

20

ANNUAL REPORT

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Escorts
Investment
Bank

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FINANCIAL CALENDAR

2021-2022

1st Quarter results issued on	October 28, 2021
2nd Quarter results issued on	February 25 2022
3rd Quarter results issued on	April 29, 2022
Recommendation of Annual Results by the BOD	September 22, 2022
27th AGM scheduled for approval of Annual Results	October 22, 2022

VISION & MISSION STATEMENT

VISION STATEMENT



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



MISSION STATEMENT

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

An Eye On The Future.

WHO WE ARE?

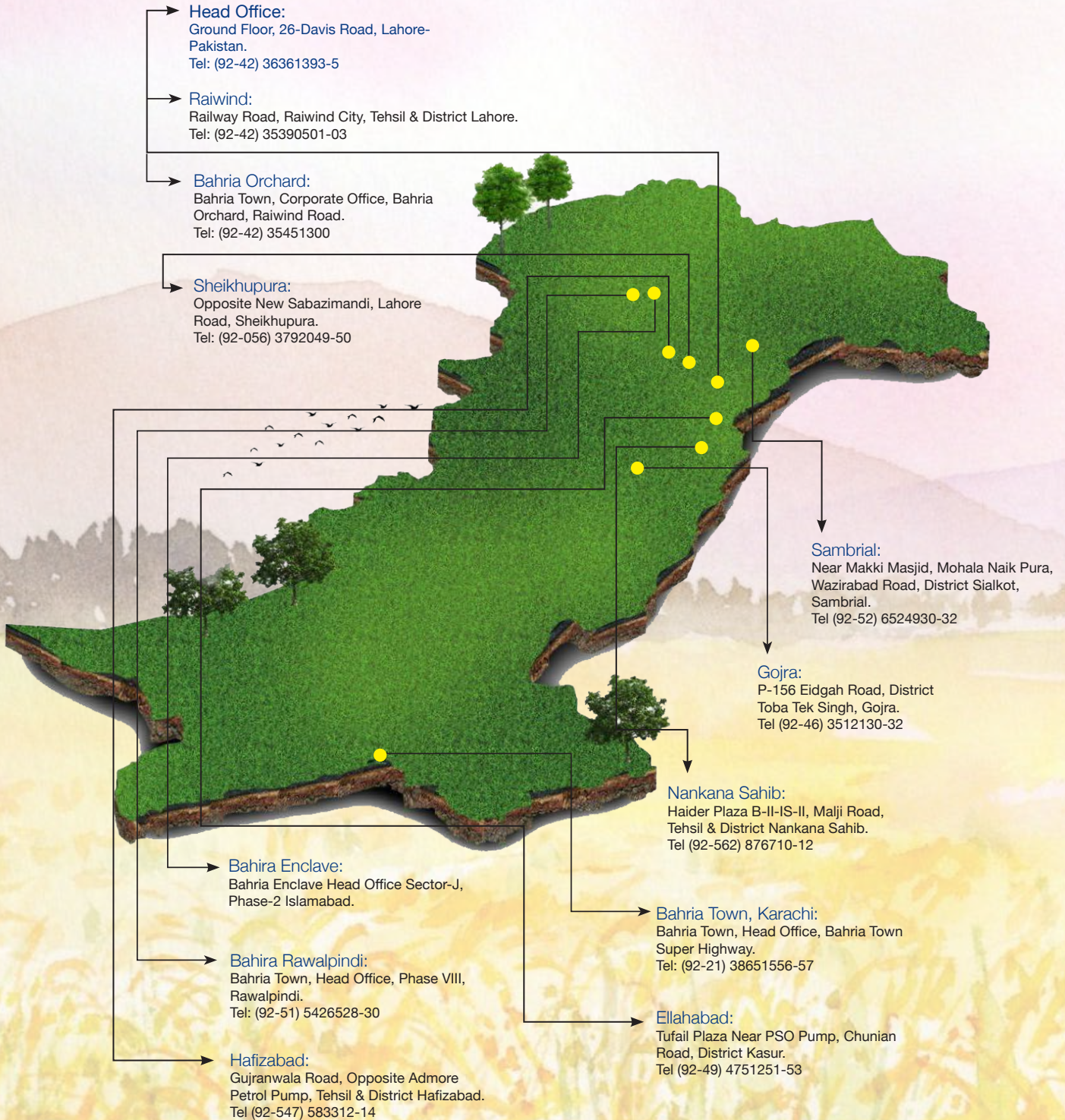


- Escorts Investment Bank Limited (EIBL) is a Non-Banking Financial Institution with valid IFS license. It was registered and incorporated in Pakistan on 15th May 1995.
- EIBL is regulated and supervised by Securities and Exchange Commission of Pakistan and is listed on Pakistan Stock Exchange Limited.
- EIBL focuses primarily on lending business including House Finance, Corporate Finance & Micro Finance.

Core Values

 Integrity Honesty Continuous Innovation Commitment to Customers

BRANCH NETWORK



CORPORATE INFORMATION

BOARD OF DIRECTORS

Syed Tahir Nawazish
(Chairman)

Mr. Rashid Aziz
Mr. Muhammad Mubashir Hussain
Khawaja Nadeem Abbas
Mr. Muhammad Rasheed Alam

AUDIT COMMITTEE

Mr. Rashid Aziz (Chairman)
Khawaja Nadeem Abbas (Member)
Syed Tahir Nawazish (Member)

HUMAN RESOURCE & REMUNERATION (HRR) COMMITTEE

Mr. Rashid Aziz (Chairman)
Mr. Muhammad Rasheed Alam (Member)
Syed Tahir Nawazish (Member)

RISK MANAGEMENT COMMITTEE

Mr. Rashid Aziz (Chairman)
Syed Tahir Nawzish (Member)
Khawaja Nadeem Abbas (Member)

CHIEF FINANCIAL OFFICER

Mr. Muhammad Usman Khalid, ACA

COMPANY SECRETARY

Sheikh Faisal Saeed, APA

EXTERNAL AUDITORS

Tariq Abdul Ghani Maqbool & Co.
Chartered Accountants

TAX CONSULTANTS

Riaz Ahmad and Company
Chartered Accountants

LEGAL ADVISOR

Mandviwalla & Zafar
Advocates

SHARE REGISTRAR

Hameed Majeed Associates Private Limited

BANKERS TO THE COMPANY

Bank Alfalah Limited
MCB Bank Limited
Sindh Bank Limited
United Bank Limited

REGISTERED OFFICE

Ground Floor, 26-Davis Road, Lahore.
Tel: (92-42) 36361393-5
www.escortsbank.net
info@escortsbank.net
UAN: 042 111 003 425
Toll Free: 0800 03425



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**Escorts
Investment
Bank**



Product Portfolio



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CREDIT RATING



CREDIT RATING	2022
Long Term	A-
Short Term	A2

ENTITY RATINGS BY PACRA

Long Term: A-

Short Term: A2

Developing Outlook

RATING DEFINITION

LONG TERM RATING

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

SHORT TERM RATING

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



NOTICE FOR CALLING OF ANNUAL GENERAL MEETING

Notice is hereby served to all the Members of the Company that the 27th Annual General Meeting of the Members of ESCORTS INVESTMENT BANK LIMITED (“Company”) will be held on Saturday 22nd October 2022 at 9:30 a.m. at Hotel Luxus Grand, 4 – Egerton Road, opposite Aiwan-e-Iqbal, Lahore, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting held on October 28, 2021.
2. To receive, consider and adopt the Annual Audited Financial Statements for the year ended June 30, 2022 together with the Related party transactions, Auditor’s Report, Director’s Report and Chairman’s Review Report thereon;
3. To appoint External Auditors for the year ending June 30, 2023 and fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, M/s Tariq Abdul Ghani Maqbool and Company Chartered Accountants who being eligible have offered themselves for reappointment.

OTHER BUSINESS:

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

SPECIAL BUSINESS:

Statement under section 134(3) of the Companies Act, 2017 pertaining to the Special Business.

For Clause 69; “Remuneration of Directors” of Articles of Association, following clause shall be substituted:

“Until otherwise determined by the Company in General Meeting, every Director (including an alternate Director but excluding the Chief Executive/ Managing Director and a full-time working Director) shall be entitled to be paid as remuneration for his services for attending Board and Committee Meetings, a fee at the rate of up to Rs. 200,000/- and Rs. 50,000/- respectively, per meeting attended by him. However, no meeting fee will be paid to any Directors for the meeting conducted through Circular resolutions. Each Director (including each alternate Director), shall be entitled to be reimbursed his reasonable expenses incurred in consequence of his attendance at meetings of the Directors, of Committees of Directors.”

BY ORDER OF THE BOARD



Lahore:
September 29, 2022

Sheikh Faisal Saeed
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from October 15, 2022 to October 22, 2022 (both days inclusive). Transfers received in order at the office of Company's Share Registrar M/s Hameed Majeed Associates (Pvt.) Limited, HM House, 7 – Bank Square, Lahore, by close of business on Friday, October 14, 2022, will be considered in time, to entitle the transferees to attend and vote at the AGM.
2. All members are entitled to attend and vote at the Meeting. A member entitled to attend and vote may appoint another member as his / her proxy to attend and vote in his / her behalf. Proxies in order to be effective must be received by the Company at the registered office not less than forty eight (48) hours before the time of holding meeting.
3. An instrument of proxy applicable for the Meeting is being provided with the notice sent to the members. Further copies of the instrument may be obtained from the registered office of the Company during normal office hours. The proxy form can also be downloaded from the Company's website: www.escortsbank.net
4. The members are requested to submit a copy of their Computerised National Identity Card (CNIC), if not already provided and immediately notify changes if any, in their addresses to our Share Registrar Hameed Majeed Associates (Pvt.) Limited.
5. CDC Account Holders will further have to follow the below mentioned guidelines as laid down in Circular 1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

A. For attending the meeting:

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

B. For appointing proxies:

- i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the proxy form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

- iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

Placement of Financial Statements

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2022 along with Auditor's Report, Directors' Report and Chairman's Review Report thereon on its website: www.escortsbank.net

Circulation of Annual Reports through Digital Storage

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

Circulation of Accounts via Email

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

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا کمپنی کے تمام اراکین کو مطلع کیا جاتا ہے کہ ایسکارٹس انویسٹمنٹ بینک لمیٹڈ کا سالانہ اجلاس عام بمقام ہوٹل لکسس گرینڈ 14 ایچ ٹرن روڈ، بالمقابل ایوان اقبال، لاہور 22 اکتوبر، 2022 بروز ہفتہ، صبح 9:30 بجے، درج ذیل امور کی انجام دہی کے لیے منعقد کیا جائے گا:

عمومی امور:

- (1) سالانہ اجلاس عام منعقدہ 28 اکتوبر، 2021 کے منٹس کی منظوری۔
- (2) 30 جون، 2022 کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالی گوشواروں مع متعلقہ پارٹی کے لین دین، آڈیٹرز کی رپورٹ، ڈائریکٹرز رپورٹ اور چیمبر مین جائزہ رپورٹ کی وصولی، ان پر غور و خوض اور منظوری۔
- (3) 30 جون 2023 کو ختم ہونے والے مالی سال کے لیے بیرونی محاسب (ایکسٹرنل آڈیٹرز) کی تقرری اور ان کے معاوضے کا تعین۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات پر سبکدوش ہونے والے آڈیٹرز میسرز طارق عبدالغنی مقبول اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کے تقرری سفاشی کی ہے، جنہوں نے دوبارہ تقرری کے لیے اپنی خدمات پیش کی ہیں۔

دیگر امور

اجلاس کے سربراہ کی اجازت سے کسی دیگر کارروائی پر غور و خوض۔


خصوصی امور

خصوصی کاروبار سے متعلق کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت۔

آریٹیکلز آف ایسوسی ایشن کی شق 69 متعلقہ "ڈائریکٹرز کے معاوضے"، کو مندرجہ ذیل شق سے تبدیل کیا جائے گا:

"جب تک کمپنی کی طرف سے جنرل میٹنگ میں اس کے برخلاف تعین نہیں کیا جاتا، ہر ڈائریکٹر (بشمول ایک متبادل ڈائریکٹر لیکن چیف ایگزیکٹو/میجنگ ڈائریکٹر اور ایک کل وقتی ورکنگ ڈائریکٹر کو چھوڑ کر) بورڈ اور کمپنی میں شرکت کے لیے اپنی خدمات کے لیے معاوضے کا حقدار ہوگا۔ بورڈ میٹنگ اور کمپنی میٹنگ میں شرکت کی فیس بالترتیب 200,000 روپے اور 50,000 روپے ہوگی۔ تاہم، سرکلر قراردادوں کے ذریعے منعقد ہونے والی میٹنگ کے لیے کسی بھی ڈائریکٹر کو میٹنگ فیس ادا نہیں کی جائے گی۔ ہر ڈائریکٹر (بشمول ہر ایک متبادل ڈائریکٹر)، ڈائریکٹرز میٹنگ، کمپنی آف ڈائریکٹرز کے اجلاسوں میں اس کی حاضری کے نتیجے میں ہونے والے اپنے معقول اخراجات کی وصولی کا حقدار ہوگا۔"

بحکم بورڈ آف ڈائریکٹرز


شیخ فیصل سعید
کمپنی سیکرٹری

لاہور

29 ستمبر 2022ء

نوٹس:

1. کمپنی کی شیئر ٹرانسفر بکس مورخہ 15 اکتوبر 2022ء سے 22 اکتوبر 2022ء (بشمول دونوں ایام) تک بند رہیں گی۔ اس اجلاس میں شرکت کرنے اور ووٹ کے استحقاق کے لیے صرف وہی شیئر ٹرانسفر بروقت تصور ہوں گے جو میسرز جمید جمید ایسوسی ایشن پرائیویٹ لمیٹڈ، HM ہاؤس، 7 بینک سکویر، لاہور میں مورخہ 14 اکتوبر 2022ء بروز جمعہ، کاروباری اوقات کے اختتام تک موصول ہوں گے۔
2. تمام اراکین اس اجلاس میں شرکت اور ووٹ کا حق استعمال کرنے کے مجاز ہیں۔ اس اجلاس میں شرکت کرنے کا اہل زکن کسی دوسرے زکن کو اجلاس میں شرکت کرنے اور ووٹ کا حق استعمال کرنے کے لیے پراسی نامزد کر سکتا ہے۔ صرف وہی پراسیڈر ہو سکتے ہیں جو کمپنی کے رجسٹرڈ پتے پر اجلاس کے منعقد ہونے سے 48 گھنٹے پہلے تک موصول ہوں گی۔
3. اجلاس ہذا کیلئے پراسی فارم ممبران کو نوٹس کے ہمراہ ارسال کر دیے گئے ہیں۔ مزید برآں اس فارم کی نقول کمپنی کے رجسٹرڈ آفس سے دفتری اوقات کے دوران حاصل کی جاسکتی ہیں۔ پراسی فارم کمپنی کی ویب سائٹ www.escortsbank.net سے بھی حاصل کیا جاسکتا ہے۔

4. تمام اراکین سے التماس ہے کہ اگر انہوں نے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ کی کاپی مہیا نہیں کی تو وہ جمع کروادیں اور اپنے پتے میں کسی بھی قسم کی تبدیلی سے جمید مجید ایسوسی ایٹس پرائیویٹ لمیٹڈ کو فوری آگاہ کر دیں۔

5. سی ڈی سی کھاتہ داران سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکل نمبر 1 مورخہ 26 جنوری 2000ء میں دی گئی مندرجہ ذیل ہدایات پر عمل کریں:

اجلاس میں شرکت کے لیے

- I. کارپوریٹ ادارے کی صورت میں اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نامزد شخص کے نمونہ دستخط (اگر پہلے فراہم نہیں کیے گئے) پیش کیے جائیں گے۔
- II. انفرادی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر یا وہ شخص جس کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن کی تفصیلات ریگولیشنز کے مطابق اپ لوڈ کر دی گئی ہیں، اجلاس میں شرکت کے وقت اپنا اصل کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ دکھا کر اپنی شناخت کی تصدیق کرے گا۔

پراکسی کے تقرر کے لیے

- I. انفرادی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر یا وہ شخص جس کی سکیورٹیز گروپ اکاؤنٹ میں ہیں اور اس کی رجسٹریشن کی تفصیلات ریگولیشنز کے مطابق اپ لوڈ کر دی گئی ہیں، مندرجہ بالا ہدایات کے مطابق پراکسی جمع کرائے گا۔
- II. پراکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام پتے اور کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔
- III. رکن اور پراکسی کے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ہمراہ منسلک ہونی چاہئیں۔
- IV. پراکسی کو اجلاس کے موقع پر اصل کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- V. کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد یا مختار نامہ مع نامزد شخص کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیا گیا ہو) پراکسی فارم کے ہمراہ منسلک کرنے ہوں گے۔

کھاتوں کی موجودگی

کمپنی نے اپنی ویب سائٹ www.escortsbank.net پر آڈیٹر کی رپورٹ، ڈائریکٹرز کی رپورٹ اور چیئر پرسن کی ریویو رپورٹ کے ساتھ 30 جون 2022 کو ختم ہونے والے سال کے آڈٹ شدہ سالانہ مالیاتی کھاتے رکھ دیئے ہیں۔

کھاتوں کی بذریعہ ڈیجیٹل سٹوریج ترسیل

ایس ای سی پی کے نوٹیفیکیشن ایس آر او 2016/ (1) 470 مورخہ 31 مئی 2016 کے مطابق 28 اکتوبر 2019 کو ہونے والی کمپنی کی 24 ویں سالانہ جنرل میٹنگ کے دوران ایس آر او انویسٹمنٹ بینک لمیٹڈ کے ممبران نے سالانہ رپورٹس کی ترسیل ہارڈ کاپیوں کی بجائے بذریعہ USB/DVD/CD کے لیے اپنی رضامندی دی تھی جس میں آڈٹ شدہ سالانہ مالی کھاتے اور اس میں موجود دیگر معلومات۔ وہ شیئرز ہولڈرز جو مذکورہ دستاویزات کی ہارڈ کاپیاں حاصل کرنا چاہتے ہیں وہ کمپنی سیکرٹری/شیئرز رجسٹرار کو درخواست بھیج سکتے ہیں، درخواست فارم کمپنی کی ویب سائٹ www.escortsbank.net پر دستیاب ہے اور کمپنی مذکورہ دستاویزات شیئرز ہولڈرز کو ایک ہفتے کے اندر مفت فراہم کرے گی۔

ای میل کے ذریعے کھاتوں کی ترسیل

ایس آر او 2014/ (I) 787 مورخہ 8 ستمبر 2014 کے ذریعے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے دی گئی ہدایات کی تعمیل میں، وہ شیئرز ہولڈرز جو مستقبل میں سالانہ مالیاتی گوشوارے ڈاک سے وصول کرنے کے بجائے ای میل کے ذریعے وصول کرنا چاہتے ہیں کو مشورہ دیا جاتا ہے کہ وہ کمپنی کی ویب سائٹ یعنی www.escortsbank.net پر دستیاب شیئرز ڈفارم پر اپنی باضابطہ رضامندی دیں اور اپنے ای میل ایڈرس کے ساتھ دستخط شدہ فارم بمعہ شناختی کارڈ کی کاپی کے کمپنی کے شیئرز رجسٹرار میسرز جمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو بھیج دیں۔

FUTURE PROSPECTS AND UNCERTAINTIES

The Company is currently focused on existing business model along with transformation of the business models into Shariah compliant products. This would enhance market penetration capacity of your Company.

The current flooding and inflationary situation in Pakistan have multi-dimensional impacts over economy and business. The coming period has yet to experience the after-shock effects and Company may face challenges from customers as well as competitors.

Nevertheless, your management is determined to avail full benefits of opportunities that may come its way. We will continue to focus on quality improvement, productivity, and cost control, so that we may improve our competitiveness and market penetration.

ACKNOWLEDGEMENT

The Board maintained critical oversight over this project, and expeditiously granted necessary

approvals, wherever required. The Audit Committee of the Board ensured excellent financial discipline and transparency in financial reporting.

The year also witnessed changes on the Board due to separation of three Board members whereas two of the casual vacancies was filled by the Board. I take this opportunity to express my gratitude to the directors who left the Board during the year for their efforts and contributions to the Board's activities during their respective tenures and wish them well on their future endeavors. I welcome the newly joined directors and hope that the Board will greatly benefit from their rich and diversified experience, leading to outstanding governance of the Company.

Regards and Thanks!



Syed Tahir Nawazish
Chairman

چیمبر میں کی جائزہ رپورٹ

حالانکہ ابھی تک نقصانات کا کوئی پختہ تخمینہ نہیں لگایا جاسکا ہے اور نقصانات کے تخمینے پر ابھی تک کام ہو رہا ہے۔

بیرونی طور پر، پاکستان کو کرنٹ اکاؤنٹ خسارے کو سنبھالنے میں دشواری کا سامنا تھا جس نے اسے نا دھندگی کے دھانے پر لاکھڑا کیا ہے۔ موجودہ حکومت کی جانب سے مشکل اور سخت مالیاتی اقدامات کیے گئے جس سے آئی ایم ایف کے ساتھ معاہدے کی بحالی کی راہ ہموار ہوئی۔ آئی ایم ایف کے ساتھ نیا معاہدہ اس بات کو یقینی بناتا ہے کہ پاکستان کی بیرونی فنانسنگ کی ضروریات پوری ہوں گی۔

افراط زر کے دباؤ کا مقابلہ کرنے اور پائیدار معاشی بحالی کے لیے، SBP نے مائٹری پالیسی کو معمول پر لانے کے لیے ستمبر-اپریل، FY2022 کے درمیان مجموعی طور پر پالیسی ریٹ میں 675 bps کا اضافہ کیا۔ اس اضافے کے بعد پالیسی ریٹ اب 15 فیصد ہے۔

کاروبار اور آپریشن کا جائزہ

سال کی پہلی ششماہی کاروبار کے لیے جوڈ کا شکار رہی اور کمپنی نے بڑھتے ہوئے غیر فعال قرضوں کے سدباب پر زیادہ توجہ مرکوز کی۔ کثیر جہتی حکمت عملیاں اپناتے ہوئے، کمپنی مزید نا دھندہ قرضہ جات کو محدود کرنے میں کامیاب رہی جس سے متوقع نقصان کی شرح کم ہوئی۔

کمپنی نے بی اسپوک کسٹمر ریلیشن شپ مینجمنٹ (CRM) سافٹ ویئر کا کامیاب تجربہ کیا ہے اور ترقیاتی سیشن منعقد کیے جا رہے ہیں۔ نئے سافٹ ویئر کی طرف جانا کمپنی کی صلاحیت مکمل طور پر بڑھادے گا جیسے قرض کے اجراء میں درکار دورانہ میں کمی، وسائل اور وقت کا بہترین استعمال اور کارکردگی پر مبنی ترغیبات۔

ہم پاکستان کے مختلف شہروں میں سیلاب کے بعد والے حالات سے بھی پوری طرح آگاہ ہیں۔ آپ کی کمپنی کو شدید نقصانات کا سامنا کرنے کا امکان نہیں ہے جبکہ کمپنی کاروبار پر ممکنہ اثرات کا اندازہ لگا رہی ہے۔ ہم ان سیلاب متاثرین کی جلد بحالی کی امید اور دعا کرتے ہیں، آمین!

مستقبل کے امکانات اور غیر یقینی صورتحال

کمپنی فی الحال موجودہ کاروباری ماڈل کے ساتھ ساتھ کاروباری ماڈلز کو شریعت کے مطابق مصنوعات میں تبدیل کرنے پر مرکوز ہے۔ یہ آپ کی کمپنی کی مارکیٹ میں رسائی کی صلاحیت کو بڑھادے گا۔

میں 30 جون 2022 کو ختم ہونے والے مالی سال کے لیے کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتا ہوں۔ اور بورڈ کے اہمیاں پر آڈٹ شدہ اکاؤنٹس معہ اپنی جائزہ رپورٹ کے پیش کرتا ہوں۔

معاشی جائزہ

مالی سال 2021-22 کے دوران معیشت مدو جزر کا شکار رہی۔ 31.2 ارب روپے کی ریکارڈ ترسیلات، فیڈرل بورڈ آف ریونیو کے تاریخ کے بلند ترین 6 ہزار ارب سے زائد کے محصولات، 7.2 فی صدی صنعتی اور 4.4 فی صدی زرعی ترقی جیسے مثبت عوامل ہیں۔ جبکہ سال کے دوسرے نصف حصے میں سیاسی عدم استحکام، بے مثال مہنگائی، پٹرول کی بلند قیمتوں اور IMF پروگرام کی بحالی کے دوران امریکی ڈالر کے مقابلے میں پاکستانی روپیہ مسلسل گراؤ کا شکار رہا۔ مجموعی طور پر پاکستانی معیشت ملکی اور غیر ملکی مخدوش صورتحال کی وجہ سے بے یقینی کا شکار رہی۔

بڑھتے ہوئے ملکی افراط زر میں روس-یوکرین جنگ نے جلتی پرتیل کا کام کیا، اور عالمی معیشتوں کو اپنی ترقی کے اہداف پر نظر ثانی کرنے پر مجبور کیا۔ اس کے نتیجے میں یورپی ممالک کے لیے معیشتوں کے اہداف میں 1.1 سے 2.8 فیصد تک کی کمی واقع ہوئی ہے اور پاکستانی معیشت کے اگلے سال کے اہداف کا بھی اسی شرح سے متاثر ہونے کا امکان ہے۔



سندھ، بلوچستان، خیبر پختونخوا اور پنجاب کے جنوبی اضلاع میں غیر متوقع طوفانی بارشوں اور سیلاب نے بنیادی ڈھانچے اور زراعت کے شعبے کو خاص طور پر خریف کی فصلوں کو بہت نقصان پہنچایا ہے۔ اس سے پاکستان کے معاشی اہداف پر اثر پڑے گا

اعتراف

بورڈ نے اس پراجیکٹ پر تنقیدی نگرانی کی، اور جہاں ضرورت پڑی، فوری طور پر ضروری منظوریوں دی ہیں۔ بورڈ کی آڈٹ کمیٹی نے مالیاتی رپورٹنگ میں بہترین مالیاتی نظم و ضبط اور شفافیت کو یقینی بنایا۔

اس سال بورڈ میں تین بورڈ ممبران کے چھوڑ دینے کی وجہ سے تبدیلیاں بھی دیکھنے میں آئیں جبکہ بورڈ کی طرف سے دو عبوری اسمبلیوں کو پُر کیا گیا۔ میں اس موقع پر چھوڑ دینے والے ڈائریکٹران کی کاوشوں اور تعاون کے لیے ان کا شکریہ ادا کرتا ہوں اور ان کے مستقبل کے لیے نیک خواہشات کا اظہار کرتا ہوں۔ میں نئے شامل ہونے والے ڈائریکٹران کو خوش آمدید کہتا ہوں اور امید کرتا ہوں کہ بورڈ ان کے بھرپور اور متنوع تجربے سے بہت فائدہ اٹھائے گا، جس سے کمپنی کی گورننس بہتر ہوگی۔



پاکستان میں سیلاب اور مہنگائی کی موجودہ صورتحال نے معیشت اور کاروبار پر کثیر جہتی اثرات مرتب کیے ہیں۔ آنے والے دور میں ابھی تک آفرشاک اثرات کا سامنا کرنا باقی ہے اور کمپنی کو صارفین کے ساتھ ساتھ حریفوں کی طرف سے چیلنجوں کا سامنا کرنا پڑ سکتا ہے۔

اس کے باوجود، آپ کی انتظامیہ ان مواقع سے بھرپور فائدہ اٹھانے کے لیے پر عزم ہے جو اس کے راستے میں آسکتے ہیں۔ ہم معیار، پیداواری صلاحیت کی بہتری اور لاگت کے کنٹرول پر توجہ مرکوز کرتے رہیں گے، تاکہ ہم اپنی مسابقت اور مارکیٹ میں رسائی کو بہتر بنا سکیں۔

شکریہ!

سید طاہر نوازش
چیرمین

DIRECTOR'S REPORT

The Board of Directors of Escorts Investment Bank Limited ("Company") is pleased to present the Annual Report together with the Audited Financial Statements of the Company for the year ended June 30, 2022 and independent auditor's report thereon.

FINANCIAL RESULTS

The financial results are as under:

Description	Year ended	
	2022	2021
Revenue	97,166,697	112,324,942
Loss before provision & taxation	(72,528,217)	(60,885,677)
Provisions	(62,337,422)	(16,544,917)
Taxation	(61,556,281)	(4,051,262)
Loss after taxation	(196,421,920)	(81,481,856)
Earning per share	(1.45)	(0.60)

The Company incurred a loss of Rs. 196.422 million in FY 2022. During the financial year, Company faced losses in shape of write-off of tax refunds (pertaining to pre-takeover period) and re-assessment of deferred tax asset; owing to change in business plan, amounts to Rs. 57.223 million and Rs. 60.583 million respectively. This has resulted in further deterioration in net results of the Company and rendered Company short of equity as required to maintain under Reg 4 of NBFC Regulations, more specifically elaborated under Note 1 to the financial statements. However, the Company's other important indicators like positive Capital Adequacy Ratio, liquidity position and leverage ratios strongly reflect the Company's ability to fulfill its obligations. Hence, the accounts are prepared on going concern basis.

CHAIRMAN'S REVIEW

The Chairman's Review included in the Annual Report deals inter alia with the economy review, nature of business, operations of the Company and future prospects and uncertainties. The Board of Directors has approved the Chairman's Review.

DIVIDEND

No dividend has been recommended by the Board

of Directors for the year June 30, 2022 (2021: Nil)

CREDIT RATING

PACRA has maintained the Company's long term credit rating to "A-" and short-term credit rating to "A2" with developing outlook on March 25, 2022.

WITHDRAWAL OF INTENTION TO ACQUIRE MAJORITY SHAREHOLDING OF THE COMPANY

Subsequent to reporting date, AKD Securities Limited, Manager to the Offer of the Public Announcement of Intention (PAI), have served notice of expiring the time period and hence the PAI stands withdrawn.

BOARD OF DIRECTORS

The Board of Directors held four (04) meetings during the year. Attendance by each Director was as follows

Director Name	Meetings Attended
Ms. Zainab Malik	4
Mr. Muhammad Mubashir Hussain	4
Syed Tahir Nawazish	4
Khawaja Nadeem Abbas	4
Mr. Naveed Amin (Resigned)	3
Mr. Rashid Aziz*	2
Mr. Tahir Saeed Effendi (Resigned)	2
Mr. Muhammad Rasheed Alam*	1

* Joined the Board during the FY 2022

Leave of absence was granted to Director who could not attend the Board meeting.

The Audit Committee held four (4) meetings during the year. Attendance by each member was as follows;

Director Name	Meetings Attended
Mr. Muhammad Mubashir Hussain	4
Ms. Zainab Malik	4
Khawaja Nadeem Abbas	4

The HR Committee held one (1) meeting during the year. Attendance by each member was as follows:

Director Name	Meetings Attended
Mr. Muhammad Mubashir Hussain	1
Ms. Zainab Malik	1
Mr. Naveed Amin	1
Sayed Tahir Nawazish	1

The Board acknowledges the valuable contributions made by the outgoing Directors and welcome the new members on the Board.

COMPOSITION OF BOARD

Subsequent to year end June 30, 2022, Chairperson / Director had resigned from the Board and Board has co-opted Ms. Madiha Arooj as female Director subject to clearance of her Fit and Proper Criteria which is applied with SECP. Whereas Board is in process of filing the casual vacancy created after resignation of Mr. Naveed Amin (Chief Executive Officer). On this particular date the Board consists of six (6) Directors including Ms. Madiha Arooj with following composition:

Independent Directors	2
Other Non-Executive Directors	3
Executive Directors	1
Total number of directors	6

Subsequent to the reporting period, Chairman of Audit and Human Resource and Remuneration Committees Mr. Muhammad Mubashir Hussain resigned from his Chairmanships whereas he opted to continue serving at Board. Therefore, these committees were reconstituted.

Moreover, upon resignation of Ms. Zainab Malik, the Chairperson of Risk Management Committee, it was also reconstituted.

Audit Committee (reconstituted)

Mr. Rashid Aziz	Chairman
Syed Tahir Nawazish	Member
Khawaja Nadeem Abbas	Member

Human Resource and Remuneration Committee (reconstituted)

Mr. Rashid Aziz	Chairman
Mr. Muhammad Rasheed Alam	Member
Syed Tahir Nawazish	Member

Risk Management Committee (reconstituted)

Mr. Rashid Aziz	Chairman
Syed Tahir Nawazish	Member
Khawaja Nadeem Abbas	Member

Risk Management Committee was constituted in latter half of financial year hence no meeting was convened and terms of reference are yet to be formed.

The composition and terms of reference of Committees are in accordance with the guidelines of Code of Corporate Governance and Chairman of Audit and HRR Committees is an Independent Director.

DIRECTORS' REMUNERATION

The Board of Directors has approved Directors Remuneration. However, in terms of the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company shall not pay remuneration to its non-executive Directors including independent Directors. However, independent Directors are paid meeting fee for attending Board of Directors Meeting. For information on remuneration of Directors and CEO, please refer Note 41 to the financial Statements.

DIRECTORS DECLARATION

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

- these financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- proper books of accounts of the Company have been maintained;

DIRECTOR'S REPORT

- c) appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- e) the system of internal controls is sound in design and has been effectively implemented and efficiently monitored;
- f) there are no significant doubts upon the Company's ability to continue as going concern;
- g) there is no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) information about outstanding taxes and other government levies are given in related note(s) to the accounts.
- i) the statement of Code of Ethics and Business Practices has been developed and acknowledged by the Directors and employees of the Company.
- j) The Key operating and financial data for the last six years is annexed to the annual report

STATEMENT OF COMPLIANCE

The Company strictly adheres to the principles of Corporate Governance mandated by the Securities and Exchange Commission of Pakistan and has implemented all the prescribed stipulations. The same have been summarized in statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 duly reviewed by the auditors.

RISK MANAGEMENT

The Board of Directors is responsible for establishing the risk management framework, which includes company risk management policies, review, approvals and continued monitoring to ensure that an appropriate sound and effective internal control and compliance system is in place all the time. During the year, Company established in house internal audit department with suitable and competent resources. It is directly reportable to the Audit Committee.

The Securities and Exchange Commission of Pakistan ("SECP") instructed to curtail the deposit taking permission of the Company from only individuals, sole proprietors, provident /gratuity funds, trusts and charitable institutions. In this respect, Company has initiated legal remedies and is confident of withdrawal of this restriction/curtailment.

COMPLIANCE RISK

Your Board and the management have instituted a strong governance and legal framework to ensure compliance to not only applicable laws and regulations but also to stay at par with best international practices. Therefore, the management is expecting that it will not materially impact on the business model of the company.

AUDITORS

M/s Tariq Abdul Ghani Maqbool & Co., Chartered accountants retire and being eligible, offer themselves for re-appointment for the year ending June 30, 2023. The Audit Committee has recommended their reappointment to the Board.

PATTERN OF SHAREHOLDING

A statement showing pattern of shareholdings of the Company and additional information as at June 30, 2022 is included in the report.

ACKNOWLEDGEMENT

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

For and on behalf of the Board



Mr. Rashid Aziz
Director



Syed Tahir Nawazish
Chairman

ڈائریکٹرز کی رپورٹ

ایس کارٹس انویسٹمنٹ بینک لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے لیے سالانہ رپورٹ اور کمپنی کے پڑتال شدہ مالیاتی گوشوارے مدد آزاد آڈیٹرز کی رپورٹ پیش کرنے پر مسرت کا اظہار کرتے ہیں۔

مالیاتی نتائج

مالیاتی نتائج درج ذیل ہیں:

مالی سال		تفصیلات
2022	2021	
97,166,697	112,324,942	آمدنی
(72,528,217)	(60,885,677)	خسارہ قبل از پروویژن اور ٹیکس
(62,337,422)	(16,544,917)	پروویژن
(61,556,281)	(4,051,262)	ٹیکس
(196,421,920)	(81,481,856)	خسارہ بعد از ٹیکس
(1.45)	(0.60)	فی حصص آمدنی

کمپنی کو مالی سال 2022 میں 196.422 ملین روپے کا نقصان ہوا۔ مالی سال کے دوران، کمپنی کو ٹیکس ریفرنڈز (پری ٹیک اور مدد سے متعلق) اور موخر ٹیکس اثاثہ کی دوبارہ تفتیش کی صورت میں بالترتیب 57.223 ملین روپے اور 60.583 ملین روپے نقصانات کا سامنا کرنا پڑا۔ اس کے نتیجے میں کمپنی کے خالص نتائج میں مزید خرابی ہوئی ہے اور کمپنی کے پاس ایکویٹی کی کمی ہوئی ہے جیسا کہ NBFC ضابطوں کے Reg 4 کے تحت برقرار رکھنے کی ضرورت ہے، جس کی خاص طور پر نوٹ 1 کے تحت مالیاتی بیانات میں وضاحت کی گئی ہے۔ تاہم، کمپنی کے دیگر اہم اشارے جیسے مثبت کپٹل ایڈیکلیسی ریشو، لیکویڈیٹی پوزیشن اور لیوریج ریشو کمپنی کی اپنی ذمہ داریوں کو پورا کرنے کی صلاحیت کی بھرپور عکاسی کرتے ہیں۔ لہذا، مالیاتی گوشواروں کو کاروبار جاری رکھنے کی صلاحیت کی بنیاد پر تیار کیا گیا ہے۔

چیئر مین کا جائزہ

سالانہ رپورٹ میں شامل چیئر مین کا جائزہ معیشت کے جائزے، کاروبار کی نوعیت، کمپنی کے آپریشنز اور مستقبل کے امکانات اور غیر یقینی صورتحال سے متعلق ہے۔ بورڈ آف ڈائریکٹرز نے چیئر مین کے جائزے کی منظوری دے دی ہے۔

منافع منقسمہ

30 جون 2022 کے لیے بورڈ آف ڈائریکٹرز کی جانب سے کسی منافع کی سفارش نہیں کی گئی ہے۔ (2021: صفر)

کریڈٹ ریٹنگ

PACRA نے 25 مارچ 2022 کو ترقی پذیر آؤٹ لک کے ساتھ کمپنی کی طویل مدتی کریڈٹ ریٹنگ کو "A" اور قلیل مدتی کریڈٹ ریٹنگ کو "A2" پر برقرار رکھا ہے۔

کمپنی کی اکثریتی شیئر ہولڈنگ حاصل کرنے کے ارادے سے دسمبر 2021

رپورٹنگ کی تاریخ کے بعد، AKD سکیورٹیز لمیٹڈ، آفر آف دی پبلک انوائسٹمنٹ آف انڈین (PAI) کے مینیجر نے وقت کی میعاد ختم ہونے کا نوٹس دیا ہے اور اس لیے PAI کو واپس لے لیا گیا ہے۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز نے سال کے دوران چار (04) اجلاس منعقد کئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل تھی۔

اجلاس میں حاضری	نام ڈائریکٹر
4	محترمہ زینب ملک
4	جناب محمد بشیر حسین
4	سید طاہر نواز ش
4	خواجہ ندیم عباس
3	جناب نوید امین (مستعفی ہو گئے)
2	جناب راشد عزیز*
2	جناب طاہر سعید آفندی (مستعفی ہو گئے)
1	جناب محمد رشید عالم*

* مالی سال 2022 کے دوران بورڈ میں شامل ہوئے۔

بورڈ کے اجلاس میں شرکت نہ کرنے والے ڈائریکٹر کو غیر حاضری کی چھٹی دے دی گئی۔

آڈٹ کمیٹی نے سال کے دوران چار (4) اجلاس منعقد کئے۔ ہر ممبر کی حاضری حسب ذیل تھی۔

اجلاس میں حاضری	نام ڈائریکٹر
4	جناب محمد بشیر حسین
4	محترمہ زینب ملک
4	خواجہ ندیم عباس

HR کمیٹی نے سال کے دوران ایک (1) میٹنگ کی۔ ہر ممبر کی حاضری حسب ذیل تھی۔

اجلاس میں حاضری	نام ڈائریکٹر
1	جناب محمد بشیر حسین
1	محترمہ زینب ملک
1	جناب نوید امین
1	سید طاہر نواز ش

بورڈ سیکرٹری ہونے والے ڈائریکٹر کی گرانفدر شراکت کا اعتراف کرتا ہے اور نئے ممبران کو بورڈ میں خوش آمدید کہتا ہے۔

بورڈ کی ترکیب

مالی سال 30 جون، 2022 کے بعد، چیئر پرسن/ ڈائریکٹر نے بورڈ سے استعفی دے دیا تھا اور بورڈ نے محترمہ مدیحہ عروج کو خاتون ڈائریکٹر کے طور پر منتخب کیا ہے جو ان کے فٹ اور مناسب معیار کی منظوری سے مشروط ہے جس کی درخواست SECP کو دے دی گئی ہے۔ جبکہ بورڈ جناب نوید امین (چیف ایگزیکٹو آفیسر) کے استعفی کے بعد پیدا ہونے والی عبوری اسامی کو بھرنے کے عمل میں ہے۔ اس مخصوص تاریخ پر بورڈ بشمول محترمہ مدیحہ عروج (6) ڈائریکٹرز پر مشتمل ہے۔ بورڈ کی ترکیب درج ذیل ہے:

2	آزاد ڈائریکٹرز
3	دیگرنان ایگزیکٹو ڈائریکٹرز
1	ایگزیکٹو ڈائریکٹرز
6	ڈائریکٹرز کی کل تعداد

رپورٹنگ کی مدت کے بعد، آڈٹ اور ہیومن ریسورس اور ریوژیشن کمیٹیوں کے چیئرمین جناب محمد مشر حسین نے اپنی چیئرمین شپ سے استعفیٰ دے دیا جبکہ انہوں نے بورڈ میں خدمات جاری رکھنے کا اعیادہ کیا۔ اس لیے ان کمیٹیوں کی تشکیل نو کی گئی۔ مزید یہ کہ رسک مینجمنٹ کمیٹی کی چیئرمین محترمہ زینب ملک کے استعفیٰ پر اس کی تشکیل نو کی گئی۔

آڈٹ کمیٹی (دوبارہ تشکیل شدہ)

چیئرمین	جناب راشد عزیز	1
ممبر	سید طاہر نواز ش	2
ممبر	خواجہ ندیم عباس	3

انسانی وسائل اور معاوضہ کمیٹی (دوبارہ تشکیل شدہ)

چیئرمین	جناب راشد عزیز	1
ممبر	جناب محمد رشید عالم	2
ممبر	سید طاہر نواز ش	3

رسک مینجمنٹ کمیٹی (دوبارہ تشکیل شدہ)

چیئرمین	جناب راشد عزیز	1
ممبر	سید طاہر نواز ش	2
ممبر	خواجہ ندیم عباس	3

رسک مینجمنٹ کمیٹی مالی سال کے آخری نصف میں تشکیل دی گئی تھی اس لیے کوئی مینٹنگ نہیں بلائی گئی جبکہ ٹرمز آف ریفرنس بھی ابھی بننا ہے۔ کمیٹیوں کی تشکیل اور ٹرمز آف ریفرنس، کوڈ آف کارپوریٹ گورننس کے رہنما خطوط کے مطابق ہیں اور آڈٹ اور ایچ آر کمیٹیوں کے چیئرمین ایک آزاد ڈائریکٹر ہیں۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضے کی منظوری دے دی ہے۔ تاہم، کوڈ آف کارپوریٹ گورننس کے لحاظ سے، اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کا فیصلہ کرنے میں حصہ نہ لے۔ کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز کو معاوضہ ادا نہیں کرے گی۔ تاہم، آزاد ڈائریکٹرز کو بورڈ آف ڈائریکٹرز کے اجلاس میں شرکت کے لیے مینٹنگ فیس ادا کی جاتی ہے۔ ڈائریکٹرز اور سی ای او کے معاوضے کے بارے میں معلومات کے لیے، براہ کرم مالیاتی گوشواروں کے نوٹس سے رجوع کریں۔

ڈائریکٹرز کا اعلامیہ

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

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کاروباری امور، آپریشنز سے حاصل نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو واضح انداز میں پیش کرتے ہیں۔
- کمپنی کے کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات مناسب فیصلوں کی بنیاد پر لگائے گئے ہیں۔

- d. مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کا اطلاق کیا گیا ہے۔
- e. داخلی ضبط کا ایک مربوط نظام قائم ہے اور اس کا مؤثر اطلاق اور نگرانی کی جاتی ہے۔
- f. کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں کوئی نمایاں ابہام موجود نہ ہے۔
- g. لسٹنگ ریگولیشنز میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری میں کوئی رکاوٹ نہ ہے۔
- h. واجب الادا ڈیبٹس اور دیگر حکومتی لیویز سے متعلق معلومات کھاتوں کے متعلقہ نوٹس میں بیان کی گئی ہیں۔
- i. خطاطی اخلاق اور کاروباری عمل داری کا بیان تیار کیا گیا ہے اور کمپنی کے ملازمین اور ڈائریکٹرز اس کو تسلیم کرتے ہیں۔
- j. گزشتہ چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا سالانہ رپورٹ کے ساتھ منسلک ہے

تعمیل کا بیان

کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے لازمی کارپوریٹ گورننس کے اصولوں پر سختی سے عمل کرتی ہے اور اس نے تمام مقررہ شرائط پر عمل درآمد کیا ہے۔ ان کا خلاصہ لسٹنگ ریگولیشنز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی تعمیل کے بیان میں کیا گیا ہے جس کا آڈیٹرز کے ذریعہ جائزہ لیا گیا ہے۔

رسک مینجمنٹ

بورڈ آف ڈائریکٹرز رسک مینجمنٹ فریم ورک کے قیام کا ذمہ دار ہے، جس میں کمپنی کے رسک مینجمنٹ کی پالیسیاں، جائزہ، منظوریاں اور مسلسل نگرانی شامل ہے تاکہ یہ یقینی بنایا جا سکے کہ ایک مناسب اور موثر اندرونی کنٹرول اور تعمیل کا نظام ہمہ وقت موجود ہے۔ اس مالی سال کے دوران، کمپنی نے مناسب اور قابل وسائل کے ساتھ اپنا انٹرنل آڈٹ ڈیپارٹمنٹ قائم کر لیا ہے اور یہ براہ راست آڈٹ کمیٹی کو رپورٹ کرے گا۔

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

تعمیلی خدشات

آپ کے بورڈ اور انتظامیہ نے نہ صرف قابل اطلاق قوانین اور ضوابط کی تعمیل کو یقینی بنانے کے لیے بلکہ بہترین بین الاقوامی طریقوں کے مطابق ایک مضبوط گورننس اور قانونی ڈھانچہ قائم کیا ہے۔ لہذا انتظامیہ توقع کر رہی ہے کہ اس سے کمپنی کے کاروباری ماڈل پر کوئی خاص اثر نہیں ہوگا۔

آڈیٹرز

میسرز طارق عبدالغنی مقبول اینڈ کو، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہوئے اور اہل ہونے کی وجہ سے، 30 جون 2023 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے خود کو پیش کرتے ہیں۔ آڈٹ کمیٹی نے بورڈ کو ان کی دوبارہ تقرری کی سفارش کی ہے۔

شیئر ہولڈنگ کی وضع

30 جون 2022 کو کمپنی کی شیئر ہولڈنگ کی وضع اور دیگر معلومات اس رپورٹ میں شامل ہیں۔

اعتراف

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

منجانب / برائے بورڈ



سید طاہر نواز ش



جناب راشد عزیز

FINANCIAL HIGHLIGHTS

Last Six Years of Escorts Bank At a Glance

(Rupees in '000')

	2022	2021	2020	2019	2018	2017
FINANCIAL DATA						
Share Capital	1,356,000	1,356,000	1,356,000	441,000	441,000	441,000
Reserves	(731,511)	(536,259)	(454,332)	(410,241)	(360,942)	(207,582)
Shareholders' Equity	624,489	819,740	901,668	30,758	80,057	233,418
Subordinated Loan	-	-	137,694	787,694	787,694	154,470
Deposits	-	41,250	51,250	189,711	282,940	447,726
Borrowings	-	-	-	68,894	-	-
Current Liabilities	136,171	151,360	343,828	651,854	650,940	515,653
Total Liabilities	196,635	217,087	456,681	1,385,322	1,419,940	733,835
Tangible Fixed Assets	180,251	211,745	203,228	127,138	115,572	119,228
Intangible Fixed Assets	16,909	17,808	16,799	18,823	12,826	12,864
Financing - Net of Provision	187,338	270,455	241,133	112,782	10,420	126,325
Net Investment in Finance Lease	2,166	2,166	2,166	2,166	2,166	2,166
Investments & Placements	81,860	149,810	227,213	230,504	279,159	80,575
Current Assets	379,965	464,560	709,710	933,529	1,221,108	404,282
Total Assets	839,891	1,056,582	1,376,345	1,435,024	1,519,940	987,948
OPERATING RESULTS						
Total Revenue	97,167	112,325	147,438	112,796	31,809	35,564
Markup Expense	-	-	16,766	39,946	58,572	67,672
Operating & Other Expenses	224,063	174,593	158,886	122,357	206,397	61,449
Provision against Non-Performing Loans	7,970	15,162	143	-	21,158	-
Profit/(loss) before Tax	(134,866)	(77,431)	(28,215)	(49,508)	(233,161)	(94,333)
Profit/(loss) after Tax	(196,422)	(81,482)	(29,910)	(50,296)	(154,409)	(119,269)
FINANCIAL RATIOS						
Loss per Share (Rs.)	(1.45)	(0.60)	(0.22)	(1.14)	(3.50)	(2.70)
Net Asset Value per Share (Rs.)	4.61	6.05	6.65	0.70	1.82	5.29
Market Value per Share (Rs.)	6.69	10.09	7.80	12.15	32.39	15.45
High	13.04	14.20	14.09	33.49	52.54	21.99
Low	5.99	7.55	6.17	11.94	13.46	2.32
Profit / (Loss) Before Tax Ratio (%)	(138.80)	(68.93)	(19.14)	(43.89)	(733.00)	(265.25)
Revenue to Expenses (Times)	0.42	0.64	0.84	0.69	0.12	0.27
Total Assets Turnover Ratio (Times)	0.12	0.11	0.11	0.08	0.02	0.04
Advances to Deposits (Times)	-	6.56	4.71	0.59	0.04	0.28
Borrowings to Equity (Times)	-	-	-	2.24	-	-
Total Liabilities to Equity (Times)	0.31	0.26	0.51	45.04	17.74	3.14
Current Ratio	2.79	3.07	2.06	1.43	1.88	0.78

STATEMENT OF COMPLIANCE

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

Name of company: Escorts Investment Bank Limited
Year ending: June 30, 2022

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

1. The total number of directors are six (06)* as per the following:

a)	Male:	5
b)	Female:	1

* CEO has resigned during the year and caused a casual vacancy at Board. This position is still not filled due to certain developments regarding plausible acquisition transaction of the Company as more fully explained in note 1 to the financial statements of the period ended 30 June 2022. For interim period, CFO has been given an ad-hoc charge to discharge the duties and responsibilities related to CEO office.

2. The composition of board is as follows:

i)	Independent Directors	Mr. Rashid Aziz Mr. Muhammad Mubashir Hussain
ii)	Non-executive Directors	Ms. Zainab Malik* Syed Tahir Nawazish Khawaja Nadeem Abbas
iii)	Executive Director	Mr. Muhammad Rasheed Alam
iv)	Female Director	Ms. Zainab Malik* Ms. Madiha Arooj**

* Ms. Zainab Malik resigned on August 15, 2022 and the Board has duly filled in the casual vacancy created upon her resignation.

** Ms. Madiha Arooj has been appointed as female director at the Board of Company vide circular resolution dated August 24, 2022 subject to clearance of Fit and Proper Criteria from Securities and Exchange Commission of Pakistan in accordance with NBFC Regulations 2008. Company has duly filed the related documents with SECP for seeking final approval.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the 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 the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training Program for the following Director;

- Mr. Muhammad Mubashir Hussain

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

- Syed Tahir Nawazish

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

a. Audit Committee

Name of Directors	Designation Held
Mr. Muhammad Mubashir Hussain*	Chairman
Ms. Zainab Malik**	Member
Khawaja Nadeem Abbas	Member

* Mr. Muhammad Mubashir Hussain has resigned from the committee on August 29, 2022.

Hence, audit committee was reconstituted and Mr. Rashid Aziz was elected Chairman of Audit committee in place of Mr. Muhammad Mubashir Hussain.

** Ms. Zainab Malik resigned from Board on August 15, 2022 and Syed Tahir Nawazish joined audit committee as member.

b. HR and Remuneration Committee

Name of Directors	Designation Held
Muhammad Mubashir Hussain*	Chairman
Ms. Zainab Malik**	Member
Syed Tahir Nawazish	Member

* Mr. Muhammad Mubashir Hussain has resigned from the committee on August 29, 2022. Hence, HRRC was reconstituted. Mr. Rashid Aziz was elected Chairman of the committee in place of Mr. Muhammad Mubashir Hussain.

** Mr. Muhammad Rasheed Alam was appointed member of HRRC after resignation of Ms. Zainab Malik from the Board on August 15, 2022.

c. Risk Management Committee

Name of Directors	Designation Held
Ms. Zainab Malik*	Chairperson
Syed Tahir Nawazish	Member
Khawaja Nadeem Abbas	Member

* Mr. Rahid Aziz was appointed Chairman of Risk Management Committee in place of Ms. Zainab Malik who resigned from the Board on August 15, 2022.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance except risk management committee;
14. The frequency of meetings of the committees were as per following:
 - a. Audit Committee* Quarter 1: Zero Quarter 2: Two Quarter 3: One Quarter 4: One
 - b. Human Resource and Remuneration Committee (One meeting in financial year)
 - c. Risk Management Committee (No meeting in financial year)

*Audit Committee meeting was not held in first quarter of the financial year.
15. The Board has set up an effective internal audit function staffed with persons who are suitably qualified and experienced for the purpose and are well conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except regulation 27(2) as the audit committee meeting was not held in first quarter of the financial year;
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Non Mandatory Requirement	Reg. No	Explanation
Representation of Minority shareholders: The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	5	No one intended to contest election as director representing minority shareholders.
Responsibilities of the Board and its members: Adoption of the corporate governance practices.	10 (1)	Non-mandatory provision of the CCG Regulations are partially complied.
Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29 (1)	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee
Directors' Training It is encouraged that by June 30,2022 all the directors on Boards shall have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	19 (1)	3 out of 6 directors of the Company have either acquired Directors' Training Program certification or are exempt from Director's Training Program. The Company has planned to arrange Directors' Training Program certification for those directors that have joined during the current year before April 30, 2023.
Disclosure of significant policies on website: The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	35	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.

The two elected independent directors have requisite competencies, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.



Syed Tahir Nawazish
Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

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 Escorts Investment Bank Limited ("the Company") for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any noncompliance 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 June 30, 2022. Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Sr. No.	Paragraph Reference	Description
1.	Section 187 of Companies Act, 2017	Chief Executive officer of the company is not appointed, within stipulated time period.
2.	Section 154 & 155 of Companies Act, 2017	Number of Directors is reduced to 6 due to resignation of one director. Casual vacancy of director was not filled within 90 days from the date of casual vacancy.
3.	Regulation 27 of CCG, 2019	Meeting of the Audit Committee was not held in the first quarter of the financial year.

KARACHI
Dated: SEPTEMBER 22, 2022
UDIN: CR202210297NLXRiFhvt


TARIQ ABDUL GHANI MAQBOOL & CO.
Chartered Accountants

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022



Total Performance		Change in Share Price	
2022	2021	2022	2021
12.5	14.0	7.1%	7.1%
11.0	(11.9)	-3.4%	-3.4%
24.7	(20.2)	-1.7%	-1.7%
8.4	(14.9)	-0.8%	-0.8%
16.15	6.31	0.3%	0.3%
20.87	(85.02)	-3.6%	-3.6%



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ESCORTS INVESTMENT BANK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **ESCORTS INVESTMENT BANK LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2022 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss, its comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note 01 to the financial statements, which describes the Company has incurred a net loss of Rs. 196.422 million during the year and equity now stands at Rs. 624.489 million. As per the applicable laws and regulations, the Company is required to maintain Minimum Equity Requirement of Rs. 750 million for maintaining deposit taking Investment Finance Services (IFS) license. Resultantly the Company is in non-compliance of minimum equity requirements as specifically mentioned in Regulation 4 of NBFC Regulations 2008. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following is the key audit matter:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Recognition of deferred tax asset relating to un-used business losses and unabsorbed depreciation losses to the extent of available/expected profits in foreseeable future.</p>	
	<p>(Refer to Note 11 to the financial statements)</p> <p>Significant judgment is required in determining provisions for deferred tax as well as assessment of provision for uncertain tax positions. The Company has an aggregate amount of deferred tax assets of Rs. 119.263 million (2022: Rs. 179.847 million), Based on management's best estimate of the probable benefits expected to be realized in future years in the form of reduced tax liability as the Company would be able to set off the profits earned in those years against taxable temporary differences relating to prior years. The Company has prepared financial projections for future taxable profits, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as raise of deposits, growth in customer base, investment returns, potential provision against assets, interest rates and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. The management believes that it is probable that the Company will be able to achieve the profits and consequently, the deferred tax asset will be fully realized in future. Deferred tax asset not recognized during the year relate to business loss for the tax year 2016, 2017, 2018 & certain portion of 2019. Due to its significance to the financial statements, combined with the judgment and estimation required to determine its value, the evaluation of deferred tax asset is considered to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - We evaluated the design and implementation of controls in respect of the recognition of recoverability of deferred tax assets. - We discussed with management the adequate implementation of Company's policies and controls regarding deferred tax, as well as the reporting of uncertain tax position - We examined the procedures in place for deferred tax calculations for completeness and valuation; and audited the related tax computations and estimates in the light of our knowledge of the tax circumstances. Our work was conducted with our tax specialist. - We considered the management's assessment of the validity and the adequacy of provision for uncertain tax positions, evaluating the basis of assessment and reviewing the relevant correspondence and legal advice where available. - In respect of deferred tax assets and liabilities, we assessed the appropriateness of management's assumptions and estimates, including the likelihood of generating sufficient future taxable income to support deferred tax assets for the utilization of tax losses carried forward as disclosed in note No. 11 to the financial statements. - We validated the appropriateness and completeness of the related disclosures in the note No. 11 to the financial statements. Based on the procedures performed above, we obtained sufficient audit evidence to corroborate management's estimates regarding deferred tax balances and provisions for uncertain tax positions.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Other Matter

The financial statements of the Company for the year ended June 30, 2021, were audited by another firm of auditors who expressed an unmodified opinion on those statements on October 6, 2021.

The engagement partner on the audit resulting in this independent auditor’s report is Younus Mohiuddin.

KARACHI
DATE: SEPTEMBER 22, 2022
UDIN: AR202210297mv5Y1ubLZ


TARIQ ABDUL GHANI MAQBOOL & CO.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non-current assets			
Property and equipment	5	180,251,427	199,744,552
Intangible assets	6	16,908,808	17,808,453
Long term investments	7	25,087,500	24,905,000
Long term finances	8	107,300,941	144,266,486
Net investment in lease finances	9	-	-
Long term deposits	10	11,114,274	25,449,600
Deferred tax asset - net	11	119,263,467	179,847,449
		459,926,417	592,021,540
Current assets			
Current portion of non-current assets	12	46,863,627	53,341,114
Short term investments	13	56,772,436	124,904,649
Short term finances	14	80,037,363	75,013,965
Short term advances	15	3,534,149	5,066,280
Prepayments	16	1,681,704	1,532,939
Interest receivable	17	10,881,406	9,023,525
Other receivables	18	5,322,001	44,353,732
Tax refunds due from the government	19	58,547,989	113,045,918
Cash and bank balances	20	116,323,821	38,278,106
		379,964,496	464,560,228
TOTAL ASSETS		839,890,913	1,056,581,768
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
300,000,000 (2021: 300,000,000) ordinary shares of Rs. 10 each		3,000,000,000	3,000,000,000
Issued, subscribed and paid up capital			
	21	1,356,000,000	1,356,000,000
Capital reserves			
	22	158,584,246	158,401,746
Revenue reserve			
		(890,095,362)	(694,661,186)
Revaluation surplus on property and equipment			
	23	18,767,110	19,754,853
		643,255,994	839,495,413
LIABILITIES			
Non-current liabilities			
Long term certificates of deposit	24	-	-
Lease liabilities	25	60,463,977	65,726,758
		60,463,977	65,726,758
Current liabilities			
Current portion of non-current liabilities	26	7,707,193	47,578,484
Trade and other payables	27	123,458,243	99,747,906
Unclaimed dividend		2,385,654	2,385,654
Provision for taxation	28	2,619,852	1,647,553
		136,170,942	151,359,597
Contingencies and commitments			
	29	-	-
TOTAL EQUITY AND LIABILITIES		839,890,913	1,056,581,768

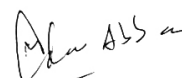
The annexed notes from 1 to 51 form an integral part of these financial statements.



Chairman



Chief Financial Officer



Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Profit on financing	30	51,210,458	73,542,080
Return on investments	31	10,609,879	14,268,229
Income from fee and commission	32	4,128,561	4,559,320
Profit on bank deposits		6,369,379	9,442,640
Other income	33	24,848,420	10,512,673
		97,166,697	112,324,942
EXPENSES			
Administrative expenses	34	164,965,151	166,945,239
Finance cost	35	4,729,763	6,265,380
		169,694,914	173,210,619
Operating loss before provisions and taxation		(72,528,217)	(60,885,677)
Other operating expenses	36	(68,305,620)	(16,662,298)
Reversal of provision for doubtful finances		5,968,198	117,381
Loss before Taxation		(134,865,639)	(77,430,594)
Taxation - net	37	(61,556,281)	(4,051,262)
Net Loss for the Year		(196,421,920)	(81,481,856)
Loss per share - basic and diluted	38	(1.45)	(0.60)

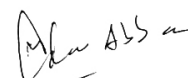
The annexed notes from 1 to 51 form an integral part of these financial statements.



Chairman



Chief Financial Officer



Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rupees	2021 Rupees
Net Loss for the Year	(196,421,920)	(81,481,856)
Other comprehensive loss:		
<i>Items that will not be reclassified to statement of profit or loss</i>		
Revaluation surplus on property and equipment	-	3,742,830
Related tax impact	-	(1,085,421)
<i>Items that may be reclassified subsequently to statement of profit or loss</i>		
(Loss) / profit on remeasurement of long term investments - net of tax	182,500	(2,095,000)
Loss on disposal of long term investments - reclassified to statement of profit or loss	-	750,000
Other comprehensive income for the year - net of tax	182,500	1,312,409
Total Comprehensive Loss for the Year	(196,239,420)	(80,169,447)

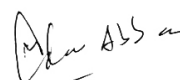
The annexed notes from 1 to 51 form an integral part of these financial statements.



Chairman



Chief Financial Officer



Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	Capital reserves		Revenue reserves		Revaluation surplus on property and equipment	Total
	Issued, subscribed and paid up capital	(Deficit)/ gain on revaluation of investments	Statutory reserves	Accumulated loss		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2020	1,356,000,000	1,250,000	158,496,746	(614,079,194)	17,997,309	919,664,861
Total comprehensive income / (loss) for the year						
Net income / (loss) for the year	-	-	-	(81,481,856)	-	(81,481,856)
Other comprehensive income / (loss) for the year	-	(1,345,000)	-	-	2,657,409	1,312,409
Total comprehensive income / (loss) for the year	-	(1,345,000)	-	(81,481,856)	2,657,409	(80,169,447)
Transfer from surplus on revaluation of property and equipment on account of;						
Incremental depreciation on revalued asset for the year - net of tax	-	-	-	899,864	(899,864)	-
Balance as at June 30, 2021	1,356,000,000	(95,000)	158,496,746	(694,661,186)	19,754,854	839,495,414
Total comprehensive income / (loss) for the year						
Net income / (loss) for the year	-	-	-	(196,421,920)	-	(196,421,920)
Other comprehensive income / (loss) for the year	-	182,500	-	-	-	182,500
Total comprehensive income / (loss)	-	182,500	-	(196,421,920)	-	(196,239,420)
Transfer from surplus on revaluation of property and equipment on account of;						
Incremental depreciation on revalued asset for the year - net of tax	-	-	-	987,744	(987,744)	-
Balance as at June 30, 2022	1,356,000,000	87,500	158,496,746	(890,095,362)	18,767,110	643,255,994

The annexed notes from 1 to 51 form an integral part of these financial statements.



Chairman



Chief Financial Officer



Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before taxation		(134,865,639)	(77,430,594)
Adjustment for non cash expenses and other items:			
- Depreciation on property and equipment	34	14,010,363	16,397,087
- Depreciation on right of use assets	34	8,271,373	7,140,576
- Amortization on intangible assets	6.1	899,643	1,349,396
- Recovery against provision for doubtful long term finances	8.3	(5,968,198)	(117,381)
- Interest on lease liabilities against right of use assets	35	4,597,230	5,799,956
- Finance cost	35	132,533	465,424
- Gain on sale of fixed assets	33	(3,079,655)	-
- Advance tax written off		57,222,698	-
- Fixed assets written off		3,086,308	-
- Bad debt written off - micro finance		26,825	-
- Long outstanding liabilities written back		(15,213,797)	-
- Gain on investment in short term investments	31	(2,078,229)	(1,601,004)
- Loss on redemption of term finance certificate - reclassified to profit or loss	36	-	750,000
- Corporate membership of PMEX written off	36	-	750,000
- Waiver of interest payable by outgoing sponsors	33	-	(5,642,620)
- Allowance for expected credit losses:			
Long term finances - net	8.3 & 8.4	7,356,320	7,343,677
Short term finances	14.1 & 14.2	613,469	7,812,320
		69,876,883	40,447,431
		(64,988,756)	(36,983,163)
Decrease / (increase) in operating assets			
- Long term finances		42,054,910	(24,886,828)
- Short term finances		(5,663,692)	(19,473,367)
- Loans and advances		1,532,131	1,120,617
- Interest receivable		(1,857,881)	1,202,420
- Other receivables		39,031,731	27,431,245
- Long term deposits		14,335,326	(10,000,000)
- Prepayments		(148,765)	(773,300)
Increase / (decrease) in operating liabilities			
- Long term certificates of deposit		-	(25,000,000)
- Accrued markup		-	(7,500,000)
- Trade and other payables		(2,325,863)	(58,480,832)
		86,957,897	(116,360,045)
Net cash generated from / (used in) operations		21,969,141	(153,343,208)
Finance cost paid		(132,533)	(465,424)
Taxation - net		(2,724,769)	(4,593,855)
Net cash generated from / (used in) operating activities		19,111,839	(158,402,487)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property and equipment		(10,466,978)	(25,662,123)
Proceeds from sale of property and equipment		7,579,387	3,946,166
Capital expenditure on intangible assets		-	(3,109,257)
Disposal of long term investments		-	99,250,000
Short term investments - net		70,210,442	(19,249,383)
Net cash generated from / (used in) investing activities		67,322,851	55,175,403
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of sub-ordinated loan - old sponsors - net		-	(137,694,382)
Payment of lease liabilities	25.1	(8,388,975)	(7,462,650)
Net cash generated from / (used in) financing activities		(8,388,975)	(145,157,032)
Net Decrease in Cash and Cash Equivalents During the Year		78,045,715	(248,384,116)
Cash and cash equivalents at the beginning of the year		38,278,106	286,662,222
Cash and Cash Equivalents at the End of the Year		116,323,821	38,278,106

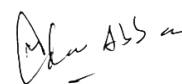
The annexed notes from 1 to 51 form an integral part of these financial statements.



Chairman



Chief Financial Officer



Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND ITS NATURE OF BUSINESS

Escorts Investment Bank Limited (“the Company”) is a public limited company incorporated in Pakistan under the provisions of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on May 15, 1995. The Company started its commercial operations on October 16, 1996 and is listed on the Pakistan Stock Exchange (Guarantee) Limited. The Company is licensed to carry out investment finance services, as a Non-Banking Finance Company under Section 282-C of the Companies Ordinance, 1984, 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).

The Pakistan Credit Rating Agency (PACRA) has maintained long term and short term Credit Ratings of the Company at “A-” and “A2” respectively with developing outlook on March 25, 2022. The ratings denote an adequate capacity of timely payment of financial commitments.

The Company is a subsidiary of Bahria Town (Private) Limited (the parent company).

The registered office of the Company is situated at 26-Davis Road, Lahore. The branches are located as follows:

City	Branch Address
Lahore	Bahria Town, Corporate Office, Bahria Orchard, Raiwind Road.
Karachi	Bahria Town, Head Office, Bahria Town Super Highway.
Rawalpindi / Islamabad	Bahria Town, Head Office, Phase VIII, Rawalpindi. Bahria Enclave Head Office Sector-J, Phase-2 Islamabad.
Raiwind	Railway Road, Raiwind City, Lahore.
Ellahabad	Tufail Plaza near PSO Pump, Chunion Road, District Kasur.
Hafizabad	Lahore Gujranwala Road, Opposite Admore Petrol Pump, Hafizabad.
Nankana	Haider Plaza B-II-IS-II, Malji Road, Nankana Sahib.
Sambrial	Near Makki Masjid, Mohalla Naik Pura, Wazirabad Road, District Sialkot, Sambrial.
Gojra	P-156 Eidgah Road, District Toba Tek Singh, Gojra.
Sheikhupura	Opposite New Sabazimandi, Lahore Road, Sheikhupura.

During the year, the Company has incurred a net loss of Rs. 196.422 million resulting in accumulated losses of Rs. 890.095 million and equity now stands at Rs. 624.489 million. As per the applicable laws and regulations, the Company is required to maintain Minimum Equity Requirement of Rs. 750 million for maintaining deposit taking Investment Finance Services (IFS) license. Resultantly, the Company is in non-compliance of minimum equity requirements as specifically mentioned in Regulation 4 of NBFC Regulations, 2008.

Certain important factors and determinants like Company’s positive Capital Adequacy Ratio (CAR), liquidity position and leverage ratio represent its position to timely honor the commitments and liabilities without casting any uncertainty on its going concern. The management and Board further planned multiple actions that will help the Company to increase its capital base and reduce the further accumulation of losses. These includes but not limited to stepping into Islamic Finance, product diversity, reducing non-earning assets, more spirited effort to recover the long outstanding balances and rationalizing the capital structure towards optimization.

Moreover, during the year certain parties shown their interest in acquiring the majority shareholding of the Company along with its management control. One of the potential acquirers, represented by

M/S M. Munir, M. Ahmad Khanani Securities Limited, have withdrawn their public announcement of intention. Subsequently, AKD Securities on behalf of another acquirer served notice of intention to acquire more than 50% shares along with management control of the Company. Though an initial notice of terminating the agreement between Sponsors and acquirer was served but was later withdrawn by Bahria Town (Private) Limited. Owing to time limitation under relevant laws and regulations the public announcement of intention was expiring on September 10, 2022 and was therefore withdrawn by manager to the offer.

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 Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Provisions of the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations); and

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

2.2 Standards, interpretations and amendments to published approved accounting standards

2.2.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

2.2.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

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

Standard or Interpretation	Effective date (Periods beginning on or after)
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2022 & January 1, 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
IAS 12 Income Taxes [Amendments]	January 1, 2023
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The Company will assess the impacts of these changes in the period of initial application once such changes become effective for the Company.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property and equipment – Note 3.1 & 5
- Allowance for expected credit losses – Note 3.7, 8.3, 14.1 & 18.1.1
- Estimation of contingent liabilities - Note 3.21,29

- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - Note 3.14, 11, 28 & 37

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes as indicated below in note 4.

3.1 Property and equipment

Property and equipment other than office premises are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Office premises are measured at the revalued amount less accumulated depreciation and impairment loss. Capital work in progress is stated at cost less impairment loss, if any.

Depreciation is charged so as to write off the cost or revalued amount of assets (other than capital work in progress) over their estimated useful lives, using the reducing balance method at rates specified in note 5 to the financial statements. Depreciation on addition to property and equipment is charged from the month when asset is available for use up to the month of its de-recognition.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized as other income in the statement of profit or loss. In case of the derecognition of a revalued property, the attributable revaluation surplus remaining in the surplus on revaluation is transferred directly to the unappropriated profit.

Useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, the key assumptions used to determine the fair value of property and equipment are provided in Note 46.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Fully depreciated assets are being kept at a token value of Rupee 1 each.

3.2 Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, at rates specified in note 5.2 to the financial statements.

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

3.3 Intangible assets

-Computer Software

Intangible assets represent computer software and are stated at cost less accumulated amortization and any identified impairment loss. Costs associated with routine maintenance of intangible assets are recognized as an expense when incurred. However, costs that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life are recognized as capital improvement and added to the original cost of the software.

Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the reducing balance method at the rates specified in note 6 to the financial statements. Amortization on addition is charged from the month when asset is available for use up to the month of its de-recognition.

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

-Membership cards and offices

This is stated at cost less impairment, if any. The carrying amounts is reviewed at each reporting period date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to estimated recoverable amount.

3.4 Revaluation surplus

Any revaluation increase arising on the revaluation of office premises is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of office premises is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property and equipment relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit / accumulated loss.

3.5 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit, except for goodwill (if any), pro rata with the carrying amounts of those assets. The increase in the carrying amounts is treated as reversal of impairment losses for individual assets and recognized in profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset is treated as a revaluation increase.

3.6 Cash and cash equivalents

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

3.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at:

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at FVOCI (debt instruments)

The Company measures debt instruments at FVOCI if the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments, listed equity investments which the Company had not irrevocably elected to classify at FVOCI and investments in mutual funds. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when 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 either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

IFRS 9 replaces the incurred loss model with expected credit loss with distinct approach. The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at amortized cost (other than trade receivables and contract assets) and FVOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company's debt instruments at FVOCI are graded in light of guidelines by the Good Credit Rating Agency. It is the Company's policy to measure ECLs on such instruments on a 12-month basis.

However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the Good Credit Rating Agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Company considers a financial asset in default when contractual payments are 210 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

In accordance with the Accounting Guidance “Application of IFRS 9 by Non-Banking Finance Companies”, issued by Institute of Chartered Accountants of Pakistan. The Companies are required to apply NBFCs regulations’ requirements on portfolios of specific credit facility in conjunction with requirements of IFRS 9. Therefore, the company recognised allowance as higher of provision calculated under NBFCs regulations & IFRS 9.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost

This is the category most relevant to the Company. After initial recognition, these are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition

of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

c) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

d) Dividend income

Dividend income is recognized in profit or loss as other income when the Company's right to receive payment have been established; is probable that the economic benefits associated with the dividend will flow to the Company; and the amount of the dividend can be measured reliably.

3.8 Lease liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

a) Short-term leases and leases of low-value assets

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

3.9 Provisions

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

3.10 Staff retirement benefits

a) Employees compensated absences

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

b) Provident fund

The Company operates approved contributory provident fund for all permanent employees. Equal monthly contribution is made both by employees and the Company to the fund at 10% of basic salary. The Company's contributions are recognized as employee benefit expense when they are due. The fund is administrated by the Trustees.

3.11 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 12 months of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.12 Revenue recognition

- a) Return on finances provided, placements and government securities are recognized on time proportionate basis.
- b) Brokerage commission and other advisory fee are recognized when such services are provided.
- c) Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.
- d) Reversal of provision is recognized as per requirement of NBFC regulation.
- e) Dividend income is recognized when the right to receive payment is established.
- f) Income on bank deposits are recognized on accrual basis.
- g) Rental income on properties are recognized on accrual basis.
- h) Processing income is recognized when the right to receive payment is established.

3.13 Return on deposits and borrowings

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

3.14 Taxation

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

a) Current taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

b) Deferred tax

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilize those temporary differences, unused tax losses and credits.

In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

c) Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available so that part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

d) Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.15 Operating segment

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

Business segments

The Company's activities are broadly categorized into financing activities and investment activities.

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

Financing activities

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

Investment activities

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

3.16 Related party

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

3.17 Dividend distributions and appropriations

Dividend distribution and appropriations other than statutory appropriations are recognized as a liability in the period in which the dividends are approved by the the Board of Directors.

3.18 Borrowings cost

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset.

3.19 Foreign currency transactions and translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the reporting date. Gains or losses on are charged to income.

3.20 Earnings per share (EPS)

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

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

3.21 Contingent liabilities

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

4 Effect of Changes in Accounting Policies

As mentioned in Note 3 'Impairment of financial assets', the Company recognised the allowance for potential loss as higher of the amount calculated under NBFCs regulations & IFRS 9. Any change in presentation or classification of items has been accounted for in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. However, no restatement has been deemed necessary in this regard as there was no material impact on corresponding figures.

5 Property and equipment

	Note	2022 Rupees	2021 Rupees
Operating fixed assets - tangible	5.1	128,506,864	137,674,169
Right of use assets	5.2	51,331,311	59,695,011
Advances against purchase of assets		413,252	2,375,372
		<hr/>	<hr/>
		180,251,427	199,744,552

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

	Office Premises	Freehold Improvements	Leasehold Improvements	Office Furniture & Fixtures	Computer Equipments	Office Equipments	Owned Vehicles	Total
(Rupees)								
NET CARRYING VALUE BASIS								
Year Ended June 30, 2022								
Opening net book value	79,824,225	-	21,807,410	8,946,822	2,828,397	9,022,491	15,244,824	137,674,169
Additions	-	5,352,208	-	587,000	5,536,679	1,809,900	-	13,285,787
Derecognitions:								
Cost	-	-	15,681,411	2,953,038	6,786,701	3,989,526	8,104,058	37,514,734
Accumulated depreciation	-	-	(13,293,329)	(2,048,155)	(6,737,091)	(3,264,090)	(3,729,340)	(29,072,005)
Depreciation charge for the year (Note no. 5.1.2)	(3,991,211)	(89,203)	(2,388,082)	(904,883)	(49,610)	(725,436)	(4,374,718)	(8,442,729)
Closing net book value	75,833,014	5,263,005	15,057,843	7,729,699	7,195,901	9,195,581	8,231,821	128,506,864
Gross Carrying Value Basis								
Year Ended June 30, 2022								
Cost / revalued amount	148,470,120	12,064,448	41,780,026	12,488,684	14,376,715	13,190,828	16,411,081	258,781,902
Accumulated depreciation	(72,637,106)	(6,801,443)	(26,722,183)	(4,758,985)	(7,180,814)	(3,995,247)	(8,179,260)	(130,275,038)
Net book value	75,833,014	5,263,005	15,057,843	7,729,699	7,195,901	9,195,581	8,231,821	128,506,864
NET CARRYING VALUE BASIS								
Year Ended June 30, 2021								
Opening net book value	62,669,126	-	26,885,313	9,398,964	4,170,307	8,866,462	18,945,749	130,935,921
Additions	16,826,161	-	4,276,367	939,785	65,049	1,125,479	105,830	23,338,671
Derecognitions:								
Cost	-	-	4,642,265	451,552	-	-	-	5,093,817
Accumulated depreciation	-	-	(1,092,778)	(54,873)	-	-	-	(1,147,651)
Depreciation charge for the year (Note no. 5.1.2)	(3,413,892)	-	(3,549,487)	(396,679)	-	-	-	(3,946,166)
Revaluation surplus for the year	3,742,830	-	(5,804,783)	(995,248)	(1,406,959)	(969,450)	(3,806,755)	(16,397,087)
Closing net book value	79,824,225	-	21,807,410	8,946,822	2,828,397	9,022,491	15,244,824	137,674,169
Gross Carrying Value Basis								
Year Ended June 30, 2021								
Cost / revalued amount	148,470,120	6,712,240	57,461,437	14,854,722	15,626,737	15,370,454	24,515,139	283,010,849
Accumulated depreciation	(68,645,895)	(6,712,240)	(35,654,027)	(5,907,900)	(12,798,340)	(6,347,963)	(9,270,315)	(145,336,680)
Net book value	79,824,225	-	21,807,410	8,946,822	2,828,397	9,022,491	15,244,824	137,674,169
Annual rates (%) of depreciation	5.00	20.00	20.00	10.00	33.33	10.00	20.00	

5.1.1 Disposal of property and equipment

The following operating fixed assets with a net book value exceeding Rs. 500,000 were disposed off during the year:

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceed	Gain / Loss	Mode of Disposal	Particulars of purchaser
Vehicle	2,374,000	(1,906,734)	467,266	2,116,000	1,648,734	Negotiations	M. Shafeeq, Lahore
Vehicle	2,842,530	(904,143)	1,938,387	1,938,387	-	Board approval	M. Usman Khalid, Lahore
Vehicle	2,887,530	(918,463)	1,969,067	3,275,000	1,305,933	Negotiations	M. Osat Ali, Lahore
Other *	29,410,674	(25,342,665)	4,068,009	1,085,000	(2,983,009)	Negotiations	-
Rupees 2022	37,514,734	(29,072,005)	8,442,729	8,414,387	(28,342)		
Rupees 2021	5,093,817	(1,147,651)	3,946,166	3,946,166	-		

* Aggregate of items of operating fixed assets with individual book values not exceeding Rs. 500,000

5.1.2 Depreciation charge for the year has been allocated to administrative expenses (Note 34).

5.1.3 Particulars of the Company's immovable property (i.e. office premises) are as follows:

Location	Total area (square feet)
Davis Road, Lahore	3315
Vogue Tower, Lahore	606

5.1.4 Had there been no revaluation, the carrying values of the office premises would have been Rs. 52.0 million (2021: Rs. 52.0 million)

5.1.5 The forced sale value of office premises has been assessed at Rs. 66.876 million.

5.1.6 The fair value measurements of the Company's office premises were performed by M/s Minhas Associates for Davis Road building as at June 28, 2021 and M/s Iqbal A. Nanjee & Co. (Private) Limited for Vogue Tower as at February 11, 2021, who are independent valuers not related to the Company.

	Note	2022 Rupees	2021 Rupees
5.2 Right-of-use assets			
Opening balance		59,695,011	59,490,915
Depreciation	34	(8,271,373)	(7,140,576)
Adjustment relating to remeasurement of lease liability	25.1	(92,327)	7,344,672
		51,331,311	59,695,011
Depreciation rate		10% - 15%	10% - 15%

5.2.1. Right-of-use assets comprise office space taken for office operations. There are no variable lease payments in the lease contracts. There were no leases with residual value guarantees or leases not yet commenced to which the Company is committed. Leases have lease terms between 7 and 10 years.

5.2.2. The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'short-term lease' or 'lease of low-value assets' recognition exemptions for these leases.

	Note	2022 Rupees	2021 Rupees
6. INTANGIBLE ASSETS			
Accounting software	6.1	1,799,553	2,699,198
Cards and rooms	6.2	12,000,000	12,000,000
Advance for ERP implementation		3,109,255	3,109,255
		16,908,808	17,808,453

	Note	2022 Rupees	2021 Rupees
6.1 Accounting software			
Net carrying value			
Opening balance		2,699,196	4,048,592
Less: Amortization charge for the year	34	899,643	1,349,396
		1,799,553	2,699,196
Gross carrying value			
Cost		10,735,744	10,735,744
Less: Accumulated Amortization		8,936,191	8,036,548
		1,799,553	2,699,196
Amortization rate per annum		33.33%	33.33%

Amortization charge for the year has been allocated to administrative expenses (Note 34).

	Note	2022 Rupees	2021 Rupees
6.2 Cards and Rooms			
Corporate membership of Pakistan Mercantile Exchange Limited (PMEX)		-	750,000
Less: written off during the year		-	(750,000)
		-	-
Office rooms	6.2.1	12,000,000	12,000,000
		12,000,000	12,000,000

6.2.1 These represent two office rooms taken on sub-lease from Pakistan Stock Exchange Limited for a period of 99 years. The lease term shall expire latest by December 14, 2108.

	Note	2022 Rupees	2021 Rupees
7. LONG TERM INVESTMENTS			
Fair value through other comprehensive income (FVTOCI) - Quoted			
Term finance certificates:			
Cost	7.1	25,000,000	25,000,000
Changes in fair value	22	87,500	(95,000)
		25,087,500	24,905,000

7.1 This represents investment in Additional Tier - 1 TFCs of United Bank Limited bearing mark-up @ 3-months KIBOR (ask side) + 1.55% p.a. Fair values of these TFCs are determined by reference to published price quotations in an active market (fair value level 1).

	Note	2022 Rupees	2021 Rupees
8. LONG TERM FINANCES			
Considered good	8.1	129,191,243	188,172,744
Considered doubtful	8.2	63,053,882	46,127,291
		192,245,125	234,300,035
Less: Allowance for expected credit losses	8.3	40,112,375	38,772,964
		152,132,750	195,527,071
Less: Current portion	12	44,697,642	51,175,129
Less: General provision for micro finance portfolio	8.4	134,167	85,456
		107,300,941	144,266,486
8.1 Considered good			
House finance - secured	8.1.1	119,449,044	171,081,488
Micro finance	8.1.2	9,742,199	17,091,256
Others - secured		-	-
		129,191,243	188,172,744

8.1.1 This represents amount disbursed to house finance customers at return rate ranging from 14.04% to 22.37% (2021: 13.17% to 22.37%) per annum for tenure of 2 to 20 years. These finances are secured to the extent disclosed in note 43.1 (a).

8.1.2 This represents amount disbursed to micro finance customers at return rate ranging from 37.00% to 45% (2021: 38.50% to 45%) per annum for tenure of 1 to 2 years. These finances are secured to the extent disclosed in note 43.1 (a).

	Note	2022 Rupees	2021 Rupees
8.2 Considered doubtful			
House finance - secured		22,824,103	-
Micro finance		14,627,260	14,556,574
Others - secured	8.2.1	25,602,519	31,570,717
		63,053,882	46,127,291

8.2.1 These finance facilities are secured by ranking charge on assets and pledge of stocks. The expected rate of return ranges from 14% to 17% (2021: 14% to 17%) per annum.

	2022 Rupees	2021 Rupees
8.3 Allowance for expected credit losses		
Opening balance	38,772,964	31,402,587
Charge for the year	7,307,609	7,487,758
Less: Reversal for the year	(5,968,198)	(117,381)
	40,112,375	38,772,964

	Note	2022 Rupees	2021 Rupees
8.4 Particulars of general provision for micro finance portfolio			
Opening balance		85,456	229,537
(Reversal) / charge for the year		48,711	(144,081)
Closing balance	8.4.1	134,167	85,456

8.4.1 This represents provision accounted for in accordance with Regulation 25A 'Creation of General Provision against micro finance portfolio' of Non-Banking Finance Companies and Notified Entities Regulations, 2008 at 0.5% of outstanding micro finance portfolio.

	Note	2022 Rupees	2021 Rupees
9. NET INVESTMENT IN LEASE FINANCES			
Lease rental receivables	9.1	578,415	578,415
Add: Residual value		2,165,985	2,165,985
		2,744,400	2,744,400
Less: Unearned finance income		49,628	49,628
		2,694,772	2,694,772
Less: Allowance for expected credit losses		528,787	528,787
		2,165,985	2,165,985
Less: Current portion	12	2,165,985	2,165,985
		-	-

9.1 Leases made by the Company were for a period of three to five years. Security deposits obtained at the time of disbursement of lease facility ranged from 11% to 16% (2021: 11% to 16%). The rate of return ranged from 15% to 17% per annum (2021: 15% to 17% per annum) and penalty is charged in case of delayed payment.

As per Non-Banking Finance Companies and Notified Entities Regulations, 2008, the aggregate net exposure in finance leases against which provision is required amounted to Rs. 0.529 million (2021: Rs. 0.529 million) at the end of current year.

	Note	2022 Rupees	2021 Rupees
10. LONG TERM DEPOSITS			
Considered good			
Related party	10.1	10,627,674	25,000,000
Others		486,600	449,600
Considered doubtful			
Others		330,350	330,350
Less: Allowance for expected credit losses	10.2	330,350	330,350
		-	-
		11,114,274	25,449,600

10.1 This represents security deposit against leasehold branches located in Bahria Town all over Pakistan being leased by the holding company i.e. Bahria Town (Private) Limited. This security is adjustable against future rental expenditures.

	Note	2022 Rupees	2021 Rupees
10.2 Allowance for expected credit losses			
Opening balance		330,350	330,350
Charge for the year		-	-
Closing balance		330,350	330,350
11. DEFERRED TAX ASSET - NET			
Deferred taxation comprises the following:			
Deferred tax asset on deductible temporary differences			
Intangible assets		2,001,130	5,220,233
Long term finances (Provision for murabaha financing and others)		11,632,589	10,153,941
Long term investments		(25,375)	27,550
Net investment in lease finance (Provision for doubtful leases)		153,348	153,348
Short term finances (Provision for doubtful finances)		6,713,925	6,536,019
Other receivables (Provision for doubtful receivables)		10,061,961	10,061,961
Lease liabilities		19,141,504	20,267,885
Tax losses		209,965,646	188,847,961
		259,644,728	241,268,898
Deferred tax liability on taxable temporary differences			
Property and equipment		(10,834,845)	(11,720,475)
Revaluation surplus on property and equipment		(7,665,440)	(8,068,884)
Short term investment (unrealized gain on remeasurement)		(315,046)	(470,272)
Right of use assets		(14,886,080)	(17,311,553)
		(33,701,411)	(37,571,184)
Deferred tax asset not recognized during the year		242,537,899 (106,679,850)	203,697,714 (23,850,265)
		119,263,467	179,847,449

11.1 The Company has an aggregate amount of deferred tax assets of Rs. 119.263 million (2021: Rs. 179.847 million) which represents management's best estimate of the probable benefits expected to be realized in future years in the form of reduced tax liability as the Company would be able to set off the profits earned in those years against taxable temporary differences relating to prior years. The Company has prepared financial projections for future taxable profits, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as raise of deposits, growth in customer base, investment returns, potential provision against assets, interest rates and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. The management believes that it is probable that the Company will be able to achieve the profits and consequently, the deferred tax asset will be fully realized in future. Deferred tax asset not recognized during the year relate to business loss for the tax year 2016, 2017, 2018 & certain portion of 2019.

	Note	2022 Rupees	2021 Rupees
11.1 Movement in deferred tax asset - net			
Opening balance		179,847,449	183,336,579
Recognized in statement of profit or loss	37	(60,583,982)	(2,403,709)
Recognized in other comprehensive income arising on revaluation surplus		-	(1,085,421)
		119,263,467	179,847,449
12. CURRENT PORTION OF NON-CURRENT ASSETS			
Long term finances	8	44,697,642	51,175,129
Net investment in lease finance	9	2,165,985	2,165,985
		46,863,627	53,341,114
13. SHORT TERM INVESTMENTS			
Amortized cost			
Treasury bills			
Face value	13.1	50,000,000	15,000,000
Less: Discount		(387,493)	(126,677)
		49,612,507	14,873,323
Fair value through profit or loss (FVTPL)			
Mutual funds - 469.4184 (2021: 10,001,635.7646) units of Rs. 6.4666 (2021: Rs. 10.1335) each		3,035	101,351,576
Shares - others	13.2	7,156,894	8,679,750
		56,772,436	124,904,649

13.1 Encumbered and un-encumbered

	Rupees		
	Treasury Bill - Face Value		
	Held by Bank	Given as Collateral	Total
As at June 30, 2022	50,000,000	-	50,000,000
As at June 30, 2021	15,000,000	-	15,000,000

13.1.1 Investment in treasury bills is made for 3 months tenure and effectively yield ranging from 12.75% to 14.45% (2021: 7.24%) per annum.

13.2 This represents investments in various listed companies' shares. Due to the changes in Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations), the Company had to conclude its brokerage business under the Investment Finance Services License. The Company started the process of intimating its brokerage clients to close their accounts with the Company in compliance with these regulations. Most of the account holders have closed their accounts accordingly. Certain accounts could not be transferred/closed because of non receipt of response from the holders despite repeated reminders. The management has decided to record these in statement of financial position as an asset and a corresponding liability of the same amount. These shares are kept at fair value and the fair value gain or loss is parked in corresponding liabilities.

	Note	2022 Rupees	2021 Rupees
14. SHORT TERM FINANCES			
Other than related parties:			
Considered good		70,911,545	75,392,012
Considered doubtful		32,277,285	22,159,951
		103,188,830	97,551,963
Less: Allowance for expected credit losses	14.1	22,811,367	22,159,951
		80,377,463	75,392,012
Less: General provision for micro finance portfolio	14.2	340,100	378,047
		80,037,363	75,013,965
14.1 Allowance for expected credit losses			
Opening balance		22,159,951	14,485,411
Charge for the year		651,416	7,674,540
Closing balance		22,811,367	22,159,951
14.2 Particulars of general provision for micro finance portfolio			
Opening balance		378,047	240,267
Charge for the year		(37,947)	137,780
Closing balance	14.2.1	340,100	378,047

14.2.1 This represents provision accounted for in accordance with Regulation 25A 'Creation of General Provision against micro finance portfolio' of Non Banking Finance Companies and Notified Entities Regulations, 2008 at 0.5% of outstanding micro finance portfolio.

14.3 These finances are secured to the extent disclosed in note 43.1 (a).

	Note	2022 Rupees	2021 Rupees
15. SHORT TERM ADVANCES			
Advances against salaries / expenses - considered good	15.1	601,933	643,503
Advances to consultants - considered good		2,932,216	4,422,777
		3,534,149	5,066,280
15.1 Movement in short term advances			
Opening balance		643,503	1,481,474
Adjusted during the year		(41,570)	(837,971)
Closing balance		601,933	643,503

	Note	2022 Rupees	2021 Rupees
16. PREPAYMENTS			
Prepayments		1,681,704	1,532,939
		1,681,704	1,532,939
17. INTEREST RECEIVABLE			
Interest from financing		10,177,187	8,636,030
Interest from long term investments		704,219	387,495
		10,881,406	9,023,525
18. OTHER RECEIVABLES			
Receivable from clients	18.1	187,606	40,386,763
Sales tax - net		4,998,803	3,775,421
Others	18.2	135,592	191,548
		5,322,001	44,353,732
18.1 Receivable from clients			
Considered good		187,606	40,386,763
Considered doubtful		28,953,437	28,953,437
Less: Allowance for expected credit losses	18.1.1	28,953,437	28,953,437
		-	-
		187,606	40,386,763
18.1.1 Allowance for expected credit losses			
Opening balance		28,953,437	28,953,437
Charge for the year		-	-
Closing balance		28,953,437	28,953,437
18.2 Others			
Considered good		135,592	191,548
Considered doubtful		5,742,979	5,742,979
Less: Allowance for expected credit losses	18.2.1	5,742,979	5,742,979
		-	-
		135,592	191,548
18.2.1 Allowance for expected credit losses			
Opening balance		5,742,979	5,742,979
Charge for the year		-	-
Closing balance		5,742,979	5,742,979

	Note	2022 Rupees	2021 Rupees
19. TAX REFUNDS DUE FROM THE GOVERNMENT			
Opening balance		113,045,918	124,148,444
Payments made during the year		2,724,769	4,593,855
Advance tax written off	36	(57,222,698)	-
Adjustment against provision for taxation	28	-	(15,696,381)
		58,547,989	113,045,918
20. CASH AND BANK BALANCES			
Cash in hand		199,224	214,415
Cash with banks			
Current accounts with			
- State Bank of Pakistan		189,508	130,809
- Others		36,560,453	21,555,396
		36,749,961	21,686,205
Saving and deposit accounts	20.1	79,374,636	16,377,486
		116,323,821	38,278,106

20.1 Rate of return on saving accounts range from 6.50% to 12.25% (2021: 5.50% to 6.50%) per annum where as on term deposit receipts (TDR's) profit rate ranges from 6.60% to 12.75% (2021: 6.51% to 6.60%) per annum.

20.2 The above figures of cash and bank balances reconcile to the amount of cash and cash equivalents shown in the statement of cash flows at the end of the financial year.

20.3 Reconciliation of liabilities arising from financing activities

				Rupees
	As at 30 June 2021	Non-cash changes	Cash Flows	As at 30 June 2022
Lease liabilities	69,889,257	4,504,903	(8,388,975)	66,005,185
	69,889,257	4,504,903	(8,388,975)	66,005,185

21. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2022 No. of shares	2021 No. of shares		2022 Rupees	2021 Rupees
	133,500,000	133,500,000	Ordinary shares of Rs. 10 each fully paid in cash	1,335,000,000	1,335,000,000
	2,100,000	2,100,000	Ordinary shares of Rs. 10 each allotted as bonus shares	21,000,000	21,000,000
	135,600,000	135,600,000		1,356,000,000	1,356,000,000

21.1 All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

	Note	2022 Rupees	2021 Rupees
22. CAPITAL RESERVES			
Statutory reserve	22.1	158,496,746	158,496,746
(Loss) / gain on revaluation of investments	7	87,500	(95,000)
		158,584,246	158,401,746

22.1 This represents special reserve created in compliance with Regulation 16 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). for Non-Banking Finance Companies issued by the Securities and Exchange Commission of Pakistan (SECP).

	Note	2022 Rupees	2021 Rupees
23. REVALUATION SURPLUS ON PROPERTY AND EQUIPMENT			
Opening balance		27,823,737	25,348,323
Surplus arising on revaluation during the year		-	3,742,830
Less: Incremental depreciation for the year		(1,391,187)	(1,267,416)
		26,432,550	27,823,737
Opening deferred tax liability		8,068,884	7,351,014
Add: Deferred tax liability on surplus arising during the year		-	1,085,421
Less: Related deferred tax on incremental depreciation		(403,444)	(367,551)
		7,665,440	8,068,884
		18,767,110	19,754,853

23.1 The revaluation surplus represents net cumulative increase in the carrying amount as a result of revaluation of property and equipment carried at revalued amount.

23.2 The surplus on revaluation of property and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

	Note	2022 Rupees	2021 Rupees
24. LONG TERM CERTIFICATES OF DEPOSIT			
Others - unsecured			
- Individuals		-	21,250,000
- Others		-	20,000,000
		-	41,250,000
Less: current portion	26	-	41,250,000
		-	-

	Note	2022 Rupees	2021 Rupees
25. LEASE LIABILITIES			
Lease liabilities	25.1	66,005,185	69,889,257
Less: Current portion	26	5,541,208	4,162,499
		60,463,977	65,726,758

25.1 Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Note	2022 Rupees	2021 Rupees
Opening balance		69,889,257	64,207,279
Interest on finance lease	35	4,597,230	5,799,956
Adjustment relating to remeasurement of lease liability	5.2	(92,327)	7,344,672
Payments		(8,388,975)	(7,462,650)
Closing balance		66,005,185	69,889,257

	Rupees		
	2022		
	Lease payments	Finance cost	Present value of lease liability
Not later than one year	9,384,057	3,842,849	5,541,208
Later than one year and not later than five years	57,635,890	14,184,684	43,451,206
Later than five years and above	21,781,626	4,768,855	17,012,771
	88,801,573	22,796,388	66,005,185

	Rupees		
	2021		
	Lease payments	Finance cost	Present value of lease liability
Not later than one year	8,737,415	4,574,916	4,162,499
Later than one year and not later than five years	55,439,833	15,187,891	40,251,942
Later than five years and above	29,811,174	4,336,358	25,474,816
	93,988,422	24,099,165	69,889,257

25.1.1 These represent lease liabilities against the rental agreement of Company branches. As a result the Company, as a lessee, has recognized right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

25.2 Summary of amounts relating to leases charged in different line items of the financial statements is as follows:

	Included in	Note	2022 Rupees	2021 Rupees
Carrying amount of ROU assets	Property and equipment	5.2	51,331,311	59,695,011
Expense relating to short-term leases	Administrative expenses		11,347,600	561,330
Depreciation charge	Administrative expenses	34	8,271,373	7,140,576
Interest expense	Finance cost	35	4,597,230	5,799,956
26. CURRENT PORTION OF NON-CURRENT LIABILITIES				
Long term certificates of deposit		24	-	41,250,000
Lease liabilities		25	5,541,208	4,162,499
Long term security deposits		26.1	2,165,985	2,165,985
			7,707,193	47,578,484

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

	Note	2022 Rupees	2021 Rupees
27. TRADE AND OTHER PAYABLES			
Customers' credit balances		4,447,550	4,447,550
Certificate of depositors - deceased, untraceable and others	27.1	77,423,404	36,647,272
Accrued expenses and other payables		41,585,809	58,228,440
Payable to employees provident fund		1,480	424,644
		123,458,243	99,747,906

27.1 These certificates of deposit remained unpaid mainly due to non-submission of succession certificates (by legal heirs of depositors), lien created by Bahria Town and other legal issues.

	Note	2022 Rupees	2021 Rupees
28. PROVISION FOR TAXATION			
Opening balance		1,647,553	15,696,381
Add: Current tax charge for the year	37	972,299	1,647,553
Less: Adjusted with advance tax	19	-	(15,696,381)
		2,619,852	1,647,553

29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

- a) The Company has filed references before Honorable Lahore High Court on March 5, 2011 for Tax Year 2003 to 2006 on various matters against the consolidated order of the Appellate Tribunal Inland Revenue, Lahore. These are pending for adjudication and the Company expects a favorable outcome in this regard. Therefore, no provision has been made in these financial statements.
- b) For tax year 2009, tax department finalized an order U/S 161/205 of the Income Tax Ordinance, 2001. The Company filed an appeal against the said order in CIR(A) who has directed the assessing officer to look into the matter again. The case is pending for adjudication and the Company expects a favorable outcome in this regard. Therefore, no provision has been made in these financial statements.
- c) For tax year 2015, tax department finalized an order U/S 161/205 of the Income Tax Ordinance, 2001. As a result thereof, order dated June 22, 2021 was issued by creating tax demand of Rs. 16.08 million. The Company being aggrieved by the order filed an appeal before CIR(A) on June 22, 2021 which is pending for adjudication and the Company expects a favorable outcome in this regard. Therefore, no provision has been made in these financial statements.
- d) Tax department has filed references against the Company before Honorable Lahore High Court on April 22, 2016 for the Tax Years 2004, 2005 and 2006. The references are pending for adjudication and the Company expects a favorable outcome in this regard. Therefore, no provision has been made in these financial statements.
- e) Tax department has filed reference against the Company before Honorable Lahore High Court on September 12, 2012 for the Tax Year 2008. The reference is pending adjudication and the Company expects a favorable outcome in this regard. Therefore, no provision has been made in these financial statements.
- f) Sindh Revenue board has initiated the proceedings by issuing notice u/s 52(1) of the Sindh Sales tax on Services Act, 2011 for the scrutiny of Sindh sales tax returns and records for tax years 2012, 2013 and 2014 on January 22, 2018 and February 12, 2018, which was duly complied by the Company on February 7, 2018 and March 9, 2018 and subsequently no further notice was received nor any order was passed in this regard. The Company expects no unfavorable outcome in this regard. Therefore, no provision has been made in these financial statements.
- g) For tax year 2015, income tax return has been amended by Assistant / Deputy Commissioner (A/ DCIR) vide order dated January 31, 2019 u/s 122(5) by creating a tax demand of Rs. 2.78 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals), who vide Order No. 53 dated June 26, 2019 quashed the demand but confirmed the additions of certain expenditures. The Company has filed an appeal before Appellate Tribunal Inland Revenue on August 29, 2019 against the aforesaid additions and same is pending for adjudication. The Company expects favorable outcome in this regard. Therefore, no provision has been made in these financial statements.
- h) The Company filed a recovery suit on November 8, 1999 against M/s Faran Maize Industries (Private) Limited in the Honorable Banking Court No. VII, Lahore which was decreed in favor of the Company for a decree amount of Rs. 15.43 million. However, M/s Faran Maize Industries (Private) Limited has filed objections on auction schedule which is pending for arguments.
- i) Securities and Exchange Commission of Pakistan (SECP) curtailed the deposit taking permission to the Company to raise deposits from individuals, sole proprietors, provident/gratuity funds, trusts, charitable institutions and Section 42 companies. A Constitutional Writ Petition No. 12675/2020 is filed on February 19, 2020 by the Company before the Honorable Lahore High Court, Lahore against

the order of SECP. The matter is pending before High Court for adjudication. The Company does not expect unfavorable outcome in this regard. Therefore, no provision has been made in these financial statements.

- j) Notices u/s 170(4) of the income tax ordinance have been issued in respect of tax year 2020 and 2021 to verify the authenticity of refund claims amounting to Rs. 10.13 million and Rs. 3.16 million respectively. The company is in the process of compliance of the same. The Company does not expect any unfavorable outcome in this regard. Therefore, no provision has been made in these financial statements.

	2022 Rupees	2021 Rupees
29.2 Commitments		
ERP implementation	4,071,174	4,071,174
House finance customer	-	4,200,000
	4,071,174	8,271,174
30. PROFIT ON FINANCING		
Long term	25,611,170	44,740,031
Short term	25,599,288	28,802,049
	51,210,458	73,542,080
31. RETURN ON INVESTMENTS		
Amortized cost		
- Treasury bills	5,733,858	4,321,284
Fair value through profit or loss		
- Mutual funds	2,078,229	1,601,004
Fair value through other comprehensive income		
- Term finance certificates	2,797,792	8,345,941
	10,609,879	14,268,229
32. INCOME FROM FEE AND COMMISSION		
Documentation Charges		
- House Finance	48,761	569,120
- Microfinance	4,079,800	3,990,200
	4,128,561	4,559,320

32.1 This represents processing income received from house finance and micro finance customers.

	Note	2022 Rupees	2021 Rupees
33. OTHER INCOME			
Income from financial assets			
Late payment charges		186,875	661,893
Broken period income		72,300	211,135
Early payment / termination charges		1,313,700	3,312,748
Miscellaneous income		4,596,948	349,226
Reversal of general provision on microfinance portfolio	8.4 & 14.2	-	6,301
Waiver of interest payable by outgoing sponsors		-	5,642,620
		6,169,823	10,183,923
Income from non - financial assets			
Rental income		385,145	328,750
Gain on sale of fixed assets		3,079,655	-
Long outstanding liabilities written back		15,213,797	-
		18,678,597	328,750
		24,848,420	10,512,673
34. ADMINISTRATIVE EXPENSES			
Salaries, allowance and other benefits	34.1	79,867,552	87,332,035
Directors' meeting fee and others		4,000,000	3,600,000
Staff training and welfare		7,500	1,581,054
Advertisement and business promotion		87,000	327,820
Rent, rates and taxes		11,591,849	970,626
Utilities		6,137,949	5,967,190
Communication charges		4,208,167	4,759,775
Travelling and vehicle maintenance		3,873,351	4,489,565
Repairs and maintenance		3,904,789	3,815,878
Entertainment		955,041	1,035,858
Fees and subscriptions		3,365,413	1,756,929
Legal and professional charges		16,144,815	18,515,505
Auditors' remuneration	34.2	2,413,270	1,950,270
Printing and stationery		1,934,173	1,768,423
Insurance	34.3	3,292,903	4,187,252
Depreciation on property and equipment	5.1.2	14,010,363	16,397,087
Depreciation on right of use assets	5.2	8,271,373	7,140,576
Amortization on intangible assets	6.1	899,643	1,349,396
		164,965,151	166,945,239

34.1 This includes contribution to provident fund amounting to Rs. 2.383 million (2021: Rs. 2.236 million) made by the Company in the approved provident fund trust.

	Note	2022 Rupees	2021 Rupees
34.2 Auditors' remuneration			
Statutory audit fee		1,334,000	1,334,000
Half year review		378,270	378,270
Special purpose audit fee		550,000	-
Certification fee		-	87,000
Out of pocket expenses		151,000	151,000
		2,413,270	1,950,270

34.3 This includes insurance expense amounting to Rs. 0.107 million (2021: Rs. 0.121 million) for covering any losses that may be incurred as a result of employee's fraud or gross negligence in accordance with rule - 9 "Insurance Coverage "of NBFC (Establishment and Regulation) Rules, 2003.

	Note	2022 Rupees	2021 Rupees
35. FINANCE COST			
Interest on lease liability against right-of-use assets	25.1	4,597,230	5,799,956
Bank and other charges		132,533	465,424
		4,729,763	6,265,380

36. OTHER OPERATING EXPENSES			
General provision on microfinance portfolio	8.4 & 14.2	10,764	-
Loss on redemption of term finance certificate - reclassified to profit or loss		-	750,000
Corporate membership of PMEX written off	6.2	-	750,000
Advance tax written off	19	57,222,698	-
Fixed assets written off		3,086,308	-
Bad debt written off - micro finance		26,825	-
Allowance for expected credit losses	8.3 & 14.1	7,959,025	15,162,298
		68,305,620	16,662,298

37. TAXATION - NET			
Taxation			
- Current tax	28	972,299	1,647,553
- Deferred tax	11.1	60,583,982	2,403,709
		61,556,281	4,051,262

Income tax return has been filed to the income tax authorities up to and including tax year 2021 under the provisions of the Income Tax Ordinance, 2001.

Provision for taxation has been made in accordance with section 113 of the Income Tax Ordinance,

2001 (“the Ordinance”); therefore, there is no relation between aggregate tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.

	Note	2022 Rupees	2021 Rupees
38. LOSS PER SHARE - BASIC AND DILUTED			
Net loss for the year	Rupees	(196,421,920)	(81,481,856)
Weighted average number of ordinary shares	Number	135,600,000	135,600,000
Loss per share - basic and diluted	Rupees	(1.45)	(0.60)

Diluted loss per share has not been presented separately as the Company did not have any convertible instruments in issue at June 30, 2022 and June 30, 2021 which would have had any effect on the loss per share, had the option to convert been exercised.

39. SEGMENTAL ANALYSIS

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

39.1 Financing activities

House finance activities

House finance activities include providing long-term financing facilities to individuals (both salaried and self-employed) of house finance customers.

Micro finance activities

Micro finance activities include providing long-term and short-term financing facilities to poor individuals (both salaried and self-employed) and micro - enterprise customers.

Term and other finance activities

Term finance activities include providing long-term financing facilities to corporate entities and individuals. Other operations that do not fall into the above referred activities are reported under ‘Term and other finance activities’.

39.2 Investment activities

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

	For the year ended 30 June 2022				Rupees
	Financing activities			Investing activities	Total
	House finance activities	Micro finance activities	Term & other finance activities		
Profit on financing	24,121,925	27,088,533	-	-	51,210,458
Income from fee and commission	48,761	4,079,800	-	-	4,128,561
Return on investments	-	-	-	16,979,258	16,979,258
Other income	1,087,108	485,767	-	5,968,198	7,541,073
Total income of segment	25,257,794	31,654,100	-	22,947,456	79,859,350
Finance costs	40,820	4,629,303	-	59,640	4,729,763
Other expenses	602,523	10,480,399	-	-	11,082,922
Depreciation expense	3,145,481	2,938,314	-	-	6,083,795
Administrative expenses	54,247,260	97,005,086	-	7,629,010	158,881,356
Segment result	(32,778,290)	(83,399,002)	-	15,258,806	(100,918,486)

Rupees

For the year ended 30 June 2022						
Financing activities					Investing activities	Total
House finance activities	Micro finance activities	Term & other finance activities				
Other income - unallocated						23,275,545
Other expenses - unallocated						(57222698)
Loss before taxation						(134,865,639)
Capital expenditure	7,440,041	5,712,888	132,858	-		
Segment assets	139,348,536	167,952,733	2,165,985	83,252,100		392,719,354
Cash and bank balances						116,323,821
Unallocated assets						330,847,738
						839,890,913
Segment liabilities	2,650,712	69,479,673	2,165,985	983,356		75,279,726
Unallocated liabilities						121,355,193
Equity						643,255,994
						839,890,913

Rupees

For the year ended 30 June 2021						
Financing activities					Investing activities	Total
House finance activities	Micro finance activities	Term & other finance activities				
Profit on financing	27,325,003	46,217,077	-	-		73,542,080
Income from fee and commission	569,120	3,990,200	-	-		4,559,320
Return on investments	-	-	-	23,710,869		23,710,869
Other income	2,837,714	570,968	-	-		3,408,682
Total income of segment	30,731,837	50,778,245	-	23,710,869		105,220,951
Finance costs	175,930	5,903,280	-	186,170		6,265,380
Other expenses	602,523	14,559,775	-	1,500,000		16,662,298
Depreciation expense	3,811,774	3,987,747	-	-		7,799,521
Administrative expenses	58,820,883	92,616,176	-	7,708,659		159,145,718
Segment result	(32,679,273)	(66,288,733)	-	14,316,040		(84,651,966)
Other income - unallocated						7,221,372
Loss before taxation						(77,430,594)
Capital expenditure	3,067,313	3,330,683	-	-		
Segment assets	187,625,757	183,496,135	2,165,985	162,885,089		536,172,966
Cash and bank balances						38,278,106
Unallocated assets						482,130,696
						1,056,581,768
Segment liabilities	18,264,582	82,504,827	208,397	17,366,394		118,344,200
Unallocated liabilities						98,742,155
Equity						839,495,413
						1,056,581,768

All non-current assets of the Company are located in Pakistan.

40. TRANSACTIONS WITH RELATED PARTIES

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

Transactions during the year

Related party	Relationship	Nature of transaction	2022 Rupees	2021 Rupees
Bahria Town (Private) Limited	Holding Company	Purchase of fixed assets at fair value	3,472,326	-
		Sale of fixed assets at fair value	836,550	4,617,014
		Payment made for vehicle purchased	-	12,478,500
		Payment made on account of trade and other payable	3,443,233	1,085,850
		Certificate of deposit matured	-	10,000,000
		Security deposit against branches	-	10,000,000
		Rent expense	10,900,000	-
		Utilities and maintenance expense	3,431,022	3,579,638
		Escorts Capital Limited	Associated Company	Office premises purchased
Bahria Grand Hotel and Resort	Associated Company	Entertainment expense	33,538	108,947
		Entertainment expense paid	41,588	-
The Safari Club	Associated Company	Entertainment expense	6,000	7,000
Chief Executive Officer	Other related party	Sale of mobile	21,691	-
Chief Financial Officer	Other related party	Sale of vehicle	1,938,387	-
Employees Provident Fund	Other related party	Contribution for the year	2,416,106	2,236,279

Outstanding balance as at the year end

Bahria Town (Private) Limited	Holding Company	Trade and other payables	322,705	334,916
		Other receivable	836,550	-
		Security deposit against branches	10,627,674	25,000,000
Bahria Grand Hotel and Resort	Associated Company	Entertainment expense	-	8,050
Employees Provident Fund	Other related Party	Payable	1,490	424,644

Basis of relationship with the company

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

Company Name	Basis of Association	Aggregate percentage (%) of shareholding in the Company
Bahria Town (Private) Limited	Holding company	87.96%
Escorts Capital Limited	Common control	N/A
Bahria Grand Hotel and Resort	Common control	N/A
The Safari Club	Common control	N/A

41. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	Rupees				
	2022				
	Chief Executive Officer	Executive Director	Non - Executive Directors	Executives	Total
Managerial remuneration	3,665,453	170,776	-	2,115,000	5,951,229
House rent allowance	3,665,453	170,776	-	2,115,000	5,951,229
Medical allowance	814,545	37,950	-	470,000	1,322,495
Meeting fee	-	-	4,000,000	-	4,000,000
Fuel allowance	218,916	91,764	-	406,839	717,519
Utilities	35,000	8,000	-	56,000	99,000
Leave encashment	900,000	-	-	-	900,000
Retirement benefits	284,926	17,678	-	215,100	517,704
	9,584,293	496,944	4,000,000	5,377,939	19,459,176
Number of persons	1	1	5	1	8

	Rupees				
	2021				
	Chief Executive Officer	Executive Director	Non - Executive Directors	Executives	Total
Managerial remuneration	4,458,299	-	-	3,391,650	7,849,949
House rent allowance	4,458,299	-	-	3,391,650	7,849,949
Medical allowance	990,734	-	-	753,700	1,744,434
Meeting fee	-	-	3,600,000	-	3,600,000
Fuel allowance	293,506	-	-	636,964	930,470
Entertainment and others	59,938	-	-	-	59,938
Leave encashment	675,000	-	-	-	675,000
Retirement benefits	442,270	-	-	341,809	784,079
	11,378,046	-	3,600,000	8,515,773	23,493,819
Number of persons	1	-	6	3	10

41.1 Total number of directors of the Company including as on June 30, 2022 is 6 (2021: 7). No remuneration was paid to any non-executive director. Further, certain executives of the Company are provided with Company maintained cars.

41.2 An executive is defined as an employee, other than chief executive officer and directors, whose basic salary in a year exceeds Rs. 1.2 million of his basic salary.

42. MATURITIES OF ASSETS AND LIABILITIES

Rupees

Description	Upto one month	Within one year	More than one year and upto five year	Above five years	Non fixed maturities	Total
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As at 30 June 2022

ASSETS

Property and equipment	-	-	36,161,822	144,089,605	-	180,251,427
Intangible assets	-	-	4,908,808	12,000,000	-	16,908,808
Deferred tax asset - net	-	-	119,263,467	-	-	119,263,467
Net investment in lease finances	-	2,165,985	-	-	-	2,165,985
Investments	-	56,772,436	25,087,500	-	-	81,859,936
Finances	11,216,780	95,003,257	72,819,226	28,728,728	24,267,955	232,035,946
Advances	601,933	2,932,216	-	-	-	3,534,149
Deposits and prepayments	-	1,681,704	11,114,274	-	-	12,795,978
Interest accrued	-	10,881,406	-	-	-	10,881,406
Other receivables	-	5,322,001	-	-	-	5,322,001
Tax refunds due from the government	-	58,547,989	-	-	-	58,547,989
Cash and bank balances	116,323,821	-	-	-	-	116,323,821
	128,142,534	233,306,994	269,355,097	184,818,333	24,267,955	839,890,913

Rupees

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

Lease liabilities	388,397	5,152,811	43,451,206	17,012,771	-	66,005,185
Long term security deposits	-	2,165,985	-	-	-	2,165,985
Trade and other payables	-	123,458,243	-	-	-	123,458,243
Unclaimed dividend	-	2,385,654	-	-	-	2,385,654
Provision for taxation	-	2,619,852	-	-	-	2,619,852
	388,397	135,782,545	43,451,206	17,012,771	-	196,634,919
Net assets	127,754,137	97,524,449	225,903,891	167,805,562	24,267,955	643,255,994
Represented by:						
Share capital and reserves						624,488,884
Surplus on revaluation of property and equipment						18,767,110
						<u>643,255,994</u>

Rupees

Description	Upto one month	Within one year	More than one year and upto five year	Above five years	Non fixed maturities	Total
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As at 30 June 2021
ASSETS

Property and equipment	-	-	42,256,003	157,488,549	-	199,744,552
Intangible assets	-	-	5,808,453	12,000,000	-	17,808,453
Deferred tax asset	-	-	179,847,449	-	-	179,847,449
Net investment in lease finance	-	2,165,985	-	-	-	2,165,985
Investments	-	124,904,649	24,905,000	-	-	149,809,649
Finances	17,398,156	100,782,209	89,081,296	63,193,919	-	270,455,580
Advances	643,503	4,422,777	-	-	-	5,066,280
Prepayments	-	1,532,939	25,449,600	-	-	26,982,539
Interest accrued	-	9,023,525	-	-	-	9,023,525
Other receivables	-	44,353,732	-	-	-	44,353,732
Tax refunds due from the government	-	113,045,918	-	-	-	113,045,918
Cash and bank balances	38,278,106	-	-	-	-	38,278,106
	56,319,765	400,231,734	367,347,801	232,682,468	-	1,056,581,768

Rupees

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

Certificates of deposit	-	41,250,000	-	-	-	41,250,000
Long term security deposits	-	2,165,985	-	-	-	2,165,985
Lease liabilities	699,000	3,463,499	40,251,942	25,474,816	-	69,889,257
Trade and other payables	-	99,747,906	-	-	-	99,747,906
Unclaimed dividend	-	2,385,654	-	-	-	2,385,654
Provision for taxation	-	1,647,553	-	-	-	1,647,553
	699,000	150,660,597	40,251,942	25,474,816	-	217,086,355
Net assets	55,620,765	249,571,137	327,095,859	207,207,652	-	839,495,413

Represented by:

Share capital and reserves	819,740,560
Surplus on revaluation of property and equipment's	19,754,853
	<u>839,495,413</u>

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance department under policies approved by the senior management.

(a) 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 management attempts to control credit risk through monitoring credit exposures, limiting transactions with specific counterparties, and continuous assessing of the credit worthiness of counterparties.

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2022 Rupees	2021 Rupees
Long term investments	7	25,087,500	24,905,000
Long term finances	8	151,998,583	195,441,615
Short term investments	13	56,772,436	124,904,649
Short term finances	14	80,037,363	75,013,965
Interest receivable	17	10,881,406	9,023,525
Other receivables	18	5,322,001	44,353,732
Bank balances	20	116,124,597	38,063,691
		446,223,886	511,706,177

Credit quality of financial assets

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

Long term and short term finances

The Company's receivables comprise receivables from corporate and individual customers. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer such as repayment behavior, credit loss history and available securities etc. The management also considers other relevant factors that may influence the credit risk of its customer base, including the default risk associated with the customer. The Company manages its credit risk inter alia by setting out credit limit in relation to individual customers, by obtaining securities

against certain borrowers in shape of hypothecation of their assets and/or by providing impairment allowance against receivable balances.

The management reviewed the risk management policies and is of view that the Company with its diversified segmentation is not exposed to concentration of credit risks.

Segment information

Class of business	Financing activities	
	2022 Percentage	2021 Percentage
Chemical and pharmaceuticals	6.17	6.87
Agribusiness	0.27	4.19
Education	10.43	8.85
Petroleum & Oil fields	1.39	-
Health care	15.18	13.21
Trading	5.68	9.77
Apparel and clothing	2.84	1.79
Manufacturing	2.06	1.13
Services	6.02	7.51
Electronics and electrical appliances	2.39	9.48
Production and transmission of energy	3.40	2.89
Food	0.65	0.30
Individuals	7.35	6.81
Engineering and construction	5.15	9.05
Dairy product	13.78	3.82
Technology and communications	3.51	2.98
Real estate	0.18	0.15
Others	13.55	11.20
	100.00	100.00

Geographical segment

The Company has established an allowance for expected credit losses that represent its estimate of expected losses in respect of financing and lease rental receivables. Ageing of the financing and lease rental receivables of the Company outstanding as at year end is as follows:

	2022 Rupees	2021 Rupees
Not past due	264,759,518	263,028,853
Past due 0 - 90 days	5,466,765	12,004,361
Past due 91- 180 days	3,942,911	7,417,063
180 days to 1 year	8,055,715	3,278,780
More than 1 year	15,903,818	48,817,713
	298,128,727	334,546,770
Less: Allowance for expected credit losses	(63,926,796)	(61,925,205)
	234,201,931	272,621,565

The management believes that the unimpaired balances that are past dues are still collectable in full, based on historical payment behaviour. Further, certain receivables are secured by hypothecation / mortgage of assets which can be called upon if the counter party is in default under the terms of the agreement.

Collaterals held against term financing

Rupees

Description	2022				Net exposure
	Gross exposure	Collaterals			
		Mortgage	Hypothecation	Liquid collaterals	
Long term finances (Note 43.1.1)	192,245,125	439,085,574	31,181,655	-	(278,022,104)
Short term finances	103,188,830	-	33,748,262	-	69,440,568

43.1.1 It includes the properties valuing Rs. 28.551 million (2021: Rs. 34.551 million) that are on mortgage through transfer of property in name of 'Escorts Investment Bank Limited'.

Rupees

Description	2021				Net exposure
	Gross exposure	Collaterals			
		Mortgage	Hypothecation	Liquid collaterals	
Long term finances	234,300,035	485,456,679	40,980,093	-	(292,136,737)
Short term finances	97,551,963	-	15,429,000	-	82,122,963

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

Rating			2022	2021
Short term	Long term	Agency	Rupees	

Banks

United Bank Limited	A1+	AAA	JCR-VIS	6,752,609	1,319,237
Bank Alfalah Limited	A1+	AA+	PACRA	106,485,442	34,084,262
Sindh Bank Limited	A1	A+	JCR-VIS	2,634,430	2,470,308
MCB Bank Limited	A1+	AAA	PACRA	62,589	59,056
Bank Al-Habib Limited	A1+	AAA	PACRA	19	19
State Bank of Pakistan*				189,508	130,809
				116,124,597	38,063,691

* Credit rating is not available.

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

(b) Liquidity risk

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

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

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

	Rupees				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
June 30, 2022					
Long term certificates of deposit	-	-	-	-	-
Trade and other payables	123,052,340	123,052,340	123,052,340	-	-
Lease liabilities	66,005,185	85,251,007	9,759,057	58,479,639	17,012,311
	189,057,525	208,303,347	132,811,397	58,479,639	17,012,311
June 30, 2021					
Long term certificates of deposit	41,250,000	41,250,000	41,250,000	-	-
Trade and other payables	82,830,471	82,830,471	82,830,471	-	-
Lease liabilities	69,889,257	93,988,422	8,737,415	55,439,833	29,811,174
	193,969,728	218,068,893	132,817,886	55,439,833	29,811,174

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

(c) Market risk

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

(i) Interest rate risk

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

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	Note	2022 Rupees	2021 Rupees
Financial Assests			
Fixed rate instruments:			
Micro finance	8.1,8.2&14	104,746,922	114,772,922
Bank balances	20	79,374,636	16,377,486
Short term investments	13	50,000,000	15,000,000
		234,121,558	146,150,408
Financial liabilities			
Fixed rate instruments:			
Lease liabilities	25	66,005,185	69,889,257
		168,116,373	76,261,151
Financial assets			
Variable rate instruments:			
House finance	8.1&8.2	142,273,147	171,081,488
Long term investments	7	25,000,000	25,000,000
		167,273,147	196,081,488

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 10 percent in interest rates at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Profit	
	2022 Rupees	2021 Rupees
Increase of 10%		
Variable rate instruments	16,727,315	19,608,149
Decrease of 10%		
Variable rate instruments	(16,727,315)	(19,608,149)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Company at the year end.

(ii) Equity price risk

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

(iii) Currency risk

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

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

(iv) Other price risk

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

43.2 Financial instruments by categories

				Rupees	
	Note	At fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
Financial assets as at June 30, 2022					
Long term investments	7	-	-	25,087,500	25,087,500
Long term finances	8	-	151,998,583	-	151,998,583
Short term investments	13	7,159,929	49,612,507	-	56,772,436
Short term finances	14	-	80,037,363	-	80,037,363
Interest receivable	17	-	10,881,406	-	10,881,406
Other receivables	18	-	5,322,001	-	5,322,001
Cash and bank balances	20	-	116,323,821	-	116,323,821
		7,159,929	414,175,681	25,087,500	446,423,110
Financial assets as at June 30, 2021					
Long term investments	7	-	-	24,905,000	24,905,000
Long term finances	8	-	195,441,615	-	195,441,615
Short term investments	13	110,031,326	14,873,323	-	124,904,649
Short term finances	14	-	75,013,965	-	75,013,965
Interest receivable	17	-	9,023,525	-	9,023,525
Other receivables	18	-	44,353,732	-	44,353,732
Cash and bank balances	20	-	38,278,106	-	38,278,106
		110,031,326	376,984,266	24,905,000	511,920,592
Financial liabilities at amortized cost					
	Note			2022 Rupees	2021 Rupees
Lease liabilities	25			66,005,185	69,889,257
Long term certificates of deposit	24			-	41,250,000
Trade and other payables	27			123,052,340	82,830,471
				189,057,525	193,969,728

44. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

In line with the norms, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current and excluding sponsors' loans) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt. As at the reporting date, the gearing ratio of the Company was worked out as under:

	2022 Rupees	2021 Rupees
Debt	145,594,574	77,897,272
Cash and bank balances	116,323,821	38,278,106
Net debt	29,270,753	39,619,166
Total equity	624,488,884	819,740,560
Total capital employed	653,759,637	859,359,726
Gearing ratio (%)	4.48%	4.61%

45. PROVIDENT FUND

	2022 Rupees (Un-audited)	2021 Rupees (Audited)
The following information is based on the latest (unaudited) financial statements of the Trust:		
Size of the fund - total assets	5,394,213	9,018,961

All investments out of provident fund have been made in the collective investment schemes, listed equity and listed debt securities in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

46. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received so sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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

46.1 Recognized Fair Value Measurements - Financial Assets

(i) Fair value hierarchy

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

Rupees				
As at 30 June 2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Long term investments	25,087,500	-	-	25,087,500
Short term investments	7,159,929	-	-	7,159,929
Total financial assets	32,247,429	-	-	32,247,429

Rupees				
As at 30 June 2021	Level 1	Level 2	Level 3	Total
Financial Assets				
Long term investments	24,905,000	-	-	24,905,000
Short term investments	110,031,326	-	-	110,031,326
Total financial assets	134,936,326	-	-	134,936,326

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

There were no transfers amongst the levels during the year.

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

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

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

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

46.2 Recognized Fair Value Measurements - Non-Financial Assets

Fair value hierarchy

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

Rupees				
As at 30 June 2022	Level 1	Level 2	Level 3	Total
Property and equipment:				
Office premises	-	75,833,014	-	75,833,014

Rupees				
As at 30 June 2021	Level 1	Level 2	Level 3	Total
Property and equipment:				
Office premises	-	79,824,225	-	79,824,225

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

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

Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for the items of property and equipment carried at revalued amounts every five years. The management updates the assessment of the fair value of each item of property and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold office premises is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same freehold office premises. The significant inputs included the existing use of building on an open market basis, comparisons between recent transactions in the real estate marketplace, current value of similar premises, size, location and frontage of the premises. A slight increase in the depreciation factor would result in a significant decrease in the fair values of buildings and leasehold improvements, and a slight increase in the estimated construction costs would result in a significant increase in the fair value of the buildings and vice versa. There has been no change to the valuation technique during the year.

Valuation processes

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

Changes in fair values are analyzed by the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

47. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING
Rupees

Description	Note	2022		2021	
		Non - Shariah Arrangements	Shariah Arrangements	Non - Shariah Arrangements	Shariah Arrangements
FINANCIAL ASSETS					
Investments	7 & 13	81,859,936	-	149,809,649	-
Finances	8, 12 & 14	232,035,946	-	270,455,580	-
Interest receivable	17	10,881,406	-	9,023,525	-
Other receivables	18	5,322,001	-	44,353,732	-
Cash and bank balances	20	79,374,636	36,949,185	16,377,486	21,900,620
		409,473,925	36,949,185	490,019,972	21,900,620
FINANCIAL LIABILITIES					
Lease liabilities	26 & 25	66,005,185	-	69,889,257	-
Long term certificates of deposit	26 & 24	-	-	-	41,250,000
Trade and other payables	27	123,052,340	-	82,830,471	-
		189,057,525	-	152,719,728	41,250,000

Rupees

Description	Note	2022		2021	
		Carried under		Carried under	
		Non - Shariah Arrangements	Shariah Arrangements	Non - Shariah Arrangements	Shariah Arrangements
Sources of other income					
Profit on financing	30	51,210,458	-	73,542,080	-
Return on investments	31	10,609,879	-	14,268,229	-
Income from fee and commission	32	4,128,561	-	4,559,320	-
Profit on bank deposits		6,369,379	-	9,442,640	-
Other income	33	6,169,823	18,678,597	9,970,223	542,450
		78,488,100	18,678,597	111,782,492	542,450

47.1 Relationship with banks

Name of banks	Relationship	
	Non Islamic window operations	With Islamic window operations
United Bank Limited	✓	-
Bank Alfalah Limited	✓	-
Sindh Bank Limited	✓	-
MCB Bank Limited	✓	-
Bank Al-Habib Limited	✓	-
State Bank of Pakistan	✓	-

48. SUBSEQUENT EVENTS

There were no significant adjustable events subsequent to the reporting date except for those disclosed in note 1, which may require an adjustment to the financial statements or additional disclosure and have not already been disclosed in these financial statements.

49. NUMBER OF EMPLOYEES

	2022 Number	2021 Number
Number of employees as at June 30,	90	90
Average number of employees during the year	83	105

50. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue on September 22, 2022 by the Board of Directors of the Company. However, in purview of vacancy created in CEO office, Board has authorized two (02) Directors and Chief Financial Officer to sign the financial statements on behalf of the Board for the year ended 30 June, 2022.

51. GENERAL

The corresponding figures have been rearranged, wherever considered necessary for the purpose of comparison and better presentation the effect of which is not material.

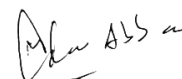
Nature	From	To	Amount Rupees
Cards and rooms	Cards and rooms (face of statement of financial position)	Intangible assets (face of statement of financial position)	12,000,000



Chairman



Chief Financial Officer



Director

PATTERN OF SHAREHOLDING

AS ON 30 JUNE 2022

No. of Shareholders	Shareholdings		Total Number of Shares Held	Percentage
	From	To		
138	1	100	3,502	0.00
152	101	500	66,654	0.05
144	501	1000	138,185	0.10
270	1001	5000	793,017	0.58
100	5001	10000	792,694	0.58
50	10001	15000	647,189	0.48
33	15001	20000	582,622	0.43
30	20001	25000	695,133	0.51
18	25001	30000	507,428	0.37
9	30001	35000	287,244	0.21
6	35001	40000	223,897	0.17
3	40001	45000	133,000	0.10
9	45001	50000	439,122	0.32
3	50001	55000	154,659	0.11
6	55001	60000	356,500	0.26
2	60001	65000	127,000	0.09
1	65001	70000	67,000	0.05
3	70001	75000	219,000	0.16
4	75001	80000	310,490	0.23
1	85001	90000	88,500	0.07
1	90001	95000	95,000	0.07
3	95001	100000	299,500	0.22
1	100001	105000	102,000	0.08
2	105001	110000	213,619	0.16
3	110001	115000	337,445	0.25
1	115001	120000	120,000	0.09
1	125001	130000	128,500	0.09
2	130001	135000	267,500	0.20
2	135001	140000	278,000	0.21
1	145001	150000	150,000	0.11
1	150001	155000	150,500	0.11
1	155001	160000	159,500	0.12
1	195001	200000	196,000	0.14
2	220001	225000	442,500	0.33
1	225001	230000	226,000	0.17
1	235001	240000	236,000	0.17
3	245001	250000	746,836	0.55
1	330001	335000	332,000	0.24
1	390001	395000	394,500	0.29
1	520001	525000	524,187	0.39
1	575001	580000	578,000	0.43
1	660001	665000	663,500	0.49
1	665001	670000	665,500	0.49
1	675001	680000	676,000	0.50
1	700001	705000	703,000	0.52
1	1000001	1005000	1,002,500	0.74
1	119275001	119280000	119,279,077	87.96
1,019			135,600,000	100.00

CATEGORIES OF SHAREHOLDERS AS ON JUNE 30, 2022

DETAILED CATEGORIES OF SHAREHOLDERS

CATEGORIES OF SHAREHOLDERS	SHARE HELD	PERCENTAGE
Directors, Chief Executive Officer, and their spouse and minor children		
1. Mr. Muhammad Mubashir Hussain (Independent Director)	500	0.0004
2. Mr. Muhammad Rasheed Alam & his Spouse	20	0.0000
3. Mr. Rashid Aziz (Independent Director)	500	0.0004
4. Khawaja Nadeem Abbas	0	0.0000
5. Syed Tahir Nawazish	0	0.0000
6. Ms. Zainab Malik	0	0.0000
	1,020	0.0007
Associated Companies, Undertaking and Related Parties		
1. Bahria Town (Pvt) Ltd.	119,279,077	87,9639
	119,279,077	87,9639
Banks, Development Financial Institutions, Non Banking Financial		
1. Escorts Investment Bank Ltd.	1,000	0.0007
2. Vitality Capital Llc	250,000	0.1844
	251,000	0.1851
Insurance Companies		
1. State Life Insurance Corp. Of Pakistan	77,490	0.0571
2. Progressive Insurance Company Ltd.	4,000	0.0029
	81,490	0.0601
Modarbas And Mutual Funds		
1. CDC - Trustee First Capital Mutual Fund	50,159	0.0370
	50,159	0.0370
General Public (Local)		
1. General Public (Local)	12,330,524	9.0933
	12,330,524	9.0933
Others		
1. Kronoswiss (Pvt) Ltd.	30,748	0.0227
2. Pakistan Industrial And Commercial Leasing Ltd.	1,500	0.0011
3. Crescent Standard Business Management (Pvt) Ltd.	1	0.0000
	32,249	0.0238

CATEGORIES OF SHAREHOLDERS	SHARE HELD	PERCENTAGE
Joint Stock Companies		
1. Mega Securities (Pvt) Ltd.	60	0.0000
2. Trust Securities & Brokerage Ltd. - Mf	2,500	0.0018
3. Salim Sozer Securities (Pvt) Ltd.	703,000	0.5184
4. Azee Securities (Pvt) Ltd.	210	0.0002
5. Asda Securities (Pvt) Ltd.	15,000	0.0111
6. Mra Securities Ltd. - Mf	31,000	0.0229
7. Sakarwala Capital Securities (Pvt) Ltd. - Mf	95,000	0.0701
8. N.u.a Securities (Pvt) Ltd.	50,000	0.0369
9. Mannoo Capital (Pvt) Ltd.	676,000	0.4985
10. Management And Educational Services (Pvt) Ltd.	578,000	0.4263
11. Oriental Securities (Pvt) Ltd.	15,374	0.0113
12. Rao Systems (Pvt) Ltd.	247,000	0.1822
13. Darson Securities Ltd.	150,500	0.1110
14. Shaffi Securities (Pvt) Ltd.	3,000	0.0022
15. Nh Securities (Pvt) Ltd.	5,000	0.0037
16. Uhf Consulting (Pvt) Ltd.	1,002,500	0.7393
	3,574,144	2.6358
Executives		
1. Hafiz Bilal Ahmad	307	0.0002
2. Mr. Kamran Chughtai	30	0.0000
	337	0.0002
Grand Total:	135,600,000	100.0000

CATEGORIES OF SHAREHOLDERS AS ON JUNE 30, 2022

SR. #	CATEGORIES	NO. OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1.	Directors, Chief Executive Officer, and their spouse and minor children	4	1,020	0.0007
2.	Associated Companies, Undertaking and Related Parties	1	119,279,077	87.9639
3.	Banks, Development Financial Institutions, Non Banking Financial	2	251,000	0.1851
4.	Insurance Companies	2	81,490	0.0601
5.	Modarbas And Mutual Funds	1	50,159	0.0370
6.	General Public (Local)	988	12,330,524	9.0933
7.	Others	3	32,249	0.0238
8.	Joint Stock Companies	16	3,574,144	2.6358
9.	Executives	2	337	0.0002
	TOTAL:	1,019	135,600,000	100.0000

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FORM OF PROXY

TWENTY SEVEN ANNUAL GENERAL MEETING

I/We, _____ of _____ CDC A/C NO. / FOLIO NO. _____ being a shareholder of Escorts Investment Bank Limited (The Company) do hereby appoint, Mr./Miss/Ms. _____ of _____ CDC A/C NO. / FOLIO NO. _____ and or failing him/her _____ of _____ who is are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/us at the Annual General Meeting of the Company to be held on October 22, 2022 (Saturday) at 9:30 A.M. at Hotel Luxus Grand, 4 – Egerton Road, opposite Aiwan-e-Iqbal, Lahore, and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of _____ 2022.

Signature: _____

Address: _____

CNIC: _____

No. of shares held: _____

Revenue Stamp
of Rs. 50/-

WITNESS

WITNESS

Signature: _____

Signature: _____

Address: _____

Address: _____

CNIC: _____

CNIC: _____

Note:

- a) This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at Ground Floor, 26 – Davis Road, Lahore not later than 48 hours before the time of holding the Annual General Meeting.
- b) Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- c) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- d) In case of corporate entity, the Board’s resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company.

Second Fold

Affix Revenue
Stamp

The Company Secretary,

ESCORTS INVESTMENT BANK LIMITED

Ground Floor 26-Davis Road,

Lahore.

First Fold

Third Fold and Tuck In

تشکیل نیابت داری (پراکسی فارم)

27 واں سالانہ اجلاس عام

میں / ہم _____ ساکن _____ بحیثیت _____
 اسکورٹس انوسٹمنٹ بینک لمیٹڈ رکن (ممبر) اور حامل ہیں _____ عام حصص کے مطابق درج شدہ فولیو نمبر _____ اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____
 اور ڈیلی کھاتہ نمبر _____ محترم / محترمہ _____ ساکن _____ یا بصورت _____
 دیگر محترم / محترمہ _____ ساکن _____ کو اپنی جگہ 22 اکتوبر 2022ء بروز ہفتہ دن 09:30 بجے ہول لکسس گریڈ 4 ایجنٹ روڈ لاہور میں منعقد ہو رہا ہے یا اس کے کسی ملٹوی شدہ اجلاس میں رائے دہندگی کے لیے اپنا نمائندہ مقرر کرنا / کرتی ہوں۔

مورخہ _____ دن _____ 2022

رپونینٹیکٹ 50 روپے
 والی چسپاں کریں

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

دستخط _____

نام _____

پتہ _____

شناختی کارڈ نمبر _____

شیرز کی تعداد _____

گواہ _____

(1) دستخط _____

نام _____

پتہ _____

شناختی کارڈ نمبر _____

(2) دستخط _____

نام _____

پتہ _____

شناختی کارڈ نمبر _____

ہدایات

- 1) یہ پراکسی فارم، مناسب طریقے سے مکمل شدہ، کمپنی کے رجسٹرڈ آفس گراؤنڈ فلور، 26-ڈیوس روڈ، لاہور میں سالانہ جنرل میٹنگ کے انعقاد کے وقت سے 48 گھنٹے پہلے موصول ہو جانا چاہیے۔
- ب) (حصص داران اور پراکسی دونوں کے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ لفٹ کرنا ضروری ہیں۔
- ج) پراکسی میٹنگ کے وقت اپنا اصل قومی شناختی کارڈ پیش کرے گا۔
- د) کارپوریٹ ادارے کی صورت میں، پراکسی فارم کے ساتھ بورڈ کی قرارداد / پاور آف اٹارنی بمعہ سیکسیمن دستخط کے کمپنی میں جمع کرنا ضروری ہے۔

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Affix Revenue
Stamp

The Company Secretary,

ESCORTS INVESTMENT BANK LIMITED

Ground Floor 26-Davis Road,

Lahore.

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www.escortsbank.net
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Follow Escorts Investment Bank Limited



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