اور حوصلہ افزائی کرنا ہے اور ماحولیات میں بہتری، مائیکروفنانس، غربت کے خلاف ریلیف اور پاکستان کے لوگوں کی سماجی معاشی حالت اور معیار زندگی میں عمومی بہتری لانا ہے۔ JSCL کے چیف فنانشل آفیسر جناب نجم الہدیٰ خان فیوچر ٹرسٹ کے ایک ٹرسٹی ہیں۔

## کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کے لئے طویل مدتی کریڈٹ ریٹنگ AA (ڈبل A) اور مختصر مدتی ریٹنگ A1+ (اے ون پلس) پر برقرار رکھی ہے۔ مزید برآں کمپنی کے ہر 1500 ملین کے 10 ویں اور 11 ویں (PSX میں لسٹڈ) جاری کردہ TFC کے لیے PACRA نے AA+ (ڈبل اے پلس) کی ریٹنگ برقرار رکھی ہے۔

ان ریٹنگز سے کریڈٹ رسک میں نقصان کی انتہائی کم توقع، مالیاتی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت اور خطرات کو جذب کرنے کی مستحکم گنجائش کی عکاسی ہوتی ہے۔

## آڈیٹرز:

موجودہ آڈیٹرز، KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس (KPMG) سبکدوش ہو چکے ہیں جنہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔

## بیلنس شیٹ کی تاریخ کے بعد کا واقعہ:

سال کے اختتام کے بعد 12 جنوری 2023 کو جے ایس بینک لمیٹڈ (JSBL) جو ایک ذیلی بینک ہے کی طرف سے کمپنی کو ایک خط موصول ہوا جس میں کمپنی کی بینک اسلامی پاکستان لمیٹڈ (BIPL) میں پوری حصص داری حاصل کرنے میں دلچسپی ظاہر کی گئی ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے 16 جنوری 2023 کو ہونے والے اجلاس میں BIPL کی حصص داری (یعنی BIPL) کے جاری کردہ اور ادا شدہ سرمائے کے 21.26 فیصد جو کہ 235,684,306 عام حصص (کوفروخت کرنے کے لئے اپنی رضامندی اور منظوری فراہم کی ہے۔ JSBL کو 10 روپے فی حصص JSBL کے 266,747,498 عام حصص (یعنی BIPL) کے ہر عام حصص کے بدلے JSBL کے 1.1318 عام حصص) جو کمپنی کے شیئر ہولڈرز کی منظوری سے (خصوصی قرارداد کے ذریعے) اور دیگر مطلوبہ ریگولیٹری منظوریوں سے مشروط ہے۔

7 مارچ 2023 کو BIPL کے کچھ حصص یافتگان کے سوٹ نمبر 318 کے 2023 سے سندھ ہائی کورٹ میں استدعا کی کہ JSBL مختلف بنیادوں پر BIPL حاصل نہیں کر سکتا اور عبوری حکم امتناعی حاصل کیا تاہم 14 مارچ 2023 کو اپیل کی بنیاد پر، سندھ کی معزز ہائی کورٹ نے عارضی حکم امتناعی میں ترمیم کی اور اکثریتی حصص کے مجوزہ حصول اور BIPL کے کنٹرول کے عمل کو اپیل کے نتائج سے مشروط کرتے ہوئے اجازت دے دی ہے۔

مزید برآں، 16 مارچ 2023 کو منعقدہ کمپنی کی غیر معمولی جنرل میٹنگ میں، کمپنی کے شیئر ہولڈرز، مطلوبہ ریگولیٹری اور دیگر منظوریوں کی وصولی سے مشروط، کمپنی کو اپنی رضامندی اور منظوری (خصوصی قرارداد کے ذریعے) دے چکے ہیں۔ BIPL کی اپنی پوری سرمایہ کاری اور شیئر ہولڈنگ (یعنی 235,684,306 عام حصص جو BIPL کے جاری کردہ اور ادا شدہ سرمائے کے %21.26 کی نمائندگی کرتے ہیں) فروخت کریں جس کے بدلے میں 266,747,498 عام حصص 10PKR فی حصص کی قیمت کے حساب سے JSBL کا ہر ایک حصص۔ BIPL کے ہر حصص کے لیے JSBL) کمپنی کو حقوق کے علاوہ نئے کے طور پر جاری کیا جائے گا اور ایک منظور شدہ ویلیو کے ذریعے کی جانے والی تشخیص کی بنیاد پر کیش ایٹو کے علاوہ ہوگا۔

## ملحقہ فریقین کے ساتھ سودے

ملحقہ فریقین کے ساتھ سودے سال مختتمہ 31 دسمبر 2022 کے انفرادی مالیاتی گوشواروں کے نوٹ 31 میں اور مجموعی مالیاتی گوشواروں کے نوٹ 51 میں منکشف کئے گئے ہیں۔

## ڈائریکٹرز ٹریننگ پروگرام:

جناب علی رضا صدیقی، لیفٹیننٹ جنرل (ریٹائرڈ) جاوید محمود بخاری، جناب سلیمان لالانی اور جناب اسد ناصر پاکستان انسٹیٹیوٹ آف کارپوریٹ گورنس (PICG) سے سند یافتہ ہیں جبکہ جناب شاہد حسین جتوئی انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان سے سند یافتہ ہیں۔

مزید یہ کہ سال 2022 کے دوران، کمپنی کے چیف فنانشل آفیسر جناب نجم الہدیٰ خان نے PICG سے ڈائریکٹرز ٹریننگ پروگرام کی سند حاصل کی۔

## ڈائریکٹران کے معاوضہ کی پالیسی

بورڈ آف ڈائریکٹرز نے قانون کے مطابق ڈائریکٹران کے معاوضہ کی پالیسی منظور کی ہے۔ ڈائریکٹران کا معاوضہ بشمول چیئرمین، چیف ایگزیکٹو آفیسر، ایگزیکٹو ڈائریکٹران، نان ایگزیکٹو اور خود مختار ڈائریکٹران کا معاوضہ بورڈ کی منظور شدہ پالیسی کے تحت کیا جاتا ہے۔ اس وقت نان ایگزیکٹو ڈائریکٹران بشمول خود مختار ڈائریکٹران -/250,000 روپے فی سہ ماہی ڈائریکٹران فیس اور بورڈ کے چیئرمین کو بطور چیئرمین خدمات فراہم کرنے پر ڈائریکٹران کی فیس ادائیگی کے علاوہ -/50,000 روپے فی سہ ماہی ملتے ہیں۔ ڈائریکٹران اجلاس میں حاضری کے لئے سفر، ہوٹل اور دیگر اخراجات کی ادائیگی کے حقدار ہیں۔

مزید برآں، ایگزیکٹو ڈائریکٹر بشمول چیف ایگزیکٹو آفیسر کے معاوضہ بورڈ کی طرف سے طے کیے گئے ہیں تفصیل کے لیے انفرادی مالیاتی گوشواروں کے نوٹ 32 اور مجموعی گوشواروں کے نوٹ 52 میں منکشف کیے گئے ہیں۔

## بورڈ کی تشخیص

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنس) ریگولیشنز 2019 کی پاسداری کرتے ہوئے بورڈ کی کارکردگی کی تشخیص گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس نے کی جو کہ گرانٹ تھورنٹن انٹرنیشنل کی ایک ممبر فرم ہے۔

25 نومبر 2022 کو ہونے والے ڈائریکٹرز کے انتخاب کے بعد بورڈ کی ذیلی کمیٹیوں کی تشکیل نو کی گئی۔ جیسا کہ کارپوریٹ کلینڈر میں بتایا گیا ہے کہ بورڈ کی ذیلی کمیٹیوں کی تشکیل اور اجلاس میں ڈائریکٹرز کی حاضری درج ذیل ہے:

### آڈٹ کمیٹی:

| ڈائریکٹرز کے نام                          | موجودہ حیثیت                 | مینگ میں شرکت کی اہلیت | مینگ میں شرکت |
|---|------------------------------|------------------------|---------------|
| لیفٹیننٹ جنرل (ریٹائرڈ) جاوید محمود بخاری | چیئر مین۔ خود مختار ڈائریکٹر | کوئی نہیں              | کوئی نہیں     |
| جناب سعود احمد مرزا                       | ریٹائرڈ                      | چار                    | چار           |
| جناب علی رضا صدیقی                        | نان ایگزیکٹو ڈائریکٹر        | چار                    | چار           |
| جناب شاہد حسین جتوئی                      | نان ایگزیکٹو ڈائریکٹر        | چار                    | چار           |

### انسانی وسائل اور معاوضہ کمیٹی:

| ڈائریکٹرز کے نام              | موجودہ حیثیت                  | مینگ میں شرکت کی اہلیت | مینگ میں شرکت |
|-------------------------------|-------------------------------|------------------------|---------------|
| جناب سعود احمد مرزا           | ریٹائرڈ                       | تین                    | تین           |
| چیف جسٹس (ریٹائرڈ) محبوب احمد | ریٹائرڈ                       | تین                    | کوئی نہیں     |
| جناب سلیمان لالانی            | ریٹائرڈ                       | تین                    | تین           |
| محترمہ ثمر علی شاہد           | چیئر پرسن۔ خود مختار ڈائریکٹر | کوئی نہیں              | کوئی نہیں     |
| جناب علی رضا صدیقی            | نان ایگزیکٹو ڈائریکٹر         | کوئی نہیں              | کوئی نہیں     |
| جناب اسد ناصر                 | چیف ایگزیکٹو آفیسر            | کوئی نہیں              | کوئی نہیں     |

### ایگزیکٹو کمیٹی:

| ڈائریکٹرز کے نام     | موجودہ حیثیت                    | مینگ میں شرکت کی اہلیت | مینگ میں شرکت |
|----------------------|---------------------------------|------------------------|---------------|
| جناب علی رضا صدیقی   | چیئر مین۔ نان ایگزیکٹو ڈائریکٹر | ایک                    | ایک           |
| جناب شاہد حسین جتوئی | نان ایگزیکٹو ڈائریکٹر           | ایک                    | ایک           |
| جناب سلیمان لالانی   | ایگزیکٹو ڈائریکٹر               | ایک                    | ایک           |
| جناب اسد ناصر        | چیف ایگزیکٹو آفیسر              | کوئی نہیں              | کوئی نہیں     |

## بورڈ میں عارضی اسامی:

سال 2022 کے دوران، بورڈ نے 10 مارچ 2022 کو ہونے والے اپنے اجلاس میں عارضی اسامی کو پُر کیا اور ڈائریکٹرز کے اگلے انتخابات کی تاریخ تک جناب اسد ناصر کو بطور ایگزیکٹو ڈائریکٹر تقرر کیا۔

## بورڈ کے اجلاس:

جیسا کہ کارپوریٹ کلینڈر میں بتایا گیا ہے کہ دوران سال بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے۔ بورڈ کے اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل رہی:

| میٹنگ میں شرکت کی اہلیت |      | ڈائریکٹرز کے نام                          |
|-------------------------|------|---|
| ایک                     | چار  | چیف جسٹس (ریٹائرڈ) محبوب احمد *           |
| پانچ                    | پانچ | جناب علی رضا صدیقی                        |
| پانچ                    | پانچ | جناب شاہد حسین جتوئی                      |
| چار                     | چار  | جناب سعود احمد مرزا *                     |
| چار                     | چار  | محترمہ حناء اطہر خان *                    |
| پانچ                    | پانچ | لیفٹیننٹ جنرل (ریٹائرڈ) جاوید محمود بخاری |
| پانچ                    | پانچ | جناب سلیمان لالانی                        |
| ایک                     | ایک  | جسٹس (ریٹائرڈ) آغا رفیق احمد خان **       |
| ایک                     | ایک  | محترمہ شمر علی شاہد **                    |
| پانچ                    | پانچ | جناب اسد ناصر ***                         |

\* 25 نومبر 2022 کو ریٹائر ہو گئے۔

\*\* 25 نومبر 2022 کو منتخب ہوئے۔

\*\*\* 5 دسمبر 2022 کو بطور چیف ایگزیکٹو آفیسر تقرر ہوئے۔



| مردمبران                          |   |
|-----------------------------------|---|
| چیسر مین، خود مختار ڈائریکٹر      | جنس (ریٹائرڈ) آغا رفیق احمد خان **        |
| و ا س چیسر مین، ایگزیکٹو ڈائریکٹر | جناب سلیمان لالائی                        |
| چیف ایگزیکٹو آفیسر                | جناب اسد ناصر ***                         |
| نان ایگزیکٹو ڈائریکٹر             | جناب علی رضا صدیقی                        |
| نان ایگزیکٹو ڈائریکٹر             | جناب شاہد حسین جتوئی                      |
| خود مختار ڈائریکٹر                | لیفٹیننٹ جنرل (ریٹائرڈ) جاوید محمود بخاری |
| خاتون ممبر:                       |   |
| خود مختار ڈائریکٹر                | محترمہ شریلی شاہد **                      |
| سکدوش ہونے والے ممبران:           |   |
| چیسر مین، نان ایگزیکٹو ڈائریکٹر   | چیف جنس (ریٹائرڈ) محبوب احمد *            |
| خود مختار ڈائریکٹر                | جناب سعید احمد مرزا *                     |
| نان ایگزیکٹو ڈائریکٹر             | محترمہ حنا اطہر خان *                     |

\* 25 نومبر 2022 کو ریٹائر ہو گئے۔

\*\* 25 نومبر 2022 کو منتخب ہوئے۔

\*\*\* 5 دسمبر 2022 کو بطور CEO تقرر ہوا۔

موجودہ بورڈ پانچ غیر ایگزیکٹو ڈائریکٹرز پر مشتمل ہے جن میں تین خود مختار اور دو ایگزیکٹو ڈائریکٹرز بشمول چیف ایگزیکٹو آفیسر (CEO) شامل ہیں۔ بورڈ کے ڈائریکٹرز اہل مہارت اور ضروری تجربہ رکھتے ہیں جو کمپنی کے امور کی نگرانی کیلئے لازمی ہیں۔ بورڈ کاروباری مہارت میں تنوع اور تجربے کو اہمیت دیتا ہے کیونکہ موجودہ مسابقتی کاروباری ماحول میں وہ ڈائریکٹرز بہت اہم ہیں جو مختلف جغرافیائی ثقافتی ماحول سے حاصل کردہ مہارت میں تنوع، صلاحیت اور تجربہ رکھتے ہیں۔

ضابطہ اور نظم و ضبط کے بہترین طور طریقوں کے مطابق چیسر مین اور چیف ایگزیکٹو آفیسر کے عہدے علیحدہ علیحدہ ہیں۔

بورڈ کی تین ذیلی کمیٹیاں ہیں جن میں آڈٹ کمیٹی، انسانی وسائل اور معاوضہ کمیٹی اور ایگزیکٹو کمیٹی شامل ہیں جو بورڈ کو اسکی ذمہ داریاں ادا کرنے میں معاونت فراہم کرتی ہیں۔

یہ مالیاتی گوشوارے اور نوٹس منظور شدہ اکاؤنٹنگ معیارات جو پاکستان میں لاگو ہیں، ان کو ملحوظ خاطر رکھتے ہوئے تیار کئے گئے ہیں۔ دیگر مالیاتی اعداد و شمار جو کہ سالانہ رپورٹ میں شامل کیے گئے ہیں وہ مالیاتی گوشواروں کے اعداد و شمار سے مطابقت رکھتے ہیں۔

کمپنی کی اکاؤنٹنگ پالیسیاں رپورٹ کئے گئے نتائج کو سمجھنے کے لیے لازمی ہیں اکاؤنٹنگ پالیسیوں کی تفصیل سے وضاحت مالیاتی گوشواروں میں کی گئی ہے۔ اثاثوں اور واجبات کی مالیات کی تشخیص کے لئے کمپنی کی انتہائی پیچیدہ اکاؤنٹنگ پالیسیوں کو انتظامیہ کے فیصلوں کی ضرورت ہوتی ہے۔ کمپنی نے مفصل پالیسیاں اور کنٹرول کے طریقہ کار وضع کئے ہیں تاکہ اثاثوں کی مالیت کے تعین کے طریقہ کار شفاف، اچھے منضبط اور تسلسل سے لاگو ہو سکیں۔

بورڈ آف ڈائریکٹرز نے اندرونی مالیاتی کنٹرول کا مضبوط نظام قائم کیا ہے تاکہ کاروباری افعال میں اثر پذیری اور استعداد، قابل اعتماد مالیاتی رپورٹنگ اور لاگو قوانین و ضوابط کی پاسداری ہو سکے۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کمپنی کے مالیاتی گوشواروں، کنٹرول کے نظام کی سالمیت اور خود مختاری اور اس کے اندرونی اور بیرونی آڈیٹرز کی کارکردگی کی نگرانی کرتی ہے۔ کمپنی کا آزاد آڈٹ سروس اندرونی آڈٹ فنکشن باقاعدگی سے مالیاتی کنٹرول کے نفاذ کی نگرانی کرتا ہے۔

JSCL کا مالیاتی استحکام ملک میں کیپٹل مارکیٹ کی کارکردگی سے جڑا ہوا ہے جو کہ پاکستان کے مجموعی معاشی اور سیاسی ماحول پر اثر انداز ہوتا ہے۔ عالمی معاشی کارکردگی، جغرافیائی سیاسی ماحول، اشیائے صرف کی قیمتیں اور مبادلہ کے نرخ میں اونچ نیچ بھی کیپٹل مارکیٹ کی کارکردگی پر اثر انداز ہوتی ہے اور اس طرح JSCL کی منافع کاری پر بھی۔ خطرات کے انتظام پر بحث کا تفصیلی طور پر انفرادی مالیاتی گوشواروں کے نوٹ 33 میں احاطہ کیا گیا ہے۔

**کارپوریٹ معاملات:**

**بورڈ آف ڈائریکٹرز**

دوران سال 25 نومبر 2022 کو ڈائریکٹرز کا انتخاب ہوا بورڈ آف ڈائریکٹرز کے موجودہ ممبران کے نام کمپنی کی معلومات کے صفحے پر ظاہر ہو رہے ہیں۔ دوران سال بورڈ میں درج ذیل ڈائریکٹرز نے خدمات انجام دیں۔





☆ مالیاتی گوشواروں کی تیاری میں IFRSs جو پاکستان میں لاگو ہیں اور کمینیز ایکٹ 2017 کو ملحوظ خاطر رکھا گیا ہے، جن کی وضاحت مالیاتی گوشواروں کے ساتھ منسلک نوٹس میں کی گئی ہیں۔

☆ اندرونی نگرانی کا نظام مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔ اندرونی آڈٹ کی ذمہ داری بیرونی طور پر میسرز گرانٹ تھورنٹن انجمن رحمن، چارٹرڈ اکاؤنٹنٹس کو دی گئی ہے (رکن فرم گرانٹ تھورنٹن انٹرنیشنل کی ایک ممبر فرم ہے۔)

☆ SECP کے مرتب کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کو کمپنی نے اختیار کیا ہے اور ان کی باضابطہ پاسداری کی جاتی ہے۔ اس سلسلے میں پاسداری کا بیان بمع آڈیٹرز کی جائزہ رپورٹ سالانہ رپورٹ کے ساتھ فراہم کی گئی ہے۔

☆ کمپنی مالیاتی طور پر مستحکم ہے اور چلتا ہوا ادارہ ہے۔

☆ CCG میں دیئے گئے ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی بھی بڑا انحراف نہیں کیا گیا

☆ ٹیکسوں، ڈیوٹیوں، محصولات اور اخراجات کی مد میں ادائیگی واجب الادا نہیں تھی سوائے جنہیں مالیاتی گوشواروں میں ظاہر کیا گیا ہے۔

☆ گزشتہ چھ سالوں کے مختصراً اہم کاروباری اور مالیاتی اعداد و شمار صفحہ نمبر 142 پر شامل کئے گئے ہیں۔

☆ کمپنی ایک منظور شدہ معاونتی پروویڈنٹ فنڈ اسکیم اپنے تمام اہل ملازمین کے لئے رکھتی ہے۔ ان کے سال مختصر 30 جون 2022 آڈٹ شدہ مالیاتی گوشواروں سے ظاہر ہوتا ہے کہ فنڈ سے کی گئی سرمایہ کاریوں کی مالیت 41 ملین روپے ہے۔

### مالیاتی ذمہ داری اور خطرات کے انتظام سے متعلق انتظامیہ کا اظہار

کمپنی کی انتظامیہ مالیاتی گوشواروں اور سالانہ رپورٹ میں ملحقہ نوٹس کی تیاری کی ذمہ دار ہے۔

## منافع کی تقسیم:

ترجیحی حصص یافتگان، ترجیحی حصص کی ٹرم شیٹ کے مطابق، سالانہ 6 فیصد کے ایک مقررہ مجموعی منافع کے حقدار ہیں۔ لہذا بورڈ نے عام اجلاس میں منظوری کے لیے ترجیحی حصص یافتگان کے لیے وہی ترجیحی منافع تجویز کیا ہے۔

مزید بورڈ نے 13 مارچ 2023 کو ہونے والے اپنے اجلاس میں، کمپنی کے عام شیئر ہولڈرز کے لیے 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے 6 فیصد (یعنی 0.60 روپے فی حصص) کے ایک عبوری ڈیویڈنڈ منظور کیا ہے۔

## قومی خزانے کو ادائیگی:

مجموعی اور انفرادی بنیاد پر کمپنی جمع اس کی ذیلی کمپنیوں نے مختلف دفاتی اور صوبائی سرکاری محصولات بشمول انکم ٹیکس اور سیلز ٹیکس کی مد میں 153.31 ملین روپے اور 2,114.91 ملین روپے کی بالترتیب قومی خزانے میں ادائیگی کی۔

## ادارتی نظم و ضبط اور مالیاتی رپورٹنگ کا فریم ورک

کمپنی کے ڈائریکٹران اچھے نظم و ضبط کے کوشاں ہیں اور تصدیق کرتے ہیں کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے نافذ کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (CCG) کی درج ذیل میں پاسداری کی گئی ہے:

☆ یہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔

☆ کمپنی کے حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔

☆ مناسب اکاؤنٹنگ پالیسیوں جیسا کہ اکاؤنٹس کے نوٹس میں بیان کیا گیا ہے مالی بیانات کی تیاری میں مستقل طور پر لاگو کیا گیا ہے سوائے موجودہ بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRSs) میں ان ترامیم کے جو سال کے دوران موخر ہوئیں اور نئے IFRSs، اگر کوئی ہیں، کو اپنایا گیا ہے جو مقامی طور پر SECP کی جانب سے نافذ العمل کئے گئے ہیں۔ حسابی تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہوتے ہیں۔

جے ایس گلوبل کیپٹل لیمنڈ (ذیلی ادارہ)

جے ایس گلوبل کیپٹل لیمنڈ ("JSGCL") پاکستان اسٹاک ایکسچینج (PSX) کی ایک ٹریڈنگ رائٹ انٹراکنکٹ سٹریٹجی (TREC) ہولڈر اور پاکستان مرکفائل ایکسچینج لیمنڈ (PMEX) کی ممبر ہے۔ کمپنی کی بنیادی سرگرمیاں حصص کی بروکریج، منی مارکیٹ بروکریج، فوریکس بروکریج، ایشیائے صرف کی بروکریج، مشاورت، ذمہ نویسی، بک رنگ اور مشاورت خدمات پر مشتمل ہیں۔

جے ایس گلوبل کیپٹل لیمنڈ (JSGCL) کا 31 دسمبر 2022 میں ختم ہونے والے سال کا منافع بعد از ٹیکس 76 ملین روپے رہا جبکہ 31 دسمبر 2021 کو 411 ملین روپے تھا۔ دوران سال آپریٹنگ آمدنی میں 481 ملین روپے تک کم ہوئی۔ علاوہ ازیں دوران سال JSGCL کے انتظامی اور آپریٹنگ اخراجات میں 31 ملین روپے کی کمی ہوئی۔

جے ایس انوسٹمنٹس لیمنڈ (ذیلی ادارہ):

جے ایس انوسٹمنٹس لیمنڈ (JSIL) قابل اطلاق قوانین کے تحت سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) سے انوسٹمنٹ ایڈوائزری، ایٹاڈ منیجمنٹ کمپنی اور پنشن فنڈ منیجر کے تحت لائسنس یافتہ ہے۔ JSIL نے SECP سے پرائیویٹ ایکویٹی اور وینچر کیپٹل فنڈ منیجمنٹ سروسز لائسنس بھی حاصل کیا ہے۔

JSIL کے 31 دسمبر 2022 میں ختم ہونے والے سال کا بعد از ٹیکس خسارہ 149 ملین روپے رہا جبکہ 31 دسمبر 2021 میں بعد از ٹیکس خسارہ 300 ملین روپے تھا۔ 31 دسمبر 2022 میں زیر انتظام اثاثے 44,226 ملین روپے رہے۔

سرمایہ کاری سرگرمیاں

سال 2022 کے دوران کمپنی نے 533 ملین روپے کی طویل مدتی سرمایہ کاری کی، جس کی منظوری بورڈ آف ڈائریکٹرز نے دی تھی۔ مزید برآں، رواں کھاتے کی ضروریات کو پورا کرنے کے لئے کمپنی نے مختلف حصصی سرمایہ کاریوں کو فروخت کیا جن کی مجموعی لاگت 2,614 ملین روپے ہے۔

دوران سال مالی سرگرمیاں:

سوڈی شرح زیادہ ہونے کے باعث اور دستیاب لیکویڈیٹی سے فائدہ اٹھاتے ہوئے، کمپنی نے اپنے قرض کی ادائیگیوں میں تیزی پیدا کی۔ زیر جائزہ سال کے دوران، کمپنی نے بقایا TFCs اور قرضہ کی ادائیگی کی مد میں 1,112.50 ملین روپے کی ریڈیمنڈ/ ادائیگی کی ہے۔

بینک نے 31 دسمبر 2022 کو ختم ہونے والے سال پر بینک کا قبل از ٹیکس منافع 2,131 ملین روپے (بعد از ٹیکس منافع 965 ملین روپے) رہا جبکہ گذشتہ سال کی اسی مدت کے دوران قبل از ٹیکس منافع 2,209 ملین روپے (بعد از ٹیکس منافع 1,304 ملین روپے) تھا۔ فی حصص آمدنی (EPS) 0.74 فی حصص رہی (31 دسمبر 2021 کو 1.01 روپے)۔

بینک نے کل مارک اپ آمدنی 72,047 ملین روپے حاصل کی جبکہ گذشتہ سال کی اسی مدت کی آمدنی 39,125 ملین روپے رہی جس میں 84 فیصد کا اضافہ ہوا۔ جبکہ کل مارک اپ اخراجات بھی 27,230 ملین روپے کے مقابلے میں 57,191 ملین روپے تک بڑھ گئے یعنی 110 فیصد کا اضافہ ہوا۔ لہذا گذشتہ سال کی اسی مدت کے مقابلے میں خالص مارک اپ / سودی آمدنی 25 فیصد زیادہ تھی اور 14,856 ملین روپے پر بند ہوئی۔ نان مارک اپ آمدنی 5,300 ملین روپے، یعنی گذشتہ سال کی اسی مدت سے 4 فیصد زیادہ ہے۔

انتظامی اخراجات 16,749 ملین روپے رہے جو کہ گذشتہ سال کی اسی مدت کے دوران 12,723 ملین روپے تھے جس میں 32 فیصد کا اضافہ ہوا۔

اہم اعداد و شمار درج ذیل ہیں:

| روپے ملین میں |         |         |                                     |
|---------------|---------|---------|-------------------------------------|
| شرح نمو       | 2021    | 2022    |                                     |
| 1%            | 460,705 | 464,132 | ڈپازٹس                              |
| 6%            | 584,289 | 616,715 | کل اثاثے                            |
| 31%           | 231,266 | 303,465 | خالص سرمایہ کاری                    |
| (9)%          | 254,184 | 231,101 | خالص قرضے                           |
| 25%           | 11,895  | 14,856  | خالص منافع / مارک اپ آمدنی          |
| (4)%          | 2,209   | 2,131   | منافع قبل از ٹیکس                   |
| (26)%         | 1,304   | 965     | منافع بعد از ٹیکس                   |
| (26)%         | 1.01    | 0.74    | فی حصص آمدنی (بنیادی اور رقیق) روپے |



ساتھ 19,306 ملین روپے ہو گئے یعنی گذشتہ سال سے 17.09 فیصد اضافہ ہوا۔ تاہم شرح سود میں اضافے کے باعث مالیاتی لاگت نمایاں طور پر بڑھ کر 57,425 ملین روپے ہو گئی یعنی گذشتہ سال کے مقابلے میں 109.60 فیصد اضافہ ہوا۔

| (روپے '000' میں) |  |
|------------------|--|
| 4,091,333        | منافع قبل از ٹیکس<br>کنوٹی: ٹیکس             |
| 1,710,011        | موجودہ سال                                   |
| 59,250           | گذشتہ سال                                    |
| (55,511)         | ملتی شدہ                                     |
| 1,713,750        |  |
| 2,377,583        | منافع بعد از ٹیکس                            |
| (4,546)          | سال کیلئے منقطع آپریشنز کا بعد از ٹیکس خسارہ |
| 2,373,037        | سال کا منافع                                 |
| 223,091          | کنوٹی: اقلیتی حصص یافتگان سے منسوب منافع     |
| 2,149,946        | عام حصص یافتگان سے منسوب سال کا منافع        |

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے جاری اور منقطع افعال سے فی حصص بنیادی آمدنی ("EPS") 2.35 روپے رہی جبکہ، رقیق فی حصص 2.06 روپے رہی۔

اہم سرمایہ کاری کی کارکردگی:

جے ایس بینک لمیٹڈ (ذیلی بینک):

جے ایس بینک لمیٹڈ ("JSBL" یا "بینک") پاکستان میں قائم شدہ ایک شیڈولڈ بینک ہے اور تجارتی بینکنگ اور اس سے ملحقہ خدمات فراہم کرتی ہے۔

بڑھتی ہوئی شرح سود کو ذہن میں رکھتے ہوئے، کمپنی نے اپنی فنانسنگ کے لیے تیز ادائیگی کو برقرار رکھا، اور اس لیے شرح سود میں اضافے کے باوجود، مالیاتی اخراجات 246 ملین روپے تک کم ہو گئے جو کہ گذشتہ سال کی اسی مدت میں 267 ملین روپے تھے۔ 31 دسمبر 2022 تک فی حصص بریک اپ ویلیو 32.94 روپے رہی۔

(روپے '000 میں)

|         |                   |
|---------|-------------------|
| 835,093 | منافع قبل از ٹیکس |
|         | کنوٹی: ٹیکس       |
| 434,153 | موجودہ سال        |
| 54,075  | گذشتہ سال         |
| 1,622   | ملتی شدہ          |
| 489,850 |                   |
| 345,243 | منافع بعد از ٹیکس |

سال 2022 کے لیے کمپنی کی فی حصص بنیادی آمدنی (EPS) 0.38 روپے فی حصص رہی جبکہ رقیب آمدنی 0.36 روپے فی حصص رہی۔

مجموعی مالیاتی گوشوارے:

دوران سال گروپ کے مجموعی اثاثوں میں بہتری آئی جو کہ 31 دسمبر 2021 کو 614,921 ملین روپے سے بڑھ کر 31 دسمبر 2022 کو 646,325 ملین روپے ہو گئے۔ حصص یافتگان کی ایکویٹی بھی سال کے آخر میں 45,677 ملین روپے رہی۔

31 دسمبر 2022 کو ختم ہونے والے سال کے دوران گروپ نے 2,373 ملین روپے کا بعد از ٹیکس منافع حاصل کیا جو کہ 31 دسمبر 2021 کی اسی مدت کے دوران 2,013 ملین روپے تھا یعنی 17.9 فیصد کا اضافہ ہوا۔

دوران سال کل آمدنی میں گذشتہ سال سے 69.97 فیصد اضافہ ہوا ہے جس کی بنیادی وجہ سرمایہ کاری سے ہونے والی آمدنی میں اضافہ کے ساتھ ساتھ ایکویٹی سیکورٹیز کی فروخت سے حاصل ہونے والے منافع میں اضافہ ہے۔ انتظامی اور دیگر اخراجات اضافے کے



مندرجہ بالا اثرات کے نتیجے میں، 19.70 فیصد کی اوسط کنزیومر پرائس انفراسٹر (CPI)، پالیسی ریٹ میں 6.25 فیصد اضافہ، زرمبادلہ ذخائر میں 13.04 بلین امریکی ڈالر کی کمی، پاکستانی روپے کی قدر میں 28.28 فیصد کمی ہوئی۔

### ایکویٹی کیمپبل مارکیٹس:

زیر جائزہ سال کے دوران KSE-100 انڈیکس میں 9.36 فیصد کمی ہوئی، جو گذشتہ 5 سالوں میں اسٹاک مارکیٹ کی کارکردگی کے لیے بدترین سال تھا۔ روپے کی قدر میں کمی کے باعث KSE-100 انڈیکس میں سال بھر میں 29.34 فیصد کمی ہوئی۔

تاہم، انڈیکس ریٹج باؤنڈڈ رہا، دوران عرصہ 46,970 پوائنٹس کی اونچائی اور 39,028 پوائنٹس کی کم ترین سطح کو چھو گیا۔ اس مابوس صورت حال میں سال 2021 میں یومیہ تجارتی اوسط قدر 16.993 بلین روپے سے کم ہو کر سال 2022 میں 6.94 بلین روپے ہو گئی۔

### بنیادی سرگرمیاں

JSCL ایک سرمایہ کار کمپنی ہے جو بنیادی طور پر مالیاتی خدمات فراہم کرنے والی کمپنیوں میں سرمایہ کاری کرتی ہے اور پاکستان میں ترقی پذیر کمپنیوں میں طویل مدتی سرمایہ کاری بھی کرتی ہے۔ مالیاتی خدمات کے تمام شعبہ جات بشمول اثاثوں کا انتظام، تجارتی بینکنگ، سرمایہ کاری بینکنگ، اسلامک بینکنگ، سکیورٹیز کی بروکرینج اور بیرونی شامل ہیں۔ JSCL ٹیکنالوجی اور صنعتی شعبہ کی کمپنیوں میں کلیدی طویل مدتی سرمایہ کاری سے مستفید ہوتی ہے۔

### مالیاتی کارکردگی:

#### انفرادی مالیاتی گوشوارے:

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی نے 345 ملین روپے کا بعد از ٹیکس منافع حاصل کیا جو کہ 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے 786 ملین روپے تھا۔ سال 2022 کیلئے مجموعی آمدنی 1,384 ملین رہی جو کہ سال 2021 کی مجموعی آمدنی 1,507 ملین کے مقابلے میں کم تھی جس کی اہم وجہ سرمایہ کاری سے حاصل ہونے والے منافع میں کمی تھی۔ عملی اور انتظامی اخراجات میں معمولی اضافہ ہوا۔

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

### محترم حصص یافتگان!

ہم جہانگیر صدیقی اینڈ کولیمیٹڈ ("کمپنی" یا "JSCL") کی سالانہ رپورٹ کے ساتھ آڈٹ شدہ انفرادی مالیاتی گوشوارے اور اس کی ذیلی کمپنیوں (گروپ) کے مجموعی مالیاتی گوشوارے اور ان پر آڈیٹرز کی رپورٹ برائے سال ختمہ 31 دسمبر 2022 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

### معیشت:

سال 2022 کے دوران پاکستانی معیشت کافی مشکلات کا شکار رہی، اسے ملکی تاریخ کے مشکل ترین سالوں میں سے ایک قرار دیا گیا۔ دوران سال نمایاں چیلنجز جن میں ملکی سیاسی غیر یقینی صورتحال، غیر ملکی زرمبادلہ کا بحران، اور درآمدی پابندیاں شامل ہیں جس کے نتیجے میں مہنگائی کے ساتھ ساتھ، روس اور یوکرین تنازعہ کے باعث اجناس اور توانائی کی قیمتوں میں زبردست اضافہ ہوا۔

سال کے آغاز ہی سے ملک کے کشیدہ سیاسی ماحول اور روس اور یوکرین کے تنازعے نے ملکی اقتصادی صورتحال پر منفی اثرات مرتب کیے۔ فروری 2022 کے دوران انٹرنیشنل مانیٹری فنڈ (IMF) کے ایکسیچینج ڈیفنڈ فیسلٹی (EFF) کے چھٹے جائزے کی کامیاب تکمیل کے باوجود، مالیاتی کمی، غیر ملکی زرمبادلہ کے اہم قرضوں کی ادائیگیوں، بڑھتی ہوئی مہنگائی، اور کرنٹ اکاؤنٹ خسارے نے معاشی نقطہ نظر کو تاریک رکھا۔ ان عوامل کے نتیجے میں IMF-EFF کے ساتویں اور آٹھویں جائزے جو کہ جولائی 2022 میں مکمل ہوئے تھے، میں تاخیر ہوئی۔ مالیاتی سال 2022-23 کا وفاق بجٹ کچھ سخت میکسیشن اقدامات کی عکاسی کرتا ہے جو ضروری مالی اور اقتصادی ایڈجسٹمنٹ کے لیے ضروری تھے۔

بڑے پیمانے پر سیلاب سے حالات مزید خراب ہو گئے جس کے باعث پورا ملک زیر آب آ گیا اور حکومت کے اندازوں کے مطابق سیلاب کے نتیجے میں 30 بلین امریکی ڈالر تک کا معاشی نقصان ہوا۔ مذکورہ بالا چیلنجز کے ساتھ، غیر یقینی صورتحال کے باعث دوست ممالک سے مالیاتی سہولت کے لیے IMF کی حمایت کی شدید ضرورت کے باوجود IMF-EFF کا نواں جائزہ تاخیر کا شکار ہوا۔ مطلوبہ سخت اقتصادی اقدامات ملک میں معاشی اور سیاسی بحران کا باعث بنے۔





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# BOARD OF DIRECTORS







**Justice (R) Agha Rafiq Ahmed Khan**  
Chairman

**Mr. Suleman Lalani**  
Vice Chariman

**Mr. Shahid Hussain Jatoi**  
Non-Executive Director

**Left to Right**



**Ms. Samar Ali Shahid**  
Independent Director

**Mr. Asad Nasir**  
Chief Executive Officer

**Lt. Gen. (R) Javed Mahmood Bukhari**  
Independent Director

**Mr. Ali Raza Siddiqui**  
Non-Executive Director



**JUSTICE (R) AGHA  
RAFIQ AHMED KHAN**  
Chairman

Justice (R) Agha Rafiq Ahmed Khan is a Senior Advocate in the Supreme Court of Pakistan. He has more than 40 years of judicial experience on various positions in Judiciary of Pakistan. He lastly served as 12th Chief Justice of the Federal Shariat Court of Pakistan from 2009-2014.

He did his Bachelor of Laws (LLB) from University of Sindh and was awarded with the Honoris Causa Doctorate of Law Degree by the University of Sindh. He is the first ever Judge in Pakistan to receive the degree.



## MR. SULEMAN LALANI

Vice-Chairman

Mr. Lalani is presently the Vice-Chairman of JSCL. Before his elevation to the position of Vice-Chairman, he served JSCL as its Chief Executive Officer for more than a decade. Prior to joining JSCL, he was an Executive Director Finance & Operations and Company Secretary of JS Investments Limited where he also served as CFO and Company Secretary for seven years.

Mr. Lalani had started his career with JSCL in 1992 where he worked for over eight years. In year 2000 he was promoted to the position of Chief Operating Officer of Jahangir Siddiqui Investment Bank Limited, a subsidiary of JSCL. In January 2002 he joined The First Micro Finance Bank Limited as its Chief Financial Officer and Company Secretary.

Mr. Lalani is a Fellow member of the Institute of Chartered Accountants of Pakistan and has more than 30 years of experience in the financial services sector. He has also completed the Board Development Series Certificate Program conducted by the Pakistan Institute of Corporate Governance.

### **Other Directorships :**

JS Investments Limited  
Al-Abbas Sugar Mills Limited  
Shahtaj Sugar Mills Limited  
TRG Pakistan Limited



## MR. ASAD NASIR

Chief Executive Officer

Mr. Nasir has more than 22 years of diversified financial services experience including Private Equity, Corporate Finance, Capital Market Advisory, Transaction Advisory, and Audit.

Prior to joining JSCL, Mr. Nasir was Group Head, Ecosystem Development and Sustainable Finance at JSBL where he had been overseeing a number of strategic projects in digital banking and green financial services. Before that he had served as the Chief Investment Officer for JS Private Equity and the Pakistan Catalyst Fund, a USD 50 million private equity fund which included USAID in its investors. He had also served as Head, Corporate Finance at JSGL, where he had advised some of Pakistan's leading companies on fundraising, mergers and acquisitions and corporate restructurings. Mr. Nasir had commenced his professional career with Deloitte UK, working as part of the audit & assurance and corporate finance teams.

### **Other Directorships:**

TRG Pakistan Limited  
Mahvash & Jahangir Siddiqui Foundation  
Knowledge Platform (Private) Limited



## MR. ALI RAZA SIDDIQUI

Non-Executive Director

Mr. Siddiqui served as Executive Director at JS Investments Limited. Before joining JS Investments Limited, he was Assistant Vice President at AIM Investments in Houston, a wholly-owned subsidiary of INVESCO (formerly known as AMVESCAP Plc). At AIM, Mr. Siddiqui was part of a 5-person team responsible for the management of over USD 60 billion in fixed income assets.

Mr. Siddiqui holds a Bachelors Degree from Cornell University with double majors in Economics and Government.

### Other Directorships:

EFU General Insurance Limited  
 EFU Life Assurance Limited  
 Mahvash & Jahangir Siddiqui Foundation  
 Fakhr-e- Imdad Foundation  
 Organization for Social Development Initiatives –  
 Trustee  
 Manzil Pakistan – Trustee  
 EFU Services (Private) Limited  
 JS Global Charity Inc.  
 RAK Ghani Glass LLC  
 Pakistan Catalyst Fund I LLC



## LT. GEN. (R) JAVED MAHMOOD BUKHARI

Independent Director

Lt. Gen. (R) Javed Mahmood Bukhari held various instructional, administrative, supervisory and staff assignments.

He has done Masters in Defense Technology, War Studies and Art and Science of Warfare from the most prestigious universities within the country and abroad. He has also done BE in Civil Engineering from Military College of Engineering Risalpur. Apart from his ample academic experience, he held multiple command and staff appointments, which, inter alia, included Command of a Corps and as Director General Frontier Works Organisation.

In recognition of his meritorious services, he has been awarded with Sword of Honour and Hilal-i-Imtiaz (Military).

### Other Directorships:

N-Ovative Health Technology (Private) Limited  
 –Chairman  
 National University of Sciences and Technology  
 (NUST) – Rector





## MS. SAMAR ALI SHAHID

Independent Director

Samar Ali Shahid works as a freelance media consultant. She has been involved in various aspects of media over the last 2 decades, from working as a news producer to formulating media outreach strategies & analysis. Ms. Shahid's experiences both locally and abroad have given her an incisive perspective within the workings of global media. She has worked as a segment producer for CNN and Bloomberg in London and acted as a media consultant to the World Economic Forum (WEF)'s media wing.

Ms. Shahid is a Chevening scholar and graduated from the School of Oriental and African Studies (SOAS), University of London with a Post Graduate degree in Global Media and Post-National Communications. As an entrepreneur, she set up sustainable organic farming methods in Malir, Sindh. She has currently partnered with local organizations to advance flood relief efforts in Sindh and Baluchistan.



## MR. SHAHID HUSSAIN JATOI

Non Executive Director

Mr. Shahid Hussain Jatoti has obtained his Bachelor of Law (LLB) degree from University of Karachi. He served the Government of Pakistan for over 35 years in very senior positions in FBR, Ministry of Finance and Revenue, Ministry of Production, Establishment Division, Overseas Pakistanis Division and FIA-Ministry of Interior.

He has specialized expertise in Corporate Taxation, International Taxation, Personal Income Taxation and Taxation of Financial Sector. Additionally, due to his long tenure at FBR as Member Administration he acquired in-depth knowledge of Service Laws / rules and has reasonable experience of formulating and implementing policies concerning HRM. He has served in FIA as Deputy Director, Economic Crime Wing for almost three years (1991-1994). He has extensive experience of investigation and detection of white collar crime which is one of his expertises. He remained posted as Counselor, Community Welfare at High Commission of Pakistan at KL, Malaysia. He gained substantial experience on international labour laws and also on export of skilled and unskilled Pakistani labour abroad (2005-2008).

### Other Directorships:

Al-Abbas Sugar Mills Limited  
Service Industries Limited  
Shezan International Limited

# BOARD COMMITTEES

## Board Audit Committee

Lt. Gen. (R) Javed Mahmood Bukhari (Chairman) – Independent Director  
Mr. Ali Raza Siddiqui – Non-Executive Director  
Mr. Shahid Hussain Jatoi – Non-Executive Director

### **Salient features of its Term of References:**

The Board Audit Committee ("**BAC**") is responsible for determination of appropriate measures for safeguarding the Company's assets; review of quarterly, half-yearly and annual financial statements including consolidated financial statements; review of management letter issued by external auditors and management's response thereto; facilitating the external audit and discussion with external auditors of major observations arising from interim and annual audits and any matter that the auditors may wish to highlight; review and implementation of the scope and extent of internal audit plan; review of internal audit strategy; consideration of major findings, internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto; ascertaining that the internal control systems are adequate and effective; determination of compliance with relevant statutory requirements; instituting special projects, value for money studies or other investigations on any matter; monitoring compliance with the best practices of corporate governance and identification of significant violations, thereof; recommend to the Board the appointment/removal of external auditors, audit fees and other relevant matters; review effectiveness of whistle blowing procedures; ensure effectiveness of overall management of compliance and consideration of any other issue or matter as may be assigned by the Board of Directors.

## Board Human Resource and Remuneration Committee

Ms. Samar Ali Shahid (Chairperson) – Independent Director  
Mr. Ali Raza Siddiqui – Non-Executive Director  
Mr. Asad Nasir – Chief Executive Officer

### **Salient features of its Term of References:**

The Board Human Resources and Remuneration Committee ("**BHRRC**") discharges the Board's responsibilities relating to the human resource functions of the Company's executives. BHRRC reviews and recommends Human Resource policies to the Board of Directors including but not limited to remuneration practices, the selection, evaluation, compensation (including retirement benefits), succession planning as well as the recommendation of structure of compensation package of CEO, CFO, Company Secretary and other Key Executives who report directly to CEO along with ensuring implementation of the same. The BHRRC shall annually review and approve corporate goals and objectives relevant to CEO's compensation, evaluate the CEO's performance in light of those goals and objectives, and approve the CEO's compensation level based on this evaluation, subject to any employment contract that may be in effect. The BHRRC is also responsible for undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant.



### **Board Executive Committee**

Mr. Ali Raza Siddiqui (Chairman) – Non-Executive Director  
Mr. Asad Nasir – Chief Executive Officer  
Mr. Shahid Hussain Jatoi – Non-Executive Director  
Mr. Suleman Lalani – Executive Director

### **Salient features of its Term of References:**

The Board Executive Committee ("**BEC**") is responsible to evaluate and recommend to the Board the approval of new lines of business, major additions/ deletions in trading portfolio, changes in investment portfolio dynamics, and new transactions in accordance with the Risk Management Guidelines and other internal guidelines; to regularly review financial performance of the Company and its significant investments in comparison with the annual budget; and to implement budget as reviewed and approved by the Board of Directors. The BEC will review the Company's adherence to the Policy Statement and make recommendations to the Board for any changes, if needed.

### **Dates and Attendance of Board Committees during 2022**

The names of the members of aforementioned Board Committees along with their attendance in Board Committee Meetings held during the year are included in the Directors' Report.

# ROLES AND RESPONSIBILITIES

## **Role and Responsibilities of the Board of Directors:**

The Board of Directors (“the Board”) is involved in strategic level decision making to establish and review the strategies and medium to long-term goals of the Company. The Board is also entrusted with the role of overseeing the business and affairs of the Company in light of emerging risks and opportunities. The Management of the Company is responsible for managing day-to-day business affairs in an effective and ethical manner and in conformity with the strategies and goals approved by the Board and to identify and manage the principal risks and opportunities which could impact the Company in the course of carrying out its business. It is also the responsibility of the Management, with the oversight of the Board and its sub-committees, to produce financial statements that fairly present the financial conditions and results of operations of the Company in accordance with applicable accounting standards and to make timely disclosures to investors as required under regulatory requirements.

## **Role and Responsibilities of the Chairman:**

The Chairman of the Board (“the Chairman”) being responsible for leadership of the Board, ensures that the Board plays an effective role in fulfilling all its responsibilities and, therefore, ensures that all Board members, when taking up office, are fully briefed on the terms of their appointment, and on their duties and responsibilities. The Chairman ensures that the Company keeps true to its long-term Vision. The role also involves the following:

- Representing the views of the Board to the general public/shareholders;
- To ensure that the Board meets at regular intervals throughout the year;
- To set agenda of the meeting of the Board and ensure that reasonable time is available for discussion of the same;
- To ensure that the minutes of meetings accurately records the decisions taken and, where appropriate, the views of individual Board members;
- To ensure that the formal policy statements reflect corporate philosophy and to provide operational guidance to the Board;
- To ensure that the Board discharges its role effectively in line with regulatory requirements.

## **Role and Responsibilities of the Vice-Chairman:**

The Vice-Chairman will assist the Chairman of the Board in his responsibilities. The Vice-Chairman also has particular responsibility, with the Chief Executive, for providing effective strategic leadership on matters such as:

- Formulating the Company’s business strategy;
- To encourage high standards of propriety, and promoting efficient and effective use of staff and other resources throughout the organization;



- To review corporate objectives and policies from time to time in light of changes in the competitive environment;
- To ensure that the Company is managed efficiently and in accordance with sound business principles;
- To review formal policy statements to reflect corporate philosophy and to provide operational guidance to the Executive Committee;
- To supervise and provide guidance to the Company for its progress in line with the approved strategy and budget;
- To supervise financial progress of various investee companies.

### **Role and Responsibilities of the Chief Executive Officer**

The Chief Executive Officer (“CEO”) of Jahangir Siddiqui & Co. Ltd. (“the Company” or “JSCL”) is responsible for effectively managing the overall operations in order to meet profit and volume objectives as per the annual business plan. It is the CEO's responsibility to organize and implement an adequate plan for controlling operations including profit planning, forecast, expense budgets, setting cost standards, saving opportunities and capital investment. In order to ensure the effective adherence to the laid down plans, the CEO must implement necessary controls and procedures.

The CEO should inculcate the philosophy that quality is the integrative and self-evident organizational truth. The CEO must ensure that the vision of the entire organization is aligned to the voice of the stakeholders, both external and internal.

It is the responsibility of the CEO and the management to encourage creativity and innovation so that the organization maintains a recognized industry leader and provides a high-level motivational environment for its team members. The CEO should initiate and encourage the development of dynamic spirit and image of integrity, creativity, progressiveness, discipline, and aggressiveness. Setting an example, CEO should display high standard of honesty and forthrightness in all relationships, monitor the ethics and activities of management as to set an example for the rest of the team members. It is CEO's primary responsibility to provide guidance and direction to team members in their strive towards personal and professional development.

### **Specific Responsibilities:**

- Ensure that JSCL's Corporate Mission is clearly communicated to the operational management of the Company in writing.
- Formulate proposals relating to JSCL's business strategy and present the same to the Board of Directors for guidance and approval.
- Provide guidance and direction to departmental heads in the development of an annual business plan.

- Formulate policy recommendation for the development of infrastructure, facilities and business expansions/ diversification and present the same to the Board of Directors for approval.
- Review the annual capital and revenue budgets and present the same to the Board of Directors, for review and approval.
- Review and monitor the financial performance of the Company.
- Initiates new investments and joint venture projects and whenever considered necessary issues specific instructions on a case-to-case basis for presenting them to the Board of Directors.
- Reviews corporate objectives and policies from time to time in light of changes in the competitive environment.
- Formulate proposals for the reduction or closure of particular business segments or part thereof, keeping in view internal and external factors affecting the overall business strategy of JSCL.
- Provides constant and effective leadership and direction to the departmental heads.
- Work toward achieving the adequacy and soundness of the financial structure of the Company.
- Establish benchmarks in all the operational and non-operational areas.
- Coordinate and direct all product/service publicity and corporate public relation programs of the company.
- Develop and supervise, improvements in the product/ services being offered.
- Supervise development of authority and responsibility for both management and staff positions.
- Establish and maintain personal contacts with key internal and external stakeholders.
- Review all internal and external customer activities in every function to ensure customer satisfaction.
- Establish professional relationships with companies and financial institutions.
- Establish formal mechanism to overlook performance of investee companies.
- To apply for and obtain all such concessions, sanctions powers and authorities from any Government, municipal or local authority as may be desirable for carrying on or enlarging or extending the operations of the Company.
- To appoint, promote, determine powers and duties and fix salaries, emoluments or remuneration of employees in accordance with the salary scales and grant increment, bonus and loans as per the Company policy and procedures.
- To represent or nominate representative of the Company in various foundations, organizations, trusts of which our Company is a member or is for any other reason entitled to nominate a representative.

# REPORT OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee (“BAC”) of Jahangir Siddiqui & Co. Ltd. (“JSCL” or “the Company”) comprises of three non-executive directors having vast experience and knowledge of finance and accounting. The Chairman of BAC is an independent director.

BAC has been proactively focusing on effectiveness of internal controls, risk management, compliance and governance processes in accordance with the requirements of Code of Corporate Governance and Terms of Reference (“ToRs”) of BAC duly approved by the Board of Directors. During the year 2022, four BAC meetings were held and following major activities were performed by BAC in accordance with its approved ToRs.

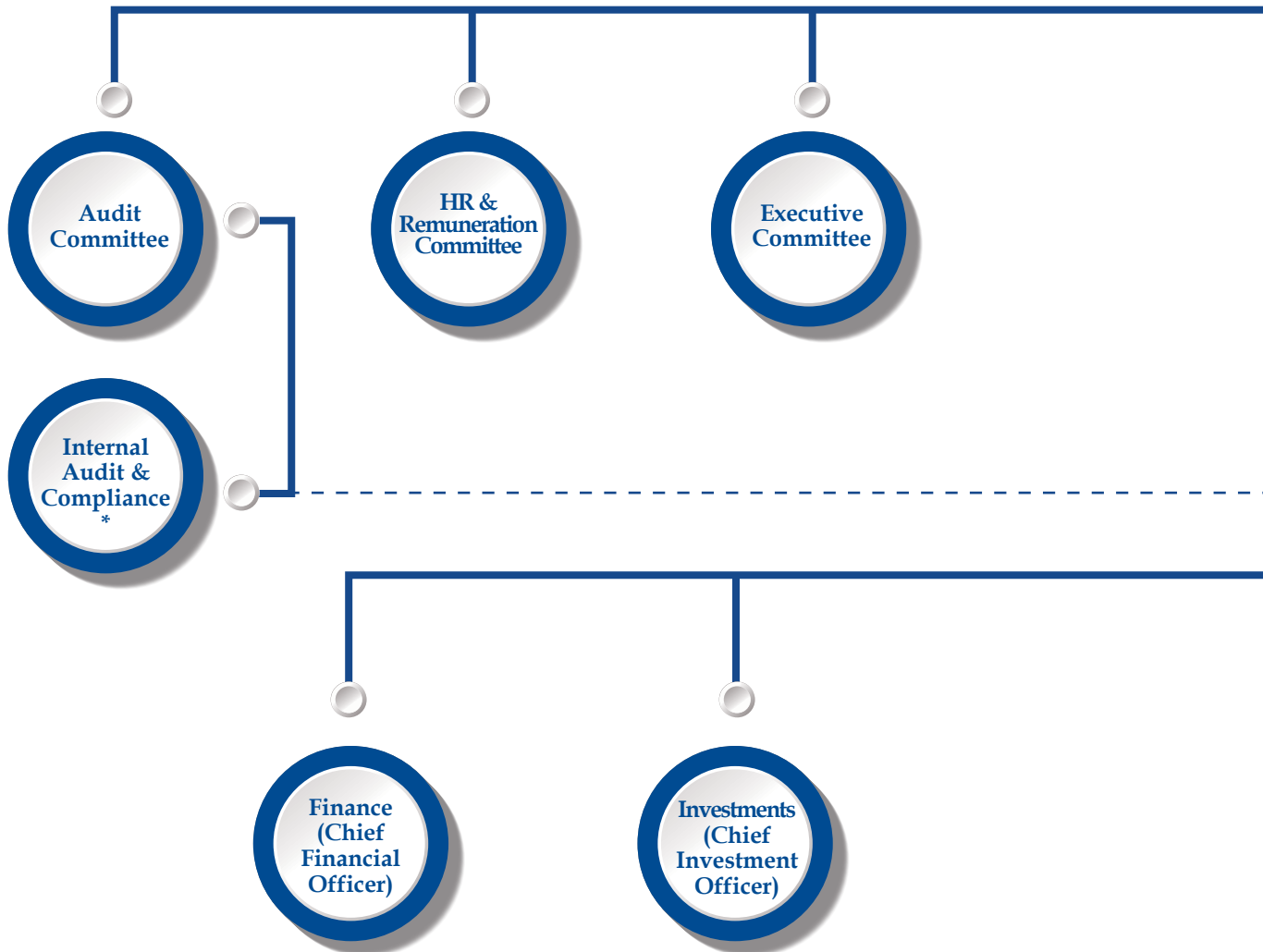
- BAC reviewed quarterly, half yearly and annual financial statements of the Company including the consolidated financial statements of the Group and recommended the same for approval of the Board.
- BAC reviewed management letters issued by the external auditors, management's response and their compliance status and held discussions with external auditors on major observations. BAC also recommended the appointment of external auditors and their fees to the Board.
- BAC reviewed related party transactions and recommended the same for Board's approval.
- The Board has outsourced the internal audit function to M/s Grant Thornton Anjum Rahman, Chartered Accountants (a member firm of Grant Thornton International) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. BAC reviewed and approved the audit plan, scope and extent of the work to be performed by internal audit. BAC also reviewed adequacy of resources as per the scope.
- BAC reviewed significant findings of internal audit along with monitoring of its timely compliance. BAC also reviewed the whistle blowing mechanism.
- There were no cases related to fraud & forgery and whistle blowing reported, during the year.
- BAC reviewed impact assessment of COVID-19 on JSCL and its subsidiaries and advised the management to take adequate mitigating steps on emerging risks. Focus areas as highlighted by the Internal Auditor were also discussed.
- As part of the overall performance evaluation of the Board of Directors conducted by an external consultant, assessment of BAC was also conducted in compliance with Code of Corporate Governance. The assessment report was also presented to the Board.
- BAC reviewed statement on internal control system and recommended the same for endorsement by the Board.
- BAC also held separate meetings with external auditor and internal auditor without the CFO and the management in line with the Code of Corporate Governance.



**Lt. Gen. (R) Javed Mahmood Bukhari**  
Chairman - BAC

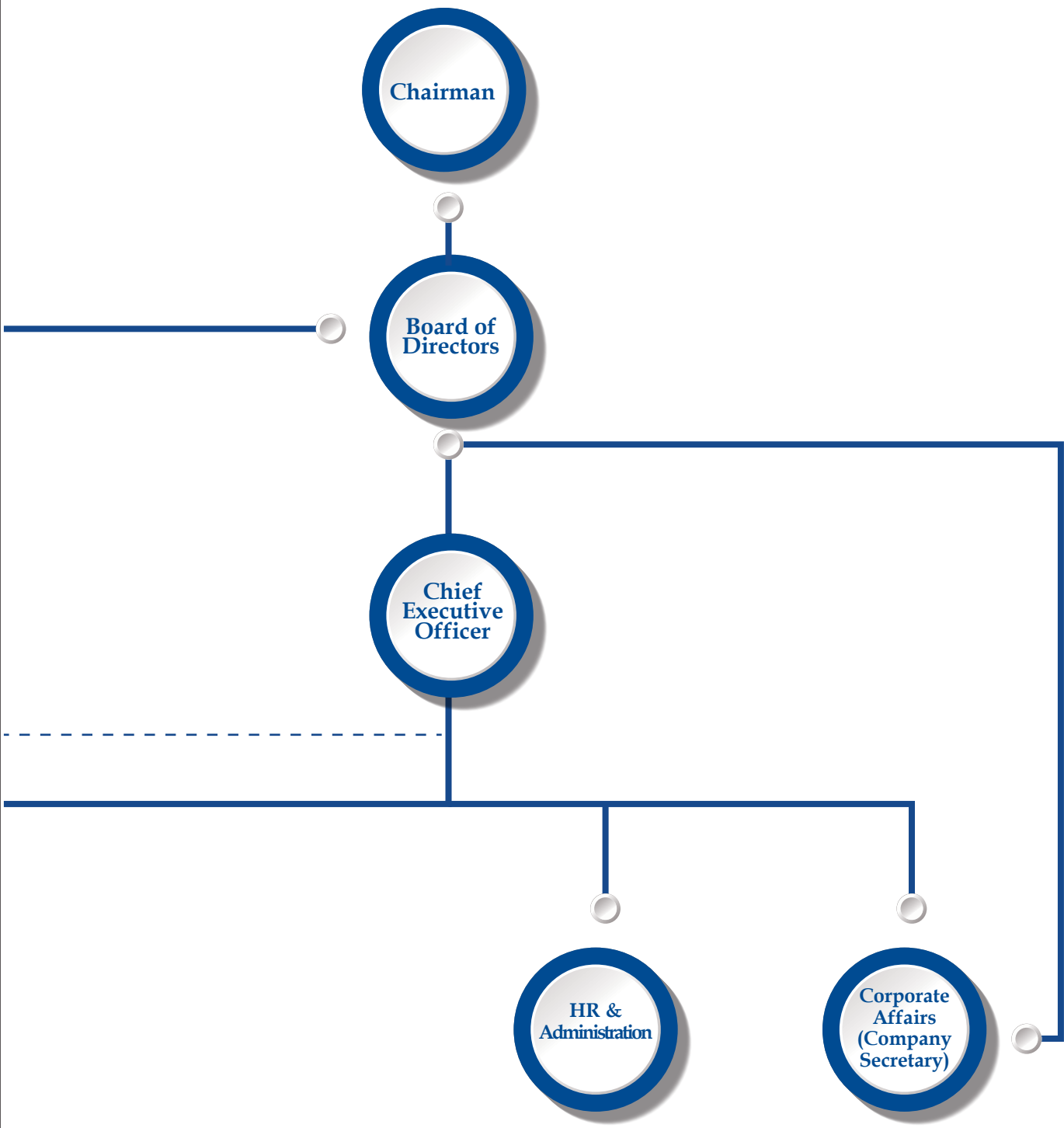
Dated: March 13, 2023  
Place: Karachi

# ORGANIZATIONAL STRUCTURE



\* Outsourced to Grant Thornton Anjum Rahman, Chartered Accountants.





# SENIOR MANAGEMENT TEAM







**Mr. Asad Nasir**  
Chief Executive Officer

**Mr. Suleman Lalani**  
Vice Chariman

**Mr. Zahid Ullah Khan**  
Chief Investment Officer

**Left to Right**



**Mr. Najmul Hoda Khan**  
Chief Financial Officer

**Mr. Muhammad Babar Din**  
Head of HR and Administration

**Syed Ali Hasham**  
Company Secretary



## **MR. ASAD NASIR**

Chief Executive Officer

Mr. Nasir has more than 22 years of diversified financial services experience including Private Equity, Corporate Finance, Capital Market Advisory, Transaction Advisory, and Audit.

Prior to joining JSCL, Mr. Nasir was Group Head, Ecosystem Development and Sustainable Finance at JSBL where he had been overseeing a number of strategic projects in digital banking and green financial services. Before that he had served as the Chief Investment Officer for JS Private Equity and the Pakistan Catalyst Fund, a USD 50 million private equity fund which included USAID in its investors. He had also served as Head, Corporate Finance at JSGCL, where he had advised some of Pakistan's leading companies on fundraising, mergers and acquisitions and corporate restructurings. Mr. Nasir had commenced his professional career with Deloitte UK, working as part of the audit & assurance and corporate finance teams.

### **Other Directorships:**

TRG Pakistan Limited

Mahvash & Jahangir Siddiqui Foundation

Knowledge Platform (Private) Limited



## MR. NAJMUL HODA KHAN

Chief Financial Officer

Mr. Najmul Hoda Khan has joined the Company as Senior Manager Finance in 2015 and achieved the position of Chief Financial Officer in 2019.

Mr. Najmul Hoda Khan is Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and Fellow member of Pakistan Institute of Public Finance Accountants (PIPPFA) and holds a Masters degree in Economics from University of Karachi. He has more than fifteen years of vast experience in the fields of finance, taxation, auditing, internal control evaluation, compliance and secretarial matters.

He has also completed Corporate Governance Leadership Skills (CGLS) - Director Education Program from Pakistan Institute of Corporate Governance (PICG).

### Directorships:

Sitara Chemical Industries Limited  
Quality1 Petroleum (Private) Limited  
Quality Energy Solutions (Private) Limited  
Khairpur Solar Power (Private) Limited  
Future Trust - Managing Trustee  
JS Petroleum Limited



## SYED ALI HASHAM

Company Secretary

Mr. Hasham is currently serving JSCL as its Company Secretary. Before joining JSCL, he was associated with Deloitte Yousuf Adil, a member firm of Deloitte and had experience working in Pakistan and Qatar. During his association with the firm, he was involved in various statutory audits and special assignments relating to DFI & commercial bank, Non-Banking Finance Companies, mutual funds, retail and aviation sectors.

He has over nine years of experience in the fields of finance, taxation, auditing, internal control evaluation, and corporate affairs.

Mr. Hasham is an associate member of the Institute of Chartered Accountants of Pakistan (ICAP) and holds a Bachelor degree in Commerce from University of Karachi. He also has completed Corporate Governance Leadership Skills (CGLS) - Director Education Program from Pakistan Institute of Corporate Governance (PICG).

### Directorships:

BankIslami Pakistan Limited  
JS Infocom Limited  
JS Engineering Investments 1 (Private) Limited  
Mahvash and Jahangir Siddiqui Foundation



## MR. MUHAMMAD BABAR DIN

Head HR & Administration

Muhammad Babar din is an associate member of the Institute of Cost and Management Accountants of Pakistan (ICMAP) and also holds a Bachelor degree in Commerce from SALU Khairpur. He has more than 12 years of work experience in Financial Institutions with core strengths in financial reporting, managerial reporting, treasury back office, International accounting standards (IAS) and International financial reporting standards (IFRS). He started his career from JS Investments Limited specializing in Fund Accounting, System Development and Work flow streamlining. He was also associated with AWT Investments Limited in the capacity of Unit Head Finance and Operations and later as Head of Operations and Investor Services. He Joined Jahangir Siddiqui & Co. Ltd. in February 2018.

### Directorships:

Energy Infrastructure Holding (Private) Limited  
 JS Infocom Limited  
 Khairpur Solar Power (Private) Limited  
 Quality Energy Solutions (Private) Limited  
 JS Engineering Investments 1 (Private) Limited  
 JS Petroleum Limited



## MR. ZAHID ULLAH KHAN

Chief Investment Officer

Mr. Zahid Ullah Khan has over 16 years of experience in investment valuation. Prior to joining Jahangir Siddiqui & Co. Ltd. as Chief Investment Officer, Mr. Khan served as Chief Investment Officer at JS Investments Limited, since 2016. Earlier, he joined JS Bank Limited in 2012, where he served as a Senior Vice President for the bank's risk management function and later moved on to Corporate and Commercial Credit.

Mr. Khan started his career with ABAMCO Limited (now JS Investments Limited) in 2004 as a research analyst where he later served as a Fund Manager.

Mr. Khan holds a Masters' degree in Business Administration from Lahore University of Management Sciences, a Masters' degree in Economics from Lahore University of Management Sciences, and a Masters' degree in Finance from London Business School. He has completed his certification under the Directors' Training Program (DTP) from the Institute of Chartered Accountants of Pakistan (ICAP).





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# BEST CORPORATE GOVERNANCE PRACTICES

There is always a robust and palpable link between a company’s governance and rapid decision-making that is associated with its improved performance. Therefore, having clearly defined policies and processes alongwith a board of directors and a senior management level who maintain the compliance culture directly supports the enhanced and swift decision-making resulting into superior performance.

The Best Corporate Governance Practices are embedded in JSCL’s ethos and are also translated into its Corporate Mission which states as follows:

*“To build value for our shareholders by providing competitive returns on a sustainable basis through prudent investment decisions by employing best practices of Corporate Governance and Risk Management and conducting our business in accordance with the highest standards of ethics and legal compliance.”*

JSCL has a sound system in place to ensure that it is fully compliant with all legal and regulatory requirements. The Company Secretary’s Office ensures that all the relevant legal and regulatory requirements are complied with within the given deadlines. JSCL’s Best Corporate Governance Practices include the following:

## Composition of a Strong and Qualified Board of Directors:

The Board of JSCL is well conversant and has expertise relevant to the business, is qualified and competent, and has strong ethics and integrity, diverse backgrounds and skill sets. Moreover, per the regulatory requirement, the Board performance is evaluated annually by an external consultant.

## JSCL’s Board comprises of seven elected directors including the CEO:

| <u>Category</u>                | <u>Names of Directors</u>  |
|--------------------------------|--|
| <b>Independent Directors</b>   | Justice (R) Agha Rafiq Ahmed Khan - Chairman<br>Lt. Gen. (R) Javed Mahmood Bukhari<br>Ms. Samar Ali Shahid |
| <b>Non-Executive Directors</b> | Mr. Ali Raza Siddiqui<br>Mr. Shahid Hussain Jatoi  |
| <b>Executive Directors</b>     | Mr. Suleman Lalani<br>Mr. Asad Nasir – CEO   |

## Other attributes of the Board:

- Directors’ and Senior Management’s profiles and their involvement / engagement in other companies have been incorporated in the profile section.
- Diversity in the Board with reference to their competencies, requisite knowledge & skills, and experience can be ascertained through the Directors’ profiles.

- The Board currently has three (3) Independent Directors who meet the criteria of independence under Companies Act, 2017.
- Ms. Samar Ali Shahid is the female Director on the Board.
- At present the Board has five non-executive directors (out of which three are independent) and two executive directors including the Chief Executive Officer.

#### **Delineation of Roles and Responsibilities:**

The Board has established clear lines containing the roles and responsibilities for the Directors, Chairman, Vice Chairman and CEO. Further, the Chairman issues a letter to all directors at the start of their term explaining their roles and responsibilities as defined under corporate laws. Brief about the roles and responsibilities are provided on page 74.

#### **Emphasis on Integrity and Ethical Dealing by the Board:**

The Directors declare conflicts of interest and refrain from voting on matters in which they have an interest. JSCL has adopted a Code of Conduct that sets out the requirements and inculcates high ethical standards throughout the organization in its conduct and business practices. It has also adopted a Whistle-blowing policy. Highlights of the Code of Conduct and Whistle-blowing policy are presented on page 92.

#### **Formation of Various Board Committees:**

The Board has constituted various committees, namely Board Audit Committee, Board Human Resources and Remuneration Committee, Board Executive Committee to manage the relevant areas and to give their recommendations to the Board. The TORs of these Committees are approved by the Board of Directors.

#### **Governance of Risk and internal controls:**

The Board has established its sub-committees who regularly monitor the efficacy of internal controls and identify and assess the risks including financial, operational, reputational, environmental and legal risks.

Further, to enhance credibility of internal controls and systems by an external oversight, the Board has outsourced the internal audit function to M/s Grant Thornton Anjum Rahman, Chartered Accountants (a member firm of Grant Thornton International) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

#### **Payment of Directors' Remuneration:**

As per Policy of Director's Remuneration, the Board of Directors shall, from time to time, fix remuneration of the Directors including the Chairman, Non-Executive Directors and Independent Directors for attending the meetings. The remuneration for Chief Executive Officer and Executive Director is also fixed by the Board of Directors after its due process of appraisal against approved KPIs.

#### **Directors Training Program - DTP**

Out of total seven (including the CEO), five directors are already certified under Directors' Training Program ("DTP") from recognized institution. The remaining two (2) Directors are newly elected directors and they are expected to undertake DTP during the current year as per the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Further, four executives (including the CEO) of the senior management team of JSCL are also certified under the Directors' Training Program from recognized institution.

### **Orientation and Training of Directors**

JSCL places dedicated focus on regular orientations for its Directors regarding updates in law/regulations. Further, the Board is regularly updated about any change in applicable laws and financial reporting standards, etc.

Moreover, the Board members of JSCL are experienced and are qualified professionals who bring a diverse range of professional and technical expertise to the company.

### **Security Clearance of Foreign Directors:**

Currently there are no foreign directors on the Board of JSCL. However, security clearance of Foreign Directors, if any, is carried out by the Regulators as per law / regulatory requirements, as their appointment is subject to clearance by the Regulators.

### **Details of Board Meetings held outside Pakistan**

A total of five meetings of the Board were held during the year 2022, and all were held in Pakistan.

### **Performance Evaluation of the Board of Directors**

In compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has put a formal and effective mechanism for its annual evaluation. The performance evaluation of the Board as a whole, its sub-committees and that of the individual board members was conducted by an external independent consultant viz: Grant Thornton Anjum Rahman, Chartered Accountants (a member firm of Grant Thornton International) to ensure transparency.

### **Performance Review of the Chief Executive Officer**

The CEO is responsible for supervising, leading and effectively managing the strategic and overall affairs of the Company. As the leader of JSCL and the executor of strategies approved by the Board, the CEO is evaluated on parameters such as financial performance and profitability, budget allocation and utilization of resources, organizational expansion, sustainability of investments, credit ratings and inculcation of the desired organizational culture which is conducive to professional and ethical excellence. The CEO's performance is monitored continuously and discussed periodically by the Board and its sub-committee responsible for evaluating the performance of the CEO.

## **OTHER MATTERS RELATED TO CORPORATE GOVERNANCE**

### **Governance Practices Exceeding Legal Requirements:**

The Board of Directors, as a whole and on individual basis, ensures meticulous compliance of applicable laws, rules & regulations and, therefore, adheres to provide information and disclosures above the minimum regulatory requirements. The Management also regularly updates the Board with the latest developments in regulatory environment and maintains stringent control over regulatory compliance, through designated resources.



JSCL firmly believes in transparency and providing complete disclosures to all stake holders. This Annual Report contains additional information and disclosures that are beyond the requirement of law.

#### **Presence of the Chairman of Audit Committee at the AGM**

The Chairman of the Audit Committee attends the Annual General Meeting (AGM) and this is duly recorded in the minutes of AGM.

#### **Human Resources Management Policies including Succession Planning and Diversity:**

Human Resources Policies are approved by the Board of Directors of JSCL on the recommendation of Human Resources & Remuneration Committee of Board in order to provide clear and definitive directions on Human Resource related matters.

Through the process of succession planning the Board of JSCL ensures that our employees are developed to fill vacant posts within the Company. Their knowledge, skills, and abilities are developed and they are prepared for advancement or promotion into ever more challenging roles. JSCL's team of professionals is its pride.

The Board firmly believes that the diverse mix of gender, knowledge, expertise and skill sets of the members/employees enhances the effectiveness of JSCL. Therefore, JSCL embraces and encourages employees with a diverse mix of age, ethnicity, language, socio-economic status and other characteristics that make its employees unique.

#### **Investors' relationship and grievances:**

JSCL believes that relations with investors are vital for the financial lifeline and substantial growth of the Company. Relations with investors also reflect on the goodwill of JSCL. It is, therefore, imperative to place an efficient and effective mechanism for providing services to the investors and to redress their grievances in accordance with law.

The Company has accordingly provided on its website, the necessary information about the Company, the directors, auditors, independent share registrars, and the financial data for the current period and for the last six years.

The Company Secretary of JSCL is the primary contact on behalf of the Company to whom the investors can contact to redress their grievances and resolve their issues.

The management endeavors to investigate and resolve all the complaints and queries of the investors to their utmost satisfaction. An investor who is not satisfied can also approach the Securities & Exchange Commission of Pakistan (SECP) complaint cell through interactive link provided on our website.

#### **Our investor grievance policy is broadly based on the following principles:**


- Investors contacting in person, telephone, fax or email are received and their complaints are dealt in timely manner.
- Each and every investor is treated fairly at all the times.
- Prompt, efficient and fair treatment is given to all the complaints and queries of the investors.

# POLICIES, GUIDELINES AND CODE OF CONDUCT

## Code of Conduct

The success of our Company depends on adopting high ethical standards and business practices in conducting business. Every member of JSCL family is expected to review and strictly abide by the following code of conduct:

1. Transparency in conducting business and appropriate public disclosures.
2. Fairness in conducting business while striving for highest returns.
3. Protecting and preserving clients' interests.
4. Adopting principle of good corporate citizenship and striving to fulfill corporate social responsibilities.
5. Financial statements should reflect fair view of business operation and should not conceal any fact.
6. Exhibit integrity, dignity and honesty in business conduct and upholding loyalty.
7. Endeavor to hire the best people, motivate them, reward them and encourage them to innovate. We are a meritocracy and an equal opportunity employer.
8. Professional communication and open environment where everyone has right to speak.
9. We value quality of work and employees' best contribution in achieving clients' and shareholder's financial goals.
10. Maintain highest level of confidentiality and privacy of data during and after employment at JSCL.
11. Avoid any business or professional activities or any beneficial interests that may result in a conflict with or be competitive with the interests of the Company.
12. Employees should not hold any position in other organization without prior approval.
13. Insider trading is strictly prohibited.
14. Avoid workplace harassment and report unethical practices immediately.
15. Treating employees equally and avoiding authority misuse.
16. Company's assets should be used effectively and proprietary information should be kept confidential.

- 
17. Gifts and Bribery should neither be offered nor accepted except for nominal gifts with appropriate disclosure and permission.
  18. Striving to provide healthy and secure environment and avoid wasting natural resources.

### **Whistle blowing**

This Whistle Blower Policy is designed to encourage all the employees of Jahangir Siddiqui & Co. Ltd. to report any suspected or actual misconduct, unethical, unlawful or inappropriate events without any reprisal.

- Employees are encouraged to report immediately any suspected or actual misconduct, unethical behavior or unlawful activity to his / her ultimate supervisor or the head of department.
- If the whistle blower is afraid or reluctant that the ultimate supervisor or the head of department will not act on the matter or the action taken by the supervisor / head of department is not satisfactory, the whistle blower shall report the matter to the head of HR, or the CEO or directly to the Board's Audit Committee.
- The whistle blower shall report the matter in writing to the person who will acknowledge the same. The Company recognizes that the disclosure made by the whistle blower may contain highly confidential and sensitive information which may require further investigation. Further, the Company needs to ascertain that the whistle blower has lodged the complaint in good faith. Therefore, anonymous reports of alleged wrongdoing shall not be investigated unless supported by strong documented evidence.
- Identity of the whistle blower shall be kept confidential by the person receiving the complaint and by the investigators unless required by any law enforcement agency.
- The person receiving the complaint shall immediately initiate the investigation into the matter reported and shall complete the investigation within seven working days of the lodging of complaint.
- The investigation report shall be made within three working days of the completion of the investigation and the report shall be forwarded to the Board's Audit Committee.
- The Board's Audit Committee has the overall responsibility for monitoring and reviewing the operation of this Policy. Any recommendation for action resulting from investigations into complaints lies with the Audit Committee.
- Whistle blower shall not be reprimanded for any suspected activity unless it is proved that the matter was reported with an aim to damage the reputation of other personnel or the organization.
- The Company shall take strict disciplinary action against person who tries to take revenge from the whistle blower for reporting any incident of wrongdoing.

## **Guidelines and policy related to Related Party Transactions**

The Company has adopted an approved policy for related party transactions to ensure that the approval and reporting of related party transactions are in compliance with the Applicable Laws including approved accounting standards as applicable in Pakistan.

Any Board member or any Officer (whether directly or indirectly due to any interest of his/her relative i.e. spouse, siblings and lineal ascendants and descendants) of the Company who has any interest in a related party transaction shall disclose the nature and extent of his/her interest and shall refrain from discussion, participating and voting on the approval of such transaction at the Committee/Board level. In case of material personal interest he/she shall not be present at the board meeting while that matter is being considered.

Details of all related parties transactions, along with basis of relationship describing common directorship and percentage of shareholding are presented at note 31 to the unconsolidated financial statements and note 51 to the consolidated financial statements for the year ended December 31, 2022.

Further, all the contracts or arrangements with the related parties are in either ordinary course of business on an arm's length basis or at agreed terms.

## **Guidelines for Safety of Records of the Company**

The Company abides by the requirement of Section 220 of the Companies Act, 2017, for the maintenance of books of accounts. Therefore, the Company has implemented a comprehensive plan for maintenance of its physical and electronic data.

The Company maintains a proper record room at its Head Office for safe custody of the various physical documents; where the records are stacked on pre-numbered racks. All records along with rack number have been entered in the system from where any record can be traced by entering the particular of record required. In addition to this, the Company has also engaged and outsourced record management to a company for safe keeping of its older records.

For timely recovery of its soft data on the servers, on-site and remote Data Recovery (DR) site is also available with the Company.

## **IT Governance Policy**

The Company recognizes the need for Information Technology Governance in achievement of its overall strategic and operational objectives. Therefore, IT resources of the Company have been aligned to provide the management with an efficient operating and decision making platform that helps in streamlining operations.

IT Governance Policy outlines the following:

- Maximizing return on technology investment with controlled spending.
- Safeguarding of Company's critical data.
- Development and up-gradation of different modules to provide reliable, efficient and timely information.
- Improving user awareness on IT security to detect and prevent vulnerabilities.
- Ensuring compatibility, integration and avoidance of redundancy.





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Jahangir Siddiqui & Co. Ltd.

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Jahangir Siddiqui & Co. Ltd.** ("the Company") for the year ended 31 December 2022 in accordance with the requirements of Regulation No. 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2022.

Date: 31 March 2023

Karachi

UDIN: CR202210106pe5kDr9Gf

*KAMS Taseer Hadi*  
KPMG Taseer Hadi & Co.  
Chartered Accountants

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

**Jahangir Siddiqui & Co. Ltd.**  
**For the Year Ended December 31, 2022**

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the Code” or “the Regulation”) issued by the Securities and Exchange Commission of Pakistan (“the Commission”), for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has complied with the requirements of the Regulation in the following manner:

The total number of elected directors is seven as per the following gender bifurcation:

- a. Male: Six (including CEO)
- b. Female: One

The composition of the board is as follows:

| Category                      | Names   |
|-------------------------------|---|
| Independent Directors         | Justice (R) Agha Rafiq Ahmed Khan<br>Lt. Gen. (R) Javed Mahmood Bukhari<br>Ms. Samar Ali Shahid |
| Other Non-Executive Directors | Mr. Ali Raza Siddiqui<br>Mr. Shahid Hussain Jatoi   |
| Executive Directors           | Mr. Suleman Lalani<br>Mr. Asad Nasir, CEO   |

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Company;
- 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;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;



- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Companies Act, 2017, (the “Act”) and these Regulations;
- The meetings of the Board were 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;
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- Out of total seven (including the CEO) five directors are already certified under Directors’ Training Program (“DTP”) from recognized institution;
- There were no new appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit, during the year. The Board has approved their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
- The Board has formed committees comprising of members given below:

| Committees                              | Members   |
|---|---|
| Audit Committee                         | <ul style="list-style-type: none"><li>• Lt. Gen. (R) Javed Mahmood Bukhari (Chairman)</li><li>• Mr. Ali Raza Siddiqui</li><li>• Mr. Shahid Hussain Jatoi</li></ul>          |
| Human Resource & Remuneration Committee | <ul style="list-style-type: none"><li>• Ms. Samar Ali Shahid (Chairperson)</li><li>• Mr. Ali Raza Siddiqui</li><li>• Mr. Asad Nasir (CEO)</li></ul>                         |
| Executive Committee                     | <ul style="list-style-type: none"><li>• Mr. Ali Raza Siddiqui (Chairman)</li><li>• Mr. Asad Nasir</li><li>• Mr. Shahid Hussain Jatoi</li><li>• Mr. Suleman Lalani</li></ul> |

- The terms of references of aforesaid committees have been formed, documented and advised to the committee for compliance.
  - The frequency of meetings of the committees were as per following:
  - Audit Committee – four meetings of the Committee were held during the year;
  - Human Resource & Remuneration Committee – two meetings of the Committee were held during the year;
  - Executive Committee – one meeting of the Committee was held during the year;

- The Board has outsourced the internal audit function to M/s Grant Thornton Anjum Rahman, Chartered Accountants (a member firm of Grant Thornton International) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
- The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
- 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; and
- We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the  
Board of Directors



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**JUSTICE (R) AGHA RAFIQ AHMED KHAN**

Chairman

Karachi: March 13, 2023



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# CORPORATE SOCIAL RESPONSIBILITY



**1** NO POVERTY



**2** ZERO HUNGER



**3** GOOD HEALTH AND WELL-BEING



**4** QUALITY EDUCATION





**5** GENDER  
EQUALITY

**6** CLEAN WATER  
AND SANITATION

**7** AFFORDABLE AND  
CLEAN ENERGY

**10** REDUCED  
INEQUALITIES

**13** CLIMATE  
ACTION

# CORPORATE SOCIAL RESPONSIBILITY

Jahangir Siddiqui & Co. Ltd. (JSCL) has always been a responsible corporate citizen. The Company has the policy of making donations and contributions towards its CSR initiatives and contributes 2% of its profit after tax. JSCL along with its subsidiaries and philanthropic entities (JS Group) strives to promote Corporate Social Responsibility (CSR) initiatives that aim to achieve Sustainable Development Goals (SDGs) of Pakistan.

Future Trust (FT), Mahvash and Jahangir Siddiqui Foundation (MJSF), and Fakhr-e-Imdad Foundation (FIF) are three philanthropic arms of JS Group. All of these entities are non-profit benevolent philanthropic organizations and established for the promotion, advancement and encouragement of education, medical and healthcare, vocations, rehabilitation, protection and improvement of the environment, self-help, microfinance and to address challenges related to poverty through sustainable development and general improvement of the socio-economic conditions and living standards of the people of Pakistan. FT and FIF are also certified by Pakistan Centre for Philanthropy (PCP).

Below are the highlights of various CSR initiatives undertaken by JS Group along with SDGs that these initiatives intend to achieve:



## Karigar Training Institute

Future Trust strives to eliminate poverty by extending support to less privileged youth of society to become economically independent by acquiring specialized vocational skills through Karigar Training Institute (KTI). The training programs at KTI are tailored in response to growing demand in both local and international markets for such skilled workers. The students are enrolled for four months training at the institute, followed by two-months internship in workshops/industries for on-job training in motorcycle repair work, air-conditioning /

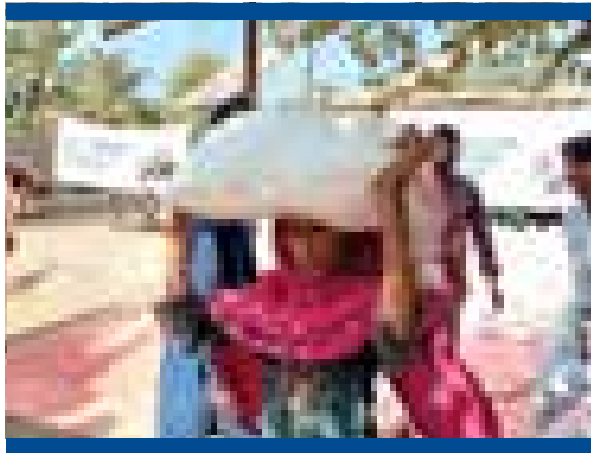
refrigeration, plumbing and electrical trades. During the year 2022, 115 students qualified from KTI in various disciplines.



## Ration Distribution

The devastating rains and floods across the country and particularly in Sindh, during the months of July and August 2022 have affected many people, took lives and destroyed homes, putting millions of people at risk of disease and widespread malnutrition. Crops were damaged and thousands of homes were swept away. Therefore, Future Trust has arranged distribution of ration bags for the flood victims of District Khairpur. About 265 families of Ghulam Ujjan village and Hafiz Allah Bux village were provided ration bags to support them in this crucial time.





### Jahangir Siddiqui Hospital Sehwan Sharif

Jahangir Siddiqui Hospital in Sehwan is the flagship philanthropic initiative of MJSF and Future Trust. In recognition of the challenges faced by the people of Sehwan and its neighboring regions in obtaining high-quality healthcare services, MJSF built a modern hospital with the aim of addressing this issue on a sustainable basis. Future Trust has joined hands with Indus Hospital to oversee the management of Jahangir Siddiqui Hospital in Sehwan.

Apart from outpatient departments, a range of services such as mental health screening, nutritional screening, family planning, and diagnostic testing are provided at no cost to every patient.

Since its inception, the total footprint of patients at Jahangir Siddiqui Hospital, Sehwan was around 89,461 which include patients not only from Sehwan but also from various other nearby districts of Sindh, who were all treated free of cost.

### Flood Relief Campaign

In the summer of 2022, torrential rains induced devastating floods in the country. To support the entangled and helpless people of flood affected areas, JS Bank Limited (JSBL) in collaboration with Sindhi Association of North America (SANA) planned to organize mobile medical camps, distribution of ration bags and mosquito nets. In this regard JSBL CSR management requested Future Trust to join hands in this noble cause and provided field team for on-ground support along with ambulance. To extend care and support to the families displaced due to recent flood in Sindh, the program team of FT planned to setup mobile clinics to provide attention to flood victims.



This included providing staple food items and free primary medical camps. The project was divided into two phases comprising three areas, including medical camps, food & ration distribution, and protective care distribution. With the formation of a group comprising qualified doctors, paramedical staff, volunteers, and helpers, the team commenced its activities in Sindh. In September 2022, the first medical camp was organized at Bakhtiarpur village, 12km away from Sehwan city. The village was underwater with no road access. The team had to reach there by boat. The JS mobile clinics were set up in villages across the region, where thousands of men, women, and children were given free medical treatment and medicines. The team focused on providing the best healthcare to the affected people and fulfilled the role of a socially responsible business entity. While the dewatering of flood-hit areas continued, scores of people were compelled to live in makeshift tents without proper arrangements to cope with the winters. Overall, the team covered 63 remote villages and treated over 10,000 patients, distributed thousands of ration bags, mosquito nets and winter kits.



### **Sindh Institute of Urology and Transplantation (SIUT)**

The Trust continued its support to 'The Sindh Institute of Urology and Transplantation (SIUT)'. SIUT is regarded as one of the premier institutes in Pakistan that provides free of cost treatment of Urological and Nephrological ailments, Oncological treatments, treatments of Hepatic and Gastrointestinal diseases, and Organ Transplantation facilities to the general public.

### **Uro Gynae Clinic**

Future Trust extends its support to the Uro Gynae Clinic, which is dedicated to treating patients who suffer from urological and gynecological conditions. The clinic provides free consultations, operative procedures, diagnostic services, and medication to underprivileged individuals in Pakistan. In the year 2022, the clinic treated a total of 971 patients.

### **The Patients' Behbud Society for AKUH**

The Patients' Behbud Society for Aga Khan University Hospital (PBS) is a registered charitable society that operates independently. Its primary goal is to assist deserving patients in accessing high-quality medical treatment at the Aga Khan University Hospital (AKUH), its clinics, and medical centers. Future Trust has been providing continuous support to PBS for the past five years.

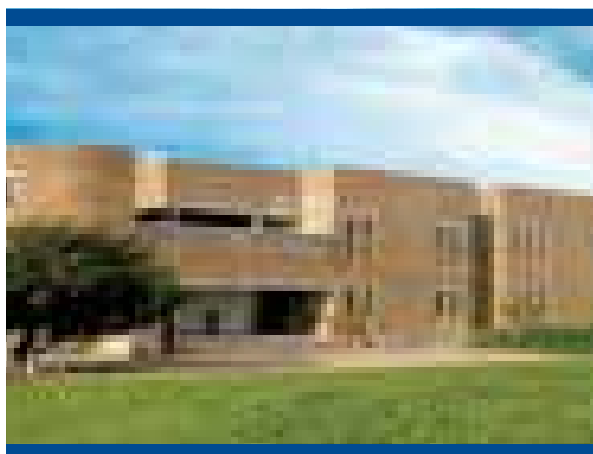
### **Support to Individuals**

Many individuals in Pakistan do not have access to healthcare facilities or services due to a lack of infrastructure, particularly in rural areas. Medical support can help bridge this gap by providing access to necessary medical care and treatment. Future Trust has provided financial support to deserving and needy individuals for their medical treatment to ensure that individuals receive the medical care and treatment they need to recover from the diseases.



### Fakhr-e-Imdad Foundation

Fakhr-e-Imdad Foundation (FIF) is continuously providing quality education, vocational and I.T Training in the rural areas of Sindh. The educational institutes of FIF are located in marginalized areas of Mirwah Gorchani, Mandranwala and Tando Ghulam Ali, Sindh. During the year 2022, 620 students studied at the various educational institutes of FIF.



### JS Academy for the Deaf

Future Trust continued its support to JS Academy for the Deaf which focuses on education of deaf and hearing-impaired children to read, write and communicate in sign language. The Academy is educating students from class Nursery to Graduation. During the year, 181 students were enrolled at the Academy.



### Autism Spectrum Disorder Welfare Trust (ASDWT)

In recent years, the prevalence of autism in Pakistan has significantly increased, possibly due to insufficient awareness and delayed diagnosis. To address this issue, the ASDWT was established to facilitate positive change by offering free counseling and training to parents, educators, law enforcement officials, and community-based organizations. The goal is to create a large pool of trained individuals who can provide understanding, assistance, and support to individuals with learning disabilities and disorders. Future Trust is supporting ASDWT in this endeavor. In 2022, 4,971 individuals were educated and benefited from a range of activities organized by ASDWT.



### Acumen Pakistan

The Trust supported leadership program with Acumen Fund Pakistan that aimed at individuals who are steering social change initiatives from different regions, sectors and socio-economic backgrounds and are dedicated to addressing Pakistan's most critical social problems. During the year 19 individuals were selected to equip them with knowledge, support system and practical wisdom to drive positive change in the society.



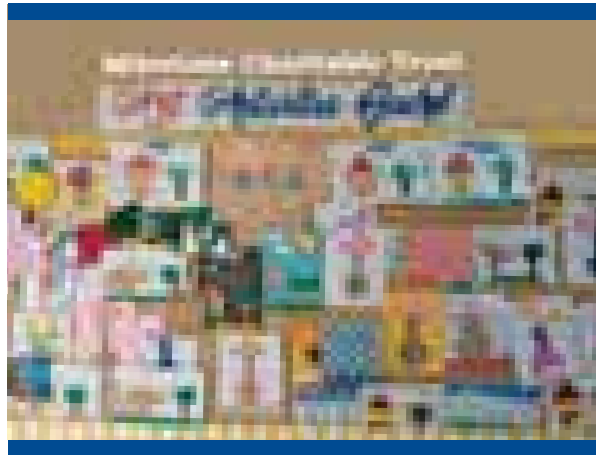
“The Pakistan Agriculture Accelerator program” which was launched previous year focuses on empowering agri-enterprises to gain transformative skills to build and scale sustainable food systems in Pakistan. During the year 11 enterprises were selected for this program.

Another program “Leadership Essentials for Climate Resilience Innovators” was launched during the year. This program addresses the impact of climate change in Pakistan. 11 climate leaders were selected to equip them with leadership skills needed for navigating uncertainty and change.

**Milestone Charitable Trust**

Milestone Charitable Trust is running a school for children with cognitive and behavioral disorder since 1998. Milestone catered to a number of children with Autism, Down Syndrome, Cerebral Palsy & delayed milestone. Holistic teaching

strategies are implemented in a friendly and family like environment. During the year 2022, 22 students were enrolled in the center. Future Trust has been a continuous support to the Milestone Charitable Trust.



**Dost Foundation Pakistan**

Dost Foundation Pakistan (DFP) primarily operates within the Gilgit Baltistan region of Pakistan and headquartered in Skardu. It aims to improve literacy by providing education in remote areas of Skardu. DFP is currently operating 10 schools with more than 800 students. It also runs a vocational school that helps to train and earn income at the same time. Future Trust and MJSF are major donors of DFP for last five years.





### Educational Support to Individuals

Providing educational support to needy individuals can have several benefits, including increase literacy rates, reduce poverty, improved economic development and enhanced social and political stability. The Trust provided educational support to low-income individuals for education of their children. During the year 2022, educational support was provided to fifty nine students.



### JS Group has been on the forefront to Gender Equality

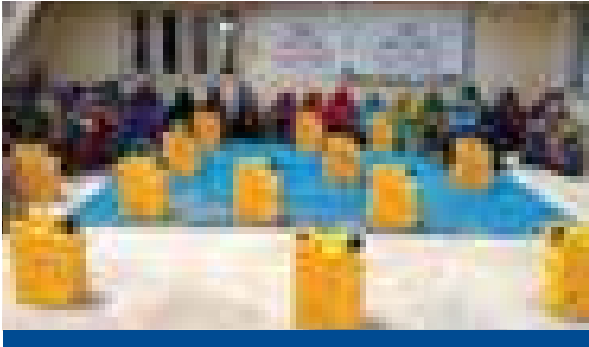
JS Bank is working to increase the representation of women across all functions and at various levels within the Bank as per SBP's policy to have women's ratio of 20% in the financial sector workforce by 2024. In the year 2021, Bank collaborated with International Finance Corporation and World Bank to create a family-friendly workplace. The Bank has started working on Gender and PWD sensitization of all its employees and achieved 30% coverage in 2022. The Bank intends to completely sensitize all its employees by 2024 and create Women service champions at all its customer touch points. Also, JS Bank now has a Women Financial Services Team that works towards enhancing our Products

and Services targeted towards women customers and increasing their financial inclusion. In 2022, JS Bank introduced "HER" account, which celebrates and acknowledges a woman's multiple strengths. HER account is designed especially for women who can now enjoy extensive banking benefits, preferential pricing, and free micro-critical illness coverage. To date, more than 2,000 HER accounts have been opened.



### Flood Relief Activity at District Mirpur Khas (Jerry Cans distribution)

Due to heavy flash flood in summer 2022, people were entangled in water and were sitting in tents near the roads and safe sides of villages. Floods contaminated water sources with harmful bacteria, viruses, and other pollutants, making the water unsafe to drink. A Jerry Can allows people to store and transport clean drinking water to their homes or communities, therefore, the management of Future Trust decided to distribute water purifiers (Life Saver Jerry Cans ) in the most affected areas of District Mirpur Khas to cater the medium term needs of flood victims for clean drinking water. Jerry Can distribution is an important part of disaster relief efforts in flood affected areas, as it helped to ensure access to safe drinking water and support community resilience during disasters.



**7 AFFORDABLE AND CLEAN ENERGY**

### Installation of Solar Energy systems at JS Bank's branches

JS Group continues to increase its reliance on clean energy and overall promote the use of clean renewable energy products. In this regard, JS Bank has powered its 113 branches using solar energy.

### Installation of Solar Energy systems at Fakhr-e-Imdad Foundation's School

FIF is implementing the use of solar power to reduce its reliance on traditional energy sources and promote more sustainable practices. By doing so, FIF is able to use resources more efficiently and reduce its environmental impact.



**10 REDUCED INEQUALITIES**

### JS Group focuses on Inclusion for All

At JS Group, we have a mission of "Inclusion of All", because for us diversity is an opportunity not a challenge. We believe, diversity offers unique perspectives that inspire innovation, where we not only strive to become a more Diverse, Equitable, & Inclusive organization but we aim to create an impact.

Continuing the mission of Inclusion for All, JS Bank started a project Uraan for the "People of Determination" in March 2021. To induct, embed and empower persons with disabilities (PWD) in its workforce, induction of 25 interns amid several departments, along with a comprehensive HR policy review, perception surveys, and sensitization sessions to train organization, role mapping to identify optimum roles to place interns and getting their internships turned into employment opportunities based on performance. JS Bank has 22 permanent resources in its regular workforce.

We strive to become an inclusive bank and have 8 Accessible Bank branches across Pakistan which have been renovated according to standard accessibility guidelines for infrastructure. The employees at these branches are trained to facilitate PWD customers through braille forms and digital interpretation services.

### Support to Needy Individuals

Income inequalities is on the rise with the richest 10 percent earning up to 40 percent of the global income. Future Trust provided financial support to various under privileged and needy individuals with the aim to support in their livelihood.



**13 CLIMATE ACTION**

### Green Office Initiative

JS Bank Limited became first commercial Bank in Pakistan to be certified by the World-Wide Fund for Nature (WWF Pakistan) for their Green Office Initiative. The aim of this initiative is to reduce greenhouse gas emissions and to decrease the ecological footprint at the workplace through various initiatives such as reducing electricity consumption and paper waste. The Bank successfully met all the requirements set by WWF and was then declared as being Green Office certified.



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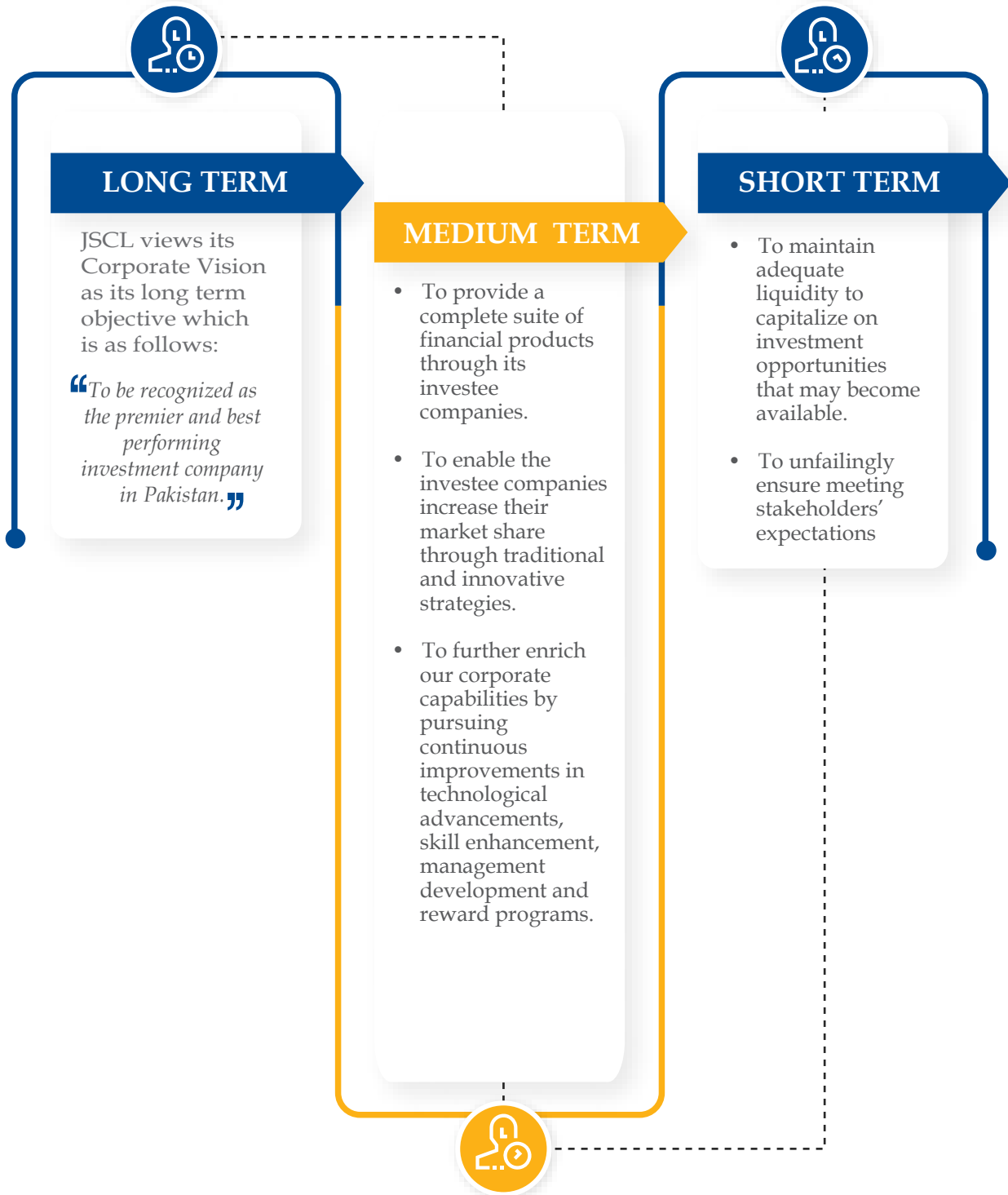
# STRATEGY, EXTERNAL ENVIRONMENT AND RESOURCE ALLOCATION







# STRATEGIC OBJECTIVES





### **Strategies to achieve the objectives**

To achieve the Corporate Vision, the Company has adopted the Corporate Mission as its principal strategy highlights of which are as follows:

- Strategy of sustainability through prudent investment decisions;
- Strategy for employing best practices of Corporate Governance and Risk Management;
- Strategy for conducting our business under the highest standards of ethics and legal compliances.

To achieve the medium term strategic objectives, JSCL's strategy is to continuously augment its:

- Human Capital through investing in the 'People' and the 'Systems and Processes';
- Financial Capital through leveraging its immaculate credit history and maximizing its shareholders' value;
- Social Capital through paying back to the society in which it operates by being mindful of the requirements of its stakeholders at large.

Finally, to accomplish its short term strategic objectives, the Company places great focus on strategies of liquidity risk management.

### **Processes used to make strategic decisions**

JSCL's strategies are formulated with an objective of maximizing long term shareholders' value. Therefore, JSCL adopts a formal process to take strategic decisions at the Board of Directors level.

While deliberating and formulating strategies, we benefit from the shared wisdom of the diversely experienced and highly skilled Board of Directors of the Company. Further, strategies developed are regularly aligned with and are based on economic outlook, competitive environment, legal framework and geopolitical situations, i.e. after conducting a detailed SWOT analysis and Business Model Assessment.

Strategies are developed to achieve objectives and its progress is measured with specific Key Performance Indicators.

### **Key resources and capabilities of the Company which provide competitive advantage**


The key resources and capabilities that provide JSCL achieve its competitive advantage are:

- Experience in the financial services businesses for over 50 years;
- Collective wisdom from visionary Sponsors and Board of Directors having diverse experience;
- Immaculate credit history with long term entity rating of AA with a stable outlook from PACRA;
- Diversity in the asset mix having total value of asset base of PKR 646 billion and growing;
- Offering complete suite of financial products through investee companies, providing one-stop shop to the wider base of customers;
- Highly competent, professionally qualified, capable and dedicated human capital.

### Key Performance Indicators and Future Relevance:

At JSCL, strategies are developed to achieve objectives and are measured with specific Key Performance Indicators (“KPIs”).

| Strategy                                       | Initiative  | KPIs  |
|--|---|---|
| Increase brand value                           | JSCL will keep protecting and augmenting its brand value by adhering to its embedded and patronized buoyant ethos and values.   | Enhanced Brand Equity   |
| Strengthen human, financial and social capital | <p>JSCL maintains a compassionate culture that drives the right employee behavior towards achieving the overall corporate objectives by inculcating the right mindset and continuous investment in its human capital.</p> <p>Actively managing and monitoring the risks to further strengthen the credit rating of the Company and, thus, decreasing its cost of funds.</p> <p>JSCL together with its group companies always focus on enhancing the social capital by actively involving in CSR activities.</p> | <p>Employee retention;</p> <p>Lower cost of funds;</p> <p>Improved credit rating;</p> <p>Improved ROE;</p> <p>Enhanced Brand Equity</p> |
| Sustainable growth                             | Leveraging the technological inputs to enhance automation and provision of digital one-stop solutions through JSCL’s subsidiaries and sub-subsidiaries to achieve sustainable growth.   | <p>Book Value;</p> <p>Increased shareholders' wealth</p>  |
| Sustained profitability                        | <p>Diversifying the investment portfolio to capitalize on sustainable businesses that provide steady returns to JSCL.</p> <p>Continuously looking at the expense base of the Company to control and try to make additional mileage from each rupee spent.</p>   | <p>ROA;</p> <p>ROE;</p> <p>EPS</p>  |



The Company monitors progress against all KPIs on a regular basis. The short and medium term objectives are realigned periodically, keeping in view the achievements against KPIs. Further, we ensure that the KPIs remain relevant in the future.

**Corporate restructuring, business expansion, or discontinuance of operations:**

Energy Infrastructure Holding (Private) Limited (“EIHPL”), a wholly owned subsidiary of JSCL had on December 31, 2021, signed a Share Purchase Agreement to dispose-off its 100% shareholding in Quality 1 Petroleum (Private) Limited at an aggregate sale price of PKR 2 Billion.

EIHPL expects that the proceeds of aforementioned divestment will be utilized in other profitable opportunities to generate and further consolidate shareholders’ value.

**Business rationale of major capital expenditures:**

In order to capitalize on the Digital Financial Inclusion objectives, JSCL’s subsidiaries and sub-subsidiaries are investing in fintech based solutions and digital products. We believe this will enable them increase their outreach and market share, reducing operational cost and facilitate in provision of timely and efficient services to the clients.

**Significant changes in objectives and strategies from prior years:**

There are no significant changes in the Company's objectives / strategies as compared to prior years.

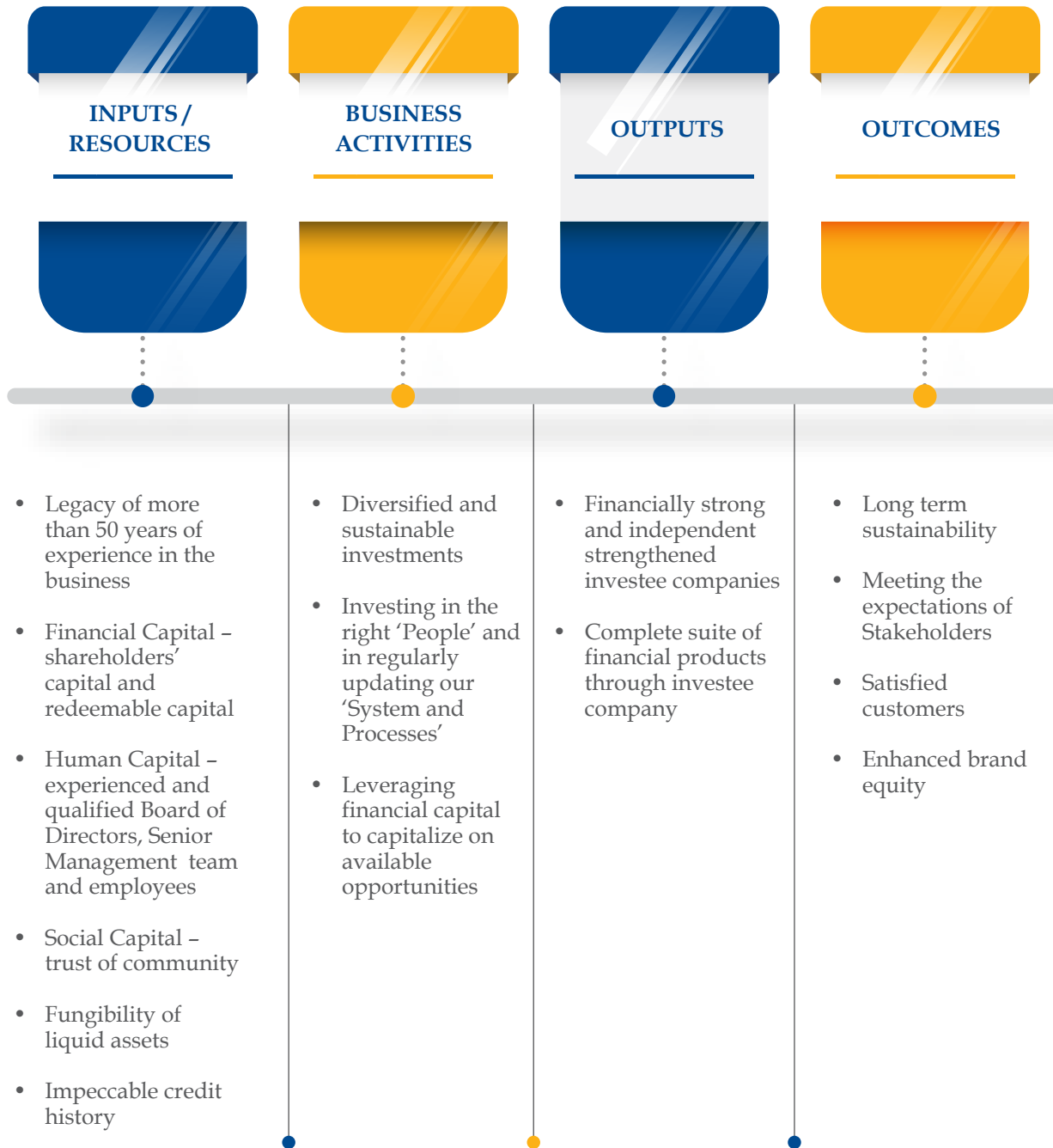
**Chief Executive’s message:**

Please visit below link for the Chief Executive’s message covering the Company’s performance for the year ended December 31, 2022, the Company’s business strategies and the future outlook:

<https://www.js.com/investors/investor-relations/ceos-message/> 

# BUSINESS MODEL

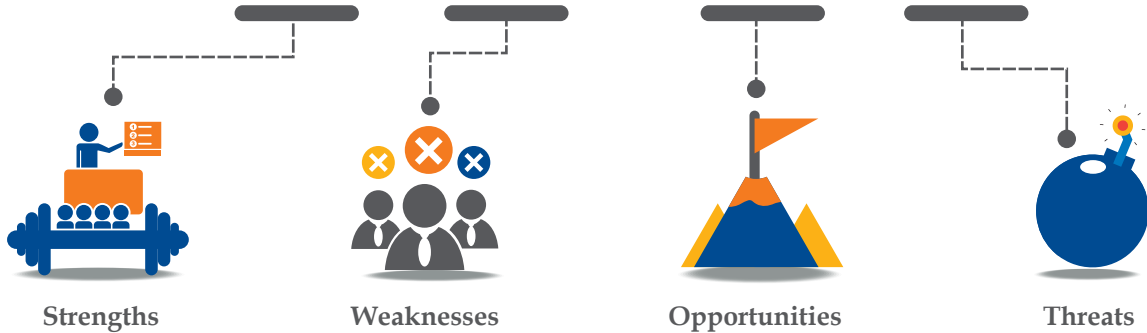
JSCL's Business Model in accordance with Section 4C of the International Integrated Reporting (IR) Framework is as follows:





# SWOT

ON STANDALONE BASIS



**Strengths**

Experience of over 50 years in the financial services businesses;

Visionary Sponsors, experienced Board of Directors and a highly competent team of professionals;

Strong capital base;

Impeccable credit history with long-term entity rating of AA with Stable Outlook from PACRA.

**Weaknesses**

Difficulty in identifying new investment opportunities to continue sustainable growth;

Long-term investments take longer time to generate returns and cash flow for the Company.

**Opportunities**

Stable free cash flow provides opportunity to invest in new and sustainable businesses for enhancing steady returns;

To capitalize un-tapped markets by deploying available liquidity into such investments;

**Threats**

Rapidly changing government policies and regulatory environment including taxation reforms;

Overall slowdown in economy due to geopolitical risks and uncertainties across our region.

# SWOT

ON GROUP BASIS



**Strengths**

Value creation through synergies in financial services markets;

Offering complete suite of products in financial services markets;

Diversified allocation of capital with an Asset base of PKR 646 billion and growing;

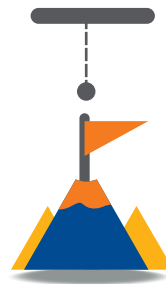
Strong and nationwide distribution network.



**Weaknesses**

Difficulty in integrated financial planning at Group level;

Need to further strengthen market share in respective financial markets.



**Opportunities**

Tech-savvy young generation more likely to use digital platform for its financial needs enabling the Group to increase its footprint;

Economies of scale by providing better-quality digital solutions through one-stop shop concept;

To leverage data analytics and AI for achieving strategic objectives.



**Threats**

Intense competition in the financial services sector;

First-mover advantage by a competitor in developing new fintech solutions;

Increased security concerns with respect to increase in demand of digital transactions.





# COMPETITIVE LANDSCAPE AND MARKET POSITIONING

JSCL alongwith its group companies operate in a very competitive landscape, wherein, the minutest macroeconomic or microeconomic adjustment can significantly impact on the underlying operations and profitability of the investee companies. Therefore, we regularly monitor these variables for framing timely responses.

## **Threat of new competition and substitute products or services**

JSCL and its strategically held investee companies are classified in financial services industry and, therefore, are licensed entities. Hence, there are significant barriers to entry for new competition due to requirements of considerable initial capital, compliance with strict regulations, etc.

However, first-mover advantage by a competitor in developing new fintech solutions or new entrants in form of emergence of fintech companies are posing a substantial threat in forms of both new competition and substitute products and services in financial services sector. Therefore, we are strategically focusing on value creation through offering complete suite of financial products and services by better-quality and hassle-free digital solutions via one-stop shop concept.

## **Bargaining power of customers and suppliers**

With the provision of ease of doing business through technological inputs and increased awareness of customers and suppliers, their bargaining powers are significantly increased. In today's competitive environment, switching between financial institutions becomes substantially easier.

To better succeed in this competitive environment, we endeavor improving our customers' experience through providing innovative, better and a whole suite of financial services products.

## **Relative strengths and weaknesses of competitors and customer demand**

Due to the significant technological advancements in the financial services industry, demands and relative behavior of customers are also changing. The major relative strength of competitors is keeping pace with the technological shifts ensuring updated and optimal technological solutions. The relative weakness of competitors is the rising security standards for safeguarding digitized transactions and related data.

We are cognizant of these shifts and keep a vigilant eye to meet the consumer expectations to stay ahead of the curve. To this end we continue investing in cutting-edge technology to enable us provide our customers efficient digital solutions while keeping a keen eye on security standards.

## **Intensity of competitive rivalry**

Financial services sector in Pakistan is fairly competitive as there are number of players in the market be it banking, insurance, stock brokerage or asset management services. However, all these segments are subject to stringent regulatory framework and therefore, the competition is more in terms of which player offers better service quality, access to a complete suite of financial products at one place and customer friendly environment.

### **Regulatory and Legislative environment**

JSCL along with its listed investee companies operate under a strict regulatory environment. This requires the JSCL and its listed investee entities to ensure that they remain fully compliant with their respective regulatory framework. Despite of the exit of Pakistan from FATF grey list, these entities are required to ensure they remain compliant with KYC and anti-money laundering regulations – a commitment Pakistan has given to the international community.

We, as a Group, are nurturing a culture of complete transparency and full compliance and the same is embedded in our ethos. Further, we provide continuous training to our employees to ensure that an effective internal control and risk management framework is being followed.

### **Market Positioning**

JSCL and its strategically held investee companies are positioned in the respective markets with accolades. Please refer page 24 for respective information for each of the group company.

## **ANALYSIS OF EXTERNAL ENVIRONMENT (PESTEL ANALYSIS)**

The overall financial services sector is strongly correlated to economic growth. The key drivers of financial industry growth in a country are typically macroeconomic factors, regulatory framework and demographics of a country. Brief analysis of each external macroeconomic factor is detailed below:

### **Political**

Political stability is vital for the growth of the country's economy as it provides conducive business environment. Political stability also allows the government to legislate much needed reforms in the legal framework to fight corruption, enforce intellectual property rights and business friendly taxation policies. Political stability and rule of law therefore, leads businesses to grow further enabling them invest in innovation using latest technological advancements.

### **Economic**

Changes in economic policies by the government in response to geo-political environment, commodities cycle, inflation, taxation measures, etc. have a direct bearings on the financial services sector.

### **Social**

The growing influence of social media, and increasing customer expectations and heightened competition requires us to focus on continuous innovation and improvement in processes. We therefore, strive to ensure our customers receive hassle-free and efficient services.



### **Technological**

Innovation through use of Artificial Intelligence to predict customer behavior, efficiency in processes and product development through automation and growing information security risks, all have a major impact for the operating environment of financial services companies.`

### **Environmental**

Pakistan is amongst the countries at the highest risk from climate change. Therefore, our front line regulators are now focusing on Environmental Impact Assessment exercises and that have been made a mandatory legal requirement for specific industries in Pakistan. Further, UNDP Pakistan has also highlighted 6 SDG's out of 17 and encouraged those to be reported in the Annual Reports of the listed companies.

### **Legal**

JSCL along with its listed investee companies operate under a strict regulatory environment. Despite of the exit of Pakistan from FATF grey list, these entities are required to ensure they remain compliant with KYC and anti-money laundering regulations – a commitment Pakistan has given to the international community.

## **RESOURCE ALLOCATION**

The Company believes in efficient and effective allocation of resources/capital for achieving its strategic objectives. JSCL regularly monitors allocation of resources/capital to ensure that it is aligned with the Company's objectives.

Following are the brief snapshots of JSCL's resources/capital allocation plans to implement the medium term and short term strategies:

### **Financial capital**

For JSCL, Financial Capital is categorized into (i) Shareholder's equity and (ii) Debt Capital i.e. redeemable capital and borrowings from banks.

Shareholder's equity, being an expensive source, is raised for strategic activities like expansion of business through acquisitions etc. On the contrary Debt Capital is cheaper and, therefore, is usually preferred for supporting regular financial needs of the Company. The regular financial needs of the Company are to maintain adequate liquidity to capitalize on the sustainable opportunities by diversifying its current portfolio.

### **Human capital**

JSCL, its subsidiaries and sub-subsidiaries are primarily engaged in financial services industry where the importance of Human Capital is very instrumental. Therefore, our strength lies in our 'People'; thus, we value our Human Capital as integral component for achieving our corporate objectives.

JSCL and its Group companies have professionally qualified and highly skilled management team capable of delivering results by inspiring its employees to do things the right way. JSCL puts great focus in investing in the 'People' and maintaining a culture that is compassionate and that drives the right employee behavior towards achieving the overall corporate objectives. Employees are encouraged to enhance their skill-set through continuous training.

### **Intellectual capital**

JSCL, in general, and its subsidiaries which are directly involved in financial services industry, in particular considers the technological advancements as an essential component for achieving sustainable growth. Therefore, to accomplish the corporate objective of sustainable growth, we continuously innovate and implement digital solutions by leveraging the technological inputs to enhance automation and provision of digital one-stop solutions through JSCL's subsidiaries and sub-subsidiaries.

### **Social and relationship capital**

Our social and relationship capital includes shareholders, lenders, suppliers, vendors, partners, employees, regulators and the larger community where we operate. JSCL together with its Group companies always focus on enhancing our social capital by actively involving in CSR activities. Further, resources are allocated to ensure complete transparency at JSCL to assure the confidence of all stakeholders.

### **Natural capital**

The Company along with its other group companies is utilizing all natural resources in an efficient manner for achieving its corporate objectives. We have deployed solutions for conservative usage of natural resources to protect natural capital.

Our Subsidiary, JS Bank Limited, has been accredited with the Green Climate Fund (the world's largest climate fund) and became the only private sector accredited entity in the Country. Further, it also became the first commercial bank to be certified by Worldwide Fund for Nature (WWF Pakistan) for their Green Office Initiative.

Moreover, our subsidiaries have solar energy systems for more than 33% of their branch networks across the country to increase our reliance on clean energy and overall promote the use of clean renewable energy products. Further, we are promoting paperless environment throughout our Group.

### **Manufactured capital**

By effective and efficient utilization of our head offices, branches and other touch-points, we target shaping an environment that nurtures customer's ease. The designs of our offices are environment friendly, i.e. contributing towards a low carbon and climate resilient economy.

# FUTURE OUTLOOK AND FORWARD LOOKING STATEMENT

Future outlook of the Company's external environment along with the forward looking statement has already been articulated in the Directors' Report. Please refer page 44.

Forward looking statement including expectations about known trends and uncertainties that may affect the Company's resources, revenues and operations in the short, medium, and long term are tabulated as follows:

| Uncertainties             | Description of uncertainty and JSCL's response   | Term           |
|---------------------------|--|----------------|
| Changes in interest rates | <p><b>Description:</b> The year 2022 witnessed an intensification of stabilization measures as SBP continued with its contractionary monetary policy stance and gradually incremented the policy rate by 625 basis points. The policy rate, therefore, stood at 16 percentage points at the year end.</p> <p>The current year 2023 has already witnessed a further policy rate increment of 400 basis points with market anticipations that the policy rate may further increase over the short term.</p> <p>Changes in policy rate by the Central Bank directly affects the profitability of the Company.</p> <p>Financial sensitivity of any change in interest rates on the profitability of JSCL is provided in note 33 to the annexed unconsolidated financial statements.</p> <p><b>JSCL's response:</b> JSCL, being an investment holding enterprise, predominantly employs equity capital and minimum level of leveraging to finance its long-term strategic equity investments and, insofar as level of interest rates is concerned, is not exposed to any significant risk.</p> <p>Movements in interest rates, however, are carefully monitored as the Company deploys sizable liquidity, especially, over the short-term horizon.</p> <p><b>Description:</b> Investor sentiment remained depressed as KSE-100 index declined by 9.36 percent during the year, and closed at 40,420 points. Moreover, trading activity declined</p> | Short and Long |

| Uncertainties  | Description of uncertainty and JSCL's response   | Term                          |
|--|--|-------------------------------|
| <p>Volatile markets</p> <p>capital</p>   | <p>significantly on year on year basis and the index remained relatively range-bound; touching an index-high of 46,970 points and an index-low of 39,027 points.</p> <p>JSCL's major investments are in equity and, therefore, decline in the stock market prices and other factors impacting the value of our investments, may result in impairments and could adversely affect our net income and other financial results.</p> <p>Financial sensitivity of any change in fair values of our equity investments on the profitability of JSCL is provided in note 33 to the annexed unconsolidated financial statements.</p> <p><b>JSCL's response:</b> Volatility in quoted prices of JSCL's long-term strategic equity investments has no material bearings on viability of the Company itself. JSCL utilizes sparse leverage and is almost entirely equity funded, as is most appropriate for its business model and long-term vision.</p> <p>Investment Committee of the Company, constituted by and operating under the Board's oversight, is regulated by a formal investment manual. Regular research effort is expanded and formal appraisals are conducted by the Investment Committee before taking informed investment decisions.</p> | <p>Short and Long</p>         |
| <p>Operational uncertainty in the operation of the strategically held investee company</p> | <p><b>Description:</b> Any operational uncertainty in the operation of the strategically held investee companies of JSCL may have a direct financial impact on the Company.</p> <p>JSCL's major investments are in equity and, therefore, decline in the stock market prices and other factors impacting the value of our investments, may result in impairments and could adversely affect our net income and other financial results.</p>  | <p>Short, Medium and Long</p> |



| Uncertainties | Description of uncertainty and JSCL's response   | Term |
|---------------|--|------|
|               | <p>Financial sensitivity of any change in fair values of our equity investments on the profitability of JSCL is provided in note 33 to the annexed unconsolidated financial statements.</p> <p><b><u>JSCL's response:</u></b> Volatility in quoted prices of JSCL's long-term strategic equity investments has no material bearings on viability of the Company itself. JSCL utilizes sparse leverage and is almost entirely equity funded, as is most appropriate for its business model and long-term vision.</p> <p>Investment Committee of the Company, constituted by and operating under the Board's oversight, is regulated by a formal investment manual. Regular research effort is expanded and formal appraisals are conducted by the Investment Committee before taking informed investment decisions.</p> |      |

#### **Performance of the Entity as Compared to Last Year's Disclosures:**

The Company reported profit after tax of PKR 345.24 million for the year ended December 31, 2022 compared to PKR 786.38 million for the year ended December 31, 2021. Overall revenues for the year have decreased to PKR 1,384.37 million as compared to PKR 1,507.12 million for the year ended December 31, 2021, owing to capital loss on sale of RBFS investments and lower other income.

Financial charges decreased to PKR 246.23 million as compared to PKR 267.00 million for the same period last year, owing to repayment of long term borrowings. Imposition of Super Tax resulted in higher tax expense of PKR 489.85 million as compared to PKR 214.22 million tax expense last year. The breakup value per share as of December 31, 2022 was PKR 32.94.

#### **Sources of Information and Assumptions used:**

The Company uses external and internal sources of information including publications by State Bank of Pakistan, Pakistan Stock Exchange, business and economic publications, published financial reports of investee companies, etc. Internal information includes internally generated data such as MIS reports, securities research and management accounts and forecasts. Assumptions used for the purposes of financial forecasts and risk assessments are based on the information and data gathered from the above sources. Validity of assumptions used in decision making is regularly reviewed and necessary adjustments are made to ensure they remain relevant.

# RISK MANAGEMENT







## RISK MANAGEMENT FRAMEWORK

JSCL and its group companies put great emphasis on management of risks whether it is internal or external. For this purpose, a comprehensive mechanism is in place that identifies, quantifies, manages, and reports key risks of businesses.

The Board of Directors and its subcommittees, thoroughly assess all principal risks including credit, market, liquidity, solvency and compliance risks through various reports including early warning indicators to ensure that necessary policies, procedures, systems and controls to mitigate risks that may affect its business objectives, performance, financial viability and sustainability are in place.

All the relevant risks i.e. business, operational, financial, etc. together with the mitigating factors are presented to the board sub-committees for their review and appropriate inputs.

Further, the evaluation of risk by the Board is also covered in the annexed Director's Report. Moreover, sensitivity analysis for all the identified risks and appropriateness of capital employed are presented in detail in note 33 and 34 of the unconsolidated financial statements and note 48 and 49 of the consolidated financial statements.

## RESPONDING TO CRITICAL CHALLENGES AND UNCERTAINTIES

JSCL has put in place various measures to minimize risk and protect the interests of all our stakeholders. However, changes in external environment poses uncertainties and challenges for the Company. Some of the critical challenges are economic volatility, advancements in information technology, information security, and climatic changes.

We have articulated our responses to these challenges through our future strategies that include continuous augmentation of various capitals of the Company, diversifying the investment portfolio to capitalize on sustainable businesses that provide steady returns, and leveraging the technological inputs to enhance automation and provision of digital one-stop solutions through JSCL's subsidiaries and sub-subsidiaries to achieve sustainable growth.

Further, on an ongoing basis, information security policies and procedures to protect our assets, data of our employees and stakeholders from external attacks are reviewed and upgraded.

JSCL has a capable and professional management team to respond to these challenges. In addition, the employees are encouraged to avail the continuous training and development opportunities sponsored by the Company to remain relevant and competitive in the ever-changing environment and be ready to face the new challenges and uncertainties.

# RISK & OPPORTUNITY REPORT

## Risks:

Risk factors are those factors that materially affect the achievement of corporate objectives. It may arise from internal sources such as processes failure, people, or systems in place or from external sources such as changes in any of the PESTEL component. Although, we constantly monitor various risks, but due to the continuous changes in internal as well as external landscape, all risks may not be identified. Following are the identified risks that may affect our corporate objectives and related strategies:

| Risks   | Source   | Capital                            | Term             | Mitigating steps  | Associated Strategic Objectives   |
|---|----------|------------------------------------|------------------|---|---|
| <p><b><u>Liquidity Risk</u></b></p> <p>The risk that the Company will encounter difficulty in meeting its obligations resulting into deterioration of its credit worthiness.</p> <p>The risk that adequate liquidity is not available to capitalize on investment opportunities that may become available.</p> <p><i>Likelihood: Low</i><br/><i>Magnitude: Medium</i></p>       | Internal | Financial, Social and relationship | Long and medium  | <p>The Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.</p> <p>The maturity profile of debt obligations is continuously monitored to ensure adequate liquidity is maintained.</p>                   | <p>To maintain adequate liquidity to capitalize on investment opportunities that may become available.</p> <p>To unfailingly ensure meeting stakeholders' expectations.</p> |
| <p><b><u>Interest Rate Risk</u></b></p> <p>The risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.</p> <p><i>Likelihood: Medium</i><br/><i>Magnitude: Medium</i></p>   | External | Financial                          | Medium and short | <p>The management's investment committee keeps a keen eye on the interest rate trends and expectations while making any medium to long term financing or investing decisions. Further, to mitigate the risk, dealing in fixed rate instruments is avoided keeping in view the volatility of the economic conditions of the Country.</p> | <p>To unfailingly ensure meeting stakeholders' expectations.</p>  |
| <p><b><u>Concentration Risk</u></b></p> <p>The risk that a number of counterparties are engaged in similar business activities, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.</p> <p><i>Likelihood: Low</i><br/><i>Magnitude: Medium</i></p> | External | Financial                          | Medium and short | <p>The management regularly reviews its portfolio of assets to avoid any concentration risk. Further, as an investment holding company, diversification is embedded in our investment philosophy which we abide by.</p>   | <p>To unfailingly ensure meeting stakeholders' expectations.</p>  |

| Risks  | Source                | Capital  | Term            | Mitigating steps   | Associated Strategic Objectives   |
|--|-----------------------|--|-----------------|--|---|
| <p><b><u>Technological Risk</u></b></p> <p>Technological risk is basically emanating through Information Security risk that may be caused by internal or external threats, such as unauthorized access to critical data, sensitive customer information, non-availability of critical services, impersonating clients and theft or alteration of information, while performing financial transactions, and loss of the sensitive electronic data and IT systems.</p> <p><i>Likelihood: Medium</i><br/><i>Magnitude: High</i></p> | Internal and External | Financial, Intellectual, Social and relationship | Medium and long | <p>To mitigate this risk and to capitalize on the Digital Financial Inclusion objectives, JSCL's subsidiaries and sub-subsidiaries are investing in fintech based solutions and digital products.</p> <p>Further, information security divisions of all group companies caters to the Information Security risk by continuously evolving the relevant control environment through performing 24/7 information security monitoring of information assets.</p> | To provide a complete suite of financial products through its investee companies including subsidiaries and sub-subsidiaries by enabling them to increase their market share using digital technology to increase outreach through Digital Financial Inclusion. |
| <p><b><u>Credit Risk</u></b></p> <p>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.</p> <p><i>Likelihood: Low</i><br/><i>Magnitude: Medium</i></p>   | External              | Financial  | Medium          | To minimize its credit risk, appropriate level of due diligence is applied to ensure that credit risk is identified and analyzed diligently.   | To unflinchingly ensure meeting stakeholders' expectations.   |
| <p><b><u>Operational Risk</u></b></p> <p>The risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations or strategically held investee company's operations</p> <p><i>Likelihood: Low</i><br/><i>Magnitude: High</i></p>   | External              | Financial, Human, Social and relationship        | Medium and long | To mitigate this risk the Company has implemented adequate segregation of duties between various functions, introduced various controls and procedures, implemented adequate controls for strict regulatory compliance, etc. Periodic review of risks is undertaken to ensure adequate controls are in place to address the risks identified.  | To achieve long term objective, i.e. corporate vision through application of corporate mission.   |
| <p><b><u>Legal and Compliance Risk</u></b></p> <p>The risk of legal or regulatory sanctions or material functional loss that might be suffered as a result of failure to comply with laws, regulations, and various rules.</p> <p><i>Likelihood: Low</i><br/><i>Magnitude: Medium</i></p>  | Internal              | Social and relationship                          | Medium and long | JSCL and its group companies are nurturing a culture of complete compliance and transparency that reflects high ethical standards and integrity at all levels within the organizations by complying with all applicable laws, regulations and various rules.   | To achieve long term objective, i.e. corporate vision through application of corporate mission.   |



| Risks  | Source   | Capital                                   | Term            | Mitigating steps   | Associated Strategic Objectives  |
|--|----------|---|-----------------|--|--|
| <p><b><u>Reputational Risk</u></b></p> <p>The risk that a loss that may arise by an activity, action, or stance taken by the Company or any of its group company, or their employees that can impair the Brand resulting in loss of business and/or decrease in the value of the Brand.</p> <p><i>Likelihood: Low</i><br/><i>Magnitude: High</i></p> | External | Financial, Human, Social and relationship | Medium and long | <p>JSCL, being the parent company of the Group endeavors not only to protect the brand value but also to enhance its value over time.</p> <p>Further, it is also ensured that:</p> <ul style="list-style-type: none"> <li>- All the contractual obligations are honored;</li> <li>- Grievances of any stakeholder are appropriately and timely addressed and resolved;</li> <li>- Meticulous compliance with all applicable regulatory and legal requirements are always met; and</li> <li>- Continuity of all business processes and provision of all services are guaranteed.</li> </ul> | <p>Increase brand value.</p> <p>To be recognized as the premier and best performing investment company in Pakistan</p> |

**Opportunities:**

| Opportunities  | Source                | Capital                                   | Term            | Strategies to achieve them  | Associated Strategic Objectives   |
|--|-----------------------|---|-----------------|---|---|
| <p>To take advantage of the increased customer demand for quality digital solutions through one-stop shop concept.</p> <p><i>Likelihood: High</i><br/><i>Magnitude: High</i></p> | Internal              | Financial, Intellectual, Manufactured     | Long and medium | By investing in the technological inputs and leveraging the existing strength of offering complete suite of products in financial services markets. | To provide a complete suite of financial products through its investee companies including subsidiaries and sub-subsidiaries by enabling them to increase their market share using digital technology to increase outreach through Digital Financial Inclusion. |
| <p>To capitalize un-tapped markets by deploying available liquidity into such investments</p> <p><i>Likelihood: High</i><br/><i>Magnitude: High</i></p>                          | Internal and External | Financial, Human, Social and relationship | Long and medium | By maintaining the required Financial Capital through leveraging its immaculate credit history and maximizing its shareholders' value.              | To be recognized as the premier and best performing investment company in Pakistan  |

**Materiality Approach:**

Materiality Policy has been approved by the Board of Directors as per the requirement of Code of Corporate Governance. Materiality has been defined on Statement of Profit or Loss and Statement of Financial Position line items. Further, in order to execute day to day operations/ transactions delegation of powers has also been defined clearly and formalized procedures are followed.

### **Financial Obligations:**

The Company and all the group companies have fulfilled all of their respective financial obligations and there were no defaults in payment of any debt/borrowing, during the year.

### **Capital Structure:**

The Company finances its assets through financial capital of both kinds, i.e. shareholders equity and debt with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company is currently operating at a conservative debt to equity ratio of 7.62 percent. The debt to equity ratio has decreased during the year primarily due to principal repayments of outstanding Term Finance Certificates and Bank Loans aggregating to PKR 1,112.50 million.

### **Business Continuity Management and Disaster Recovery Plan:**

JSCL and its group companies understand the importance and recognize the responsibility for provision of uninterrupted services to its customers. Therefore, approved and robust Business Continuity Plans (“BCP”) and Disaster Recovery Plans (“DRP”) are in place for all group companies that provide essential financial services to the customers to ensure the protection of business operations from any sort of disruption.

Regular periodic testing of BCP has given a confidence to the management that business will continue to work in the event of any disruption occurs and providing satisfaction to the customers and other stakeholders. Further, formal trainings and drills are being conducted to impart and educate the people throughout the companies.

Further, adequate systems of IT Security on-site data backup and off-site storage of data back-up at Company’s Site are in place. To ensure the safety of employees and assets, fire alarm systems are installed in the premises of all the offices. Moreover, adequate systems are in place for extinguishing fire. The Company has also deployed adequate security staff at Company’s premises to ensure uninterrupted operations regardless of the political situation and other external factors.



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# STAKEHOLDERS RELATIONSHIP & ENGAGEMENT







# HOW WE ENGAGE WITH OUR STAKEHOLDERS

## Stakeholder identification and engagement policy

JSCL being an investment holding company has invested in diversified businesses. Therefore, at JSCL, we have identified multiple stakeholders that have interests in the Company. Accordingly, JSCL's strategic objectives are bespoke to augment stakeholders' value through a culture of transparency, impartiality, sustainability and respect.

The following provides an overview of stakeholder engagement by JSCL:

### a- Investors/Shareholders:

In compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, and the PSX Rulebook, the Company always notifies to the Stock Exchange all material announcements including but not limited to the dates of Board of Directors meetings and financial results. This helps the investors/shareholders remain connected with the Company.

Further, JSCL convenes its Annual General Meeting in accordance with the Companies Act, 2017. Furthermore, the Company's financial reports are published every quarter and are also placed on Company's website for the shareholders and potential investors.

### b- Lenders/Banks:

JSCL has an unblemished history of timely debt servicing of all issued Term Finance Certificates ("TFCs"). Therefore, we understand the importance of these stakeholders and ensure continuous interaction with them and manage our relationships.

### c- Government and various Regulatory bodies:

To ensure compliance with applicable laws and regulations, the statutory returns and forms are filed in timely manner with various regulatory bodies and federal and provincial taxation authorities.

Further, on unconsolidated and consolidated basis, JSCL and JSCL along with its subsidiaries have contributed PKR 153.31 million and PKR 2,114.91 million, respectively to the National Exchequer on account of various federal and provincial governments' levies including income tax and sales tax.

### d- Employees:

The Company views its employees as internal stakeholders. Therefore, JSCL firmly believes that investing in its people by training and increasing knowledge base of employees of JSCL always amplifies the effectiveness of JSCL.



Thus, JSCL engages with its employees in the form of offering complete fairness in all dealings, training initiatives, job satisfaction feedbacks, open communication with the HoDs/CEO, and employee benefits including compensation, medical, performance bonus, health and life insurances and end of service benefits. The Company is an equal opportunity employer.

**e- Community:**

JSCL always takes pride in being a socially responsible corporate citizen and, therefore, considers Community as its external stakeholder. JSCL believes in paying back to the Community and, therefore, the Company has adopted a formal CSR policy. Various engagements of JSCL in this regard are detailed in the Corporate Social Responsibility Report on page 102.

Decisions taken at the last Annual General Meeting held on April 27, 2022, and their implementation status is as follows:

| Decisions taken   | Implementation Status   |
|---|-------------------------|
| 1. Unanimous adoption and approval of the audited financial statements for the year ended December 31, 2021, together with Directors' and Auditors' Reports thereon and Chairman's Review Report. | Immediately implemented |
| 2. Unanimous appointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants as Auditors of the Company for the year 2022.   | Immediately implemented |
| 3. Unanimous approval of preferred cash dividend @ 6% p.a. to the Preference Shareholders for the year ended December 31, 2021, as recommended by the Board of Directors.                         | Immediately implemented |

Further, no significant issues were raised in the last AGM of the Company.

## INVESTOR RELATIONS SECTION ON CORPORATE WEBSITE

JSCL places great emphasis on ensuring regular engagement with its investors through various channels. The Company's corporate website is one such channel that is regularly updated with all important business announcements, financial results as well as regulatory information. The Investor Relations section of the JSCL's website serves to connect its stakeholders with the Company.

The Company's website also includes all latest information regarding the Company, including its financial highlights, shareholding pattern, payout information, shareholders information as well as a link to Securities and Exchange Commission of Pakistan's (SECP) Service Desk Management System (SDMS).

The Company has also provided contact details for Company Secretariat Office to facilitate the shareholders, analysts and investors.

The relevant section is available on the Company's website:

<https://www.js.com/jscl/investor-relations/grievance-contact/> 



## STEPS TO ENCOURAGE MINORITY SHAREHOLDERS' PARTICIPATION IN GENERAL MEETINGS

The Board of JSCL always ensures that the interest of minority shareholders is protected and, therefore, endeavors to increase the participation of minority shareholders at the general meetings. Therefore, and in compliance with the regulatory requirement, JSCL facilitates its members to attend general meetings through video-link facility as a regular feature, in addition to physically attend general meetings.

Additionally, following measures are taken by the Company to encourage participation of all shareholders in the General Meetings:

- All notices of the shareholders' meetings are timely announced on Pakistan Stock Exchange (PSX) and published in nationwide newspapers in both English and Urdu languages;
- All notices of the shareholders' meetings are dispatched at the registered addresses of the shareholders;
- Shareholders are facilitated in appointing proxies in case they are unable to attend the AGM in person; and
- Shareholders are encouraged to comment, raise queries and provide feedback related to the operations of the Company. Furthermore, the management also enables its members to provide their valuable comments / suggestions for discussion on the agenda items to be conducted in the AGM through provided whatsapp and SMS numbers and email address in the notice of such AGM.

## CORPORATE AND ANALYST BRIEFING

As per requirement of the Pakistan Stock Exchange, JSCL's Corporate Briefing Session was held for shareholders and analysts' community on December 22, 2022. Company's Senior Management, Shareholders and representatives from the analysts' community attended the session both in person and via video-link facility.

The interactive sessions served to apprise the participants of a detailed overview of the Company's performance, its business environment as well as future prospects and strategy.

The engagement session served to give the right perspective of the JSCL's business affairs. To facilitate shareholders and to accommodate analysts' community a sufficient time slot was allocated for question and answer session and full access to all necessary stakeholders was ensured.

The information and presentation is also uploaded onto the Investor Relations section of the Company's website.

# FINANCIAL PERFORMANCE





# FINANCIAL HIGHLIGHTS

(Rupees in '000)

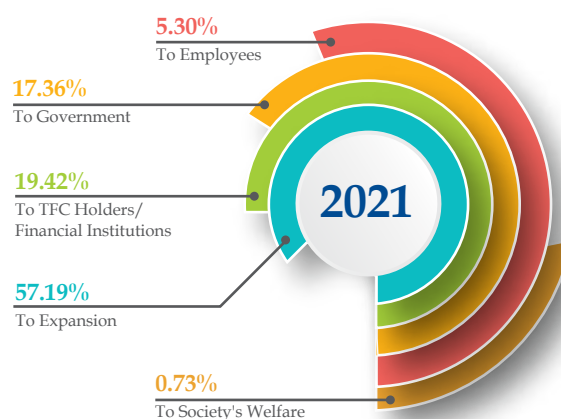
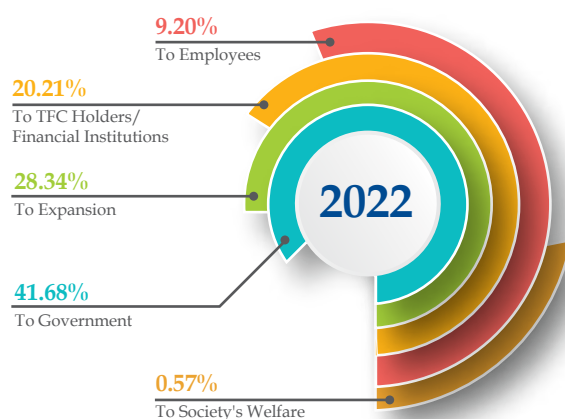
|  | 2022        | 2021       | 2020        | 2019       | 2018        | 2017       |
|--|-------------|------------|-------------|------------|-------------|------------|
| <b>Operating Results</b>                                     |             |            |             |            |             |            |
| Total revenue  | 1,384,371   | 1,507,123  | 956,560     | 1,220,281  | 1,245,647   | 1,532,838  |
| Operating and administrative expenses                        | 287,615     | 219,435    | 215,687     | 210,590    | 225,603     | 232,106    |
| Finance cost   | 246,231     | 267,002    | 454,756     | 577,100    | 394,729     | 222,357    |
| Provision for Sindh Workers' Welfare Fund                    | 17,043      | 20,420     | 27,353      | 9,837      | 9,005       | 13,607     |
| (Reversal of)/ provision for impairment                      | (1,611)     | (337)      | (1,081,536) | (59,269)   | 175,072     | 398,012    |
| Profit before tax and impairment losses                      | 833,482     | 1,000,266  | 258,764     | 422,754    | 616,310     | 1,064,768  |
| Profit before tax from continuing operations                 | 835,093     | 1,000,603  | 1,340,300   | 482,023    | 441,238     | 666,756    |
| Profit after tax from continuing operations                  | 345,243     | 786,380    | 1,205,007   | 359,810    | 206,865     | 365,554    |
| <b>Financial Position</b>                                    |             |            |             |            |             |            |
| Share Capital  |             |            |             |            |             |            |
| - Ordinary Shares  | 9,159,424   | 9,159,424  | 9,159,424   | 9,159,424  | 9,159,424   | 9,159,424  |
| - Equity component of Preference Shares                      | 1,326,114   | 1,326,114  | -           | -          | -           | -          |
|  | 10,485,538  | 10,485,538 | 9,159,424   | 9,159,424  | 9,159,424   | 9,159,424  |
| Reserves   | 19,688,025  | 21,316,623 | 22,245,198  | 15,868,851 | 14,635,087  | 18,360,984 |
| Outstanding ordinary shares (in '000')                       | 915,942     | 915,942    | 915,942     | 915,942    | 915,942     | 915,942    |
| <b>Liabilities</b>   |             |            |             |            |             |            |
| Financing  | 873,883     | 1,982,497  | 2,737,726   | 3,788,448  | 4,343,614   | 3,508,603  |
| Current liabilities (excluding current portion of Financing) | 552,604     | 612,500    | 428,079     | 498,116    | 577,280     | 363,253    |
| <b>Assets</b>  |             |            |             |            |             |            |
| Property and equipment                                       | 186,273     | 205,849    | 235,239     | 259,532    | 88,192      | 6,284      |
| Investments  | 25,135,368  | 25,954,003 | 27,613,822  | 25,641,462 | 25,077,952  | 26,688,789 |
| Other non-current assets                                     | 18,060      | 60,474     | 9,347       | 9,608      | 30,307      | 5,535      |
| Current assets   | 7,133,895   | 9,311,332  | 7,126,515   | 3,536,245  | 3,518,954   | 4,714,043  |
| <b>Cash Flows</b>  |             |            |             |            |             |            |
| Net cash flows from operating activities                     | 243,180     | (385,720)  | 885,950     | 997,179    | (1,865,392) | (853,940)  |
| Net cash flows from investing activities                     | (26,195)    | (4,950)    | (13,787)    | (26,743)   | (83,567)    | (1,593)    |
| Net cash flows from financing activities                     | (1,186,979) | 1,022,496  | (1,073,442) | (589,441)  | 817,536     | 1,552,833  |
| Changes in cash and cash equivalents                         | (969,994)   | 631,826    | (201,279)   | 380,995    | (1,131,423) | 697,300    |
| Cash and cash equivalents - year end                         | 137,607     | 1,107,601  | 475,775     | 677,054    | 296,059     | 1,427,482  |



# STATEMENT OF VALUE ADDED UNCONSOLIDATED

(Rupees in '000)

|   | 2022             |               | 2021             |               |
|---|------------------|---------------|------------------|---------------|
|   | Amount           | %             | Amount           | %             |
| <b>Value Added</b>  |                  |               |                  |               |
| Return on investments & fund placements - net of provision  | 1,359,132        | 111.55        | 1,442,848        | 104.94        |
| Other Income  | 26,850           | 2.20          | 64,612           | 4.70          |
|   | <b>1,385,982</b> | <b>113.76</b> | <b>1,507,460</b> | <b>109.64</b> |
| Operating and other expenses excluding salaries, depreciation, amortisation, and workers welfare fund | (167,611)        | -13.76        | (132,509)        | -9.64         |
|   | <b>1,218,371</b> | <b>100.00</b> | <b>1,374,951</b> | <b>100.00</b> |
| <b>Value Allocated</b>  |                  |               |                  |               |
| To Employees  |                  |               |                  |               |
| Salaries, allowances & other benefits   | 112,123          | 9.20          | 72,896           | 5.30          |
| To Government   |                  |               |                  |               |
| Workers Welfare Fund  | 17,043           | 1.40          | 20,420           | 1.49          |
| Income Tax  | 489,850          | 40.21         | 214,223          | 15.58         |
| FED & Sales Tax   | 881              | 0.07          | 4,030            | 0.29          |
|   | <b>507,774</b>   | <b>41.68</b>  | <b>238,673</b>   | <b>17.36</b>  |
| To TFC Holders/ Financial Institutions  |                  |               |                  |               |
| Markup on TFCs, Term Loans, and other Interests   | 246,231          | 20.21         | 267,002          | 19.42         |
| To Society's Welfare  |                  |               |                  |               |
| Donations   | 7,000            | 0.57          | 10,000           | 0.73          |
| To Expansion  |                  |               |                  |               |
| Retained in Business  | 345,243          | 28.34         | 786,380          | 57.19         |
|   | <b>1,218,371</b> | <b>100.00</b> | <b>1,374,951</b> | <b>100.00</b> |



# HORIZONTAL ANALYSIS

Year Ended 2022 vs 2021

Year Ended 2021 vs 2020

|   | Amount            | %              | Amount            | %               |
|---|-------------------|----------------|-------------------|-----------------|
| <b>BALANCE SHEET</b>  |                   |                |                   |                 |
| <b>Non Current Assets</b>   |                   |                |                   |                 |
| Property and equipment  | 186,273           | (9.51)         | 205,849           | (12.49)         |
| Investment properties   | 1,180             | (9.23)         | 1,300             | (8.45)          |
| Long term investments   | 25,135,368        | (3.15)         | 25,954,003        | (6.01)          |
| Long term loan and advance  | 15,799            | (71.94)        | 56,301            | 1,033.27        |
| Long term security deposits   | 1,081             | (62.37)        | 2,873             | (2.91)          |
|   | <b>25,339,701</b> | <b>(3.36)</b>  | <b>26,220,326</b> | <b>(5.88)</b>   |
| <b>Current Assets</b>   |                   |                |                   |                 |
| Loans and advances  | 1,454             | (99.68)        | 453,219           | 52,661.23       |
| Prepayment, accrued mark up and other receivable  | 187,936           | (73.55)        | 710,456           | 4,104.88        |
| Short term investments  | 6,806,898         | (4.45)         | 7,123,599         | 4.53            |
| Taxation  | -                 | (100.00)       | 111,899           | (1.71)          |
| Cash and bank balance   | 137,607           | (84.91)        | 912,159           | 407.52          |
|   | <b>7,133,895</b>  | <b>(23.38)</b> | <b>9,311,332</b>  | <b>30.66</b>    |
| <b>Total Assets</b>   | <b>32,473,596</b> | <b>(8.61)</b>  | <b>35,531,658</b> | <b>1.56</b>     |
| <b>EQUITY AND LIABILITIES</b>   |                   |                |                   |                 |
| <b>Share Capital and Reserves</b>   |                   |                |                   |                 |
| <b>Issued, subscribed and paid-up share capital</b>   |                   |                |                   |                 |
| Ordinary Shares   | 9,159,424         | -              | 9,159,424         | -               |
| Equity component of Preference Shares   | 1,326,114         | -              | 1,326,114         | 100.00          |
| Reserves  | 19,688,025        | (7.64)         | 21,316,623        | (4.17)          |
|   | <b>30,173,563</b> | <b>(5.12)</b>  | <b>31,802,161</b> | <b>1.27</b>     |
| <b>Non Current Liabilities</b>  |                   |                |                   |                 |
| Long term financing   | -                 | (100.00)       | 1,186,015         | (45.33)         |
| Lease liability   | 89,081            | (23.05)        | 115,762           | (8.88)          |
| Deferred tax liability  | 375,915           | (32.19)        | 554,348           | 92.85           |
| Liability component of Preference Shares  | 408,550           | (12.02)        | 464,390           | 100.00          |
|   |                   |                |                   |                 |
| <b>Current Liabilities</b>  |                   |                |                   |                 |
| Trade and other payable   | 357,283           | (23.72)        | 468,357           | 44.05           |
| Accrued interest/ markup on borrowing   | 57,509            | (11.22)        | 64,777            | (11.87)         |
| Current portion of long term financing  | 873,883           | 9.72           | 796,482           | 40.18           |
| Current maturity of lease liability   | 31,303            | 13.54          | 27,571            | (6.33)          |
| Current portion of liability component of Preference Shares   | 106,509           | 105.64         | 51,795            | 100.00          |
|   | <b>1,426,487</b>  | <b>1.24</b>    | <b>1,408,982</b>  | <b>41.43</b>    |
| <b>Total Equity and Liabilities</b>   | <b>32,473,596</b> | <b>(8.61)</b>  | <b>35,531,658</b> | <b>1.56</b>     |
| <b>PROFIT AND LOSS</b>  |                   |                |                   |                 |
| <b>Income</b>   |                   |                |                   |                 |
| Return on investments   | 1,346,673         | 18.18          | 1,139,510         | 39.66           |
| Gain on sale of investments   | (100,754)         | (149.05)       | 205,409           | 47,669.53       |
| Income from long term loans and funds placements  | 91,992            | 12.97          | 81,434            | 70.44           |
| Commission & other income/ (loss)   | 26,850            | (58.44)        | 64,612            | (380.71)        |
| Gain/ (loss) on remeasurement of investments at fair value through profit or loss - net                       | 19,610            | 21.36          | 16,158            | (86.01)         |
|   | <b>1,384,371</b>  | <b>(8.14)</b>  | <b>1,507,123</b>  | <b>57.56</b>    |
| <b>Expenditures</b>   |                   |                |                   |                 |
| Operating and administrative expenses   | 287,615           | 31.07          | 219,435           | 1.74            |
| Finance cost  | 246,231           | (7.78)         | 267,002           | (41.29)         |
| Provision for Sindh Workers' Welfare Fund   | 17,043            | (16.54)        | 20,420            | (25.35)         |
| (Reversal of)/ provision for impairment against investment in subsidiaries, associate and joint venture - net | (1,611)           | 378.04         | (337)             | (99.97)         |
|   | <b>549,278</b>    | <b>8.44</b>    | <b>506,520</b>    | <b>(232.00)</b> |
| <b>Profit before taxation</b>   | <b>835,093</b>    | <b>(16.54)</b> | <b>1,000,603</b>  | <b>(25.34)</b>  |
| <b>Taxation</b>   |                   |                |                   |                 |
| Current   | 434,153           | 101.46         | 215,499           | 80.70           |
| Deferred  | 54,075            | 582.51         | 7,923             | (20.97)         |
| Prior   | 1,622             | (117.63)       | (9,199)           | (253.09)        |
|   | <b>489,850</b>    | <b>128.66</b>  | <b>214,223</b>    | <b>58.34</b>    |
| <b>Profit after tax</b>   | <b>345,243</b>    | <b>(56.10)</b> | <b>786,380</b>    | <b>(34.74)</b>  |



(Rupees in '000)

| Year Ended 2020 vs 2019 |           | Year Ended 2019 vs 2018 |            | Year Ended 2018 vs 2017 |          | Year Ended 2017 vs 2016 |          |
|-------------------------|-----------|-------------------------|------------|-------------------------|----------|-------------------------|----------|
| Amount                  | %         | Amount                  | %          | Amount                  | %        | Amount                  | %        |
| 235,239                 | (9.36)    | 259,532                 | 194.28     | 88,192                  | 1,303.43 | 6,284                   | 17.55    |
| 1,420                   | (7.79)    | 1,540                   | (7.23)     | 1,660                   | (6.74)   | 1,780                   | (6.32)   |
| 27,613,822              | 7.69      | 25,641,462              | 2.25       | 25,077,952              | (6.04)   | 26,688,789              | (2.31)   |
| 4,968                   | (2.76)    | 5,109                   | (80.06)    | 25,620                  | 2,994.20 | 828                     | (26.01)  |
| 2,959                   | -         | 2,959                   | (2.25)     | 3,027                   | 3.42     | 2,927                   | 264.05   |
| 27,858,408              | 7.52      | 25,910,602              | 2.83       | 25,196,451              | (5.63)   | 26,700,608              | (2.30)   |
| 859                     | 11.27     | 772                     | (98.83)    | 65,995                  | 17.80    | 56,024                  | 5,323.43 |
| 16,896                  | 3.22      | 16,369                  | (14.04)    | 19,043                  | (58.02)  | 45,365                  | 24.25    |
| 6,815,188               | 114.51    | 3,177,131               | 4.14       | 3,050,820               | 0.60     | 3,032,542               | (27.45)  |
| 113,842                 | 3.93      | 109,533                 | 25.85      | 87,037                  | (42.98)  | 152,630                 | (46.56)  |
| 179,730                 | (22.68)   | 232,440                 | (21.49)    | 296,059                 | (79.26)  | 1,427,482               | 95.50    |
| 7,126,515               | 101.53    | 3,536,245               | 0.49       | 3,518,954               | (25.35)  | 4,714,043               | (9.92)   |
| 34,984,923              | 18.81     | 29,446,847              | 2.55       | 28,715,405              | (8.59)   | 31,414,651              | (3.53)   |
| 9,159,424               | -         | 9,159,424               | -          | 9,159,424               | -        | 9,159,424               | -        |
| -                       | -         | -                       | -          | -                       | -        | -                       | -        |
| 22,245,198              | 40.18     | 15,868,851              | 8.43       | 14,635,087              | (20.29)  | 18,360,984              | (12.13)  |
| 31,404,622              | 25.48     | 25,028,275              | 5.19       | 23,794,511              | (13.54)  | 27,520,408              | (8.43)   |
| 2,169,551               | (20.78)   | 2,738,746               | (18.31)    | 3,352,745               | 17.23    | 2,859,934               | 72.88    |
| 127,048                 | (3.03)    | 131,018                 | 100.00     | -                       | -        | -                       | -        |
| 287,448                 | 28,935.15 | 990                     | 100.00     | -                       | (100.00) | 22,387                  | (86.19)  |
| -                       | -         | -                       | -          | -                       | -        | -                       | -        |
| 325,144                 | 10.30     | 294,788                 | (34.60)    | 450,749                 | 55.70    | 289,498                 | (22.71)  |
| 73,501                  | (59.02)   | 179,356                 | 41.75      | 126,531                 | 71.56    | 73,755                  | 174.72   |
| 568,175                 | (45.87)   | 1,049,702               | 5.94       | 990,869                 | 52.75    | 648,669                 | 122.96   |
| 29,434                  | 22.78     | 23,972                  | 100.00     | -                       | -        | -                       | -        |
| -                       | -         | -                       | -          | -                       | -        | -                       | -        |
| 996,254                 | (35.63)   | 1,547,818               | (1.30)     | 1,568,149               | 54.97    | 1,011,922               | 46.15    |
| 34,984,923              | 18.81     | 29,446,847              | 2.55       | 28,715,405              | (8.59)   | 31,414,651              | (3.53)   |
| 815,911                 | (14.89)   | 958,703                 | (5.77)     | 1,017,452               | (6.95)   | 1,093,479               | 50.70    |
| 430                     | (99.34)   | 64,881                  | 15.56      | 56,147                  | (80.24)  | 284,120                 | 266.43   |
| 47,778                  | 14.87     | 41,592                  | (64.12)    | 115,918                 | 12.16    | 103,350                 | 3.71     |
| (23,017)                | (126.12)  | 88,136                  | 47.34      | 59,818                  | 22.55    | 48,811                  | 28.21    |
| 115,458                 | 72.41     | 66,969                  | (1,915.86) | (3,688)                 | (219.82) | 3,078                   | (42.81)  |
| 956,560                 | (21.61)   | 1,220,281               | (2.04)     | 1,245,647               | (18.74)  | 1,532,838               | 62.00    |
| 215,687                 | 2.42      | 210,590                 | (6.65)     | 225,603                 | (2.80)   | 232,106                 | (12.51)  |
| 454,756                 | (21.20)   | 577,100                 | 46.20      | 394,729                 | 77.52    | 222,357                 | 53.69    |
| 27,353                  | 178.06    | 9,837                   | 9.24       | 9,005                   | (33.82)  | 13,607                  | (23.34)  |
| (1,081,536)             | 1,724.79  | (59,269)                | (133.85)   | 175,072                 | (56.01)  | 398,012                 | (213.32) |
| (383,740)               | (151.98)  | 738,258                 | (8.22)     | 804,409                 | (7.12)   | 866,082                 | 1,032.36 |
| 1,340,300               | 178.06    | 482,023                 | 9.24       | 441,238                 | (33.82)  | 666,756                 | (23.34)  |
| 119,259                 | (10.82)   | 133,735                 | (37.02)    | 212,336                 | 0.56     | 211,146                 | 33.44    |
| 10,025                  | -         | -                       | -          | -                       | -        | -                       | -        |
| 6,009                   | (152.15)  | (11,522)                | (152.28)   | 22,037                  | (75.53)  | 90,056                  | 0.67     |
| 135,293                 | 10.70     | 122,213                 | (47.86)    | 234,373                 | (22.19)  | 301,202                 | 21.60    |
| 1,205,007               | 234.90    | 359,810                 | 73.93      | 206,865                 | (43.41)  | 365,554                 | (41.23)  |

# VERTICAL ANALYSIS

|   | 2022              |               | 2021              |               |
|---|-------------------|---------------|-------------------|---------------|
|   | Amount            | %             | Amount            | %             |
| <b>BALANCE SHEET</b>  |                   |               |                   |               |
| <b>Non Current Assets</b>   |                   |               |                   |               |
| Property and equipment  | 186,273           | 0.57          | 205,849           | 0.58          |
| Investment properties   | 1,180             | 0.00          | 1,300             | 0.00          |
| Long term investments   | 25,135,368        | 77.40         | 25,954,003        | 73.04         |
| Long term loan and advance  | 15,799            | 0.05          | 56,301            | 0.16          |
| Long term security deposits   | 1,081             | 0.00          | 2,873             | 0.01          |
|   | <b>25,339,701</b> | <b>78.03</b>  | <b>26,220,326</b> | <b>73.79</b>  |
| <b>Current Assets</b>   |                   |               |                   |               |
| Loans and advances  | 1,454             | 0.00          | 453,219           | 1.28          |
| Prepayment, accrued mark up and other receivable  | 187,936           | 0.58          | 710,456           | 2.00          |
| Short term investments  | 6,806,898         | 20.96         | 7,123,599         | 20.05         |
| Taxation - net  | -                 | -             | 111,899           | 0.31          |
| Cash and bank balance   | 137,607           | 0.42          | 912,159           | 2.57          |
|   | <b>7,133,895</b>  | <b>21.97</b>  | <b>9,311,332</b>  | <b>26.21</b>  |
| <b>Total Assets</b>   | <b>32,473,596</b> | <b>100.00</b> | <b>35,531,658</b> | <b>100.00</b> |
| <b>EQUITY AND LIABILITIES</b>   |                   |               |                   |               |
| <b>Share Capital and Reserves</b>   |                   |               |                   |               |
| <b>Issued, subscribed and paid-up share capital</b>   |                   |               |                   |               |
| Ordinary Shares   | 9,159,424         | 28.21         | 9,159,424         | 25.78         |
| Equity component of Preference Shares   | 1,326,114         | 4.08          | 1,326,114         | 3.73          |
| Reserves  | 19,688,025        | 60.63         | 21,316,623        | 59.99         |
|   | <b>30,173,563</b> | <b>92.92</b>  | <b>31,802,161</b> | <b>89.50</b>  |
| <b>Non Current Liabilities</b>  |                   |               |                   |               |
| Long term financing   | -                 | -             | 1,186,015         | 3.34          |
| Lease liability   | 89,081            | 0.27          | 115,762           | 0.33          |
| Deferred tax liability  | 375,915           | 1.16          | 554,348           | 1.56          |
| Liability component of Preference Shares  | 408,550           | 1.26          | 464,390           | 1.31          |
|   |                   |               |                   |               |
| <b>Current Liabilities</b>  |                   |               |                   |               |
| Trade and other payable   | 357,283           | 1.10          | 468,357           | 1.32          |
| Accrued interest/ markup on borrowing   | 57,509            | 0.18          | 64,777            | 0.18          |
| Current portion of long term financing  | 873,883           | 2.69          | 796,482           | 2.24          |
| Current maturity of lease liability   | 31,303            | 0.10          | 27,571            | 0.08          |
| Current portion of liability component of Preference Shares   | 106,509           | 0.33          | 51,795            | 0.15          |
|   | <b>1,426,487</b>  | <b>4.39</b>   | <b>1,408,982</b>  | <b>3.97</b>   |
| <b>Total Equity and Liabilities</b>   | <b>32,473,596</b> | <b>100.00</b> | <b>35,531,658</b> | <b>100.00</b> |
| <b>PROFIT AND LOSS</b>  |                   |               |                   |               |
| <b>Income</b>   |                   |               |                   |               |
| Return on Investments   | 1,346,673         | 97.28         | 1,139,510         | 75.61         |
| Gain on sale of investments   | (100,754)         | (7.28)        | 205,409           | 13.63         |
| Income from long term loans and funds placements  | 91,992            | 6.65          | 81,434            | 5.40          |
| Other income/ (loss) - net  | 26,850            | 1.94          | 64,612            | 4.29          |
| Gain/ (loss) on remeasurement of investments at fair value through profit or loss - net                       | 19,610            | 1.42          | 16,158            | 1.07          |
| <b>Total Income</b>   | <b>1,384,371</b>  | <b>100.00</b> | <b>1,507,123</b>  | <b>100.00</b> |
| <b>Expenditures</b>   |                   |               |                   |               |
| Operating and administrative expenses   | 287,615           | 20.78         | 219,435           | 14.56         |
| Finance cost  | 246,231           | 17.79         | 267,002           | 17.72         |
| Provision for Sindh Workers' Welfare Fund   | 17,043            | 1.23          | 20,420            | 1.35          |
| (Reversal of)/ provision for impairment against investment in subsidiaries, associate and joint venture - net | (1,611)           | (0.12)        | (337)             | (0.02)        |
|   | <b>549,278</b>    | <b>39.68</b>  | <b>506,520</b>    | <b>33.61</b>  |
| <b>Profit before taxation</b>   | <b>835,093</b>    | <b>60.32</b>  | <b>1,000,603</b>  | <b>66.39</b>  |
| <b>Taxation</b>   |                   |               |                   |               |
| Current   | 434,153           | 31.36         | 215,499           | 14.30         |
| Prior   | 54,075            | 3.91          | 7,923             | 0.53          |
| Deferred  | 1,622             | 0.12          | (9,199)           | (0.61)        |
|   | <b>489,850</b>    | <b>35.38</b>  | <b>214,223</b>    | <b>14.21</b>  |
| <b>Profit after tax</b>   | <b>345,243</b>    | <b>24.94</b>  | <b>786,380</b>    | <b>52.18</b>  |



(Rupees in '000)

| 2020        |          | 2019       |        | 2018       |        | 2017       |        |
|-------------|----------|------------|--------|------------|--------|------------|--------|
| Amount      | %        | Amount     | %      | Amount     | %      | Amount     | %      |
| 235,239     | 0.67     | 259,532    | 0.88   | 88,192     | 0.31   | 6,284      | 0.02   |
| 1,420       | 0.00     | 1,540      | 0.01   | 1,660      | 0.01   | 1,780      | 0.01   |
| 27,613,822  | 78.93    | 25,641,462 | 87.08  | 25,077,952 | 87.33  | 26,688,789 | 84.96  |
| 4,968       | 0.01     | 5,109      | 0.02   | 25,620     | 0.09   | 828        | 0.00   |
| 2,959       | 0.01     | 2,959      | 0.01   | 3,027      | 0.01   | 2,927      | 0.01   |
| 27,858,408  | 79.63    | 25,910,602 | 90.23  | 25,196,451 | 87.75  | 26,700,608 | 84.99  |
| 859         | 0.00     | 772        | 0.00   | 65,995     | 0.23   | 56,024     | 0.18   |
| 16,896      | 0.05     | 16,369     | 0.06   | 19,043     | 0.07   | 45,365     | 0.14   |
| 6,815,188   | 19.48    | 3,177,131  | 10.79  | 3,050,820  | 10.62  | 3,032,542  | 9.65   |
| 113,842     | 0.33     | 109,533    | 0.37   | 87,037     | 0.30   | 152,630    | 0.49   |
| 179,730     | 0.51     | 232,440    | 0.79   | 296,059    | 1.03   | 1,427,482  | 4.54   |
| 7,126,515   | 20.37    | 3,536,245  | 12.31  | 3,518,954  | 12.25  | 4,714,043  | 15.01  |
| 34,984,923  | 100.00   | 29,446,847 | 100.00 | 28,715,405 | 100.00 | 31,414,651 | 100.00 |
| 9,159,424   | 26.18    | 9,159,424  | 31.10  | 9,159,424  | 31.90  | 9,159,424  | 29.16  |
| -           | -        | -          | -      | -          | -      | -          | -      |
| 22,245,198  | 63.59    | 15,868,851 | 53.89  | 14,635,087 | 50.97  | 18,360,984 | 58.45  |
| 31,404,622  | 89.77    | 25,028,275 | 84.99  | 23,794,511 | 82.86  | 27,520,408 | 87.60  |
| 2,169,551   | 6.20     | 2,738,746  | 9.30   | 3,352,745  | 11.68  | 2,859,934  | 9.10   |
| 127,048     | 0.36     | 131,018    | 0.44   | -          | -      | -          | -      |
| 287,448     | 0.82     | 990        | -      | -          | -      | 22,387     | 0.07   |
| -           | -        | -          | -      | -          | -      | -          | -      |
| 325,144     | 0.93     | 294,788    | 1.00   | 450,749    | 1.57   | 289,498    | 0.92   |
| 73,501      | 0.21     | 179,356    | 0.61   | 126,531    | 0.44   | 73,755     | 0.23   |
| 568,175     | 1.62     | 1,049,702  | 3.56   | 990,869    | 3.45   | 648,669    | 2.06   |
| 29,434      | 0.08     | 23,972     | 0.08   | -          | -      | -          | -      |
| -           | -        | -          | -      | -          | -      | -          | -      |
| 996,254     | 2.85     | 1,547,818  | 5.26   | 1,568,149  | 5.46   | 1,011,922  | 3.22   |
| 34,984,923  | 100.00   | 29,446,847 | 100.00 | 28,715,405 | 100.00 | 31,414,651 | 100.00 |
| 815,911     | 85.30    | 958,703    | 78.56  | 1,017,452  | 81.68  | 1,093,479  | 71.34  |
| 430         | 0.04     | 64,881     | 5.32   | 56,147     | 4.51   | 284,120    | 18.54  |
| 47,778      | 4.99     | 41,592     | 3.41   | 115,918    | 9.31   | 103,350    | 6.74   |
| (23,017)    | (2.41)   | 88,136     | 7.22   | 59,818     | 4.80   | 48,811     | 3.18   |
| 115,458     | 12.07    | 66,969     | 5.49   | (3,688)    | (0.30) | 3,078      | 0.20   |
| 956,560     | 100.00   | 1,220,281  | 100.00 | 1,245,647  | 100.00 | 1,532,838  | 100.00 |
| 215,687     | 22.55    | 210,590    | 17.26  | 225,603    | 18.11  | 232,106    | 15.14  |
| 454,756     | 47.54    | 577,100    | 47.29  | 394,729    | 31.69  | 222,357    | 14.51  |
| 27,353      | 2.86     | 9,837      | 0.81   | 9,005      | 0.72   | 13,607     | 0.89   |
| (1,081,536) | (113.07) | (59,269)   | (4.86) | 175,072    | 14.05  | 398,012    | 25.97  |
| (383,740)   | (40.12)  | 738,258    | 60.50  | 804,409    | 64.58  | 866,082    | 56.50  |
| 1,340,300   | 140.12   | 482,023    | 39.50  | 441,238    | 35.42  | 666,756    | 43.50  |
| 119,259     | 12.47    | 133,735    | 10.96  | 212,336    | 17.05  | 211,146    | 13.77  |
| 6,009       | 0.63     | (11,522)   | (0.94) | 22,037     | 1.77   | 90,056     | 5.88   |
| 10,025      | 1.05     | -          | -      | -          | -      | -          | -      |
| 135,293     | 14.14    | 122,213    | 10.02  | 234,373    | 18.82  | 301,202    | 19.65  |
| 1,205,007   | 125.98   | 359,810    | 29.49  | 206,865    | 16.61  | 365,554    | 23.85  |

## REVIEW OF SIX YEARS' PERFORMANCE

(Rupees in '000)

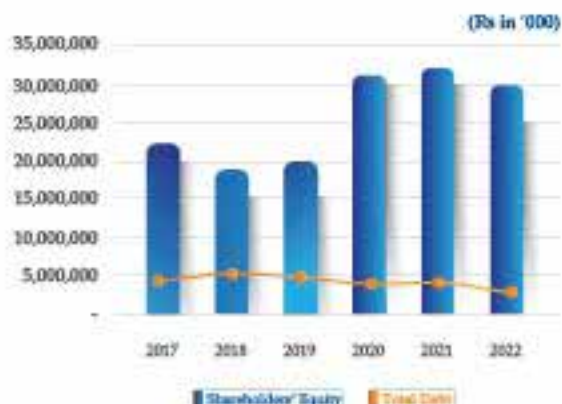
|  | 2022        | 2021       | 2020        | 2019       | 2018        | 2017       | CAGR    |
|--|-------------|------------|-------------|------------|-------------|------------|---------|
| <b>Balance Sheet Summary:</b>            |             |            |             |            |             |            |         |
| Shareholders' Equity                     | 90,173,563  | 31,802,161 | 31,404,622  | 25,028,275 | 23,794,511  | 27,520,408 | 1.86%   |
| Long-term Financing                      | -           | 1,186,015  | 2,169,551   | 2,738,746  | 3,352,745   | 2,839,934  | -       |
| Liability component of Preference Shares | 405,550     | 464,390    | -           | -          | -           | -          | -       |
| Liquid Assets                            | 6,944,505   | 8,035,758  | 6,994,918   | 3,409,571  | 3,346,879   | 4,460,024  | 9.26%   |
| Long-term Investments                    | 25,135,368  | 25,954,003 | 27,613,822  | 25,641,462 | 25,077,952  | 26,688,789 | -1.19%  |
| <b>Profit and Loss Summary:</b>          |             |            |             |            |             |            |         |
| Revenue                                  | 1,384,571   | 1,507,123  | 956,560     | 1,220,281  | 1,245,647   | 1,532,838  | -2.02%  |
| Expenditure                              | 549,275     | 506,520    | (383,740)   | 738,258    | 804,409     | 866,062    | -8.71%  |
| Profit After Tax                         | 845,243     | 786,380    | 1,205,007   | 359,810    | 206,865     | 365,554    | -1.14%  |
| <b>Cash Flow Summary:</b>                |             |            |             |            |             |            |         |
| Net Cash Flow from Operating Activities  | 243,180     | (385,720)  | 885,950     | 997,179    | (1,865,392) | (833,940)  | -       |
| Net Cash Flow from Investing Activities  | (20,195)    | (4,950)    | (13,787)    | (26,743)   | (83,567)    | (1,593)    | 75.07%  |
| Net Cash Flow from Financing Activities  | (1,150,979) | 1,022,496  | (1,073,442) | (589,441)  | 817,536     | 1,552,833  | -       |
| Cash and Equivalents                     | 137,007     | 1,107,601  | 475,775     | 677,054    | 296,059     | 1,427,482  | -37.37% |



Shareholders' Equity has increased by PKR 2.65 billion, i.e., by 9.64 percent, over the period under review. Since a major portion of Shareholders' Equity is invested in quoted long term investments, therefore movement in Shareholders' Equity is dependent on quoted prices of these securities.

The Company only employs a limited degree of leverage. Since CY2018 onwards, Total Debt has been reduced by PKR 2.62 billion. Total Debt to Equity ratio stood at 0.08:1 in CY2022.

### Shareholders' Equity and Debt



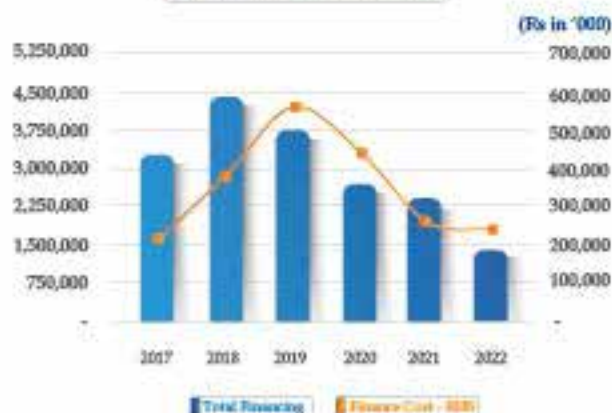
Long-term Financing has successfully been retired over the period. Quantum of Short-term Financing is relatively insignificant and has remained within a narrow range. The Company, being an investment holding enterprise, has a long-term horizon and, therefore, leverage is only employed moderately, if at all.

### Long-term and Short-term Financing



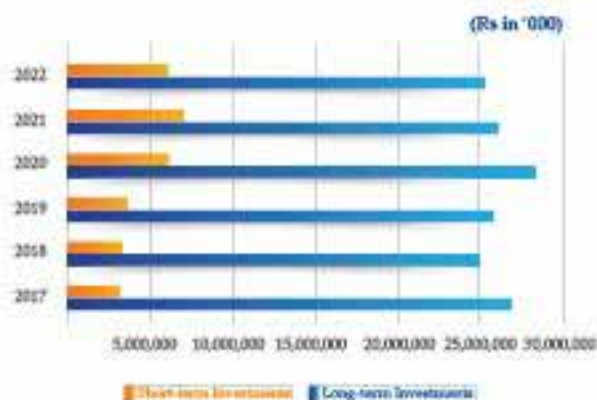
Finance Cost, synchronously with the quantum of Total Financing, has significantly been reduced since CY2019. In conjunction with employing minimal leverage, financing decisions of the Company are subject to the expected evolution of interest rates.

### Finance Cost Analysis



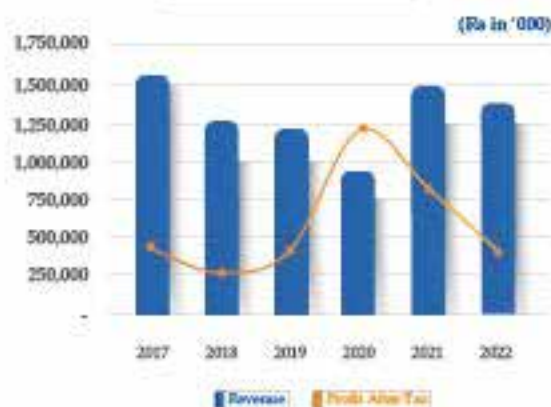
The Company has a long investment horizon and, on average, 84 percent of Company's investments are classified as long-term investments. Variations in quoted prices of investment holdings is the major reason for movement in the value of combined investment portfolio.

### Long-term and Short-term Investments



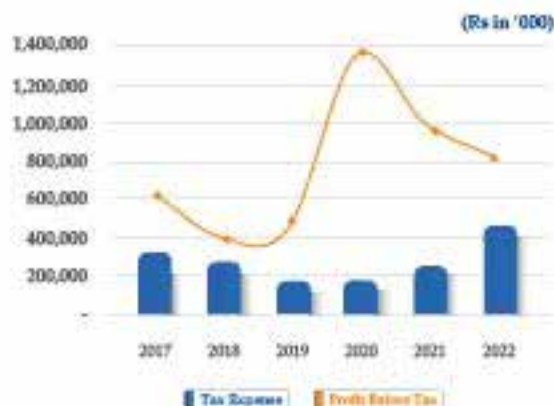
Since CY2017, Revenue has averaged at PKR 1.51 billion while Expenditure has averaged at PKR 513.47 million. Several components of investment operations derive the Company's Revenue stream; though it is primarily dependent on Return on Investments. Similarly, excluding occasional movement in Provisions, Operating and Administrative Expenses and Finance Cost comprise majority of Expenditures. Over the period under review, Revenue of the Company has declined by 9.69 percent while its Expenditure declined by 36.58 percent resulting in a 5.56 percent decline in Profit After Tax.

### Net Profit Analysis



Despite considerable variation in Profit Before Tax, Taxation Expense of the Company remained within a narrow range due to the difference in taxation under various income heads. Taxation Expense significantly increased in CY2022 due to retrospective imposition of 4 percent Super Tax in Federal Budget FY2023 on income exceeding PKR 300 million. Resultantly, Effective Tax Rate for CY2022 was 58.66 percent while the average Effective Tax Rate for CY2017-21 stood at 31.03 percent.

### Profit Before Tax and Taxation







### Cash Flow from Operating Activities

Primarily, Investment activities and Dividend Income derive movements in Operating Cash Flows. Sizeable Investments made in CY2017-18, therefore, resulted in negative Cash Flow from Operating Activities. A combination of Cash Flows from Investment activities and Dividend Income also explains the movement in Operating Cash Flow over the remaining period.



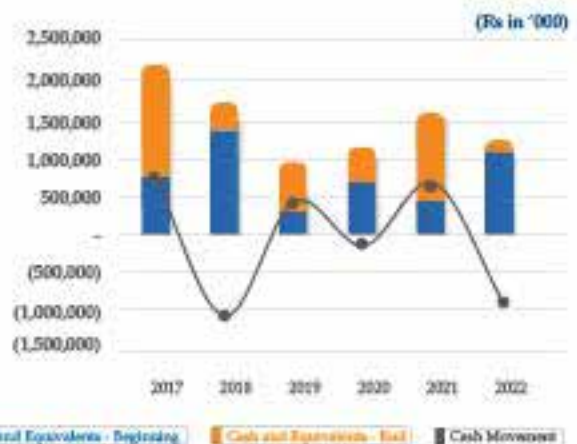
### Cash Flow from Investing and Financing Activities

Due to nonexistence of capital expenditure, Cash Flow from Investing Activities is insignificant. Cash Flow from Financing Activities of the Company is largely dependent on Issuance and Redemption of Term Finance Certificates. During CY2017-18 and in CY2021, Cash Flow from Financing Activities was positive due to the issuance of Term Finance Certificates and Preference Right Shares. Similarly, Cash Flow from Financing Activities remained negative during CY2019-20 and in CY2022 as repayments were made as well as dividends were disbursed.

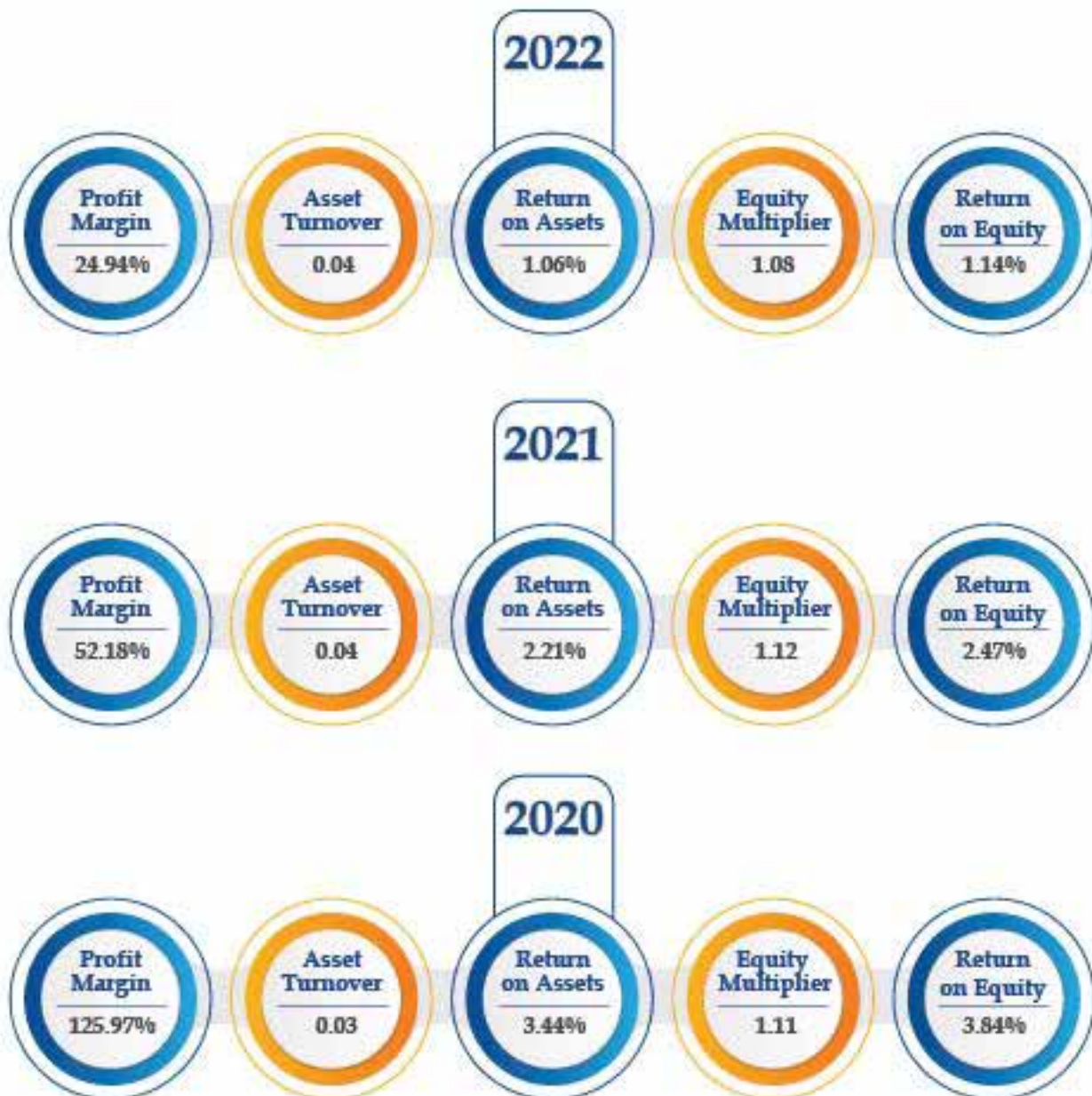


### Cash and Cash Equivalents Movement

In summary, Operating and Financing Activities of the Company dominate overall movement of Net Cash Flows. The Company recorded a negative Net Cash Flow of PKR 0.97 billion during CY2022, primarily due to redemption of Term Finance Certificates and repayments of liabilities. In comparison, proceeds from issuance of Preference Right Shares resulted in positive Net Cash Flow of PKR 0.63 billion during CY2021.



## DUPONT ANALYSIS





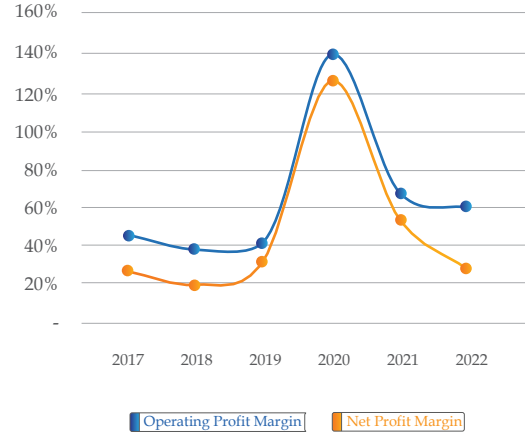
## FINANCIAL ANALYSIS

|   | 2022   | 2021   | 2020    | 2019   | 2018   | 2017   |
|---|--------|--------|---------|--------|--------|--------|
| <b>Profitability Ratios:</b>                |        |        |         |        |        |        |
| Operating Profit Margin                     | 60.32% | 66.39% | 140.12% | 39.50% | 35.42% | 43.50% |
| Net Profit Margin                           | 24.94% | 52.18% | 125.97% | 29.49% | 16.61% | 23.85% |
| Return on Equity - Before Tax               | 2.77%  | 3.15%  | 4.27%   | 1.93%  | 1.85%  | 2.42%  |
| Return on Equity - After Tax                | 1.14%  | 2.47%  | 3.84%   | 1.44%  | 0.87%  | 1.33%  |
| Return on Assets                            | 1.06%  | 2.21%  | 3.44%   | 1.22%  | 0.72%  | 1.16%  |
| <b>Liquidity Ratios:</b>                    |        |        |         |        |        |        |
| Current Ratio                               | 5.00   | 6.61   | 7.15    | 2.28   | 2.24   | 4.66   |
| Acid Test Ratio                             | 4.99   | 6.20   | 7.03    | 2.21   | 2.14   | 4.44   |
| Cash to Current Liabilities                 | 4.87   | 5.70   | 7.02    | 2.20   | 2.13   | 4.41   |
| Cash Flow Coverage Ratio                    | 0.11   | (0.10) | 0.25    | 0.23   | (0.38) | (0.22) |
| <b>Investment / Market Ratios:</b>          |        |        |         |        |        |        |
| Earnings Per Share                          | 0.38   | 0.86   | 1.32    | 0.99   | 0.23   | 0.40   |
| Price Earnings Ratio                        | 27.14  | 18.64  | 24.84   | 29.33  | 67.61  | 45.13  |
| Price to Book Ratio                         | 0.31   | 0.46   | 0.95    | 0.42   | 0.60   | 0.60   |
| Cash Per Share                              | 7.58   | 8.77   | 7.64    | 3.72   | 3.65   | 4.87   |
| Break-up Value per Share                    | 32.94  | 34.72  | 34.29   | 27.33  | 25.98  | 30.05  |
| Market Value per Share - Closing:           | 10.23  | 16.00  | 32.68   | 11.44  | 15.55  | 18.05  |
| Low   | 9.67   | 13.71  | 6.66    | 6.93   | 12.55  | 15.98  |
| High  | 18.19  | 32.71  | 33.49   | 15.42  | 22.08  | 28.18  |
| <b>Capital Structure Ratios:</b>            |        |        |         |        |        |        |
| Debt to Equity Ratio - Book Value           | 0.08   | 0.12   | 0.11    | 0.18   | 0.21   | 0.14   |
| Debt to Equity Ratio - Market Value         | 0.25   | 0.25   | 0.12    | 0.42   | 0.35   | 0.24   |
| Debt to Asset Ratio                         | 0.07   | 0.10   | 0.10    | 0.15   | 0.17   | 0.12   |
| Weighted Average Cost of Debt               | 10.71% | 7.16%  | 12.70%  | 13.06% | 8.02%  | 5.71%  |
| <b>Non-Financial Ratios:</b>                |        |        |         |        |        |        |
| Staff Turnover Ratio                        | 0.24   | 0.10   | 0.13    | 0.17   | 0.17   | 0.17   |
| Employee Productivity Rate (Rupees in '000) | 62,926 | 71,768 | 41,390  | 53,056 | 54,159 | 66,645 |



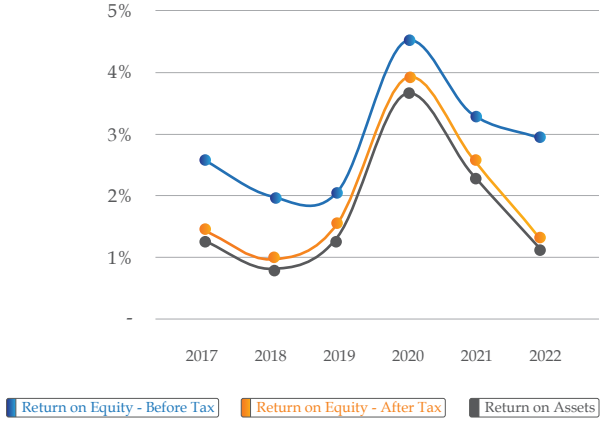
Over the period under review, average operating profit margin remained at 64.21 percent. On year-on-year basis, operating profit margin reduced from 66.39 percent in CY2021 to 60.32 percent in CY2022. High operating profit margin achieved in CY2020 is explained by a significant reversal in provision for impairment. Furthermore, imposition of Super Tax expanded the difference between operating profit margin and net profit margin in CY2022.

### Profit Margins



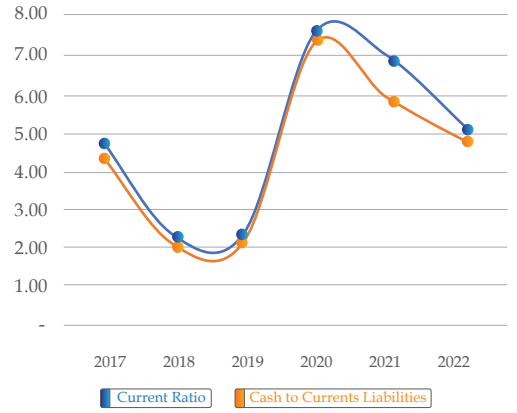
Average after tax return on equity is 1.85 percent over CY2017-22 period. Similarly average return on assets of 1.64 percent was achieved during the same period. Considering the dynamics of Company operations, return on equity and assets may not reflect true performance periodically.

### Return on Equity and Assets



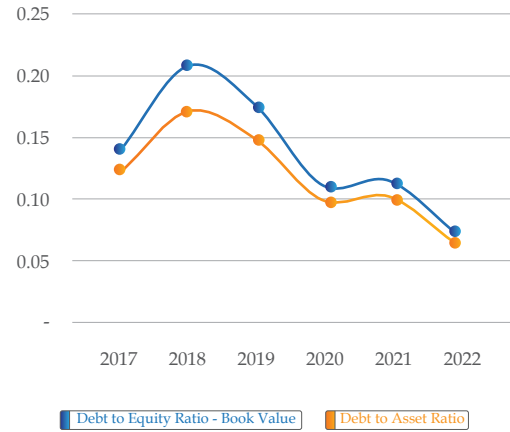
Average current ratio has remained at 4.66:1 over CY2017-22. Company's dynamic nature of investments and financing activities explains movement in liquidity ratio over time.

### Liquidity Ratios



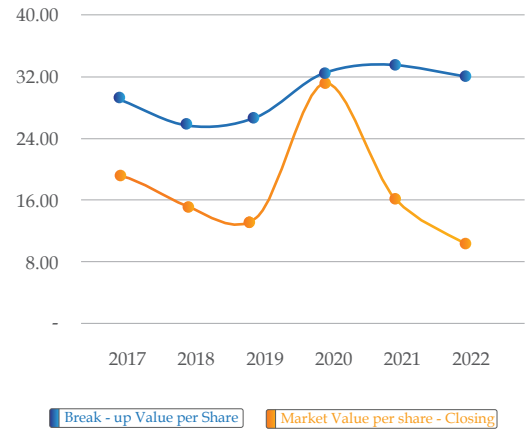
Steady repayment of liabilities resulted in consistent improvement of debt to equity and debt to asset ratios over CY2017-22 period, averaging at 0.14:1 and 0.12:1, respectively.

Debt to Equity and Asset Ratio



Average book value per share of the Company has remained at PKR 30.88/- over CY2017-22 period. In comparison, the average market price per share of the Company has averaged at PKR 17.33/- over the same period.

Book Value and Market Price



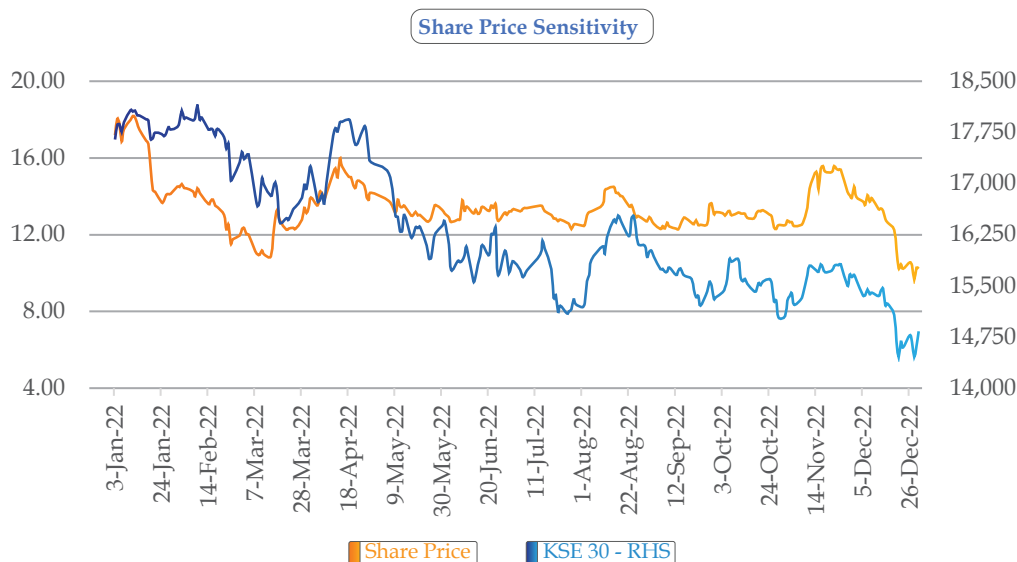
Earnings per share has largely remained similar over CY2017-22 period. A significant reversal in provision for impairment resulted in substantial enhancement of earnings per share during CY2020. Average price to book ratio has remained at 0.56:1 over the last 6 years.

Earnings Per Share and Price to Book Ratio



# SHARE PRICE SENSITIVITY ANALYSIS

The quoted price of Company's stock is deemed sensitive to the quoted prices of its major investee companies. The Company operations are not exposed to exchange rate fluctuations directly. Similarly, the Company does not use any raw materials or conducts plant operations directly and hence variation in prices of these materials and/ or any disruption in production activities does not affect Company dynamics.



|                | Share Price         |       |         | Daily Avg. Volume | No. of Trading days | Market Capitalization |                  |
|----------------|---------------------|-------|---------|-------------------|---------------------|-----------------------|------------------|
|                | High                | Low   | Closing |                   |                     | Share Capital         | Value            |
|                | ------(Rupees)----- |       |         |                   |                     | ('000,000)            | (Rs in '000,000) |
| Fourth Quarter | 16.25               | 9.56  | 10.23   | 722,063           | 64                  | 915.94                | 9,370.09         |
| Third Quarter  | 14.89               | 11.76 | 13.18   | 348,934           | 61                  | 915.94                | 12,072.12        |
| Second Quarter | 16.22               | 12.40 | 13.22   | 673,042           | 60                  | 915.94                | 12,108.76        |
| First Quarter  | 18.68               | 10.75 | 13.41   | 1,563,968         | 63                  | 915.94                | 12,282.79        |

# STATEMENT OF CASH FLOWS

## DIRECT METHOD

2022

2021

----- (Rupees in '000) -----

### CASH FLOWS FROM OPERATING ACTIVITIES

|  |           |           |
|--|-----------|-----------|
| Receipts from return on investments              | 1,143,228 | 1,138,303 |
| Receipts from long term loan and fund placements | 300,275   | 75,353    |
| Financial charges paid                           | (188,354) | (224,300) |
| Purchase of investments - net                    | (223,250) | (836,848) |
| Payments to employees, suppliers and others      | (449,038) | (316,748) |
| Taxes paid                                       | (339,681) | (221,480) |

**Net cash generated from / (used in) operating activities** **243,180** (385,720)

### CASH FLOWS FROM INVESTING ACTIVITIES

|  |          |         |
|--|----------|---------|
| Capital expenditure incurred                 | (28,233) | (5,962) |
| Proceeds from sale of property and equipment | 2,038    | 1,012   |
| Net cash used in investing activities        | (26,195) | (4,950) |

### CASH FLOWS FROM FINANCING ACTIVITIES

|   |           |           |
|---|-----------|-----------|
| Proceeds from issuance of preference right shares - net of transaction cost | -         | 1,814,554 |
| Preference dividend paid  | (51,565)  | -         |
| Redemption of term finance certificates                                     | (800,000) | (450,000) |
| Long term loan repaid to bank   | (312,500) | (312,500) |
| Payment against lease liability   | (22,914)  | (29,558)  |

**Net cash (used in) / generated from financing activities** **(1,186,979)** 1,022,496

**NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS** **(969,994)** 631,826

**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** **1,107,601** 475,775

**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** **137,607** 1,107,601





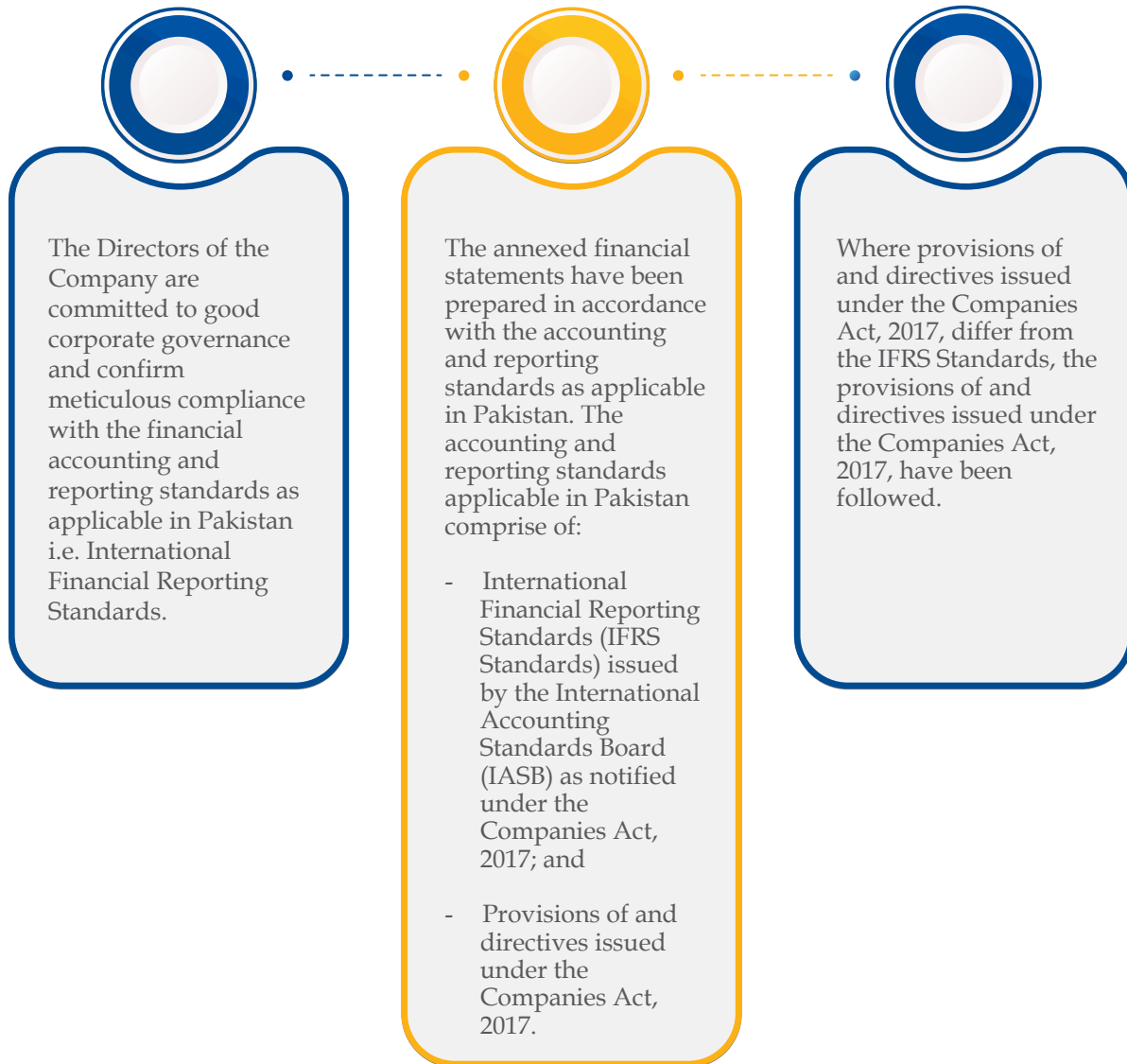
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# STRIVING FOR EXCELLENCE IN CORPORATE REPORTING





## STATEMENT OF COMPLIANCE





# INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

The Company has ensured that the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles' of the integrated reporting are covered as much as possible in this 'Annual Report 2022'. The financial and non-financial information provided in 'Annual Report 2022' will enable JSCL's stakeholders to better understand its position and in turn will lead to better and more informed decision-making by them.

Following fundamental concepts of integrated reporting are addressed in the 'Annual Report 2022':

- Value creation, preservation or erosion for the Company and for others. This includes value for the Company in the form of financial returns its shareholders and for other external stakeholders including society at large.
- The Capitals. The Company depends on various forms of capital that are categorized under the heading of financial, social and relationship, human, intellectual, etc.
- Process, through which value is created, preserved or eroded. This relates to the process by which different types of capitals are used to create value for the stakeholders.

Following guiding principles of integrated reporting are addressed in the 'Annual Report 2022':

- Strategic focus and future orientation
- Connectivity of information
- Stakeholders relationship
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

Following content elements of integrated reporting are detailed as chapters in the 'Annual Report 2022':

- Organizational overview
- Governance
- Strategy and resource allocation
- Business Model
- External environment
- Risk and opportunity
- Outlook
- Performance
- Basis of preparation and presentation

# UNCONSOLIDATED FINANCIAL STATEMENTS







KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685066

## INDEPENDENT AUDITOR'S REPORT

To the members of **Jahangir Siddiqui & Co. Ltd.**

### Report on the Audit of the Unconsolidated Financial Statements

#### Opinion

We have audited the annexed unconsolidated financial statements of **Jahangir Siddiqui & Co. Ltd.** (the Company), which comprise the unconsolidated statement of financial position as at 31 December 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows 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 statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XXX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the





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unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

| S. No. | Key audit matter  | How the matter was addressed in our audit   |
|--------|---|---|
| 1      | <p>Valuation of investments</p> <p>Refer notes 3.3, 6 and 11 to the unconsolidated financial statements.</p> <p>The significant portion of the investments comprise of investments in equity securities.</p> <p>We identified valuation of investments as key audit matter because of its significance to the unconsolidated financial statements as a whole and involvement of management's judgment and use of assumptions and estimates.</p> | <p>Our audit procedures to assess the valuation of equity investments, amongst others, included the following:</p> <ul style="list-style-type: none"><li>assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of equity investments;</li><li>checked the valuation of investments in the portfolio as recorded in the general ledger to the relevant supporting documents, externally quoted market prices and break-up values;</li><li>involved our own valuation specialist to assist us in evaluating the valuation techniques, assumptions and methodologies used by management for valuation of certain unquoted equity investments;</li><li>evaluated the model used in determining the value in use of quoted equity security;</li><li>evaluated the model used in determining the value in use of a subsidiary and also performed sensitivity analysis around the key assumptions used in the models;</li><li>cross checked the value of quoted and unquoted equity securities by using price to book value multiples of comparable industries and compared it with management valuation; and</li><li>assessed the adequacy of the disclosures in accordance with the</li></ul> |



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| S. No. | Key audit matter | How the matter was addressed in our audit                    |
|--------|------------------|--|
|        |                  | requirements of International Financial Reporting Standards. |

#### **Information Other than the 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 unconsolidated financial statements and our auditor's report thereon.

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

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 (XX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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.



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### **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.



## KPMG Taseer Hadi & Co.

- 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 (XX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XX of 2017) 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.




KPMG Taseer Hadi & Co.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

Date: 31 March 2023

Karachi

UDIN: AR202210106v1DRqXJIT

  
KPMG Taseer Hadi & Co.  
Chartered Accountants

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

|   | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>-----     |
|---|------|--------------------------------------|-------------------|
| <b>ASSETS</b>                                   |      |                                      |                   |
| <b>Non-Current Assets</b>                       |      |                                      |                   |
| Property and equipment                          | 4    | 186,273                              | 205,849           |
| Investment property                             | 5    | 1,180                                | 1,300             |
| Long term investments                           | 6    | 25,135,368                           | 25,954,003        |
| Long term loans and advances                    | 7    | 15,799                               | 56,301            |
| Long term security deposits                     |      | 1,081                                | 2,873             |
|   |      | <b>25,339,701</b>                    | <b>26,220,326</b> |
| <b>Current Assets</b>                           |      |                                      |                   |
| Short term loans and advances                   | 8    | 1,454                                | 453,219           |
| Short term prepayments and other receivables    | 9    | 176,553                              | 694,235           |
| Interest accrued                                | 10   | 11,383                               | 16,221            |
| Other financial assets - Short term investments | 11   | 6,806,898                            | 7,123,599         |
| Taxation - net                                  |      | -                                    | 111,899           |
| Cash and bank balances                          | 12   | 137,607                              | 912,159           |
|   |      | <b>7,133,895</b>                     | <b>9,311,332</b>  |
| <b>TOTAL ASSETS</b>                             |      | <b>32,473,596</b>                    | <b>35,531,658</b> |
| <b>EQUITY AND LIABILITIES</b>                   |      |                                      |                   |
| <b>Share Capital and Reserves</b>               |      |                                      |                   |
| <b>Share Capital</b>                            |      |                                      |                   |
| Authorised capital                              | 13.1 | 65,000,000                           | 65,000,000        |
| Issued, subscribed and paid-up share capital    |      |                                      |                   |
| Ordinary shares                                 | 13.2 | 9,159,424                            | 9,159,424         |
| Equity component of Preference Shares           | 14   | 1,326,114                            | 1,326,114         |
| Reserves  |      | 19,688,025                           | 21,316,623        |
|   |      | <b>30,173,563</b>                    | <b>31,802,161</b> |
| <b>Non-Current Liabilities</b>                  |      |                                      |                   |
| Long term financing - Secured                   | 15   | -                                    | 1,186,015         |
| Lease liability                                 | 16   | 89,081                               | 115,762           |
| Deferred tax liability                          | 17   | 375,915                              | 554,348           |
| Liability component of Preference Shares        | 18   | 408,550                              | 464,390           |
| <b>Current Liabilities</b>                      |      |                                      |                   |
| Trade and other payables                        | 19   | 310,470                              | 457,835           |
| Unclaimed dividend                              |      | 9,934                                | 10,522            |
| Unpaid dividend                                 |      | 230                                  | -                 |
| Taxation - net                                  |      | 36,649                               | -                 |
| Accrued interest on borrowings                  |      | 57,509                               | 64,777            |
| Current portion of long term liabilities        | 20   | 1,011,695                            | 875,848           |
|   |      | <b>1,426,487</b>                     | <b>1,408,982</b>  |
| <b>Contingencies and Commitments</b>            | 21   |                                      |                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>             |      | <b>32,473,596</b>                    | <b>35,531,658</b> |

The annexed notes 1 to 38 form an integral part of these unconsolidated financial statements.



**Shahid Hussain Jatoi**  
Director



**Asad Nasir**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2022

|   | Note    | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|---|---------|--------------------------------------|--------------------------------------|
| <b>INCOME</b>   |         |                                      |                                      |
| Return on investments   | 22      | 1,346,673                            | 1,139,510                            |
| (Loss) / gain on sale of investments - net                                      | 23      | (100,754)                            | 205,409                              |
| Income from long term loans and fund placements                                 | 24      | 91,992                               | 81,434                               |
| Other income  | 25      | 26,850                               | 64,612                               |
| Gain on remeasurement of investments at fair value through profit or loss - net |         | 19,610                               | 16,158                               |
|   |         | <b>1,384,371</b>                     | <b>1,507,123</b>                     |
| <b>EXPENDITURE</b>  |         |                                      |                                      |
| Operating and administrative expenses   | 26      | 287,615                              | 219,435                              |
| Finance cost  | 27      | 246,231                              | 267,002                              |
| Provision for Sindh Workers' Welfare Fund                                       |         | 17,043                               | 20,420                               |
| Reversal of provision for impairment  | 6.1.2.1 | (1,611)                              | (337)                                |
|   |         | <b>549,278</b>                       | <b>506,520</b>                       |
| <b>PROFIT BEFORE TAXATION</b>   |         | <b>835,093</b>                       | <b>1,000,603</b>                     |
| <b>Taxation</b>   |         |                                      |                                      |
| Current   |         | 434,153                              | 215,499                              |
| Prior   |         | 54,075                               | 7,923                                |
| Deferred  |         | 1,622                                | (9,199)                              |
|   | 28      | <b>489,850</b>                       | <b>214,223</b>                       |
| <b>PROFIT AFTER TAXATION FOR THE YEAR</b>                                       |         | <b>345,243</b>                       | <b>786,380</b>                       |
| ----- (Rupees) -----  |         |                                      |                                      |
| <b>EARNINGS PER SHARE</b>   |         |                                      |                                      |
| Basic   | 29      | <b>0.38</b>                          | 0.86                                 |
| Diluted   | 29      | <b>0.36</b>                          | 0.82                                 |

The annexed notes 1 to 38 form an integral part of these unconsolidated financial statements.



**Shahid Hussain Jatoi**  
Director



**Asad Nasir**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer

## UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2022

|   | 2022                         | 2021             |
|---|------------------------------|------------------|
|   | ----- (Rupees in '000) ----- |                  |
| <b>PROFIT AFTER TAXATION FOR THE YEAR</b>   | 345,243                      | 786,380          |
| <b>OTHER COMPREHENSIVE LOSS:</b>  |                              |                  |
| <b>Items that will not be reclassified subsequently to statement of profit or loss</b>          |                              |                  |
| Unrealised loss on remeasurement of investments at fair value through OCI - net of deferred tax | (1,973,841)                  | (1,714,955)      |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>  | <u>(1,628,598)</u>           | <u>(928,575)</u> |

The annexed notes 1 to 38 form an integral part of these unconsolidated financial statements.



**Shahid Hussain Jatoi**  
Director



**Asad Nasir**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer



# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

|  | Issued, subscribed and paid-up share capital |                                       | Reserves               |   |                        | Sub-total         | Total             |
|--|--|---------------------------------------|------------------------|---|------------------------|-------------------|-------------------|
|  |  |                                       | Capital Reserves       |   | Revenue Reserve        |                   |                   |
|  | Ordinary Shares                              | Equity Component of Preference Shares | Ordinary Share Premium | Unrealised gain on revaluation of investments at fair value through OCI - net | Un-appropriated profit |                   |                   |
|  | (Rupees in '000)                             |                                       |                        |   |                        |                   |                   |
| <b>Balance as at January 01, 2021</b>  | 9,159,424                                    | -                                     | 4,497,894              | 13,447,957  | 4,299,347              | 22,245,198        | 31,404,622        |
| Profit after taxation for the year   | -  | -                                     | -                      | -   | 786,380                | 786,380           | 786,380           |
| Other comprehensive loss   | -  | -                                     | -                      | (1,714,955)   | -                      | (1,714,955)       | (1,714,955)       |
| Total comprehensive (loss)   | -  | -                                     | -                      | (1,714,955)   | 786,380                | (928,575)         | (928,575)         |
| Equity component of Preference Shares  | -  | 1,338,735                             | -                      | -   | -                      | -                 | 1,338,735         |
| Less: Issuance cost related to equity component of Preference Shares                 | -  | (12,621)                              | -                      | -   | -                      | -                 | (12,621)          |
| Reclassification of net remeasurement (loss) on equity instrument upon derecognition | -  | -                                     | -                      | 316,478   | (316,478)              | -                 | -                 |
| <b>Balance as at December 31, 2021</b>   | <b>9,159,424</b>                             | <b>1,326,114</b>                      | <b>4,497,894</b>       | <b>12,049,480</b>   | <b>4,769,249</b>       | <b>21,316,623</b> | <b>31,802,161</b> |
| Profit after taxation for the year   | -  | -                                     | -                      | -   | 345,243                | 345,243           | 345,243           |
| Other comprehensive loss   | -  | -                                     | -                      | (1,973,841)   | -                      | (1,973,841)       | (1,973,841)       |
| Total comprehensive (loss) / income  | -  | -                                     | -                      | (1,973,841)   | 345,243                | (1,628,598)       | (1,628,598)       |
| Reclassification of net remeasurement gain on equity instrument upon derecognition   | -  | -                                     | -                      | (1,403,239)   | 1,403,239              | -                 | -                 |
| <b>Balance as at December 31, 2022</b>   | <b>9,159,424</b>                             | <b>1,326,114</b>                      | <b>4,497,894</b>       | <b>8,672,400</b>  | <b>6,517,731</b>       | <b>19,688,025</b> | <b>30,173,563</b> |

The annexed notes 1 to 38 form an integral part of these unconsolidated financial statements.



**Shahid Hussain Jatoi**  
Director



**Asad Nasir**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer

## UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

|   | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|---|------|--------------------------------------|--------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                     |      |                                      |                                      |
| Profit before taxation for the year   |      | 835,093                              | 1,000,603                            |
| <b>Adjustment for non cash charges and other items:</b>                         |      |                                      |                                      |
| Depreciation  | 26.7 | 37,104                               | 35,472                               |
| Gain on sale of property and equipment  | 25   | (1,837)                              | (1,012)                              |
| Interest income   |      | (295,437)                            | (84,673)                             |
| Gain on remeasurement of investments at fair value through profit or loss - net |      | (19,610)                             | (16,158)                             |
| Reversal of provision for impairment  |      | (1,611)                              | (337)                                |
| Dividend income   |      | (1,143,228)                          | (1,135,592)                          |
| Gain on remeasurement of derivatives through profit or loss                     |      | (3,051)                              | (39,132)                             |
| Finance cost  |      | 246,231                              | 267,002                              |
|   |      | (1,181,439)                          | (974,430)                            |
| <b>Operating (loss) / profit before working capital changes</b>                 |      | (346,346)                            | 26,173                               |
| <b>Decrease / (increase) in operating assets:</b>                               |      |                                      |                                      |
| Short term loans and advances   |      | 451,765                              | (452,360)                            |
| Short term prepayments and other receivables                                    |      | 517,682                              | (686,951)                            |
| Long term loans, advance and security deposits                                  |      | 42,294                               | (51,247)                             |
|   |      | 1,011,741                            | (1,190,558)                          |
| <b>(Decrease) / increase in trade and other payables</b>                        |      | (144,314)                            | 182,361                              |
|   |      | 521,081                              | (982,024)                            |
| Investments - net   |      | (1,192,781)                          | (171,556)                            |
| Dividend received   |      | 1,143,228                            | 1,138,303                            |
| Finance cost paid   |      | (188,354)                            | (224,300)                            |
| Taxes paid  |      | (339,681)                            | (221,480)                            |
| Interest income received  |      | 300,275                              | 75,353                               |
| Unclaimed dividend paid   |      | (588)                                | (16)                                 |
| <b>Net cash generated from / (used in) operating activities</b>                 |      | 243,180                              | (385,720)                            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                     |      |                                      |                                      |
| Capital expenditure incurred  |      | (28,233)                             | (5,962)                              |
| Proceeds from sale of property and equipment                                    |      | 2,038                                | 1,012                                |
| <b>Net cash used in investing activities</b>                                    |      | (26,195)                             | (4,950)                              |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                     |      |                                      |                                      |
| Proceeds from issuance of preference right shares - net of transaction cost     |      | -                                    | 1,814,554                            |
| Preference dividend paid  |      | (51,565)                             | -                                    |
| Redemption of term finance certificates   |      | (800,000)                            | (450,000)                            |
| Long term loan repaid to bank   |      | (312,500)                            | (312,500)                            |
| Payment against lease liability   |      | (22,914)                             | (29,558)                             |
| <b>Net cash (used in) / generated from financing activities</b>                 |      | (1,186,979)                          | 1,022,496                            |
| <b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>                   |      | (969,994)                            | 631,826                              |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>                   |      | 1,107,601                            | 475,775                              |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                         | 30   | 137,607                              | 1,107,601                            |

The annexed notes 1 to 38 form an integral part of these unconsolidated financial statements.



**Shahid Hussain Jatoi**  
Director



**Asad Nasir**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 1. THE COMPANY AND ITS OPERATIONS

Jahangir Siddiqui & Co. Ltd. (the Company) was incorporated under the repealed Companies Ordinance, 1984 (the Ordinance), now Companies Act 2017, on May 04, 1991 as a public unquoted company. The Company is presently listed on Pakistan Stock Exchange Limited. The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The principal activities of the Company are managing strategic investments, trading of securities, consultancy services, etc.

## 2. BASIS OF PREPERATION

### 2.1 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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017, differ from requirements of IFRS Standards, the provisions of and directives issued under the Companies Act, 2017, have been followed.

These financial statements are unconsolidated financial statements of the Company in which investments in subsidiaries are stated at cost less impairment, if any, and investment in associate is stated at fair value through other comprehensive income. Therefore, they have not been accounted for on the basis of reported results and net assets of the investees in these unconsolidated financial statements. The consolidated financial statements of the Company and its subsidiaries have been prepared separately.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and at fair value through other comprehensive income which are stated at fair value.

### 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the functional and presentation currency of the Company and rounded off to nearest rupees in thousands.

### 2.4 Significant accounting estimates and judgements

The preparation of financial statements are in conformity with the accounting and reporting standards as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

management to exercise its judgement in the process of applying the Company's accounting policies. Estimates 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 Company's accounting policies, management has made the following estimates and judgements which are significant to these financial statements:

- (a) determining the residual values and useful lives of property and equipment (notes 3.1 and 4);
- (b) classification of investments (notes 3.4, 6 and 11);
- (c) determining the fair values of unquoted investments carried at fair value through other comprehensive income (note 35);
- (d) lease liability related to Right-of-use asset (note 3.11, 4.2 and 16);
- (e) recognition of taxation and deferred tax (notes 3.7, 17 and 28); and
- (f) impairment of financial assets (notes 3.4.4, 3.20 and 6.1.1).

### 2.5 New / Revised Standards, Interpretations and Amendments

There are certain interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and, therefore, are not detailed in these unconsolidated financial statements.

#### 2.5.1 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017, and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2023:

**Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 in January 2020)** apply retrospectively for the annual periods beginning on or after January 01, 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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**Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022)** aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after January 01, 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

**Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)** – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

**Definition of Accounting Estimates (Amendments to IAS 8)** introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)** narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

**Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022)** adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)** amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computations adopted and applied in the preparation of these unconsolidated financial statements are set out below. These have been consistently applied to all the periods presented.

#### 3.1 Property and equipment

These are stated at costs less accumulated depreciation and accumulated impairment, if any. Cost comprises of acquisition and other directly attributable costs. Depreciation is charged to the statement of profit or loss by applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 4 to the financial statements. Depreciation is charged from the month in which asset is put to use up to the month immediately preceding the disposal.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of fixed asset is derecognized upon disposal or when no future economic benefits, associated with the assets, are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. The carrying amount of the asset replaced is derecognized.

### 3.2 Investment property

Investment properties are properties held to earn rentals and / or for capital appreciation (including property under construction for such purposes).

These are stated at cost including transaction costs less accumulated depreciation and accumulated impairment, if any. Depreciation is charged to statement of profit or loss by applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. Depreciation is charged from the month in which asset is put to use and on disposals up to the month immediately preceding the disposal.

Investment properties are derecognized when either they are disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to / from investment property when, and only when, there is change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party.

### 3.3 Investments in subsidiaries, associates and joint ventures

A subsidiary is an entity over which the Company has control. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

In addition, control is also established when the Company directly or indirectly holds more than fifty percent of the voting securities or otherwise has power to elect more than fifty percent of the directors of the investee.

A joint venture is a contractual arrangement where the Company has joint control over the economic activities undertaken with the other ventures.

Associates are entities in which the Company has significant influence and which are neither a subsidiary nor a joint venture. The Company determines the significant influence by reference to its extent of voting interest in the investee company and other relevant factors which indicate the Company's ability to participate in the financial and operating policy decisions of the investee company.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

Investments in subsidiaries and joint ventures, other than those classified as held for sale, are accounted for under the cost method in these separate financial statements. In accordance with the requirements of IAS 27 'Separate Financial Statements', such investments are carried in the statement of financial position at cost less any impairment in value. Impairment is charged to the statement of profit or loss.

Investment in associate, other than those classified as held for sale, is carried at fair value through other comprehensive income.

The Company reassesses, at each date of statement of financial position, whether or not it has control, significant influence or joint control over the investee.

Investments in subsidiaries, associates and joint ventures classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

### 3.4 IFRS 9 Financial Instruments

#### 3.4.1 Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees / counter parties and due to counterparties, are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Bank balances and loans and advances to employees / counterparties are recognized when funds are transferred to the banks / employees / counterparties. The Company recognizes due to counterparties when funds reach the Company.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

#### 3.4.2 Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be at Fair Value through Profit or Loss if:

- (i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
- (ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking, or
- (iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).





# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets.
- The contractual cash flow characteristics of the financial asset.

## Financial assets measured at fair value through other comprehensive income (FVOCI)

### a) Debt instruments at FVOCI

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in the statement of profit or loss. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to the statement of profit or loss. Debt instruments are subject to impairment under Expected Credit Loss (ECL) model. The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the statement of profit or loss. The accumulated loss recognised in OCI is recycled to the statement of profit or loss upon de-recognition of the assets.

### b) Equity instruments at FVOCI

Upon initial recognition, the Company elects to classify irrevocably its equity investments as equity instruments at FVOCI when they meet the definition of Equity under "IAS 32 Financial Instruments: Presentation" and are not held for trading. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument by instrument basis.

Gains and losses on these equity instruments are never recycled to statement of profit or loss. Dividends are recognised in the statement of profit or loss as return on investments when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

## Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### Financial assets measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding, or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell, or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.

### Financial liabilities

#### Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss, if any.

#### 3.4.3 De-recognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

#### 3.4.4 Impairment of financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Based on the management assessment, no ECL was required since the Company's financial assets at amortized cost are held with counterparty with low credit risk. Further, ECL calculated on trade debts was not required as the amount assessed was immaterial to the unconsolidated financial statement.

### 3.4.5 Offsetting of financial assets and financial liabilities

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 3.5 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### 3.6 Provisions

Provisions are recognised when the Company has a present 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 a reliable estimate of the obligation can be made.

### 3.7 Taxation

#### Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. The tax charge as calculated above is compared with alternate corporate tax under Section 113C of the Income Tax Ordinance, 2001, and whichever is higher is provided in the financial statements.

#### Deferred

Deferred tax is calculated using the balance sheet liability method on all temporary differences at the date of statement of financial position, 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 recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of all deferred tax assets is reviewed at each date of statement of financial position 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 utilised.

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

### 3.8 Revenue recognition

- (a) Income from Term Finance Certificates (TFCs), government securities, reverse repurchase transactions and loans and advances are recognised at rate of return implicit in the instrument / arrangement on a time proportion basis.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- (b) Profit on bank deposits and rental income is recognised at effective yield on time proportionate basis.
- (c) Dividend income on equity investments is recognised when the right to receive the same is established.
- (d) Capital gains or losses on sale of investments are recognised in the period in which they arise.

## 3.9 Long term finances and loans

All long term finances and loans are initially recognized at cost (net of transaction costs) being the fair value of consideration received together with the associated transaction costs. Subsequently, these are carried at amortized cost using effective interest rate method.

Transaction costs relating to long term finance are being amortised over the period of agreement using the effective interest rate method.

## 3.10 Purchase / Sold under resale / repurchase agreement

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repo) are not recognised in the statement of financial position. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as interest / mark-up income from reverse repurchase transactions in marketable securities and accrued on a time proportion basis over the life of the reverse repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognised in the statement of financial position and are measured in accordance with accounting policies for investments. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as finance cost and accrued over the life of the repo agreement.

## 3.11 IFRS 16 Leases

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

- **Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

incentives received. Unless the Company is reasonably certain to obtain ownership of the leased assets at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

- **Short-term leases and leases of low-value assets**

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

- **Significant judgement in determining the lease term of contracts with renewal options**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under its lease agreement to lease the asset for additional terms of more than one year. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for lease of head office due to the significance of this asset to its operations. This lease has a short non-cancellable period (i.e., eleven months) and there will be a significant negative effect on operations if a replacement is not readily available.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 3.12 Trade debts and other receivables

Trade and other receivables are carried at cost, which is the fair value of the consideration to be received, less provision for doubtful debts. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

### 3.13 Trade date accounting

All “regular way” purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. 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.

### 3.14 Derivative financial instruments

Derivative instruments held by the Company generally comprises of future contracts in the capital markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivative is equivalent to the unrealized gain or loss from mark to market of the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other assets and derivatives with negative market values (unrealized losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are recognized in the statement of profit or loss. Derivative financial instrument contracts entered into by the Company do not meet the hedging criteria as defined by IFRS 9. Consequently hedge accounting is not being applied by the Company.

The fair value of unquoted derivatives, if any, is determined by discounting cash flows using appropriate interest rates applicable to the underlying asset.

### 3.15 Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid.

### 3.16 Class-A ‘Preference Shares’ (Listed, Convertible, Redeemable, Non-Participatory, Non-Voting And Cumulative) (“Preference Shares”)

The component parts of Preference Shares issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument under the applicable accounting standards.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This liability component is subsequently recognized on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument’s maturity date.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

The remainder of the proceeds is allocated to the equity component and recognised in shareholders' equity, net of transaction cost, and not subsequently remeasured.

The equity component that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own ordinary shares is an equity instrument. The equity component is determined by deducting the amount of the liability component from the total proceeds of the Preference Shares as a whole.

In addition, the equity component classified as equity will remain in equity until the conversion option is exercised by the Company, in which case, the balance recognised in equity will be transferred to Ordinary Shares. No gain or loss is recognised in profit or loss upon conversion.

Transaction costs that relate to the issue of the Preference Shares are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the period of the Preference Shares using the effective interest method.

### 3.17 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand, term deposits, bank balances, treasury bills having maturity of three months or less, net of bank overdrafts repayable on demand, if any.

### 3.18 Staff retirement benefits

#### Defined contribution plan

The Company operates an approved funded contributory provident fund scheme for all its employees eligible to the scheme. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 10% of basic pay.

#### Compensated absences

Accrual is made for employees compensated absences on the basis of accumulated leaves and the last drawn pay.

### 3.19 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the date of statement of financial position. Gains and losses on translation are taken to the statement of profit or loss. Non-monetary assets and





## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

### 3.20 Impairment of Non-financial assets and investments in subsidiaries and associates

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate valuation method is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

### 3.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

### 3.22 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|                                  | Note | 2022<br>(Rupees in '000) | 2021           |
|----------------------------------|------|--------------------------|----------------|
| <b>4. PROPERTY AND EQUIPMENT</b> |      |                          |                |
| Operating assets - Owned         | 4.1  | 98,487                   | 94,300         |
| Right-of-use asset               | 4.2  | 87,786                   | 111,549        |
|                                  |      | <b>186,273</b>           | <b>205,849</b> |

### 4.1 Operating assets - Owned

|                               | COST                         |  |                               | Rate<br>% | ACCUMULATED DEPRECIATION     |   |                               | WRITTEN<br>DOWN VALUE         |
|-------------------------------|------------------------------|--|-------------------------------|-----------|------------------------------|---|-------------------------------|-------------------------------|
|                               | As at<br>January 01,<br>2022 | Additions /<br>(disposals)<br>(Rupees in '000) | As at<br>December 31,<br>2022 |           | As at<br>January 01,<br>2022 | For the<br>year /<br>(on disposals)<br>(Rupees in '000) | As at<br>December 31,<br>2022 | As at<br>December 31,<br>2022 |
| Leasehold improvements        | 89,591                       | -  | 89,591                        | 10        | 24,497                       | 8,959   | 33,456                        | 56,135                        |
| Office equipment              | 13,239                       | 2,801<br>(919)                                 | 15,121                        | 25        | 8,597                        | 3,064<br>(919)  | 10,742                        | 4,379                         |
| Office furniture and fixtures | 14,281                       | -  | 14,281                        | 10        | 6,256                        | 1,101   | 7,357                         | 6,924                         |
| Motor vehicles                | 25,950                       | 21,023<br>(4,291)                              | 42,682                        | 20        | 9,411                        | 6,312<br>(4,090)  | 11,633                        | 31,049                        |
|                               | <b>143,061</b>               | <b>23,824<br/>(5,210)</b>                      | <b>161,675</b>                |           | <b>48,761</b>                | <b>19,436<br/>(5,009)</b>                               | <b>63,188</b>                 | <b>98,487</b>                 |

|                               | COST                         |  |                               | Rate<br>% | ACCUMULATED DEPRECIATION     |   |                               | WRITTEN<br>DOWN VALUE         |
|-------------------------------|------------------------------|--|-------------------------------|-----------|------------------------------|---|-------------------------------|-------------------------------|
|                               | As at<br>January 01,<br>2021 | Additions /<br>(disposals)<br>(Rupees in '000) | As at<br>December 31,<br>2021 |           | As at<br>January 01,<br>2021 | For the<br>year /<br>(on disposals)<br>(Rupees in '000) | As at<br>December 31,<br>2021 | As at<br>December 31,<br>2021 |
| Leasehold improvements        | 88,786                       | 805  | 89,591                        | 10        | 15,537                       | 8,960   | 24,497                        | 65,094                        |
| Office equipment              | 11,671                       | 1,568  | 13,239                        | 25        | 6,078                        | 2,519   | 8,597                         | 4,642                         |
| Office furniture and fixtures | 14,281                       | -  | 14,281                        | 10        | 5,156                        | 1,100   | 6,256                         | 8,025                         |
| Motor vehicles                | 23,467                       | 4,305<br>(1,822)                               | 25,950                        | 20        | 7,043                        | 4,190<br>(1,822)  | 9,411                         | 16,539                        |
|                               | <b>138,205</b>               | <b>6,678<br/>(1,822)</b>                       | <b>143,061</b>                |           | <b>33,814</b>                | <b>16,769<br/>(1,822)</b>                               | <b>48,761</b>                 | <b>94,300</b>                 |

4.1.1 Aggregate written down value of fixed assets disposed off during the year does not exceed Rs. 5 million.

|   | 2022<br>(Rupees in '000) | 2021           |
|---|--------------------------|----------------|
| <b>4.2 Right-of-use assets</b>            |                          |                |
| As at January 01                          | 111,549                  | 130,132        |
| Depreciation expense                      | (17,548)                 | (18,583)       |
| Adjustment relating to lease modification | (6,215)                  | -              |
| <b>As at December 31</b>                  | <b>87,786</b>            | <b>111,549</b> |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 5. INVESTMENT PROPERTY

|                 | COST                   |  |                         | Rate | ACCUMULATED DEPRECIATION |              |                         | WRITTEN    |
|-----------------|------------------------|--|-------------------------|------|--------------------------|--------------|-------------------------|------------|
|                 | As at January 01, 2022 | Additions / (disposals) (Rupees in '000) | As at December 31, 2022 |      | As at January 01, 2022   | For the year | As at December 31, 2022 | DOWN VALUE |
| Office premises | 14,999                 | -  | 14,999                  | 5    | 13,699                   | 120          | 13,819                  | 1,180      |

|                 | COST                   |  |                         | Rate | ACCUMULATED DEPRECIATION |              |                         | WRITTEN    |
|-----------------|------------------------|--|-------------------------|------|--------------------------|--------------|-------------------------|------------|
|                 | As at January 01, 2021 | Additions / (disposals) (Rupees in '000) | As at December 31, 2021 |      | As at January 01, 2021   | For the year | As at December 31, 2021 | DOWN VALUE |
| Office premises | 14,999                 | -  | 14,999                  | 5    | 13,579                   | 120          | 13,699                  | 1,300      |

**5.1** The fair value of the investment property aggregating to Rs.139.00 million was arrived at on the basis of the valuation carried out by K. G. Traders (Pvt.) Ltd., an independent valuer on January 10, 2023, but was not incorporated in the books of accounts as the Company applies cost model for accounting for investment property. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

**5.2** The details of investment property are as follows:

| Description        | Address and location  | Total Area in Sq. Ft |
|--------------------|---|----------------------|
| Islamabad building | Office No. 413, 4th Floor, Islamabad Stock Exchange Tower, 55-B, Jinnah Avenue, Islamabad | 1,331                |
| Lahore building    | 2nd Floor, Associated House, 7-Egerton Road, Lahore                                       | 7,466                |

| 6. LONG TERM INVESTMENTS                               | Note | 2022             | 2021       |
|--|------|------------------|------------|
|  |      | (Rupees in '000) |            |
| <b>Investments in related parties</b>                  |      |                  |            |
| Subsidiaries - at cost                                 | 6.1  | 11,562,040       | 11,560,429 |
| Associate - 'at fair value through OCI'                | 6.2  | 3,148,742        | 3,019,116  |
| Other related parties - 'at fair value through OCI'    | 6.3  | 8,042,285        | 8,678,647  |
|  |      | 22,753,067       | 23,258,192 |
| <b>Other investments - 'at fair value through OCI'</b> | 6.4  | 2,382,301        | 2,695,811  |
|  |      | 25,135,368       | 25,954,003 |

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 6.1 Subsidiaries - at cost

These shares are Ordinary shares of Rs.10/- each, unless stated otherwise.

| Number of shares |             | Note  | Activity                          | Holding |        | 2022                        | 2021       |
|------------------|-------------|---|-----------------------------------|---------|--------|-----------------------------|------------|
| 2022             | 2021        |   |                                   | 2022    | 2021   |                             |            |
|                  |             |   |                                   | %       | %      | ------(Rupees in '000)----- |            |
| <u>Quoted</u>    |             |   |                                   |         |        |                             |            |
| 973,307,324 *    | 973,307,324 | 6.1.1   | Commercial Banking                | 75.02   | 75.02  | 6,127,149                   | 6,127,149  |
|                  |             | JS Bank Limited   |                                   |         |        |                             |            |
|                  |             | Market value Rs. 4,564.81<br>(December 31, 2021: Rs. 4,691.34) million  |                                   |         |        |                             |            |
| <u>Un-quoted</u> |             |   |                                   |         |        |                             |            |
| 370,000,000      | 370,000,000 |   | Energy Petroleum & Infrastructure | 100.00  | 100.00 | 3,700,000                   | 3,700,000  |
|                  |             | Energy Infrastructure Holding (Private) Limited   |                                   |         |        |                             |            |
|                  |             | Net assets value Rs. 3,811.40<br>(December 31, 2021: Rs. 4,006.86) million based on audited financial statements for the year ended December 31, 2022   |                                   |         |        |                             |            |
| 173,736,297      | 173,736,297 |   | Telecom Media & Technology        | 100.00  | 100.00 | 1,708,490                   | 1,708,490  |
|                  |             | JS Infocom Limited  |                                   |         |        |                             |            |
|                  |             | Net assets value Rs. 2,581.03<br>(December 31, 2021: Rs. 2,497.57) million based on audited financial statements for the year ended December 31, 2022   |                                   |         |        |                             |            |
| 10,000           | 10,000      |   | Investment services               | 100.00  | 100.00 | 294,882                     | 294,882    |
|                  |             | JS International Limited  |                                   |         |        |                             |            |
|                  |             | Ordinary Shares of US\$ 1/- each having negative equity balance of Rs. 2.60<br>(September 30, 2021: Rs. (1.98)) million based on audited financial statements for the year ended September 30, 2022<br>Less: Impairment |                                   |         |        | (294,882)                   | (294,882)  |
|                  |             |   |                                   |         |        | -                           | -          |
| 3,000,000        | 3,000,000   | 6.1.2   | Renewable Energy                  | 100.00  | 100.00 | 30,000                      | 30,000     |
|                  |             | Quality Energy Solutions (Private) Limited  |                                   |         |        |                             |            |
|                  |             | Net assets value Rs. 26.40<br>(December 31, 2021: Rs. 24.79) million based on audited financial statements for the year ended December 31, 2022<br>Less: Impairment   |                                   |         |        | (3,599)                     | (5,210)    |
|                  |             |   |                                   |         |        | 26,401                      | 24,790     |
|                  |             |   |                                   |         |        | 11,562,040                  | 11,560,429 |

\* These are sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

**6.1.1** The company has used the price to book value method for valuation of JS Bank limited as at December 31, 2022. As per valuation, the recoverable amount is higher than the cost, hence no impairment is recorded.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**6.1.2** The net assets of Quality Energy Solutions (Private) Limited mainly comprise of bank deposits and debt securities. Due to interest income on bank deposits and debt securities, net assets increased at the reporting date. Therefore, reversal in provision of impairment of Rs. 1.61 million is recognized during the year.

| <b>6.1.2.1 Reversal of provision for impairment</b> | <b>2022</b>                  | <b>2021</b>    |
|---|------------------------------|----------------|
|   | ----- (Rupees in '000) ----- |                |
| Opening balance                                     | 300,092                      | 300,429        |
| Reversal for the year                               | (1,611)                      | (337)          |
| Closing balance                                     | <u>298,481</u>               | <u>300,092</u> |

## **6.2 Associate - 'at fair value through OCI'**

These shares are ordinary shares of Rs.10 each, unless stated otherwise.

| <u>Number of shares</u> |             |                               | <b>2022</b>                  | <b>2021</b>      |
|-------------------------|-------------|-------------------------------|------------------------------|------------------|
| 2022                    | 2021        |                               | ----- (Rupees in '000) ----- |                  |
|                         |             | <b>Quoted - at fair value</b> |                              |                  |
| 235,684,306*            | 235,684,306 | Bank Islami Pakistan Limited  | <u>3,148,742</u>             | <u>3,019,116</u> |

\* These represents sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

## **6.3 Other related parties**

### **At fair value through OCI**

These shares are Ordinary shares of Rs.10 each, unless stated otherwise.

| <u>Number of shares</u> |            | Activity                         | <u>Holding</u> |       | <b>2022</b>                  | <b>2021</b>      |
|-------------------------|------------|----------------------------------|----------------|-------|------------------------------|------------------|
| 2022                    | 2021       |                                  | 2022           | 2021  | ----- (Rupees in '000) ----- |                  |
|                         |            |                                  | %              | %     |                              |                  |
|                         |            | <b>Quoted - at fair value</b>    |                |       |                              |                  |
| 20,047,708              | 20,047,708 | EFU Life Assurance Limited       | 20.05          | 20.05 | 4,116,195                    | 4,223,451        |
| 42,191,152              | 42,191,152 | EFU General Insurance Limited    | 21.10          | 21.10 | 3,902,682                    | 4,430,071        |
|                         |            | <b>Un-quoted - at fair value</b> |                |       |                              |                  |
| 750,000                 | 750,000    | EFU Services (Private) Limited   | 16.67          | 37.50 | 23,408                       | 25,125           |
|                         |            |                                  |                |       | <u>8,042,285</u>             | <u>8,678,647</u> |

**6.3.1** The Company holds more than 20% shareholding in these entities, however, the Company believes that no 'significant influence' of the Company exists over these entities, and there is no representation of the Company on the respective boards of these entities. Hence, these entities are not accounted for as 'associates' under IAS 28 'Investment in Associates and Joint Ventures'. Appeal proceedings are currently

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

pending with the Appellate Bench of the SECP, over an Order dated November 06, 2020 of the SECP, regarding the interpretation of 'significant influence' under IAS 28, in the context of the Company's above referred investments. In view of the pending status of the appeal, the SECP vide its letter dated February 23, 2021, has allowed the Company to continue the existing accounting policy of keeping such investments at 'fair value through other comprehensive income' till the decision of the appeal.

During the year, the Company renounced to subscribe right shares issued by EFU Services (Private) Limited, resultantly shareholding percentage is reduced to 16.67% from 37.50%.

**6.3.2** Included herein are equity securities having average cost of Rs. 608.70 (2021: Rs. 863.28) million and having market value of Rs. 1,746.07 (2021: Rs. 2,756.43) million pledged with trustee of Term Finance Certificates issued by the Company and with a Bank against Term Loans obtained by the Company.

| 6.4                                     | Other investments                   | Note  | 2022             | 2021             |
|---|-------------------------------------|-------|------------------|------------------|
|   |                                     |       | (Rupees in '000) |                  |
| <b>Assets at fair value through OCI</b> |                                     |       |                  |                  |
|   | Listed equity securities            | 6.4.1 | 1,932,301        | 2,695,811        |
| <b>Assets at amortized cost</b>         |                                     |       |                  |                  |
|   | Pakistan Intermodal Limited - PPTFC | 8.1   | 450,000          | -                |
|   |                                     |       | <b>2,382,301</b> | <b>2,695,811</b> |

### 6.4.1 At fair value through OCI

These shares are ordinary shares of Rs.10/- each, unless stated otherwise.

| Number of shares                 |             |   | 2022             | 2021             |
|----------------------------------|-------------|---|------------------|------------------|
| 2022                             | 2021        |   | (Rupees in '000) |                  |
| <b>Quoted - at fair value</b>    |             |   |                  |                  |
| 121,158,363                      | 120,657,363 | Azgard Nine Limited                                   | 878,398          | 1,579,405        |
| 2,344,450                        | 2,104,850   | Sitara Chemical Industries Limited                    | 486,872          | 648,462          |
| 3,601,800                        | 3,001,500   | Hum Network Limited<br>(Ordinary Shares of Re.1 each) | 21,035           | 19,390           |
| <b>Un-quoted - at fair value</b> |             |   |                  |                  |
| 2,399,454                        | 2,399,454   | Security General Insurance Company Limited            | 545,996          | 448,554          |
|                                  |             |   | <b>1,932,301</b> | <b>2,695,811</b> |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 7. LONG TERM LOANS AND ADVANCES  | Note  | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|--|-------|--------------------------------------|--------------------------------------|
| <b>Loans - secured and considered good</b>                             |       |                                      |                                      |
| <b>Due from:</b>   |       |                                      |                                      |
| Executives   | 7.1   | 14,272                               | 56,142                               |
| Other employees  |       | 2,719                                | 3,078                                |
| Less: Current maturity of long term loans                              |       | (1,192)                              | (2,919)                              |
|  | 7.1.1 | 15,799                               | 56,301                               |
| <b>7.1 Reconciliation of the carrying amount of loan to executives</b> |       |                                      |                                      |
| Opening balance  |       | 56,142                               | -                                    |
| Disbursements  |       | 276                                  | 53,000                               |
| Adjustment   |       | -                                    | 3,996                                |
| Repayments   |       | (42,146)                             | (854)                                |
|  |       | 14,272                               | 56,142                               |

7.1.1 This includes following various loans due from respective related parties:

| Name of Related Parties | Nature of Relationship   | Maturity date          | Interest rate    | Purpose of loan            | Particulars of security held                            | Current maturity | Maximum amount due at end of any month<br>(Rupees in '000) | 2022   | 2021   |
|-------------------------|--------------------------|------------------------|------------------|----------------------------|---|------------------|--|--------|--------|
| Syed Ali Hasham         | Key management personnel | 3/Jan/36               | As per HR policy | House Loan                 | Mortgage over Residential Property                      | 284              | 12,469   | 10,511 | 12,500 |
| Mr. Zahid Ullah Khan    | Key management personnel | -                      | As per HR policy | House Loan                 | Mortgage over Residential Property                      | -                | 39,783   | -      | 39,892 |
| Mr. Muhammad Babar Din  | Key management personnel | 26/Feb/34<br>26/Jan/25 | As per HR policy | House Loan / Personal Loan | Mortgage over Residential Property / Post Dated Cheques | 219              | 3,888  | 3,258  | 3,750  |
|                         |                          |                        |                  |                            |   | 503              |  | 13,769 | 56,142 |

| 8. SHORT TERM LOANS AND ADVANCES    | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|-------------------------------------|------|--------------------------------------|--------------------------------------|
| Current maturity of long term loans | 7    | 1,192                                | 2,919                                |
| Advances to employees - unsecured   |      | 237                                  | 300                                  |
| Advances to vendor                  |      | 25                                   | -                                    |
| Advance for investment              | 8.1  | -                                    | 450,000                              |
|                                     |      | 1,454                                | 453,219                              |

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**8.1** This represented advance given to Pakistan Intermodal Limited (PIL) carrying mark-up of 11.37% (2021: 9.32%) per annum. This advance was converted into Privately Placed Term Finance Certificates (PPTFCs) issued by PIL in the name of the Company on February 14, 2022, having maturity on February 14, 2025, and coupon rate of 3 months KIBOR plus 1% and payable quarterly.

| <b>9. SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES</b> | <b>Note</b> | <b>2022</b><br>----- (Rupees in '000) ----- | <b>2021</b><br>----- (Rupees in '000) ----- |
|--|-------------|---|---|
| Prepayments  |             | 22,178                                      | 14,687                                      |
| Receivable against sale of shares                      |             | 145,761                                     | 665,292                                     |
| Other receivables                                      |             | 8,614                                       | 14,256                                      |
|  | 9.1         | 176,553                                     | 694,235                                     |

**9.1** This includes receivable from various related parties amounting to Rs. 148.10 (2021: Rs. 230.52) million.

| <b>10. INTEREST ACCRUED</b> | <b>Note</b> | <b>2022</b><br>----- (Rupees in '000) ----- | <b>2021</b><br>----- (Rupees in '000) ----- |
|-----------------------------|-------------|---|---|
| <b>Interest accrued on:</b> |             |   |   |
| Bank deposits               | 10.1        | 1,890                                       | 8,600                                       |
| Advance against investment  | 8.1         | -   | 6,664                                       |
| Term finance certificates   | 6.4         | 9,493                                       | 957   |
|                             |             | 11,383                                      | 16,221                                      |

**10.1** This includes interest receivable from JS Bank Limited (a Subsidiary Bank) amounting to Rs. 1.89 (2021: Rs. 8.58) million.

| <b>11. OTHER FINANCIAL ASSETS - SHORT TERM INVESTMENTS</b> | <b>Note</b> | <b>2022</b><br>----- (Rupees in '000) ----- | <b>2021</b><br>----- (Rupees in '000) ----- |
|--|-------------|---|---|
| <b>Assets at fair value through OCI</b>                    |             |   |   |
| Listed equity securities                                   |             | 597,093                                     | 641,278                                     |
| Listed equity securities - Associated undertaking          |             | 2,921,871                                   | 5,609,218                                   |
|  | 11.1        | 3,518,964                                   | 6,250,496                                   |
| <b>Assets at fair value through profit or loss</b>         |             |   |   |
| Listed equity securities                                   |             | 495,713                                     | 626,108                                     |
| Units of mutual fund - Open ended                          |             | 2,792,221                                   | -   |
| Term finance certificates                                  | 11.2        | -   | 51,553                                      |
|  |             | 3,287,934                                   | 677,661                                     |
| <b>Asset at amortized cost</b>                             |             |   |   |
| Government security- Market treasury bill                  |             | -   | 195,442                                     |
|  | 11.3        | 6,806,898                                   | 7,123,599                                   |



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 11.1 | Equity investments at fair value through OCI comprises of the following: | Note   | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|------|--|--------|--------------------------------------|--------------------------------------|
|      | TRG Pakistan Limited   | 11.1.1 | 2,921,871                            | 5,609,218                            |
|      | Ghani Glass Limited  |        | 311,414                              | 341,365                              |
|      | Engro Corporation Limited  |        | 88,304                               | 91,812                               |
|      | MCB Bank Limited   |        | 80,034                               | 78,515                               |
|      | Engro Fertilizers Limited  |        | 76,890                               | 67,388                               |
|      | Pakistan Oilfields Limited   |        | 19,643                               | -                                    |
|      | Security Paper Ltd.  |        | 7,830                                | 10,035                               |
|      | Abbot Laboratories (Pakistan) Limited                                    |        | 6,950                                | -                                    |
|      | Bank Al-Falah Limited  |        | 6,028                                | 6,920                                |
|      | Ghani Global Holdings Limited  |        | -                                    | 45,243                               |
|      |  | 11.1.2 | <u>3,518,964</u>                     | <u>6,250,496</u>                     |

**11.1.1** The Company holds 4.94% of shareholding in TRG Pakistan Limited (TRG) as at December 31, 2022 (December 31, 2021: 8.72%). During the year the Company and TRG has filed cross litigations against each other on various grounds. The management and its legal advisor are of the opinion that these cases will have no financial implications on the Company.

**11.1.2** The Company has disposed of various investments carried at fair value through OCI having fair value amounting to Rs. 2,685.24 (2021: Rs. 1,486.66) million and has recorded net realized gain / (loss) on these investments amounting to Rs. 1,403.24 (2021: Rs. (316.48)) million in these unconsolidated financial statements in order to meet its working capital requirements.

**11.2** Open end mutual fund units of Funds managed by sub-sub-sidiary are as following:

|                             | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|-----------------------------|--------------------------------------|--------------------------------------|
| JS Cash Fund                | 2,591,793                            | -                                    |
| JS Microfinance Sector Fund | 200,428                              | -                                    |
|                             | <u>2,792,221</u>                     | <u>-</u>                             |

**11.3** Included herein are equity securities having average cost of Rs. 148.09 (2021: Rs. 564.72) million and having market value of Rs. 129.62 (2021: Rs. 913.40) million pledged with a Bank against Term Loans and Running finance facility obtained by the Company.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 12. CASH AND BANK BALANCES | Note | 2022<br>----- (Rupees in '000) ----- | 2021           |
|----------------------------|------|--------------------------------------|----------------|
| <b>Cash in hand</b>        |      | 60                                   | 60             |
| <b>Cash at bank in:</b>    |      |                                      |                |
| Current accounts           | 12.1 | 408                                  | 408            |
| Savings accounts           | 12.2 | 137,139                              | 911,691        |
|                            |      | <u>137,607</u>                       | <u>912,159</u> |

**12.1** Included herein is a sum of Rs.0.02 (2021: Rs.0.02) million representing amount placed with JS Bank Limited, a Subsidiary Bank.

**12.2** These carry mark-up ranging between 4.30% to 15.55% (2021: 3.65% to 8.65%) per annum. Included herein is a sum of Rs. 128.96 (2021: Rs. 905.08) million representing amount placed with JS Bank Limited, a subsidiary bank.

### 13. SHARE CAPITAL

#### 13.1 Authorised capital

| 2022<br>----- (Number of shares) ----- | 2021                 |                                  | 2022<br>----- (Rupees in '000) ----- | 2021              |
|--|----------------------|----------------------------------|--------------------------------------|-------------------|
| 6,000,000,000                          | 6,000,000,000        | Ordinary shares of Rs. 10 each   | 60,000,000                           | 60,000,000        |
| 500,000,000                            | 500,000,000          | Preference shares of Rs. 10 each | 5,000,000                            | 5,000,000         |
| <u>6,500,000,000</u>                   | <u>6,500,000,000</u> |                                  | <u>65,000,000</u>                    | <u>65,000,000</u> |

#### 13.2 Issued, subscribed and paid-up capital

| 2022<br>----- (Number of shares) ----- | 2021               |                                  | 2022<br>----- (Rupees in '000) ----- | 2021             |
|--|--------------------|----------------------------------|--------------------------------------|------------------|
| 205,072,990                            | 205,072,990        | Ordinary shares of Rs.10 each    | 2,050,730                            | 2,050,730        |
| 710,869,398                            | 710,869,398        | Fully paid ordinary bonus shares | 7,108,694                            | 7,108,694        |
| <u>915,942,388</u>                     | <u>915,942,388</u> |                                  | <u>9,159,424</u>                     | <u>9,159,424</u> |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**13.2.1** There is only one class of ordinary shares issued fully paid in cash.

**13.2.2** Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

## 14. PREFERENCE SHARES

This represents the equity component of 183,188,477 listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares ("Preference Shares") of Rs.10/- each issued by the Company during the year 2021.

These Preference Shares carry entitlement to a fixed cumulative preferential cash dividend out of the normal profits of the Company @ 6% (six per cent) per annum, in priority over dividends declared by the Company on Ordinary Shares. No compensation shall be available to the Preferred Shareholders other than the agreed return i.e. 6% per annum.

These Preference Shares shall be redeemable or convertible into Ordinary Shares in the ratio of 80:100 only at the option of the Company on June 30 or December 31 of any calendar year prior to December 31, 2027. All outstanding Preference Shares not redeemed by December 31, 2027 shall be converted into ordinary shares.

| 15. LONG TERM FINANCING - SECURED                          | Note | 2022<br>———— (Rupees in '000) ———— | 2021<br>———— (Rupees in '000) ———— |
|--|------|------------------------------------|------------------------------------|
| <b>Term Finance Certificates (TFCs)</b>                    |      |                                    |                                    |
| Tenth issue - Privately Placed                             | 15.1 | 374,564                            | 673,249                            |
| Eleventh issue - listed on Pakistan Stock Exchange Limited | 15.2 | 499,319                            | 996,981                            |
|  |      | <b>873,883</b>                     | 1,670,230                          |
| <b>Term Loan</b>   |      |                                    |                                    |
| Term Loan 3  | 15.3 | -                                  | 312,267                            |
|  |      | <b>873,883</b>                     | 1,982,497                          |
| Less: Current portion shown under current liabilities      |      | <b>(873,883)</b>                   | (796,482)                          |
|  |      | <b>-</b>                           | 1,186,015                          |

**15.1** In 2020, in accordance with the relief granted by SECP vide Circular No. 11 of 2020 dated April 09, 2020, and on request of the Company, the TFC holders had approved the deferment of principal repayment by 2/3 majority as per the requirements of Trust Deed & Debt Securities Trustees Regulations (DST Regulations), 2017. Accordingly, 80% of principal installments falling due on January 18, 2021 and July 18, 2021 had been deferred for a period of one year i.e. January 18, 2022 and July 18, 2022, respectively. The mark-up on these TFCs is payable semi-annually, based on the six months KIBOR average rate plus 140 basis points per annum. The revised tenure of these TFCs is six years i.e. 2017-2023 after approval of deferment including a grace period of twelve (12) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. These TFCs are secured against lien over a designated account with the Central Depository Company

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

of Pakistan Limited. The account contains marketable securities having market value of Rs. 688.14 (2021: Rs. 1,125.91) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of marketable securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

- 15.2** In 2020, in accordance with the relief granted by SECP vide Circular No. 11 of 2020 dated April 09, 2020, and on request of the Company, the TFC holders had approved the deferment of principal repayment by 2/3 majority as per the requirements of Trust Deed & Debt Securities Trustees Regulations (DST Regulations), 2017. According to the approval, 80% of principal installment falling due i.e. March 06, 2021, had been deferred for a period of six months. The mark-up on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 140 basis points per annum. These TFCs have tenure of five and a half years i.e. 2018-2023 after approval of deferment including a grace period of twenty four (24) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 842.24 (2021: Rs. 1,632.69) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of pledged securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be deposited in a specified bank account.

Also included herein, is an amount of Rs. 8 (2021: Rs. 16) million payable to related parties.

- 15.3** During the year, the outstanding principal along with the accrued mark-up against this loan was fully prepaid by the Company.

|   | 2022                         | 2021     |
|---|------------------------------|----------|
|   | ----- (Rupees in '000) ----- |          |
| <b>16. LEASE LIABILITY</b>                |                              |          |
| <b>As at January 01</b>                   | <b>143,333</b>               | 156,482  |
| Interest expense                          | <b>10,589</b>                | 16,409   |
| Payments                                  | <b>(22,914)</b>              | (29,558) |
| Adjustment relating to lease modification | <b>(10,624)</b>              | -        |
| <b>As at December 31</b>                  | <b>120,384</b>               | 143,333  |
| Less: Current maturity of lease liability | <b>(31,303)</b>              | (27,571) |
|   | <b>89,081</b>                | 115,762  |

- 16.1** This represents lease arrangement with JS Rental REIT Fund, a related party, for office premises at 20th Floor, The Centre, Saddar, Karachi.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | Opening                      | (Reversed from)/ charge to profit or loss account | (Reversed from)/ charge to surplus on remeasurement of investments / OCI | Closing |
|--|------------------------------|---|--|---------|
| <b>17. DEFERRED TAX LIABILITY</b>        | ----- (Rupees in '000) ----- |   |  |         |
| <b>2022</b>                              |                              |   |  |         |
| <b>Taxable temporary differences on:</b> |                              |   |  |         |
| Remeasurement on equity investments      | 554,348                      | 1,622   | (180,055)  | 375,915 |
| <b>2021</b>                              |                              |   |  |         |
| <b>Taxable temporary differences on:</b> |                              |   |  |         |
| Remeasurement on equity investments      | 287,448                      | (9,199)   | 276,099  | 554,348 |

**17.1** The Company has not recorded deferred tax assets in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilized. The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 70.83 (2021: Rs. 68.78) million.

### 18. LIABILITY COMPONENT OF PREFERENCE SHARES

This represents the liability component of 183,188,477 listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares of Rs.10/- each (Preference Shares) issued by the Company during the year 2021.

The net proceeds received from the issue of Preference Shares have been split between the financial liability component and an equity component (please refer note 14) as follows:

|  | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|--|--------------------------------------|--------------------------------------|
| <b>Opening balance</b>                               | <b>1,814,554</b>                     | -                                    |
| Proceeds from issue of Preference Shares             | -                                    | 1,831,885                            |
| Less: Transaction cost                               | -                                    | (17,331)                             |
| <b>Net proceeds from issue of Preference Shares</b>  | <b>1,814,554</b>                     | 1,814,554                            |
| <b>Opening balance</b>                               | <b>1,326,114</b>                     | -                                    |
| Equity component                                     | -                                    | 1,338,780                            |
| Less: Transaction costs relating to equity component | -                                    | (12,666)                             |
| <b>Amount classified as equity</b>                   | <b>1,326,114</b>                     | 1,326,114                            |

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|   | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|---|------|--------------------------------------|--------------------------------------|
| <b>Opening balance</b>  |      | <b>516,185</b>                       | -                                    |
| Liability component at date of issue (net of transaction costs)   |      | -                                    | 488,440                              |
| Interest charged (using effective interest rate)                  |      | 50,669                               | 27,745                               |
| Less: Interest component paid                                     |      | (51,795)                             | -                                    |
| <b>Carrying amount of liability component</b>                     |      | <b>515,059</b>                       | 516,185                              |
| Less: Current maturity  |      | (106,509)                            | (51,795)                             |
| <b>Carrying amount of liability component at 31 December 2022</b> |      | <b>408,550</b>                       | 464,390                              |
| <b>19. TRADE AND OTHER PAYABLES</b>                               |      |                                      |                                      |
| Payable against purchase of shares                                |      | 19,211                               | 194,660                              |
| Accrued liabilities   |      | 92,771                               | 76,723                               |
| Provision for Workers' Welfare Fund - Sindh                       |      | 184,037                              | 166,994                              |
| Security deposits   | 19.1 | 1,123                                | 1,495                                |
| Derivative financial liability                                    |      | 8,915                                | 11,966                               |
| Other liabilities   |      | 4,413                                | 5,997                                |
|   | 19.2 | <b>310,470</b>                       | 457,835                              |

**19.1** This represents security deposits from related parties in respect of sub-lease of office premises. These security deposits are kept in separate bank account in terms of Section 217 of the Companies Act, 2017, and are not utilized for the purpose of the business.

**19.2** Includes payable to various related parties amounting to Rs. 4.58 (2021: Rs. 14.21) million.

|   | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|---|------|--------------------------------------|--------------------------------------|
| <b>20. CURRENT PORTION OF LONG TERM LIABILITIES</b>         |      |                                      |                                      |
| Current portion of long term financing                      | 15   | 873,883                              | 796,482                              |
| Current maturity of lease liability                         | 16   | 31,303                               | 27,571                               |
| Current portion of liability component of Preference Shares | 18   | 106,509                              | 51,795                               |
|   |      | <b>1,011,695</b>                     | 875,848                              |

### 21. CONTINGENCIES AND COMMITMENTS

#### 21.1 Contingencies

**21.1.1** The Commissioner Inland Revenue-Appeals (CIR-Appeals) deleted the additions made as per orders passed under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) eliminating the resulting tax liability and restored the return versions for the tax years 2008 and 2009. The tax department filed appeals before the Appellate Tribunal Inland Revenue (ATIR) against the orders of CIR-Appeals. The

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

ATIR also decided the subject matter in respect of tax years 2008 and 2009 in favour of the Company. However, appeal effect orders passed by the department in respect of aforesaid tax years resulted in refund of Rs.11.02 million for the tax year 2009. Rectification applications for both the years were filed with the ACIR to allow appeal effect in accordance with the orders passed by the appellate forums. The rectification application for the tax year 2008 was rejected by the ACIR on the contention that another amended order under section 122(5A) as discussed below is in field and previous order is no more in the field. Against the rejection, appeal was filed with the CIR-Appeals. CIR-Appeals decided the appeal vide order dated no. 354 dated December 28, 2015 holding that this office has already passed the appellate order vide order no. 157 dated December 22, 2015 against the order of the ADCIR under section 122(5A) of the Ordinance dated August 05, 2013.

For the tax year 2009, the rectification application was deemed to have been given the due effect and the rectifications applied for deemed to have been rectified due to operation of law by virtue of section 221(3) of the Ordinance.

For both the years, the department has filed references before the Sindh High Court. The references are pending.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

**21.1.2** The Additional Commissioner Inland Revenue – Audit Division (ADCIR) passed an order under section 122(5A) of the Ordinance in respect of the tax year 2008 and raised an undue demand of Rs.96.48 million by unlawfully charging minimum tax at 0.5% under section 113 of the Ordinance on capital gains on sale of listed securities of Rs.19,255.04 million despite the fact that such capital gains are treated under separate head of income as ‘Capital Gains’ and not as part of ‘Income from Business’. Further, capital gains on sale of listed securities are not covered under the exclusive definition of ‘turnover’ stipulated in section 113 of the Ordinance. The Company filed an appeal against the above order before the CIR-Appeals. The CIR-Appeals, vide his order dated December 22, 2015, annulled the said order on the issue of charging of minimum tax under section 113 and treatment of capital gain on sale of listed securities as business income. Against the order of CIR-Appeals, the tax department has filed an appeal before the ATIR which is pending.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

**21.1.3** The ADCIR passed an order under section 122(5A) of the Ordinance in respect of tax year 2010 and created a demand of Rs.63.49 million. Against the order, the Company filed rectification application on various grounds including credit for taxes of Rs.54.10 million which was not given by the ADCIR. After the rectification, the demand was reduced to Rs.9.64 million. The Company also preferred appeal before the CIR-Appeals who confirmed the order of the ADCIR. Aggrieved by the order of the CIR-Appeals, the Company preferred appeal before the ATIR. The ATIR heard the appeal on November 20, 2015 and remanded the case back to the department for denovo consideration i.e. for fresh proceedings because of the lack of thorough consideration of the relevant facts and circumstances as well as the business of

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

the Company by the ADCIR and the CIR-Appeals. However, instead of carrying out fresh proceedings, the ADCIR resorted to pass a back dated and repeated order through which the demand for Rs. 63.49 million was originally created.

Against the back dated order, appeal was preferred before the CIR-Appeals which was decided through order no. 58/2021 dated December 27, 2021 whereby the CIR-Appeals annulled the treatment of the ADCIR with the direction to the ADCIR to re-examine, re-consider, re-verify and re-adjudicate the facts of the case. After the said order, the return version of the Company for the tax year 2010 is restored.

Against the order of the CIR-Appeals, an appeal has been preferred before the Appellate Tribunal Inland Revenue (ATIR) on the ground that after annulling the amendment order of the ADCIR, the CIR-Appeals was not justified to give directions to the ADCIR for re-examination, re-consideration, re-verification and re-adjudication of the facts of the case. The appeal is pending hearing.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

**21.1.4** The Additional Commissioner Inland Revenue - Audit Range I, Zone III, Corporate RTO Karachi (ADCIR) passed an order under section 122(5A) of the Ordinance for the tax year 2014 and raised the demand for Rs. 50.77 million. Against the said order, the Company has filed rectification application on various grounds including the adjustment of brought forward losses and credit of taxes amounting to Rs. 16.015 million. After the rectification is given the due effect, refund of Rs.16.015 million will be arising. The Company also filed appeal before the CIR-Appeals.

The CIR-Appeals, in his order no. 24/A-I dated July 19, 2021 annulled the treatments of the ADCIR regarding the treatment accorded to the apportionment of expenditure and the charging of WWF. The CIR-Appeals also directed the ADCIR to determine the brought forward losses after taking into account the relevant provisions of the Ordinance and to give tax credit not allowed earlier. After the said order, the return version of the Company for the tax year 2014 is restored.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

**21.1.5** The ADCIR passed an order under section 122(5A) of the Ordinance for tax year 2015 and raised the demand for Rs. 12.74 million. Against the said order, the Company filed rectification application on the ground of chargeability of WWF. The Company also filed appeal before the CIR-Appeals.

On November 27, 2020, the ADCIR Audit-I, Range-A, LTO, Karachi again passed the amended order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised the demand of Rs. 97.93 million. The ADCIR amended the order on the issues of bonus shares and Super Tax but failed to appreciate the facts of the case and the law in right perspective. Thus, rectification has been filed on the said matter. Further, the Company also filed an appeal before the Commissioner Appeals (Appeals-I), Karachi (CIR-Appeals).



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

The CIR-Appeals, in his order no. 25/A-I dated July 19, 2021 and order no 40/A-I dated July 27, 2021 against the orders under section 122(5A) challenging the demand of Rs. 12.74 million and Rs. 97.93 million respectively, annulled the treatments of the ADCIR. However, with respect to charging of super tax under section 4B of the Income Tax Ordinance, 2001, the CIR-Appeals remanded the case back to the ADCIR for working out the income correctly in accordance with the provisions of the Ordinance.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

**21.1.6** The DCIR passed an order under section 4B of the Income Tax Ordinance, 2001 and raised the demand of Super Tax amounting to Rs. 119.24 million. Against the said order, a rectification application has been filed before the DCIR pointing out the computational errors in the determination of income for the purpose of Super Tax. Rectification application is pending. However, after due rectification, the Super Tax liability would be reduced to Rs. 89.46 million.

The DCIR completed the monitoring proceedings for tax year 2016 by passing the order under section 161(1) of the Ordinance and raised the demand of Rs. 14.78 million in an arbitrary manner and by disregarding the explanations and evidences furnished through periodic compliances. Against the order, appeal has been preferred before the CIR-Appeals. The appeal is pending hearing.

The management based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. However, provision for liability in respect of super tax based on management computation amounting to Rs. 89.46 million, had already been made in the financial statements of its respective tax year.

**21.1.7** The Commissioner Inland Revenue - Audit Range I, Zone III, Corporate RTO issued notice u/s 177(1) of the Ordinance dated May 17, 2018 for tax year 2017, to furnish certain records necessary for conducting audit proceedings. Responses were duly submitted by the Company. Thereafter, Deputy Commissioner Inland Revenue - Audit Range I, Zone III (DCIR) issued the notice u/s 122(9) dated December 23, 2019, to amend the deemed order and raised various concerns over the submitted return. The Company submitted its response before DCIR and also challenged the amendment proceeding in the absence of audit report. The DCIR accepted our contention and passed the order u/s 122 dated November 06, 2020, to close the amendment and issued the audit report u/s 177(6) of the Ordinance dated November 09, 2020, confronted matters arising as a result of audit. Due responses were again submitted before the DCIR. On the basis of response, DCIR concluded the audit proceeding and passed the amended order u/s 122(1) dated February 2, 2021 and raised the demand of Rs. 64.96 million. Against the said order, rectification application has been filed to correct the income tax computation as per the provisions of the Ordinance. Further, an appeal was also filed against the order before CIR-Appeals.

The CIR-Appeals, in the appellate order dated May 30, 2022 accepted the contention of the Company regarding the computation of Super Tax and directed the ACIR to re-examine, re-consider, re-verify and re-adjudicate the matter regarding the computation of Super Tax by considering the facts of the case. The CIR-Appeals also accepted the contention of the Company regarding the wrong treatment

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

of the DCIR for taxing the difference of salaries as per audited financial statements and as per the submitted withholding statements as well as the contention regarding the double taxation of accounting depreciation on investment property.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence, no provision for liability in this respect has been made in these financial statements.

**21.1.8** On January 18, 2019, the Company received a notice from the Additional Commissioner Inland Revenue - Audit Range-A, Zone III, Corporate RTO Karachi (ADCIR) under section 122(9) in respect of tax year 2018, demanding payment of super tax. The Company filed a constitutional petition against applicability of Section 4B of the Income Tax Ordinance, 2001 (the Ordinance) before the Honourable Sindh High Court which admitted the petition and granted a stay order.

On July 21, 2020, the Honourable High Court of Sindh passed an order whereby all the petitions challenging the levy of super tax filed before the Court were dismissed. Thereafter, the ADCIR raised the demand of super tax amounting to Rs. 46.16 million. The Company had filed rectification against the order passed on the mistakes in the working of determination of income for the purpose of super tax liability. Further, an appeal was also filed against the order before CIR-Appeals.

The CIR-Appeals, in his order bearing no. 34/A-I dated June 17, 2021 rejected the contention of the Company for the charging of Super Tax under section 4B of the Ordinance by placing reliance on the judgment of the Honourable Sindh High Court passed on July 21, 2020, thereby confirming the demand of Super Tax for the tax year 2018. The CIR-Appeals also directed the ADCIR to consider the rectification application and re-compute the income for super tax purpose strictly in accordance with the provisions of the Ordinance.

The management based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. However, provision for liability, in respect of super tax based on management computation amounting to Rs. 38.71 million, had already been made in the financial statements of its respective tax year.

**21.1.9** The Additional Commissioner Inland Revenue, Audit Range-A, Audit-I, Large Taxpayers Office, Karachi (ADCIR) passed the amended assessment order under section 122(5A) of the Ordinance in respect of tax year 2018 on March 26, 2021 and raised a demand of Rs. 132.372 million. Against the said order, the Company duly filed rectification application to correct the mistakes apparent with respect to the apportionment of financial charges and operating and administrative expenses and mistake in working for determination of super tax liability in the amended assessment. Further, an appeal was also been filed against the order before CIR-Appeals.

The CIR-Appeals, in the appellate order dated May 30, 2022 accepted the contention of the Company regarding the computation of Super Tax and directed the ACIR to re-examine, re-consider, re-verify and re-adjudicate the matter regarding the computation of Super Tax by considering the facts of the case. The CIR-Appeals also directed the ADCIR to verify the credit of taxes not given to the Company so that the Company is not deprived of the benefit of the legitimate and due tax deductions. Similarly, the CIR-Appeals also directed the ADCIR to examine the tax credit claimed on donation and allow the same if found legitimate.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

After the CIR-Appeals remanded back the aforementioned order, the ADCIR issued the notice under section 122(9) read with section 129 of the Ordinance in which the matters which were remanded back were raised for re-adjudication. The matters were as follows:

- charging and recovery of super tax under section 4B of the Ordinance amounting to Rs. 46,159,237;
- evidences regarding the unverified tax credits of Rs. 58,736,047; and
- explanation and evidence of tax credit on donation Rs. 1,916,897.

Periodic compliances were made and the notice was fully complied with. No further correspondence with the tax department has taken place after compliance of the notice.

However, the CIR-Appeals confirmed the treatment of the ADCIR regarding the allocation of operating and administrative expenses by treating all the expenses as common expenses. The CIR-Appeals also confirmed the treatment of the ADCIR regarding the allocation of finance charges to dividend income without appreciating the fact that the finance cost incurred during the year had no nexus with the dividend income earned during the year as dividend income was earned from old investments which were brought before tax year 2018.

Against the above decision of the CIR-Appeals, appeal has been preferred before the ATIR and is pending hearing.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence, no provision for liability in this respect has been made in these financial statements.

**21.1.10** On August 04, 2020, the Company received a notice from the Deputy Commissioner Inland Revenue, Unit-I, Range-I, Zone-III, Corporate RTO Karachi (DCIR) under Section 4B of the Ordinance in respect of tax year 2019, for determination of super tax liability amounting to Rs. 23.34 million. DCIR further passed an order u/s 138(1) of the Ordinance and determined the super tax liability amounting to Rs. 23.34 million. Against the order passed, rectification application had been filed to highlight the mistake in working for determination of income for the purpose of super tax liability. Further, an appeal had also been filed against the order before CIR-Appeals.

The CIR-Appeals, in his order bearing no. 35/A-I dated June 17, 2021 rejected the contention of the Company for charging of super tax under section 4B of the Ordinance by placing reliance on the judgment of the Honourable Sindh High Court passed on July 21, 2020, thereby confirming the demand of super tax for the tax year 2019. The CIR-Appeals also directed the DCIR to consider the rectification application and re-compute the income for super tax purpose strictly in accordance with the provisions of the Ordinance.

The management based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. However, provision for liability, in respect of super tax based on management computation amounting to Rs. 21.96 million, had already been made in the financial statements of its respective tax year.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 21.2 | Commitments  | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|------|--|------|--------------------------------------|--------------------------------------|
|      | Commitment in respect of future sell transactions of listed equity securities                                  |      | 488,669                              | 616,557                              |
| 22.  | <b>RETURN ON INVESTMENTS</b>   |      |                                      |                                      |
|      | <b>Mark-up / interest income from:</b>   |      |                                      |                                      |
|      | <b>At amortized cost</b>   |      |                                      |                                      |
|      | Government securities  |      | 119,762                              | 3,239                                |
|      | Privately placed term finance certificates   |      | 59,171                               | -                                    |
|      | Repurchase agreement lending - Reverse repo  |      | 22,722                               | -                                    |
|      |  |      | 201,655                              | 3,239                                |
|      | <b>At fair value through profit or loss</b>  |      |                                      |                                      |
|      | Term Finance Certificates  |      | 1,790                                | 679                                  |
|      | <b>Dividend income on:</b>   |      |                                      |                                      |
|      | Financial assets at fair value through profit or loss  |      | 338,651                              | 63,026                               |
|      | Financial assets at fair value through OCI   | 22.1 | 804,577                              | 1,072,566                            |
|      |  |      | 1,143,228                            | 1,135,592                            |
|      |  |      | 1,346,673                            | 1,139,510                            |
| 22.1 | This includes dividend income from various related parties amounting to Rs. 878.40 (2021: Rs. 722.63) million. |      |                                      |                                      |
| 23.  | <b>(LOSS)/GAIN ON SALE OF INVESTMENTS - NET</b>  | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|      | <b>Financial assets at fair value through profit or loss</b>   |      |                                      |                                      |
|      | - Equity securities  |      | (104,810)                            | 205,132                              |
|      | - Mutual Fund  |      | 2,718                                | -                                    |
|      | - Term finance certificates  |      | 1,338                                | 285                                  |
|      |  |      | (100,754)                            | 205,417                              |
|      | <b>At amortised cost</b>   |      |                                      |                                      |
|      | - Government securities  |      | -                                    | (8)                                  |
|      |  |      | (100,754)                            | 205,409                              |
| 24.  | <b>INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS</b>   |      |                                      |                                      |
|      | <b>Return / interest on:</b>   |      |                                      |                                      |
|      | Bank balances - saving account   |      | 79,546                               | 73,043                               |
|      | Advance against investment   | 8.1  | 5,499                                | 6,664                                |
|      | Loans to employees   |      | 6,947                                | 1,727                                |
|      |  | 24.1 | 91,992                               | 81,434                               |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**24.1** This includes transactions with related parties amounting to Rs. 85.28 (2021: Rs. 73.97) million.

| <b>25. OTHER INCOME</b>                                     | <b>Note</b> | <b>2022</b><br><b>———— (Rupees in '000) ————</b> | <b>2021</b>    |
|---|-------------|--|----------------|
| <b>Financial assets:</b>                                    |             |  |                |
| Gain on remeasurement of derivatives through profit or loss |             | <b>3,051</b>                                     | 39,132         |
| <b>Non-financial assets:</b>                                |             |  |                |
| Gain on sale of property and equipment                      |             | <b>1,837</b>                                     | 1,012          |
| Rental income   |             | <b>17,510</b>                                    | 23,980         |
| Others  |             | <b>4,452</b>                                     | 488            |
|   |             | <b>26,850</b>                                    | <b>64,612</b>  |
| <b>26. OPERATING AND ADMINISTRATIVE EXPENSES</b>            |             |  |                |
| Salaries and benefits                                       | 26.1 - 26.3 | <b>112,123</b>                                   | 72,896         |
| Telephone, fax and postage                                  |             | <b>567</b>                                       | 720            |
| Vehicle running and maintenance                             |             | <b>4,770</b>                                     | 2,233          |
| Directors' fee  |             | <b>4,659</b>                                     | 4,700          |
| Utilities   |             | <b>2,270</b>                                     | 1,786          |
| Newspapers and periodicals                                  |             | <b>22</b>  | 34             |
| Conveyance and travelling                                   |             | <b>3,418</b>                                     | 254            |
| Repairs and maintenance                                     |             | <b>6,271</b>                                     | 4,651          |
| Computer expenses   |             | <b>1,449</b>                                     | 560            |
| Auditors' remuneration                                      | 26.4        | <b>5,663</b>                                     | 4,341          |
| Royalty fee   | 26.5        | <b>20,000</b>                                    | 15,000         |
| Consultancy fee   |             | <b>2,660</b>                                     | 2,570          |
| Advisory fee  | 26.6        | <b>6,000</b>                                     | 6,000          |
| Legal and professional charges                              |             | <b>12,055</b>                                    | 8,165          |
| Printing and stationery                                     |             | <b>6,202</b>                                     | 3,349          |
| Rent, rates and taxes                                       |             | <b>1,154</b>                                     | 1,056          |
| Insurance   |             | <b>3,982</b>                                     | 3,113          |
| Entertainment   |             | <b>317</b>                                       | 151            |
| Advertisement and office supplies                           |             | <b>2,214</b>                                     | 1,149          |
| Depreciation  | 26.7        | <b>37,104</b>                                    | 35,472         |
| Fees and subscription                                       |             | <b>30,803</b>                                    | 20,359         |
| Donations   | 26.8        | <b>7,000</b>                                     | 10,000         |
| Brokerage and commission expense                            |             | <b>13,371</b>                                    | 16,560         |
| Clearing fees   |             | <b>2,848</b>                                     | 3,472          |
| Office security   |             | <b>693</b>                                       | 647            |
| Others  |             | <b>-</b>   | 197            |
|   |             | <b>287,615</b>                                   | <b>219,435</b> |

**26.1** Salaries and benefits include Rs. 4.76 (2021: Rs. 3.13) million in respect of employee retirement benefits.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|   | 2022      | 2021      |
|---|-----------|-----------|
| 26.2 Number of employees at the end of the year | <u>22</u> | <u>21</u> |
| Average number of employees during the year     | <u>22</u> | <u>21</u> |

26.3 The Company's staff retirement benefits include provident fund - a defined contribution plan. The Company has established a separate provident fund. The information related to the provident fund as at its year ended June 30, 2022, based on annual financial statements of the fund audited by another firm of chartered accountants is as follows:

|  | June 30,<br>2022 | June 30,<br>2021 |
|--|------------------|------------------|
| Number of employees / members                            | 20               | 20               |
| Size of provident fund (Rupees in '000) - (total assets) | 48,036           | 38,066           |
| Cost of investments made (Rupees in '000)                | 41,391           | 17,366           |
| Percentage of investment made                            | 86%              | 46%              |
| Fair value of investments (Rupees in '000)               | 41,139           | 17,986           |
| <b>Break-up of investment - at fair value:</b>           |                  |                  |
| - Term finance certificates                              |                  |                  |
| Amount of investment (Rupees in '000)                    | 1,345            | 1,407            |
| Percentage of size of investment                         | 3%               | 4%               |
| - Listed equity securities                               |                  |                  |
| Amount of investment (Rupees in '000)                    | 3,617            | 4,579            |
| Percentage of size of investment                         | 8%               | 12%              |
| - Government Securities                                  |                  |                  |
| Amount of investment (Rupees in '000)                    | 36,177           | 12,000           |
| Percentage of size of investment                         | 75%              | 32%              |
| - Balances in scheduled banks                            |                  |                  |
| Amount of investment (Rupees in '000)                    | 4,072            | 18,648           |
| Percentage of size of investment                         | 8%               | 49%              |

Investments out of the 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. Securities and Exchange Commission of Pakistan "SECP" had promulgated regulations, namely, the Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018, (the "Regulations") in the month of June 2018. The Regulations were further amended vide SRO 856(I)/2019 dated July 25, 2019.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 26.4 Auditors' remuneration       | 2022             | 2021         |
|-----------------------------------|------------------|--------------|
|                                   | (Rupees in '000) |              |
| Annual audit fee                  | 2,200            | 1,850        |
| Half-yearly review fee            | 440              | 400          |
| Certifications and other services | 1,907            | 1,475        |
| Out of pocket expenses            | 355              | 293          |
| Others                            | 761              | 323          |
|                                   | <b>5,663</b>     | <b>4,341</b> |

26.5 This represents royalty paid to Mr. Jahangir Siddiqui (controlling person of the Company), on account of use of part of Company's name under an agreement dated April 21, 2004 and addendum dated March 20, 2018 and December 22, 2021. His registered address is D-185, Block 5, Clifton, Karachi.

26.6 This represents advisory fees paid to Mr. Jahangir Siddiqui (controlling person of the Company) for advisory services rendered in terms of his duly approved advisory agreement.

| 26.7 Depreciation        | Note | 2022             | 2021          |
|--------------------------|------|------------------|---------------|
|                          |      | (Rupees in '000) |               |
| Operating assets - Owned | 4.1  | 19,436           | 16,769        |
| Right-of-use asset       | 4.2  | 17,548           | 18,583        |
| Investment property      | 5    | 120              | 120           |
|                          |      | <b>37,104</b>    | <b>35,472</b> |

26.8 This represents donation to Future Trust (a related party), wherein Mr. Najmul Hoda Khan, the Chief Financial Officer of the Company, is an Honorary Trustee. The registered office of the donee i.e. Future Trust is located at 15th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi.

| 27. FINANCE COST  | 2022             | 2021           |
|---|------------------|----------------|
|   | (Rupees in '000) |                |
| <b>Mark-up on:</b>  |                  |                |
| Term Finance Certificates (TFCs)  | 156,639          | 169,317        |
| Long Term loans   | 22,442           | 46,242         |
| Lease liability   | 10,589           | 16,409         |
| Short term running finance  | 769              | -              |
|   | <b>190,439</b>   | <b>231,968</b> |
| Amortization of transaction costs and unwinding of liability component of Preference Shares | 54,555           | 35,016         |
| Bank charges  | 1,237            | 18             |
|   | <b>246,231</b>   | <b>267,002</b> |

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|   | 2022                          | 2021           |
|---|-------------------------------|----------------|
|   | ----- (Rupees in '000) -----  |                |
| <b>28. TAXATION</b>   |                               |                |
| <b>28.1 Reconciliation of tax charge for the year</b>   |                               |                |
| Profit before taxation  | 835,093                       | 1,000,603      |
| Tax at the applicable tax rate of 29% (2021: 29%)   | 242,177                       | 290,175        |
| Tax effect of income under FTR and differential in tax rates  | (17,429)                      | (185,644)      |
| Tax effect of amount relating to prior year   | 54,075                        | 7,924          |
| Tax charge on permanent differences   | 97,510                        | 112,173        |
| Tax charge on temporary differences   | (5,335)                       | (23,985)       |
| Super Tax u/s 4B  | 99,966                        | -              |
| Alternate corporate tax (ACT)   | 17,328                        | -              |
| Others  | 1,558                         | 13,580         |
|   | <b>489,850</b>                | <b>214,223</b> |
| <b>29. EARNINGS PER SHARE</b>   |                               |                |
| <b>Earnings</b>   |                               |                |
| Profit after taxation attributable to ordinary shareholders for basic earnings per share              | 345,243                       | 786,380        |
| Effect of dilutive potential ordinary shares:   |                               |                |
| Add back: Amortization of liability component of preference shares - net of tax                       | 35,975                        | 19,699         |
| Profit after taxation attributable to ordinary shareholders for diluted earnings per share            | <b>381,218</b>                | <b>806,079</b> |
|   | ----- (Numbers in '000) ----- |                |
| <b>Number of shares</b>   |                               |                |
| Weighted average number of ordinary shares outstanding during the year for basic earnings per share   | 915,942                       | 915,942        |
| Effect of dilutive convertible preference shares  | 146,551                       | 69,060         |
| Weighted average number of ordinary shares outstanding during the year for diluted earnings per share | <b>1,062,493</b>              | <b>985,002</b> |
|   | 2022                          | 2021           |
|   | ----- (Rupees) -----          |                |
| Basic earnings per share  | 0.38                          | 0.86           |
| Diluted earnings per share  | 0.36                          | 0.82           |



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 30. CASH AND CASH EQUIVALENTS | Note | 2022             | 2021             |
|-------------------------------|------|------------------|------------------|
|                               |      | (Rupees in '000) |                  |
| Cash and bank balances        | 12   | 137,607          | 912,159          |
| Government securities         | 11   | -                | 195,442          |
|                               |      | <u>137,607</u>   | <u>1,107,601</u> |

## 31. RELATED PARTY TRANSACTIONS

31.1 Following are the name of associated companies, related parties and associated undertakings with whom the Company had entered into transactions or had agreements in place during the year:

| Name of Related parties                             | Direct Shareholding | Relationship                                       |
|---|---------------------|--|
| JS Bank Limited                                     | 75.02%              | Subsidiary Company                                 |
| JS Global Capital Limited                           | N/A                 | Sub-subsidiary Company                             |
| JS Investments Limited                              | N/A                 | Sub-subsidiary Company                             |
| JS Infocom Limited                                  | 100.00%             | Subsidiary Company                                 |
| Energy Infrastructure Holding (Private) Limited     | 100.00%             | Subsidiary Company                                 |
| Quality Energy Solutions (Private) Limited          | 100.00%             | Subsidiary Company                                 |
| Khairpur Solar Power (Private) Limited              | N/A                 | Sub-subsidiary Company                             |
| EFU General Insurance Limited                       | 21.10%              | Common Directorship                                |
| EFU Life Assurance Limited                          | 20.05%              | Common Directorship                                |
| Allianz EFU Health Insurance Limited                | N/A                 | Others   |
| Future Trust  | N/A                 | Others   |
| JS Lands (Private) Limited                          | N/A                 | Common Substantial Shareholder                     |
| Jahangir Siddiqui & Sons Ltd.                       | N/A                 | Common Substantial Shareholder                     |
| JS Private Equity Management (Pvt.) Ltd             | N/A                 | Common Substantial Shareholder                     |
| JS Cash Fund  | N/A                 | Fund managed by Sub-Subsidiary                     |
| JS Microfinance Sector Fund                         | N/A                 | Fund managed by Sub-Subsidiary                     |
| JS Rental REIT Fund                                 | N/A                 | Fund managed by Sub-Subsidiary                     |
| Jahangir Siddiqui & Co. Ltd. - Staff Provident Fund | N/A                 | Post-employment Benefit Fund                       |
| JS Bank Limited - Staff Gratuity Fund               | N/A                 | Post-employment Benefit Fund of Subsidiary Company |
| Mr. Jahangir Siddiqui                               | N/A                 | Controlling Person                                 |
| Mr. Ali Raza Siddiqui                               | N/A                 | Key Management Person                              |
| Mr. Suleman Lalani                                  | N/A                 | Key Management Person                              |
| Mr. Asad Nasir                                      | N/A                 | Key Management Person                              |
| Justice (R) Agha Rafiq Ahmed Khan                   | N/A                 | Key Management Person                              |
| Lt. Gen. (R) Javed Mahmood Bukhari                  | N/A                 | Key Management Person                              |
| Ms. Samar Ali Shahid                                | N/A                 | Key Management Person                              |
| Mr. Shahid Hussain Jatoi                            | N/A                 | Key Management Person                              |
| Mr. Saud Ahmed Mirza                                | N/A                 | Key Management Person                              |
| Ms. Hina Ather Khan                                 | N/A                 | Key Management Person                              |
| Mr. Najmul Hoda Khan                                | N/A                 | Key Management Person                              |
| Syed Ali Hasham                                     | N/A                 | Key Management Person                              |
| Mr. Zahid Ullah Khan                                | N/A                 | Key Management Person                              |
| Mr. Muhammad Babar Din                              | N/A                 | Key Management Person                              |

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**31.2** Related parties comprise of subsidiaries, sub-subsidiaries, associates, mutual funds managed sub-subsidiary company, post-employment benefit funds, directors and key management personnel (including their associates). The Company carries out transactions with related parties at agreed terms. Amount due from and to these related parties are shown under receivables and payables and the remuneration of Directors, Chief Executive and Executives are disclosed in note 32. The names, relationships and transactions with subsidiaries, associated entities not mentioned elsewhere in these unconsolidated financial statements are as follows:

|   | 2022                         | 2021    |
|---|------------------------------|---------|
|   | ————— (Rupees in '000) ————— |         |
| <b>TRANSACTIONS</b>   |                              |         |
| <b>Subsidiary and Sub-subsidiary Companies</b>                |                              |         |
| Brokerage expense paid  | 5,505                        | 12,365  |
| Bank charges paid   | 8                            | 4       |
| Capital gain tax paid for onward submission to NCCPL          | 126,974                      | 29,089  |
| Capital gain tax refund through NCCPL                         | 16,751                       | 13,470  |
| CGT tariff charges  | 60                           | 60      |
| Principal redemptions made against TFCs issued by the Company | 8,000                        | 4,000   |
| <b>Subsidiary and Sub-subsidiary Companies</b>                |                              |         |
| Mark-up paid on TFCs issued by the Company                    | 1,465                        | 1,734   |
| Market maker fee paid   | 565                          | 565     |
| Rent income received  | 4,003                        | 3,764   |
| Profit received on deposits accounts                          | 85,494                       | 70,629  |
| Reimbursement of expenses to the Company                      | 34,978                       | 50,114  |
| Commission paid against banker to right issue                 | -                            | 389     |
| Purchase of government securities                             | 3,884,797                    | 195,331 |
| Maturity of government securities                             | 4,200,000                    | -       |
| <b>Fund Managed by Sub-Subsidiary Company</b>                 |                              |         |
| Purchase of Units   | 3,390,000                    | -       |
| Redemption of Units   | 610,000                      | -       |
| Dividend received   | 155,777                      | -       |
| Rental paid against lease liability                           | 10,944                       | -       |
| <b>Common Directorship</b>                                    |                              |         |
| Reimbursement of expenses to the Company                      | 1                            | 1       |
| Reimbursement of expenses by the Company                      | 42                           | 42      |
| Dividend received   | 722,628                      | 722,627 |
| Insurance premium paid  | 4,255                        | 3,286   |
| Insurance refund / claim received                             | 2,152                        | 900     |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | 2022                         | 2021    |
|--|------------------------------|---------|
|  | ----- (Rupees in '000) ----- |         |
| <b>Common Substantial Shareholder</b>                |                              |         |
| Rent income received                                 | 12,181                       | 16,412  |
| Reimbursement of expenses to the Company             | 3,943                        | 3,607   |
| Reimbursement of expenses by the Company             | 8,558                        | 8,386   |
| Rent paid against lease liability                    | 12,105                       | 29,557  |
| Dividend paid  | 16,222                       | -       |
| <b>Post-employment Benefit Funds</b>                 |                              |         |
| Contribution to staff provident fund                 | 9,530                        | 6,266   |
| Reimbursement of expenses by the Company             | 240                          | -       |
| <b>Controlling Person</b>                            |                              |         |
| Advisory fee paid                                    | 6,000                        | 6,000   |
| Royalty paid   | 20,000                       | 15,000  |
| <b>Other Related Party</b>                           |                              |         |
| Donation paid  | 5,000                        | 20,000  |
| Rent income received                                 | -                            | 6,196   |
| Refund of Security Deposit                           | 492                          | -       |
| Reimbursement of expenses to the Company             | 347                          | 1,484   |
| <b>Key Management Personnel</b>                      |                              |         |
| Loans and advances disbursed to executives           | 487                          | 53,180  |
| Repayments of loans and advances from executives     | 42,424                       | 914     |
| Interest received on long term loans to executives   | 6,572                        | 1,586   |
| Reimbursement from executives                        | 3                            | -       |
| Reimbursement of expenses to CEO and Executives      | 1,241                        | 256     |
| <b>BALANCES</b>                                      |                              |         |
| <b>Subsidiary and Sub-subsidiary Companies</b>       |                              |         |
| Mark-up payable on TFCs issued by the Company        | 447                          | 459     |
| Outstanding principal of TFCs issued by the Company  | 8,000                        | 16,000  |
| Receivable against sale of equity securities         | 139,678                      | 229,915 |
| Profit receivable on deposit accounts                | 1,799                        | 8,583   |
| Receivable against expenses incurred on their behalf | 5,165                        | 20      |
| Rent receivable                                      | -                            | 317     |
| Unearned rent  | 532                          | -       |
| Cash at bank accounts                                | 128,980                      | 905,099 |
| <b>Fund Managed by Sub-Subsidiary Company</b>        |                              |         |
| Rental payable against lease liability               | 1,906                        | -       |

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | 2022             | 2021   |
|--|------------------|--------|
|  | (Rupees in '000) |        |
| <b>Common Directorship</b>                           |                  |        |
| Prepaid insurance                                    | 202              | 202    |
| Insurance claim receivable                           | 191              | -      |
| Receivable against expenses incurred on their behalf | 1                | -      |
| <b>Common Substantial Shareholder</b>                |                  |        |
| Refund of lease liability                            | 134              | -      |
| Receivable against expenses incurred on their behalf | 478              | 195    |
| Payable against reimbursement of expenses            | 829              | 742    |
| Security deposit - liability                         | 1,003            | 1,003  |
| Security deposit - asset                             | 2,023            | 2,023  |
| Unearned rent  | 1,219            | 3,087  |
| <b>Post-employment Benefit Funds</b>                 |                  |        |
| Receivable against expenses incurred on their behalf | 588              | -      |
| <b>Other Related Party</b>                           |                  |        |
| Receivable against expenses incurred on their behalf | 11               | 81     |
| Donation Payable                                     | 2,000            | -      |
| Security deposit - liability                         | -                | 492    |
| <b>Key Management Personnel</b>                      |                  |        |
| Loans and advances                                   | 14,324           | 56,262 |

### 32. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including certain benefits to director, chief executive and executives of the Company is as follows:

|                                | Director         |      | Executive Director |      | Chief Executive |        | Executives |        |
|--------------------------------|------------------|------|--------------------|------|-----------------|--------|------------|--------|
|                                | 2022             | 2021 | 2022               | 2021 | 2022            | 2021   | 2022       | 2021   |
|                                | (Rupees in '000) |      |                    |      |                 |        |            |        |
| Managerial remuneration        | -                | -    | 26,724             | -    | 28,826          | 31,500 | 28,796     | 18,206 |
| House rent allowance           | -                | -    | -                  | -    | -               | -      | 3,829      | 3,216  |
| Utilities allowance            | -                | -    | -                  | -    | -               | -      | 1,028      | 422    |
| Contribution to provident fund | -                | -    | 1,173              | -    | 1,783           | 1,650  | 1,071      | 804    |
| Medical                        | -                | -    | 1,173              | -    | 1,783           | 1,650  | 2,100      | 1,226  |
| Other allowance                | -                | -    | 7                  | -    | 7               | -      | 901        | 352    |
| Reimbursable expenses          | -                | -    | -                  | -    | -               | 41     | 261        | 246    |
|                                | -                | -    | 29,077             | -    | 32,399          | 34,841 | 37,986     | 24,472 |
| Number of persons              | 9                | 7    | 2                  | -    | 2               | 1      | 6          | 5      |

32.1 The Company also provides certain executives with Company maintained cars.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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**32.2** Managerial remuneration includes Rs. 33.80 (2021: Rs. 20.95) million charged in the statement of profit or loss in respect of bonus to chief executive, executive director and executives of the Company.

**32.3** The Company has paid Rs. 4.58 (2021: Rs. 4.95) million to directors as fee for directors meeting. Directors are not entitled to any remuneration except meeting fee.

### **33. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Executive Committee is ultimately responsible for the management of risk associated with the Company's activities, risk management guidelines and other internal guidelines for the management and assessment of the aforesaid financial risks.

#### **33.1 Market risk**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market prices comprise of three types of risk: interest rate risk, currency risk and price risk such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, cash and bank balances and derivative financial instruments.

The following discussion includes sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The sensitivity has been prepared for the year ended December 31, 2022 and December 31, 2021 using the amounts of financial assets and liabilities held as at those dates of statement of financial position.

##### **33.1.1 Interest rate risk exposure**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Company while dealing in financial instruments negotiates attractive interest rates, which reduces the interest rate price risk.

The Company's interest rate exposure on financial instruments is disclosed as follows:

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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### Sensitivity analysis for variable rate instruments

Presently, the Company holds interest bearing bank balances (savings accounts), short term investments (government securities), term finance certificates and term loans that expose the Company to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2022 with all other variables held constant, the net assets and income of the Company for the year would change as follows:

|                                       | December 31, 2022                   |                                       |   |   |
|---------------------------------------|-------------------------------------|---------------------------------------|---|---|
|                                       | Carrying Amount<br>(Rupees in '000) | Increase / (decrease) in basis points | Effect on profit before tax<br>(Rupees in '000) | Effect on other comprehensive income before tax<br>(Rupees in '000) |
| Bank Deposits - Asset                 | 137,139                             | 100<br>(100)                          | 1,371<br>(1,371)                                | -<br>-  |
| Term Finance Certificates - Liability | 873,883                             | 100<br>(100)                          | 8,739<br>(8,739)                                | -<br>-  |
|                                       | December 31, 2021                   |                                       |   |   |
|                                       | Carrying Amount<br>(Rupees in '000) | Increase / (decrease) in basis points | Effect on profit before tax<br>(Rupees in '000) | Effect on other comprehensive income before tax<br>(Rupees in '000) |
| Bank Deposits - Asset                 | 911,691                             | 100<br>(100)                          | 9,117<br>(9,117)                                | -<br>-  |
| Short term investments - Asset        | 195,442                             | 100<br>(100)                          | 1,954<br>(1,954)                                | -<br>-  |
| Term Finance Certificates - Liability | 1,670,230                           | 100<br>(100)                          | 16,702<br>(16,702)                              | -<br>-  |
| Long Term Loan - Liability            | 312,267                             | 100<br>(100)                          | 3,123<br>(3,123)                                | -<br>-  |

### 33.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's net investments in foreign subsidiaries.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 33.1.3 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's 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. Reports on the equity portfolio are submitted to the Company's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

### Fair value sensitivity analysis

The following table summarizes the Company's equity price risk excluding on unquoted securities as of December 31, 2022 and December 31, 2021. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the equity securities would affect profit and equity of the Company in a similar but opposite manner.

|                          | Fair Value        | Price change     | Effect on profit before tax | Effect on other comprehensive income before tax |
|--------------------------|-------------------|------------------|-----------------------------|---|
|                          | (Rupees in '000)  |                  | (Rupees in '000)            |   |
| <b>December 31, 2022</b> | <b>16,568,601</b> | <b>5% change</b> | <b>24,786</b>               | <b>803,644</b>                                  |
| <b>December 31, 2021</b> | <b>20,796,499</b> | <b>5% change</b> | <b>31,305</b>               | <b>1,008,520</b>                                |

## 33.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the date of statement of financial position to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which the liabilities will be realised / settled.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | December 31, 2022 |                        |                  |                             |                      |
|--|-------------------|------------------------|------------------|-----------------------------|----------------------|
|  | Carrying amount   | Contractual cash flows | Up to one year   | Over one year to five years | More than five years |
|  | (Rupees in '000)  |                        |                  |                             |                      |
| <b>Financial liabilities</b>             |                   |                        |                  |                             |                      |
| Financing                                | 873,883           | 875,000                | 875,000          | -                           | -                    |
| Liability component of preference shares | 515,059           | 656,074                | 106,509          | 549,565                     | -                    |
| Lease liability                          | 120,384           | 146,476                | 31,303           | 115,173                     | -                    |
| Trade and other payables                 | 124,270           | 124,270                | 124,270          | -                           | -                    |
| Accrued interest / mark-up on borrowings | 57,509            | 57,509                 | 57,509           | -                           | -                    |
|  | <u>1,691,105</u>  | <u>1,859,329</u>       | <u>1,194,591</u> | <u>664,738</u>              | <u>-</u>             |
|  | December 31, 2021 |                        |                  |                             |                      |
|  | Carrying amount   | Contractual cash flows | Up to one year   | Over one year to five years | More than five years |
|  | (Rupees in '000)  |                        |                  |                             |                      |
| <b>Financial liabilities</b>             |                   |                        |                  |                             |                      |
| Financing                                | 1,982,497         | 1,987,500              | 800,000          | 1,187,500                   | -                    |
| Liability component of preference shares | 516,185           | 711,273                | 51,795           | 439,652                     | 219,826              |
| Lease liability                          | 143,333           | 198,069                | 28,810           | 128,752                     | 40,507               |
| Trade and other payables                 | 287,343           | 287,343                | 287,343          | -                           | -                    |
| Accrued interest / mark-up on borrowings | 64,777            | 64,777                 | 64,777           | -                           | -                    |
|  | <u>2,994,135</u>  | <u>3,248,962</u>       | <u>1,232,725</u> | <u>1,755,904</u>            | <u>260,333</u>       |

### 33.3 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 counterparties and continually assessing the credit worthiness of the same.

#### Concentration of credit risk and credit exposure of the financial instruments

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

The Company is exposed to credit risk on trade debts, loans, funds placements and certain advances. The Company seeks to minimise its credit risk exposure through having exposures only to customers considered creditworthy by obtaining adequate collateral. The following analysis summarizes the Company's maximum exposure to credit risk:



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | 2022                         | 2021    |
|--|------------------------------|---------|
|  | ----- (Rupees in '000) ----- |         |
| Loans and advances                     | 17,253                       | 509,520 |
| Long term security deposits            | 1,081                        | 2,873   |
| Interest accrued and other receivables | 19,997                       | 30,477  |
| Cash and bank balances                 | 137,607                      | 912,159 |

The analysis below summarises the credit quality of the Company's liquid portfolio as on December 31, 2022:

|   | 2022    | 2021    |
|---|---------|---------|
| <b>Bank balances by Rating Category</b> |         |         |
| AAA                                     | 0.17%   | 0.00%   |
| A1 to A                                 | 0.02%   | 0.01%   |
| A1+ to A+                               | 99.81%  | 99.99%  |
|   | 100.00% | 100.00% |

## Collaterals held and other credit enhancements, and their financial effect

The Company holds collateral against the loans it gives to the employees. The table below sets out the principal type of collateral held against different types of loans.

| Type of credit exposure   | Percentage of exposure that is subject to collateral requirements |      | Principal type of collateral held   |
|---------------------------|---|------|---|
|                           | 2022  | 2021 |   |
| <b>Loans to employees</b> |   |      |   |
| House loans               | 100%  | 100% | Mortgage on property purchased  |
| Other loans               | 100%  | 100% | Cheque equivalent to the amount of loan disbursed in favour of the Company. |

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 33.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

### 34. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and fund placements. Capital signifies equity as shown in the statement of financial position plus net debt.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

The gearing ratios as at December 31, 2022 and December 31, 2021 were as follows:

|  | 2022                         | 2021       |
|--|------------------------------|------------|
|  | ----- (Rupees in '000) ----- |            |
| Long term financing                      | 873,883                      | 1,982,497  |
| Liability component of preference shares | 515,059                      | 516,185    |
| Lease liability                          | 120,384                      | 143,333    |
| Trade and other payables                 | 301,193                      | 273,697    |
| Accrued interest / mark-up on borrowings | 57,509                       | 64,777     |
| <b>Total debt</b>                        | <b>1,868,028</b>             | 2,980,489  |
| Less: Cash and bank balances             | (137,607)                    | (912,159)  |
| <b>Net debt</b>                          | <b>1,730,421</b>             | 2,068,330  |
| Share capital                            | 9,159,424                    | 9,159,424  |
| Equity component of preference shares    | 1,326,114                    | 1,326,114  |
| Reserves                                 | 19,688,025                   | 21,316,623 |
| <b>Equity</b>                            | <b>30,173,563</b>            | 31,802,161 |
| <b>Capital</b>                           | <b>31,903,984</b>            | 33,870,491 |
| <b>Gearing ratio</b>                     | <b>5.42%</b>                 | 6.11%      |

The Company finances its investment portfolio through equity, financing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The decrease in the gearing ratio, during the year ended, resulted primarily due to principal repayments of outstanding Term Finance Certificates and Bank Loans aggregating to Rs. 1,257.35 million.

### 35. FAIR VALUE MEASUREMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

In respect of investments in quoted equity securities, fair value is determined by reference to stock exchange quoted market price at the close of business day.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

**Level 1:** Quoted prices in active markets for identical assets or liabilities.

**Level 2:** Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) and;

**Level 3:** Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

|   | December 31, 2022 |          |                | Total             |
|---|-------------------|----------|----------------|-------------------|
|   | Level 1           | Level 2  | Level 3        |                   |
| (Rupees in '000)  |                   |          |                |                   |
| <b>Financial Assets</b>                                 |                   |          |                |                   |
| <b>Investments at fair value through OCI</b>            |                   |          |                |                   |
| Listed equity securities                                | 16,072,888        | -        | -              | 16,072,888        |
| Unquoted equity securities*                             | -                 | -        | 569,404        | 569,404           |
| <b>Investments at fair value through profit or loss</b> |                   |          |                |                   |
| Listed equity securities                                | 495,713           | -        | -              | 495,713           |
| Units of mutual fund - Open ended                       | 2,792,221         | -        | -              | 2,792,221         |
|   | <u>19,360,822</u> | <u>-</u> | <u>569,404</u> | <u>19,930,226</u> |
| <b>Financial Liability</b>                              |                   |          |                |                   |
| Derivative Liability                                    | 8,915             | -        | -              | 8,915             |

|   | December 31, 2021 |          |                | Total             |
|---|-------------------|----------|----------------|-------------------|
|   | Level 1           | Level 2  | Level 3        |                   |
| (Rupees in '000)  |                   |          |                |                   |
| <b>Financial Assets</b>                                 |                   |          |                |                   |
| <b>Investments at fair value through OCI</b>            |                   |          |                |                   |
| Listed equity securities                                | 20,170,391        | -        | -              | 20,170,391        |
| Unquoted equity securities                              | -                 | -        | 473,679        | 473,679           |
| <b>Investments at fair value through profit or loss</b> |                   |          |                |                   |
| Listed equity securities                                | 626,108           | -        | -              | 626,108           |
| Term finance certificates                               | 51,553            | -        | -              | 51,553            |
|   | <u>20,848,052</u> | <u>-</u> | <u>473,679</u> | <u>21,321,731</u> |
| <b>Financial Liability</b>                              |                   |          |                |                   |
| Derivative Liability                                    | 11,966            | -        | -              | 11,966            |

\* As at December 31, 2022, the Company's long term investments in unquoted securities of EFU Services (Private) Limited and Security General Insurance Company Limited (see note 6) are carried at fair value. The fair values of these investment are determined by the management after applying appropriate haircut to the carrying values of the net assets of investee companies as the net assets of investee companies mainly comprise of marketable securities and other assets having carrying value approximately equal to their fair value.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**35.1** During the year ended December 31, 2022, there were no transfers between level 1 and 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

## **36. CORRESPONDING FIGURES**

Comparative figures have been re-arranged and reclassified wherever necessary for the purpose of comparison and better presentation, in the current year. However, there are no material reclassification / re-arrangement to report.

## **37. DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated financial statements were authorised for issue on March 13, 2023 by the Board of Directors of the Company.

## **38. GENERAL**

### **38.1 Subsequent Event**

- i. Subsequent to the year end, the Company received a letter dated January 12, 2023, from JS Bank Limited ("JSBL") a subsidiary of the Company, expressing an interest in acquiring the Company's entire shareholding in BankIslami Pakistan Limited ("BIPL"). The Board of Directors of the Company, in its meeting held on February 16, 2023, has provided its consent and approval to sell the entire shareholding of BIPL (i.e. 235,684,306 ordinary shares representing 21.26% of the issued and paid-up capital of BIPL) to JSBL, in exchange for consideration of 266,747,498 ordinary shares of face value of PKR 10 per share each of JSBL (i.e. 1.1318 ordinary shares of JSBL for every 1 ordinary share of BIPL), subject to the approval of the shareholders of the Company (by way of special resolution) and other requisite regulatory approvals.

On March 7, 2023, certain shareholders of BIPL had filed a suit no. 318 of 2023 in the High Court of Sindh that JSBL cannot acquire BIPL on various grounds and obtained interim injunction. However, on March 14, 2023, based on the appeal, the Honorable High Court of Sindh has modified the temporary injunction and has allowed the process of the proposed acquisition of majority shares and control of BIPL subject to the outcome of the appeal.

Further, in the Extraordinary General Meeting of the Company held on March 16, 2023, the shareholders of the Company, subject to receipt of requisite regulatory approvals, have accorded their consent and approval (by way of special resolution) to the Company to sell its entire investment and shareholding of BIPL (i.e. 235,684,306 ordinary shares representing 21.26% of issued and paid-up capital of BIPL) in exchange for consideration of 266,747,498 ordinary shares of face value of PKR 10 per share each of JSBL (i.e. 1.1318 ordinary shares of JSBL for every share of BIPL) to be issue to the Company as new other than rights and other than cash issue based on the valuation carried out by an independent valuer.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- ii. Subsequent to the year end, the Board of Directors of the Company in its meeting held on March 13, 2023, has recommended a preferential cash dividend on Class A Preference Shares at 6% per annum, i.e. in line with its terms and conditions, amounting to Rs. 109.91 million i.e. Rs. 0.6 per preference share. This appropriation will be subject to the shareholders' approval in the Annual General Meeting of the Company to be held on April 27, 2023.
- iii. Further, the Board has also recommended an interim ordinary cash dividend to the ordinary shareholders of the Company for the year ending December 2023, at Rs. 0.6 per share i.e., 6%.

### 38.2 Other

Figures have been rounded off to the nearest thousand rupees.



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**Shahid Hussain Jatoi**  
Director



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**Asad Nasir**  
Chief Executive Officer



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**Najmul Hoda Khan**  
Chief Financial Officer



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# CONSOLIDATED FINANCIAL STATEMENTS









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Chartered Accountants  
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Karachi 75530 Pakistan  
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## INDEPENDENT AUDITOR'S REPORT

To the members of **Jahangir Siddiqui & Co. Ltd.**

### Opinion

We have audited the annexed consolidated financial statements of **Jahangir Siddiqui & Co. Ltd.** (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated 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 31 December 2022, 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 for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

### 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.



**KPMG Taseer Hadi & Co.**

Following are the Key audit matters:

| S. No. | Key Audit Matters  | How the matter was addressed in our audit  |
|--------|--|--|
| 1      | <p data-bbox="515 653 967 688"><b>Provision against loans and advances</b></p> <p data-bbox="515 695 1137 730">(Refer note 16 to the consolidated financial statements)</p> <p data-bbox="515 737 900 835">The Group's loans and advances portfolio includes fund-based and non-funded financing facilities.</p> <p data-bbox="515 842 900 1304">As per the Group's accounting policy (refer note 6.29 to the consolidated financial statements), the Group determines provisions against non-performing loans and advances exposures in accordance with the requirements of Prudential Regulations (PRs) of State Bank of Pakistan (SBP) and also maintains general provision against housing finance in respect of potential credit losses in the portfolio.</p> <p data-bbox="515 1310 900 1871">The Prudential Regulations require specific provisioning against loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Group's credit portfolio. The determination of loan loss provision against advances, therefore, involves use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Group.</p> | <p data-bbox="908 737 1362 814">Our audit procedures, amongst others, included the following:</p> <ul data-bbox="908 821 1362 1871" style="list-style-type: none"> <li data-bbox="908 821 1362 1003">▪ Assessed the design and tested the operating effectiveness of key controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing loans</li> </ul> <p data-bbox="908 1010 1362 1087">The testing of controls included testing of:</p> <ul data-bbox="908 1094 1362 1381" style="list-style-type: none"> <li data-bbox="908 1094 1362 1213">- controls over correct classification of non-performing advances on time-based criteria; and</li> <li data-bbox="908 1220 1362 1381">- controls over monitoring advances with higher risk of default and correct classification of non-performing advances on subjective criteria.</li> </ul> <ul data-bbox="908 1388 1362 1871" style="list-style-type: none"> <li data-bbox="908 1388 1362 1591">▪ In accordance with the regulatory requirement, we sampled and tested at least sixty percent of the total financing portfolio and performed the following substantive procedures for sample loan accounts:           <ul data-bbox="908 1598 1362 1871" style="list-style-type: none"> <li data-bbox="908 1598 1362 1780">- verified repayments of loan / profit instalments and checked that non-performing financing have been correctly classified and categorized based on the number of days overdue; and</li> <li data-bbox="908 1787 1362 1871">- examined watch list accounts and, based on review of the individual facts and circumstances,</li> </ul> </li> </ul> |



KPMG Taseer Hadi & Co.

| S. No. | Key Audit Matters  | How the matter was addressed in our audit   |
|--------|--|---|
|        | <p>In view of the significance of the area in terms of its impact on the consolidated financial statements and the level of involvement of management's judgment, we identified provision as a significant area of audit judgment and a key audit matter.</p>  | <p>discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate.</p> <ul style="list-style-type: none"> <li>▪ Analyzed the accuracy of specific provision made against non-performing financing and of general provision made against consumer finance by recomputing the provision amount after considering the benefit of forced sales value, if any, in accordance with the criteria prescribed under the PRs.</li> <li>▪ Where the management has not identified indicators displaying impairment, reviewed the credit history, account movement, financial ratios, report on security maintained and challenged the management's assessment based on our view of the credit from the review of credit file.</li> </ul> |
| 2      | <p><b>Valuation of investments</b><br/>(Refer note 10 &amp; 14 to the consolidated financial statements)</p>   |   |
|        | <p>The carrying value of investments held by the Group amounted to Rs. 326,822 million, which constitutes 50.87% of the Group's total assets as at 31 December 2022.</p> <p>The significant portion of the investments comprise of equity, debt and government securities.</p> <p>Investments are carried at cost or fair value in accordance with the Group's accounting policy relating to their recognition. Provision against investments is</p> | <p>Our audit procedures to verify valuation of investments, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>▪ Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments;</li> <li>▪ Assessed on a test basis, the valuation of investments in the portfolio, as recorded in the general ledger, to supporting documents, externally quoted market prices and break-up values including assessment of the significant or</li> </ul>   |



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| S. No. | Key Audit Matters   | How the matter was addressed in our audit  |
|--------|---|--|
|        | <p>made based on impairment policy of the Group which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the consolidated financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment.</p> | <p>prolonged decline as per IAS-39, in fair value of equity investments for impairment;</p> <ul style="list-style-type: none"><li data-bbox="911 766 1359 955">• Involved our own valuation specialist to assist us in evaluating the valuation technique, assumptions and methodologies used by management for valuation of certain unquoted equity investment;</li><li data-bbox="911 993 1359 1182">• We involved our specialist and evaluated the model used in determining the value in use of a subsidiary and also performed sensitivity analysis around the key assumptions used in the model;</li><li data-bbox="911 1213 1359 1444">• Obtained independent confirmations for verifying the existence of the investment portfolio as at 31 December 2022 and reconciled it with the books and records of the Group. Where such confirmations were not available, alternate procedures were performed;</li><li data-bbox="911 1476 1359 1738">• Evaluated the Group's assessment of available for sale and held to maturity financial assets for any additional impairment in accordance with the relevant accounting standards as applicable in Pakistan and performed an independent assessment of the assumptions and conclusions; and</li><li data-bbox="911 1770 1359 1904">• Considered the Group's disclosures of investments, such as the fair value hierarchy, to the requirements of the accounting and reporting standards as applicable in Pakistan.</li></ul> |



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**Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports 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 auditor's 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 the 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 the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of the 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



## KPMG Taseer Hadi & Co.

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.



KPMG Taseer Hadi & Co.

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 Muhammad Taufiq.

Date: 31 March 2023

Karachi

UDIN: AR202210106763bHwghu

  
KPMG Taseer Hadi & Co.  
Chartered Accountants





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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

| ASSETS  | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>-----      |
|---|------|--------------------------------------|--------------------|
| <b>Non-current assets</b>   |      |                                      |                    |
| Property and equipment  | 7    | 10,159,795                           | 10,413,825         |
| Intangible assets   | 8    | 2,379,983                            | 1,686,947          |
| Investment properties   | 9    | 1,180                                | 1,300              |
| Long term investments   | 10   | 104,243,696                          | 66,575,438         |
| Long term loans, advances, prepayments and other receivables            | 11   | 72,147,855                           | 80,225,813         |
| Assets repossessed  | 12   | 3,664,798                            | 2,537,863          |
| Long term deposits  |      | 20,468                               | 20,260             |
| Defined benefit plan assets - net                                       | 46   | 119,523                              | 318,319            |
| Deferred tax assets   | 13   | 426,538                              | -                  |
|   |      | <b>193,163,836</b>                   | <b>161,779,765</b> |
| <b>Current assets</b>   |      |                                      |                    |
| Short term investments  | 14   | 224,578,223                          | 190,952,689        |
| Trade debts   | 15   | 932,319                              | 1,761,366          |
| Loans and advances  | 16   | 158,652,589                          | 174,019,249        |
| Accrued mark-up   | 17   | 12,349,897                           | 7,275,957          |
| Short-term prepayments, deposits and other receivables                  | 18   | 14,702,491                           | 8,535,137          |
| Other financial assets - fund placements                                | 19   | 11,351,162                           | 31,939,044         |
| Taxation - net  |      | 1,104,278                            | 1,009,460          |
| Cash and bank balances  | 20   | 26,602,040                           | 35,502,442         |
|   |      | <b>450,272,999</b>                   | <b>450,995,344</b> |
| Assets classified as held for sale                                      | 21   | 2,909,204                            | 2,145,343          |
|   |      | <b>646,346,039</b>                   | <b>614,920,452</b> |
| <b>EQUITY AND LIABILITIES</b>   |      |                                      |                    |
| <b>Share Capital and Reserves</b>                                       |      |                                      |                    |
| <b>Share Capital</b>  |      |                                      |                    |
| Authorised capital  | 22.1 | 65,000,000                           | 65,000,000         |
| Issued, subscribed and paid-up capital                                  |      |                                      |                    |
| Ordinary shares   | 22.2 | 9,159,424                            | 9,159,424          |
| Equity component of Preference Shares                                   | 23   | 1,326,114                            | 1,326,114          |
| Reserves  | 24   | 28,890,476                           | 30,074,852         |
| Equity attributable to equity holders of the parent                     |      | <b>39,376,014</b>                    | <b>40,560,390</b>  |
| Non-controlling interests   |      | 6,301,086                            | 6,486,428          |
| <b>Total equity</b>   |      | <b>45,677,100</b>                    | <b>47,046,818</b>  |
| <b>Non-current liabilities</b>  |      |                                      |                    |
| Long term financing   | 25   | 7,302,443                            | 8,717,485          |
| Liability component of Preference Shares                                | 26   | 408,550                              | 464,390            |
| Lease liabilities   | 27   | 2,567,311                            | 2,450,781          |
| Long-term deposits and other accounts                                   | 28   | 250,468,868                          | 12,205,220         |
| Deferred tax liabilities  | 13   | -                                    | 894,428            |
| Long term borrowings  | 29   | 10,822,020                           | 29,148,244         |
|   |      | <b>271,569,192</b>                   | <b>53,880,548</b>  |
| <b>Current liabilities</b>  |      |                                      |                    |
| Trade and other payables  | 30   | 21,186,753                           | 19,417,247         |
| Unclaimed dividend  |      | 22,432                               | 23,044             |
| Unpaid dividend   |      | 230                                  | -                  |
| Short term borrowings   | 31   | 291,998                              | 1,138,666          |
| Accrued interest / mark-up on borrowings                                | 32   | 4,970,581                            | 3,301,137          |
| Current portion of long term borrowings                                 | 29   | 86,986,196                           | 41,326,066         |
| Current deposits and current portion of long term liabilities           | 33   | 213,787,511                          | 447,801,053        |
|   |      | <b>327,245,701</b>                   | <b>513,007,213</b> |
| Liabilities directly associated with assets classified as held for sale | 21   | 1,854,046                            | 985,873            |
|   |      | <b>646,346,039</b>                   | <b>614,920,452</b> |
| <b>Contingencies and commitments</b>                                    |      |                                      |                    |
|   | 34   |                                      |                    |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.



**Shahid Hussain Jatoi**  
Director



**Asad Nasir**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2022

|  | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|--|------|--------------------------------------|--------------------------------------|
| <b>CONTINUING OPERATIONS</b>   |      |                                      |                                      |
| <b>Income</b>  |      |                                      |                                      |
| Return on investments  | 35   | 41,983,253                           | 19,310,523                           |
| (Loss) / gain on sale of investments - net   | 36   | (342,020)                            | 356,008                              |
| Income from loans, advances and fund placements  | 37   | 31,999,257                           | 21,534,311                           |
| Fee, commission and brokerage  | 38   | 3,861,184                            | 4,407,477                            |
| Gain / (loss) on remeasurement of investments at fair value through profit or loss - net |      | 27,014                               | (118,069)                            |
| Other income   | 39   | 2,414,463                            | 1,544,477                            |
|  |      | 79,943,151                           | 47,034,727                           |
| <b>Expenditure</b>   |      |                                      |                                      |
| Operating and administrative expenses  | 40   | 19,306,319                           | 16,488,992                           |
| Finance cost   | 41   | 57,424,528                           | 27,398,331                           |
| Provision for Sindh Workers' Welfare Fund  |      | 62,125                               | 75,523                               |
| Provision for impairment on asset classified as held for sale                            | 21   | 28,172                               | 175,411                              |
| Reversal of impairment on investments - net  | 42   | (38,440)                             | (317,649)                            |
|  |      | 76,782,704                           | 43,820,608                           |
| <b>Share of profit from associates</b>   |      | 930,886                              | 470,569                              |
| <b>Profit before taxation</b>  |      | 4,091,333                            | 3,684,688                            |
| <b>Taxation</b>  |      |                                      |                                      |
| - Current  | 43   | 1,710,011                            | 1,466,365                            |
| - Prior  |      | 59,250                               | (110,575)                            |
| - Deferred   |      | (55,511)                             | 4,482                                |
|  |      | 1,713,750                            | 1,360,272                            |
| <b>Profit after taxation from continuing operations</b>                                  |      | 2,377,583                            | 2,324,416                            |
| <b>DISCONTINUED OPERATIONS</b>   |      |                                      |                                      |
| Loss after taxation for the year from discontinued operations                            | 21   | (4,546)                              | (311,874)                            |
| <b>PROFIT FOR THE YEAR</b>   |      | 2,373,037                            | 2,012,542                            |
| <b>Attributable to:</b>  |      |                                      |                                      |
| Equity holders of the parent   |      | 2,149,946                            | 1,660,814                            |
| Non-controlling interests  |      | 223,091                              | 351,728                              |
|  |      | 2,373,037                            | 2,012,542                            |
| <b>EARNINGS PER SHARE</b>  |      |                                      |                                      |
| <b>From continuing operations</b>  |      |                                      |                                      |
| Basic  |      | 2.35                                 | 2.15                                 |
| Diluted  |      | 2.06                                 | 2.02                                 |
| <b>From continuing and discontinued operations</b>                                       |      |                                      |                                      |
| Basic  |      | 2.35                                 | 1.81                                 |
| Diluted  |      | 2.06                                 | 1.71                                 |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.



**Shahid Hussain Jatoi**  
Director



**Asad Nasir**  
Chief Executive Officer




**Najmul Hoda Khan**  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2022

|   | 2022                         | 2021           |
|---|------------------------------|----------------|
|   | ----- (Rupees in '000) ----- |                |
| <b>PROFIT FOR THE YEAR</b>  | 2,373,037                    | 2,012,542      |
| <b>OTHER COMPREHENSIVE INCOME</b>   |                              |                |
| <b>Items that will not be reclassified to consolidated statement of profit or loss subsequently</b> |                              |                |
| Remeasurement loss on defined benefit obligations - net   | (53,840)                     | (128,243)      |
| Unrealised loss on remeasurement of investments at fair value through OCI during the year - net     | (2,324,292)                  | (1,520,280)    |
| Share of other comprehensive income / (loss) from associates accounted for using equity method      | 5,675                        | (1,844)        |
|   | (2,372,457)                  | (1,650,367)    |
| <b>Items that may be reclassified subsequently to consolidated statement of profit or loss</b>      |                              |                |
| Fair value loss on remeasurement of investments at FVOCI during the year - net                      | (1,588,405)                  | (99,769)       |
| Exchange difference on translation of net assets in foreign branch of a subsidiary                  | 263,175                      | 79,022         |
| Share of other comprehensive loss from associates accounted for using equity method                 | (54,868)                     | (7,350)        |
|   | (1,380,098)                  | (28,097)       |
| <b>Total comprehensive (loss) / income for the year</b>   | <b>(1,379,518)</b>           | <b>334,078</b> |
| <b>Attributable to:</b>   |                              |                |
| Equity holders of the parent  | (1,184,376)                  | 40,824         |
| Non-controlling interests   | (195,142)                    | 293,254        |
|   | <b>(1,379,518)</b>           | <b>334,078</b> |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.



**Shahid Hussain Jatoi**  
Director



**Asad Nasir**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2022

|  | Attributable to ordinary equity holders of the parent |                       |                        |                                      |   |                   |                   |                   |                           |                   |
|--|---|-----------------------|------------------------|--------------------------------------|---|-------------------|-------------------|-------------------|---------------------------|-------------------|
|  | Reserves  |                       |                        |                                      |   |                   |                   | Sub-total         | Non-controlling interests | Total             |
|  | Issued, subscribed and paid-up capital                |                       | Ordinary share premium | Foreign exchange translation reserve | Unrealised gain / (loss) on revaluation of available-for-sale / fair value through other comprehensive income investments - net | Statutory reserve | Revenue reserve   |                   |                           |                   |
| Ordinary Shares  | Equity component of Preference Shares                 | Unappropriated profit |                        |                                      |   |                   |                   |                   |                           |                   |
|  | (Rupees in '000)                                      |                       |                        |                                      |   |                   |                   |                   |                           |                   |
| <b>Balance as at December 31, 2020 (restated)</b>                                  | 9,159,424   | -                     | 4,497,894              | 114,450                              | 14,442,174  | 1,337,185         | 9,758,446         | 39,309,573        | 6,303,035                 | 45,612,608        |
| Profit for the year  | -   | -                     | -                      | -                                    | -   | -                 | 1,660,814         | 1,660,814         | 351,728                   | 2,012,542         |
| Other comprehensive income / (loss) for the year                                   | -   | -                     | -                      | 79,022                               | (1,595,520)   | -                 | (103,492)         | (1,619,990)       | (58,474)                  | (1,678,466)       |
| Total comprehensive income / (loss) for the year                                   | -   | -                     | -                      | 79,022                               | (1,595,520)   | -                 | 1,557,322         | 40,824            | 293,254                   | 334,078           |
| Transfer to statutory reserve  | -   | -                     | -                      | -                                    | -   | 195,711           | (195,711)         | -                 | -                         | -                 |
| Dividend paid to non-controlling interests   | -   | -                     | -                      | -                                    | -   | -                 | -                 | -                 | (29,282)                  | (29,282)          |
| Proceeds from issue of Right shares by subsidiary                                  | -   | -                     | -                      | -                                    | -   | -                 | -                 | -                 | 49,676                    | 49,676            |
| Buy-back of shares by subsidiary and other adjustments                             | -   | -                     | -                      | -                                    | -   | -                 | (142,066)         | (142,066)         | (141,539)                 | (283,605)         |
| Surplus on buy back of shares by subsidiary  | -   | -                     | -                      | -                                    | -   | -                 | 25,945            | 25,945            | 11,284                    | 37,229            |
| Equity component of Preference Shares (Note 23)                                    | -   | 1,338,534             | -                      | -                                    | -   | -                 | -                 | 1,338,534         | -                         | 1,338,534         |
| Less: Issuance cost related to equity component of Preference Shares               | -   | (12,420)              | -                      | -                                    | -   | -                 | -                 | (12,420)          | -                         | (12,420)          |
| Reclassification of net remeasurement gain on equity instrument upon derecognition | -   | -                     | -                      | -                                    | (415,428)   | -                 | 415,428           | -                 | -                         | -                 |
| <b>Balance as at December 31, 2021</b>   | <b>9,159,424</b>                                      | <b>1,326,114</b>      | <b>4,497,894</b>       | <b>193,472</b>                       | <b>12,431,226</b>   | <b>1,532,896</b>  | <b>11,419,364</b> | <b>40,560,390</b> | <b>6,486,428</b>          | <b>47,046,818</b> |
| Profit for the year  | -   | -                     | -                      | -                                    | -   | -                 | 2,149,946         | 2,149,946         | 223,091                   | 2,373,037         |
| Other comprehensive income / (loss) for the year                                   | -   | -                     | -                      | 263,175                              | (3,557,106)   | -                 | (40,391)          | (3,334,322)       | (418,233)                 | (3,752,555)       |
| Total comprehensive income / (loss) for the year                                   | -   | -                     | -                      | 263,175                              | (3,557,106)   | -                 | 2,109,555         | (1,184,376)       | (195,142)                 | (1,379,518)       |
| Transfer to statutory reserve  | -   | -                     | -                      | -                                    | -   | 144,756           | (144,756)         | -                 | -                         | -                 |
| Dividend paid to non-controlling interests   | -   | -                     | -                      | -                                    | -   | -                 | -                 | -                 | -                         | -                 |
| Proceeds from issue of Right shares by subsidiary                                  | -   | -                     | -                      | -                                    | -   | -                 | -                 | -                 | 9,800                     | 9,800             |
| Reclassification of net remeasurement gain on equity instrument upon derecognition | -   | -                     | -                      | -                                    | (1,320,373)   | -                 | 1,320,373         | -                 | -                         | -                 |
| <b>Balance as at December 31, 2022</b>   | <b>9,159,424</b>                                      | <b>1,326,114</b>      | <b>4,497,894</b>       | <b>456,647</b>                       | <b>7,553,747</b>  | <b>1,677,652</b>  | <b>14,704,536</b> | <b>39,376,014</b> | <b>6,301,086</b>          | <b>45,677,100</b> |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.



**Shahid Hussain Jatoi**  
Director



**Asad Nasir**  
Chief Executive Officer




**Najmul Hoda Khan**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

|   | Note       | 2022<br>(Rupees in '000) | 2021                |
|---|------------|--------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |            |                          |                     |
| Profit before taxation from continuing operations   |            | 4,091,333                | 3,684,688           |
| Profit / (loss) before taxation from discontinued operations                                  | 21.1       | 9,906                    | (289,455)           |
|   |            | <b>4,101,239</b>         | <b>3,395,233</b>    |
| <b>Non-cash adjustments to reconcile profit before taxation to net cash flows</b>             |            |                          |                     |
| Depreciation  | 7.1 & 40.5 | 2,098,420                | 1,851,840           |
| Amortisation of intangible assets   | 8.1        | 172,389                  | 139,889             |
| Gain on sale of property and equipment  |            | (56,249)                 | (13,323)            |
| Charge for defined benefit plan   |            | 94,964                   | 208,622             |
| (Gain) / loss on remeasurement of investments at fair value through profit or loss - net      |            | (27,014)                 | 118,069             |
| Loss / (gain) on remeasurement of derivatives at fair value through profit or loss - net      |            | 82,584                   | (47,448)            |
| Share of profit from associate  |            | (930,886)                | (470,569)           |
| Provision against non performing loans, advances and other receivables                        |            | 1,109,038                | 2,479,232           |
| Provision for impairment on asset classified as held for sale                                 |            | 28,172                   | 175,411             |
| Reversal for impairment on investments - net  |            | (38,440)                 | (317,649)           |
| Effect of translation of net investment in foreign branch of a subsidiary                     |            | 263,175                  | 79,022              |
| Finance cost  |            | 57,424,528               | 27,552,291          |
|   |            | <b>60,220,681</b>        | <b>31,755,387</b>   |
| <b>Operating profit before working capital changes</b>  |            | <b>64,321,920</b>        | <b>35,150,620</b>   |
| <b>(Increase) / decrease in operating assets :</b>  |            |                          |                     |
| Loans and advances  |            | 14,257,622               | (1,661,158)         |
| Trade debts   |            | 829,047                  | (274,025)           |
| Long term loans, advances, prepayments, deposits and other receivables                        |            | 8,077,750                | (5,702,651)         |
| Other financial assets - fund placements  |            | 20,587,882               | (8,699,372)         |
| Prepayments, deposits, accrued mark-up and other receivables                                  |            | (11,136,982)             | (1,167,844)         |
|   |            | <b>32,615,319</b>        | <b>(17,505,050)</b> |
| <b>Increase / (decrease) in operating liabilities:</b>  |            |                          |                     |
| Trade and other payables  |            | 1,769,506                | (633,632)           |
| Deposits and other accounts   |            | 4,627,171                | 27,720,297          |
| Borrowings  |            | (791,057)                | (4,726,639)         |
| <b>Net cash generated from operations</b>   |            | <b>102,542,858</b>       | <b>40,005,596</b>   |
| Finance cost paid   |            | (55,755,084)             | (26,873,563)        |
| Taxes paid  |            | (1,878,530)              | (1,944,610)         |
| <b>Net cash generated from operating activities</b>   |            | <b>44,909,244</b>        | <b>11,187,423</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |            |                          |                     |
| Capital expenditure incurred  |            | (1,464,005)              | (2,015,638)         |
| Intangible assets acquired  |            | (865,425)                | (786,499)           |
| Proceeds from sale of property and equipment  |            | 210,360                  | 108,625             |
| Paid to Non-Controlling Interests against buy back of shares by a subsidiary                  |            | -                        | (246,376)           |
| Acquisition of assets repossessed   |            | (1,148,424)              | (1,361,720)         |
| Proceeds from issuance of right shares by Subsidiary Company                                  |            | 9,800                    | 49,676              |
| Investments sold - net  |            | (74,628,758)             | (30,533,610)        |
| <b>Net cash used in investing activities</b>  |            | <b>(77,886,452)</b>      | <b>(34,785,542)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |            |                          |                     |
| Redemption of term finance certificates   |            | (801,800)                | (261,682)           |
| Long term loan obtained from / (repaid to) bank - net   |            | (1,312,474)              | 374,329             |
| Proceeds from issuance of preference right shares by parent company - net of transaction cost |            | -                        | 1,814,554           |
| Dividend paid (including non-controlling interests)   |            | (61,931)                 | (29,535)            |
| Repayment of lease liability  |            | (1,413,276)              | (1,294,642)         |
| Securities sold under repurchase agreements - net   |            | 27,139,860               | 25,992,959          |
| <b>Net cash generated from financing activities</b>   |            | <b>23,550,379</b>        | <b>26,595,983</b>   |
| <b>NET DECREASE / INCREASE IN CASH AND CASH EQUIVALENTS</b>                                   |            | <b>(9,426,829)</b>       | <b>2,997,864</b>    |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>                                 |            | <b>34,581,008</b>        | <b>31,583,144</b>   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                                       | 45         | <b>25,154,179</b>        | <b>34,581,008</b>   |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.



**Shahid Hussain Jatoi**  
Director



**Asad Nasir**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 1. THE GROUP AND ITS OPERATIONS

**1.1** Jahangir Siddiqui & Co. Ltd. (the Holding Company) and its subsidiary companies (together the Group) are involved in managing strategic investments, trading of securities, investment advisory, asset management, agency telecommunication, commercial banking and other businesses. The Group is mainly operating in Pakistan but also provides services in Bahrain and Cayman Islands.

The Holding Company was incorporated under the repealed Companies Ordinance, 1984, now Companies Act 2017, on May 04, 1991 as a public unquoted company. The Holding Company is presently listed on Pakistan Stock Exchange Limited. The registered office and geographical location of the Holding Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The principal activities of the Holding Company are managing strategic investments, trading of securities, consultancy services, etc.

The Branch network of the group is disclosed in Annexure II to these financial statements.

## 1.2 Composition of the Group

The Group comprises of the Holding Company and the following subsidiary companies that have been consolidated in these financial statements on a line by line basis. All material inter company balances, transactions and resulting unrealised profits / losses have been eliminated:

| Subsidiary Companies  | Note   | Holding (including indirect holding) |                     |
|---|--------|--------------------------------------|---------------------|
|   |        | December 31, 2022 %                  | December 31, 2021 % |
| <b>JS Bank Limited (JSBL)</b>   | 1.2.1  | <b>75.02</b>                         | 75.02               |
| <b>JS Investments Limited (JSIL)</b><br>(Sub-subsidiary)                  | 1.2.2  | <b>63.43</b>                         | 63.43               |
| <b>JS Global Capital Limited (JSGCL)</b><br>(Sub-subsidiary)              | 1.2.3  | <b>69.69</b>                         | 69.69               |
| <b>JS Infocom Limited</b>   | 1.2.4  | <b>100.00</b>                        | 100.00              |
| <b>JS International Limited</b>   | 1.2.5  | <b>100.00</b>                        | 100.00              |
| <b>Energy Infrastructure Holding (Private) Limited</b>                    | 1.2.6  | <b>100.00</b>                        | 100.00              |
| <b>Quality Energy Solutions (Private) Limited</b>                         | 1.2.7  | <b>100.00</b>                        | 100.00              |
| <b>Khairpur Solar Power (Private) Limited</b><br>(Sub-subsidiary)         | 1.2.8  | <b>100.00</b>                        | 100.00              |
| <b>JS Petroleum Limited</b><br>(Sub-subsidiary)                           | 1.2.9  | <b>51.00</b>                         | 51.00               |
| <b>Quality 1 Petroleum (Private) Limited</b><br>(Sub-subsidiary)          | 1.2.10 | <b>100.00</b>                        | 100.00              |
| <b>JS Engineering Investments 1 (Private) Limited</b><br>(Sub-subsidiary) | 1.2.11 | <b>100.00</b>                        | 100.00              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 1.2.1 JS Bank Limited

JS Bank Limited (JSBL) was incorporated on March 15, 2006 as a public limited company under the repealed Companies Ordinance, 1984, now Companies Act 2017. The Subsidiary is engaged in conducting commercial banking business and related services permissible under the Banking Companies Ordinance, 1962. Its shares are listed on the Pakistan Stock Exchange Limited. The registered office of JSBL is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi and it operates with 281 (2021: 281) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2021: One).

## 1.2.2 JS Investments Limited

JS Investments Limited (JSIL) is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984, now Companies Act 2017. The Subsidiary was listed on Pakistan Stock Exchange Limited on April 24, 2007. The registered office of the Company is situated at 19th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The Company is a subsidiary of JS Bank Limited.

The Company has obtained the license of an “Investment Advisor” and “Asset Management Company” (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company also acts as Pension Fund Manager under the Voluntary Pension System Rules, 2005. The Company has also acquired the Private Equity and Venture Capital Fund Management Services license and REIT Management Services license from Securities and Exchange Commission of Pakistan (SECP).

JSIL is an asset management company, pension fund manager and private equity and venture capital manager for the following:

### Open end:

- JS Growth Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Fund of Funds
- JS Islamic Income Fund
- JS Cash Fund
- JS Large Cap Fund
- JS Islamic Hybrid Fund of Funds
- JS Islamic Dedicated Equity Fund
- JS Islamic Daily Dividend Fund
- JS Momentum Factor Exchange Traded Fund
- JS Microfinance Sector Fund
- JS Rental REIT Fund
- JS Government Securities Fund

### Private Equity & Venture Capital Fund:

- JS Motion Picture Fund

### Pension funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 1.2.3 JS Global Capital Limited (JSGCL)

JS Global Capital Limited (JSGCL) was incorporated as a private limited Company on June 28, 2000 under repealed Companies Ordinance 1984, now Companies Act 2017. Subsequently, JSGCL obtained listing on Pakistan Stock Exchange Limited on February 07, 2005. JSGCL is a trading right entitlement certificate holder of Pakistan Stock Exchange Limited and member of Pakistan Mercantile Exchange Limited. The principal activities of JSGCL are share brokerage, money market brokerage, forex and commodity brokerage, advisory, underwriting, book running and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of JSGCL is situated at 17th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The Company is a subsidiary of JS Bank Limited.

### 1.2.4 JS Infocom Limited

JS Infocom Limited (JS Infocom) was incorporated on August 25, 2003 as a public limited unlisted Company under the repealed Companies Ordinance, 1984, now Companies Act 2017. The registered office of JS Infocom is situated at 20th Floor, The Centre, Abdullah Haroon Road, Saddar, Karachi. JS Infocom is established to undertake telecommunication, media and technology business or invest in companies engaged in providing telecommunication, media and technology services.

### 1.2.5 JS International Limited

JS International Limited was incorporated in Cayman Islands B.W.I. on July 14, 2005. The primary objective for which the Company has been established includes inward investment from non-resident Pakistanis and international institutional investors, financial advisory services to Pakistani companies expanding overseas and to foreign companies interested in investing or setting up joint ventures in Pakistan.

### 1.2.6 Energy Infrastructure Holding (Private) Limited

Energy Infrastructure Holding (Private) Limited (EIHPL) was incorporated under the repealed Companies Ordinance, 1984, now Companies Act 2017, on April 15, 2008 as a Private Limited Company. The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5, Saddar, Karachi. The principal activities of the Company are to invest in energy, petroleum and infrastructure projects.

### 1.2.7 Quality Energy Solutions (Private) Limited

Quality Energy Solutions (Private) Limited was incorporated under the repealed Companies Ordinance, 1984, now Companies Act 2017, on May 09, 2016 as a Private Limited Company. The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The principal activities of the Company are to undertake investments in power entities, listed or otherwise in Pakistan or elsewhere in the world.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 1.2.8 Khairpur Solar Power (Private) Limited

Khairpur Solar Power (Private) Limited was incorporated under the repealed Companies Ordinance, 1984, now Companies Act 2017, on May 05, 2016 as a Private Limited Company. The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5 Abdullah Haroon Road, Saddar, Karachi. The principal activities of Company is to develop, design, construct, build, own, operate, maintain and acquire solar energy project, coal fired power generation complexes and thermal, hydel, renewable energy and wind energy projects, carry on the business of electricity generation, transmission, sale and distribution services and maintain housing, transportation, communication and utility lines and other requisite logistic facilities for the construction, operation and maintenance of power plants. The Company is a wholly owned subsidiary of Quality Energy Solutions (Private) Limited.

### 1.2.9 JS Petroleum Limited

JS Petroleum Limited was incorporated under the now Companies Act 2017, on October 09, 2017 as a Private Limited Company and was subsequently converted to Public Unlisted Company. The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5 Abdullah Haroon Road, Saddar, Karachi. The principal business activity of the Company is to invest in and undertake Oil and Gas storage facility business. The Company is a subsidiary of Energy Infrastructure Holding (Private) Limited.

### 1.2.10 Quality 1 Petroleum (Private) Limited

Quality 1 Petroleum (Private) Limited (Q1P) was incorporated on July 04, 2014 as a private limited company in Lahore. The Company was licensed by Oil and Gas Regulatory Authority to operate as Oil Marketing Company (OMC). It is principally engaged in procurement, storage and marketing of petroleum related products. The registered office of Q1P is situated at Plot 56-G, 4th Floor Beverly Center, Jinnah Avenue, Blue Area, Islamabad and other business units located at:

- Mouza Mandra, Chowk Bandori Road, Tehsil Gujjar Khan, District Rawalpindi;
- Chak no. 81/5L, Bonga Hayat Road, Tehsil & District Sahiwal;
- On Road N-55 Between KM 399-400, Shikarpur - Kandhakot Road;
- Survey No. 233, 234, 235, 345 & 351 Situated at Deh & Tappo Ali Murad Kalhoru, Taluka Khanpur, District Shikarpur; and
- Kot Adu Road in Khata No 114/113, Khatoni No.322 and Khata No.116 Khatoni No.324 Serial Registration No. 3441 & 3442 Mahal Mansa Raam Khas Tehsil Kot Adu District Muzzafargarh.

In the year 2021, Energy Infrastructure Holding (Private) Limited (EIHPL) (a wholly owned subsidiary of the Holding Company) had decided to dispose of its entire equity interest in Q1P (a sub-subsidiary company). Subsequent to the approval of directors and the shareholders of EIHPL in their respective meetings, Share Purchase Agreement (SPA) had been signed with the intended buyer on December 31, 2021.

At present, EIHPL and the intended buyer are currently in the process of obtaining certain regulatory approvals to meet the conditions precedents as per SPA which are expected to be completed during

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

subsequent year. Therefore, this sub-subsidiary company has been presented as a disposal group held for sale under International Financial Reporting Standard 5 (IFRS-5) in these consolidated financial statements.

## 1.2.11 JS Engineering Investments 1 (Private) Limited

JS Engineering Investments 1 (Private) Limited was incorporated under the Companies Act, 2017, on November 23, 2017 as a Private Limited Company. The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5 Abdullah Haroon Road, Saddar, Karachi. The principal activities of the Company is to invest in engineering and automotive sectors. The Company is currently pursuing investment opportunities. The Company is a wholly owned subsidiary of Energy Infrastructure Holding (Private) Limited.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan as are notified under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

IFRS - 10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by the Securities and Exchange Commission of Pakistan (SECP). However, SECP has directed that the requirements of consolidation under section 237 of the repealed Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and at fair value through other comprehensive income / available for sale investments which are stated at fair value, and Group's asset under defined benefit plan (gratuity) which is measured based on present value of defined benefit obligation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the functional and presentation currency of the Company and rounded off to nearest rupees in thousands.

## 3. New / Revised Standards, Interpretations and Amendments

There are certain interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2022 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated financial statements.

### 3.1 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2023:

#### **Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 in January 2020)**

apply retrospectively for the annual periods beginning on or after January 01, 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

**Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022)** aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after January 01, 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)** – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Group's consolidated financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

**Definition of Accounting Estimates (Amendments to IAS 8)** introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Group applies the amendments.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)** narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

**Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022)** adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)** amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual periods beginning on or after 01 January 2023 and are not likely to have an impact on Group's consolidated financial statements.

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates 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 year in which the estimate is revised and in any future years affected.

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

- (a) determining the residual values and useful lives of property and equipment and intangibles (notes 6.1, 6.2, 7.1 and 8);
- (b) valuation and classification of investments (notes 6.6, 10 and 14);
- (c) recognition of taxation and deferred tax (notes 6.10, 13 and 43);
- (d) accounting for post employment benefits (note 6.17 and 46);
- (e) impairment of financial assets (notes 6.6 and 42);
- (f) leases (note 6.5);
- (g) fair value of un-quoted equity securities (note 10.3, 10.4, 14); and
- (h) provision against non performing loans (note 6.29 and 16).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 5. BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies together - "the Group.
- Subsidiary companies are fully consolidated from the date on which control is obtained and are excluded from consolidation from the date of when control is lost.
- The financial statements of the subsidiary companies are prepared for the same reporting year (except for JS International Limited whose audited financial statements as at September 30 have been considered) as the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies other than those classified as 'Held for Sale' (refer note 21), have been consolidated on a line by line basis and the investment held by the Holding Company is eliminated against the corresponding share capital of subsidiaries in these consolidated financial statements.
- Non-controlling interests in equity of the subsidiary companies are measured at proportionate share of net assets of the acquiree as of the acquisition date.
- Material intra-group balances and transactions have been eliminated.

## 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 6.1 Property and equipment

These are stated at costs less accumulated depreciation and accumulated impairment, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to the statement of profit or loss by applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 7.1 to the consolidated financial statements. Depreciation is charged on additions from the month in which asset is put to use and on disposals up to the month immediately preceding the disposal.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized.

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. The carrying amount of the asset replaced is derecognized.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

Capital work-in-progress is stated at cost less impairment losses, if any. These are transferred to specified assets as and when assets are available for use.

### 6.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method taking into account residual value, if any, at the rates specified in note 8 to these financial statements. Amortization is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Group. An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

### 6.3 Investment property

Investment property is property held to earn rentals and / or for capital appreciation (including property under construction for such purposes).

These are stated at cost including transaction costs less accumulated depreciation and accumulated impairment, if any. Depreciation is charged to the statement of profit or loss by applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. Depreciation is charged from the month in which asset is put to use and on disposals up to the month immediately preceding the disposal.

Investment property is derecognized when either it is disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of retirement or disposal.

Transfers are made to / from investment property when, and only when, there is change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 6.4 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the profit or loss for any initial or subsequent write down of the non-current asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale or while part of a disposal group classified as held for sale.

### 6.5 IFRS 16 Leases

- **Right-of-use assets**

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

- **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### • Short-term leases and leases of low-value assets

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

### • Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under its lease agreement to lease the asset for additional terms of more than one year. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for lease of head office due to the significance of this asset to its operations. This lease has a short non-cancellable period (i.e., eleven months) and there will be a significant negative effect on operations if a replacement is not readily available.

## 6.6 Investments

The management of the Group Companies severally determine the appropriate classification of investments at the time of purchase or increase in and classifies / reclassifies its investment as subsidiaries, associates and joint ventures, at fair value through profit or loss, fair value through other comprehensive income or at amortized cost.

All investments are initially recognized at cost, being the fair value of the consideration given including transaction costs associated with the investment except in the case of investments at fair value through profit or loss where transaction costs are charged to the statement of profit or loss when incurred.

### Subsidiaries, associates and joint arrangements

A subsidiary is an entity over which the Group has control. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

In addition, control is also established when the Group directly or indirectly holds more than fifty percent of the voting securities or otherwise has power to elect more than fifty percent of the directors of the investee.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies.

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group reassesses, at each reporting date, whether or not it has control, significant influence or joint control over the investee. The Holding Company uses 'fair value as deemed cost' approach for measuring its existing investments. Accordingly, on the date the investee company becomes an associate, the fair value of existing investment is considered as deemed cost to determine the initial value of investment in associate.

Investments in subsidiaries are consolidated on a line by line basis. Investments in associates and joint ventures, other than those classified as held for sale, are accounted for under the equity method in these consolidated financial statements. Under equity method, investments are carried at cost, plus post-acquisition changes in the Group's share of net assets of the entity, less any impairment in value. The statement of profit or loss reflects the Group's share of the results of its associates and joint ventures.

Investments in subsidiaries, associates and joint ventures classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell as per IFRS 5.

### **IFRS 9 Financial Instruments:**

The Group (except Subsidiary Bank) had adopted IFRS 9 Financial Instruments effective from January 01, 2019.

### **Initial recognition and measurement**

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees / counter parties and due to counterparties, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Bank balances and loans and advances to employees / counter parties are recognised when funds are transferred to the banks / employees / counterparties. The Holding Company recognises due to counterparties when funds reach the Group.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### Classification

In accordance with IFRS 9, the Group (except for subsidiary bank) classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be at Fair Value through Profit or Loss if:

- (i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
- (ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking, or
- (iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

### Financial assets

The Holding Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

### Financial assets measured at fair value through other comprehensive income (FVOCI)

#### a) Debt instruments at FVOCI

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in the statement of profit or loss. On de-recognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to the statement of profit or loss. Debt instruments are subject to impairment under Expected Credit Loss model. The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the statement of profit or loss. The accumulated loss recognised in OCI is recycled to the statement of profit or loss upon de-recognition of the assets.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## b) Equity instruments at FVOCI

Upon initial recognition, the Group (except for subsidiary bank) elects to classify irrevocably its equity investments as equity instruments at FVOCI when they meet the definition of Equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The Holding Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. Such classification is determined on an instrument by instrument basis.

Gains and losses on these equity instruments are never recycled to the statement of profit or loss. Dividends are recognised in the statement of profit or loss as return on investments when the right of the payment has been established, except when the Holding Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

## Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Financial assets measured at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding, or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell, or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.

## Financial liabilities

### Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss, if any.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### De-recognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Group has:

- (a) Transferred substantially all of the risks and rewards of the asset; or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Holding Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Holding Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. The Holding Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

### Impairment of financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovery of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

## **Offsetting of financial assets and financial liabilities**

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

## **Financial instruments - Policy applicable on Subsidiary Bank**

### **Held for trading**

This includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss after meeting conditions as stated in IAS 39.

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair value with any resulting gains or losses recognized directly in the statement of profit or loss. Transaction costs are charged to the statement of profit or loss when incurred.

### **Available-for-sale**

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments for which active market does not exist) with any resulting gains or losses being taken directly to statement of comprehensive income until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to the statement of profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### Held to maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortized cost. Impairment in value, if any, is taken to the statement of profit or loss.

Premium and discount on investments are amortized using the effective interest rate method and taken to the statement of profit or loss from investments.

### 6.7 Derivative financial instrument

Derivative instruments held by the Group generally comprise future contracts in the capital markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivative is equivalent to the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other assets and derivatives with negative market values (unrealized losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are recognized in the statement of profit or loss.

The fair value of unquoted derivatives, if any, is determined by discounting cash flows using appropriate interest rates applicable to the underlying asset.

### 6.8 Securities sold under repurchase / purchased under resale agreements

The Group enters into transactions of repos and reverse repos at contracted rates for a specified period of time as under:

#### (a) Repurchase agreement borrowings

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognised in the statement of financial position and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as liabilities. The difference between sale and repurchase price is treated as mark-up / interest expense using the effective yield method.

#### (b) Repurchase agreement lendings

Investments purchased under agreement to resell at a specified future date (reverse repos) are not recognised in the statement of financial position. Amounts paid under these agreements are included in fund placements. The difference between purchase and realise price is treated as mark-up / return / interest earned and accrued over the period of the reverse repo agreement using effective yield method.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 6.9 Provisions

Provisions are recognized when the Group has a present 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 a reliable estimate of the obligation can be made.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Group to settle the obligation. The loss is charged to the statement profit or loss net of expected recovery.

## 6.10 Taxation

### Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. The tax charge as calculated above is compared with alternate corporate tax under Section 113C of the Income Tax Ordinance, 2001, and whichever is higher is provided in the financial statements.

### Deferred

Deferred tax is calculated using the balance sheet liability method on all temporary differences at the reporting 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 to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable profits and taxable temporary differences 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 reporting 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 be applied to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 "Income Taxes".

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 6.11 Revenue recognition

- (a) Mark-up / return / interest income on loans and advances and investments is recognised on accrual basis using effective interest method. Mark-up / return / interest income on non-performing loans and advances and investments is recognised on receipt basis.
- (b) Income / return on Term Finance Certificates (TFCs), government securities, reverse repurchase transactions, certificate of deposits and loans and advances is recognised at rate of return implicit in the instrument / arrangement on a time proportion basis.
- (c) Dividend income on equity investments is recognised, when the Group's right to receive the same is established.
- (d) Capital gains or losses on sale of investments are recognised in the period in which they arise.
- (e) Commission is recognised as income at the time of affecting the transaction to which it relates. Fees are recognised when earned.
- (f) Brokerage, consultancy, management and advisory fee, commission on foreign exchange dealings and government securities, etc. are recognised as and when earned.
- (g) Rental income from investment properties, commission on portfolio trading services and return on bank deposits is recognised as services are rendered.
- (h) Trusteeship fee is recognized on an accrual basis in proportion to the provision of service.
- (i) Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.
- (j) Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.
- (k) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time the commitment is fulfilled.
- (l) Return on National Saving Certificates is accounted for using the effective interest rate method.

### 6.12 Long term finances, loans and advances

All long term finances and loans are initially recognized at cost (net of transaction costs) being the fair value of consideration received together with the associated transaction costs. Subsequently, these are carried at amortized cost using effective interest rate method.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

Transaction costs relating to long term finances and loans are being amortized over the period of agreement using the effective interest rate method.

### 6.13 Trade debts and other receivables

The Company holds trade debts, receivable against margin finance and other receivables which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade debts, receivable against margin finance, loans and advances and other receivables. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date. The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

### 6.14 Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid.

### 6.15 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand, term deposits, bank balances, treasury bills having maturity of three months or less, net of bank overdrafts repayable on demand, if any.

### 6.16 Segment reporting

Segment results are reported to Board of Directors of the Holding Company (being chief operating decision making authority) and include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, tax assets and liabilities and common Company's expenses.

The Group's reportable segments under IFRS-8 are disclosed in note 53.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 6.17 Staff retirement benefits

#### Defined contribution plan

The Holding Company and its certain subsidiaries operate an approved funded contributory provident fund scheme for all its employees eligible to the scheme. Equal monthly contributions are made by the group and the employees to the fund at the rates defined below of basic salary. Contribution by the Group is charged to the statement of profit or loss.

|  |        |
|--|--------|
| - The Holding Company                            | 10.00% |
| - JS Bank Limited (the subsidiary)               | 7.10%  |
| - JS Global Capital Limited (the sub-subsidiary) | 7.33%  |
| - JS Investment Limited (the sub-subsidiary)     | 7.33%  |

#### Defined benefit plan

JS Bank Limited (a subsidiary Company) operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2022, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to the statement of profit or loss so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in the statement of profit or loss and actuarial gains and losses are recognised immediately in other comprehensive income.

### 6.18 Class-A 'Preference Shares' (Listed, Convertible, Redeemable, Non-Participatory, Non-Voting And Cumulative) ("Preference Shares")

The component parts of Preference Shares issued by the Holding Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument under the applicable accounting standards.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This liability component is subsequently recognized on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The remainder of the proceeds is allocated to the equity component and recognised in shareholders' equity, net of transaction cost, and not subsequently remeasured.

The equity component that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Holding Company's own ordinary shares is an equity instrument. The equity component is determined by deducting the amount of the liability component from the total proceeds of the Preference Shares as a whole.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

In addition, the equity component classified as equity will remain in equity until the conversion option is exercised by the Holding Company, in which case, the balance recognised in equity will be transferred to Ordinary Shares. No gain or loss is recognised in profit or loss upon conversion.

Transaction costs that relate to the issue of the Preference Shares are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the period of the Preference Shares using the effective interest method.

### 6.19 Financial instruments

All the 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 derecognised when the contractual right to the cash flow from the financial assets expires or is transferred. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the statement of profit or loss.

### 6.20 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the statement of financial position when there is a legal enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

#### Trade date accounting

All “regular way” purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Group commits to purchase or sell an asset. 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.

### 6.21 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation are taken to statement of profit or loss. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 6.22 Foreign operations

The assets and liabilities of foreign branches are translated to Rupees at exchange rates prevailing at the reporting date. The results of foreign operations are translated to Rupees at the average rate of exchange for the year.

### 6.23 Impairment

#### Non-financial assets and investments in associates and joint ventures

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate valuation method is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 6.24 Business combination

#### Acquisition of business not under common control

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. The excess of the consideration transferred over the fair value of the Holding Company's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the profit and loss account. Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### **Acquisition of business under common control**

Acquisition of business under common control is accounted for under 'pooling of interest method'. The assets and liabilities of the combining businesses for the period in which the combination occurs are merged on the date of combination at their respective book values. Appropriate adjustments are made to the book values to reflect application of consistent accounting policies in the combining businesses. Any difference between the amount of net assets merged and consideration transferred in form of cash or other assets are adjusted against equity.

### **6.25 Fiduciary assets**

Assets held in trust or in a fiduciary capacity by the Group are not treated as the assets of the Group and accordingly are not included in these consolidated financial statements.

### **6.26 Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### **6.27 Borrowings / deposits and their cost**

Borrowing / deposit costs are recognised as an expense in the period in which these are incurred to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of the asset.

### **6.28 Dividend and other appropriations to reserves**

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

### **6.29 Provision against non performing loans**

The subsidiary bank reviews its loan portfolio to assess the amount of non-performing loans and advances and the provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirements of the Prudential Regulations are considered. For portfolio impairment / provision on consumer advances, the Bank follows requirements set out in Prudential Regulations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 7. PROPERTY AND EQUIPMENT | Note | 2022                         | 2021              |
|---------------------------|------|------------------------------|-------------------|
|                           |      | ----- (Rupees in '000) ----- |                   |
| Operating fixed assets    | 7.1  | <b>6,477,985</b>             | 5,669,380         |
| Right-of-use assets       | 7.2  | <b>2,557,493</b>             | 3,163,620         |
| Capital work-in-progress  | 7.3  | <b>1,124,317</b>             | 1,580,825         |
|                           |      | <b><u>10,159,795</u></b>     | <u>10,413,825</u> |

### 7.1 Operating fixed assets

|                               | Cost                         |                                |                         | Depreciation rate per-annum % | Accumulated depreciation     |                              | Written down value      |                         |
|-------------------------------|------------------------------|--------------------------------|-------------------------|-------------------------------|------------------------------|------------------------------|-------------------------|-------------------------|
|                               | As at January 01, 2022       | Additions / (disposals)        | As at December 31, 2022 |                               | As at January 01, 2022       | For the year / (on disposal) | As at December 31, 2022 | As at December 31, 2022 |
|                               | ----- (Rupees in '000) ----- |                                |                         |                               | ----- (Rupees in '000) ----- |                              |                         |                         |
| Office premises - leasehold   | 2,848,980                    | 213,947<br>(74,218)            | 2,988,709               | 1.0 - 20                      | 407,095                      | 59,622<br>(2,840)            | 463,877                 | 2,524,832               |
| Land - freehold               | 210,714                      | -                              | 210,714                 | -                             | -                            | -                            | -                       | 210,714                 |
| Land - leasehold              | 250,581                      | -                              | 250,581                 | 2                             | 21,715                       | 4,970                        | 26,685                  | 223,896                 |
| Leasehold improvements        | 1,876,458                    | 771,722<br>(33,150)            | 2,615,030               | 10 - 33                       | 889,776                      | 202,068<br>(13,356)          | 1,078,488               | 1,536,542               |
| Office equipment              | 4,218,488                    | 711,097<br>(194,969)           | 4,734,616               | 12.5 - 33                     | 2,829,369                    | 590,749<br>(163,504)         | 3,256,614               | 1,478,002               |
| Office furniture and fixtures | 747,095                      | 159,405<br>(31,483)            | 875,017                 | 10 - 20                       | 442,124                      | 74,992<br>(25,698)           | 491,418                 | 383,599                 |
| Motor vehicles                | 237,160                      | 64,342<br>(87,810)             | 213,692                 | 20                            | 130,017                      | 25,395<br>(62,121)           | 93,291                  | 120,401                 |
|                               | <b>10,389,476</b>            | <b>1,920,513<br/>(421,630)</b> | <b>11,888,359</b>       |                               | <b>4,720,096</b>             | <b>957,797<br/>(267,519)</b> | <b>5,410,374</b>        | <b>6,477,985</b>        |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|                                     | Cost                   |  |                         | Depreciation Rate Per-annum | Accumulated depreciation |   | Written down value      |                         |
|-------------------------------------|------------------------|--|-------------------------|-----------------------------|--------------------------|---|-------------------------|-------------------------|
|                                     | As at January 01, 2021 | Additions / (disposals) / Adjustments* | As at December 31, 2021 |                             | As at January 01, 2021   | For the year / (on disposal) / Adjustments* | As at December 31, 2021 | As at December 31, 2021 |
|                                     | (Rupees in '000)       |  |                         | %                           | (Rupees in '000)         |   |                         |                         |
| Office premises - leasehold         | 2,277,683              | 74,219                                 | 2,848,980               | 1.0 - 20                    | 363,785                  | 59,911                                      | 407,095                 | 2,441,885               |
|                                     |                        | -                                      |                         |                             |                          | -   |                         |                         |
|                                     |                        | 497,078                                |                         |                             |                          | (16,601)                                    |                         |                         |
| Land - freehold                     | 528,111                | -                                      | 210,714                 | -                           | -                        | -   | -                       | 210,714                 |
|                                     |                        | -                                      |                         |                             |                          | -   |                         |                         |
|                                     |                        | (317,397)                              |                         |                             |                          | -   |                         |                         |
| Land - leasehold                    | 250,581                | -                                      | 250,581                 | 2                           | 16,744                   | 4,971                                       | 21,715                  | 228,866                 |
|                                     |                        | -                                      |                         |                             |                          | -   |                         |                         |
| Plant and Machinery                 | 189,698                | -                                      | -                       | 15                          | 72,527                   | 17,552                                      | -                       | -                       |
|                                     |                        | -                                      |                         |                             |                          | -   |                         |                         |
|                                     |                        | (189,698)                              |                         |                             |                          | (90,079)                                    |                         |                         |
| Leasehold improvements              | 1,855,232              | 101,832                                | 1,876,458               | 10 - 33                     | 771,595                  | 160,345                                     | 889,776                 | 986,682                 |
|                                     |                        | (80,606)                               |                         |                             |                          | (42,164)                                    |                         |                         |
| Office equipment                    | 3,717,293              | 640,918                                | 4,218,488               | 12.5 - 33                   | 2,424,342                | 514,755                                     | 2,829,369               | 1,389,119               |
|                                     |                        | (134,298)                              |                         |                             |                          | (106,440)                                   |                         |                         |
|                                     |                        | (5,425)                                |                         |                             |                          | (3,288)                                     |                         |                         |
| Filling station signages            | 38,817                 | -                                      | -                       | 15                          | 15,614                   | 3,510                                       | -                       | -                       |
|                                     |                        | -                                      |                         |                             |                          | -   |                         |                         |
|                                     |                        | (38,817)                               |                         |                             |                          | (19,124)                                    |                         |                         |
| Fuel dispenser and other equipments | 31,829                 | -                                      | -                       | 15                          | 16,341                   | 2,344                                       | -                       | -                       |
|                                     |                        | -                                      |                         |                             |                          | -   |                         |                         |
|                                     |                        | (31,829)                               |                         |                             |                          | (18,685)                                    |                         |                         |
| Office furniture and fixtures       | 717,621                | 61,733                                 | 747,095                 | 10 - 20                     | 398,850                  | 66,177                                      | 442,124                 | 304,971                 |
|                                     |                        | (30,854)                               |                         |                             |                          | (22,640)                                    |                         |                         |
|                                     |                        | (1,405)                                |                         |                             |                          | (263)                                       |                         |                         |
| Motor vehicles                      | 252,948                | 32,107                                 | 237,160                 | 20                          | 113,135                  | 34,531                                      | 130,017                 | 107,143                 |
|                                     |                        | (26,466)                               |                         |                             |                          | (5,677)                                     |                         |                         |
|                                     |                        | (21,429)                               |                         |                             |                          | (11,972)                                    |                         |                         |
|                                     | 9,859,813              | 910,809                                | 10,389,476              |                             | 4,192,933                | 864,096                                     | 4,720,096               | 5,669,380               |
|                                     |                        | (272,224)                              |                         |                             |                          | (176,921)                                   |                         |                         |
|                                     |                        | (108,922)                              |                         |                             |                          | (160,012)                                   |                         |                         |

\*This represents adjustments made to the fixed assets due to classification of Quality 1 Petroleum (Private) Limited (a sub-subsidiary) as disposal group held for sale under IFRS-5. Refer note 21.

**7.1.1** Details of disposal of fixed assets having written down value exceeding Rs. 500,000 each are given in Annexure I to these consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 7.1.2 | The details of immovable property of the group are as follows:  | <b>Total area of<br/>land in Acres</b> |
|-------|---|--|
|       | <b>JS Petroleum Limited</b>   |  |
|       | - Port Qasim, Bin Qasim Town, District Malir, Karachi   | 15                                     |
|       | <b>Energy Infrastructure Holding (Private) Limited</b>  |  |
|       | - HUB Tehsil, District Lasbella, Balochistan  | 137                                    |
|       | <b>JS Global Capital Limited</b>  |  |
|       | - 14th, 16th and 17th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi, Pakistan   | 0.666                                  |
|       | <b>JS Bank Limited</b>  |  |
|       | - Plot No. 201, Situated at Upper Mall, Lahore  | 0.875                                  |
|       | - Plot # 06, Survey # 362/10 (in compound of Bungalow 55 & 55/1), situated at Haider Road, Rawalpindi   | 0.014                                  |
|       | - Situated at Plot No. 21, Collage Road, F-7, Markaz, Islamabad   | 0.186                                  |
|       | - Land situated at House No. 65 Near Foreign Affair Office Shadman II, Lahore   | 0.266                                  |
|       | - Hut No. 182, Old Survey No. 87, Hawks Bay Beach, Karachi  | 0.041                                  |
|       | - Office No, 84,85 & 86, On second floor project known as " Pakistan/Karachi Stock Exchange", situated at Land Bearing no. 3/2 and 3/2/1, Street No. RY-3, in the area of railway Quarters, I.I. Chundrighar Road, Karachi  | 0.016                                  |
|       | - Bahria Heights III, Phase IV, Bahria Town, Bearing Khasra # 3508, Situated at Mouza Kotha Kalan, Rawalpindi   | 0.052                                  |
|       | - Property on Plot No. G-3, 23th floor, Inclusive of 8 parking space & along with 1/87 undivided share of main Plot building known as "OCEAN TOWER", Block no. 9, K.D.A, Scheme No. 5, Kehkashan, Clifton Karachi   | 0.225                                  |
|       | - Commercial Land Bearing Showroom No 3, Ground Floor, along with 3 reserved car parking space in project known as " AL-TIJARAH CENTRE", With 0.554% undivided share in Plot No. 32-1-A, situated in Block No. 6, Pakistan Employee Co-operative Housing Society, Karachi | 0.048                                  |
|       | - Property Shop Bearing Premises No. 6 & on Ground Floor, Project known as "AL-HABIB ARCADE", Situated at on Sub Plot No. G-3/X-II/A, Three Sword, Main Clifton Road, Karachi   | 0.021                                  |
|       | - Commercial property ground & first floor bearing Plot No. 21/1, Survey Sheet No. BR-5, Tenure Govt. H/1, Situated at Lakshmi Das Street, Bunder Quarters, Karachi   | 0.013                                  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  |       |
|--|-------|
| - Property Shop bearing premises No. G-1, G-66 on ground floor and F-1, F-2 & F-3 at first floor, project known as "THE CENTRE", situated at plot no. 28, SB-5. Saddar Bazaar, Karachi           | 0.043 |
| - Shop No. S-01, Ground Floor, Building known as "RABIA HEIGHTS" Constructed on bearing Plot No. GRW-315, situated at Lawrence Road, Garden West Quarters, Karachi                               | 0.032 |
| - Project Known as "JS BANK LIMITED DIVINE MEGA II BRANCH" situated at office no.2, divine mega II plaza opposite Honda Point, New Air port Road, Tehsil Cantt, District Lahore                  | 0.033 |
| - Main Plot 55-B, Building known as "ISE TOWER" property office No. 414, 4th Floor, ISE TOWER, Main Jinnah Avenue Blue Area Islamabad  | 0.031 |
| - Shop No. G-1, Ground Floor, Hamza Heights, on Plot No. A-11, Survey Sheet No. 35-P/1, Survey No. 5, Union Commercial Area Block 7 & 8, Karachi Co-operative Housing Societies Limited, Karachi | 0.034 |
| - Plot No. 88, Sector D, Iqbal Blvd DHA Phase II, Islamabad  | 0.137 |
| - Office No. 714-717 and 718 to 727, 7th Floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi   | 0.633 |
| - Commercial Property in the 15th Floor of Pace Tower Plot No. 27, College Road, Block H, Gulberg-II, Lahore   | 0.305 |

|                                       | 2022                         | 2021             |
|---------------------------------------|------------------------------|------------------|
|                                       | ----- (Rupees in '000) ----- |                  |
| <b>7.2 Right-of-use assets</b>        |                              |                  |
| <b>As at January 01</b>               | <b>3,163,620</b>             | 2,793,095        |
| Additions                             | 849,632                      | 1,455,367        |
| Depreciation expense                  | (1,122,663)                  | (987,622)        |
| Deletion / adjustments                | (333,096)                    | (97,220)         |
| <b>As at December 31</b>              | <b>2,557,493</b>             | <b>3,163,620</b> |
| <b>7.3 Capital work-in-progress</b>   |                              |                  |
| <b>Advances to suppliers against:</b> |                              |                  |
| Civil works                           | 438,277                      | 864,182          |
| Purchase of land                      | -                            | 199,556          |
| Office equipment                      | -                            | 2,973            |
| Furniture and fixture                 | 290                          | 20,121           |
| Acquisition of software and equipment | 685,750                      | 493,993          |
|                                       | <b>1,124,317</b>             | <b>1,580,825</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 8. INTANGIBLE ASSETS     | Notes | 2022                         | 2021             |
|--------------------------|-------|------------------------------|------------------|
|                          |       | ----- (Rupees in '000) ----- |                  |
| Owned intangible asset   | 8.1   | <b>1,604,281</b>             | 976,394          |
| Capital work-in-progress |       | <b>775,702</b>               | 710,553          |
|                          |       | <b>2,379,983</b>             | <b>1,686,947</b> |

### 8.1 Owned intangible asset

| Note   | Cost                   |                         |                         |                        | Rate per-annum % | Accumulated amortization / impairment |                         | Written down value      |  |
|--|------------------------|-------------------------|-------------------------|------------------------|------------------|---------------------------------------|-------------------------|-------------------------|--|
|  | As at January 01, 2022 | Additions / (disposals) | As at December 31, 2022 | As at January 01, 2022 |                  | For the year / impairment             | As at December 31, 2022 | As at December 31, 2022 |  |
|  | (Rupees in '000)       |                         |                         |                        |                  | (Rupees in '000)                      |                         |                         |  |
| Software   | 1,744,715              | 800,276                 | 2,544,991               | 20 - 33.33             | 773,321          | 172,389                               | 945,710                 | 1,599,281               |  |
| Non-compete fee  | 126,683                | -                       | 126,683                 | 33.33                  | 126,683          | -                                     | 126,683                 | -                       |  |
| Technical know how                                     | 150,000                | -                       | 150,000                 | 100                    | 150,000          | -                                     | 150,000                 | -                       |  |
| Trading Right Entitlement Certificate (TREC)           | 2,528                  | -                       | 2,528                   | -                      | 28               | -                                     | 28                      | 2,500                   |  |
| Membership card - Pakistan Mercantile Exchange Limited | 3,500                  | -                       | 3,500                   | -                      | 1,000            | -                                     | 1,000                   | 2,500                   |  |
| Provisional license                                    | 2,000                  | -                       | 2,000                   | 33.33                  | 2,000            | -                                     | 2,000                   | -                       |  |
|  | <b>2,029,426</b>       | <b>800,276</b>          | <b>2,829,702</b>        |                        | <b>1,053,032</b> | <b>172,389</b>                        | <b>1,225,421</b>        | <b>1,604,281</b>        |  |

| Note   | Cost                   |                         |                         |                        | Rate per-annum % | Accumulated amortization / impairment |                         | Written down value      |  |
|--|------------------------|-------------------------|-------------------------|------------------------|------------------|---------------------------------------|-------------------------|-------------------------|--|
|  | As at January 01, 2021 | Additions / (disposals) | As at December 31, 2021 | As at January 01, 2021 |                  | For the year / impairment             | As at December 31, 2021 | As at December 31, 2021 |  |
|  | (Rupees in '000)       |                         |                         |                        |                  | (Rupees in '000)                      |                         |                         |  |
| Software   | 1,455,457              | 289,258                 | 1,744,715               | 20 - 33.33             | 633,432          | 139,889                               | 773,321                 | 971,394                 |  |
| Non-compete fee  | 126,683                | -                       | 126,683                 | 33.33                  | 126,683          | -                                     | 126,683                 | -                       |  |
| Technical know how                                     | 150,000                | -                       | 150,000                 | 100                    | 150,000          | -                                     | 150,000                 | -                       |  |
| Trading right entitlement certificate (TREC)           | 2,528                  | -                       | 2,528                   | -                      | 28               | -                                     | 28                      | 2,500                   |  |
| Membership card - Pakistan Mercantile Exchange Limited | 3,500                  | -                       | 3,500                   | -                      | -                | 1,000                                 | 1,000                   | 2,500                   |  |
| Provisional license                                    | 2,000                  | -                       | 2,000                   | 33.33                  | 2,000            | -                                     | 2,000                   | -                       |  |
|  | <b>1,740,168</b>       | <b>289,258</b>          | <b>2,029,426</b>        |                        | <b>912,143</b>   | <b>140,889</b>                        | <b>1,053,032</b>        | <b>976,394</b>          |  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**8.1.1** This represents TREC received from PSX in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. The Company has also received shares of PSX after completion of the demutualization process.

## 9. INVESTMENT PROPERTIES

| Note                        | Cost             |                         |                   |        | Rate | Accumulated depreciation |                   | Written down value |       |
|-----------------------------|------------------|-------------------------|-------------------|--------|------|--------------------------|-------------------|--------------------|-------|
|                             | As at            | Additions / (disposals) | As at             | %      |      | As at                    | As at             | As at              |       |
|                             | January 01, 2022 |                         | December 31, 2022 |        |      | January 01, 2022         | December 31, 2022 | December 31, 2022  |       |
|                             | (Rupees in '000) |                         |                   |        | %    | (Rupees in '000)         |                   |                    |       |
| Office premises - leasehold | 9.1              | 14,999                  | -                 | 14,999 | 5    | 13,699                   | 120               | 13,819             | 1,180 |

| Note                        | Cost             |                         |                   |        | Rate | Accumulated depreciation |                   | Written down value |       |
|-----------------------------|------------------|-------------------------|-------------------|--------|------|--------------------------|-------------------|--------------------|-------|
|                             | As at            | Additions / (disposals) | As at             | %      |      | As at                    | As at             | As at              |       |
|                             | January 01, 2021 |                         | December 31, 2021 |        |      | January 01, 2021         | December 31, 2021 | December 31, 2021  |       |
|                             | (Rupees in '000) |                         |                   |        | %    | (Rupees in '000)         |                   |                    |       |
| Office premises - leasehold | 9.1              | 14,999                  | -                 | 14,999 | 5    | 13,579                   | 120               | 13,699             | 1,300 |

**9.1** The fair value of the investment property aggregating to Rs.139.00 million was arrived at on the basis of the valuation carried out by KG Traders (Pvt.) Limited, an independent valuer on January 10, 2023, but was not incorporated in the books of accounts as the Holding Company applies cost model for accounting for investment property. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

**9.2** Rental income recognised by the Holding Company during the year is 2.93 (2021: 2.28) million and is included in 'other income' (see Note 40). Maintenance and insurance expenses incurred during the year related to the investment property, are included in 'administrative and other expenses' (see note 40), as follows:

|                            | 2022             | 2021       |
|----------------------------|------------------|------------|
|                            | (Rupees in '000) |            |
| Income-generating property | 13               | 13         |
| Vacant property            | 783              | 627        |
|                            | <u>796</u>       | <u>640</u> |

**9.3** The details of investment property are as follows:

| Description        | Address and location  | Total Area in Sq. Ft. |
|--------------------|---|-----------------------|
| Islamabad building | Office No. 413, 4th Floor, Islamabad Stock Exchange Tower, 55-B, Jinnah Avenue, Islamabad | 1,331                 |
| Lahore building    | 2nd Floor, Associated House, 7-Egerton Road, Lahore                                       | 7,466                 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 10. LONG TERM INVESTMENTS                         | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|---|------|--------------------------------------|--------------------------------------|
| <b>Related parties</b>                            |      |                                      |                                      |
| Investment in joint venture                       | 10.1 | -                                    | -                                    |
| Investment in associates                          | 10.2 | 3,598,224                            | 2,716,530                            |
| Other related parties - at fair value through OCI | 10.3 | 9,040,047                            | 9,811,242                            |
|   |      | <u>12,638,271</u>                    | <u>12,527,772</u>                    |
| <b>Other investments</b>                          |      |                                      |                                      |
|   | 10.4 | 91,605,425                           | 54,047,666                           |
|   |      | <u>104,243,696</u>                   | <u>66,575,438</u>                    |
| <b>10.1 Investment in joint venture</b>           |      |                                      |                                      |
| Gujranwala Energy Limited (GEL) - 50% holding     |      | 69,997,792                           | 69,997,792                           |
| Provision for impairment                          |      | <u>(69,997,792)</u>                  | <u>(69,997,792)</u>                  |
|   |      | <u>-</u>                             | <u>-</u>                             |

**10.1.1** Energy Infrastructure Holding (Private) Limited, a subsidiary company, has discontinued recognizing its share of further loss as it exceeds its interest in the joint venture.

| 10.2 Investment in associates                     | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|---|--------------------------------------|--------------------------------------|
| Carrying value / cost of investment               | 2,716,530                            | 2,255,155                            |
| Share of profit from associates                   | 930,887                              | 470,569                              |
| Share of other comprehensive loss from associates | (49,193)                             | (9,194)                              |
|   | <u>3,598,224</u>                     | <u>2,716,530</u>                     |

**10.2.1** The investments are classified as associate on account of the significant influence over the investee companies.

**10.2.2** In the year 2021, the Subsidiary Bank had renounced to subscribe right shares issued by Veda Transit Solutions Private Limited, an associate, resultantly shareholding percentage has reduced to 3.92% from 9.12%. However, despite of that fact, the Holding Company has still have significant influence through the Shareholders' Reserved Matters and right to choose a representative on the Board.

**10.2.3** The following table summarises the financial information of the Group's material associate i.e. BIPL as included in its own financial statements:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|                                      | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Percentage ownership interest</b> | <b>21.26%</b>                        | 21.26%                               |
| Total assets                         | 487,239,112                          | 408,390,174                          |
| Total liabilities                    | 460,788,711                          | 385,878,972                          |
| Net assets (100%)                    | <b>26,450,401</b>                    | 22,511,202                           |
| Total income                         | <b>24,001,221</b>                    | 13,051,626                           |
| Profit after taxation                | 4,439,635                            | 2,131,530                            |
| Other comprehensive (loss) / income  | (500,436)                            | 484,499                              |
| Total comprehensive income           | <b>3,939,199</b>                     | 2,616,029                            |

## 10.3 Other related parties - at fair value through OCI

These shares are ordinary shares of Rs.10 each unless stated otherwise.

| Number of shares              |            |                                | Business Activity  | Holding |       | 2022                         |      | 2021 |           |
|-------------------------------|------------|--------------------------------|--------------------|---------|-------|------------------------------|------|------|-----------|
| 2022                          | 2021       |                                |                    | 2022    | 2021  | 2022                         | 2021 | 2022 | 2021      |
|                               |            |                                |                    | %       | %     | ----- (Rupees in '000) ----- |      |      |           |
| <u>Quoted at fair value</u>   |            |                                |                    |         |       |                              |      |      |           |
| 52,977,771                    | 52,977,771 | EFU General Insurance Limited  | General Insurance  | 26.49   | 26.49 | 4,900,444                    |      |      | 5,562,666 |
| 20,047,708                    | 20,047,708 | EFU Life Assurance Limited     | Life Insurance     | 20.05   | 20.05 | 4,116,195                    |      |      | 4,223,451 |
| <u>Unquoted at fair value</u> |            |                                |                    |         |       |                              |      |      |           |
| 750,000                       | 750,000    | EFU Services (Private) Limited | Investment Company | 16.67   | 37.50 | 23,408                       |      |      | 25,125    |
|                               |            |                                |                    |         |       | <b>9,040,047</b>             |      |      | 9,811,242 |

**10.3.1** The Holding Company holds more than 20% shareholding in these entities, however, it believes that no 'significant influence' of the Holding Company exists over these entities, and there is no representation of the Holding Company on the respective boards of these entities. Hence, these entities are not accounted for as 'associates' under IAS 28 'Investment in Associates and Joint Ventures'. Appeal proceedings are currently pending with the Appellate Bench of the SECP, over an Order dated 06 November 2020 of the SECP, regarding the interpretation of 'significant influence' under IAS 28, in the context of the Holding Company's above referred investments. In view of the pending status of the appeal, the SECP vide its letter dated February 23, 2021, has allowed the Holding Company to continue the existing accounting policy of keeping such investments at 'fair value through other comprehensive income' till the decision of the appeal.

**10.3.2** Included herein are equity securities having average cost of Rs. 817.83 (2021: Rs. 1072.41) million and having market value of Rs. 1,884.87 (2021: Rs. 2,913.93) million pledged with trustee of Term Finance Certificates issued by the Holding Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 10.4 Other investments

#### At fair value through OCI

Equity securities

| <u>Number of shares</u>  |             |   | 2022       | 2021       | Notes | 2022                         | 2021 |
|--|-------------|---|------------|------------|-------|------------------------------|------|
| 2022   | 2021        |   |            |            |       | ----- (Rupees in '000) ----- |      |
| <b>Quoted - at fair value</b>  |             |   |            |            |       |                              |      |
| 121,158,363  | 120,657,363 | Azgard Nine Limited   | 878,398    | 1,579,405  |       |                              |      |
| 2,202,953  | 2,202,953   | Pakistan Stock Exchange Limited   | 23,061     | 23,061     |       |                              |      |
| 2,344,450  | 2,104,850   | Sitara Chemical Industries Limited  | 486,872    | 648,462    |       |                              |      |
| 3,601,800  | 3,001,500   | Hum Network Limited<br>(Ordinary Shares of Re.1 each)                         | 21,035     | 19,390     |       |                              |      |
| <b>Un-Quoted - at fair value</b>   |             |   |            |            |       |                              |      |
| 2,399,454  | 2,399,454   | Security General Insurance Company Limited                                    | 545,996    | 448,554    |       |                              |      |
|  |             |   | 1,955,362  | 2,718,872  |       |                              |      |
| Term Finance / Sukuk Certificates  |             |   | 465,526    | 29,277     |       |                              |      |
| Less: Current maturity of term finance certificates                      |             |   | (5,167)    | -          |       |                              |      |
|  |             |   | 460,359    | 29,277     |       |                              |      |
| <b>At fair value through Profit or loss</b>                              |             |   |            |            |       |                              |      |
| Equity securities  |             |   |            |            |       |                              |      |
| <u>Number of shares</u>  |             |   |            |            |       |                              |      |
| 2022   | 2021        |   |            |            |       |                              |      |
| 26,500   | -           | Mutual Fund Association of Pakistan   | 265        | -          |       |                              |      |
|  |             |   | 265        | -          |       |                              |      |
| <b>Available for sale</b>  |             |   |            |            |       |                              |      |
| Equity securities  |             |   |            |            |       |                              |      |
| <u>Number of shares/unit</u>   |             |   |            |            |       |                              |      |
| 2022   | 2021        |   |            |            |       |                              |      |
| <b>Un-Quoted - at cost</b>   |             |   |            |            |       |                              |      |
| 1,213,841  | 1,213,841   | ISE Tower REIT Management Limited<br>(formerly Islamabad Stock Exchange Ltd.) | 11,000     | 11,000     |       |                              |      |
| 6  | 6           | Society for Worldwide Interbank Financial<br>Telecommunication (SWIFT)        | 4,954      | 2,406      |       |                              |      |
|  |             |   | 15,954     | 13,406     |       |                              |      |
| Privately placed term finance certificates (PPTFC)<br>unquoted (at cost) |             |   |            |            |       |                              |      |
| <b>Agritech Limited</b>  |             |   |            |            |       |                              |      |
| PPTFC - 3rd Issue  |             |   | 86,621     | 89,928     |       |                              |      |
| PPTFC - 5th Issue  |             |   | 491,124    | 509,875    |       |                              |      |
| Provision for impairment   |             |   | 577,745    | 599,803    |       |                              |      |
|  |             |   | (577,745)  | (599,803)  |       |                              |      |
|  |             |   | -          | -          |       |                              |      |
| Term Finance / Sukuk Certificates  |             |   |            |            |       |                              |      |
| - quoted   |             |   | 450,075    | 150,375    |       |                              |      |
| - unquoted - stated at cost  |             |   | 1,170,773  | 1,385,193  |       |                              |      |
| US Dollar Bonds  |             |   | -          | 1,616,155  |       |                              |      |
| Government securities  |             |   | 43,729,996 | 14,081,349 |       |                              |      |
|  |             |   | 45,350,844 | 17,233,072 |       |                              |      |
| <b>Held to maturity</b>  |             |   |            |            |       |                              |      |
| Government securities  |             |   | 43,822,641 | 34,053,039 |       |                              |      |
|  |             |   | 91,605,425 | 54,047,666 |       |                              |      |

10.4.1



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**10.4.1** The Holding Company has disposed of various investments carried at fair value through OCI having fair value amounting to Rs. 2,685.24 (2021:Rs. 1,486.66) million and has recorded net realized loss on these investments amounting to Rs. 1,403.24 (2021:Rs. 316.48) million in these consolidated financial statements in order to meet its working capital requirements.

**10.4.2 Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group**

The table below shows Non-Wholly owned subsidiaries that have material non-controlling interests to the group based on quantum of NCI.

| Name of Subsidiary   | Note  | Ownership interests held by non controlling interests |        |
|--|-------|---|--------|
|  |       | 2022  | 2021   |
| <b>JS Bank Limited (JSBL)</b>                                |       | <b>24.98%</b>   | 24.98% |
| <b>JS Global Capital Limited (JSGCL)</b><br>(Sub-subsidiary) | 1.2.3 | <b>30.31%</b>   | 30.31% |
| <b>JS Investments Limited (JSIL)</b><br>(Sub-subsidiary)     | 1.2.2 | <b>36.57%</b>   | 36.57% |
| <b>JS Petroleum Limited (JSPL)</b>                           |       | <b>49.00%</b>   | 49.00% |

The following is summarized financial information for material subsidiaries and sub-subsidiaries of Holding Company, prepared in accordance with approved accounting standards as applicable in Pakistan, modified for differences in group accounting policies. The information is before inter-company eliminations with other companies in the group:

|   | JSBL               |                    | JSGCL            |                  | JSIL             |                  | JSPL           |                |
|---|--------------------|--------------------|------------------|------------------|------------------|------------------|----------------|----------------|
|   | 2022               | 2021               | 2022             | 2021             | 2022             | 2021             | 2022           | 2021           |
|   | (Rupees in '000)   |                    |                  |                  |                  |                  |                |                |
| Total income                                      | 77,347,237         | 44,411,711         | 978,441          | 1,312,579        | 242,224          | 77,493           | 556            | 874            |
| Profit / (loss) after tax                         | 1,056,741          | 1,420,981          | 77,458           | 410,526          | (155,782)        | (306,807)        | (14,257)       | (55,553)       |
| Profit attributable to NCI                        | 263,974            | 354,961            | 23,072           | 137,036          | (56,969)         | (112,199)        | (6,986)        | (27,221)       |
| Other comprehensive (loss)                        | (126,677)          | (126,677)          | (2,053)          | (2,053)          | -                | -                | -              | -              |
| Total comprehensive (loss) / income               | 930,064            | 1,294,304          | 75,405           | 408,473          | (155,782)        | (306,807)        | (14,257)       | (55,553)       |
| Comprehensive (loss) / income attributable to NCI | 232,330            | 323,317            | 19,447           | 136,925          | (56,969)         | (112,199)        | (6,986)        | (27,221)       |
| Current assets                                    | 439,813,182        | 437,462,301        | 4,251,692        | 5,398,531        | 880,410          | 1,024,433        | 18,768         | 19,203         |
| Non-current assets                                | 175,409,334        | 145,270,669        | 993,748          | 1,079,459        | 370,984          | 446,770          | 503,268        | 509,119        |
| <b>Total Assets</b>                               | <b>615,222,516</b> | <b>582,732,970</b> | <b>5,245,440</b> | <b>6,477,990</b> | <b>1,251,394</b> | <b>1,471,203</b> | <b>522,036</b> | <b>528,322</b> |
| Current liabilities                               | 324,312,520        | 510,438,427        | 2,777,893        | 3,775,957        | 202,651          | 205,149          | 1,123          | 13,152         |
| Non-current liabilities                           | 270,469,761        | 51,513,314         | 207,011          | 505,107          | 213,735          | 275,265          | -              | -              |
| <b>Total Liabilities</b>                          | <b>594,782,281</b> | <b>561,951,741</b> | <b>2,984,904</b> | <b>4,281,064</b> | <b>416,386</b>   | <b>480,414</b>   | <b>1,123</b>   | <b>13,152</b>  |
| <b>Net Assets</b>                                 | <b>20,440,235</b>  | <b>20,781,229</b>  | <b>2,260,536</b> | <b>2,196,926</b> | <b>835,008</b>   | <b>990,789</b>   | <b>520,913</b> | <b>515,170</b> |
| <b>Net Assets attributable to NCI</b>             | <b>5,055,141</b>   | <b>5,205,775</b>   | <b>685,335</b>   | <b>665,888</b>   | <b>305,363</b>   | <b>362,332</b>   | <b>255,247</b> | <b>252,433</b> |
| Cash flow from operating activities               | 69,948,143         | 60,671,085         | 267,179          | 1,380            | (194,004)        | (131,883)        | (11,944)       | (54,979)       |
| Cash flow from investing activities               | (78,495,947)       | (55,221,609)       | 869,585          | (1,136,997)      | 238,893          | 168,332          | 246            | (54,513)       |
| Cash flow from financing activities               | (1,324,520)        | (1,687,560)        | (1,058,708)      | 800,942          | (58,745)         | (49,274)         | 13,500         | 107,879        |
| <b>Net increase in cash and cash equivalents</b>  | <b>(9,872,324)</b> | <b>3,761,916</b>   | <b>78,056</b>    | <b>(334,675)</b> | <b>(13,856)</b>  | <b>(12,825)</b>  | <b>1,802</b>   | <b>(1,613)</b> |
| <b>Dividends paid to NCI during the year</b>      | <b>-</b>           | <b>-</b>           | <b>-</b>         | <b>(29,282)</b>  | <b>-</b>         | <b>-</b>         | <b>-</b>       | <b>-</b>       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 11. LONG TERM LOANS, ADVANCES, PREPAYMENTS<br>AND OTHER RECEIVABLES      | Note | 2022<br>----- (Rupees in '000) -----   | 2021        |
|--|------|--|-------------|
| <b>Long-term loans - considered good</b>                                 |      |  |             |
| <b>Secured</b>   |      |  |             |
| <b>Due from:</b>   |      |  |             |
| Executives   | 11.1 | 3,147,999  | 3,682,760   |
| Employees  |      | 2,490,261  | 1,624,760   |
|  |      | <b>5,638,260</b>   | 5,307,520   |
| <b>Loans advanced by subsidiary bank</b>                                 | 11.2 | <b>62,838,044</b>  | 70,243,153  |
| <b>Net investment in finance lease by subsidiary bank</b>                | 11.3 | <b>7,132,841</b>   | 8,935,428   |
| <b>Long term prepayments</b>   |      | <b>1,377</b>   | 1,771       |
| <b>Advances - unsecured &amp; considered good</b>                        |      |  |             |
| Against purchase of office   |      | 2,500  | 2,500       |
|  |      | <b>75,613,022</b>  | 84,490,372  |
| <b>Current maturity of long term loans and receivables</b>               | 11.4 | <b>(3,465,167)</b>   | (4,264,559) |
|  |      | <b>72,147,855</b>  | 80,225,813  |
| <b>11.1 Reconciliation of the carrying amount of loans to executives</b> |      |  |             |
| Balance at the beginning of the year                                     |      | 3,682,760  | 3,498,111   |
| Disbursement   |      | 273,270  | 1,579,561   |
| Adjustments  |      | -  | (637,214)   |
| Repayments   |      | (808,031)  | (757,698)   |
| Balance at the end of the year   |      | <b>3,147,999</b>   | 3,682,760   |
| <b>11.2</b>  |      | These carry mark-up ranging from 1.50% to 40% (2021: 0.2% to 40%) per annum. These also include secured lendings to various financial institutions having maturity date till January 24, 2023. |             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 11.3 Particulars of net investment in finance lease

|   | 2022                       |   |                 |             |
|---|----------------------------|---|-----------------|-------------|
|   | Not later than one year    | Later than one and less than five years | Over five years | Total       |
|   | ----- Rupees in '000 ----- |   |                 |             |
| Lease rentals receivable                | 3,045,170                  | 2,774,814                               | 39,047          | 5,859,031   |
| Guaranteed residual value               | 1,001,802                  | 1,401,925                               | 18,504          | 2,422,231   |
| Minimum lease payments                  | 4,046,972                  | 4,176,739                               | 57,551          | 8,281,262   |
| Finance charges for future periods      | (591,410)                  | (552,753)                               | (4,258)         | (1,148,421) |
| Present value of minimum lease payments | 3,455,562                  | 3,623,986                               | 53,293          | 7,132,841   |
|   | -----                      |   |                 |             |
|   | 2021                       |   |                 |             |
|   | Not later than one year    | Later than one and less than five years | Over five years | Total       |
|   | ----- Rupees in '000 ----- |   |                 |             |
| Lease rentals receivable                | 3,825,624                  | 3,157,347                               | 3,894           | 6,986,865   |
| Guaranteed residual value               | 941,675                    | 1,925,134                               | 3,372           | 2,870,181   |
| Minimum lease payments                  | 4,767,299                  | 5,082,481                               | 7,266           | 9,857,046   |
| Finance charges for future periods      | (515,035)                  | (406,237)                               | (346)           | (921,618)   |
| Present value of minimum lease payments | 4,252,264                  | 4,676,244                               | 6,920           | 8,935,428   |
|   | -----                      |   |                 |             |

## 11.4 This includes following various loans due from respective related parties:

| Name of Related Parties   | Nature of Relationship   | Maturity date | Interest rate          | Purpose of loan | Particulars of security held       | Maximum amount due at end of any month | 2022                         | 2021   |
|---------------------------|--------------------------|---------------|------------------------|-----------------|------------------------------------|--|------------------------------|--------|
|                           |                          |               |                        |                 |                                    |  | ----- (Rupees in '000) ----- |        |
| JSPE Management Ltd.      | Other related parties    | 8-Feb-24      | Fixed                  | Vehicle Loan    | HPA & LEASE                        | -                                      | -                            | 2,612  |
| Mr. Kashan Zafar          | Key management personnel | 25-Aug-36     | 5.00%                  | House Loan      | Mortgage over Residential Property | 32,398                                 | 19,214                       | 32,398 |
| Mr. Kashan Zafar          | Key management personnel | 25-Nov-26     | 5.00%                  | Vehicle Loan    | HPA & Lease                        | 1,893                                  | 1,472                        | 1,893  |
| Mr. Muhammad Kamran Nasir | Key management personnel | 25-Jan-24     | 3 MONTH KIBOR+ 200 BPS | Vehicle Loan    | HPA & LEASE                        | 6,755                                  | -                            | 6,755  |
| Balance c/f               |                          |               |                        |                 |                                    |  | 20,686                       | 43,658 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| Name of Related Parties        | Nature of Relationship   | Maturity date | Interest rate    | Purpose of loan                    | Particulars of security held       | Maximum amount due at end of any month | 2022             | 2021    |
|--------------------------------|--------------------------|---------------|------------------|------------------------------------|------------------------------------|--|------------------|---------|
|                                |                          |               |                  |                                    |                                    |  | (Rupees in '000) |         |
| Balance b/f                    |                          |               |                  |                                    |                                    |  | 20,686           | 43,658  |
| Ms. Hina Athar Khan            | Key management personnel | 25-Dec-24     | AS per HR policy | Personal Loan                      | Other Secured Advances             | 1,941                                  | -                | 1,941   |
| Ms. Hina Athar Khan            | Key management personnel | 25-Nov-24     | AS per HR policy | Vehicle Loan                       | HPA & Lease                        | 3,327                                  | -                | 3,327   |
| Mr. Ali Pesnani                | Key management personnel | 25-Jan-39     | 5.00%            | Vehicle Loan                       | HPA over Vehicle                   | 90,740                                 | -                | 90,740  |
| Ms. Shireen Raza               | Other related parties    | 25-Aug-33     | AS per HR policy | House Loan                         | Mortgage over Residential Property | 5,787                                  | -                | 5,787   |
| Ms. Shireen Raza               | Other related parties    | 25-Dec-24     | AS per HR policy | Vehicle Loan                       | HPA & Lease                        | 2,211                                  | -                | 2,211   |
| Mr. Ashraf Shahzad Ahmed       | Key management personnel | 25-Nov-24     | AS per HR policy | Vehicle Loan                       | HPA & Lease                        | 1,536                                  | -                | 1,536   |
| Mr. Ashraf Shahzad Ahmed       | Key management personnel | 25-Jul-24     | As per HR Policy | House Loan                         | Secured Against Mortgages          | 828                                    | -                | 828     |
| Syed Tauqir Haider Rizvi       | Key management personnel | 25-Jan-38     | 4.00%            | House Loan                         | Secured Against Mortgages          | 70,384                                 | -                | 70,384  |
| Syed Tauqir Haider Rizvi       | Key management personnel | 25-Oct-24     | AS per HR policy | Vehicle Loan                       | HPA & Lease                        | 2,630                                  | -                | 2,630   |
| Syed Tauqir Haider Rizvi       | Key management personnel | 25-Nov-24     | AS per HR policy | Vehicle Loan                       | HPA & Lease                        | 2,399                                  | -                | 2,399   |
| Mr. Basir Shamsie              | Key management personnel | 1-Jan-25      | Fixed            | JS Ghar Apna - Solar Panel         | Other machinery & equipments       | 915                                    | 619              | 915     |
| Mr. Basir Shamsie              | Key management personnel | 25-Nov-23     | AS per HR policy | Personal Loan                      | Other Secured Advances             | 4,532                                  | -                | 4,532   |
| Mr. Basir Shamsie              | Key management personnel | 25-Mar-30     | AS per HR policy | Vehicle Loan                       | HPA & Lease                        | 6,940                                  | 6,940            | -       |
| Mr. Muhammad Yousuf Amanuallah | Other related parties    | 10-Apr-42     | 1 Year KIBOR     | Home Loans - Home Balance Transfer | Mortgage over Residential Property | 38,780                                 | -                | 38,780  |
| Mr. Imran Haleem Shaikh        | Key management personnel | 25-Aug-37     | 4.00%            | House Loan                         | Secured Against Mortgages          | 41,769                                 | 39,807           | 41,769  |
| Mr. Imran Haleem Shaikh        | Key management personnel | 25-Jan-26     | AS per HR policy | Vehicle Loan                       | HPA & Lease                        | 12,042                                 | -                | 12,042  |
| Balance c/f                    |                          |               |                  |                                    |                                    |  | 68,052           | 323,479 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| Name of Related Parties   | Nature of Relationship   | Maturity date | Interest rate    | Purpose of loan            | Particulars of security held       | Maximum amount due at end of any month | 2022             | 2021    |
|---------------------------|--------------------------|---------------|------------------|----------------------------|------------------------------------|--|------------------|---------|
|                           |                          |               |                  |                            |                                    |  | (Rupees in '000) |         |
| Balance b/f               |                          |               |                  |                            |                                    |  | 68,052           | 323,479 |
| Mr. Imran Haleem Shaikh   | Key management personnel | 26-Jan-27     | AS per HR policy | JS Ghar Apna - Solar Panel | Other machinery & equipments       | 1,875                                  | 1,875            | -       |
| Mr. Imran Haleem Shaikh   | Key management personnel | 25-Aug-25     | AS per HR policy | Personal Loan              | Other Secured Advances             | 5,631                                  | 4,196            | 5,631   |
| Mr. Soofi Saifullah Akber | Key management personnel | 25-Nov-39     | 4.00%            | House Loan                 | Secured Against Mortgages          | 9,885                                  | 9,498            | 9,885   |
| Mr. Soofi Saifullah Akber | Key management personnel | 25-Aug-26     | AS per HR policy | Personal Loan              | Other Secured Advances             | 241                                    | 2,124            | 241     |
| Mr. Soofi Saifullah Akber | Key management personnel | 25-Oct-24     | AS per HR policy | Vehicle Loan               | HPA & Lease                        | 3,219                                  | 2,134            | 3,219   |
| Mr. Soofi Saifullah Akber | Key management personnel | 25-Oct-24     | AS per HR policy | Js Ghar Apna - Solar Panel | HPA & Lease                        | 1,125                                  | 860              | 1,125   |
| Mr. Hasan Shahid          | Key management personnel | 25-Aug-39     | AS per HR policy | House Loan                 | Mortgage over Residential Property | 23,606                                 | 22,665           | 23,606  |
| Mr. Hasan Shahid          | Key management personnel | 25-Nov-24     | AS per HR policy | Vehicle Loan               | HPA & Lease                        | 4,905                                  | 3,303            | 4,905   |
| Mr. Munawar Alam Siddiqui | Key management personnel | 20-Aug-25     | 1 Month - KIBOR  | Term Loan                  | Mortgage over Residential Property | 120,000                                | -                | 120,000 |
| Mr. Ahmed Ali Usuf        | Key management personnel | 25-Sep-26     | AS per HR policy | Vehicle Loan               | HPA & Lease                        | 2,538                                  | 6,243            | 2,538   |
| Mr. Ahmed Ali Usuf        | Key management personnel | 10-Feb-26     | 1 Year KIBOR+5%  | Consumer Auto Loan         | HPA & Lease                        | 1,643                                  | -                | 1,643   |
| Mr. Ahmed Ali Usuf        | Key management personnel | 25-Aug-26     | AS per HR policy | Personal Loan              | Other Secured Advances             | 1,993                                  | 2,396            | 1,993   |
| Ms. Tamkeen Faisal        | Key management personnel | 25-Sep-25     | AS per HR policy | Vehicle Loan               | HPA & Lease                        | 3,788                                  | -                | 3,788   |
| Ms. Tamkeen Faisal        | Key management personnel | 25-Dec-41     | AS per HR policy | House Loan                 | Mortgage over Residential Property | 31,647                                 | -                | 31,647  |
| Mr. Noman Azhar           | Key management personnel | 25-Apr-27     | AS per HR policy | Vehicle Loan               | HPA & Lease                        | 8,816                                  | 8,816            | 3,327   |
| Balance c/f               |                          |               |                  |                            |                                    |  | 132,162          | 537,027 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| Name of Related Parties                  | Nature of Relationship   | Maturity date | Interest rate    | Purpose of loan            | Particulars of security held  | Maximum amount due at end of any month | 2022             | 2021      |
|--|--------------------------|---------------|------------------|----------------------------|---|--|------------------|-----------|
|  |                          |               |                  |                            |   |  | (Rupees in '000) |           |
| Balance b/f                              |                          |               |                  |                            |   |  | 132,162          | 537,027   |
| Mr. Noman Azhar                          | Key management personnel | 25-Sep-43     | AS per HR policy | House Loan                 | Mortgage over Residential Property                                    | 30,570                                 | 29,666           | 30,570    |
| Mr. Noman Azhar                          | Key management personnel | 25-Sep-23     | AS per HR policy | Personal Loan              | Other Secured Advances  | 3,018                                  | 3,166            | 3,018     |
| Mr. Noman Azhar                          | Key management personnel | 25-May-26     | AS per HR policy | Vehicle Loan               | HPA & Lease   | 8,489                                  | 6,726            | 8,489     |
| Mr. Noman Azhar                          | Key management personnel | 1-Aug-26      | AS per HR policy | Js Ghar Apna - Solar Panel | Other machinery & equipments  | 1,213                                  | 953              | 1,213     |
| Mr. Syed Ghaus Ahmed                     | Other related parties    | 25-Dec-30     | AS per HR policy | Housing Loan               | Mortgage over Residential Property                                    | 27,140                                 | -                | 27,140    |
| Mr. Syed Ghaus Ahmed                     | Other related parties    | 25-Apr-31     | AS per HR policy | Housing Loan               | Mortgage over Residential Property                                    | 2,718                                  | -                | 2,718     |
| Spud Energy Pvt Ltd                      | Other related parties    | 31-Jan-25     | Fixed            | Syndicated Term Loan       | First Charge Over Current Assets & Moveable Assets/ Lien Over Account | 446,875                                | -                | 446,875   |
| Mr. Shehryar Sheikh                      | Key management personnel | 25-Oct-26     | AS per HR policy | Personal Loan              | Other Secured Advances  | 2,567                                  | 3,237            | 2,567     |
| Mr. Shahid Raza                          | Key management personnel | 25-Feb-25     | AS per HR policy | Vehicle Loan               | HPA & Lease   | 1,453                                  | 1,018            | 1,453     |
| Mr. Shahid Raza                          | Key management personnel | 25-Sep-28     | AS per HR policy | Housing Loan               | Mortgage over Residential Property                                    | 2,140                                  | 1,859            | 2,140     |
| Mr. Shahid Raza                          | Key management personnel | 25-Dec-24     | AS per HR policy | Personal Loan              | HPA & Lease   | 1,154                                  | 788              | 1,154     |
| Pakistan International Bulk Terminal Ltd | Other related parties    | 15-Jun-27     | Fixed            | Syndicated Term Loan       | Hypothecation on Current & Fixed Asset                                | 457,500                                | -                | 457,500   |
| Mr. Mirza M Sadeed H Barlas              | Key management personnel | 25-Mar-26     | AS per HR policy | Vehicle Loan               | HPA & Lease   | 3,703                                  | 2,901            | 3,703     |
| Mr. Mirza M Sadeed H Barlas              | Key management personnel | 25-Mar-26     | AS per HR policy | Vehicle Loan               | HPA & Lease   | 7,271                                  | 5,696            | 7,271     |
| Mr. Humayun Bawker                       | Key management personnel | 25-May-26     | AS per HR policy | Vehicle Loan               | HPA & Lease   | 2,911                                  | -                | 2,911     |
| Balance c/f                              |                          |               |                  |                            |   |  | 188,172          | 1,535,749 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| Name of Related Parties   | Nature of Relationship   | Maturity date | Interest rate    | Purpose of loan            | Particulars of security held       | Maximum amount due at end of any month | 2022             | 2021      |
|---|--------------------------|---------------|------------------|----------------------------|------------------------------------|--|------------------|-----------|
|   |                          |               |                  |                            |                                    |  | (Rupees in '000) |           |
| Balance b/f   |                          |               |                  |                            |                                    |  | 188,172          | 1,535,749 |
| Mr. Hasan Saeed Akbar   | Key Management Personnel | 25-Oct-26     | As per HR Policy | Staff Loan                 | Other Secured Advances             | 2,093                                  | 2,093            | -         |
| Mr. Hasan Saeed Akbar   | Key Management Personnel | 25-Oct-47     | As per HR Policy | Staff Loan                 | Other Secured Advances             | 16,790                                 | 16,790           | -         |
| Mr. Hasan Saeed Akbar   | Key management personnel | 25-Mar-26     | AS per HR policy | Vehicle Loan               | HPA & Lease                        | 3,097                                  | 2,172            | 3,097     |
| Mr. Faraz Mahmood Soomro  | Key management personnel | 25-Nov-24     | AS per HR policy | Vehicle Loan               | Other Secured Advances             | 1,601                                  | -                | 1,601     |
| Mr. Faraz Mahmood Soomro  | Key management personnel | 25-Jan-24     | AS per HR policy | Personal Loan              | HPA & Lease                        | 405                                    | -                | 405       |
| Mr. Atif Salim Malik  | Key management personnel | 25-Oct-26     | AS per HR policy | Personal Loan              | Other Secured Advances             | 2,606                                  | 3,843            | 2,606     |
| Mr. Atif Salim Malik  | Key management personnel | 25-Jun-26     | AS per HR policy | Vehicle Loan               | HPA & Lease                        | 3,681                                  | 2,933            | 3,681     |
| Atif Salim Malik  | Key Management Personnel | 1-Apr-24      | As per HR Policy | Js Ghar Apna - Solar Panel | Other machinery & equipments       | 1,033                                  | 1,033            | -         |
| Mr. Asad Nasir  | Key management personnel | 25-Jan-40     | As per HR Policy | Housing Loan               | Mortgage over Residential Property | 15,851                                 | 15,728           | 15,851    |
| Mr. Asad Nasir  | Key management personnel | 25-Jan-25     | As per HR Policy | Vehicle Loan               | HPA & Lease                        | 3,519                                  | -                | 3,519     |
| Veda Transit Solutions (Pvt) Ltd. (formerly Raaziq International Pvt Limited) | Associates               | 10-Aug-26     | Fixed            | Syndicated Term Loan       | Exclusive Charge Over Assets       | 294,076                                | 232,166          | 294,076   |
| Agha Rafiq Ahmed Khan   | Other related parties    | 5-Jun-25      | As per HR Policy | Auto Loans                 | HPA & Lease                        | 2,142                                  | 2,142            | -         |
| Agha Rafiq Ahmed Khan   | Other related parties    | 1-Feb-26      | As per HR Policy | Apna Ghar Solar            | Other machinery & equipments       | 1,865                                  | 1,865            | -         |
| Agha Rafiq Ahmed Khan   | Other related parties    | 30-Jun-27     | As per HR Policy | Agri Lease                 | Other machinery & equipments       | 2,997                                  | 2,997            | -         |
| Amin Muhammad Virani  | Key Management Personnel | 25-Sep-26     | As per HR Policy | Staff Loan                 | Other Secured Advances             | 4,356                                  | 4,356            | -         |
| Asim Qamar Siddiqui   | Key Management Personnel | 25-Dec-30     | As per HR Policy | Staff Housing Loan         | Mortgage over Residential Property | 40,838                                 | 40,838           | -         |
| Balance c/f   |                          |               |                  |                            |                                    |  | 517,128          | 1,860,585 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| Name of Related Parties | Nature of Relationship   | Maturity date          | Interest rate    | Purpose of loan             | Particulars of security held                          | Maximum amount due at end of any month | 2022             | 2021      |
|-------------------------|--------------------------|------------------------|------------------|-----------------------------|---|--|------------------|-----------|
|                         |                          |                        |                  |                             |   |  | (Rupees in '000) |           |
| Balance b/f             |                          |                        |                  |                             |   |  | 517,128          | 1,860,585 |
| Mr.Noman Mubashir       | Key Management Personnel | 25-Mar-40              | As per HR Policy | Staff Loan                  | Other Secured Advances                                | 30,804                                 | 30,804           | -         |
| Mr.Noman Mubashira      | Key Management Personnel | 25-Oct-24              | As per HR Policy | Staff Loan                  | Other Secured Advances                                | 2,371                                  | 2,371            | -         |
| Mr.Noman Mubashira      | Key Management Personnel | 25-Aug-26              | As per HR Policy | Staff Loan                  | Other Secured Advances                                | 2,310                                  | 2,310            | -         |
| Syed Jafar Raza Rizvi   | Key Management Personnel | 25-Nov-37              | As per HR Policy | Staff Housing Loan          | Mortgage over Residential Property                    | 35,141                                 | 35,141           | -         |
| Syed Jafar Raza Rizvi   | Key Management Personnel | 25-Jul-26              | As per HR Policy | Staff Personal Loan         | Other Secured Advances                                | 3,165                                  | 3,165            | -         |
| Syed Jafar Raza Rizvi   | Key Management Personnel | 25-Jul-27              | As per HR Policy | Staff Vehicle Loan (Car)    | HPA & LEASE   | 7,867                                  | 7,867            | -         |
| Syed Mohammad Mujeeb    | Key Management Personnel | 25-Feb-26              | As per HR Policy | Staff Loan                  | Other Secured Advances                                | 20,082                                 | 20,082           | -         |
| Mr. Waqas Anis          | Key Management Personnel | 25-May-26              | As per HR Policy | Staff Personal Loan         | Other Secured Advances                                | 3,027                                  | 3,027            | -         |
| Mr. Waqas Anis          | Key Management Personnel | 25-Aug-26              | As per HR Policy | Staff Vehicle Loan (Car)    | HPA & LEASE   | 3,253                                  | 3,253            | -         |
| Mr. Yameen Ghani        | Key Management Personnel | 25-Dec-31              | As per HR Policy | Staff Housing Loan          | Mortgage over Residential Property                    | 27,984                                 | 27,984           | -         |
| Mr. Yameen Ghani        | Key Management Personnel | 25-May-27              | As per HR Policy | Staff Vehicle Loan (Car)    | HPA & Lease   | 5,368                                  | 5,368            | -         |
| Mr. Yameen Ghani        | Key Management Personnel | 10-Apr-28              | As per HR Policy | Home Loans - Home Buyer     | Mortgage over Residential Property                    | 4,106                                  | 4,106            | -         |
| Ms. Zubina Asad Sadick  | Key Management Personnel | 25-Sep-31              | As per HR Policy | Staff Housing Loan          | Mortgage over Residential Property                    | 9,342                                  | 9,342            | -         |
| Syed Ali Hasham         | Key Management Personnel | 03-Jan-36              | As per HR Policy | Home Loans                  | Mortgage over Residential Property                    | 12,469                                 | 10,511           | 12,500    |
| Mr. Zahid Ullah Khan    | Key Management Personnel | -                      | As per HR Policy | Home Loans                  | Mortgage over Residential Property                    | 39,783                                 | -                | 39,892    |
| Mr. Muhammad Babar Din  | Key Management Personnel | 26-Feb-34<br>26-Jan-25 | As per HR Policy | Home Loans / Personal Loans | Mortgage over Residential Property/Post Dated Chaques | 3,888                                  | 3,258            | 3,750     |
| Balance c/f             |                          |                        |                  |                             |   |  | 685,717          | 1,916,727 |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| Name of Related Parties        | Nature of Relationship   | Maturity date | Interest rate    | Purpose of loan          | Particulars of security held       | Maximum amount due at end of any month | 2022             | 2021             |
|--------------------------------|--------------------------|---------------|------------------|--------------------------|------------------------------------|--|------------------|------------------|
|                                |                          |               |                  |                          |                                    |  | (Rupees in '000) |                  |
| Balance b/f                    |                          |               |                  |                          |                                    |  | 685,717          | 1,916,727        |
| Ms. Zubina Asad Sadick         | Key Management Personnel | 25-Sep-26     | As per HR Policy | Staff Loan               | Other Secured Advances             | 3,185                                  | 3,185            | -                |
| Ms. Zubina Asad Sadick         | Key Management Personnel | 25-Aug-27     | As per HR Policy | Staff Vehicle Loan (Car) | HPA & Lease                        | 3,802                                  | 3,802            | -                |
| Mr. Aziz Morris                | Key Management Personnel | 25-Jun-32     | As per HR Policy | Staff Housing Loan       | Mortgage over Residential Property | 28,471                                 | 28,471           | -                |
| Mr. Aziz Morris                | Key Management Personnel | 25-Jun-27     | As per HR Policy | Staff Vehicle Loan (Car) | HPA & Lease                        | 9,830                                  | 9,830            | -                |
| Mr. Iftekhar Imtiaz Ahmed Khan | Key Management Personnel | 25-Oct-38     | As per HR Policy | Staff Loan               | Other Secured Advances             | 17,257                                 | 17,257           | -                |
| Mr. Iftekhar Imtiaz Ahmed Khan | Key Management Personnel | 25-Aug-26     | As per HR Policy | Staff Loan               | Other Secured Advances             | 2,231                                  | 2,231            | -                |
| Mr. Muhammad Haider Hussain    | Key Management Personnel | 25-Jan-39     | As per HR Policy | Staff Housing Loan       | Mortgage over Residential Property | 5,715                                  | 5,715            | -                |
| Mr. Muhammad Haider Hussain    | Key Management Personnel | 25-Aug-26     | As per HR Policy | Staff Personal Loan      | Other Secured Advances             | 924                                    | 924              | -                |
| Mr. Muhammad Haider Hussain    | Key Management Personnel | 25-Apr-27     | As per HR Policy | Staff Vehicle Loan (Car) | HPA & Lease                        | 3,086                                  | 3,086            | -                |
|                                |                          |               |                  |                          |                                    |  | <b>760,218</b>   | <b>1,916,727</b> |

## 12. ASSETS REPOSSESSED

This represents properties acquired by Subsidiary Bank under satisfaction of claims against which non-performing loan was reduced and specific provision have been reversed. Market value of non-banking assets acquired in satisfaction of claims is Rs. 3,772.23 (2021: Rs. 2,658.54) million. In accordance with the Holding Company's policy, these assets are recorded at cost.

## 13. DEFERRED TAXATION

|   | 2022                           |   |  |                                 |
|---|--------------------------------|---|--|---------------------------------|
|   | Balance as at January 01, 2022 | Recognised in statement of profit or loss | Recognised in other comprehensive income | Balance as at December 31, 2022 |
|   | ----- Rupees in '000 -----     |   |  |                                 |
| <b>Taxable temporary difference:</b>                  |                                |   |  |                                 |
| Property and equipment                                | (192,448)                      | (10,091)                                  | -  | (202,539)                       |
| Surplus on revaluation of investments                 | (1,238,136)                    | -   | 1,265,455                                | 27,319                          |
| Other assets  | -                              | 128,020                                   | -  | 128,020                         |
| Intangible assets                                     | 2,615                          | (91)                                      | -  | 2,524                           |
| <b>Deductible temporary differences:</b>              |                                |   |  |                                 |
| Provision against investments, loans and other assets | 532,386                        | (62,033)                                  | -  | 470,353                         |
| Lease liabilities                                     | 1,155                          | (294)                                     | -  | 861                             |
|   | <b>(894,428)</b>               | <b>55,511</b>                             | <b>1,265,455</b>                         | <b>426,538</b>                  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|   | 2021                              |   |  | Balance as at<br>December 31,<br>2021 |
|---|-----------------------------------|---|--|---------------------------------------|
|   | Balance as at<br>January 01, 2021 | Recognised in<br>statement of<br>profit or loss | Recognised in other<br>comprehensive<br>income |                                       |
| ----- Rupees in '000 -----                            |                                   |   |  |                                       |
| <b>Taxable temporary difference:</b>                  |                                   |   |  |                                       |
| Property and equipment                                | (181,038)                         | (11,410)  | -  | (192,448)                             |
| Unrealized gain on trading and derivative instruments | (5,584)                           | 5,584   | -  | -                                     |
| Surplus on revaluation of investments                 | (907,076)                         | 3,372   | (334,432)                                      | (1,238,136)                           |
| Intangible assets                                     | -                                 | 2,615   | -  | 2,615                                 |
| <b>Deductible temporary differences:</b>              |                                   |   |  |                                       |
| Provision against investments, loans and other assets | 511,195                           | 21,191  | -  | 532,386                               |
| Unrealized loss on trading and derivative instruments | 22,893                            | (22,893)  | -  | -                                     |
| Intangible assets                                     | 2,904                             | (2,904)   | -  | -                                     |
| Lease liability                                       | 1,192                             | (37)  | -  | 1,155                                 |
|   | <u>(555,514)</u>                  | <u>(4,482)</u>                                  | <u>(334,432)</u>                               | <u>(894,428)</u>                      |

- 13.1** The Holding Company has not recorded deferred tax assets in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilized. The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 70.83 (2021: Rs. 68.78) million.

| 14. SHORT TERM INVESTMENTS   | Note        | 2022                         | 2021               |
|--|-------------|------------------------------|--------------------|
|  |             | ----- (Rupees in '000) ----- |                    |
| <b>Financial assets at fair value through profit or loss / held for trading:</b> |             |                              |                    |
| Listed equity securities   |             |                              |                    |
| - Related parties  |             | 102,660                      | 105,335            |
| - Others   |             | 1,060,027                    | 2,012,778          |
| Government securities  |             | 33,431                       | 1,109,404          |
| Term Finance Certificates - quoted   |             | 125,000                      | 125,000            |
| Mutual funds   |             |                              |                    |
| - Related parties  |             | 4,161,523                    | 3,430,273          |
| - Others   |             | 6,420                        | 5,839              |
|  |             | <u>5,489,061</u>             | <u>6,788,629</u>   |
| <b>Available for sale</b>  |             |                              |                    |
| Equity securities  |             |                              |                    |
| - quoted   |             | 5,434,160                    | 4,146,326          |
| Term Finance / Sukuk Certificates  |             |                              |                    |
| - quoted   |             | 372,511                      | 222,310            |
| - unquoted - stated at cost  |             | 41,667                       | 518,587            |
| Commercial Paper Certificates  |             | -                            | 352,151            |
| US Dollar Bonds  |             | 937,605                      | -                  |
| Government securities  |             | 99,705,099                   | 145,234,539        |
|  |             | <u>106,491,042</u>           | <u>150,473,913</u> |
| <b>Financial assets at fair value through OCI</b>                                |             |                              |                    |
| Equity securities  |             |                              |                    |
| - quoted-associated undertaking  | 14.1        | 5,478,181                    | 7,267,817          |
| - quoted-others  | 14.1        | 1,475,484                    | 1,842,822          |
| - unquoted   |             | 29,259                       | -                  |
|  |             | <u>6,982,924</u>             | <u>9,110,639</u>   |
| <b>Held to maturity / At amortised cost:</b>                                     |             |                              |                    |
| Government securities  |             |                              |                    |
|  |             | 105,615,196                  | 24,579,508         |
|  | 14.2 & 14.3 | <u>224,578,223</u>           | <u>190,952,689</u> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|             | Note   | 2022<br>----- (Rupees in '000) ----- | 2021             |
|-------------|--|--------------------------------------|------------------|
| <b>14.1</b> | Equity investments at fair value through OCI comprises of the following: |                                      |                  |
|             | TRG Pakistan Limited   | 5,478,181                            | 7,267,817        |
|             | Ghani Glass Limited  | 574,576                              | 661,978          |
|             | Engro Corporation Limited  | 88,304                               | 91,812           |
|             | MCB Bank Limited   | 80,034                               | 78,515           |
|             | Engro Fertilizers Limited  | 79,151                               | 69,625           |
|             | Ghani Global Holdings Limited  | -                                    | 358,803          |
|             | Security Paper Ltd.  | 7,830                                | 10,035           |
|             | Bank Al-Falah Limited  | 6,028                                | 6,920            |
|             | IGI Holdings Limited   | 31,437                               | 50,838           |
|             | Pakistan Oilfields Limited   | 19,643                               | -                |
|             | Al Abbas Sugar Mills Limited   | 486,603                              | 407,473          |
|             | EFU Life Assurance Limited   | 17,986                               | 18,455           |
|             | EFU General Insurance Limited  | 62,826                               | 71,316           |
|             | Shahtaj Sugar Mills Limited  | 7,623                                | 4,655            |
|             | Oil & Gas Development Company Limited                                    | 955                                  | 1,034            |
|             | Service Industries Limited   | 5,538                                | -                |
|             | Air Link Communication Limited   | -                                    | 601              |
|             | Abbot Laboratories (Pakistan) Ltd.                                       | 6,950                                | 10,762           |
|             |  | <b>6,953,665</b>                     | <b>9,110,639</b> |

**14.1.1** The Group holds 12.65% of shareholding in TRG Pakistan Limited (TRG) as at December 31, 2022 (December 31, 2021: 14.69%). During the year the Group and TRG has filed cross litigations against each other on various grounds. The management and its legal advisor are of the opinion that these cases will have no financial implications on the Group.

**14.2** This includes investments in equity securities and mutual funds of related parties having a market value of Rs. 4,560 (2021: Rs. 4,449) million.

**14.3** Included herein are equity securities having average cost of Rs. 148.09 (2021: Rs. 564.72) million and having market value of Rs. 129.62 (2021: Rs. 913.40) million pledged with trustee of Term Finance Certificates issued by the Holding Company and with a Bank against Term Loans and Running finance facility obtained by the Holding Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 15. TRADE DEBTS  | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|--|------|--------------------------------------|--------------------------------------|
| <b>Unsecured considered good</b>                       |      |                                      |                                      |
| Receivable against margin finance (purchase of shares) |      | 425,973                              | 453,313                              |
| Debtors for purchase of shares on behalf of clients    |      | 380,967                              | 1,240,845                            |
| Trade debts for advisory and other services            |      | 1,775                                | 1,203                                |
| Forex and fixed income commission receivable           |      | 10,365                               | 6,517                                |
| Commodity  |      | 113,239                              | 59,488                               |
|  |      | <u>932,319</u>                       | <u>1,761,366</u>                     |
| Considered doubtful                                    |      | 409,286                              | 409,286                              |
|  |      | <u>1,341,605</u>                     | <u>2,170,652</u>                     |
| Allowance for expected credit losses                   | 15.1 | (409,286)                            | (409,286)                            |
|  |      | <u>932,319</u>                       | <u>1,761,366</u>                     |

15.1 Included herein is a sum of Rs. 4.716 (2021: Rs. 3.641) million receivable from related parties.

| 16. LOANS AND ADVANCES                                       | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|--|------|--------------------------------------|--------------------------------------|
| <b>Current maturity of long term loans</b>                   |      |                                      |                                      |
|  | 11   | 3,465,167                            | 4,264,559                            |
| Term loans advanced by subsidiary bank - considered good     | 16.1 | 146,040,824                          | 161,948,965                          |
| Term loans advanced by subsidiary bank - considered doubtful | 16.2 | 16,311,887                           | 13,926,269                           |
|  |      | <u>162,352,711</u>                   | <u>175,875,234</u>                   |
| Provisions against non-performing loans                      |      | (7,222,240)                          | (6,595,022)                          |
|  |      | <u>155,130,471</u>                   | <u>169,280,211</u>                   |
| <b>Advances - considered good</b>                            |      |                                      |                                      |
| <b>Unsecured</b>   |      |                                      |                                      |
| Against subscription of Term Finance Certificates            |      | -                                    | 450,000                              |
| Contractor and suppliers                                     |      | 44,446                               | 16,058                               |
| Staff  | 16.3 | 12,505                               | 8,420                                |
|  |      | <u>56,951</u>                        | <u>474,478</u>                       |
|  | 16.4 | <u>158,652,589</u>                   | <u>174,019,249</u>                   |

16.1 These carry mark-up ranging from 2% to 40% (2021: 2% to 40%) per annum and are secured by pledge of shares of listed companies, property of the borrowers and hypothecation of assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 16.2 Term loans advanced by subsidiary bank - considered doubtful | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|---|--------------------------------------|--------------------------------------|
| Opening balance   | 13,926,269                           | 11,733,555                           |
| Charge for the year - net of reversals                            | 2,385,618                            | 2,192,714                            |
| Closing balance   | <u>16,311,887</u>                    | <u>13,926,269</u>                    |

**16.3** The advances are provided to executives and other employees to meet personal expenses. In addition, advances are also given to executives against their salaries. These advances are recovered through deduction from salaries.

**16.4** This includes following various loans due from respective related parties:

| Name of Related Parties   | Nature of Relationship   | Maturity date | Interest rate       | Purpose of loan                                      | Particulars of security held   | Maximum amount due at end of any month | (Rupees in '000) |                  |  |
|---|--------------------------|---------------|---------------------|--|--|--|------------------|------------------|--|
|   |                          |               |                     |  |  |  | 2022             | 2021             |  |
| Excel Labs (Pvt) Ltd.   | Other related parties    | 1-Oct-22      | 6 Months KIBOR + 3% | To meet working capital requirements of the business | Hypothecation on Current & Fixed Asset   | -                                      | -                | 22,753           |  |
| Mr. Basir Shamsie   | Key management personnel | 25-Nov-23     | As per HR Policy    | Personal Loan  | Other Secured Advances   | 2,221                                  | 2,221            | -                |  |
| Mr. Mirza M Sadeed H Barlas   | Key management personnel | 25-Nov-23     | As per HR Policy    | Personal Loan  | Other Secured Advances   | 1,601                                  | 1,601            | -                |  |
| Mr. Asad Nasir  | Key management personnel | 25-Sep-22     | As per HR Policy    | Personal Loan  | Other Secured Advances   | -                                      | -                | 1,133            |  |
| Mr. Ashraf Shahzad Ahmed  | Key management personnel | 25-Oct-22     | As per HR Policy    | Personal Loan  | Other Secured Advances   | 300                                    | 300              | 300              |  |
| IBEX Global Solutions (Pvt) Ltd   | Other related parties    | 1-Dec-22      | Fixed               | To meet working capital requirements                 | First Charge Over Current & Fixed Assets / 50% Secured against SBLC / Corporate Guarantee                              | -                                      | -                | 82,500           |  |
| Agha Rafiq/Agha Fahad / Hira Shah   | Other related parties    | 8-Apr-23      | 3 Months KIBOR      | Agri Finance OD                                      | Hypothecation on Fixed Asset   | 5,885                                  | 5,885            | -                |  |
| Veda Transit Solutions (Pvt) Ltd. (formerly Raaziq International Pvt Limited) | Associate                | 30-Jun-22     | 3 Months KIBOR      | Lease Finance  | First Pari Passu Charge over current assets  | -                                      | -                | 74,527           |  |
| Omar Jibran Engineering Industries  | Associate                | 1-Oct-22      | Fixed               | To meet working capital requirements of the business | Lien over account / TDR  | -                                      | -                | 73,712           |  |
| Speed Private Limited   | Other related parties    | 1-Oct-22      | Fixed               | To meet working capital requirements of the business | First Pari Passu Hypothecation charge over stocks, trade receivables and book debts                                    | -                                      | -                | 16,429           |  |
| Virtual World (Pvt.) Ltd.   | Other related parties    | 1-Dec-22      | Fixed               | To meet working capital requirements of the business | First exclusive charge over current assets   | -                                      | -                | 60,000           |  |
| Air Blue Flight Catering Pvt Ltd.   | Other related parties    | 31-Oct-22     | 1 Month - KIBOR     | Running Finance                                      | Mortgage Over Property   | -                                      | -                | 52,188           |  |
| Sprint Services Rawalpindi Limited  | Other related parties    | 31-Aug-22     | Fixed               | Term Loan  | Secured Against Mortgages  | -                                      | -                | 350,000          |  |
| Spud Energy Pvt Ltd   | Other related parties    | 31-Oct-22     | 1 Month - KIBOR     | Running Finance                                      | First Chare & Ranking Charge Over Moveable Assets/ Ranking Charge Over All Proceeds from Gas Sales / Lien Over Account | -                                      | -                | 421,807          |  |
|   |                          |               |                     |  |  |  | <u>10,007</u>    | <u>1,155,349</u> |  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|   |   | 2022                         | 2021                         |
|---|---|------------------------------|------------------------------|
|   | Note  | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |
| <b>17. ACCRUED MARK-UP</b>  |   |                              |                              |
| Loans and advances  |   | 10,520,665                   | 5,431,735                    |
| Bank deposits   |   | 56,915                       | 80,096                       |
| Government securities   |   | 1,711,751                    | 1,711,751                    |
| Term Finance Certificates   |   | 60,759                       | 52,490                       |
|   |   | <u>12,350,090</u>            | <u>7,276,072</u>             |
| Less: Allowance for ECL on accrued interest                       |   | (193)                        | (115)                        |
|   |   | <u>12,349,897</u>            | <u>7,275,957</u>             |
| <b>18. SHORT-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES</b> |   |                              |                              |
| Deposits  |   | 1,056,118                    | 614,052                      |
| Prepayments   |   | 534,046                      | 517,225                      |
| Other receivables   | 18.1  |                              |                              |
| - Remuneration from related parties                               |   | 192,799                      | 137,731                      |
| - Others  |   | 12,954,766                   | 7,301,367                    |
|   |   | <u>13,147,565</u>            | <u>7,439,098</u>             |
| Less: Provision   |   | (35,238)                     | (35,238)                     |
|   |   | <u>14,702,491</u>            | <u>8,535,137</u>             |
| <b>18.1</b>   | This includes Rs. 124.61 (2021: Rs. 105.16) million balances due from funds under management of sub-subsidiary company. This primarily represent accrual of management fee, sales tax and federal excise duty. Management fee is received within next month from the date of accrual. |                              |                              |
| <b>19. OTHER FINANCIAL ASSETS - FUND PLACEMENTS</b>               |   | 2022                         | 2021                         |
|   | Note  | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |
| <b>Securities purchased under resale agreement</b>                |   |                              |                              |
| <b>Secured and considered good</b>                                |   |                              |                              |
| Government securities   | 19.1  | 11,351,162                   | 31,939,044                   |
|   |   | <u>11,351,162</u>            | <u>31,939,044</u>            |
| <b>19.1</b>   | These are secured short-term lendings to various financial institutions, carrying mark-up rate from 16.00% to 16.75% (2021: 10.10% to 10.70%) per annum. These are collateralized by Market Treasury Bills and Pakistan Investment Bonds.   |                              |                              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 20. | CASH AND BANK BALANCES  | Note | 2022<br>----- (Rupees in '000) ----- | 2021       |
|-----|-------------------------|------|--------------------------------------|------------|
|     | <b>Cash in hand</b>     |      | <b>8,320,091</b>                     | 8,285,135  |
|     | <b>Cash at bank in:</b> |      |                                      |            |
|     | <b>Current accounts</b> |      |                                      |            |
|     | - local currency        |      | <b>15,530,982</b>                    | 22,427,904 |
|     | - foreign currency      |      | <b>2,360,520</b>                     | 2,142,476  |
|     |                         |      | <b>17,891,502</b>                    | 24,570,380 |
|     | <b>Deposit accounts</b> |      |                                      |            |
|     | - local currency        |      | <b>25,825</b>                        | 30,524     |
|     | - foreign currency      |      | <b>364,622</b>                       | 2,616,403  |
|     |                         | 20.1 | <b>390,447</b>                       | 2,646,927  |
|     |                         |      | <b>26,602,040</b>                    | 35,502,442 |

20.1 These carry mark-up ranging between 2.75% to 15.55% (2021: 4% to 14.48%) per annum.

## 21. ASSETS CLASSIFIED AS HELD FOR SALE

### 21.1 Disposal Group Held For Sale

In the year 2021, EIHPL (a wholly owned subsidiary of the Holding Company) has decided to dispose off its entire equity interest in its wholly owned subsidiary Quality 1 Petroleum (Private) Limited (Q1P). Subsequent to the approval of directors and the shareholders of EIHPL in their respective meetings, Share Purchase Agreement (SPA) has been signed with the intended buyer on December 31, 2021.

However, EIHPL and the intended buyer are currently in the process of obtaining certain regulatory approvals to meet the conditions precedent as per SPA which are expected to be completed during subsequent year. Therefore, Q1P has been presented as a disposal group Held for Sale under International Financial Reporting Standard 5 (IFRS-5) in these consolidated financial statements.

The disposal group has been stated at fair value less cost to sale. Discounted cashflow approach has been used to determine the fair value of the disposal group. Discounted cashflows consider the present value of the net cash flows expected to be received as per the SPA. The expected net cash flows have been discounted using the incremental borrowing rate. As a result, impairment loss of Rs. 28.17 (2021: 175.41) million, being the difference between the carrying amount of disposal group and fair value less cost to sale, has been recorded in these consolidated financial statements. The impairment loss has been applied to reduce the carrying amount of goodwill attributable to the disposal group.

The major classes of assets and liabilities of the disposal group classified as held for sale are as follows:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### Statement of Financial Position

#### Assets

##### Non-Current Assets

|                          |                  |           |
|--------------------------|------------------|-----------|
| Goodwill                 | 837,031          | 865,203   |
| Property and equipment   | 487,164          | 513,606   |
| Capital work in progress | 178,885          | 184,825   |
|                          | <b>1,503,080</b> | 1,563,634 |

##### Current Assets

|  |                  |                  |
|--|------------------|------------------|
| Trade debts - unsecured                                | 552,106          | 57,229           |
| Deposits, prepayments and other receivables and assets | 655,103          | 373,018          |
| Tax refund due from government                         | 38,259           | -                |
| Cash and bank balances                                 | 135,904          | 126,710          |
| Other assets   | 24,752           | 24,752           |
|  | <b>1,406,124</b> | 581,709          |
| Assets classified as held for sale                     | <b>2,909,204</b> | <b>2,145,343</b> |

#### Liabilities

##### Non-Current Liabilities

|                                     |                |         |
|-------------------------------------|----------------|---------|
| Long term loans                     | 124,199        | 636,829 |
| Lease liability                     | 23,535         | 17,131  |
| Deposits and other accounts-NC      | 21,000         | 17,175  |
| Deferred liability - staff gratuity | 6,362          | 7,072   |
|                                     | <b>175,096</b> | 678,207 |

##### Current Liabilities

|  |                  |                |
|--|------------------|----------------|
| Trade and other payables                 | 1,082,080        | 183,178        |
| Accrued interest / mark-up on borrowings | 7,669            | 38,718         |
| Borrowing from banks / NBFCs             | 558,623          | -              |
| Advances taxation - net                  | 23,540           | 27,541         |
| Lease liability                          | -                | 8,229          |
| Current portion of long-term loans       | 7,038            | 50,000         |
|  | <b>1,678,950</b> | 307,666        |
| Liabilities classified as held for sale  | <b>1,854,046</b> | <b>985,873</b> |

### Statement of Profit or Loss

|   |                |                  |
|---|----------------|------------------|
| Net sales   | 2,637,311      | 2,989,208        |
| Cost of product sold  | (2,452,416)    | (2,855,639)      |
| Gross profit  | 184,895        | 133,569          |
| Operating expense   | (155,295)      | (273,883)        |
| Other operating expenses  | (13,202)       | -                |
| Other operating income / (loss)   | 16,398         | (140,314)        |
| Other income  | 7,112          | 4,819            |
| Financial charges   | (13,604)       | (153,960)        |
| Profit / (loss) before taxation for the year from discontinued operations | 9,906          | (289,455)        |
| Taxation  | (14,452)       | (22,419)         |
| Loss after taxation for the year from discontinued operations             | <b>(4,546)</b> | <b>(311,874)</b> |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 22. SHARE CAPITAL

### 22.1 Authorised capital

| 2022                         |                      | 2021                            |  | 2022                         |                   | 2021 |  |
|------------------------------|----------------------|---------------------------------|--|------------------------------|-------------------|------|--|
| ----- Number of shares ----- |                      |                                 |  | ----- (Rupees in '000) ----- |                   |      |  |
| 6,000,000,000                | 6,000,000,000        | Ordinary shares of Rs.10 each   |  | 60,000,000                   | 60,000,000        |      |  |
| 500,000,000                  | 500,000,000          | Preference shares of Rs.10 each |  | 5,000,000                    | 5,000,000         |      |  |
| <u>6,500,000,000</u>         | <u>6,500,000,000</u> |                                 |  | <u>65,000,000</u>            | <u>65,000,000</u> |      |  |

### 22.2 Issued, subscribed and paid-up capital

| 2022                                  |                    | 2021                             |  | 2022                         |                  | 2021 |  |
|---------------------------------------|--------------------|----------------------------------|--|------------------------------|------------------|------|--|
| ----- Number of shares -----          |                    |                                  |  | ----- (Rupees in '000) ----- |                  |      |  |
| <b>Ordinary shares of Rs.10 each:</b> |                    |                                  |  |                              |                  |      |  |
| 205,072,990                           | 205,072,990        | Fully paid in cash               |  | 2,050,730                    | 2,050,730        |      |  |
| 710,869,398                           | 710,869,398        | Fully paid ordinary bonus shares |  | 7,108,694                    | 7,108,694        |      |  |
| <u>915,942,388</u>                    | <u>915,942,388</u> |                                  |  | <u>9,159,424</u>             | <u>9,159,424</u> |      |  |

22.2.1 There is only one class of ordinary shares issued by the Holding Company.

22.2.2 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding in the Holding Company.

## 23. PREFERENCE SHARES

This represents the equity component of 183,188,477 listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares ("Preference Shares") of Rs.10/- each issued by the Holding Company in the year 2021. These Preference Shares were issued to the existing shareholders of the Holding Company by way of rights (i.e. 20% rights issue) at par value of Rs.10/- per share, in proportion to their respective shareholdings in the ratio of 2:10 i.e. 2 Preference Shares for every 10 Ordinary Shares held by the shareholders of the Holding Company.

These Preference Shares carry entitlement to a fixed cumulative preferential cash dividend out of the normal profits of the Holding Company @ 6% (six per cent) per annum, in priority over dividends declared by the Holding Company on its Ordinary Shares. No compensation shall be available to the Preferred Shareholders other than the agreed return i.e. 6% per annum.

These Preference Shares shall be redeemable or convertible into Ordinary Shares in the ratio of 80:100 only at the option of the Holding Company on June 30 or December 31 of any calendar year prior to December 31, 2027. All outstanding Preference Shares not redeemed by December 31, 2027 shall be converted into ordinary shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|             |   | 2022                         | 2021                         |
|-------------|---|------------------------------|------------------------------|
|             |   | ----- (Rupees in '000) ----- |                              |
| <b>24.</b>  | <b>RESERVES</b>   |                              |                              |
|             | <b>Revenue reserves</b>   |                              |                              |
|             | Unappropriated profit   | 14,704,536                   | 11,419,364                   |
|             | <b>Other reserves</b>   |                              |                              |
|             | Premium on the issue of ordinary shares   | 4,497,894                    | 4,497,894                    |
|             | Foreign exchange translation reserve  | 456,647                      | 193,472                      |
|             | Unrealised gain on revaluation of available for sale / fair value<br>through other comprehensive income investments - net | 7,553,747                    | 12,431,226                   |
|             | Statutory reserve   | 1,677,652                    | 1,532,896                    |
|             |   | <u>14,185,940</u>            | <u>18,655,488</u>            |
|             |   | <u>28,890,476</u>            | <u>30,074,852</u>            |
| <b>24.1</b> | The amounts above, reflect the effect of deferred taxation wherever applicable. Refer note 13.                            |                              |                              |
| <b>25.</b>  | <b>LONG TERM FINANCING</b>  | <b>Note</b>                  | <b>2022</b>                  |
|             |   |                              | <b>2021</b>                  |
|             |   |                              | ----- (Rupees in '000) ----- |
|             | Term Finance Certificates   | 25.1                         | 7,302,443                    |
|             | Term loan   | 25.2                         | -                            |
|             |   |                              | <u>7,302,443</u>             |
|             |   |                              | <u>8,717,485</u>             |
| <b>25.1</b> | <b>Term Finance Certificates (TFCs)</b>   |                              |                              |
|             | <b>Secured</b>  |                              |                              |
|             | Tenth issue - Privately Placed  | 25.1.1                       | 374,564                      |
|             | Eleventh issue - listed on Pakistan Stock Exchange Limited  | 25.1.2                       | 491,319                      |
|             |   |                              | <u>865,883</u>               |
|             |   |                              | 1,654,231                    |
|             | <b>Unsecured</b>  |                              |                              |
|             | Privately Placed Term Finance Certificates Second Issue   | 25.1.3                       | 1,996,000                    |
|             | Privately Placed Term Finance Certificates Third Issue  | 25.1.4                       | 2,500,000                    |
|             | Privately Placed Term Finance Certificates Fourth Issue   | 25.1.5                       | 2,499,000                    |
|             |   |                              | <u>6,995,000</u>             |
|             |   |                              | 6,996,800                    |
|             | <b>Islamic Finance</b>  |                              |                              |
|             | Diminishing Musharika   | 25.1.6                       | 630,885                      |
|             |   |                              | <u>8,491,768</u>             |
|             |   |                              | 9,281,916                    |
|             | Less: Current portion shown under current liability   |                              | <u>(1,189,325)</u>           |
|             |   |                              | <u>7,302,443</u>             |
|             |   |                              | <u>8,405,051</u>             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**25.1.1** In 2020, in accordance with the relief granted by SECP vide Circular No. 11 of 2020 dated April 09, 2020, and on request of the Company, the TFC holders had approved the deferment of principal repayment by 2/3 majority as per the requirements of Trust Deed & Debt Securities Trustees Regulations (DST Regulations), 2017. Accordingly, 80% of principal installments falling due on January 18, 2021 and July 18, 2021 had been deferred for a period of one year i.e. January 18, 2022 and July 18, 2022, respectively. The mark-up on these TFCs is payable semi-annually, based on the six months KIBOR average rate plus 140 basis points per annum. The revised tenure of these TFCs is six years i.e. 2017-2023 after approval of deferment including a grace period of twelve (12) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having market value of Rs. 688.14 (2021: Rs. 1,125.91) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of marketable securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

**25.1.2** In 2020, in accordance with the relief granted by SECP vide Circular No. 11 of 2020 dated April 09, 2020, and on request of the Company, the TFC holders had approved the deferment of principal repayment by 2/3 majority as per the requirements of Trust Deed & Debt Securities Trustees Regulations (DST Regulations), 2017. According to the approval, 80% of principal installment falling due i.e. March 06, 2021, had been deferred for a period of six months. The mark-up on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 140 basis points per annum. These TFCs have tenure of five and a half years i.e. 2018-2023 after approval of deferment including a grace period of twenty four (24) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 842.24 (2021: Rs. 1,632.69) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of pledged securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be deposited in a specified bank account.

Also included herein, is an amount of Rs. 8 (2021: Rs. 16) million payable to related parties.

**25.1.3** In 2017, the Subsidiary Bank has issued Rs. 2 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose: To contribute towards the Subsidiary Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Subsidiary Bank's business operations as permitted by its Memorandum & Articles of Association.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|                                |   |
|--------------------------------|---|
| Issue date                     | December 29, 2017   |
| Tenor:                         | Up to Seven years from the issue date.  |
| Maturity Date:                 | December 29, 2024   |
| Rating                         | A + (Single A Plus)   |
| Profit Rate:                   | Floating rate of return at Base rate + 1.4 percent per annum;   |
|                                | Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.   |
| Profit payment:                | Semi-annual   |
| Redemption:                    | The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.  |
| Security:                      | The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Subsidiary Bank, including deposits, and will not be redeemable before maturity without prior approval of SBP.   |
| Call Option:                   | Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.   |
| Lock-in-clause:                | Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.  |
| <b>Loss absorbency clause:</b> | Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Subsidiary Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Subsidiary Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares |

**25.1.4** In 2018, the Subsidiary Bank has issued Rs. 2.5 billion of rated, privately placed and listed, unsecured, subordinated, perpetual and non-cumulative additional Tier I capital term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the issue are:



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|                 |   |
|-----------------|---|
| Purpose:        | To contribute towards the Subsidiary Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Subsidiary Bank's business operations as permitted by its Memorandum & Articles of Association.  |
| Issue date      | December 31, 2018   |
| Maturity Date:  | Perpetual   |
| Rating          | A (Single A)  |
| Profit Rate:    | Floating rate of return at Base rate + 2.25 percent per annum;<br><br>Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period. |
| Profit payment: | Semi-annually on a non-cumulative basis   |
| Redemption:     | Not applicable  |
| Security:       | The Issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.   |
| Call Option:    | Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Subsidiary Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.   |
| Lock-in-clause: | Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.  |

### Loss absorbcy clause:

|                               |  |
|-------------------------------|--|
| Pre-Specified Trigger ("PST") | Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013 which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Subsidiary Bank will be able to exercise this discretion subject to: <ul style="list-style-type: none"><li>- If and when Subsidiary Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);</li></ul> |
|-------------------------------|--|

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and
- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the issuer.

Point of  
Non-Viability  
("PONV")

Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below:

**The PONV trigger event is the earlier of:**

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;
- The decision to make a public sector injection of capital, or equivalent support, without which the issuer would have become non-viable, as determined by SBP; and
- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

**25.1.5** In 2021, the Subsidiary Bank has issued Rs. 2.5 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose: To contribute towards the Subsidiary Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Subsidiary Bank's business operations as permitted by its Memorandum & Articles of Association.

Issue date: December 28, 2021

Tenure: Up to Seven years from the issue date.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|                         |  |
|-------------------------|--|
| Maturity Date:          | December 28, 2028  |
| Rating                  | A + (Single A Plus)  |
| Profit Rate:            | Floating rate of return at Base rate + 2 percent per annum;<br><br>Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.   |
| Profit payment:         | Semi-annual  |
| Redemption:             | Not applicable   |
| Redemption:             | The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.   |
| Security:               | The Issue is unsecured   |
| Subordination:          | The Issue is subordinated all other indebtedness of the Subsidiary Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital   |
| Call Option:            | Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.  |
| Lock-in-clause:         | Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.   |
| Loss absorbency clause: | Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Subsidiary Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Subsidiary Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 400,647,739 shares. |

**25.1.6** This represents Diminishing Musharakah term finance facility, aggregating to Rs. 630.885 million (2021: 630.885 million). This facility is secured against charge over the property.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 25.2 | Term loan   | Note   | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|------|---|--------|--------------------------------------|--------------------------------------|
|      | <b>Secured</b>                                      |        |                                      |                                      |
|      | Term loan 3   | 25.2.1 | -                                    | 312,434                              |
|      | Less: Current portion shown under current liability | 33     | -                                    | (167)                                |
|      |   |        | <u>-</u>                             | <u>312,267</u>                       |

**25.2.1** During the year, the outstanding principal along with the accrued mark-up against this loan was fully prepaid by the Company.

### 26. LIABILITY COMPONENT OF PREFERENCE SHARES

This represents the liability component of 183,188,477 listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares of Rs.10/- each (Preference Shares) issued by the Holding Company in the year 2021.

The net proceeds received from the issue of Preference Shares have been split between the financial liability component and an equity component (please refer note 23) as follows:

|   | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|---|--------------------------------------|--------------------------------------|
| <b>Opening balance</b>  | <b>1,814,554</b>                     | -                                    |
| Proceeds from issue of Preference Shares                        | -                                    | 1,831,885                            |
| Transaction cost  | -                                    | (17,331)                             |
| <b>Net proceeds from issue of Preference Shares</b>             | <b>1,814,554</b>                     | <b>1,814,554</b>                     |
| <b>Opening balance</b>  | <b>1,326,114</b>                     | -                                    |
| Equity component  | -                                    | 1,338,780                            |
| Transaction costs relating to equity component                  | -                                    | (12,666)                             |
| <b>Amount classified as equity</b>                              | <b>1,326,114</b>                     | <b>1,326,114</b>                     |
| <b>Opening balance</b>  | <b>516,185</b>                       | -                                    |
| Liability component at date of issue (net of transaction costs) | -                                    | 488,440                              |
| Interest charged (using effective interest rate)                | <b>50,669</b>                        | 27,745                               |
| Less: Interest component paid                                   | <b>(51,795)</b>                      | -                                    |
| <b>Carrying amount of liability component</b>                   | <b>515,059</b>                       | 516,185                              |
| Less: Current maturity  | <b>(106,509)</b>                     | (51,795)                             |
| <b>Long term portion of liability component</b>                 | <b>408,550</b>                       | <b>464,390</b>                       |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 27. LEASE LIABILITIES                                  | Note | 2022<br>----- (Rupees in '000) ----- | 2021        |
|--|------|--------------------------------------|-------------|
| <b>As at January 01</b>                                | 27.1 | 3,558,918                            | 3,079,421   |
| Impact of IFRS 16                                      |      | -                                    | 215         |
| Addition   | 27.1 | 868,336                              | 1,415,852   |
| Interest expense                                       |      | 396,537                              | 440,833     |
| Deletion   |      | (486,705)                            | (87,226)    |
| Exchange gain  |      | 7,232                                | 25,441      |
| Payments   |      | (1,413,276)                          | (1,290,258) |
| Transferred to liabilities classified as held for sale | 21.1 | -                                    | (25,360)    |
| <b>As at December 31</b>                               |      | <b>2,931,042</b>                     | 3,558,918   |
| Current maturity shown under current liabilities       | 33   | (363,731)                            | (1,108,137) |
|  |      | <b>2,567,311</b>                     | 2,450,781   |

**27.1** The lease liability includes the lease entered into with a Modaraba for 3 different vehicles (2021: 13 vehicle). The periodic lease payments include profit rates ranging from KIBOR 3M to 6M plus 1% to 1.5% with floor of 7% to 7.5% and ceiling of 20% (2021: KIBOR 3M to 6M plus 1% to 1.5% with floor of 7% to 7.5% and ceiling of 20%) per annum. JS Investments Limited shall subject to compliance with the conditions specified in the lease agreements, purchase the assets from the lessor. There are no financial restriction in the lease agreements.

| 28. LONG-TERM DEPOSITS AND OTHER ACCOUNTS | Note | 2022<br>----- (Rupees in '000) ----- | 2021          |
|---|------|--------------------------------------|---------------|
| <b>Customers</b>                          |      |                                      |               |
| Fixed deposits                            | 28.1 | 180,406,592                          | 211,363,044   |
| Savings deposits                          | 28.1 | 121,938,404                          | 96,731,941    |
| Current accounts - Non-remunerative       |      | 127,468,224                          | 111,144,020   |
| Margin accounts                           | 28.1 | 13,179,379                           | 8,850,515     |
|   |      | <b>442,992,599</b>                   | 428,089,520   |
| <b>Financial Institutions</b>             |      |                                      |               |
| Fixed deposits                            | 28.1 | 8,172,209                            | 12,929,088    |
| Savings deposits                          | 28.1 | 9,347,466                            | 15,410,395    |
| Current accounts - Non-remunerative       |      | 2,084,540                            | 1,540,640     |
|   |      | <b>19,604,215</b>                    | 29,880,123    |
| Current maturity                          | 28.2 | 462,596,814                          | 457,969,643   |
|   |      | (212,127,946)                        | (445,764,423) |
|   |      | <b>250,468,868</b>                   | 12,205,220    |

**28.1** These carry mark-up ranging from 2.94% to 17.78% (2021: 0.04% to 14.48%) per annum.

**28.2** Included herein is a sum of Rs. 12,851.49 (2021: Rs. 14,116.30) million deposited in the subsidiary Bank by various related parties.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 29. LONG TERM BORROWINGS  | Note  | 2022<br>----- (Rupees in '000)----- | 2021<br>----- |
|---|-------|-------------------------------------|---------------|
| <b>Securities sold under repurchase agreements secured against Government securities:</b> |       |                                     |               |
| from State Bank of Pakistan   | 29.1  | 62,800,000                          | 13,500,000    |
| from financial institutions   | 29.2  | -                                   | 22,160,140    |
| <b>Borrowings from State Bank of Pakistan under:</b>                                      |       |                                     |               |
| Export Refinancing Scheme (ERF)   | 29.3  | 20,288,522                          | 20,775,516    |
| Long-Term Finance Facility (LTFF)   | 29.4  | 2,337,963                           | 2,558,982     |
| <b>Other borrowings</b>   |       |                                     |               |
| Financing Facility for Storage of Agricultural Produce (FFSAP)                            |       | 133,097                             | 246,691       |
| Financing Facility for Renewable Energy Projects  | 29.5  | 1,078,480                           | 1,322,204     |
| Refinance and credit guarantee scheme for women entrepreneurs                             | 29.6  | 82,127                              | 448,799       |
| Refinance for Wages & Salaries  | 29.7  | 7,179                               | 5,428,540     |
| Refinance facility for modernization of Small and Medium Enterprises (SMEs)               | 29.8  | 70,911                              | 5,439         |
| Refinance facility for combating COVID-19   | 29.9  | 230,090                             | 72,171        |
| Temporary economic refinance facility (TERF)  | 29.10 | 4,832,742                           | 724,109       |
| Small and Medium Enterprises' Financing   |       | 3,039                               | 9,029         |
| Refinance facility for working capital of SMEs  |       | 385                                 | -             |
| Refinance facility for SME Asaan Finance (SAAF) scheme                                    |       | 1,607,471                           | -             |
|   |       | <b>8,045,521</b>                    | 8,256,982     |
| <b>Borrowing from banks / NBFCs:</b>  |       |                                     |               |
| Unsecured   |       | 1,291,766                           | 306,663       |
| Borrowings from financial institutions - Refinancing facility for mortgage loans          | 29.11 | 3,044,444                           | 2,916,027     |
|   |       | <b>97,808,216</b>                   | 70,474,310    |
| Less: Current maturity  |       | <b>(86,986,196)</b>                 | (41,326,066)  |
|   |       | <b>10,822,020</b>                   | 29,148,244    |

**29.1** These represent repurchase agreement borrowing from SBP at rates ranging from 16.10% to 16.27% (2021: 9.9% to 10.05%) per annum having maturity up to February 2023. The cost and market value of securities given as collateral amounting to Rs. 62,800 and Rs. 62,198 million respectively.

**29.2** This represented borrowing against Market Treasury Bills, Pakistan Investment Bonds and Foreign Currency Bonds carrying mark-up at the rates ranging from Nil (2021: 1.25% to 10.70%) per annum and has matured between January 04, 2022 and September 20, 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- 29.3** The Subsidiary Bank has entered into agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable on a quarterly basis and are due to mature latest by June 2023. These carry mark-up rates ranging from 2.00% to 10.00% (2021: 1.00% to 2.00%) per annum.
- 29.4** These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings will mature latest by March 2031. These carry mark-up rates ranging from 2.00% to 8.00% (2021: 2.00% to 3.50%) per annum..
- 29.5** These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These carry mark-up at 2.00% (2021: 2.00% to 2.50%) per annum and are due to mature latest by December 2031.
- 29.6** These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up at 0.00% (2021: 0.00%) per annum and are due to mature latest by May 2027.
- 29.7** In order to dampen effects of COVID-19, the State Bank of Pakistan has introduced temporary refinance schemes for payment of wages and salaries to the workers and employees of the business concerns. These carry mark-up / profit at rates ranging from 0.00% to 1.00% (2021: 0%) per annum and are due to mature latest by April 2023.
- 29.8** These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators up to a maximum capacity of 500 KVA. These carry mark-up at rates of 2.00% (2021: 0% to 2.00%) per annum and are due to mature latest by May 2027.
- 29.9** These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% (2021: 0.00%) per annum and are due to mature latest by July 2026.
- 29.10** These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries post pandemic scenario. These carry mark-up at 1.00% (2021: 0.00%) per annum and are due to mature latest by August 2032.
- 29.11** The Subsidiary Bank has entered into agreement with the Pakistan Mortgage Refinance Company Limited (PMRC) for extending housing finance facilities to the Bank's customers on the agreed terms and conditions. The borrowing carries mark-up rates ranging from 6.50% to 11.67% (2021: 6.50% to 11.07%) and are due to mature latest by December 2031.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 30. TRADE AND OTHER PAYABLES                           | 2022                         | 2021       |
|--|------------------------------|------------|
|  | ----- (Rupees in '000) ----- |            |
| Creditor for sale of shares on behalf of clients - net | 1,864,220                    | 2,147,453  |
| Accrued expenses                                       | 954,655                      | 650,947    |
| Bills payable  | 5,402,945                    | 7,038,886  |
|  | <b>8,221,820</b>             | 9,837,286  |
| <b>Other liabilities</b>                               |                              |            |
| Security deposits                                      | 2,469,866                    | 2,953,936  |
| Provision for Workers' Welfare Fund - Sindh            | 444,833                      | 382,707    |
| Others   | 10,050,234                   | 6,243,318  |
|  | <b>12,964,933</b>            | 9,579,961  |
|  | <b>21,186,753</b>            | 19,417,247 |

### 31. SHORT TERM BORROWINGS

Running finance facility of Rs. 500 and Rs. 300 million has been obtained by the sub-subsidiary company and a subsidiary company from Allied Bank Limited having expiry on 31 December 2022 and June 30, 2023 respectively and is secured against pledge of eligible securities with requisite margin. The mark-up on the facility is payable quarterly at 3 month KIBOR + 1.5% and 3 month KIBOR + 0.6% respectively .

| 32. ACCRUED INTEREST / MARK-UP ON BORROWINGS | 2022                         | 2021      |
|--|------------------------------|-----------|
|  | ----- (Rupees in '000) ----- |           |
| Long term financing                          | 513,805                      | 520,031   |
| Deposits                                     | 4,456,776                    | 2,781,106 |
|  | <b>4,970,581</b>             | 3,301,137 |

### 33. CURRENT DEPOSITS AND CURRENT PORTION OF LONG TERM LIABILITIES

|   |      |                    |             |
|---|------|--------------------|-------------|
| Term finance certificates                                   | 25.1 | 1,189,326          | 876,865     |
| Term loan   | 25.2 | -                  | (167)       |
| Deposits and other accounts                                 | 28   | 212,127,946        | 445,764,423 |
| Current portion of liability component of Preference Shares | 26   | 106,509            | 51,795      |
| Current maturity of lease liabilities                       | 27   | 363,731            | 1,108,137   |
|   |      | <b>213,787,511</b> | 447,801,053 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 34. CONTINGENCIES AND COMMITMENTS

### 34.1 Contingencies

#### - In respect of Holding Company

- a) The Commissioner Inland Revenue-Appeals (CIR-Appeals) deleted the additions made as per orders passed under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) eliminating the resulting tax liability and restored the return versions for the tax years 2008 and 2009. The tax department filed appeals before the Appellate Tribunal Inland Revenue (ATIR) against the orders of CIR-Appeals. The ATIR also decided the subject matter in respect of tax years 2008 and 2009 in favour of the Company. However, appeal effect orders passed by the department in respect of aforesaid tax years resulted in refund of Rs.11.02 million for the tax year 2009. Rectification applications for both the years were filed with the ACIR to allow appeal effect in accordance with the orders passed by the appellate forums. The rectification application for the tax year 2008 was rejected by the ACIR on the contention that another amended order under section 122(5A) as discussed below is in field and previous order is no more in the field. Against the rejection, appeal was filed with the CIR-Appeals. CIR-Appeals decided the appeal vide order dated no. 354 dated December 28, 2015 holding that this office has already passed the appellate order vide order no. 157 dated December 22, 2015 against the order of the ADCIR under section 122(5A) of the Ordinance dated August 05, 2013.

For the tax year 2009, the rectification application was deemed to have been given the due effect and the rectifications applied for deemed to have been rectified due to operation of law by virtue of section 221(3) of the Ordinance.

For both the years, the department has filed references before the Sindh High Court. The references are pending.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

- b) The Additional Commissioner Inland Revenue – Audit Division (ADCIR) passed an order under section 122(5A) of the Ordinance in respect of the tax year 2008 and raised an undue demand of Rs.96.48 million by unlawfully charging minimum tax at 0.5% under section 113 of the Ordinance on capital gains on sale of listed securities of Rs.19,255.04 million despite the fact that such capital gains are treated under separate head of income as ‘Capital Gains’ and not as part of ‘Income from Business’. Further, capital gains on sale of listed securities are not covered under the exclusive definition of ‘turnover’ stipulated in section 113 of the Ordinance. The Company filed an appeal against the above order before the CIR-Appeals. The CIR-Appeals, vide his order dated December 22, 2015, annulled the said order on the issue of charging of minimum tax under section 113 and treatment of capital gain on sale of listed securities as business income. Against the order of CIR-Appeals, the tax department has filed an appeal before the ATIR which is pending.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

- c) The ADCIR passed an order under section 122(5A) of the Ordinance in respect of tax year 2010 and created a demand of Rs.63.49 million. Against the order, the Company filed rectification application on various grounds including credit for taxes of Rs.54.10 million which was not given by the ADCIR. After the rectification, the demand was reduced to Rs.9.64 million. The Company also preferred appeal before the CIR-Appeals who confirmed the order of the ADCIR. Aggrieved by the order of the CIR-Appeals, the Company preferred appeal before the ATIR. The ATIR heard the appeal on November 20, 2015 and remanded the case back to the department for denovo consideration i.e. for fresh proceedings because of the lack of thorough consideration of the relevant facts and circumstances as well as the business of the Company by the ADCIR and the CIR-Appeals. However, instead of carrying out fresh proceedings, the ADCIR resorted to pass a back dated and repeated order through which the demand for Rs. 63.49 million was originally created.

Against the back dated order, appeal was preferred before the CIR-Appeals which was decided through order no. 58/2021 dated December 27, 2021 whereby the CIR-Appeals annulled the treatment of the ADCIR with the direction to the ADCIR to re-examine, re-consider, re-verify and re-adjudicate the facts of the case. After the said order, the return version of the Company for the tax year 2010 is restored.

Against the order of the CIR-Appeals, an appeal has been preferred before the Appellate Tribunal Inland Revenue (ATIR) on the ground that after annulling the amendment order of the ADCIR, the CIR-Appeals was not justified to give directions to the ADCIR for re-examination, re-consideration, re-verification and re-adjudication of the facts of the case. The appeal is pending hearing.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

- d) The Additional Commissioner Inland Revenue - Audit Range I, Zone III, Corporate RTO Karachi (ADCIR) passed an order under section 122(5A) of the Ordinance for the tax year 2014 and raised the demand for Rs.50.77 million. Against the said order, the Company has filed rectification application on various grounds including the adjustment of brought forward losses and credit of taxes amounting to Rs.16.015 million. After the rectification is given the due effect, refund of Rs.16.015 million will be arising. The Company also filed appeal before the CIR-Appeals.

The CIR-Appeals, in his order no. 24/A-I dated July 19, 2021 annulled the treatments of the ADCIR regarding the treatment accorded to the apportionment of expenditure and the charging of WWF. The CIR-Appeals also directed the ADCIR to determine the brought forward losses after taking into account the relevant provisions of the Ordinance and to give tax credit not allowed earlier. After the said order, the return version of the Company for the tax year 2014 is restored.



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For the year ended December 31, 2022

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

- e) The ADCIR passed an order under section 122(5A) of the Ordinance for tax year 2015 and raised the demand for Rs.12.74 million. Against the said order, the Company filed rectification application on the ground of chargeability of WWF. The Company also filed appeal before the CIR-Appeals.

On November 27, 2020, the ADCIR Audit-I, Range-A, LTO, Karachi again passed the amended order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised the demand of Rs. 97.93 million. The ADCIR amended the order on the issues of bonus shares and Super Tax but failed to appreciate the facts of the case and the law in right perspective. Thus, rectification has been filed on the said matter. Further, the Company also filed an appeal before the Commissioner Appeals (Appeals-I), Karachi (CIR-Appeals).

The CIR-Appeals, in his order no. 25/A-I dated July 19, 2021 and order no 40/A-I dated July 27, 2021 against the orders under section 122(5A) challenging the demand of Rs. 12.74 million and Rs. 97.93 million respectively, annulled the treatments of the ADCIR. However, with respect to charging of super tax under section 4B of the Income Tax Ordinance, 2001, the CIR-Appeals remanded the case back to the ADCIR for working out the income correctly in accordance with the provisions of the Ordinance.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

- f) The DCIR passed an order under section 4B of the Income Tax Ordinance, 2001 and raised the demand of Super Tax amounting to Rs. 119.24 million. Against the said order, a rectification application has been filed before the DCIR pointing out the computational errors in the determination of income for the purpose of Super Tax. Rectification application is pending. However, after due rectification, the Super Tax liability would be reduced to Rs. 89.46 million.

The DCIR completed the monitoring proceedings for tax year 2016 by passing the order under section 161(1) of the Ordinance and raised the demand of Rs. 14,780,695 in an arbitrary manner and by disregarding the explanations and evidences furnished through periodic compliances. Against the order, appeal has been preferred before the CIR-Appeals. The appeal is pending hearing.

The management based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. However, provision for liability in respect of super tax based on management computation amounting to Rs. 89.46 million, had already been made in the financial statements of its respective tax year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- g) The Commissioner Inland Revenue - Audit Range I, Zone III, Corporate RTO issued notice u/s 177(1) of the Ordinance dated May 17, 2018 for tax year 2017, to furnish certain records necessary for conducting audit proceedings. Responses were duly submitted by the Company. Thereafter, Deputy Commissioner Inland Revenue - Audit Range I, Zone III (DCIR) issued the notice u/s 122(9) dated December 23, 2019, to amend the deemed order and raised various concerns over the submitted return. The Company submitted its response before DCIR and also challenged the amendment proceeding in the absence of audit report. The DCIR accepted our contention and passed the order u/s 122 dated November 06, 2020, to close the amendment and issued the audit report u/s 177(6) of the Ordinance dated November 09, 2020, confronted matters arising as a result of audit. Due responses were again submitted before the DCIR. On the basis of response, DCIR concluded the audit proceeding and passed the amended order u/s 122(1) dated February 2, 2021 and raised the demand of Rs. 64.96 million. Against the said order, rectification application has been filed to correct the income tax computation as per the provisions of the Ordinance. Further, an appeal was also filed against the order before CIR-Appeals.

The CIR-Appeals, in the appellate order dated May 30, 2022 accepted the contention of the Company regarding the computation of Super Tax and directed the ACIR to re-examine, re-consider, re-verify and re-adjudicate the matter regarding the computation of Super Tax by considering the facts of the case. The CIR-Appeals also accepted the contention of the Company regarding the wrong treatment of the DCIR for taxing the difference of salaries as per audited financial statements and as per the submitted withholding statements as well as the contention regarding the double taxation of accounting depreciation on investment property.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

- h) On January 18, 2019, the Company received a notice from the Additional Commissioner Inland Revenue - Audit Range-A, Zone III, Corporate RTO Karachi (ADCIR) under section 122(9) in respect of tax year 2018, demanding payment of super tax. The Company filed a constitutional petition against applicability of section 4B of the Income Tax Ordinance, 2001 (the Ordinance) before the Honourable Sindh High Court which admitted the petition and granted a stay order.

On July 21, 2020, the Honourable High Court of Sindh passed an order whereby all the petitions challenging the levy of super tax filed before the Court were dismissed. Thereafter, the ADCIR raised the demand of super tax amounting to Rs. 46.16 million. The company had filed rectification against the order passed on the mistakes in the working of determination of income for the purpose of super tax liability. Further, an appeal was also filed against the order before CIR-Appeals.

The CIR-Appeals, in his order bearing no. 34/A-I dated June 17, 2021 rejected the contention of the Company for the charging of Super Tax under section 4B of the Ordinance by placing reliance on the judgment of the Honourable Sindh High Court passed on July 21, 2020, thereby confirming the demand of Super Tax for the tax year 2018. The CIR-Appeals also directed the ADCIR to consider the rectification application and re-compute the income for super tax purpose strictly in accordance with the provisions of the Ordinance.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The management based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. However, provision for liability, in respect of super tax based on management computation amounting to Rs. 38.71 million, had already been made in the financial statements of its respective tax year.

- i) The Additional Commissioner Inland Revenue, Audit Range-A, Audit-I, Large Taxpayers Office, Karachi (ADCIR) passed the amended assessment order under section 122(5A) of the Ordinance in respect of tax year 2018 on March 26, 2021 and raised a demand of Rs. 132.372 million. Against the said order, the Company duly filed rectification application to correct the mistakes apparent with respect to the apportionment of financial charges and operating and administrative expenses and mistake in working for determination of super tax liability in the amended assessment. Further, an appeal was also been filed against the order before CIR-Appeals.

The CIR-Appeals, in the appellate dated May 30, 2022 accepted the contention of the Company regarding the computation of Super Tax and directed the ACIR to re-examine, re-consider, re-verify and re-adjudicate the matter regarding the computation of Super Tax by considering the facts of the case. The CIR-Appeals also directed the ADCIR to verify the credit of taxes not given to the Company so that the Company is not deprived of the benefit of the legitimate and due tax deductions. Similarly, the CIR-Appeals also directed the ADCIR to examine the tax credit claimed on donation and allow the same if found legitimate.

After the CIR-Appeals remanded back the aforementioned order, the ADCIR issued the notice under section 122(9) read with section 129 of the Ordinance in which the matters which were remanded back were raised for re-adjudication. The matters were as follows:

- charging and recovery of super tax under section 4B of the Ordinance amounting to Rs. 46,159,237;
- evidences regarding the unverified tax credits of Rs. 58,736,047; and
- explanation and evidence of tax credit on donation Rs. 1,916,897.

Periodic compliances were made and the notice was fully complied with. No further correspondence with the tax department has taken place after compliance of the notice.

However, the CIR-Appeals confirmed the treatment of the ADCIR regarding the allocation of operating and administrative expenses by treating all the expenses as common expenses. The CIR-Appeals also confirmed the treatment of the ADCIR regarding the allocation of finance charges to dividend income without appreciating the fact that the finance cost incurred during the year had no nexus with the dividend income earned during the year as dividend income was earned from old investments which were brought before tax year 2018.

Against the above decision of the CIR-Appeals, appeal has been preferred before the ATIR and is pending hearing.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- j) On August 04, 2020, the Company received a notice from the Deputy Commissioner Inland Revenue, Unit-I, Range-I, Zone-III, Corporate RTO Karachi (DCIR) under section 4B of the Ordinance in respect of tax year 2019, for determination of super tax liability amounting to Rs. 23.34 million. DCIR further passed an order u/s 138(1) of the Ordinance and determined the super tax liability amounting to Rs. 23.34 million. Against the order passed, rectification application had been filed to highlight the mistake in working for determination of income for the purpose of super tax liability. Further, an appeal had also been filed against the order before CIR-Appeals.

The CIR-Appeals, in his order bearing no. 35/A-I dated June 17, 2021 rejected the contention of the Company for charging of super tax under section 4B of the Ordinance by placing reliance on the judgment of the Honourable Sindh High Court passed on July 21, 2020, thereby confirming the demand of super tax for the tax year 2019. The CIR-Appeals also directed the DCIR to consider the rectification application and re-compute the income for super tax purpose strictly in accordance with the provisions of the Ordinance.

The management based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. However, provision for liability, in respect of super tax based on management computation amounting to Rs. 21.96 million, had already been made in the financial statements of its respective tax year.

### - In respect of JSIL

- a) In respect of the appeals filed by the Company before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs. 162 million and Rs. 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of the above said order of CIR (Appeals) for tax years 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses. The ATIR vide order dated April 20, 2017 deleted the additions on proration of expenses for tax year 2006 however, confirmed the CIR(A)'s order whereby CIR(A) remanded back / set-aside the issue of apportionment of expenses.

The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 deleted the additions of tax amortization of management rights and remanded back the issues of disallowed provisions and advertisement expenses for the tax year 2009.

The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax years 2006 and 2009 whereby demands for these tax years were reduced to Rs. 77.33 million and Rs. 59.93 million respectively. As the allocation of expenditure in the said appeal effect orders was not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

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In respect of second round of appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax years 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For the tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities.

The CIR (Appeals) also rectified the order passed by his predecessor for the tax year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs.29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend. The ATIR vide order dated December 07, 2016 set-aside with the direction that the ACIR should examine the issue in the light of FBR Circular letter dated September 10, 2002.

In respect of tax year 2006, management contends, based on views of its tax advisor, that amendment of assessment for such tax year by tax authorities is time barred. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue. The ATIR is of the view that the amendment of assessment is not time bared however, the ATIR deleted the addition of tax amortization of management right vide order dated February 10, 2017.

- b) Order under section 122(1)/(5) dated December 30, 2017 for the tax year 2015 passed by the DCIR created demand of Rs.40 million against which the Company has filed an appeal before the CIR(A). The DCIR considered our request for rectification and passed order under section 221 dated February 27, 2017 as a result of the above order the demand reduced to Rs.36.904 million. The CIR(A) vide order dated May 6, 2019 partly considered our submissions put before him. The DCIR passed appeal effect order dated February 17, 2020 determined refund of Rs 30.66 million. The company submitted appeal before the CIR (Appeal) against the appeal effect order. The Company also submitted appeal before the ATIR against the order of the CIR(A).

The DCIR passed order under section 122(1)/(5) of the Income Tax Ordinance, 2001 dated June 23, 2014 and reduced the refund claim of Rs.8.499 million to Rs.3.102 million for the tax year 2012. The learned CIR (Appeal) vide order dated May 06, 2019 confirmed the ACIR's order and held that the appeal was not entertainable being barred by time limitation for the tax year 2012. The Company submitted appeal before the ATIR against the order of the CIR(A).

## - In respect of JSGCL

- a) Except for tax year 2009, 2014, 2015, 2016, 2017 and 2018 income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 (the Ordinance) unless selected by taxation authorities for audit purposes.
- b) For tax year 2009, an ITRA no. 07/2013 was filed by the Commissioner Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue (ATIR) in ITA no. 923/KB/2011 dated August 28, 2012 which was related to the apportionment of expenses, allowability of expenses and claiming of tax deducted at source aggregating to Rs. 61.16 million. However, the same is pending for decision before the Sindh High Court (SHC).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- c) For tax year 2015, an order dated November 23, 2016 was passed under section 4B of the Ordinance by the Deputy Commissioner Inland Revenue (DCIR). Through said order, an income of Rs.810.584 million was computed under section 4B of the Ordinance and resultant demand of super tax of Rs. 24.318 million was raised. An appeal was filed against the above order before CIR-A on December 01, 2016 identifying various errors / details not considered. The CIR-A, has confirmed DCIR's order vide his order dated May 30, 2017. In pursuance of the order of CIR-A, the Company has filed appeal before ATIR along with application for stay against recovery of demand. The appeal before ATIR has been heard and order is reserved whilst ATIR vide order dated July 18, 2017 has granted stay for 60 days and subsequently the said stay was further extended vide various orders by ATIR. Subsequently, recovery of aforesaid tax demand was previously stayed by the Honorable Sindh High Court (SHC) through C.P No 4915 of 2018 vide order dated June 28, 2018 with direction to the Department not to enforce recovery of tax demand till the decision of ATIR. However, based on its order dated July 21, 2020, the SHC has dismissed the aforementioned C.P and has declared the super tax for TY 2015 to be constitutionally vires. The Company has however filed an Income Tax Reference Application (ITRA) No. 52 of 2020 before SHC which is pending adjudication.
- d) For tax year 2016 and 2017, notices dated December 27, 2016 and January 3, 2018 were issued under section 4B of the Ordinance by the DCIR. In the said notices the DCIR has contended that the Company is liable to pay Super Tax amounting to Rs. 24.483 million and Rs. 19.490 million on 'income' of Rs. 816.122 million and Rs. 649.676 million for Tax Years 2016 and 2017 respectively. The Company has challenged both notices through writ petition before SHC on constitutional grounds wherein the SHC has, vide its orders dated January 16, 2017 and January 11, 2018 for Tax Years 2016 and 2017 respectively, has stated that no coercive action shall be taken against the Company. The DCIR passed the orders under section 4B vide order dated April 23, 2018 and May 4, 2018 for tax years 2016 and 2017 respectively to levy Super tax of above mentioned amounts under the view that SHC has not restrained the department from passing the orders. In pursuance of the said orders, Company filed appeals which were rejected by CIR-A vide its order dated October 12, 2018 for both years. As a result, the Company has filed appeals before Appellant Tribunal Inland Revenue (ATIR) against the orders of CIR-A. Meanwhile, the Company paid 50% of tax demand of both tax years to maintain the above suits in light of judgment of Hon'able Supreme Court of Pakistan (Civil Appeals No. 1171/2017 and other connected appeals) wherein, the pending suits are declared to be entertained on the condition that a minimum of 50% of tax demand is deposited with tax authorities during the pendency of appeal. During the year the appeal has been heard before ATIR and is reserved for order. The Company has however filed an Income Tax Reference Application (ITRA) No. 53 and 54 of 2020 before SHC which is pending adjudication.
- e) For tax year 2018, a notice under section 4B of the Ordinance by the DCIR dated December 7, 2018 was issued, contending that the Company is liable to pay Super Tax amounting to Rs. 45.211 million on 'income' of Rs. 1,507.039 million. The Company had challenged the notice on constitutional grounds before SHC through C.P. No. 8670 of 2018. The SHC, vide its order dated December 14, 2018, had stated that no coercive action shall be taken against the Company. However the SHC based on its order issued in September 2020 has dismissed the aforementioned C.P. The Company is hence awaiting the conclusion of ATIR on the above matter before it files a reference application for TY 2018. To date, no order has been passed by the Department, consequently, no outstanding tax demand exists to date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**f)** For tax year 2016, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Additional Commissioner Inland Revenue (ACIR). Through the said order, the ACIR raised demand amounting to Rs. 241.217 million. Upon appeal filed, CIR-A confirmed the ACIR's order vide its order dated December 12, 2017. In pursuance of the order of CIR-A, the Company had filed an appeal before ATIR. During last year ATIR vide its order dated March 29, 2019 had annulled CIRA's action on confirming disallowances made in the order passed by ACIR dated November 02, 2017, with directions to CIRA to pass speaking and reasoned order after providing due opportunity of being heard. As a result, the likely assessment position after appeal effect of ATIR's order under section 124 of the Ordinance is that only tax demand on account of undistributed reserves is outstanding, which has also been stayed by SHC vide interim order in CP No. 0-2343 of 2019 dated April 09, 2019. Furthermore during last year, a rectification application was filed for erroneously considered share premium reserves while computing excess reserves under section 5A of the Ordinance by the ACIR, in its order dated November 2, 2017. As a result of which tax demand under section 5A would be reduced to Rs. 7.523 million. The Honourable Sindh High Court vide an interim order dated May 21, 2021 granted relief against the said notice.

**g)** For tax year 2017, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Tax Officer. Through the said order, the Tax Officer raised a demand amounting to Rs. 17.649 million. The Company has filed an appeal before CIR-A which has been heard, however, no order has been passed till date. The total tax demand was partially stayed by the order of SHC vide CP No. 5431 of 2017 dated August 16, 2017, while the remaining liability was adjusted from the available refunds as declared in the return for tax year 2017.

Furthermore, the case of the Company has been selected for income tax audit under section 214C of the Ordinance and a notice dated April 12, 2019 under section 177 of the Ordinance has been issued requiring submission of details and documents. Partial details have been submitted and extension is requested for submission of remaining details.

**h)** For tax year 2017, a show-cause notice under section 161/205 of the Ordinance has been issued by tax authority. Through the said order, the Company was alleged for non-deduction of tax under section 150 of the Ordinance on payment made to shareholders in respect of buy back of shares. The said notice has been challenged before Sindh High Court (SHC) through legal counsel of the Company and SHC has prohibited tax department from passing any order without its permission. On the directions of court, detailed reply to show-cause notice has also been submitted vide our letter dated January 26, 2018. Tax authorities have issued a subsequent notice dated March 6, 2018, requesting to provide certain factual details which have also been submitted vide our letter dated March 16, 2018 and the matter is now pending adjudication before the SHC.

**i)** During 2013, the Company received a show cause notice from the Sindh Revenue Board (SRB) under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed reducing the demand to Rs. 9.86 million along with default surcharge. The Company filed an appeal before the CIR-A and after being decided against the Company, it subsequently filed an appeal before Appellate Tribunal SRB. During the year 2014, the Company paid an amount of Rs. 7.15 million in respect of the abovementioned liability before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption from application of penalty and 75% of default surcharge.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

Appellate Tribunal SRB vide order dated November 29, 2017 decided the issue of Sindh Sales Tax (SST) in favor of the Company. However, the issue of SST on advisory and consultancy services and commission earned on purchase/sale of mutual funds have been remanded back whilst the issue relating to SST on commission on foreign exchange dealing, services rendered outside Sindh and levy of default surcharge and penalty have been decided against the Company. The Company has filed a reference application before SHC in respect of the issues decided against the Company and remanded back.

During 2014, the Company also received another show cause notice from SRB under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed raising a tax demand amounting to Rs. 10.77 million. The Company has filed an appeal against the order with CIR-A which is pending. Further, in respect of the same, rectification application has also been filed with the department. The Company and other stock brokers have also filed petition with the SHC and has been granted interim stay against recovery of demand. However, the Company has paid an amount of Rs. 9.24 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

Furthermore, for fiscal year 2014 and 2015, SRB alleged short payment of SST vide Notice dated February 02, 2017. The Company has submitted all the required details in response to the notice and no order in this respect has been passed.

- j) SRB has also issued an order in another proceeding for tax periods January 2014 to December 2016, which were confronted, vide notice dated August 15, 2017, levying sales tax on certain services and disallowance of input tax of Rs. 35,877,012. In pursuance of the said order the Company filed an appeal before Commissioner (Appeals), SRB which has been partly heard. However the recovery of the aforesaid tax demand has been stayed by the Hon'able SHC in Suit no 767 of 2018 vide order dated April 13, 2018.
- k) Tax department issued a show cause notice dated June 08, 2015 confronting (alleged) non payment of Federal Excise Duty (FED) on Company's services under Federal Excise Act, 2005 and subsequently issued an order raising a demand amounting to Rs.78.003 million for tax year 2010 to tax year 2013. The Company filed a rectification appeal, in addition, to filing an appeal to the SHC, through Stockbroker Association (of which the Company is also the member) against aforementioned order on the grounds that after 18th amendment to the Constitution, the services that were previously subjected to FED under the federal laws are now subject to the provincial sales tax and the Company has accordingly discharged its tax obligation. The SHC initially, stayed Federal Board of Revenue from demanding sales tax on services from stockbrokers and subsequently, disposed off the order in Company's favor. However, CIR-A on the matter of appeal filed by the Company issued an order in favor of the department vide its order dated January 31, 2017. In pursuance of the order of CIR-A the Company had filed an appeal before Appellate Tribunal SRB along with application for stay of demand which was granted initially for 30 days and was subsequently extended vide various orders. Appellate Tribunal SRB has decided the matter vide order dated December 20, 2017, received by the Company on April 09, 2018, whereby ATIR decided that FED is applicable only on the commission earned from trading of shares and no other type of commission comes under the ambit of FED. With this opinion, ATIR has remanded back the issue related to pre amendment era. For post amendment era, ATIR has relied upon the decision of SHC (stated above) and declared the charge of FED after July 01, 2011 null and void.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## - In respect of JSBL

### - Income Tax

The Bank has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2022. The returns so filed considered as deemed assessment order under Section 120(1) of the Income Tax Ordinance, 2001 (the Ordinance). Later, the return of income for tax years 2008 to 2018, 2020 and 2022 were amended by the Officers of Inland Revenue (OIR) by taking recourse of tax audit or alternatively through amendment the assessment contending that certain matters in the deemed assessments were allegedly not conforming to the law and prejudiced the interest of revenue.

The Bank contested the disallowances before the Commissioner Inland Revenue Appeals [CIR(A)] and the Appellate Tribunal Inland Revenue [ATIR].

For tax year 2008, both the CIR(A) and ATIR annulled the OIR's action of amending the assessment for tax year 2008 being barred by time limitation following the judgments of Honourable Supreme Court of Pakistan.

For tax years 2009 to 2017, the appeals were decided by ATIR through combined Appellate Order dated 31-01-2022. Though the AO, except for the levy of surcharge under section 4A, minimum tax under section 113 and deduction of Sindh WWF all of the issues involved in the appeal either decided in Bank's favor (including the issue of goodwill, amortization of which was claimed over the period of 10 years) or set-aside for re-examination by the ATIR.

The Bank as well as the tax department have filed Income Tax Reference Applications before Sindh High Court against above-mentioned order of ATIR, which are pending.

In respect of WWF, the Supreme Court of Pakistan has held in Judgement, PLD 2017 SC 28, that the amendments made in the WWF Ordinance through Finance Act, 2006 and 2008 were illegal and without lawful authority i.e. the banks do not fall into definition of Industrial Undertaking and thus, not liable to pay WWF. Based on that, the Appellate Tribunal through combined Appellate order dated 31-01-2022 has also annulled the OIR's action of levying WWF on Bank under Worker's Welfare Fund Ordinance, 1971 in tax years 2009, 2012 and 2013.

As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh, Punjab and Balochistan through the Sindh WWF Act, 2014 (the Act), the Punjab Workers Welfare Fund Act, 2019 and the Balochistan Workers Welfare Fund Act, 2022, respectively. As per these Acts, the Bank is liable to pay WWF in both provinces. However, in this respect:

- the Bank has challenged the issue of jurisdiction claimed by Sindh Revenue Board before the Honorable High Court of Sindh (SHC) through Constitutional Petition 1546/2017 on grounds that banking companies cannot be considered as industrial establishment and that the Act cannot be applied to trans-provincial entities. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

- the Bank will challenge the recovery of Punjab and Balochistan WWF in the court of law on same grounds as in case of Sindh WWF.

In 2018, Based on decision of the Supreme Court of Pakistan, the Bank had reassessed the provision of WWF which was previously held on the entire operating results of the Bank (including all provinces, part of Pakistan, AJK and Bahrain Operations) and maintained WWF only to the extent of its operations within Sindh Province till 2019. In 2020 after promulgation of Punjab WWF, the Bank has again decided prudently to maintain provision on the entire results of the Bank.

The Sindh High Court has dismissed the Bank's petitions for tax years 2016 through 2022 wherein the Bank along with other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Bank has file appeal before the Supreme Court against the decision of the Sindh High Court. The Supreme Court has allowed interim relief to the taxpayers subject to the payment of 50% of the super tax liability. However, the Bank has adjusted full amount of super tax liability for Tax year 2016 and 2019 against the available tax refunds. Further, the bank has obtained stay from the Sindh High Court on other technical grounds regarding the levy of Super Tax for tax years 2017 and 2018.

### - Withholding tax monitoring

Withholding tax monitoring was initiated against the Bank for tax years 2014 to 2020. Orders in respect of tax years 2014, 2015, 2016, 2018 and 2020 have been passed against which appeals have been filed before the CIR(A). CIR(A) has remanded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders have been passed and demands have been reduced. The ATIR through order dated 07-02-2022 refused Department's appeal and maintained CIR(A)'s order for tax year 2014. Appeal for tax years 2016, 2018 and 2020 are pending for adjudication before CIR(A).

### - Sales tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) creating a demand of Rs.193.44 million (besides Rs. 7.2 million is charged as penalty) against the Bank for alleged non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes' (i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, Rebates from foreign correspondent Banks, and FX gain on remittance by Western Union) for the tax periods July 2011 to December 2013, 2015 to 2017 and 2019 to 2020. Bank has filed appeals before Commissioner (Appeals) Sindh Revenue Board (CA-SRB) against the order of AC-SRB, which is pending.

### - Azad Jammu & Kashmir Operations

The Bank has commenced operations in Azad Jammu & Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2021 with the tax authorities of such region. The amendment proceedings and appeals are at various levels before AJK Tax authorities for the tax year 2011 to 2017, 2019 and 2020.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

The management of the Bank is confident that the appeals filed in respect of the above matter will be decided in the Bank's favor and accordingly no demand for payment would arise.

### - In respect of BIPL (Associate)

#### - Legal Contingencies

Suit filed by customers / borrowers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt.

These are court cases, which represent counter claims filed by the borrowers, for restricting the associate for disposal of the financed assets, (such as mortgaged / leased / pledged assets, kept as security), as well as, the cases where the Bank is pleaded as proforma defendant for defending its interest.

There are two cases filed against the associate by KASB Corporation Limited. One case is filed at Honorable Sindh High Court and the other is filed at Honorable Islamabad High Court. KASB Corporation Limited claims of having placed Rs. 981.410 million with Ex-KASB Bank, as Advance against Issue of Right Shares. The amount was reported by the Ex-KASB Bank as part of the shareholders equity in the unconsolidated financial statements with the permission of SBP. Subsequent to the merger, KASB Corporation Limited and Mr. Nasir Ali Shah Bokhari filed a suit against the associate in the Honorable High Court of Sindh; and also filed Miscellaneous Applications, praying thereby to restrain the associate from using or transferring the amount of advance; and for directing the associate to deposit the aforementioned amount with the Nazir of the Court; and to invest the same in interest / mark-up bearing certificates. On April 18, 2018, these Miscellaneous Applications were dismissed by the Honorable High Court of Sindh, however, the main Suit is still pending adjudication. In addition, KASB Corporation Limited has filed a Writ Petition at Honorable Islamabad High Court, which is yet pending for hearing. The management based on the opinion of its legal counsel is confident that the main suit will be dismissed by the Honorable Courts.

#### - Tax Contingencies

The income tax returns of the Associate have been filed up to tax year 2022 whereas the tax assessments have been made by the tax authorities up to tax year 2018. The returns filed for the tax year 2014 to tax year 2022 are treated to be deemed assessed under section 120 of the Income Tax Ordinance, 2001.

During the year 2014 (relating to defunct KASB Bank Limited), appellate order passed by the Commissioner Inland Revenue Authority (CIRA) [in respect of Income tax assessments of International Housing Finance Limited, amalgamated into the defunct KASB Bank Limited during the year ended 31 December 2007] for tax year 2005 maintained the order of the Taxation Officer to the extent of disallowances relating to income from carry over transactions and gain on sale of property having an aggregate tax impact of Rs. 12.997 million. The defunct KASB Bank Limited has preferred appeals before the Appellate Tribunal Inland Revenue (ATIR) for tax year 2005 which are pending finalization.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For tax years 2003 (relating to defunct KASB Bank Limited), the CIRA has passed appellate orders on account of certain disallowances in respect of income from carry over transactions, provision against non performing advances, bad debts and certain other items having an aggregate tax impact of Rs. 33.748 million. The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred orders of the CIRA. No development has taken place during the current year.

For tax years 2010 (relating to defunct KASB Bank Limited), the ACIR had passed an order under section 122 creating a demand of Rs 51.636 million the order was subsequently upheld by the CIRA. The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred order of the CIRA. which is pending adjudication.

In respect of tax year 2017, the ACIR under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Associate by adding /disallowing certain expenses / deductions resulting in reduction of losses claimed by the Associate by Rs. 755.415 million. Subsequently, based on appeal filed by the Associate against the order passed by the ACIR, the Commissioner Appeal passed an order in favor of the Associate. The Tax Department has filed further appeal before the ATIR against the order of Commissioner Appeal which is pending adjudication.

In respect of various tax periods for the Associate and defunct KASB Bank, Sindh Revenue Board (SRB) has passed various orders and raised demand totaling to Rs. 102.199 million in relation to levy of Sindh sales tax on certain services. The Associate has filed appeals before Commissioner Appeal, SRB which are pending adjudication. Furthermore, the Associate is contesting the issuance of certain showcause notices issued by SRB for the period covering from January 2012 till December 2013 before the Honorable Supreme Court of Pakistan based on the ground that these notices are time barred. The subject matter is also pending adjudication.

The Additional Commissioner, PRA had issued order under section 48 in respect of non-filing of Punjab Sales Tax return for the period from July 2018 till June 2019 entailing exposure amounting to Rs. 120,000 with respect to Defunct KASB Bank. The Associate has made application before Commissioner PRA for revision of the order under section 61 of the Punjab Sales Tax Act, 2012 based on the ground that after amalgamation of Defunct KASB Bank with the Associate, the operations of Defunct KASB Bank Limited rest with Associate and are reported through the Associate's Sales Tax return. The subject appeal is pending adjudication.

The management, based on the opinion of its tax advisors, is confident about the favorable outcome of the above matters and consequently no additional provision has been made in these unconsolidated financial statements.

### 34.1.1 Transaction-related Contingent Liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|                            | 2022                         | 2021              |
|----------------------------|------------------------------|-------------------|
|                            | ----- (Rupees in '000) ----- |                   |
| i) Financial guarantees    | 3,668,949                    | 816,746           |
| ii) Performance guarantees | 37,371,253                   | 25,611,507        |
| iii) Other guarantees      | 45,662,672                   | 23,407,671        |
|                            | <u>86,702,874</u>            | <u>49,835,924</u> |

**34.1.1.1** Included herein are outstanding guarantees of Rs. 20.398 million (2021: Rs. 21.419 million) of related parties.

| 34.2 Commitments  | Notes  | 2022                         | 2021              |
|---|--------|------------------------------|-------------------|
|   |        | ----- (Rupees in '000) ----- |                   |
| <b>Documentary credits and short-term trade-related transactions</b>          |        |                              |                   |
| - letters of credit   | 34.2.1 | <u>50,768,007</u>            | <u>21,917,220</u> |
| <b>Commitments in respect of:</b>   |        |                              |                   |
| Forward exchange contracts:   |        |                              |                   |
| - Purchase  | 34.2.2 | <u>58,980,643</u>            | <u>17,655,035</u> |
| - Sale  | 34.2.2 | <u>38,280,152</u>            | <u>9,033,546</u>  |
| Undrawn formal standby facilities, credit lines and other commitments to lend | 34.2.3 | <u>284,067</u>               | <u>639,565</u>    |
| <b>Other Commitments</b>  |        |                              |                   |
| Forward commitments in respect of sale of securities                          |        | <u>2,442,754</u>             | <u>1,395,783</u>  |
| Commitments in respect of capital expenditure                                 |        | <u>1,069,774</u>             | <u>455,962</u>    |
| Bank Guarantee from a commercial bank in favor of NCCPL                       |        | <u>400,000</u>               | <u>400,000</u>    |
| Interest rate swaps   |        | <u>468,600</u>               | <u>740,078</u>    |
| Options   |        | <u>-</u>                     | <u>2,700,042</u>  |
| Outstanding settlements against margin financing contracts - net              |        | <u>-</u>                     | <u>12,729</u>     |
| Others  |        | <u>229,652</u>               | <u>229,652</u>    |

**34.2.1** Included herein are the outstanding letter of credits of Rs. 65.585 million (2021: Rs. 201.246 million) of related parties.

**34.2.2** The Subsidiary Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.

**34.2.3** This represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the Subsidiary Bank without the risk of incurring significant penalty or expense.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | 2022                         | 2021              |
|--|------------------------------|-------------------|
|  | ----- (Rupees in '000) ----- |                   |
| <b>35. RETURN ON INVESTMENTS</b>                                   |                              |                   |
| <b>Mark-up / interest income from:</b>                             |                              |                   |
| <b>At fair value through profit or loss / held for trading</b>     |                              |                   |
| Government securities  | 40,179,681                   | 17,643,224        |
| Term Finance Certificates  | 20,631                       | 12,107            |
|  | <b>40,200,312</b>            | <b>17,655,331</b> |
| <b>Held to maturity / At amortised cost</b>                        |                              |                   |
| Government securities  | 119,762                      | 3,239             |
| Term Finance / Sukuk Certificates                                  | 61,245                       | 2,225             |
| Repurchase agreement lending - Reverse Repo                        | 22,722                       | -                 |
|  | <b>40,404,041</b>            | <b>17,660,795</b> |
| <b>Dividend income on:</b>   |                              |                   |
| At fair value through profit or loss                               | 469,116                      | 85,079            |
| Available for sale investments / at fair value through OCI         | 1,110,096                    | 1,564,649         |
|  | <b>1,579,212</b>             | <b>1,649,728</b>  |
|  | <b>41,983,253</b>            | <b>19,310,523</b> |
| <b>36. (LOSS) / GAIN ON SALE OF INVESTMENTS - net</b>              |                              |                   |
| <b>At fair value through profit or loss / held for trading</b>     |                              |                   |
| Listed equity securities   | (35,141)                     | 265,570           |
| Government securities  | 6,808                        | 16,666            |
| Term finance certificates  | 1,338                        | 285               |
| Mutual Fund  | 2,718                        | -                 |
| <b>Available for sale</b>  |                              |                   |
| Listed equity securities   | (149,871)                    | (107,404)         |
| Term finance certificates  | (994)                        | 22,709            |
| Government securities  | (231,967)                    | 157,593           |
| Mutual funds   | 65,196                       | 109               |
| <b>Held to maturity / At amortised cost</b>                        |                              |                   |
| Term finance certificates  | -                            | 488               |
| Government securities  | (107)                        | (8)               |
|  | <b>(342,020)</b>             | <b>356,008</b>    |
| <b>37. INCOME FROM LOANS, ADVANCES AND FUND PLACEMENTS</b>         |                              |                   |
| Interest on loans to staff   | 6,947                        | 1,727             |
| Interest on loans and advances                                     | 30,243,561                   | 20,583,066        |
| Interest on deposits with financial institutions                   | 419,277                      | 211,921           |
| Return on reverse repurchase transactions of Government securities | 1,329,472                    | 737,597           |
|  | <b>31,999,257</b>            | <b>21,534,311</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | Note | 2022<br>----- (Rupees in '000) ----- | 2021<br>-----    |
|--|------|--------------------------------------|------------------|
| <b>38. FEE, COMMISSION AND BROKERAGE</b>             |      |                                      |                  |
| Consultancy and advisory fee                         |      | 9,569                                | 178,400          |
| Commission income                                    |      | 3,216,411                            | 3,207,355        |
| Remuneration from funds under management             | 38.1 | 173,163                              | 154,828          |
| Brokerage income                                     |      | 460,211                              | 864,360          |
| Other services                                       |      | 1,830                                | 2,534            |
|  |      | <b>3,861,184</b>                     | <b>4,407,477</b> |
| <b>38.1 Remuneration from funds under management</b> |      |                                      |                  |
| <b>Open-end funds</b>                                |      |                                      |                  |
| JS Value Fund  |      | -                                    | 11,292           |
| JS Growth Fund                                       |      | 46,061                               | 52,375           |
| Unit Trust of Pakistan                               |      | 21,903                               | 24,557           |
| JS Income Fund                                       |      | 18,832                               | 24,689           |
| JS Islamic Fund                                      |      | 7,194                                | 10,792           |
| JS Fund of Funds                                     |      | 200                                  | 146              |
| JS Islamic Hybrid Fund of Funds                      |      | 18                                   | 123              |
| JS Islamic Hybrid Fund of Funds - 3                  |      | 41                                   | 762              |
| JS Pension Savings Fund                              |      | 5,551                                | 6,297            |
| JS Islamic Pension Savings Fund                      |      | 1,979                                | 3,305            |
| JS Islamic Income Fund                               |      | 12,661                               | 6,224            |
| JS Large Cap Fund                                    |      | 7,798                                | 10,804           |
| JS Motion Picture Fund                               |      | 411                                  | 1,258            |
| JS Islamic Dedicated Equity Fund                     |      | 2,520                                | 2,824            |
| JS Islamic Daily Dividend Fund                       |      | 3,267                                | 1,455            |
| JS Microfinance Sector Fund                          |      | 13,871                               | -                |
| JS Momentum Factor Exchange Traded Fund              |      | 204                                  | -                |
| JS Rental REIT Fund                                  |      | 3,891                                | -                |
| JS Government Securities Fund                        |      | 3,168                                | -                |
| JS Cash Fund   |      | 46,104                               | 18,053           |
|  |      | <b>195,674</b>                       | <b>174,956</b>   |
| Less: Sales tax                                      |      | <b>(22,511)</b>                      | <b>(20,128)</b>  |
|  |      | <b>173,163</b>                       | <b>154,828</b>   |

**38.1.1** Under the provisions of the NBFC Regulations and the NBFC Rules, the management company of the Fund is entitled to an accrued remuneration at the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit. An Asset Management Company shall be entitled to an accrued remuneration that has been verified by the trustee and is paid in arrears. During the year ended December 31, 2022 JSIL has charged management fee at the rates ranging from 0.00% to 2.00% (2021: 0.00% to 2.00%).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**38.1.2** Total net asset value of the Funds under management (excluding discretionary client portfolios) as at December 31, 2022 amounts to Rs. 44.226 (2021: Rs.23.686) billion.

| <b>39. OTHER INCOME</b>   | <b>NOTE</b> | <b>2022</b>                  | <b>2021</b>       |
|---|-------------|------------------------------|-------------------|
|   |             | ----- (Rupees in '000) ----- |                   |
| Gain on sale of property and equipment                            |             | 56,249                       | 13,323            |
| Rental income   |             | 5,249                        | 7,179             |
| Liabilities written back  |             | 17,714                       | 5,813             |
| Return on cash margin on future contracts                         |             | 8,743                        | 13,313            |
| (Loss) / gain on remeasurement of derivative financial instrument |             | (82,584)                     | 47,448            |
| Income from dealing in foreign currency                           |             | 2,162,422                    | 1,189,060         |
| Other income  |             | 246,670                      | 268,341           |
|   |             | <u>2,414,463</u>             | <u>1,544,477</u>  |
| <b>40. OPERATING AND ADMINISTRATIVE EXPENSES</b>                  |             |                              |                   |
| Salaries and benefits   | 40.1        | 7,084,619                    | 5,818,521         |
| Telephone, fax, telegram and postage                              |             | 293,584                      | 227,307           |
| Vehicle running   |             | 475,723                      | 267,246           |
| Directors' meeting fee  |             | 24,303                       | 24,100            |
| Utilities   |             | 613,170                      | 428,019           |
| Newspapers and periodicals  |             | 406                          | 360               |
| Conveyance and travelling   |             | 737,242                      | 582,165           |
| Repairs and maintenance   |             | 558,391                      | 433,944           |
| Computer expenses   |             | 1,973,584                    | 1,366,048         |
| Auditors' remuneration  | 40.2        | 32,179                       | 25,594            |
| Royalty fee   | 40.3        | 55,000                       | 47,083            |
| Consultancy fee   |             | 12,803                       | 33,464            |
| Advisory fee  | 40.4        | 6,549                        | 6,552             |
| Legal and professional charges                                    |             | 581,772                      | 446,033           |
| Printing and stationery   |             | 279,782                      | 231,383           |
| Rent, rates and taxes   |             | 36,571                       | 34,781            |
| Insurance   |             | 519,961                      | 559,685           |
| Entertainment   |             | 129,921                      | 107,044           |
| Advertisement   |             | 1,128,646                    | 328,908           |
| Office supplies   |             | 2,986                        | 2,363             |
| Depreciation  | 40.5        | 2,098,420                    | 1,816,049         |
| Amortisation of intangible assets                                 | 8.1         | 172,389                      | 139,889           |
| Provision against non-performing loans, advances and receivables  |             | 1,109,038                    | 2,479,232         |
| Fees and subscription   |             | 414,580                      | 320,544           |
| Donations   | 40.6        | 49,625                       | 64,433            |
| Brokerage and commission expense                                  |             | 48,998                       | 53,748            |
| Clearing fees   |             | 217,424                      | 196,279           |
| Office security   |             | 346,771                      | 273,239           |
| SBP penalties and other charges                                   |             | 134,413                      | 494               |
| Others  |             | 167,469                      | 174,485           |
|   |             | <u>19,306,319</u>            | <u>16,488,992</u> |

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For the year ended December 31, 2022

## 40.1 Details of Provident Funds

| Description   | JSCL             |        | JSBL       |           | JSIL    |        | JSGCL   |        |
|---|------------------|--------|------------|-----------|---------|--------|---------|--------|
|   | 2022             | 2021   | 2022       | 2021      | 2022    | 2021   | 2022    | 2021   |
|   | Audited          |        | Un-audited |           | Audited |        | Audited |        |
|   | (Rupees in '000) |        |            |           |         |        |         |        |
| Number of employees                                   | 20               | 20     | 4,306      | 3,164     | 66      | 77     | 163     | 198    |
| Size of provident fund                                | 48,036           | 38,066 | 2,566,339  | 2,360,923 | 17,558  | 12,307 | 116,993 | 93,854 |
| Cost of investments made                              | 41,391           | 17,366 | 1,921,136  | 1,629,863 | 7,559   | 11,990 | 250     | 1,170  |
| Fair value of investments                             | 41,139           | 17,986 | 1,905,249  | 1,594,053 | 7,564   | 1,749  | 250     | 1,167  |
| Percentage of investments made at cost                | 86%              | 46%    | 75%        | 69%       | 43%     | 97%    | 0%      | 1%     |
| <b>Break-up of investments at cost/ market value:</b> |                  |        |            |           |         |        |         |        |
| <b>Term finance certificates and Sukuk</b>            |                  |        |            |           |         |        |         |        |
| Amount of investments                                 | 1,345            | 1,407  | 65,800     | 51,034    | -       | -      | 250     | 584    |
| Percentage of size of investments                     | 3%               | 4%     | 3%         | 2%        | 0%      | 0%     | 0%      | 1%     |
| <b>National Saving Schemes:</b>                       |                  |        |            |           |         |        |         |        |
| Amount of investments                                 | -                | -      | -          | -         | -       | -      | -       | 587    |
| Percentage of size of investments                     | 0%               | 0%     | 0%         | 0%        | 0%      | 0%     | 0%      | 1%     |
| <b>Listed securities:</b>                             |                  |        |            |           |         |        |         |        |
| Amount of investments                                 | 3,617            | 4,579  | 39,779     | 25,805    | -       | 1,749  | -       | -      |
| Percentage of size of investments                     | 8%               | 12%    | 2%         | 1%        | 0%      | 14%    | 0%      | 0%     |
| <b>Government Securities:</b>                         |                  |        |            |           |         |        |         |        |
| Amount of investment                                  | 36,177           | 12,000 | 1,815,557  | 1,517,214 | -       | -      | -       | -      |
| Percentage of size of investments                     | 75%              | 32%    | 71%        | 64%       | 0%      | 0%     | 0%      | 0%     |
| <b>Balance in scheduled banks:</b>                    |                  |        |            |           |         |        |         |        |
| Amount of investment                                  | 4,072            | 18,648 | 671,885    | 766,870   | 9,652   | 10,557 | 105,603 | 92,274 |
| Percentage of size of investments                     | 8%               | 49%    | 26%        | 32%       | 55%     | 86%    | 90%     | 98%    |
| <b>Balance in Mutual Funds:</b>                       |                  |        |            |           |         |        |         |        |
| Amount of investment                                  | -                | -      | -          | -         | 7,564   | -      | -       | -      |
| Percentage of size of investments                     | 0%               | 0%     | 0%         | 0%        | 43%     | 0%     | 0%      | 0%     |

Investments out of the 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. Securities and Exchange Commission of Pakistan "SECP" has promulgated new regulations, namely, "the Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018" (the "Regulations") in the month of June 2018. The Regulations were further amended vide SRO 856(I)/2019 dated July 25, 2019, allowing the investments to be reduced gradually and to be brought in conformity with the provisions of these regulations within three years from the date of commencement of these Regulations i.e. by June 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 40.2 Auditors' remuneration

|                                   | KPMG Taseer Hadi & Co. |                      | Other                            | 2022   | 2021   |
|-----------------------------------|------------------------|----------------------|----------------------------------|--------|--------|
|                                   | Holding company        | Subsidiary companies | Auditors<br>Subsidiary companies |        |        |
|                                   | (Rupees in '000)       |                      |                                  |        |        |
| Annual audit fee                  | 2,200                  | 12,141               | 200                              | 14,541 | 10,768 |
| Half-yearly review fee            | 440                    | 1,919                | -                                | 2,359  | 1,628  |
| Other certifications and services | 1,907                  | 9,105                | -                                | 11,012 | 9,490  |
|                                   | 4,547                  | 23,165               | 200                              | 27,912 | 21,886 |
| Out of pocket expenses            | 355                    | 2,819                | 20                               | 3,194  | 3,100  |
| Sindh Sales Tax                   | 761                    | 294                  | 18                               | 1,073  | 608    |
|                                   | 5,663                  | 26,278               | 238                              | 32,179 | 25,594 |

**40.3** This represents royalty paid to Mr. Jahangir Siddiqui, a related party, on account of use of part of Company's name under agreements approved by the Board of Directors of the respective Companies.

**40.4** Represents amount paid / payable to individuals including Mr. Jahangir Siddiqui for advisory services rendered in terms of their respective agreements duly approved by the Board of Directors of the respective Companies.

| 40.5 Depreciation   | Note | 2022             | 2021             |
|---------------------|------|------------------|------------------|
|                     |      | (Rupees in '000) |                  |
| Operating assets    | 7.1  | 975,637          | 828,307          |
| Right-of-use asset  | 7.2  | 1,122,663        | 987,622          |
| Investment property | 9    | 120              | 120              |
|                     |      | <u>2,098,420</u> | <u>1,816,049</u> |

**40.6** This represents donation to Future Trust (related party), wherein below mentioned persons are honorary trustees who are also key management personnel of the Group. The registered offices of the donee i.e. Future Trust is located at 20th Floor, The Centre, Saddar, Karachi.

#### Name of Trustee

- Mr. Najmul Hoda Khan
- Mr. Hasan Shahid
- Mr. Muhammad Yousuf Amanullah



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| 41. FINANCE COST   | 2022                         | 2021              |
|--|------------------------------|-------------------|
|  | ----- (Rupees in '000) ----- |                   |
| <b>Mark-up on:</b>   |                              |                   |
| Short term borrowing   | 52,984                       | 16,469            |
| Long term financing  | 1,313,988                    | 785,837           |
| Borrowing from banks / NBFCs                                 | 16,301,896                   | 3,865,992         |
| Deposits   | 38,714,892                   | 21,719,937        |
| Cost of swaps against foreign currency deposits / borrowings | 581,400                      | 517,642           |
| Mark-up on lease liability                                   | 397,495                      | 437,064           |
|  | <b>57,362,655</b>            | <b>27,342,941</b> |
| Commission expense of bank guarantee                         | 4,780                        | 4,492             |
| Amortisation of transaction costs                            | 54,555                       | 35,016            |
| Bank charges   | 2,538                        | 15,882            |
|  | <b>57,424,528</b>            | <b>27,398,331</b> |
| <b>42. REVERSAL OF IMPAIRMENT ON INVESTMENTS - NET</b>       |                              |                   |
| Available for sale investments                               | (38,440)                     | (317,649)         |
|  | <b>(38,440)</b>              | <b>(317,649)</b>  |

## 43. TAXATION

|  | 2022                         |               |                  | 2021             |                  |                  |
|--|------------------------------|---------------|------------------|------------------|------------------|------------------|
|  | Current                      | Prior         | Deferred         | Current          | Prior            | Deferred         |
|  | ----- (Rupees in '000) ----- |               |                  |                  |                  |                  |
| Jahangir Siddiqui & Co. Ltd.                   | 434,153                      | 54,075        | 1,622            | 215,499          | 7,923            | (9,199)          |
| JS Investments Limited                         | 7,544                        | -             | -                | 11,340           | -                | -                |
| JS Infocom Limited                             | 24,692                       | (8,211)       | -                | 106,144          | -                | -                |
| Energy Infrastructure Holding (Pvt) Ltd.       | 28,976                       | -             | 1,778            | 39,822           | (32)             | 6,528            |
| JS Global Capital Limited                      | 34,823                       | 7,989         | 1,447            | 151,949          | (28,041)         | 2,238            |
| JS Abamco Commodities Limited                  | -                            | -             | -                | 172              | -                | (312)            |
| JS Bank Limited                                | 1,179,189                    | 5,397         | (60,358)         | 941,296          | (90,418)         | 5,227            |
| JS Engineering Investments 1 (Private) Limited | -                            | -             | -                | -                | (7)              | -                |
| Quality Energy Solutions (Pvt.) Ltd.           | 330                          | -             | -                | 69               | -                | -                |
| Khairpur Solar Power (Pvt.) Ltd.               | 304                          | -             | -                | 74               | -                | -                |
|  | <b>1,710,011</b>             | <b>59,250</b> | <b>(55,511)</b>  | <b>1,466,365</b> | <b>(110,575)</b> | <b>4,482</b>     |
|  |                              |               | <b>1,713,750</b> |                  |                  | <b>1,360,272</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|--|--------------------------------------|--------------------------------------|
| <b>43.1 Reconciliation of tax charge for the year</b>  |                                      |                                      |
| Profit before taxation from continuing operations  | <u>4,091,333</u>                     | <u>3,684,688</u>                     |
| Tax at applicable rates in the Group   | 1,450,986                            | 1,424,702                            |
| Tax effect of income under FTR and differential in tax rates   | 7,941                                | (158,017)                            |
| Tax effect of amount relating to prior year  | 59,250                               | (21,389)                             |
| Tax charge on permanent differences  | 229,940                              | 112,366                              |
| Tax charge on temporary differences  | (3,557)                              | (17,457)                             |
| Alternate corporate tax  | 17,328                               | -                                    |
| Others   | (48,138)                             | 20,067                               |
|  | <u>1,713,750</u>                     | <u>1,360,272</u>                     |
| <b>44. EARNINGS PER SHARE</b>  |                                      |                                      |
| <b>Earnings</b>  |                                      |                                      |
| Profit after taxation from continuing operations attributable to equity shareholders of the Holding Company              | <u>2,154,492</u>                     | 1,972,688                            |
| Loss after taxation for the year from discontinued operations attributable to equity shareholders of the Holding Company | (4,546)                              | (311,874)                            |
| Profit after taxation for the year attributable to equity shareholders of the Holding Company                            | <u>2,149,946</u>                     | 1,660,814                            |
| Effect of dilutive potential ordinary shares:  |                                      |                                      |
| Add back: Amortization of liability component of preference shares - net of tax  | 35,975                               | 19,699                               |
| Profit after taxation attributable to ordinary shareholders for diluted earnings per share                               | <u>2,185,921</u>                     | <u>1,680,513</u>                     |
| <b>Number of shares</b>  |                                      |                                      |
| Weighted average number of ordinary shares outstanding during the year for basic earnings per share                      | <u>915,942</u>                       | 915,942                              |
| Effect of dilutive convertible preference shares   | 146,551                              | 69,060                               |
| Weighted average number of ordinary shares outstanding during the year for diluted earnings per share                    | <u>1,062,493</u>                     | <u>985,002</u>                       |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

| EARNINGS PER SHARE   | Note | 2022<br>----- (Rupees in '000) ----- | 2021              |
|--|------|--------------------------------------|-------------------|
| <b>From continuing operations</b>                          |      |                                      |                   |
| Basic  |      | <u>2.35</u>                          | 2.15              |
| Diluted  |      | <u>2.06</u>                          | 2.02              |
| <b>From continuing and discontinued operations</b>         |      |                                      |                   |
| Basic  |      | <u>2.35</u>                          | 1.81              |
| Diluted  |      | <u>2.06</u>                          | 1.71              |
| <b>45. CASH AND CASH EQUIVALENTS</b>                       |      |                                      |                   |
| Cash and bank balances                                     |      | <b>26,602,040</b>                    | 35,502,442        |
| Cash at bank related to assets classified as held for sale | 21.1 | <b>135,904</b>                       | 126,710           |
| Borrowing from bank  |      | <b>(1,583,765)</b>                   | (1,048,144)       |
|  |      | <u><b>25,154,179</b></u>             | <u>34,581,008</u> |

## 46. DEFERRED ASSET - EMPLOYEE BENEFIT

### 46.1 General description

The Subsidiary Bank operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the Subsidiary Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

**46.2** The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

#### - **Salary increase risk:**

The risk that the final salary at the time of cessation of services is greater than assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### - Discount rate risk

The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

### - Demographic Risks

#### Withdrawal risk:

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

#### Longevity risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

### - Investment risk

This is the risk that the assets are under-performing and are not sufficient to meet the liabilities.

### 46.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme (gratuity fund) is 3,740 (2021: 3,495).

### 46.4 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2022, using Projected Unit Credit Method. The following significant assumptions were used for the valuation:

|  |                  | 2022   | 2021   |
|--|------------------|--------|--------|
| Discount rate  | <b>per annum</b> | 14.50% | 11.75% |
| Expected rate of return on plan assets                 | <b>per annum</b> | 11.75% | 9.75%  |
| Expected rate of salary increase                       | <b>per annum</b> | 14.50% | 11.75% |
| The average duration of the defined benefit obligation | <b>years</b>     | 8      | 9      |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 46.5 Movement in defined benefit obligations, fair value of plan assets and their components

|   | Defined benefit obligations |           | Fair value of plan assets |           | Net defined benefit liability / (asset) |           |
|---|-----------------------------|-----------|---------------------------|-----------|---|-----------|
|   | 2022                        | 2021      | 2022                      | 2021      | 2022                                    | 2021      |
|   | (Rupees in '000)            |           |                           |           |   |           |
| <b>Balance as at January 01,</b>                            | <b>811,689</b>              | 1,078,998 | <b>1,130,008</b>          | 1,391,879 | <b>(318,319)</b>                        | (312,881) |
| <b>Included in profit or loss</b>                           |                             |           |                           |           |   |           |
| Current service cost  | 131,824                     | 180,317   | -                         | -         | 131,824                                 | 180,317   |
| Past service cost   | -                           | (358,399) | -                         | -         | -                                       | (358,399) |
| Interest expense / income                                   | 91,040                      | 101,459   | 127,900                   | 131,999   | (36,860)                                | (30,540)  |
|   | 222,864                     | (76,623)  | 127,900                   | 131,999   | 94,964                                  | (208,622) |
| <b>Included in other comprehensive income</b>               |                             |           |                           |           |   |           |
| Actuarial gains / losses arising from:                      |                             |           |                           |           |   |           |
| - financial assumptions                                     | 2,685                       | (11,757)  | -                         | -         | 2,685                                   | (11,757)  |
| - demographic assumptions                                   | (34,057)                    |           | -                         | -         | (34,057)                                |           |
| - Experience adjustments                                    | (89,734)                    | (95,764)  | -                         | -         | (89,734)                                | (95,764)  |
| Return on plan assets                                       | -                           | -         | (224,228)                 | (317,777) | 224,228                                 | 317,777   |
|   | (121,106)                   | (107,521) | (224,228)                 | (317,777) | 103,122                                 | 210,256   |
| <b>Others movements</b>                                     |                             |           |                           |           |   |           |
| Contribution made during the year                           | -                           | -         | -                         | -         | -                                       | -         |
| Benefits paid during the year                               | (83,002)                    | (76,093)  | (83,002)                  | (76,093)  | -                                       | -         |
|   | (83,002)                    | (76,093)  | (83,002)                  | (76,093)  | -                                       | -         |
| Adjustment for assets classified as held for sale (Note 21) | 710                         | (7,072)   | -                         | -         | 710                                     | (7,072)   |
| <b>Balance as at December 31,</b>                           | <b>831,155</b>              | 811,689   | <b>950,678</b>            | 1,130,008 | <b>(119,523)</b>                        | (318,319) |

## 46.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

|                                     | Cost             |           | Fair value of plan assets |           |            |       |
|-------------------------------------|------------------|-----------|---------------------------|-----------|------------|-------|
|                                     | 2022             | 2021      | 2022                      | 2021      | 2022       | 2021  |
|                                     | (Rupees in '000) |           | (Rupees in '000)          |           | Percentage |       |
| <b>Cash and cash equivalent</b>     |                  |           |                           |           |            |       |
| Cash at Bank                        | 28,395           | 176,653   | 28,395                    | 176,653   | 3.0%       | 15.6% |
|                                     | 28,395           | 176,653   | 28,395                    | 176,653   | 3.0%       | 15.6% |
| <b>Debt Securities</b>              |                  |           |                           |           |            |       |
| Pakistan investment Bonds           | 59,537           | 147,712   | 59,568                    | 146,157   | 6.3%       | 12.9% |
| Market treasury bills               | 69,178           | -         | 70,805                    | -         | 7.4%       | 0.0%  |
| Term finance certificates           | 183,442          | 50,503    | 184,040                   | 51,082    | 19.4%      | 4.5%  |
|                                     | 312,157          | 198,215   | 314,413                   | 197,239   | 33.1%      | 17.4% |
| Ordinary shares of listed companies | 805,636          | 805,623   | 607,871                   | 756,116   | 63.9%      | 66.9% |
|                                     | 1,146,188        | 1,180,491 | 950,679                   | 1,130,008 | 100%       | 100%  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 46.7 Maturity profile

46.7.1 Expected maturity analysis of undiscounted defined benefit obligation (benefit payments) for the gratuity fund is as follows:

|                      | Up to<br>one year | Over<br>1-2 years | Over<br>2- 5 years | Over<br>6-10 years | Over<br>10 and above | Total      |
|----------------------|-------------------|-------------------|--------------------|--------------------|----------------------|------------|
|                      | (Rupees in '000)  |                   |                    |                    |                      |            |
| <b>Balance as at</b> |                   |                   |                    |                    |                      |            |
| December 31, 2022    | 53,572            | 153,934           | 435,294            | 1,124,640          | 13,268,198           | 15,035,638 |
| December 31, 2021    | 40,130            | 42,200            | 200,323            | 1,068,414          | 11,996,311           | 13,347,378 |

### 46.8 Sensitivity analysis

46.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

| Particulars            | Rate   | Present value<br>of defined<br>benefit<br>obligation | Fair value of<br>any plan assets | Net defined<br>benefit<br>liability/<br>(asset) |
|------------------------|--------|--|----------------------------------|---|
|                        |        | (Rupees in '000)                                     |                                  |   |
| <b>Current results</b> | 14.50% | 831,155  | 950,678                          | (119,523)                                       |
| <b>Discount rate</b>   |        |  |                                  |   |
| 1% Increase            | 15.50% | 772,232  | 950,678                          | (178,446)                                       |
| 1% Decrease            | 13.50% | 897,518  | 950,678                          | (53,160)  |
| <b>Salary Rate</b>     |        |  |                                  |   |
| 1% Increase            | 15.50% | 898,860  | 950,678                          | (51,818)  |
| 1% Decrease            | 13.50% | 769,978  | 950,678                          | (180,700)                                       |

Furthermore in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as applied in calculating the defined benefit obligation liability recognised in this consolidated statement of financial position.

### 46.9 Maturity profile

The weighted average duration of the defined benefit obligation works out to 08 years.

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## 46.10 Experience Adjustments

The remeasurement gains / (losses) arise due to actual experience varying from the actuarial assumptions for the year:

| Particulars                        | 2022                         | 2021             |
|------------------------------------|------------------------------|------------------|
|                                    | ----- (Rupees in '000) ----- |                  |
| Defined benefit obligation         | 831,155                      | 811,689          |
| Fair value of plan assets          | (950,678)                    | (1,130,008)      |
| Net defined benefit liability      | <u>(119,523)</u>             | <u>(318,319)</u> |
| Remeasurement (loss) on obligation | (121,106)                    | (107,521)        |
| Remeasurement gain on plan assets  | 224,228                      | 317,777          |
| Other comprehensive income         | <u>103,122</u>               | <u>210,256</u>   |

46.11 Based on actuarial advice and management estimates, profit and loss account charge in respect of defined benefit obligation for the next one year works out to be Rs. 111.692 million.

## 47. FINANCIAL INSTRUMENTS BY CATEGORY

|   | 2022  |  |   | Total              |
|---|---|--|---|--------------------|
|   | Assets at amortised cost / held to maturity | Assets at fair value through profit or loss / held for trading | Available for sale / at fair value through other comprehensive income |                    |
| ----- (Rupees in '000) -----                        |   |  |   |                    |
| <b>ASSETS</b>                                       |   |  |   |                    |
| Long term investments                               | 44,283,000                                  | -  | 56,362,472  | 100,645,472        |
| Loans, advances, deposits and other receivables     | 238,389,185                                 | -  | -   | 238,389,185        |
| Net investment in finance lease                     | 7,132,841                                   | -  | -   | 7,132,841          |
| Short term investments                              | 105,615,196                                 | 5,489,061  | 113,473,966   | 224,578,223        |
| Trade debts   | 932,319                                     | -  | -   | 932,319            |
| Fund placements                                     | 11,351,162                                  | -  | -   | 11,351,162         |
| Accrued mark-up                                     | 12,349,897                                  | -  | -   | 12,349,897         |
| Cash and bank balances                              | 26,602,040                                  | -  | -   | 26,602,040         |
|   | <u>446,655,640</u>                          | <u>5,489,061</u>   | <u>169,836,438</u>  | <u>621,981,139</u> |
|   |   | Fair value through profit or loss                              | At Amortized Cost / Held to maturity                                  | Total              |
| ----- (Rupees in '000) -----                        |   |  |   |                    |
| <b>LIABILITIES</b>                                  |   |  |   |                    |
| Financing liabilities                               | -   | -  | 7,508,805   | 7,508,805          |
| Liabilities against assets subject to finance lease | -   | -  | 2,931,042   | 2,931,042          |
| Deposits and other accounts                         | -   | -  | 467,053,590   | 467,053,590        |
| Trade and other payables                            | -   | -  | 20,741,920  | 20,741,920         |
| Borrowings  | -   | -  | 98,100,214  | 98,100,214         |
|   | -   | -  | <u>596,335,571</u>  | <u>596,335,571</u> |

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|   | 2021  |  |   | Total              |
|---|---|--|---|--------------------|
|   | Assets at amortised cost/<br>held to maturity | Assets at fair value through profit or loss / held for trading | Available for sale / at fair value through other comprehensive income |                    |
| (Rupees in '000)                                    |   |  |   |                    |
| <b>ASSETS</b>                                       |   |  |   |                    |
| Long term investments                               | 34,082,316                                    | -  | 29,776,592  | 63,858,908         |
| Loans, advances, deposits and other receivables     | 253,863,260                                   | -  | -   | 253,863,260        |
| Net investment in finance lease                     | 8,935,428                                     | -  | -   | 8,935,428          |
| Short term investments                              | 24,579,508                                    | 6,788,629  | 159,584,552   | 190,952,689        |
| Trade debts   | 1,761,366                                     | -  | -   | 1,761,366          |
| Fund placements                                     | 31,939,044                                    | -  | -   | 31,939,044         |
| Accrued mark-up                                     | 7,275,957                                     | -  | -   | 7,275,957          |
| Cash and bank balances                              | 35,502,442                                    | -  | -   | 35,502,442         |
|   | <u>397,939,321</u>                            | <u>6,788,629</u>   | <u>189,361,144</u>  | <u>594,089,094</u> |
|   |   | Fair value through profit or loss                              | At Amortized Cost / Held to maturity                                  | Total              |
| (Rupees in '000)                                    |   |  |   |                    |
| <b>LIABILITIES</b>                                  |   |  |   |                    |
| Financing liabilities                               | -   | 7,829,265  | 7,829,265   | 7,829,265          |
| Liabilities against assets subject to finance lease | -   | 3,558,918  | 3,558,918   | 3,558,918          |
| Deposits and other accounts                         | -   | 460,750,749  | 460,750,749   | 460,750,749        |
| Trade and other payables                            | -   | 19,034,540   | 19,034,540  | 19,034,540         |
| Borrowings  | -   | 71,612,976   | 71,612,976  | 71,612,976         |
|   | -   | <u>562,786,448</u>   | <u>562,786,448</u>  | <u>562,786,448</u> |

### 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Group's net assets or a reduction in the profits available for dividends.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Executive Committee, ultimately responsible for the management of risk associated with the Group's activities, has established Statement of Investment and Operating Policy (SIOP), risk management guidelines and other internal guidelines for the management and assessment of the aforesaid financial risks.

#### 48.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments at fair value through profit and loss / held for trading, at fair value through other comprehensive income / available for sale investments, fund placements and derivative financial instruments.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

The following discussion includes sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The sensitivity has been prepared for the year ended December 31, 2022 and December 31, 2021 respectively using the amounts of financial assets and liabilities held as at those dates of statement of financial position.

## 48.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cashflows of financial instruments will fluctuate because of changes in market interest rates.

The Group has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Group while dealing in financial instruments negotiates attractive fixed interest rates, which reduce the interest rate price risk.

The Group's interest rate exposure on financial instruments is disclosed as follows:

### Sensitivity analysis for variable rate instruments

Presently, the Group holds interest rate bearing bank deposits, government securities, term finance certificates, loans and advances to customers and financial institutions and sukuk that expose the Group to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2022, with all other variables held constant, the net assets and income of the Group for the year would change as follows:

|             | Increase / (decrease)<br>in basis points | Effect on profit<br>before tax | Effect on other<br>comprehensive<br>income |
|-------------|--|--------------------------------|--|
|             |  | ----- (Rupees in '000) -----   |  |
| <b>2022</b> |  |                                |  |
| Assets      | 100<br>(100)                             | 1,557,509<br>(1,557,509)       | -<br>-                                     |
| Liabilities | 100<br>(100)                             | 658,886<br>(658,886)           | -<br>-                                     |
| <b>2021</b> |  |                                |  |
| Assets      | 100<br>(100)                             | 2,017,896<br>(2,017,896)       | -<br>-                                     |
| Liabilities | 100<br>(100)                             | 381,343<br>(381,343)           | -<br>-                                     |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### Sensitivity analysis for fixed rate instruments

As at December 31, 2022 the Group holds Pakistan Investment Bonds and Market Treasury Bills which are classified in both categories, i.e. fair value through profit or loss / held for trading and fair value through OCI / available for sale exposing the Group to fair value interest rate risks, respectively. In case of 100 basis points increase / decrease in KIBOR on December 31, 2022, with all other variables held constant, the comprehensive income of the Group for the year would change as follows:

|                          | Increase / (decrease)<br>in basis points | Effect on profit<br>before tax | Effect on other<br>comprehensive<br>income |
|--------------------------|--|--------------------------------|--|
|                          |  | ----- (Rupees in '000) -----   |  |
| <b>December 31, 2022</b> |  |                                |  |
| Assets                   | 100<br>(100)                             | 3,780,472<br>(3,780,472)       | -<br>-                                     |
| Liabilities              | 100<br>(100)                             | 3,551,162<br>(3,551,162)       | -<br>-                                     |
| <b>December 31, 2021</b> |  |                                |  |
| Assets                   | 100<br>(100)                             | 3,042,617<br>(3,042,617)       | -<br>-                                     |
| Liabilities              | 100<br>(100)                             | 3,736,773<br>(3,736,773)       | -<br>-                                     |

### 48.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investments in foreign subsidiaries and to foreign exchange bank accounts.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit after tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of foreign subsidiary).

|                          | Change in foreign<br>currency rate | Effect on profit<br>before tax | Effect on other<br>comprehensive<br>income |
|--------------------------|------------------------------------|--------------------------------|--|
|                          |                                    | ----- (Rupees in '000) -----   |  |
| <b>December 31, 2022</b> | 2.50%<br>(2.50%)                   | 2,230<br>(2,230)               | -<br>-                                     |
| <b>December 31, 2021</b> | 2.50%<br>(2.50%)                   | 206<br>(206)                   | -<br>-                                     |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 48.1.3 Equity price risk

Equity price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's quoted 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. Reports on the equity portfolio are submitted to the Group's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

The following table summarizes the Group's equity price risk as of December 31, 2022 and December 31, 2021. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would effect profit and equity of the Group in a similar but opposite manner.

|                          | Fair Value        | Price change       | Effect on profit before tax | Effect on other comprehensive income |
|--------------------------|-------------------|--------------------|-----------------------------|--------------------------------------|
|                          | (Rupees in '000)  |                    |                             |                                      |
| <b>December 31, 2022</b> | <b>27,212,441</b> | <b>5% increase</b> | <b>266,211</b>              | <b>1,094,412</b>                     |
| <b>December 31, 2021</b> | 28,645,870        | 5% increase        | 277,419                     | 1,154,874                            |

## 48.2 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Group has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Group's financial liabilities. The contractual maturities of liabilities at the year-end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which the liabilities will be settled.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | 2022                         |                        |                    |                      |                   |                           |
|--|------------------------------|------------------------|--------------------|----------------------|-------------------|---------------------------|
|  | Carrying amount              | Contractual cash flows | Six months or less | Six to twelve months | One to two years  | Two to five years or more |
|  | ----- (Rupees in '000) ----- |                        |                    |                      |                   |                           |
| <b>Financial liabilities</b>             |                              |                        |                    |                      |                   |                           |
| Long term financing                      | 1,496,768                    | 1,505,885              | 595,221            | 595,221              | 315,443           | -                         |
| Liability component of preference shares | 515,059                      | 659,479                | 109,913            | -                    | 109,913           | 439,653                   |
| Lease liabilities                        | 2,931,042                    | 2,944,659              | 98,186             | 267,328              | 662,166           | 1,916,979                 |
| Deposits and other accounts              | 462,596,814                  | 462,757,638            | 391,947,639        | 47,106,737           | 23,042,988        | 660,274                   |
| Trade and other payables                 | 20,741,920                   | 20,881,089             | 19,107,605         | 353,056              | 498,890           | 921,538                   |
| Sub-ordinated loans                      | 6,995,000                    | 6,995,000              | -                  | -                    | 1,996,000         | 4,999,000                 |
| Accrued interest / mark-up               | 4,970,581                    | 4,978,558              | 4,978,558          | -                    | -                 | -                         |
| Borrowings                               | 98,100,214                   | 93,249,103             | 87,029,279         | 146,316              | 2,383,971         | 3,689,537                 |
|  | <u>598,347,398</u>           | <u>593,971,411</u>     | <u>503,866,401</u> | <u>48,468,658</u>    | <u>29,009,371</u> | <u>12,626,981</u>         |

|  | 2021                         |                        |                    |                      |                   |                           |
|--|------------------------------|------------------------|--------------------|----------------------|-------------------|---------------------------|
|  | Carrying amount              | Contractual cash flows | Six months or less | Six to twelve months | One to two years  | Two to five years or more |
|  | ----- (Rupees in '000) ----- |                        |                    |                      |                   |                           |
| <b>Financial liabilities</b>             |                              |                        |                    |                      |                   |                           |
| Long term financing                      | 1,966,665                    | 1,987,500              | 400,000            | 400,000              | 1,125,000         | 62,500                    |
| Liability component of preference shares | 516,185                      | 711,273                | 51,795             | -                    | 109,913           | 549,565                   |
| Lease liabilities                        | 3,558,918                    | 3,613,463              | 597,010            | 512,173              | 740,659           | 1,763,621                 |
| Deposits and other accounts              | 457,969,643                  | 459,350,047            | 386,342,823        | 60,802,004           | 6,769,307         | 5,435,913                 |
| Trade and other payables                 | 19,034,540                   | 18,806,111             | 16,529,690         | 351,061              | 924,206           | 1,001,154                 |
| Sub-ordinated loans                      | 4,496,800                    | 4,496,800              | 900                | 900                  | 1,800             | 4,493,200                 |
| Accrued interest / mark-up               | 3,301,137                    | 3,304,832              | 3,304,832          | -                    | -                 | -                         |
| Borrowings                               | 70,474,310                   | 70,474,310             | 48,483,473         | 15,724,911           | 425,894           | 5,840,032                 |
|  | <u>561,318,198</u>           | <u>562,744,336</u>     | <u>455,710,523</u> | <u>77,791,049</u>    | <u>10,096,779</u> | <u>19,145,985</u>         |

### 48.3 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 counterparties, and continually assessing the credit worthiness of the same.

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## 48.3.1 Analysis of credit quality

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk. Government debt securities have been excluded as these carry zero percent credit risk.

| December 31, 2022  | Neither past due nor impaired |                    |                    |                           |                       | Total              |
|--|-------------------------------|--------------------|--------------------|---------------------------|-----------------------|--------------------|
|  | High grade                    | Standard grade     | Sub-standard grade | Past due but not impaired | Individually impaired |                    |
|  | (Rupees in '000)              |                    |                    |                           |                       |                    |
| Cash and bank balances   | 24,801,604                    | -                  | -                  | -                         | -                     | 24,801,604         |
| Due from banks   | 1,800,436                     | -                  | -                  | -                         | -                     | 1,800,436          |
| Cash collateral on securities borrowed and reverse repurchase agreements | 11,351,162                    | -                  | -                  | -                         | -                     | 11,351,162         |
| Financial assets at fair value through profit or loss / held for trading | 33,431                        | 5,455,630          | -                  | -                         | -                     | 5,489,061          |
| <b>Loans and advances:</b>   |                               |                    |                    |                           |                       |                    |
| Corporate lending  | 6,801,588                     | 112,918,340        | 9,167,686          | 919,473                   | 6,223,152             | 136,030,239        |
| Agriculture  | 1,356,343                     | 1,930,765          | 1,516,360          | 74,099                    | 431,147               | 5,308,714          |
| Medium Enterprise Lending  | 1,349,229                     | 26,125,747         | 1,611,590          | 214,307                   | 1,356,183             | 30,657,056         |
| Small business lending   | 8,330,211                     | 13,667,524         | 475,441            | 24,674                    | 497,563               | 22,995,413         |
| Banks  | 875,229                       | 3,354,041          | -                  | 60,000                    | -                     | 4,289,270          |
| Consumer lending   | 2,110,289                     | 4,462,821          | 182,282            | -                         | 19,415                | 6,774,807          |
| Residential mortgages  | 3,412,323                     | 13,891,952         | 1,224,899          | -                         | 573,634               | 19,102,808         |
| Employees and contractors  | 5,642,137                     | -                  | -                  | -                         | -                     | 5,642,137          |
| Trade debts  | 425,973                       | 97,060             | -                  | 409,286                   | -                     | 932,319            |
| Accrued mark-up  | 1,829,232                     | 10,520,665         | -                  | -                         | -                     | 12,349,897         |
| <b>Financial investments available for sale:</b>                         |                               |                    |                    |                           |                       |                    |
| Government securities  | 143,435,095                   | -                  | -                  | -                         | -                     | 143,435,095        |
| Quoted - other debt securities   | 494,174                       | 502,298            | 763,719            | -                         | -                     | 1,760,191          |
| Unquoted - debt securities   | -                             | 1,212,440          | -                  | -                         | -                     | 1,212,440          |
| Equity investments   | -                             | 5,586,704          | -                  | -                         | (136,590)             | 5,450,114          |
| <b>Financial assets at fair value through OCI</b>                        |                               |                    |                    |                           |                       |                    |
| Equity investments   | -                             | 16,454,071         | -                  | -                         | -                     | 16,454,071         |
| <b>Financial investments held to maturity / at amortised cost:</b>       |                               |                    |                    |                           |                       |                    |
| Government securities  | 149,437,836                   | -                  | -                  | -                         | -                     | 149,437,836        |
|  | <b>363,486,292</b>            | <b>216,180,058</b> | <b>14,941,977</b>  | <b>1,701,839</b>          | <b>8,964,504</b>      | <b>605,274,670</b> |

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| December 31, 2021  | Neither past due nor impaired |                    |                    |                           |                       | Total              |
|--|-------------------------------|--------------------|--------------------|---------------------------|-----------------------|--------------------|
|  | High grade                    | Standard grade     | Sub-standard grade | Past due but not impaired | Individually impaired |                    |
|  | (Rupees in '000)              |                    |                    |                           |                       |                    |
| Cash and bank balances   | 34,316,656                    | -                  | -                  | -                         | -                     | 34,316,656         |
| Due from banks   | 1,185,786                     | -                  | -                  | -                         | -                     | 1,185,786          |
| Cash collateral on securities borrowed and reverse repurchase agreements | 31,939,044                    | -                  | -                  | -                         | -                     | 31,939,044         |
| Financial assets at fair value through profit or loss / held for trading | 1,109,404                     | 5,679,225          | -                  | -                         | -                     | 6,788,629          |
| <b>Loans and advances:</b>   |                               |                    |                    |                           |                       |                    |
| Corporate lending  | 4,450,633                     | 135,654,697        | 13,258,607         | 791,197                   | 4,351,314             | 158,506,448        |
| Agriculture  | 1,596,185                     | 1,912,589          | 1,676,900          | -                         | 588,345               | 5,774,019          |
| Medium Enterprise Lending  | 1,249,628                     | 28,202,756         | 2,153,958          | 71,787                    | 1,181,275             | 32,859,404         |
| Small business lending   | 8,971,554                     | 13,229,770         | 504,789            | 11,560                    | 697,130               | 23,414,803         |
| Banks  | 1,623,688                     | 4,760,948          | 49,084             | -                         | -                     | 6,433,720          |
| Consumer lending   | 1,651,732                     | 4,860,262          | 530,296            | 18,520                    | 106,871               | 7,167,681          |
| Residential mortgages  | 1,462,119                     | 11,213,732         | 1,574,530          | 95,430                    | 431,385               | 14,777,196         |
| Employees and contractors  | 5,311,791                     | -                  | -                  | -                         | -                     | 5,311,791          |
| Trade debts  | 453,313                       | 898,767            | -                  | 409,286                   | -                     | 1,761,366          |
| Accrued mark-up  | 1,844,222                     | 5,431,735          | -                  | -                         | -                     | 7,275,957          |
| <b>Financial investments available for sale:</b>                         |                               |                    |                    |                           |                       |                    |
| Government securities  | 159,315,888                   | -                  | -                  | -                         | -                     | 159,315,888        |
| Quoted - other debt securities   | 372,685                       | -                  | 1,616,155          | -                         | -                     | 1,988,840          |
| Unquoted - debt securities   | 351,587                       | 2,144,088          | -                  | -                         | (239,744)             | 2,255,931          |
| Equity investments   | -                             | 4,296,321          | -                  | -                         | (136,589)             | 4,159,732          |
| <b>Financial assets at fair value through OCI</b>                        |                               |                    |                    |                           |                       |                    |
| Equity investments   | -                             | 18,951,158         | -                  | -                         | -                     | 18,951,158         |
| <b>Financial investments held - to - maturity / at amortised cost:</b>   |                               |                    |                    |                           |                       |                    |
| Government securities  | 58,632,547                    | -                  | -                  | -                         | -                     | 58,632,547         |
|  | <u>315,838,462</u>            | <u>237,236,048</u> | <u>21,364,319</u>  | <u>1,397,780</u>          | <u>6,979,987</u>      | <u>582,816,596</u> |

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## 48.3.2 Concentration of credit risk

The Group monitors concentration of credit risk by sector and geographic locations. An analysis of concentration of credit risk from loans and advances, funds placements and investments is given below:

|   | Loans & advances and Funds placements |                    | Trade debts    |                  | Investment debt securities |                  |
|---|---------------------------------------|--------------------|----------------|------------------|----------------------------|------------------|
|   | 2022                                  | 2021               | 2022           | 2021             | 2022                       | 2021             |
|   | (Rupees in '000)                      |                    |                |                  |                            |                  |
| <b>Segment by class of business</b>     |                                       |                    |                |                  |                            |                  |
| Mining and quarrying                    | -                                     | 184,613            | -              | -                | -                          | -                |
| Agri finance                            | 6,958,389                             | 8,027,954          | -              | -                | -                          | -                |
| Brokerage                               | 4,271,431                             | 6,074,435          | -              | -                | -                          | -                |
| Cement                                  | 1,001,777                             | 2,810,958          | -              | -                | -                          | -                |
| Textile and glass                       | 26,878,066                            | 27,229,137         | -              | -                | -                          | -                |
| Airlines                                | 23,586,879                            | 27,147,109         | -              | -                | -                          | -                |
| Chemical and pharmaceuticals            | 5,277,368                             | 4,898,797          | -              | -                | 41,667                     | 75,000           |
| Fertilizer and pesticides               | 3,747,973                             | 3,440,575          | -              | -                | -                          | -                |
| Automobile and transportation equipment | 4,499,321                             | 5,177,551          | -              | -                | -                          | -                |
| Tyre, rubber and plastic                | 2,501,120                             | 2,556,141          | -              | -                | -                          | -                |
| Electronics and electrical appliances   | 744,401                               | 901,207            | -              | -                | -                          | -                |
| Construction and real estate            | 11,817,102                            | 5,179,966          | -              | -                | -                          | 11               |
| Power and water, oil and gas            | 18,886,627                            | 23,155,650         | -              | -                | 44,083                     | 222,310          |
| Metal and steel                         | 8,580,249                             | 10,485,379         | -              | -                | -                          | -                |
| Paper / board / furniture               | 2,209,570                             | 1,683,452          | -              | -                | -                          | -                |
| Food / confectionery / beverages        | 31,424,819                            | 33,802,746         | -              | -                | -                          | -                |
| Trust and non-profit organisations      | -                                     | 64,874             | -              | -                | -                          | -                |
| Transport, storage and shipping         | 2,947,512                             | 5,312,904          | -              | -                | -                          | 244,800          |
| Financial                               | 11,555,226                            | 32,484,924         | 318,119        | 482,277          | 590,526                    | 597,864          |
| Insurance and security                  | -                                     | 4,115              | 233,287        | 348,564          | -                          | -                |
| Engineering, IT and other services      | 7,261,316                             | 8,529,533          | -              | -                | -                          | -                |
| Education and medical                   | 2,349,125                             | 2,956,563          | -              | -                | -                          | -                |
| Sugar                                   | 746,569                               | 1,028,786          | -              | -                | -                          | -                |
| Individuals                             | 50,293,171                            | 41,685,045         | 380,904        | 930,509          | -                          | -                |
| Wholesale and retail trade              | 13,382,430                            | 12,575,049         | -              | -                | -                          | -                |
| Bank                                    | 26,602,040                            | 35,502,442         | -              | -                | -                          | -                |
| Others                                  | 8,453,405                             | 25,381,665         | 9              | 16               | 1,878,138                  | 1,642,908        |
|   | <b>275,975,886</b>                    | <b>328,281,570</b> | <b>932,319</b> | <b>1,761,366</b> | <b>2,554,414</b>           | <b>2,782,893</b> |
| <b>Segment by geographic location</b>   |                                       |                    |                |                  |                            |                  |
| In Pakistan                             | 270,437,274                           | 319,475,456        | 932,319        | 1,761,366        | 767,584                    | 1,071,639        |
| Outside Pakistan                        | 5,538,612                             | 8,806,114          | -              | -                | 1,786,830                  | 1,711,254        |
|   | <b>275,975,886</b>                    | <b>328,281,570</b> | <b>932,319</b> | <b>1,761,366</b> | <b>2,554,414</b>           | <b>2,782,893</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### 48.3.3 Trading assets

The table below sets out the credit quality of trading debt securities. The analysis is based on PACRA and VIS ratings where applicable:

| Mutual Funds                     | 2022                         | 2021      |
|----------------------------------|------------------------------|-----------|
|                                  | ----- (Rupees in '000) ----- |           |
| Rated AA- to AA+                 | <b>4,161,523</b>             | 3,430,273 |
| <b>Debt Securities</b>           |                              |           |
| Term Finance Certificates-listed | <b>1,413,112</b>             | 526,962   |
| Rated AA- to AA+                 | <b>1,212,440</b>             | 1,903,780 |
|                                  | <b>2,625,552</b>             | 2,430,742 |

### 48.3.4 Collaterals held and other credit enhancements, and their financial effect

The group holds collateral against its certain exposures. The table below sets out the principal type of collateral held against different types of financial assets:

| Type of credit exposure                          | Percentage of exposure that is subject to collateral requirements |      | Principle type of collateral held                  |
|--|---|------|--|
|  | 2022  | 2021 |  |
| <b>Loans and advances to banks</b>               |   |      |  |
| Call money lendings                              | -   | -    | None   |
| Lending to financial institutions                | 100%  | 100% | Property / Stock                                   |
| Repurchase agreement lendings                    | 100%  | 100% | Government Securities                              |
| <b>Loans and advances to retail customers</b>    |   |      |  |
| Running, cash, etc. finances                     | 100%  | 100% | Cash / Property / Stock / Gold                     |
| Term loan  | 100%  | 100% | Cash / Property / Stock / Gold                     |
| Trade loans                                      | 100%  | 100% | Cash / Stock                                       |
| House and personal loans                         | 100%  | 100% | Property   |
| Auto loans                                       | 100%  | 100% | Mortgage of vehicles                               |
| <b>Loans and advances to corporate customers</b> |   |      |  |
| Advances to corporate customers                  | 100%  | 100% | Mortgage on fixed assets and lien on liquid assets |

## 49. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and fund placements. Capital signifies equity as shown in the statement of financial position plus net debt.

During the year ended December 31, 2022, the Group's strategy was to maintain leveraged gearing. The gearing ratios as at December 31, 2022 were as follows:

|  | 2022<br>----- (Rupees in '000) ----- | 2021<br>----- (Rupees in '000) ----- |
|--|--------------------------------------|--------------------------------------|
| Long term financing                      | 6,995,000                            | 7,309,234                            |
| Lease liabilities                        | 2,931,042                            | 3,558,918                            |
| Deposits and other accounts              | 462,596,814                          | 457,969,643                          |
| Trade and other payables                 | 21,186,753                           | 19,417,247                           |
| Accrued interest / mark-up on borrowings | 4,970,581                            | 3,301,137                            |
| Short term borrowings                    | 97,808,216                           | 70,474,310                           |
| <b>Total debt</b>                        | <b>596,488,406</b>                   | 562,030,489                          |
| Cash and bank balances                   | 26,602,040                           | 35,502,442                           |
| Fund placements                          | 11,351,162                           | 31,939,044                           |
|  | <b>37,953,202</b>                    | 67,441,486                           |
| <b>Net debt</b>                          | <b>558,535,204</b>                   | 494,589,003                          |
| Share capital                            | 9,159,424                            | 9,159,424                            |
| Reserves                                 | 28,890,476                           | 30,074,852                           |
| Equity                                   | 38,049,900                           | 39,234,276                           |
| <b>Capital</b>                           | <b>596,585,104</b>                   | 533,823,279                          |
| <b>Gearing ratio</b>                     | <b>94%</b>                           | 93%                                  |

The Group finances its operations through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

## 50. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

In respect of investments in quoted equity securities, fair value is determined by reference to stock exchange quoted market price at the close of business day. For term finance certificates, fair value is determined by reference to average broker rates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

### Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) and;
- Level 3** Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

50.1 The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

|  | 2022              |                    |                | Total              |
|--|-------------------|--------------------|----------------|--------------------|
|  | Level 1           | Level 2            | Level 3        |                    |
|  | (Rupees in '000)  |                    |                |                    |
| <b>On balance sheet financial instruments</b>  |                   |                    |                |                    |
| <b>At fair value through profit or loss</b>    |                   |                    |                |                    |
| Open end Mutual funds                          | 4,167,943         | -                  | -              | 4,167,943          |
| Term finance certificates                      | -                 | 125,000            | -              | 125,000            |
| Listed equity securities                       | 1,162,687         | -                  | -              | 1,162,687          |
| Government Securities                          | -                 | 33,431             | -              | 33,431             |
| <b>At fair value through OCI</b>               |                   |                    |                |                    |
| Listed equity securities                       | 17,840,294        | -                  | -              | 17,840,294         |
| Unlisted equity investments                    | -                 | -                  | 598,663        | 598,663            |
| <b>Available-for-sale investments</b>          |                   |                    |                |                    |
| Listed equity securities                       | 5,434,160         | -                  | -              | 5,434,160          |
| Sukuk and term finance certificates            | -                 | 2,035,026          | -              | 2,035,026          |
| Government securities                          | -                 | 143,435,095        | -              | 143,435,095        |
| Foreign currency bond (US\$)                   | -                 | 937,605            | -              | 937,605            |
|  | <b>28,605,084</b> | <b>146,566,157</b> | <b>598,663</b> | <b>175,769,904</b> |
| <b>Off balance sheet financial instruments</b> |                   |                    |                |                    |
| <b>Forward foreign exchange contracts</b>      |                   |                    |                |                    |
| Purchase                                       | -                 | 40,275,960         | -              | 40,275,960         |
| Sale   | -                 | 26,862,267         | -              | 26,862,267         |
| <b>Interest rate swaps</b>                     |                   |                    |                |                    |
| Purchase                                       | -                 | 247,888            | -              | 247,888            |
| Sale   | -                 | 248,598            | -              | 248,598            |
| <b>Options</b>                                 |                   |                    |                |                    |
| Purchase                                       | -                 | 187,617            | -              | 187,617            |
| Sale   | -                 | -                  | -              | -                  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|   | 2021              |                    |                | Total              |
|---|-------------------|--------------------|----------------|--------------------|
|   | Level 1           | Level 2            | Level 3        |                    |
| <b>(Rupees in '000)</b>                               |                   |                    |                |                    |
| <b><u>On balance sheet financial instruments</u></b>  |                   |                    |                |                    |
| <b>At fair value through profit or loss</b>           |                   |                    |                |                    |
| Open end Mutual funds                                 | 3,436,112         | -                  | -              | 3,436,112          |
| Term finance certificates                             | -                 | 125,000            | -              | 125,000            |
| Listed equity securities                              | 2,118,113         | -                  | -              | 2,118,113          |
| Government Securities                                 | -                 | 1,109,404          | -              | 1,109,404          |
| <b>At fair value through OCI</b>                      |                   |                    |                |                    |
| Listed equity securities                              | 21,196,351        | -                  | -              | 21,196,351         |
| Unlisted equity investments                           | -                 | -                  | 473,679        | 435,376            |
| <b>Available-for-sale investments</b>                 |                   |                    |                |                    |
| Listed equity securities                              | 4,146,326         | -                  | -              | 4,146,326          |
| Sukuk and term finance certificates                   | -                 | 2,628,616          | -              | 2,628,616          |
| Government securities                                 | -                 | 159,315,888        | -              | 159,315,888        |
| Foreign currency bond (US\$)                          | -                 | 1,616,155          | -              | 1,616,155          |
|   | <u>30,896,902</u> | <u>164,795,063</u> | <u>473,679</u> | <u>196,165,644</u> |
| <b><u>Off balance sheet financial instruments</u></b> |                   |                    |                |                    |
| <b>Forward foreign exchange contracts</b>             |                   |                    |                |                    |
| Purchase  | -                 | 18,064,443         | -              | 18,064,443         |
| Sale  | -                 | 9,079,267          | -              | 9,079,267          |
| <b>Interest rate swaps</b>                            |                   |                    |                |                    |
| Purchase  | -                 | 402,137            | -              | 402,137            |
| Sale  | -                 | 403,955            | -              | 403,955            |
| <b>Options</b>  |                   |                    |                |                    |
| Purchase  | -                 | 1,363,325          | -              | 1,363,325          |
| Sale  | -                 | 1,329,959          | -              | 1,329,959          |

## 50.2 Valuation techniques used in determination of fair values within level 2

| Item   | Valuation approach and input used  |
|--|--|
| Units of mutual funds                            | Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.  |
| Pakistan Investment Bonds /Market Treasury Bills | Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV, PKFRV & PKISRV rates (Reuters page).  |
| Term Finance Certificates and Bonds              | Investments in debt securities (comprising Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP. |
| Derivatives                                      | The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration, etc.  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**50.3** As at December 31, 2022, the group's investments in unquoted securities of EFU Services (Private) Limited and Security General Insurance Company Limited (see note 10) are carried at fair value. The fair values of these investment are determined by the management after applying appropriate haircut to the carrying values of the net assets of investee companies as the net assets of investee companies mainly comprise of marketable securities and other assets having carrying value approximately equal to their fair value.

**50.4** During the year ended December 31, 2022, there were no transfers between level 1 and 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

### 51. RELATED PARTY TRANSACTIONS

**51.1** Following are the names of associated companies, related parties and associated undertakings with whom the group had entered into transactions or had agreements in place during the year:

| Name of Related parties                             | Percentage of shareholding | Relationship                                       |
|---|----------------------------|--|
| EFU General Insurance Limited                       | 29.55%                     | Common Directorship                                |
| EFU Life Assurance Limited                          | 21.32%                     | Common Directorship                                |
| EFU Services (Private) Limited                      | 37.50%                     | Common Directorship                                |
| Allianz EFU Health Insurance Limited                | N/A                        | Others   |
| Future Trust  | N/A                        | Others   |
| Mahvash & Jahangir Siddiqui Foundation              | N/A                        | Common Directorship                                |
| BankIslami Pakistan Limited                         | N/A                        | Others   |
| Jahangir Siddiqui Private Equity                    | N/A                        | Common Substantial Shareholder                     |
| JS Lands (Private) Limited                          | N/A                        | Common Substantial Shareholder                     |
| Jahangir Siddiqui Securities Services Limited       | 19.61%                     | Common Substantial Shareholder                     |
| Jahangir Siddiqui & Sons Limited                    | 23.52%                     | Common Substantial Shareholder                     |
| JS Growth Fund                                      | N/A                        | Fund managed by Subsidiary                         |
| JS Microfinance Sector Fund                         | N/A                        | Fund managed by Subsidiary                         |
| Unit Trust of Pakistan                              | N/A                        | Fund managed by Subsidiary                         |
| JS Income Fund                                      | N/A                        | Fund managed by Subsidiary                         |
| JS Islamic Fund                                     | N/A                        | Fund managed by Subsidiary                         |
| JS Fund of Funds                                    | N/A                        | Fund managed by Subsidiary                         |
| JS Islamic Income Fund                              | N/A                        | Fund managed by Subsidiary                         |
| JS Cash Fund  | N/A                        | Fund managed by Subsidiary                         |
| JS Large Cap Fund                                   | N/A                        | Fund managed by Subsidiary                         |
| JS Islamic Hybrid Fund of Funds                     | N/A                        | Fund managed by Subsidiary                         |
| JS Islamic Hybrid Fund of Funds - 2                 | N/A                        | Fund managed by Subsidiary                         |
| JS Islamic Dedicated Equity Fund                    | N/A                        | Fund managed by Subsidiary                         |
| JS Pension Savings Fund                             | N/A                        | Fund managed by Subsidiary                         |
| JS Islamic Pension Savings Fund                     | N/A                        | Fund managed by Subsidiary                         |
| JS Momentum Factor ETF                              | N/A                        | Fund managed by Subsidiary                         |
| JS Rental REIT Fund                                 | N/A                        | Fund managed by Subsidiary                         |
| JS Government Securities Fund                       | N/A                        | Fund managed by Subsidiary                         |
| JS Motion Picture Fund                              | N/A                        | Fund managed by Subsidiary                         |
| JS Islamic Daily Dividend Fund                      | N/A                        | Fund managed by Subsidiary                         |
| Jahangir Siddiqui & Co. Ltd. - Staff Provident Fund | N/A                        | Post-employment Benefit Fund                       |
| JS Bank Limited - Staff Provident Fund              | N/A                        | Post-employment Benefit Fund of Subsidiary Company |
| JS Bank Limited - Staff Gratuity Fund               | N/A                        | Post-employment Benefit Fund of Subsidiary Company |

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| Name of Related parties  | Percentage of shareholding | Relationship   |
|--|----------------------------|--|
| JS Global Capital Limited - Staff Provident Fund               | N/A                        | Post-employment Benefit Fund of Sub-Subsidiary Company |
| JS Investments Limited - Staff Provident Fund                  | N/A                        | Post-employment Benefit Fund of Sub-Subsidiary Company |
| EFU General Insurance Limited (Employees Gratuity Fund)        | N/A                        | Post-employment Benefit Fund of Group Company          |
| EFU General Insurance Limited (Officer Pension Fund)           | N/A                        | Post-employment Benefit Fund of Group Company          |
| EFU General Insurance Limited (Employees Provident Fund)       | N/A                        | Post-employment Benefit Fund of Group Company          |
| EFU Life Assurance Ltd (Employees Provident Fund)              | N/A                        | Post-employment Benefit Fund of Group Company          |
| EFU Life Assurance Ltd (Employees Pension Fund)                | N/A                        | Post-employment Benefit Fund of Group Company          |
| Allianz EFU Health Insurance Limited (Employee Provident Fund) | N/A                        | Post-employment Benefit Fund of Group Company          |
| EFU Life Assurance Limited (Window Takaful Operations)         | N/A                        | Common Directorship                                    |
| EFU General Insurance Limited (Window Takaful Operations)      | N/A                        | Common Directorship                                    |
| Excel Labs (Pvt) Ltd.  | N/A                        | Common Directorship                                    |
| Air Blue Flight Catering Pvt Ltd                               | N/A                        | Others   |
| Azgard Nine Limited  | N/A                        | Others   |
| IBEX Global Solutions Private Limited                          | N/A                        | Others   |
| Pakistan International Bulk Terminal Ltd                       | N/A                        | Others   |
| TRG Private Limited  | N/A                        | Others   |
| Omar Jibran Engineering Industries Limited                     | N/A                        | Others   |
| Speed Private Limited  | N/A                        | Others   |
| Sprint Services Rawalpindi Limited                             | N/A                        | Others   |
| Spud Energy Pvt Ltd  | N/A                        | Others   |
| Veda Transit Solutions Pvt Ltd                                 | N/A                        | Others   |
| Virtual World Private Limited                                  | N/A                        | Others   |
| Eastern Express Company (Private) Limited                      | N/A                        | Others   |
| Mr. Jahangir Siddiqui  | 5.61%                      | Controlling Person of the group                        |
| Mr. Ali Raza Siddiqui  | 0.00%                      | Key Management Person of the group                     |
| Mr. Ali Jehangir Siddiqui                                      | 0.00%                      | Key Management Person of the group                     |
| Mr. Suleman Lalani   | 0.04%                      | Key Management Person of the group                     |
| Mr. Asad Nasir   | 0.00%                      | Key Management Person of the group                     |
| Mr. Najmul Hoda Khan   | 0.00%                      | Key Management Person of the group                     |
| Syed Ali Hasham  | 0.00%                      | Key Management Person of the group                     |
| Mr. Muhammad Babar Din   | 0.00%                      | Key Management Person of the group                     |
| Mr. Zahid Ullah Khan   | 0.00%                      | Key Management Person of the group                     |
| Chief Justice (R) Mahboob Ahmed                                | 0.04%                      | Key Management Person of the group                     |
| Justice (R) Agha Rafiq Ahmed Khan                              | 0.00%                      | Key Management Person of the group                     |
| Ms. Samar Ali Shahid   | 0.00%                      | Key Management Person of the group                     |
| Mr. Shahid Hussain Jatoi                                       | 0.00%                      | Key Management Person of the group                     |
| Ms. Hina Athar Khan  | 0.00%                      | Key Management Person of the group                     |
| Mr. Saud Ahmed Mirza   | 0.00%                      | Key Management Person of the group                     |
| Mr. Ahmed Ali Usuf   | 0.00%                      | Key Management Person of the group                     |
| Mr. Ali Pesnani  | 0.00%                      | Key Management Person of the group                     |
| Mr. Amin Muhammad Virani                                       | 0.00%                      | Key Management Person of the group                     |
| Mr. Atif Salim Malik   | 0.00%                      | Key Management Person of the group                     |
| Ms. Iffat Zehra Mankani  | 0.00%                      | Key Management Person of the group                     |
| Ms. Mediha Kamal Afsar   | 0.00%                      | Key Management Person of the group                     |
| Mr. Farooq Ahmed Malik   | 0.00%                      | Key Management Person of the group                     |
| Ms. Aisha Fariel Salahuddin                                    | 0.00%                      | Key Management Person of the group                     |
| Syed Muhammad Anwar  | 0.00%                      | Key Management Person of the group                     |
| Mr. Zeeshan Khawar   | 0.00%                      | Key Management Person of the group                     |
| Ms. Samina Faisal  | 0.00%                      | Key Management Person of the group                     |
| Mr. Malik Zafar Javaid   | 0.00%                      | Key Management Person of the group                     |

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| Name of Related parties          | Percentage of shareholding | Relationship                       |
|----------------------------------|----------------------------|------------------------------------|
| Syed Hussain Haider              | 0.00%                      | Key Management Person of the group |
| Mr. Aziz Morris                  | 0.00%                      | Key Management Person of the group |
| Mr. Muhammad Khawar Iqbal        | 0.00%                      | Key Management Person of the group |
| Mr. Faraz Mahmood Soomro         | 0.00%                      | Key Management Person of the group |
| Mr. Hasan Saeed Akbar            | 0.00%                      | Key Management Person of the group |
| Mr. Hasan Shahid                 | 0.00%                      | Key Management Person of the group |
| Mr. Humayun Bawkhher             | 0.00%                      | Key Management Person of the group |
| Mr. Iftekhar Imtiaz Ahmed Khan   | 0.00%                      | Key Management Person of the group |
| Mr. Mirza M Sadeed Hassan Barlas | 0.00%                      | Key Management Person of the group |
| Mr. Muhammad Haider Hussain      | 0.00%                      | Key Management Person of the group |
| Mr. Muhammad Zubair              | 0.00%                      | Key Management Person of the group |
| Mr. Muhammad Kamran Nasir        | 0.00%                      | Key Management Person of the group |
| Mr. Noaman Rashid                | 0.00%                      | Key Management Person of the group |
| Mr. Noman Azhar                  | 0.00%                      | Key Management Person of the group |
| Mr. Noman Mubashir               | 0.00%                      | Key Management Person of the group |
| Mr. Shahid Raza                  | 0.00%                      | Key Management Person of the group |
| Mr. Shehryar Sheikh              | 0.00%                      | Key Management Person of the group |
| Mr. Shireen Raza                 | 0.00%                      | Key Management Person of the group |
| Syed Ghaus Ahmed                 | 0.00%                      | Key Management Person of the group |
| Syed Jafar Raza Rizvi            | 0.00%                      | Key Management Person of the group |
| Syed Mohammad Mujeeb             | 0.00%                      | Key Management Person of the group |
| Ms. Tamkeen Sardar Faisal        | 0.00%                      | Key Management Person of the group |
| Mr. Waqas Anis                   | 0.00%                      | Key Management Person of the group |
| Mr. Basir Shamsie                | 0.00%                      | Key Management Person of the group |
| Mr. Yameen Ghani                 | 0.00%                      | Key Management Person of the group |
| Ms. Zubina Asad Sadick           | 0.00%                      | Key Management Person of the group |
| Mr. Ashraf Nawabi                | 0.00%                      | Key Management Person of the group |
| Mr. Hassan Afzal                 | 0.00%                      | Key Management Person of the group |
| Mr. Muhammad Yousuf Amanullah    | 0.00%                      | Key Management Person of the group |
| Mr. Kalim Ur Rehman              | 0.00%                      | Key Management Person of the group |
| Mr. Junaid Mirza                 | 0.00%                      | Key Management Person of the group |
| Mr. Imtiaz Gadar                 | 0.00%                      | Key Management Person of the group |
| Mr. Adil Matcheswala             | 0.00%                      | Key Management Person of the group |
| Mr. Imran Haleem Shaikh          | 0.00%                      | Key Management Person of the group |
| Mr. Ashraf Shahzad Ahmed         | 0.00%                      | Key Management Person of the group |
| Syed Tauqir Haider Rizvi         | 0.00%                      | Key Management Person of the group |
| Mr. Mazhar Ul Haq Siddiqui       | 0.00%                      | Key Management Person of the group |
| Mr. Kashan Zafar                 | 0.00%                      | Key Management Person of the group |
| Mr. Soofi Saifullah Akber        | 0.00%                      | Key Management Person of the group |
| Mr. Asim Qamar Siddiqui          | 0.00%                      | Key Management Person of the group |
| Mr. Munawar Alam Siddiqui        | 0.00%                      | Key Management Person of the group |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

**51.2** Related parties comprise of subsidiaries, companies with common directors, associated companies, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amount due from and to these related parties are shown under receivables and payables, reverse repos are shown under fund placements and the remuneration of chief executive and executives are disclosed in note 52. The relationship and transactions with the related parties are given below:

|  | 2022                         | 2021        |
|--|------------------------------|-------------|
|  | ----- (Rupees in '000) ----- |             |
| <b>TRANSACTIONS</b>                            |                              |             |
| <b>Common Directorship:</b>                    |                              |             |
| Remuneration paid                              | 348,150                      | 350,710     |
| Dividend income                                | 918,500                      | 1,026,669   |
| Brokerage / commission / service income        | 105,827                      | 206,557     |
| Insurance claim received / Refund / Cancelled  | 8,902                        | 18,528      |
| Insurance premium paid                         | 336,393                      | 618,172     |
| Expenses incurred on behalf of related parties | 714                          | 1,263       |
| Reimbursement of expenses by related parties   | 42                           | 107         |
| Interest / mark-up expense                     | 1,841,990                    | 988,981     |
| Letter of credit and letter of guarantee       | 85,983                       | 222,665     |
| Forward lending                                | 5,924                        | -           |
| Loans and advances disbursed                   | 4,769,450                    | 4,358,649   |
| Loans and advances repaid                      | 6,716,615                    | 3,193,931   |
| Deposits in banks accounts                     | 191,456,450                  | 295,980,141 |
| Withdrawals from bank accounts                 | 193,228,698                  | 291,943,860 |
| Interest / mark-up earned                      | 334,673                      | 261,535     |
| <b>Fund managed by Sub-Subsidiary Company:</b> |                              |             |
| Purchase of shares / units                     | 13,018,828                   | 3,322,704   |
| Redemption of units                            | 10,871,365                   | 3,673,342   |
| Remuneration of management fee                 | 173,163                      | 154,828     |
| Dividend income                                | 189,985                      | 8,200       |
| Reimbursement of expenses from funds           | 97,438                       | 84,409      |
| Commercial papers                              | -                            | 143,398     |
| Commercial papers repaid                       | 143,398                      | -           |
| Markup paid on Commercial paper                | 8,602                        | -           |
| Other expenses incurred on behalf of funds     | 77,322                       | 84,781      |
| Commission income                              | 2,996                        | 465         |
| Rental paid against lease liability            | 12,703                       | -           |
| Gain / (loss) on sale of securities - net      | 14,346                       | (56,901)    |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | 2022                         | 2021       |
|--|------------------------------|------------|
|  | ----- (Rupees in '000) ----- |            |
| <b>Post-employment Benefit Fund:</b>                               |                              |            |
| Contribution to staff provident fund trust                         | 299,209                      | 66,973     |
| Sale of Sukuk / TFCs   | 153,560                      | -          |
| Contribution to staff benefit plan gratuity                        | 93,228                       | -          |
| Expenses incurred on behalf of related parties                     | 238                          | 64         |
| Reimbursement of expenses by related parties                       | 240                          | 377        |
| <b>Controlling Person:</b>   |                              |            |
| Royalty paid   | 55,000                       | 47,083     |
| Advisory fee paid  | 6,000                        | 6,000      |
| <b>Common Substantial Shareholder:</b>                             |                              |            |
| Rent expense   | 27,670                       | 58,407     |
| Rent income  | 12,181                       | 16,412     |
| Security deposit paid  | 325                          | -          |
| Preference dividend paid   | 16,222                       | -          |
| Reimbursement of expenses by the Company                           | 8,558                        | 8,892      |
| Reimbursement of expenses to the Company                           | 23,013                       | 20,173     |
| <b>Key Management Personnel:</b>                                   |                              |            |
| Reimbursement of expenses to directors, CEO and other executives   | 6,735                        | 5,035      |
| Reimbursement of expenses from directors, CEO and other executives | 360                          | 333        |
| Interest on long term loans to executives                          | 31,414                       | 36,242     |
| Interest / mark-up expense   | 2,237                        | 21,035     |
| Deposits in banks accounts   | 886,508                      | 1,948,583  |
| Withdrawals from bank accounts                                     | 1,094,803                    | 1,806,522  |
| Commission income  | 235                          | 306        |
| Brokerage income   | 1,463                        | 16,685     |
| Loans and advances disbursed                                       | 377,163                      | 301,934    |
| Loans and advances repaid  | 503,860                      | 228,096    |
| <b>Other Related Parties:</b>                                      |                              |            |
| Sale of Foreign Currencies   | 22,909,799                   | 46,081,123 |
| Purchase of Foreign Currencies                                     | 9,801,548                    | 17,650,739 |
| Donation paid during the year                                      | 46,989                       | 35,510     |
| Security deposit repaid  | 492                          | -          |
| Long-term financing received                                       | -                            | 330,885    |
| Consultancy Charges  | 7,000                        | -          |
| Advisory fee   | 6,751                        | 7,420      |
| Rental income  | -                            | 6,196      |
| Reimbursement of expenses to the Company                           | 348                          | 2,204      |



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | 2022                         | 2021       |
|--|------------------------------|------------|
|  | ----- (Rupees in '000) ----- |            |
| <b>BALANCES</b>  |                              |            |
| <b>Common Directorship:</b>                                      |                              |            |
| Advances   | 2,874,325                    | 5,258,148  |
| Deposits   | 12,803,348                   | 14,401,447 |
| Prepaid insurance  | 35,135                       | 202        |
| Insurance claim receivable                                       | 191                          | -          |
| Rent Receivable  | 380                          | 380        |
| Receivable against expenses incurred on behalf of companies      | 14,250                       | 510        |
| Subordinated loans   | -                            | 500,000    |
| Interest payable on deposits                                     | 536,091                      | 40,440     |
| Interest payable on subordinated loans                           | -                            | 680        |
| Interest receivable  | 27,755                       | 79,466     |
| Receivable against bancassurance / bancatakaful                  | 17,498                       | 28,578     |
| <b>Common Substantial Shareholder:</b>                           |                              |            |
| Receivable against expenses incurred on behalf of companies      | 16,575                       | 1,851      |
| Security deposit - receivable                                    | 2,348                        | 2,023      |
| Security deposit - payable                                       | 1,003                        | 1,003      |
| <b>Common Substantial Shareholder:</b>                           |                              |            |
| Refund of lease liability  | 156                          | -          |
| Rent payable   | 10                           | 20         |
| Rent receivable  | 3,512                        | 3,512      |
| Unearned rent  | 1,219                        | 3,087      |
| Payable against expenses incurred by companies                   | 3,112                        | 3,534      |
| <b>Post-employment Benefit Fund:</b>                             |                              |            |
| Subordinated loans   | 89,784                       | 139,776    |
| Interest payable on subordinated loans                           | 103                          | 107        |
| Receivable against expenses incurred on behalf of companies      | 589                          | 240        |
| <b>Other Related Parties:</b>                                    |                              |            |
| Long term financing  | 330,885                      | -          |
| Principal outstanding on TFC's                                   | 19,626                       | 20,080     |
| Donation payable   | 28,053                       | 43,442     |
| Trade debts  | 1,088                        | 3,627      |
| Trade payable  | 175,895                      | 254,964    |
| Other receivables  | 62                           | 62         |
| Security deposit   | -                            | 492        |
| Receivable against expenses incurred on behalf of companies      | 11                           | 378        |
| Provision against other assets                                   | 379                          | 379        |
| (Reversal of) / provision for diminution in value of investments | (62,151)                     | (215,305)  |
| Investments  | 5,337,265                    | 2,476,890  |
| Interest payable on long term financing                          | 6,120                        | 3,974      |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | 2022                         | 2021    |
|--|------------------------------|---------|
|  | ----- (Rupees in '000) ----- |         |
| <b>Fund managed by Sub-Subsidiary Company:</b>                   |                              |         |
| Payable to funds under management                                |                              |         |
| Receivable from funds under management                           | 2,783                        | 2,317   |
| Markup on Commercial paper                                       | 167,863                      | 126,934 |
| Rental payable against lease liability                           | -                            | 1,560   |
|  | <b>1,906</b>                 | -       |
| <b>Key management personnel:</b>                                 |                              |         |
| Advances   |                              |         |
| Deposits   | 527,140                      | 653,838 |
| Trade debts  | 48,143                       | 430,633 |
| Trade payable  | 73                           | 14      |
| Payable to directors for attending director / committee meetings | 12,285                       | 130,337 |
| Interest mark-up accrued   | 525                          | 100     |
|  | <b>697</b>                   | 4,165   |

### 52. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVES AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including certain benefits to directors, chief executives and executives of the Group is as follows:

|   | Directors                    |        | Chief Executives |         | Executives       |           |
|---|------------------------------|--------|------------------|---------|------------------|-----------|
|   | 2022                         | 2021   | 2022             | 2021    | 2022             | 2021      |
|   | ----- (Rupees in '000) ----- |        |                  |         |                  |           |
| Managerial remuneration                         | -                            | -      | 116,943          | 109,145 | 2,635,795        | 2,468,535 |
| House rent allowance                            | -                            | -      | 1,473            | 1,823   | 3,829            | 3,216     |
| Utilities allowance                             | -                            | -      | 164              | 203     | 1,028            | 422       |
| Car allowance                                   | -                            | -      | 2,456            | 575     | 816,780          | 416,710   |
| Sub-brokerage, commission and performance bonus | -                            | -      | 3,000            | 16,500  | 127,120          | 240,399   |
| Advisory and consultancy fee                    | -                            | -      | -                | -       | -                | -         |
| Retirement benefits                             | -                            | -      | 10,230           | 10,100  | 299,949          | 286,311   |
| Medical   | -                            | -      | 8,948            | 7,953   | 242,762          | 242,994   |
| Reimbursable expenses                           | -                            | -      | 1,719            | 748     | 55,814           | 48,178    |
| Fee for attending meetings                      | 24,224                       | 24,450 | -                | -       | -                | -         |
|   | <b>24,224</b>                | 24,450 | <b>144,933</b>   | 147,047 | <b>4,183,077</b> | 3,706,765 |
| Number of persons                               | <b>29</b>                    | 24     | <b>6</b>         | 6       | <b>1,268</b>     | 761       |

52.1 The Group also provides certain Chief Executives and Executives with Group maintained cars.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 53. OPERATING SEGMENT INFORMATION

For management purposes the Group is organised into following major business segments:

|  |   |
|--|---|
| <b>Capital market and brokerage</b>        | Principally engaged in trading of equity securities, maintaining strategic and trading portfolios and earning share brokerage and money market, forex and commodity brokerage, advisory, underwriting, book running and consultancy services. |
| <b>Banking</b>                             | Principally engaged in providing investment and commercial banking.   |
| <b>Investment advisor / assets manager</b> | Principally providing investment advisory and asset management services to different mutual funds and unit trusts.  |
| <b>Energy infrastructure and petroleum</b> | Principally engaged in investment in oil marketing sector and storage of petroleum, LPG and allied products.  |
| <b>Others</b>                              | Other operations of the Group comprise of telecommunication, media and information technology, underwriting and consultancy services, research and corporate finance and power generation.  |

The following tables present revenue and profit information for the Group's operating segments for the year ended December 31, 2022 and 2021 respectively:

| Year ended December 31, 2022                     | Capital market and brokerage | Banking           | Investment advisor / assets manager | Energy infrastructure and petroleum * | Others         | Total segments    | Adjustments and eliminations | Consolidated      |
|--|------------------------------|-------------------|-------------------------------------|---------------------------------------|----------------|-------------------|------------------------------|-------------------|
|  | (Rupees in '000)             |                   |                                     |                                       |                |                   |                              |                   |
| <b>Revenue</b>                                   |                              |                   |                                     |                                       |                |                   |                              |                   |
| Segment revenues                                 | 3,306,678                    | 77,334,257        | 242,224                             | 375,926                               | 119,217        | 81,378,302        | (312,259)                    | 81,066,043        |
| Inter-segment revenues                           | (205,028)                    | (64,166)          | (1,891)                             | (24,214)                              | (16,960)       | (312,259)         | 312,259                      | -                 |
| <b>Total revenue</b>                             | <b>3,101,650</b>             | <b>77,270,091</b> | <b>240,333</b>                      | <b>351,712</b>                        | <b>102,257</b> | <b>81,066,043</b> | <b>-</b>                     | <b>81,066,043</b> |
| Operating and administrative expenses            | 994,418                      | 16,820,672        | 362,562                             | 186,689                               | 10,471         | 18,374,812        | (22,236)                     | 18,352,576        |
| Financial charges                                | 395,032                      | 57,191,203        | 27,900                              | 120,301                               | -              | 57,734,436        | (283,103)                    | 57,451,333        |
| Provision for impairment against Intangibles     | -                            | -                 | -                                   | -                                     | -              | -                 | -                            | -                 |
| Workers' welfare fund                            | 19,500                       | 42,625            | -                                   | -                                     | -              | 62,125            | -                            | 62,125            |
| Provision for impairment -Investments            | (1,611)                      | (16,382)          | -                                   | 49                                    | (22,803)       | (40,747)          | 2,307                        | (38,440)          |
| Impairment on asset held for sale                | -                            | -                 | -                                   | 178,767                               | -              | 178,767           | (150,595)                    | 28,172            |
| Provision for doubtful debts, loans and advances | -                            | 1,115,170         | -                                   | (6,132)                               | -              | 1,109,038         | -                            | 1,109,038         |
| Taxation   | 534,109                      | 1,124,228         | 7,544                               | 45,206                                | 17,115         | 1,728,202         | -                            | 1,728,202         |
| <b>Results</b>                                   |                              |                   |                                     |                                       |                |                   |                              |                   |
| Profit for the year                              | <b>1,160,202</b>             | <b>992,575</b>    | <b>(157,673)</b>                    | <b>(173,168)</b>                      | <b>97,474</b>  | <b>1,919,410</b>  | <b>453,627</b>               | <b>2,373,037</b>  |

\* These figures are inclusive of disposal group classified as held for sale last year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

|  | Capital market and brokerage | Banking           | Investment advisor/ assets manager | Energy infrastructure and petroleum | Others        | Total segments    | Adjustments and eliminations | Consolidated      |
|--|------------------------------|-------------------|------------------------------------|-------------------------------------|---------------|-------------------|------------------------------|-------------------|
| (Rupees in '000)                                 |                              |                   |                                    |                                     |               |                   |                              |                   |
| Year ended December 31, 2021                     |                              |                   |                                    |                                     |               |                   |                              |                   |
| <b>Revenue</b>                                   |                              |                   |                                    |                                     |               |                   |                              |                   |
| Segment revenues                                 | 3,272,827                    | 44,429,155        | 77,493                             | 415,767                             | 114,056       | 48,309,298        | (665,614)                    | 47,643,684        |
| Inter-segment revenues                           | (187,859)                    | (406,794)         | (1,841)                            | (52,701)                            | (16,419)      | (665,614)         | 665,614                      | -                 |
| <b>Total revenue</b>                             | <b>3,084,968</b>             | <b>44,022,361</b> | <b>75,652</b>                      | <b>363,066</b>                      | <b>97,637</b> | <b>47,643,684</b> | <b>-</b>                     | <b>47,643,684</b> |
| Operating and administrative expenses            | 957,121                      | 12,696,585        | 338,264                            | 317,748                             | 5,575         | 14,315,293        | (31,650)                     | 14,283,643        |
| Financial charges                                | 295,635                      | 27,230,687        | 34,400                             | 235,736                             | -             | 27,796,458        | (244,167)                    | 27,552,291        |
| Provision for impairment against Intangibles     | -                            | -                 | -                                  | -                                   | -             | -                 | -                            | -                 |
| Workers' welfare fund                            | 31,345                       | 44,178            | -                                  | -                                   | -             | 75,523            | -                            | 75,523            |
| Provision for impairment -Investments            | (338)                        | (297,382)         | -                                  | 281                                 | (182)         | (297,621)         | (20,028)                     | (317,649)         |
| Impairment on asset held for sale                | -                            | -                 | -                                  | 753,530                             | -             | 753,530           | (578,119)                    | 175,411           |
| Provision for doubtful debts, loans and advances | -                            | 2,478,001         | 296                                | (22,509)                            | 3,556         | 2,459,344         | 19,888                       | 2,479,232         |
| Taxation   | 340,369                      | 856,105           | 11,340                             | 68,737                              | 106,140       | 1,382,691         | -                            | 1,382,691         |
| <b>Results</b>                                   |                              |                   |                                    |                                     |               |                   |                              |                   |
| Profit for the year                              | 1,460,836                    | 1,014,187         | (308,648)                          | (990,457)                           | (17,452)      | 1,158,466         | 854,076                      | 2,012,542         |

The following tables present assets and liabilities information for the Group's operating segments for the year ended December 31, 2022 and 2021 respectively:

|                    | Capital market and brokerage | Banking     | Investment advisor/ assets manager | Energy infrastructure and petroleum * | Others    | Total segments | Adjustments and eliminations | Consolidated |
|--------------------|------------------------------|-------------|------------------------------------|---------------------------------------|-----------|----------------|------------------------------|--------------|
| (Rupees in '000)   |                              |             |                                    |                                       |           |                |                              |              |
| <b>Assets</b>      |                              |             |                                    |                                       |           |                |                              |              |
| December 31, 2022  | 37,888,615                   | 615,222,516 | 1,174,615                          | 6,672,065                             | 2,625,913 | 663,583,724    | (17,237,685)                 | 646,346,039  |
| December 31, 2021  | 41,450,830                   | 582,732,970 | 1,394,424                          | 6,037,501                             | 2,630,478 | 634,246,203    | (19,325,751)                 | 614,920,452  |
| <b>Liabilities</b> |                              |             |                                    |                                       |           |                |                              |              |
| December 31, 2022  | 5,248,288                    | 594,782,281 | 339,607                            | 2,546,675                             | 4,722     | 602,921,573    | (2,252,634)                  | 600,668,939  |
| December 31, 2021  | 8,010,561                    | 561,951,741 | 403,635                            | 1,921,478                             | 94,430    | 572,381,845    | (4,508,211)                  | 567,873,634  |

\* These figures are inclusive of disposal group classified as held for sale during the year.

### 54. GEOGRAPHIC INFORMATION

#### Revenues from external customers

Pakistan

2022                      2021  
----- (Rupees in '000) -----

79,943,151                      47,034,727

#### Non-current assets

Pakistan

12,540,958                      12,102,072

Non-current assets consist of property and equipment, investment properties, intangible assets and membership cards and rooms.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

## 55. GENERAL

### 55.1 Subsequent event

- i. On November 11, 2022, the JS Bank Limited (a subsidiary of the Company) in accordance with the approval granted by the State Bank of Pakistan acquired 86,316,954 ordinary shares (constituting 7.79% paid-up capital) of BankIslami Pakistan Limited (BIPL) from Emirates NBD Bank PSJC.

JS Bank Limited (JSBL) on November 15, 2022, issued a public announcement of intention to acquire majority control of BankIslami Pakistan Limited (an associated company) under the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (the Regulations).

The Board of Directors (BOD) of JSBL in their meeting held on March 03, 2023 have, as a consequence of successful due diligence exercise and acceptable valuations carried out by an independent valuer, approved that 42.45%, i.e. 470,603,772 ordinary voting shares and control of BIPL, may be acquired from existing sponsors and other shareholders of BIPL (including but not limited to, Jahangir Siddiqui & Co. Ltd., the Holding company). The acquisition be made through agreements against the issuance of 532,629,349 new shares of JSBL by way of other than rights and other than cash consideration, i.e. 1.1318 ordinary shares of JSBL to be issued as consideration for every 1 ordinary share of BIPL.

The Board of Directors of JSBL further approved that a public offer for a minimum of 24.88% ordinary shares of BIPL be made to all public shareholders as required under the Regulations in exchange for (as consideration in combination to be calculated at the pertinent time) a maximum of 59.56% shares and 67.90% ordinary shares of JS Investments Limited (Sub Subsidiary of Holding Company) and JS Global Capital Limited (Sub Subsidiary of Holding Company) respectively, currently held by JSBL as required and permissible under the Regulations.

The acquisition is subject to necessary approvals from the shareholders of JSBL by way of special resolutions as required under Section 83(1)(b), Section 183(3) and Section 199 of the Companies Act, 2017, permission from the State Bank of Pakistan (SBP), Securities and Exchange Commission of Pakistan (SECP) and the Competition Commission of Pakistan, as well as other regulatory approvals and compliance of all regulatory and statutory formalities as may be applicable.

In regard to the above acquisition, on March 7, 2023 certain shareholders of BIPL has filed a legal suit no. 318 of 2023 that JSBL ( a subsidiary Bank) cannot acquire BIPL on various grounds and obtained interim injunction in their favour. However, on March 14, 2023 based on the appeal, the Honourable High Court of Sindh has modified the temporary injunction and has allowed the process of the proposed acquisition of majority shares and control of BIPL subject to the outcome of the appeal.

Further, in the Extraordinary General Meeting of the Holding Company held on March 16, 2023, the shareholders of the Holding Company, subject to receipt of requisite regulatory approvals, have accorded their consent and approval (by way of special resolution) to the Holding Company to sell its entire investment and shareholding of BIPL (i.e. 235,684,306 ordinary shares representing 21.26% of

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

issued and paid-up capital of BIPL) in exchange for consideration of 266,747,498 ordinary shares of face value of PKR 10 per share each of JSBL (i.e. 1.1318 ordinary shares of JSBL for every share of BIPL) to be issue to the Holding Company as new other than rights and other than cash issue based on the valuation carried out by an independent valuer.

- ii. Subsequent to the year end, the Board of Directors of the Company in its meeting held on March 13, 2023, has recommended a preferential cash dividend on Class A Preference Shares at 6% per annum, i.e. in line with its terms and conditions, amounting to Rs. 109.91 million i.e. Rs. 0.6 per preference share. This appropriation will be subject to the shareholders' approval in the Annual General Meeting of the Company to be held on April 27, 2023.
- iii. Further, the Board has also recommended an interim ordinary cash dividend to the ordinary shareholders of the Company for the year ending December 2023, at Rs. 0.6 per share i.e., 6%.

55.2 Comparative figures have been re-arranged and reclassified wherever necessary for the purpose of comparison and better presentation, in the current year.

55.3 Figures have been rounded off to the nearest thousand rupees.

### 56. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 13, 2023 by the Board of Directors of the Holding Company.



**Shahid Hussain Jatoi**  
Director



**Asad Nasir**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer

# ANNEXURE I

Details of disposal of fixed assets having written down value equal to or exceeding Rs. 500,000 each

| Particulars  | Cost              | Accumulated depreciation | Written down value | Sale proceeds     | Gain             | Mode of disposal    | Buyers' particulars and relationship with Group (if any) |
|--|-------------------|--------------------------|--------------------|-------------------|------------------|---------------------|--|
|  | Rupees in '000    |                          |                    |                   |                  |                     |  |
| <b>Vehicles</b>  |                   |                          |                    |                   |                  |                     |  |
| TOYOTA COROLLA ALTIS   | 2,683.00          | 1,968.00                 | 715.00             | 3,500.00          | 2,785.00         | Third party via bid | MUHAMMAD OSAMA   |
| TOYOTA COROLLA ALTIS   | 2,485.00          | 1,905.00                 | 580.00             | 3,300.00          | 2,720.00         | Third party via bid | ZARGHONA BARI  |
| TOYOTA COROLLA ALTIS   | 2,431.00          | 1,864.00                 | 567.00             | 3,200.00          | 2,633.00         | Third party via bid | MUHAMMAD FAISAL KHAN                                     |
| HONDA CIVIC  | 2,965.00          | 2,125.00                 | 840.00             | 3,450.00          | 2,610.00         | Third party via bid | MUHAMMAD SHERAFGAN KHAN                                  |
| HONDA CIVIC  | 2,424.00          | 1,636.00                 | 788.00             | 3,300.00          | 2,512.00         | Third party via bid | MUSA RAZA KAZMI  |
| HONDA CIVIC  | 2,424.00          | 1,818.00                 | 606.00             | 2,940.00          | 2,334.00         | Employee via bid    | MALIK ZAFAR JAVAID                                       |
| HONDA CIVIC  | 2,424.00          | 1,818.00                 | 606.00             | 2,900.00          | 2,294.00         | Third party via bid | NOMAN USMAN  |
| HONDA CIVIC  | 2,424.00          | 1,818.00                 | 606.00             | 2,900.00          | 2,294.00         | Third party via bid | MUSA RAZA KAZMI  |
| HONDA CITY   | 1,922.00          | 1,057.00                 | 865.00             | 2,450.00          | 1,585.00         | Employee via bid    | AFHAM ELAHI USMANI                                       |
| HONDA CITY   | 1,930.00          | 1,032.00                 | 898.00             | 2,450.00          | 1,552.00         | Employee via bid    | RAJA KAMRAN NAZIR  |
| 60 KVA UPS   | 1,600.00          | 1,067.00                 | 533.00             | 720.00            | 187.00           | Insurance           | EFU GENERAL LIMITED                                      |
| 100 KVA DG SET J110K   | 1,735.00          | 1,174.00                 | 561.00             | 640.00            | 79.00            | Insurance           | EFU GENERAL LIMITED                                      |
| TOYOTA LAND CRUISER  | 8,772.00          | -                        | 8,772.00           | 8,772.00          | -                | Third party via bid | Emp Share Adjustment                                     |
| BUILDING RENOVATION  | 596.00            | 15.00                    | 581.00             | 550.00            | (31.00)          | Third party via bid | CREEK VISTA  |
| BUILDING   | 1,000.00          | 44.00                    | 956.00             | 923.00            | (33.00)          | Third party via bid | CREEK VISTA  |
| AIR CONDITIONER  | 1,136.00          | 35.00                    | 1,101.00           | 1,048.00          | (53.00)          | Third party via bid | CREEK VISTA  |
| 100 KVA DG SET J110K   | 2,137.00          | 1,558.00                 | 579.00             | 517.00            | (62.00)          | Third party via bid | KM ENTERPRISE  |
| BUILDING RENOVATION  | 3,637.00          | 91.00                    | 3,546.00           | 3,357.00          | (189.00)         | Third party via bid | CREEK VISTA  |
| SOLAR SYSTEM   | 880.00            | 321.00                   | 559.00             | 333.00            | (226.00)         | Insurance           | EFU GENERAL LIMITED                                      |
| NXC-30KVA UPS EMERSON  | 1,439.00          | 660.00                   | 779.00             | 544.00            | (235.00)         | Insurance           | EFU GENERAL LIMITED                                      |
| 60 KVA UPS   | 1,623.00          | 1,014.00                 | 609.00             | 360.00            | (249.00)         | Third party via bid | KM ENTERPRISE  |
| 30 KVA GENSET J33  | 1,260.00          | 748.00                   | 512.00             | 109.00            | (403.00)         | Third party via bid | KM ENTERPRISES   |
| SIGN BOARD   | 852.00            | 319.00                   | 533.00             | 75.00             | (458.00)         | Third party via bid | NAVEEN ENTERPRISES                                       |
| 60 KVA GENSET J66  | 1,340.00          | 391.00                   | 949.00             | 440.00            | (509.00)         | Third party via bid | SHABBIR & SONS   |
| BUILDING RENOVATION  | 10,416.00         | 260.00                   | 10,156.00          | 9,615.00          | (541.00)         | Third party via bid | CREEK VISTA  |
| BUILDING RENOVATION  | 920.00            | 268.00                   | 652.00             | 100.00            | (552.00)         | Third party via bid | KM ENTERPRISE  |
| BUILDING RENOVATION  | 1,781.00          | 816.00                   | 965.00             | 395.00            | (570.00)         | Third party via bid | KM ENTERPRISE  |
| BUILDING RENOVATION  | 2,387.00          | 1,392.00                 | 995.00             | 206.00            | (789.00)         | Third party via bid | KM ENTERPRISE  |
| BUILDING RENOVATION  | 3,428.00          | 2,000.00                 | 1,428.00           | 373.00            | (1,055.00)       | Third party via bid | KM ENTERPRISE  |
| BUILDING RENOVATION  | 7,022.00          | 5,091.00                 | 1,931.00           | 350.00            | (1,581.00)       | Third party via bid | THE CENTRE   |
| HONDA CIVIC  | 4,417.00          | 2,135.00                 | 2,282.00           | -                 | (2,282.00)       | Third party via bid | KAMRAN JAFFAR  |
| BUILDING   | 72,500.00         | 3,205.00                 | 69,295.00          | 66,924.00         | (2,371.00)       | Third party via bid | CREEK VISTA  |
| TOYOTA FORTUNER  | 7,583.00          | 3,665.00                 | 3,918.00           | -                 | (3,918.00)       | Third party via bid | KAMRAN JAFFAR  |
|  | <b>162,573.00</b> | <b>43,310.00</b>         | <b>119,263.00</b>  | <b>126,741.00</b> | <b>7,478.00</b>  |                     |  |
| Aggregate of other items of fixed assets in own use with individual book value not exceeding Rs. 500,000 | 274,283.00        | 234,253.00               | 40,030.00          | 85,564.00         | 45,534.00        | Negotiation         | Various  |
| <b>Total</b>   | <b>436,856.00</b> | <b>277,563.00</b>        | <b>159,293.00</b>  | <b>212,305.00</b> | <b>53,012.00</b> |                     |  |

## ANNEXURE II

The branch network of the Group is disclosed hereunder:

### JS Bank Limited:

#### SINDH

#### Karachi

Shaheen Complex Branch  
Tel: 111 - 572 - 265  
021-38907700

Karachi Stock Exchange Branch  
Tel: 021-32462851-55

S.I.T.E. Branch  
Tel: 021-32550081-84

Park Towers Clifton Branch  
Tel: 021-35832011

Teen Talwar Branch  
Tel: 021-35836974-35835867

Gulshan-e-Iqbal Branch  
Tel: 021-34829055-60-61

Shahrah-e-Faisal Branch  
Tel: 021-34373240

North Nazimabad Branch  
Tel: 021-36721010-7

Gulistan-e-Jauhar Branch  
Tel: 021-34662002-4-6

Safoora Goth Branch  
Tel: 021 - 34661805

Jheel Park Branch  
Tel: 021-34544831-35

Nazimabad Branch  
Tel: 021-36612325 /36612236 /36612336

Korangi Industrial Area Branch  
Tel: 021-35055826-7  
021-35052773-5

Zamzama Branch  
Tel: 021-35295221-22-23

Khy-e-Shahbaz, DHA Phase VI Branch  
Tel: 021-35243416-18

Gulshan Chowranghi Branch  
Tel: 021-34833293-5

Shah Faisal Colony Branch  
Tel: 021-34686191-95

Lucky Star Branch  
Tel: 021-35622436-38

Gulshan-E-Hadeed Karachi  
Tel: 021-34715201-3

Cloth Market Karachi  
Tel: 021-32464042-48

Hawksbay Road Karachi  
Tel: 021-32373030-31

Timber Market Branch  
Tel: 021-32763054/ 32763079  
021-32763047

Garden East Branch  
Tel: 021-32244281-82-83

Jodia Bazar Branch  
Tel: 021-32463456-60

New Challi Branch  
Tel: 021-32602100-01-02



North Napier Branch  
Tel: 021-32467791-94

Electronic Market Branch  
Tel: 021-32700431-32-36-37

Bahadarabad Branch  
Tel: 021-34922802-05

North Karachi Industrial Area Branch  
Tel: 021-36962912-11-15

Orangi Town Branch Karachi  
Tel: 021-36697925 / 31

26th Street DHA Phase V Branch  
Tel: 021-35304685

Progressive Centre,  
Shahrah-e-Faisal Branch  
Tel: 021-34324682-5

Korangi Road, DHA Phase I Branch  
Tel: 021-35803541-46

Ocean Tower Branch  
Tel: 021-35166601-6

DHA Phase 8 Branch  
Tel: 021-35171731-33

Khadda Market DHA Phase V Branch  
Tel: 021-35242401-4

Boat Basin Branch  
Tel: 021-35177903-4

New Sabzi Mandi Branch  
Tel: 0345-8211641-43

Chase Shaheed-e-Millat Road Branch  
Tel: 021-34370270-71

Fisheries Branch Karachi  
Tel: 021-32384011-14

Soldier Bazar Branch  
Tel: 021-32244531-32-33

Ibrahim Hyderi  
Tel: 0346-1012283

Bahria Town Branch  
Tel: 021-32630208

Kh-E-Ittehad DHA Phase II Ext Branch  
Tel: 021-35313811-4

## Hyderabad

Saddar Branch  
Tel: 022-2730925-26

Latifabad Branch  
Tel: 022-3817971-84-86

Latifabad No: 6 Branch  
Tel: 022-3422521-6

Cloth Market Branch  
Tel: 022-2618271-73

Qasimabad Branch  
Tel: 022-2652190-91

Citizen Colony Branch  
Tel: 022-2100893-95

SITE Branch  
Tel: 022-3885192-93

DHA Branch  
Tel: 022-2108078

Anaj Mandi Branch  
Tel: 022-2638802

Kohsar Society Branch  
Tel: 022-3400914

## Sukkur

Society Branch  
Tel: 071-5815209

Military Road Branch  
Tel: 071-5630825-32

### Other Cities

Maatli

Tel: 029-7841514

Jamshoro Branch

Tel: 022-3878103-04 -09

Mirpurkhas Branch

Tel: 023-3876001-4

Kot Ghulam Muhammad Branch

Tel: 0233-866242-4

Pano Aqil Branch

Tel: 071-5809304-06

Larkana Branch

Tel: 074-4058603

Khairpur Branch

Tel: 024-3715316-9

Badin Branch

Tel: 029-7861203

Nawabshah Branch

Tel: 024-4330561-64

Sultanabad Branch

Tel: 022-3404106-7

Tando Allahyar Branch

Tel: 022-3892001-04

Moro Branch

Tel: 024-2413200-03

Kunri Branch

Tel: 023-8558163-66

Tando Mohammad Khan Branch

Tel: 022-3340617-8 / 022-3340594

Ghotki Branch

Tel: 072-3600480-84

Kandhkot Branch Kashmore

Tel: 072-2573048

Shikarpur Branch

Tel: 0726540374-75

Mithi Branch

Tel: 0232-261650

Mehar Branch

Tel: 025-4730307-9

Umerkot Branch

Tel: 0238-570157-59

Sheikh Berkiyo Branch

Tel: 0345-8211923-24

Naushehro Feroz Branch

Tel: 022-2448415-6

Thatta Branch

Tel: 029-8550934

Tando Jam Branch

Tel: 022-2765612-14

Kashmore Branch Kandhkot

Tel: 072-2577701-07

Mirpur Mathelo

Tel: 072-3663313-15

Sanghar Branch

Tel: 023-5800160-3

Chambar Branch

Tel: 022-3897032-5

Sehwan Sharif Branch

Tel: 025-4620305-7

Daharki Dist Ghotki

0723-641290

ShahdadKot Branch

Tel: 074401-3141-78

Shahdadpur Branch

Tel: 023-5843174-5

Halani Branch  
Tel: 024-2432131-5

## BALUCHISTAN

M.A. Jinnah Road Branch  
Tel: 081-2865507-04

Gawadar  
Tel: 086-4210246

Zarghoon Road Branch  
Tel: 081-2472981-82

Muslim Bagh Qilla Saifullah  
Balochistan, Zhob  
Tel: 082-3669335-36

Ormara Branch  
Tel: 086-3310140-7

Zhob Branch  
Tel: 082-2412027-028

Turbat Branch  
Tel: 085-2414201-4

Pasni Branch  
Tel: 0312-6869884

Khuzdar Balochistan  
0848-550334-336

Loralai, Baluchistan  
0824-410104

## PUNJAB

### Lahore

Upper Mall Branch  
Tel: 042-111-572-265  
042-35776515-18

Allama Iqbal Town Branch  
Tel: 042 - 37805026

Azam Cloth Market Branch  
Tel: 042 - 37671195 - 6

Shadman Branch  
Tel: 042-37503712-20

College Road Township Branch  
Tel: 042 - 35117491 - 93

Devine Mega Mall Branch  
Airport Road Dha Lahore  
Tel: 042 - 35700081 - 84

Bhagbanpura Branch  
Tel: 042 - 36858873 - 74

Choubergly Branch  
Tel: 042 - 37362981 - 8

Wapda Town Branch Lahore  
Tel: 042 - 35182871-7

M.M. Alam Road Branch  
Tel: 042 - 35778721 - 24

Circular Road Branch  
Tel: 042 -37667921-5

DHA T Block Branch  
Tel: 042-35707651-6

Shah Alam Market Branch  
Tel: 042 - 37375734 - 7

Cavalry Branch  
Tel: 042-36610282-90

Raiwind Road Branch  
Tel: 042-5291247-70

Urdu Bazar Branch  
Tel: 042-37115915-8

Badami Bagh Branch  
Tel: 042 - 37946853-4

Bahria Town Branch  
Tel: 042 - 35976212-14

DHA Phase VI Branch  
Tel: 042 - 37180745

Johar Town Branch  
Tel: 042 - 35241084-90

Zarar Shaheed Raod Branch  
Tel: 042 - 36639902-05

Ferozpur Road Branch  
Tel: 042 - 35402151-3

The Mall Branch  
Tel: 042 - 36285673 - 5

Gulshan Ravi Branch  
Tel: 042-35464541- 5

New Garden Town Branch  
Tel: 042-35940463-7

DHA Y-Block Branch  
Tel: 042-3598010-1

PECO Road Branch  
Tel: 042 35203013 - 4

Model Town Branch  
Tel: 042 - 35915613 - 4

Mcleod Road  
Tel: 042-36311176

Sunder Industrial Estate  
Tel: 0311-0013425 - 6

Valancia Society  
Tel: 042-35226045-47

Daroghawala  
Tel: 042-36530311-6

Gulberg Branch  
Tel: 042-35771036-38

Shahdara Branch  
Tel: 0423 - 7931903-5

Shadbagh Branch  
Tel: 042 - 37604549-51

Brandreth Road Branch  
Tel: 042 - 37381316 - 9

Mughalpura Branch  
Tel: 042-36533818-822

### **Gujranwala**

G.T. Road Branch  
Tel: 055 - 3257363  
055-3257365

Bank Square Branch  
Tel: 055 - 4234401 - 3

Wapda Town Branch  
Tel: 055-4285571

Muridke Branch  
Tel: 042 - 37951054 - 7

Kamoki Branch  
Tel: 055-6810282-5

Ghakkhar Mandi Branch  
Tel: 055-3882556-59  
055-3882561

Wazirabad Branch  
Tel: 055 - 6605841 - 4

### **Faisalabad**

Grain Market Branch  
Tel: 041 - 2633382 - 84

Karkhana Bazar Branch  
Tel: 041 - 2624501 - 3

Liaqat Road Branch  
Tel: 041 - 241 2263 - 65

Gulistan Colony Branch  
Tel: 041-8785791-5

Ghulam Mohammadabad Branch  
Tel: 041-2692192-94

Jaranwala  
Tel: 041-4313037



## Multan

Abdali Road Branch  
Tel: 061 - 4574496

Vehari Road Branch  
Tel: 061 - 6241101 - 02

Bosan Road Branch  
Tel: 061 - 6223416

Wapda Town Phase 1 Branch  
Tel: 061-6524733-38

## Sialkot

Paris Road Sialkot  
Tel: 052-4269535 - 6

Kashmir Road Branch  
Tel: 052-4272703-04-05

Nekapura Branch  
Tel: 052-3543582-4

Ugoki Branch  
Tel: 052 - 3513952

Cantt Sialkot Branch  
052-4272351-53

Shahabpura Ind Est Sialkot  
052-3242681-84

## Other Cities

Kasur Branch  
Tel: 049-2761581-4

Chishtian Branch  
Tel: 0345-8233957 / 063-2500161

Rahimyar Khan Branch  
Tel: 068 - 5879511 - 14

Pattoki Branch  
Tel: 049-4424053 - 4

Sheikhupura Branch  
Tel: 056 - 3810273 - 6

Sahiwal Branch  
Tel: 040 - 422 2733 - 5

Chichawatni Branch  
Tel: 040 - 5481792-5

Chak No. 89 Branch  
Tel: 040-4550409-16

Pak Pattan Branch  
Tel: 0457- 352591 - 4

Qaboola Branch  
Tel: 0457-851248-51

Dinga Branch  
Tel: 0537 - 401368

Gulyana Branch  
Tel: 0537-588460-64

Kharian Branch  
Tel: 0537 - 534211

Lala Musa Branch  
Tel: 0537 - 519656 - 8

Dipalpur Branch  
Tel: 044 - 454 2246 - 9

Okara Branch  
Tel: 044 - 252872 - 30

Gojra Branch  
Tel: 046 - 3513637

Toba Tek Singh Branch  
Tel: 046 - 2512052 - 5

Layyah Branch  
Tel: 060 - 6415045

Haroonabad Branch  
Tel: 063 - 2250614 - 15

Burewala Branch  
Tel: 067-3770363 - 65

Sargodha Branch  
Tel: 048 - 3768286 - 90

Chak 72 NP Rahim Yar Khan  
Tel: 068-5708069-74

Sadiqabad Branch  
Tel: 068 - 5803933 - 38

Mouza Kachi Jamal  
Branch Khanpur  
Tel: 068-5577193-95

Jehlum Branch  
Tel: 054 - 4611840 - 3

Chakwal Branch  
Tel: 054-3665688

Rabwa Branch  
Tel: 047 - 6214042 - 5

Chiniot Branch  
Tel: 047-6332713-4 / 047-6332592-4

Hasilpur Branch  
Tel: 062 - 2441305 - 8

Bhawalpur Branch  
Tel: 062 - 2889176 - 78

Kacheri Chowk Branch  
Tel: 053 - 3600583

GT Road Gujrat Branch  
Tel: 053-3729479-76

Khanewal Branch  
Tel: 065-2557491-93

Mian Chunnoo Branch  
Tel: 065 - 2661282 - 85

Mouza parhar Sharqi  
Kot Addu Branch  
Tel: 066-2240146-49

Vehari Branch  
Tel: 067-3360715 - 8

Ludan Road,  
Burewala Branch  
Tel: 067-3351441

DG Khan Branch  
Tel: 064 - 2470952-6

Hafizabad Branch  
Tel: 0547 - 526407 - 10

Sambrial Branch  
Tel: 0526 - 524105

Bhakkar Branch  
Tel: 0453 - 510407- 409

Arifwala Branch  
Tel: 0457- 835 477 - 81

Mandi Bahauddin Branch  
Tel: 0546 - 509452 -3

Lodhran Branch  
Tel: 0608 - 361892 - 93

Bhawalnagar Branch  
Tel: 063 - 2279434 - 38

Gohad Pur Branch  
Tel: 0524 - 265499 - 98

Tounsa Sharif Branch  
Tel: 064-2601155

Dahranwala Branch  
Tel: 063-2441147

Attock Branch  
Tel: 057-2610500,057-2610480  
057-2610780

Daska Branch  
Tel: 052-6610461 - 63

Ferozpur Road Branch  
Tel: 042-35402151-53

Wah Cantt Branch  
Tel: 051-4624015-7

Muzaffargarh Branch  
Tel: 066 - 2424691 - 92

Rawalpindi

Satellite Town Branch  
Tel: 051 - 4842984 - 6

Bank Road Branch  
Tel: 051 - 5120731 - 5

Bahria Town Branch  
Tel: 051 - 5731351 - 4

Saidpur Road Branch  
Tel: 051 - 5768049

Peshawar Road Branch  
Tel: 051 - 5492873 - 4

Bahria Town Phase VII Branch  
Tel: 051 - 5154891-4

AECHS  
Tel: 051 - 5497012 - 15

Chakri Road Branch  
Tel: 051-5129024

Range Road Branch  
Tel: 051-5128871  
051-5128875

Jinnah Road Branch  
Tel: 051 - 5778560 - 62 - 64

GHQ Rawalpindi  
Tel: 051-5202344

Chaklala Scheme III Branch  
Tel: 051-5766277 / 278 / 279

#### **Islamabad**

Blue Area Branch  
Tel: 051-111-572-265  
051-2810121-4

Barakahu Branch  
Tel: 051-2165032-7

DHA Phase II Branch  
Tel: 051-5161525

F-10 Markaz  
Tel: 051 - 2112957 - 58

F-11 Markaz  
Tel: 051-2103404-6

F-7 Markaz Branch  
Tel: 051-2608402-5 / 051-2653901-4

F-8 Markaz Branch  
Tel: 051 - 2818296 - 8

G-11 Markaz Branch  
Tel: 051 - 2830601

G - 15 Markaz Branch  
Tel: 051-2160240-41

G-8 Islamabad Branch  
Tel: 051-2340537-8

Gulberg Geen Islamabad Road Branch  
Tel: 0310-5998931

I-8 Markaz Branch  
Tel: 051 - 4864523 - 6

I-9 Markaz Branch  
Tel: 051 - 4431296 - 8

Islamabad Stock Exchange Branch  
Tel: 051 - 2894407 - 10

NPF O-9 Pwd Road Branch  
Tel: 051 - 5170584 - 5

Serena Hotel Branch  
Tel: 051-4478006-07

Tarlai Branch  
Tel: 051-2241860-6

**KHYBER  
PAKHTOONKHWA**

**Peshawar**

University Road Branch  
Tel: 091 - 5711572 - 5

Naz Cinema  
Tel: 091-2211024-26

Ring Road Peshawer Branch  
Tel: 0310-5998903-01

Fakhar e Alam Road Branch  
Tel: 091 5279981-84

Namak Mandi Branch  
Tel: 091-2591424-25-26

Abbottabad Branch  
Tel: 099 - 233 1491 - 4

Bannu Branch  
Tel: 0928-6601673

Chahkdarah Branch  
Tel: 094-5703335 - 336 - 337

Charsadda Branch  
Tel: 091-6512051

Chitral Branch  
Tel: 0943-413027-29

D I Khan Branch  
Tel: 0966 - 733216 -19

Dara Adam Khel  
Tel: 092-22810187

Ghallanai Branch  
Tel: 0345-9068830

Haripur Branch  
Tel: 0995 - 627370

Mansehra Branch  
Tel: 0997-301882-84

Mardan Branch  
Tel: 0937 - 873445 - 873452

Mingora Branch  
Tel: 0946 - 711740 - 43

Nowshera Branch  
Tel: 092-3612004

Parachinar Branch  
Tel: 0926-311777

Saleh Khana Branch  
Tel: 0923 - 651113 - 17

Shaidu Branch  
Tel: 0923-510013-14

Topi Branch  
Tel: 0938 - 272003 - 4

**AZAD JAMMU &  
KASHMIR (AJK)**

Chaksawari Branch  
Tel: 05827 - 454790

Bagh Branch  
Tel: 0346-5449449

Charroi Branch  
05826-415474-76

Dadyal Branch  
Tel: 0586 - 3044668 - 70



Jatlan Branch  
Tel: 05827 - 404388

Khui Ratta Branch  
Tel: 05826 - 414906 -7

Kotli Branch  
Tel: 05826 - 448228 -30

Seri Branch  
Tel: 058-26 -432731-4

Mirpur Branch  
Tel: 05827 - 437281 - 4

Muzafarabad Branch  
Tel: 05822 - 929765 - 7

Naarr Branch  
Tel: 05826 - 420784 - 85

Sehensa Branch  
Tel: 05826 - 422779 - 422300

Shakas Khyber Agency  
091-5602382/83/85

Timergara  
0945-821921

## **GILGIT BALTISTAN**

Gilgit Branch  
Tel: 0581-150615 - 7

Hunza Branch  
Tel: 0581-3455563

Skardu  
Tel: 0581-5457306/306

## **International Branch**

Bahrain Branch  
Tel: 00973 - 17104603

## **JS Investments Limited**

Karachi (Branch Office)  
The Centre, 19th Floor, Plot No. 28, SB-5 Abdullah Haroon Road Saddar,  
Karachi

Lahore (Branch Office)  
Ground Floor, No 25, Block 13, Plot No.1-4, Usman Block, New Garden Town,  
Lahore

Islamabad (Branch Office)  
Office # 414, 4th Floor, PSX Building, Jinnah Avenue, Islamabad

## **JS Global Capital Limited**

Karachi (Branch Offices)  
Stock Exchange Branch  
Room No. 634, 6th Floor, Stock Exchange Building, Stock Exchange Road.

Gulshan-e-Iqbal Branch  
Suite No. 607-A, 6th Floor, Al Ameen Towers, Plot No E-2, Block 10,  
Gulshan-e- Iqbal, Main NIPA.

Hyderabad (Branch Office)  
Address: Shop No. 20, Ground Floor, Auto Bhan Towers, Auto Bhan Road,  
Unit No. 3, Latifabad.

Islamabad (Branch Office)  
Room No. 413, 4th Floor, ISE Towers, 55-B,Jinnah Avenue.

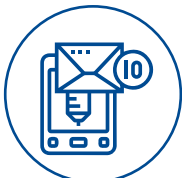
Faislabad (Branch Office)  
Office no G-04, Ground Floor, Mezan Executive Tower Plot No 4, Liaquat  
Road.

Lahore (Branch Office)  
Plot No. 434-G/1, MA Johar Town.

Multan (Branch Office)  
Office No. 608-A, Sixth Floor, The United Mall, Plot No. 74, Abdali Road.

Peshawar (Branch Office)  
First Floor, State life Building No. 34, The Mall Road, Peshawar Cantt.

# ADDITIONAL INFORMATION





# PATTERN OF SHAREHOLDING ORDINARY SHARE

as at December 31, 2022

| Categories of Shareholders  | Shareholders | Shares Held        | Percentage    |
|---|--------------|--------------------|---------------|
| <b>Directors, Chief Executive Officer and their spouse(s) and minor children</b>    |              |                    |               |
| Mr. Ali Raza Siddiqui   | 1            | 16,496             | 0.00          |
| Mr. Suleman Lalani  | 1            | 359,315            | 0.04          |
| Mr. Shahid Hussain Jatoi  | 1            | 1,000              | 0.00          |
| Mr. Asad Nasir  | 1            | 10,000             | 0.00          |
| Mr. Agha Rafiq Ahmed Khan   | 1            | 500                | 0.00          |
| Ms. Samar Ali Shahid  | 1            | 500                | 0.00          |
| Mr. Javed Mahmood Bukhari   | 1            | 500                | 0.00          |
| <b>Associated Companies, Undertakings and Related Parties</b>                       |              |                    |               |
| Mr. Jahangir Siddiqui   | 2            | 51,406,500         | 5.61          |
| Jahangir Siddiqui & Sons Limited  | 2            | 215,467,046        | 23.52         |
| Jahangir Siddiqui Securities Services Limited                                       | 1            | 402,006,784        | 43.89         |
| EFU General Insurance Limited   | 1            | 19,711,876         | 2.15          |
| EFU Services (Private) Ltd.   | 1            | 113,446            | 0.01          |
| EFU Life Assurance Limited  | 1            | 8,564,242          | 0.94          |
| Allianz EFU Health Insurance Limited  | 1            | 178,614            | 0.02          |
| <b>Executives</b>   | 4            | 512                | 0.00          |
| <b>NIT and ICP</b>  | 1            | 4,324              | 0.00          |
| <b>Banks Development Financial Institutions, Non-banking Financial Institutions</b> | 4            | 375,131            | 0.04          |
| <b>Insurance Companies</b>  | 3            | 4,483,673          | 0.49          |
| <b>Modarabas and Mutual Funds</b>   |              |                    |               |
| CDC - Trustee AKD Opportunity Fund  | 1            | 5,395,500          | 0.59          |
| CDC - Trustee NIT-Equity Market Opportunity Fund                                    | 1            | 840,000            | 0.09          |
| CDC - Trustee National Investment (Unit) Trust                                      | 1            | 575,441            | 0.06          |
| CDC - Trustee Golden Arrow Stock Fund   | 1            | 3,474,500          | 0.38          |
| First UDL Modaraba  | 1            | 3,427              | 0.00          |
| <b>General Public</b>   |              |                    |               |
| A. Local  | 7,182        | 88,897,148         | 9.71          |
| B. Foreign  | 35           | 618,413            | 0.07          |
| <b>Foreign Companies</b>  | 3            | 52,329,501         | 5.71          |
| <b>Others</b>   | 106          | 61,107,999         | 6.67          |
| <b>Totals</b>   | <b>7,359</b> | <b>915,942,388</b> | <b>100.00</b> |

| Shareholders holding 10% or more              | Shares Held | Percentage |
|---|-------------|------------|
| Jahangir Siddiqui & Sons Limited              | 215,467,046 | 23.52      |
| Jahangir Siddiqui Securities Services Limited | 402,006,784 | 43.89      |

# PATTERN OF SHAREHOLDING ORDINARY SHARE

as at December 31, 2022

| No of Shareholders | Shareholdings' Slab |    |        | Total Shares Held |
|--------------------|---------------------|----|--------|-------------------|
| 1001               | 1                   | to | 100    | 26,395            |
| 1225               | 101                 | to | 500    | 469,943           |
| 1042               | 501                 | to | 1000   | 955,893           |
| 2159               | 1001                | to | 5000   | 5,871,837         |
| 741                | 5001                | to | 10000  | 5,814,138         |
| 251                | 10001               | to | 15000  | 3,234,049         |
| 175                | 15001               | to | 20000  | 3,227,184         |
| 152                | 20001               | to | 25000  | 3,555,147         |
| 73                 | 25001               | to | 30000  | 2,088,420         |
| 44                 | 30001               | to | 35000  | 1,451,926         |
| 54                 | 35001               | to | 40000  | 2,082,306         |
| 47                 | 40001               | to | 45000  | 2,031,464         |
| 57                 | 45001               | to | 50000  | 2,817,664         |
| 18                 | 50001               | to | 55000  | 957,712           |
| 29                 | 55001               | to | 60000  | 1,700,255         |
| 18                 | 60001               | to | 65000  | 1,139,753         |
| 10                 | 65001               | to | 70000  | 679,000           |
| 17                 | 70001               | to | 75000  | 1,237,843         |
| 13                 | 75001               | to | 80000  | 1,010,979         |
| 3                  | 80001               | to | 85000  | 250,006           |
| 8                  | 85001               | to | 90000  | 710,461           |
| 7                  | 90001               | to | 95000  | 646,471           |
| 32                 | 95001               | to | 100000 | 3,184,000         |
| 5                  | 100001              | to | 105000 | 515,647           |
| 11                 | 105001              | to | 110000 | 1,194,252         |
| 8                  | 110001              | to | 115000 | 911,698           |
| 10                 | 115001              | to | 120000 | 1,183,750         |
| 3                  | 120001              | to | 125000 | 372,130           |
| 3                  | 125001              | to | 130000 | 383,360           |
| 3                  | 130001              | to | 135000 | 404,500           |
| 1                  | 135001              | to | 140000 | 138,000           |
| 4                  | 140001              | to | 145000 | 573,800           |
| 9                  | 145001              | to | 150000 | 1,348,500         |
| 3                  | 150001              | to | 155000 | 457,340           |
| 3                  | 155001              | to | 160000 | 472,720           |
| 2                  | 160001              | to | 165000 | 323,432           |
| 4                  | 165001              | to | 170000 | 671,000           |
| 2                  | 170001              | to | 175000 | 342,500           |
| 3                  | 175001              | to | 180000 | 532,483           |
| 1                  | 180001              | to | 185000 | 184,000           |
| 1                  | 185001              | to | 190000 | 190,000           |

## PATTERN OF SHAREHOLDING ORDINARY SHARE

as at December 31, 2022

| No of Shareholders | Shareholdings' Slab |    |        | Total Shares Held |
|--------------------|---------------------|----|--------|-------------------|
| 2                  | 190001              | to | 195000 | 385,100           |
| 12                 | 195001              | to | 200000 | 2,399,000         |
| 3                  | 200001              | to | 205000 | 603,989           |
| 3                  | 205001              | to | 210000 | 628,400           |
| 1                  | 210001              | to | 215000 | 214,303           |
| 2                  | 220001              | to | 225000 | 448,500           |
| 1                  | 225001              | to | 230000 | 227,614           |
| 1                  | 235001              | to | 240000 | 240,000           |
| 4                  | 245001              | to | 250000 | 995,277           |
| 3                  | 250001              | to | 255000 | 760,500           |
| 1                  | 255001              | to | 260000 | 257,974           |
| 4                  | 265001              | to | 270000 | 1,074,534         |
| 2                  | 280001              | to | 285000 | 565,878           |
| 1                  | 290001              | to | 295000 | 294,500           |
| 1                  | 295001              | to | 300000 | 300,000           |
| 2                  | 305001              | to | 310000 | 620,000           |
| 2                  | 320001              | to | 325000 | 646,800           |
| 1                  | 330001              | to | 335000 | 335,000           |
| 1                  | 345001              | to | 350000 | 350,000           |
| 3                  | 355001              | to | 360000 | 1,076,486         |
| 1                  | 360001              | to | 365000 | 362,400           |
| 1                  | 365001              | to | 370000 | 366,000           |
| 1                  | 370001              | to | 375000 | 375,000           |
| 1                  | 375001              | to | 380000 | 378,926           |
| 4                  | 395001              | to | 400000 | 1,600,000         |
| 1                  | 420001              | to | 425000 | 422,000           |
| 1                  | 425001              | to | 430000 | 428,496           |
| 1                  | 440001              | to | 445000 | 442,532           |
| 1                  | 475001              | to | 480000 | 479,500           |
| 1                  | 490001              | to | 495000 | 491,367           |
| 1                  | 495001              | to | 500000 | 500,000           |
| 1                  | 500001              | to | 505000 | 500,500           |
| 1                  | 520001              | to | 525000 | 525,000           |
| 1                  | 525001              | to | 530000 | 530,000           |
| 1                  | 555001              | to | 560000 | 559,210           |
| 1                  | 575001              | to | 580000 | 575,441           |
| 1                  | 620001              | to | 625000 | 625,000           |
| 1                  | 645001              | to | 650000 | 650,000           |
| 1                  | 655001              | to | 660000 | 660,000           |
| 2                  | 665001              | to | 670000 | 1,334,311         |

# PATTERN OF SHAREHOLDING ORDINARY SHARE

as at December 31, 2022

| No of Shareholders | Shareholdings' Slab |    |           | Total Shares Held  |
|--------------------|---------------------|----|-----------|--------------------|
| 2                  | 750001              | to | 755000    | 1,507,500          |
| 1                  | 795001              | to | 800000    | 800,000            |
| 1                  | 835001              | to | 840000    | 840,000            |
| 1                  | 845001              | to | 850000    | 850,000            |
| 1                  | 875001              | to | 880000    | 879,000            |
| 1                  | 1000001             | to | 1005000   | 1,001,838          |
| 1                  | 1015001             | to | 1020000   | 1,020,000          |
| 1                  | 1175001             | to | 1180000   | 1,179,500          |
| 1                  | 1315001             | to | 1320000   | 1,320,000          |
| 1                  | 1325001             | to | 1330000   | 1,329,596          |
| 2                  | 1745001             | to | 1750000   | 3,495,950          |
| 1                  | 1760001             | to | 1765000   | 1,762,500          |
| 1                  | 1930001             | to | 1935000   | 1,934,560          |
| 1                  | 2295001             | to | 2300000   | 2,300,000          |
| 1                  | 2375001             | to | 2380000   | 2,376,500          |
| 1                  | 2545001             | to | 2550000   | 2,545,500          |
| 1                  | 3140001             | to | 3145000   | 3,145,000          |
| 1                  | 3175001             | to | 3180000   | 3,180,000          |
| 1                  | 3470001             | to | 3475000   | 3,474,500          |
| 1                  | 5395001             | to | 5400000   | 5,395,500          |
| 1                  | 7045001             | to | 7050000   | 7,046,000          |
| 1                  | 7145001             | to | 7150000   | 7,149,000          |
| 1                  | 8560001             | to | 8565000   | 8,564,242          |
| 1                  | 18895001            | to | 18900000  | 18,900,000         |
| 1                  | 19710001            | to | 19715000  | 19,711,876         |
| 1                  | 20925001            | to | 20930000  | 20,925,500         |
| 1                  | 22025001            | to | 22030000  | 22,029,500         |
| 1                  | 29375001            | to | 29380000  | 29,377,000         |
| 1                  | 52005001            | to | 52010000  | 52,005,500         |
| 1                  | 208315001           | to | 208320000 | 208,318,046        |
| 1                  | 402005001           | to | 402010000 | 402,006,784        |
| <b>7359</b>        |                     |    |           | <b>915,942,388</b> |

## PATTERN OF SHAREHOLDING PREFERENCE SHARE

as at December 31, 2022

| Categories of Shareholders  | Shareholders | Shares Held        | Percentage    |
|---|--------------|--------------------|---------------|
| <b>Directors, Chief Executive Officer and their spouse(s) and minor children</b>    |              |                    |               |
| Mr. Ali Raza Siddiqui   | 1            | 3,299              | 0.00          |
| Mr. Suleman Lalani  | 1            | 71,863             | 0.04          |
| Ms. Ambreen Jatoi   | 1            | 18,000             | 0.01          |
| Mr. Shahid Hussain Jatoi  | 1            | 200                | 0.00          |
| Mr. Javed Mahmood Bukhari   | 1            | 100                | 0.00          |
| <b>Associated Companies, undertakings and related parties</b>                       |              |                    |               |
| Mr. Jahangir Siddiqui   | 2            | 15,088,400         | 8.24          |
| Jahangir Siddiqui & Sons Limited  | 1            | 51,279,261         | 27.99         |
| Jahangir Siddiqui Securities Services Limited                                       | 1            | 80,401,356         | 43.89         |
| JS Lands (Private) Limited  | 1            | 7,251,500          | 3.96          |
| Executives  | -            | -                  | -             |
| <b>NIT and ICP</b>  | -            | -                  | -             |
| <b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b> | -            | -                  | -             |
| <b>Insurance Companies</b>  | -            | -                  | -             |
| <b>Modarabas and Mutual Funds</b>   |              |                    |               |
| CDC - Trustee AKD Opportunity Fund  | 1            | 978,200            | 0.53          |
| CDC - Trustee Golden Arrow Stock Fund   | 1            | 694,900            | 0.38          |
| <b>General Public</b>   |              |                    |               |
| A. Local  | 1,182        | 15,889,384         | 8.67          |
| B. Foreign  | 8            | 758,500            | 0.41          |
| <b>Foreign Companies</b>  | 2            | 364,800            | 0.20          |
| <b>Others</b>   | 15           | 10,388,714         | 5.67          |
| <b>Totals</b>   | <b>1,219</b> | <b>183,188,477</b> | <b>100.00</b> |

| Shareholders holding 10% or more              | Shares Held | Percentage |
|---|-------------|------------|
| Jahangir Siddiqui & Sons Limited              | 51,279,261  | 27.99      |
| Jahangir Siddiqui Securities Services Limited | 80,401,356  | 43.89      |





# PATTERN OF SHAREHOLDING PREFERENCE SHARE

as at December 31, 2022

| No of Shareholders | Shareholdings' Slab |    |        | Total Shares Held |
|--------------------|---------------------|----|--------|-------------------|
| 137                | 1                   | to | 100    | 8,871             |
| 312                | 101                 | to | 500    | 104,147           |
| 144                | 501                 | to | 1000   | 119,162           |
| 321                | 1001                | to | 5000   | 817,911           |
| 107                | 5001                | to | 10000  | 838,848           |
| 43                 | 10001               | to | 15000  | 557,432           |
| 27                 | 15001               | to | 20000  | 494,989           |
| 26                 | 20001               | to | 25000  | 617,693           |
| 9                  | 25001               | to | 30000  | 245,632           |
| 5                  | 30001               | to | 35000  | 169,000           |
| 7                  | 35001               | to | 40000  | 274,573           |
| 5                  | 40001               | to | 45000  | 207,300           |
| 15                 | 45001               | to | 50000  | 736,740           |
| 3                  | 50001               | to | 55000  | 153,994           |
| 4                  | 55001               | to | 60000  | 230,394           |
| 3                  | 60001               | to | 65000  | 192,200           |
| 2                  | 65001               | to | 70000  | 137,600           |
| 2                  | 70001               | to | 75000  | 144,343           |
| 2                  | 75001               | to | 80000  | 155,785           |
| 1                  | 80001               | to | 85000  | 84,400            |
| 8                  | 95001               | to | 100000 | 796,100           |
| 2                  | 100001              | to | 105000 | 207,000           |
| 2                  | 110001              | to | 115000 | 225,842           |
| 1                  | 115001              | to | 120000 | 120,000           |
| 1                  | 125001              | to | 130000 | 128,420           |
| 2                  | 130001              | to | 135000 | 265,086           |
| 1                  | 135001              | to | 140000 | 140,000           |
| 1                  | 175001              | to | 180000 | 180,000           |
| 1                  | 180001              | to | 185000 | 183,000           |
| 1                  | 270001              | to | 275000 | 271,000           |
| 2                  | 295001              | to | 300000 | 600,000           |
| 1                  | 350001              | to | 355000 | 350,098           |
| 1                  | 440001              | to | 445000 | 441,500           |
| 1                  | 445001              | to | 450000 | 450,000           |
| 2                  | 495001              | to | 500000 | 1,000,000         |
| 1                  | 500001              | to | 505000 | 500,700           |

## PATTERN OF SHAREHOLDING PREFERENCE SHARE

as at December 31, 2022

| No of Shareholders | Shareholdings' Slab |    |          | Total Shares Held  |
|--------------------|---------------------|----|----------|--------------------|
| 1                  | 505001              | to | 510000   | 505,700            |
| 1                  | 545001              | to | 550000   | 547,000            |
| 2                  | 595001              | to | 600000   | 1,200,000          |
| 1                  | 690001              | to | 695000   | 694,900            |
| 1                  | 880001              | to | 885000   | 882,500            |
| 1                  | 975001              | to | 980000   | 978,200            |
| 1                  | 2075001             | to | 2080000  | 2,079,800          |
| 1                  | 2160001             | to | 2165000  | 2,165,000          |
| 1                  | 3775001             | to | 3780000  | 3,780,000          |
| 1                  | 4185001             | to | 4190000  | 4,185,100          |
| 1                  | 5835001             | to | 5840000  | 5,835,900          |
| 1                  | 7250001             | to | 7255000  | 7,251,500          |
| 1                  | 9250001             | to | 9255000  | 9,252,500          |
| 1                  | 51275001            | to | 51280000 | 51,279,261         |
| 1                  | 80400001            | to | 80405000 | 80,401,356         |
| <b>1219</b>        |                     |    |          | <b>183,188,477</b> |



# NOTICE OF 31<sup>st</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of Jahangir Siddiqui & Co. Ltd. (“the Company”) will be held at 15th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Karachi on Thursday, April 27, 2023, at 10:00 a.m., to transact the following businesses:

## Ordinary Business

1. To receive, consider and adopt the audited unconsolidated and consolidated financial statements of the Company for the year ended December 31, 2022, together with the Directors’ and Auditors’ Reports thereon and Chairman’s Review Report.
2. To appoint Company’s Auditors and fix their remuneration. The Audit Committee and the Board of Directors have recommended the appointment of the retiring auditors, Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, who being eligible have offered themselves for re-appointment.
3. To consider and approve the payment of preferred cash dividend @ 6% p.a. to the Preference Shareholders for the year ended December 31, 2022, as recommended by the Board of Directors. It will amount to PKR 109,913,086/- for the year ended December 31, 2022, i.e., PKR 0.6 per preference share.

The notice of meeting has also been placed on company’s website: ([www.js.com](http://www.js.com))

By Order of the Board

**Syed Ali Hasham**  
Company Secretary

Karachi: April 05, 2023

## NOTES:

- 1 The Company has placed the Annual Report comprising *inter alia* Audited Financial Statements along with Chairman’s Review Report, Directors’ and Auditors’ Reports for the year ended December 31, 2022, on its website: [www.js.com](http://www.js.com).

## 2 Share Transfer Book Closure Dates:

### (a) For Ordinary Shareholders:

The Share Transfer Books of the Company shall remain closed from April 20, 2023, to April 27, 2023, (both days inclusive) for determining the entitlement of shareholders for attending and voting at the meeting.

Physical transfers and deposit requests under Central Depository System received at the close of business on April 19, 2023, by the Company's Registrar i.e. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., main Shahrah-e-Faisal, Karachi will be treated as being in time for the purpose of attending and voting at the meeting.

**(b) For Preference Shareholders:**

The Share Transfer Books of the Company shall remain closed from April 20, 2023, to April 27, 2023, (both days inclusive) for determining the entitlement of preference shareholders for cash dividend (subject to approval in the general meeting).

Physical transfers and deposit requests under Central Depository System received at the close of business on April 19, 2023, by the Company's Registrar i.e. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., main Shahrah-e-Faisal, Karachi will be treated as being in time for the purpose of payment of the cash dividend (subject to approval in the general meeting).

3. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company. Form of proxy is enclosed in English and Urdu language.
4. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
5. Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan:

**A. For Attending the Meeting**

- a. In light of the clarification issued by the Securities and Exchange Commission of Pakistan for ensuring participation of members in general meeting through electronic means as a regular feature, the Company has also provided the facility for attending the meeting via video-link to its shareholders. The members are encouraged to participate in the meeting online for following the below guidelines.
- b. The members who intend to attend and participate in the AGM of the Company through video link arrangement are requested to complete identification and verification formalities i.e., to provide following required information at the email: shareholder@js.com on or before April 26, 2023.

| Name of Shareholder: | CNIC No.: | Folio No.: | Cell Phone No.: | Email Address: |
|----------------------|-----------|------------|-----------------|----------------|
|                      |           |            |                 |                |

The video link of meeting will be sent to the members on their email addresses.

Further, the members can also provide their comments / suggestions for discussion on the agenda items of the AGM through following means:



| <u>WhatsApp</u> | <u>SMS</u>      | <u>Email</u>       |
|-----------------|-----------------|--------------------|
| +92 307 3277163 | +92 307 3277163 | shareholder@js.com |

- c. The Members who intend to attend and participate physically in the AGM of the Company will be allowed to participate. The Company will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measures are in place for well-being of its Members.
- d. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the account number at the time of attending the Meeting.
- e. In case of corporate entity, the Board of Directors' resolution/power of attorney with duly verified copy of valid CNIC and specimen signature of the representative shall be sent to the Company before the meeting.

#### **B. For Appointing Proxies**

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
  - b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
  - c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
  - d. The proxy shall produce his original CNIC or original passport at the time of the meeting.
  - e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
6. Shareholders are requested to notify immediately of any change in their address to the Company's share registrar.

### **IMPORTANT NOTICES TO SHAREHOLDERS**

#### **Particulars of Physical Shareholders**

According to Section 119 of the Companies Act, 2017, and Regulation 19 of the Companies (General Provisions and Forms) Regulation, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile/telephone number, International Bank Account Number (IBAN), etc. to our Share Registrar at their below address immediately to avoid any non-compliance of law or any inconvenience in future:

### **CDC Share Registrar Services Limited**

CDC House, 99 – B, Block ‘B’, S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400. Tel. Toll Free: 0800-23275, mail: info@cdcsrsl.com Website: www.cdcsrsl.com

### **Computerized National Identity Card ("CNIC") of Shareholders ("Mandatory")**

Shareholders are requested to provide if not already provided, copy of their valid CNIC to the Company's Independent Share Registrar at the address given herein below. A legible scanned copy of the same can also be forwarded at [cnic@js.com](mailto:cnic@js.com) along with folio number and updated address for correspondence.

### **Mandate for e-Dividend**

Section 242 of the Act requires that the listed companies shall pay cash dividend only through electronic mode directly into the bank account designated by the shareholders. SECP vide its notification S.R.O.1145 (I)/2017 has also issued the Companies (Distribution of Dividends) Regulations, 2017 whereby every shareholder shall be responsible to provide valid information pertaining to its designated bank account to disburse any dividend payable in cash only through electronic mode directly into the bank account designated by the entitled shareholders.

The members are requested to provide duly filled in and signed e-dividend form available at the following link:

<http://www.js.com/index.php/investors/shareholders-information>

In case of shares held as book-entry securities, the said information would be required to be provided to Central Depository System ("CDS"), through CDS Participants.

### **Deduction of Withholding Tax on Dividend (as applicable)**

In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001, withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, CDC Share Registrar Services Limited, of the Company by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, CDC Share Registrar Services Limited, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).



### **Electronic Transmission of Financial Statements and Notices**

Pursuant to Section 223(7) of the Companies Act, 2017 the Company is allowed to send financial statements and reports to its members electronically. In this regard, members are hereby requested to convey their respective information on the Form which is available at the Company website i.e., at the following link to ensure compliance with the above referred provision:

<http://www.js.com/index.php/investors/shareholders-information>

Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Further, it is the responsibility of the member(s) to timely update the Share Registrar of any change in his (her/its/their) registered email address at the address of Company's Share Registrar mentioned at the end of the notice.

### **Unclaimed Dividend/Shares**

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

### **Deposit of Physical Shares into CDC Account**

The shareholders having physical shareholding may open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into script-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange. Further, Section 72 of the Act states that after the commencement of the Act from a date notified by SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act.

### **Address of Share Registrar of the Company:**

CDC Share Registrar Services Limited  
CDC House, 99 – B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi-74400

Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)

Fax: (92-21) 34326053

Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)

Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)





# DIVIDEND MANDATE FORM

## The Share Registrar

CDC Share Registrar Services Limited  
CDC House, 99 - B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi - 74400

I Mr/Ms. \_\_\_\_\_ S/O,D/O,W/O \_\_\_\_\_ hereby authorize Jahangir Siddiqui & Co. Ltd. to directly credit cash dividend by it, if any, in the below mentioned bank account.

### (i) Shareholders' Details

| Name of Shareholder   |  |
|---|--|
| Folio No. / CDC Participant ID A/C No.                      |  |
| CNIC No. / Passport No.<br>(In case of foreign shareholder) |  |
| Land Line Phone Number                                      |  |
| Cell Number   |  |

### (ii) Shareholders' Bank Details

| Name of Shareholder       |  |
|---------------------------|--|
| Title of the Bank Account |  |
| Bank Account Number       |  |
| Bank's Name               |  |
| Branch Name and Address   |  |



# FORM OF PROXY

31st Annual General Meeting

## The Company Secretary

Jahangir Siddiqui & Co. Ltd.  
20th Floor, The Centre, Plot No. 28, SB-5,  
Abdullah Haroon Road, Saddar,  
Karachi- 74400, Pakistan

I/We \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Jahangir Siddiqui & Co. Ltd. holding \_\_\_\_\_ ordinary shares as per Registered Folio No /CDC A/c. No. (for members who have shares in CDS) \_\_\_\_\_ hereby appoint Mr. / Mrs. / Ms. \_\_\_\_\_ of \_\_\_\_\_ (Folio. No. CDC A/c No.) \_\_\_\_\_ or failing him/her Mr. / Mrs. / Ms. \_\_\_\_\_ of \_\_\_\_\_ Folio. No. CDC A/c No.) \_\_\_\_\_ being a member of the Company, as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 31<sup>st</sup> Annual General Meeting of the Company to be held on Thursday, April 27, 2023, and / or any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of April, 2023.

Signed by \_\_\_\_\_

In the presence of \_\_\_\_\_

### Witness:

1. Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC or Passport No.: \_\_\_\_\_
2. Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC or Passport No.: \_\_\_\_\_

Signature

The Signature should agree with the specimen registered with Company.

### Important:

1. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
2. This proxy form, duly completed and signed (along with attested copy of the valid CNIC or Passport of the beneficial owner and the proxy), must be received at the Office of the Company situated at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi, not less than 48 hours before the time of holding meeting.
3. The proxy must be a member of the Company. A non-natural person being a member of the Company may appoint any of its official or any other person as its representative through a resolution of its board of directors to attend and vote at the meeting.
4. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
5. The proxy shall produce his original CNIC or original passport as may be applicable at the time of the meeting.
6. Beneficial Owner of physical shares and the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxy are required to produce their original Computerized National Identity Card or passport for identification purpose at the time of attending the meeting.
7. The form of proxy must be duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution / power of attorney with specimen signature shall be submitted.

Affix  
Correct  
Postage

The Company Secretary  
**Jahangir Siddiqui & Co. Ltd.**  
20th Floor, The Centre  
Plot No. 28, SB-5  
Abdullah Haroon Road  
Saddar, Karachi- 74400  
Pakistan.

## پراکسی فارم

اکیسواں سالانہ اجلاس عام

کمپنی سیکریٹری

جہانگیر صدیقی اینڈ کمپنی لمیٹڈ

20 فلور، دی سینٹر، پلاٹ نمبر 5-SB، 29

عبداللہ ہارون روڈ، صدر

کراچی-74000، پاکستان

میں/ہم \_\_\_\_\_ ساکن \_\_\_\_\_  
بحیثیت رکن (ارکان) جہانگیر صدیقی اینڈ کمپنی لمیٹڈ \_\_\_\_\_ عمومی حصص کے بذریعہ رجسٹرڈ فولیو نمبر/ CDC اکاؤنٹ نمبر (ان ارکان کے جن کے  
حصص CDS) \_\_\_\_\_ حامل ہیں، محترم/محترمہ \_\_\_\_\_  
ساکن \_\_\_\_\_ حامل فولیو نمبر/ CDC اکاؤنٹ نمبر \_\_\_\_\_، ان کے دستیاب نہ ہونے  
پر محترم/محترمہ \_\_\_\_\_، ساکن \_\_\_\_\_ حامل فولیو نمبر/ CDC اکاؤنٹ  
نمبر \_\_\_\_\_ جو کہ کمپنی کے رکن ہیں، انہیں اپنی طرف سے کمپنی کے اکیسواں سالانہ اجلاس عام منعقدہ جمعرات 27 اپریل 2023 میں حاضر ہونے،  
عمل کرنے اور ووٹ کے لئے پراکسی مقرر کرتا/کرتی/کرتے ہیں اور اجلاس ملتوی ہونے کی صورت میں بھی یہی میرے مختار (پروکسی) ہونگے۔

مورخہ \_\_\_\_\_۔ اپریل 2023 کو روبرو گواہان میں/ہم نے دستخط کئے۔

گواہان:

نام: .....

پتہ: .....

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دستخط

دستخط کمپنی میں موجود نمونے کے

دستخط کے مطابق ہونا چاہئے

اہم نوٹ:

- (۱) کمپنی کا ممبر جو حاضر ہونے اور ووٹ دینے کا حق رکھتا ہے وہ کسی دوسرے ممبر کو اپنی جگہ اجلاس میں حاضر ہونے اور ووٹ دینے کے لئے پراکسی مقرر کر سکتا ہے/کر سکتی ہے۔
- (۲) باضابطہ پر شدہ اور دستخط شدہ پراکسی فارم (جمع بینیفیشل مالکان اور پراکسی کے درست CNIC یا پاسپورٹ کی مصدقہ نقول) کمپنی کے دفتر واقع 20th فلور، دی سینٹر، پلاٹ نمبر 5، SB-5، 28، عبداللہ ہارون روڈ، صدر، کراچی پراجیکٹ سے کم از کم 48 گھنٹے قبل پہنچانا چاہئے۔
- (۳) پراکسی کے لئے کمپنی کا ممبر ہونا لازمی ہے۔ ایک ادارہ جو کہ کمپنی کا ممبر ہے وہ اپنی طرف سے اپنے کسی عہدیدار یا کسی دیگر فرد کو بطور نمائندہ بذریعہ اپنے بورڈ آف ڈائریکٹرز کی قرارداد حاضر ہونے اور ووٹ دینے کے لئے مقرر کر سکتا ہے۔
- (۴) اگر ایک ممبر ایک سے زیادہ پراکسی مقرر کرتا ہے اور کمپنی کا ممبر ایک سے زیادہ پراکسی فارم جمع کراتا ہے تو اس قسم کے تمام پراکسی فارم منسوخ ہو جائیں گے۔
- (۵) اجلاس میں حاضری کے وقت پراکسی اپنا اصل پاسپورٹ یا اصل CNIC پیش کرے گا۔
- (۶) فزیکل حصص اور سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (CDC) کے بینیفیشل مالکان اور/یا ان کے پراکسی کے لئے ضروری ہوگا کہ اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ شناختی مقاصد کے لئے اجلاس میں حاضری کے وقت پیش کریں گے۔
- (۷) پراکسی فارم پر دو گواہان کے دستخط کے ساتھ ان کے نام، پتے اور CNIC نمبر لازمی طور پر موجود ہونے چاہئیں جس کے ساتھ بینیفیشل مالکان کے پاسپورٹ یا CNIC کی مصدقہ نقول پیش کی جائے گی۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختیار نامہ جمع نمونہ دستخط پیش کرنے ہوں گے۔

درست نکت چیک کریں

کمپنی سیکریٹری  
جہانگیر صدیقی اینڈ کمپنی لمیٹڈ  
۲۰ فلور، دی سینٹر، پلاٹ نمبر ۲۸، SB-۵،  
عبداللہ ہارون روڈ، صدر، کراچی۔ ۷۴۴۰۰، پاکستان

# ANNUAL REPORT 2022



**Jahangir Siddiqui & Co. Ltd.**

20<sup>th</sup> Floor, The Centre  
Plot No. 28, SB-5  
Abdullah Haroon Road  
Saddar, Karachi-74400  
Pakistan  
[www.js.com](http://www.js.com)  
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