



A n n u a l R e p o r t 2 0 2 0



Annual Report  
2020





# Table of Contents

Vision	01
Mission	02
Code of Conduct	03
Company Information	04
Board of Directors	05
Corporate Social Responsibility	09
Corporate Calendar 2020	11
Notice of 29 <sup>th</sup> Annual General Meeting	12
Financial Highlights	22
Financial Performance	23
Horizontal Analysis	25
Vertical Analysis	26
Chairman's Review	27
Directors' Report to the Shareholders	29
Statement of Compliance with the Code of Corporate Governance	50
Review Report to the Members on the Statement of Compliance	53
Auditors' Report to the Members	54
Unconsolidated Financial Statements	59
Auditors' Report to the Members on the Consolidated Financial Statements	106
Consolidated Financial Statements	111
Pattern of Shareholding	221
Form of Proxy	226

# Vision

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



# Mission

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

# Code of Conduct

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

1. Transparency in conducting business and appropriate public disclosures.
2. Fairness in conducting business while striving for highest returns.
3. Protecting and preserving clients' interests.
4. Adopting principle of good corporate citizenship and striving to fulfill corporate social responsibilities.
5. Financial statements should reflect fair view of business operation and should not conceal any fact.
6. Exhibit integrity, dignity and honesty in business conduct and upholding loyalty.
7. Endeavor to hire the best people, motivate them, reward them and encourage them to innovate. We are a meritocracy and an equal opportunity employer.
8. Professional communication and open environment where everyone has right to speak.
9. We value quality of work and employees' best contribution in achieving clients' and shareholder's financial goals.
10. Maintain highest level of confidentiality and privacy of data during and after employment at JSCL.
11. Avoid any business or professional activities or any beneficial interests that may result in a conflict with or be competitive with the interests of the Company.
12. Employees should not hold any position in other organization without prior approval.
13. Insider trading is strictly prohibited.
14. Avoid workplace harassment and report unethical practices immediately.
15. Treating employees equally and avoiding authority misuse.
16. Company's assets should be used effectively and proprietary information should be kept confidential.
17. Gifts and Bribery should neither be offered nor accepted except for nominal gifts with appropriate disclosure and permission.
18. Striving to provide healthy and secure environment and avoid wasting natural resources.



# Company Information

## Board of Directors

**Chief Justice (R) Mahboob Ahmed**  
Chairman - Non-Executive

**Suleman Lalani**  
Chief Executive Officer

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

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

**Muhammad Ali**  
Director - Non-Executive

**Hina Athar Khan**  
Director - Non-Executive

**Saud Ahmed Mirza**  
Director - Independent, Non-Executive

**Lt. Gen (R) Javed Mahmood Bukhari\***  
Director - Independent, Non-Executive

## Chief Financial Officer

Najmul Hoda Khan

## Company Secretary

Syed Ali Hasham

## Audit Committee

**Saud Ahmed Mirza**  
Chairman

**Ali Raza Siddiqui**  
Member

**Shahid Hussain Jatoi**  
Member

## Human Resource & Remuneration Committee

**Saud Ahmed Mirza**  
Chairman

**Chief Justice (R) Mahboob Ahmed**  
Member

**Suleman Lalani**  
Member

## Executive Committee

**Ali Raza Siddiqui**  
Chairman

**Shahid Hussain Jatoi**  
Member

**Suleman Lalani**  
Member

## External Auditors

**EY Ford Rhodes**  
Chartered Accountants

## Internal Auditors

**Grant Thornton Anjum Rahman**  
Chartered Accountants

## Legal Advisor

## Bawaney & Partners

## Share Registrar

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

## Registered Office

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

## Website

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

\* Appointed on December 22, 2020, in place of Mr. Hasib Navaid Malik.



# Board of Directors

## **Chief Justice (R) Mahboob Ahmed** Chairman (Non-Executive Director)

Chief Justice (R) Mahboob Ahmed was an eminent and well respected lawyer and practiced as an advocate of the High Court and the Supreme Court of Pakistan for over 20 years. He was the counsel to all statutory corporations, a number of Insurance Companies as well as large foreign and domestic companies. He graduated from the University of Punjab and completed his Bar in 1957. He then practiced at the Bar of Lahore High Court and the Supreme Court of Pakistan for 19 years and particularly deliberated on constitutional and commercial issues.

Mr. Mahboob Ahmed was then appointed as a Judge of the Lahore High Court in 1978 and became Chief Justice of the said Court in 1991. He was Chairman of the Provincial Election Authority of Punjab for eleven years and also Chairman of Insurance Reforms Commission of Pakistan. Mr. Mahboob Ahmed was Banking Judge of the Lahore High Court and the company Judge of spurious companies. The task force setup by Securities and Exchange Commission of Pakistan for framing Rules for establishment of Takaful Insurance Companies was also headed by him as its Chairman. He served as the Chief Justice of the Federal Shariat Court from 1997 to 2000. He also acted as Governor of Punjab province a number of times.

He is an active philanthropist and is President of the Muslim Education Conference, a Member of the Managing Committee of Gulab Devi Chest Hospital, a Member of Governing Body and Executive Committee of Liaquat National Hospital, Karachi, Ex-Chairman of the Board of Management Fatima Jinnah Medical College and Sir Ganga Ram Hospital, Lahore, Patron in Chief of Bu-Ali Seena Hospital, Lahore, Chairman Kulli Khan Waqf, an Educational Foundation for welfare of Industrial workers, a founding member of Heart Association of Lahore and the Pakistan Society for Cancer Control. He has also been the Chairman of the Pakistan Red Crescent Society. He is Vice Chairman of Al-Meezan Foundation (Judicial Foundation). He is also member Board of Governors of Nazria-e-Pakistan Trust and Chairman Pakistan Movement Workers Trust.

### **Other Directorships:**

1. East West Insurance Co. Ltd. (Chairman)

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

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

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

### **Other Directorships / Trusteeships:**

1. EFU General Insurance Limited
2. EFU Life Assurance Limited
3. Pakistan International Bulk Terminal Limited
4. JS Petroleum Limited
5. Mahvash & Jahangir Siddiqui Foundation
6. Fakhr-e-Imdad Foundation
7. Organization for Social Development Initiatives - Trustee
8. Manzil Pakistan - Trustee
9. EFU Services (Private) Limited
10. Knowledge Platform (Private) Limited



## **Mr. Suleman Lalani**

Chief Executive Officer

Mr. Suleman Lalani joined Jahangir Siddiqui & Co. Limited (“JSCL”) on March 1, 2012 as Chief Executive Officer. Prior to joining JSCL he was Executive Director Finance & Operations and Company Secretary of JS Investments Limited where he served as CFO and Company Secretary for seven years.

Mr. Lalani started his career with JSCL in 1992 where he worked for over eight years. In year 2000 he was promoted to the position of Chief Operating Officer of Jahangir Siddiqui Investment Bank Limited, a subsidiary of JSCL. In January 2002 he joined the First Micro Finance Bank Limited as its Chief Financial Officer and Company Secretary. Mr. Lalani is a Fellow member of the Institute of Chartered Accountants of Pakistan and has 25 years of experience in the financial services sector. He has also completed the Board Development Series Certificate Program conducted by the Pakistan Institute of Corporate Governance.

### **Other Directorships / Trusteeships:**

1. JS Investments Limited
2. Al-Abbas Sugar Mills Limited
3. Shahtaj Sugar Mills Limited
4. Future Trust

## **Muhammad Ali**

Director – Non-Executive

Mr. Ali has over 23 years of experience and expertise in Energy & Petrochemical Sectors; holding leading roles that oversaw development, construction, operations and management of mega-size projects. He is currently heading industrial portfolio of JS Group of companies where he looks after the group’s oil and gas, power generation, energy storage and handling businesses.

Previously he served as CEO of EngroVopak Terminal - Pakistan's largest bulk liquid chemical import terminal, CEO of EngroElengy Terminal - Pakistan's first LNG terminal and CEO of Engro Powergen Qadirpur Limited - a 220 MW gas-fired IPP. He also ran Engro's New Ventures division where he developed and operated an 84MW gas-fired IPP in Nigeria, developed and installed a 50MW Wind IPP in Pakistan, and ran the feasibility for a 450MW LNG to power plant.

Prior to his power generation work at Engro, he was the Manager of Strategic Planning, Contracts and Procurement at Engro Fertilizer where he was a key leadership team member that developed and brought into production a \$1.1 billion grassroots ammonia/urea plant, which at the time was the world's largest single train project of its kind.

He has been a board member of the Hub Power Company (1292 MW oil-fired IPP), Laraib Energy (84MW Hydro power IPP), Engro Powergen (developer and majority shareholder of Sindh Engro Coal Mining Company a Thar coal mining company), Engro Powergen Thar Ltd. (660MW coal IPP), GEL Nigeria (84MW Nigerian IPP) and Petroleum Institute of Pakistan.

He holds a Bachelor's degree in Electrical Engineering from University of Engineering Technology Lahore and graduated from the Advanced Management Program from INSEAD in France.

### **Other Directorships:**

1. HUB Power Company Limited
2. HUB Power Services Limited
3. HUBCO Narowal Energy Limited
4. Pakistan National Shipping Cooperation
5. JS Petroleum Limited
6. Hawa Energy Limited
7. Habibullah Coastal Power Company (Private) Limited
8. AzCorp Entertainment (Private) Limited
9. Nova Care (Private) Limited
10. Quality 1 Petroleum (Private) Limited - CEO

### **Shahid Hussain Jatoi**

Director – Non-Executive

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

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

#### **Other Directorships:**

1. Al-Abbas Sugar Mills Limited
2. Service Industries Limited
3. Shezan International Limited

### **Ms. Hina Athar Khan**

Director - Non-Executive

Ms. Hina is currently working as Head of Advisory Services at JS Bank Limited. She is a development and public sector consultant specializing in the delivery of government and international development projects.

Most recently, Ms. Khan was engaged as Project Manager for the European Union's flagship project - Promotion of Human Rights in Pakistan.

Before that, she had served in a consulting capacity at the Prime Minister's Office for three and a half years. In the aforesaid role, she was responsible to oversee the implementation of Prime Minister's priority initiatives including foreign investment and engagement with global organizations; specifically in the energy sector. She had also worked for DFID-UK's project on Transforming Education in Pakistan in the capacity of a Knowledge Management Specialist.

Ms. Hina holds a BSc. (Hons.) degree in Quantitative Economics and Mathematics from the University of Toronto and also has experience working in the IT sector with IBM Canada in the early years of her career.



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

Director – Independent, Non-Executive

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

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

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

**Mr. Saud Ahmed Mirza**

Director – Independent, Non-Executive

Mr. Saud Ahmed Mirza has served as Director General Federal Investigation Agency (FIA), Additional Inspector General CID, Capital City Police Officer (CCPO) Karachi, Deputy Inspector General (DIG) CID, DIG Traffic, DIG Training, DIG Headquarters, DIG Establishment, DIG and Senior Superintendent of Police (SSP) Hyderabad and SSP Central, Karachi. He was awarded Tamgha-e-Imtiaz in 2008 and Quaid-e-Azam Police Medal in 2012. Mr. Mirza joined the police on March 23, 1979 and retired on January 31, 2014.

Mr. Mirza completed his Intermediate from Government College Peshawar in 1971, and his Bachelor's degree from the same institution in 1975. He received his Masters in Public Administration from Punjab University and a second Masters degree in Police Studies from the University of Exeter in the United Kingdom.

# Corporate Social Responsibility

Jahangir Siddiqui & Co. Ltd. (JSCL) is a responsible corporate citizen and strives to promote Corporate Social Responsibility (CSR) initiatives that support economic growth, social progress and environmental protection in Pakistan.

JSCL carries out its philanthropic activities in partnership with Future Trust and Mahvash & Jahangir Siddiqui Foundation.

## FUTURE TRUST (FT)

Future Trust was established in 2015. The Trust aims to improve the quality of life of the people of Pakistan by harnessing technology and providing them quality services in the field of education, healthcare, vocational training, career guidance, emotional well-being, socio-economic development and an improved environment. Future Trust is duly certified by the Pakistan Centre for Philanthropy. A brief overview of philanthropic activities of Future Trust is presented below:

### Education

The Trust has provided financial support to the following institutions:

- 'JS Academy for the Deaf' for education of children with special needs.
- 'Acumen Fund Pakistan' that aimed at individuals who are steering social change initiatives from different regions, sectors and socio-economic backgrounds and are dedicated to addressing Pakistan's most critical social problems
- 'ASD Welfare Trust' for creating awareness about Autism and related neuro-disabilities for improving educational and economic outcomes for children with learning disabilities.
- 'Milestone Charitable Trust' for educational and development requirements of children with cognitive and behavioral disorders.
- Dost Foundation Pakistan' is operating (8) eight schools in Gilgit Baltistan, out of which (5) schools are providing completely free education.
- 'Anjuman Kashana-e-Atfal-o-Nauniha', serving the less fortune children of the country.
- 'Cadet College Hasan Abdal' for the construction of a Services Block and in the establishment of the Jahangir Siddiqui Career Counseling Center".
- 'Fakhr-e-Imdad Foundation' for creation of an Endowment Fund for pursuing the objectives of the Foundation on sustainable basis.
- 'Markaz-e-Umeed' for educational and development requirements of mentally challenged children.

### Medical

- Future Trust continued its support to 'The Indus Hospital' for providing diagnostic and health services to underprivileged population through Jahangir Siddiqui Hospital, Sehwan.
- Future Trust supported Future Labs for establishment of laboratory for testing of COVID-19 as well as other ailments. The lab provides free of cost and subsidized testing facility.
- Future Trust supports 'Uro Gynae Clinic' for treatment of patients with urological and gynaecological disorders.



- The Trust played an active role during COVID-19 pandemic by supporting various philanthropic organizations i.e., Sindh Institute of Urology and Transplantation (SIUT) and The Patient's Behbud Society for Agha Khan University Hospital (AKUH). The Trust also provided funding support to H.E.J. Research Institute of Chemistry, University of Karachi.
- Future Trust in collaboration with MJFSF, conducted medical camps in various districts of Tharparkar, Sindh and District Nowshera, Khyber Pakhtunkhwa where free diagnosis and medicines were provided to the patients.
- Future Trust also provided support to deserving individuals for their medical treatment.

#### **Vocational and career guidance**

- 'Karigar Training Institute' for providing technical education to the deserving students to enable them to earn livelihood.

#### **Community services**

- Future Trust distributed ration bags for the victims of heavy rain fall in deprived areas of District Dadu, Thatta, and Badin as well as in drought hit areas of District Tharparkar and Umerkot.
- Future Trust has also played its role during COVID-19 pandemic by distribution of ration bags, Personal Protection Equipment(s) (PPEs) and face mask in underprivileged areas of the country.

#### **General**

- Future Trust provided financial support to various needy families for their livelihood.

#### **MAHVASH & JAHANGIR SIDDIQUI FOUNDATION (MJFSF)**

Mahvash & Jahangir Siddiqui Foundation (MJFSF) was founded in 2003. The Foundation was established to address poverty through sustainable development in the area of healthcare, education, social enterprises and disaster relief. In achieving its mission, the Foundation initiated projects and programs at its own and at times partners with nationally and internationally acknowledged organizations and has outreach across Pakistan.

Following is an overview of MJFSF's activities:

#### **Education**

- MJFSF has created a unique redeemable endowment fund for Sukkur Institute of Business Administration.
- MJFSF has also provided Qarz-e-Hasna facility to various deserving students for higher studies.

#### **Healthcare**

- MJFSF has established 'Jahangir Siddiqui Hospital' at Sehwan Sharif, Sindh which provides medical facilities to the population living in the nearby areas along with a large number of visitors due to a famous shrine in the area. MJFSF has signed an agreement with Indus Hospital, for operation and maintenance of the Hospital.
- MJFSF also provided support to deserving individuals for their medical treatment.

# Corporate Calendar 2020

Meetings	Date
Human Resource and Remuneration Committee Meeting	March 12, 2020
Audit Committee Meeting and Board of Directors' Meeting to consider accounts of the Company for the year ended December 31, 2019	March 12, 2020
28th Annual General Meeting	May 28, 2020
Audit Committee Meeting and Board of Directors' Meeting to consider accounts of the Company for the quarter ended March 31, 2020	May 28, 2020
Audit Committee Meeting and Board of Directors Meeting to consider accounts of the Company for the half year ended June 30, 2020	August 27, 2020
Human Resource and Remuneration Committee Meeting	October 28, 2020
Audit Committee Meeting and Board of Directors' Meeting to consider consolidated accounts of the Company for the nine months period ended September 30, 2020	October 28, 2020
Corporate Briefing Session	December 29, 2020
Board of Directors' Meeting	December 30, 2020



# Notice of 29<sup>th</sup> Annual General Meeting

Notice is hereby given that the 29th Annual General Meeting (the "AGM") of the Members of Jahangir Siddiqui & Co. Ltd. (the "Company") will be held through "webinar" arrangements via video link through Zoom at Karachi on Wednesday, April 28, 2021, at 11:00 a.m., to transact the following businesses:

## Ordinary Business

1. To receive, consider and adopt the audited unconsolidated and consolidated financial statements of the Company for the year ended December 31, 2020 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.
2. To appoint Company's Auditors and fix their remuneration for the year ending December 2021. The retiring auditors, Messrs. EY Ford Rhodes, Chartered Accountants, have completed their term of five years and are, thereby, not eligible for re-appointment. The members are hereby notified that the Audit Committee and the Board of Directors have recommended the appointment of Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, who being eligible have offered themselves for appointment.

## Special Business

To consider, and if deemed appropriate, to pass the following resolutions as Special Resolutions, with or without modifications (or with or without any amendments as may be eventually directed by the SECP) for issuance of 183,188,477 (One Hundred and Eighty Three Million, One Hundred and Eighty Eight Thousand, Four Hundred and Seventy Seven) listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares of PKR 10/- each, of the aggregate subscription amount of PKR 1,831,884,770 (Rupees One Billion Eight Hundred Thirty One Million Eight Hundred Eighty Four Thousand, Seven Hundred Seventy Only) be offered to the existing Shareholders of the Company by way of rights (i.e. 20% rights issue) at par value.

**RESOLVED THAT** in order to meet the working capital requirements of the Company and to pay-off long term debt as well as to meet the funding requirements for making strategic investments and subject to the obtention of approval of the Securities & Exchange Commission of Pakistan ("SECP"), 183,188,477 (One Hundred and Eighty Three Million, One Hundred and Eighty Eight Thousand, Four Hundred and Seventy Seven) listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares of PKR 10/- each, of the aggregate subscription amount of PKR 1,831,884,770 (Rupees One Billion Eight Hundred Thirty One Million Eight Hundred Eighty Four Thousand, Seven Hundred Seventy Only) be offered to the existing Shareholders of the Company by way of rights (i.e. 20% rights issue) at par value of PKR 10/- per share, in proportion to their respective shareholdings in the ratio of **2:10** i.e. 2 Preference Shares for every 10 Ordinary Shares held by the Shareholders in accordance with the provisions of Sections 58 and 83 of the Companies Act, 2017, and the Companies (Further Issue of Shares) Regulations, 2020 (as may be amended or replaced), with the following rights, privileges and conditions:-

### I. Rights, Privileges and Conditions attached to Preference Shares

1. Preference Share shall carry entitlement to a fixed cumulative preferential cash dividend out of the normal profits of the Company @ 6% (six per cent) per annum, in priority over dividends declared by the Company on Ordinary Shares. No compensation shall be available to the Preferred Shareholders other than the agreed return i.e. 6% per annum.

If cash dividend is not paid in any year, due to loss or inadequate profits, then such unpaid cash dividend will accumulate and will be paid in the subsequent year(s) subject to the approval of the Board of Directors of the Company.

There will be no change/revision in the rate of preference dividend in case of accumulation. Further, at the time of conversion/redemption of the Preference Shares, the accumulated dividend (if any) will also be redeemed.



2. Preference Shares shall **not** carry entitlements of the ordinary dividends, right shares or bonus shares, as may be announced by the Company from time to time or to any right to participate in the profits of the Company in any manner or to any other rights available to the Ordinary Shareholders whatsoever.
3. Preference Shares shall be listed on the Pakistan Stock Exchange, and hence, shall be tradable and transferable in the same manner, as provided for Ordinary Shares of the Company, subject to any restriction contained in the Company's Articles of Association or Companies Act, 2017, or any other law for the time being in force.
4. Preferred Shareholders shall not have any voting power and shall not be entitled to receive notices of or right to attend general meetings of the Company and/or to vote at such meetings, except on matters affecting their substantive rights, as provided under the law.
5. Preference Shares shall be listed, redeemable, cumulative, non-voting, non-participatory as well as being convertible into Ordinary Shares of the Company.
6. Preferred Shareholders shall, on winding-up of the Company, have the first right before the Ordinary Shareholders over the assets of the company limited to the extent of the nominal value of the shares held by Preferred Shareholders plus dividend unpaid till the commencement of the winding up proceedings.

## **II. Offer of Preference Shares and Payment of Subscription Money**

For subscription of Preference Shares, the existing shareholders shall be issued Letters of Offers stating the number of shares offered and the time within which period the offer may be accepted and payment of subscription money be made in cash, and if not accepted within the stipulated period, the same shall be deemed to have been declined, as stipulated under Section 83(1)(a)(ii) of the Companies Act, 2017.

## **III. Purpose, Utilization of the Proceeds, Benefits & Risks of the Preference Share Issue**

1. The purpose of the Preference Share issue is to raise financing for the Company to enable it to make strategic investments and meet working capital requirements as well as to pay off long term debts taken by the Company.
2. The proceeds from the right issue will primarily be utilized for making strategic investments as well as to meet redemption of term finance certificates / long term loans issued by the Company and for strengthening of working capital.
3. The Preference Share issue will be highly beneficial for the Company, as reduction in long-term loans will reduce the debt/equity ratio for the Company as well as help improve the overall liquidity of the Company, contribute to reducing its gearing, assist in improving its credit rating that will resultantly reduce its future borrowing costs. Moreover, strategic investments might help generate profitability for the Company, adding to overall value for the shareholders.
4. No risk factors for the preference shareholders are involved since the Preference Shares are redeemable, cumulative and are also convertible into Ordinary Shares.
5. There are no additional investment risks beyond investing in equity securities as the right issue is being offered at par value of PKR 10/- per preference share. However, normal risks associated with the business would remain.



#### IV. Underwriting of Preference Shares

The Preference Shares shall be firmly underwritten by underwriters to be appointed by the Company, who shall not be associated companies or associated undertakings of the Company. The sponsors and directors of the Company will be required to commit to subscribe their entire entitlement of 69.82% and 0.08%, respectively, of the Preference Shares issue, consequent to which the Company shall ensure that only the balance portion of 30.10% of the Preference Share issue is firmly underwritten as required under Regulation 3(1)(vi) of the Companies (Further Issue of Shares) Regulations, 2020.

#### V. Unsubscribed Preference Shares

In case any Preference Shares offered are not subscribed by any existing shareholder(s), the same shall be taken up by the underwriters or subscribed by subscribers procured by the underwriters on the same terms and conditions.

#### VI. Tenor and Conversion of Preference Shares

1. The maximum tenor of Preference Shares shall be six and a half (6.5) years from the date of issue.
2. Class "A" Preference Shares shall be redeemable or convertible into Ordinary Shares only at the option of the Company on June 30 or December 31 of any calendar year prior to December 31, 2027.
3. The Company may exercise the option to convert Class "A" Preference Shares into ordinary shares of PKR 10/- each of the Company on June 30 or December 31 of any calendar year prior to December 31, 2027 (the "**Conversion Option**"), subject to fulfillment of all legal and corporate formalities.
4. The Conversion shall take place in proportion of 80 Ordinary Share of PKR 10/- each for every 100 Class "A" Preference Shares ("**Conversion Ratio**"). All outstanding Class "A" Preference Shares not redeemed by December 31, 2027 shall be converted into Ordinary Shares.
5. Upon the exercise of its Conversion Option, the Company shall issue a Conversion Notice to each Class "A" Preference Shareholder with a book closure for such conversion in such manner as the Board of Directors shall specify at the appropriate time within which period the Preference Shares shall be cancelled in CDC Investor Account/CDC Sub-Account/CDC House Account (as the case may be) of the Preferred Shareholders against which the Company shall credit the Ordinary Shares of the Company, as computed in accordance with the Conversion Ratio. The Conversion Notice shall also be issued in two newspapers circulating in Karachi.
6. Each holder of Class "A" Preference Shares whose name is registered in the books of the Company as Preference Shareholder (at the time of conversion option being exercised by the Company) shall be issued 80 (Eighty) fully paid-up Ordinary Shares of the Company for every 100 (One Hundred) Class "A" Preference Shares held by him/her/it i.e. in the ratio of 80:100.
7. Such Ordinary shares shall be allotted and issued within a further period of thirty (30) days from the date of the completion of the book closure to be mentioned in the Conversion Notice. Such Ordinary Shares shall rank pari passu in all respects with the other Ordinary Shares of the Company then already issued, existing, and allotted by the Company.
8. On commencement of book closure period for conversion, the Class "A" Preference Shares shall cease to be transferable.

## VII. Redemption of Preference Shares

1. Upon the exercise of its Redemption Option, the Company shall issue a Redemption Notice to each Preference Shareholder of at least thirty (30) days, calling upon the Preference Shareholders to surrender Class "A" Preference Shares and notify any change in his/her/its address. Against such surrender, the Company shall pay the Redemption Price of PKR 10/- per share in such manner as the Board of Directors may specify at the appropriate time following the procedure as specified below. The Redemption Notice shall also be issued in two newspapers circulating in Karachi.
2. Upon issuance of such Redemption Notice, as mentioned in para 1 above, the Company shall pay the Redemption Price of PKR 10/- per share to each Preference Shareholder in respect of Class "A" Preference Shares held by him/her/it by a crossed payees account cheque or a bank draft or a pay order or through bank transfer within a further period of thirty (30) days from the date of the completion of the book closure period to be announced by the Company after the issuance of the Redemption Notice. Upon such payment, Class "A" Preference Shares shall stand fully redeemed.
3. In case any Preference Shareholder fails to surrender his Class "A" Preference Shares pursuant to the Redemption Notice mentioned in para 1 above, the Company shall dispatch the cheque/bank drafts/pay order at his/her/its last known address recorded with the Company at his/her/its risk without any further obligation on part of the Company.
4. On commencement of book closure period for redemption, the Class "A" Preference Shares shall cease to be transferable.

## VIII. Treatment of Fractional Shares

1. Fractions Class "A" Preference Shares shall not be offered and all fractions less than a share shall be consolidated and disposed of by the Directors as and how they may deem appropriate in exercise of powers under Regulation 3(1)(ii) of Companies (Further Issue of Shares) Regulations, 2020 and the proceeds from such disposition shall be paid to such of the entitled shareholders as may have accepted this offer.
2. No fractional Ordinary Shares shall be issued upon Conversion; instead of fractional Ordinary Shares, the Company shall pay cash to the Preferred Shareholders in respect of their fractional interest.

**RESOLVED FURTHER THAT** after the approval from the shareholders vide the Special Resolution, a formal application be submitted to the SECP for approval as to the issuance of the Preference Shares by way of rights on the terms and conditions mentioned above as envisaged under Regulation 6(iv) of the Companies (Further Issue of Shares) Regulations, 2020, and for permission to issue Ordinary Shares against conversion of the said Preference Shares on the Conversion Date.

**RESOLVED FURTHER THAT** all formalities pertaining to listing of the Preference Shares as prescribed by the Pakistan Stock Exchange (PSX) and issuance of the Preference Shares in book entry form (as prescribed by Central Depository Company of Pakistan Limited (CDC)) be fulfilled.

**RESOLVED FURTHER THAT** after receiving the permission from SECP and fulfillment of all other corporate and regulatory formalities, including the requirements of the PSX, Letter of Rights (in the form and substance required as per The Companies (Further Issue of Shares) Regulations, 2020) be issued to the existing shareholders (who may be entitled as per the closed period which will be announced for this purpose after receiving the permission from SECP) to allow them to subscribe the offered Preference Shares by way of rights in proportion to their existing shareholding in the Company i.e. at the ratio of 2 Preference Shares per 10 Ordinary Shares held by them, which Letter of Rights shall be signed by Mr. Shahid Hussain Jatoi and Mr. Suleman Lalani, being director and Chief Executive Officer of the Company, respectively, as required under Section 83(2) of the Companies Act, 2017.



**RESOLVED FURTHER THAT** any two of the Chief Executive Officer, Company Secretary or Chief Financial Officer be, and are hereby jointly and severally authorized to fulfill all legal, corporate and procedural formalities in connection with the above, including dissemination of material information to PSX, issuance of the Notice of AGM, determining the closed period for ascertaining the entitlement to the said preference share issue (after receiving the permission from SECP) and personal and written representations to SECP, PSX, CDC whenever required for achieving the above purposes as well as to open and operate bank accounts for the purposes of right subscriptions and to transfer the proceeds from the said accounts to the other bank accounts operated by the Company, appoint legal adviser, underwriters, Bankers to the Issue and to finalize all terms of the underwriting arrangement.

**RESOLVED FURTHER THAT** any two of the Chief Executive Officer, Company Secretary or Chief Financial Officer be, and are hereby further jointly and severally authorized to sign and submit appropriate applications to the SECP for permissions to issue Preference Shares, and for conversion of the Preference Shares onto Ordinary Shares at the Conversion Ratio on the Conversion Date.

(Attached to this Notice is a Statement of Material Facts covering the above-mentioned special business, as required under Section 134(3) of the Companies Act, 2017).

By Order of the Board

**Syed Ali Hasham**  
Company Secretary

Karachi: April 06, 2021

#### **NOTES**

- (i) The Company has placed the notice of general meeting and the Audited Financial Statements along with Chairman's Review Report, Directors and Auditors Reports for the year ended December 31, 2020, on its website: [www.js.com](http://www.js.com).
- (ii) The Share Transfer Books of the Company shall remain closed from April 21, 2021 to April 28, 2021 (both days inclusive) for determining the entitlement of shareholders for attending and voting at the meeting.
- (iii) Physical transfers and deposit requests under Central Depository System received at the close of business on April 20, 2021 by the Company's Registrar i.e. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., main Shahrah-e-Faisal, Karachi will be treated as being in time for the purpose of attending and voting at the meeting.
- (iv) A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company. Form of proxy (as per the Articles of Association of the Company) is enclosed.
- (v) Form of proxy, in order to be valid must be properly filled-in/executed and received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
- (vi) Pursuant to the Companies (Postal Ballot) Regulations 2018, subject to the requirements of sections 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.
- (vii) Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular No. 1 of 2000:

**A. For Attending the Meeting**

- a. In view of the threats posed by and precautions to be taken against spread of the evolving COVID-19 pandemic, the Securities & Exchange Commission of Pakistan (SECP) through its Circular No. 5 of 2020 dated March 17, 2020, Circular No. 25 of 2020 dated August 31, 2020 and Circular No. 33 of 2020 dated November 05, 2020 have advised the Companies to modify their planning for conducting annual general meetings with a view to protect the well-being of their shareholders. Further, SECP vide its Circular No. 6 of 2021 dated March 3, 2021 has clarified that the listed companies which are facing difficulties in holding general meeting physically, may opt to hold such meeting through electronic mode. Considering the above referred regulatory permissibility, the Company intends to convene this AGM electronically through Webinar at the designated venue mentioned above, to ensure participation by member(s) in view of the COVID-19 situation.
- b. The Members are requested to attend and participate in the 29th AGM of Company through video link arrangement for which purpose, they are requested to complete identification and verification formalities i.e. to provide their **(Names, CNICs scanned (both sides), folio number, cell phone numbers)** and **(email addresses on or before April 26, 2021)** at the following email: [shareholder@js.com](mailto:shareholder@js.com). The video link of meeting will be sent to the members on their email addresses.
- c. The members can also provide their comments / suggestions for discussion on the agenda items of the AGM through following means:

Whatsapp	SMS	EMAIL
+92 307 3277163	+92 307 3277163	shareholder@js.com

- d. In case of corporate entity, scanned copies of the Board of Directors' resolution/power of attorney with duly verified copy of valid CNIC and specimen signature of the representative shall be sent to the Company before the meeting.
- e. The Company is following the best practices and complying with the instructions of the Government and SECP to ensure protective measures are in place for well-being of its Members.

**B. For Appointing Proxies**

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
  - b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
  - c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
  - d. The proxy shall produce his original CNIC or original passport as may be applicable at the time of the meeting.
  - e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
- (viii) Shareholders are requested to notify immediately of any change in their address to the Company's Registrar.



## **IMPORTANT NOTICES TO SHAREHOLDERS**

### **Computerized National Identity Card (CNIC) of Shareholders (Mandatory)**

Shareholders are requested to provide if not already provided, copy of their valid CNIC to the Company's Independent Share Registrar at the address given herein below. A legible scanned copy of the same can also be forwarded at [cnic@js.com](mailto:cnic@js.com) along with folio number and updated address for correspondence.

### **Mandate for e-Dividend**

Under Section 242 of the Companies Act, 2017, (the "Act"), the listed companies are required to pay cash dividend only through electronic mode. The members are requested to provide duly filled in and signed e-dividend form available at:

<http://www.js.com/index.php/investors/shareholders-information>.

### **Electronic Transmission of Financial Statements and Notices**

Pursuant to Section 223(7) of the Act, the Company is allowed to send financial statements and reports to its members electronically. In this regard, members are hereby requested to convey their respective information on the Form which is available at the Company website i.e. at the following link to ensure compliance with the above referred provision.

<http://www.js.com/index.php/investors/shareholders-information>

Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Further, it is the responsibility of the member(s) to timely update the Share Registrar of any change in his (her/its/their) registered email address at the address of Company's Share Registrar mentioned at the end of the notice.

### **Unclaimed Dividend/Shares**

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

### **Deposit of Physical Shares into CDC Account**

The shareholders having physical shareholding may open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into script-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange. Further, Section 72 of the Act states that after the commencement of the Act from a date notified by SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act.

### **Address of Share Registrar of the Company:**

CDC Share Registrar Services Limited  
CDC House, 99 - B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi-74400.  
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)  
Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

## Statement under section 134(3) of the Companies Act, 2017

This statement sets out the material facts pertaining to the Special Business of issuance of listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares to be transacted at the Annual General Meeting of the Company to be held on April 28, 2021.

### Issuance of Preference Shares

Jahangir Siddiqui & Co. Ltd. has a tremendous track record, being one of the most prestigious companies having investments in the financial services sector that also makes long term investments in rapidly growing companies identified with growth potential in Pakistan.

The Company requires funding for making strategic investments, to pay off its long-term debts and for strengthening of working capital. The proceeds from the preference shares (to be issued by way of rights to existing shareholders of the Company) will primarily be utilized for making strategic investments as well as to meet redemption of term finance certificates / long term loans issued by the Company and for strengthening of working capital.

Hence, approval is sought from the shareholders for raising capital through the issuance of 183,188,477 Class "A" Preference Shares of PKR 10/- each of the aggregate subscription amount of PKR 1,831,884,770/- which will be offered to the existing shareholders by way of rights in proportion to their respective shareholdings in accordance with the provisions of the Companies (Further Issue of Shares) Regulations, 2020.

The quantum of the Right Issue is 20% of the existing paid-up capital of the Company i.e. 2 Class "A" Preference Shares for every 10 Ordinary Shares held by the Shareholders of the Company.

The Preference Share issue would hold many benefits for the Company, as it would help the Company repay its TFCs and long terms loans, thereby reducing the overall debt/equity ratio. Secondly, the TFCs and long-term loans carry a higher rate of mark-up/profit than what is going to be payable as preferred dividends to the preference shareholders (which is 6% on a cumulative basis). Secondly, it would help the Company manage its working capital requirements as well. The gearing will be reduced and liquidity position of the Company shall also be greatly enhanced. Furthermore, the strategic investments which the Company shall make from the proceeds of the preference share issuance may also generate positive revenue for the Company in terms of dividends/profits, which shall add to the overall value for the shareholders of the Company.

The salient terms and conditions of the Preference Shares proposed to be issued are as follows:

### Nature of Preference Shares:

Listed, redeemable, non-voting, non-participatory, cumulative and convertible.

### Justification for Issue of Preference Shares and not Ordinary Shares:

The Preference Shares will be issued at PAR value of PKR 10/- per share and will carry a fixed dividend @ 6% per annum which will be an incentive to the Shareholders. This will ensure maximum subscription of right issue.

### Price at which Preference Shares will be issued:

The Preference Shares will be issued at PAR value of PKR 10/- per share. At present, there are no outstanding issued preference shares.

### Redemption of Preference Shares:

Class "A" Preference Shares may be redeemed at the option of the Company on June 30 or December 31 of any calendar year prior to December 31, 2027 at par (the Redemption Option).



### Conversion:

The conversion of the Preference Shares shall take place in proportion of Eighty (80) Ordinary Shares of the face value of PKR 10/- each will be issued for every Hundred (100) A Class PS of the face value of PKR 10/-.

Only the Company shall have an option to convert 100% Preference Shares into Ordinary Shares on June 30 or December 31 of any calendar year prior to 31 December 2027.

100% of the Preference Shares will be converted into Ordinary Shares of the Company as per the conversion ratio given above if the Preference Shares not redeemed prior to December 31, 2027. Additionally, the conversion option can be exercised by the Company prior to December 31, 2027.

### Paid up Capital:

Paid up capital of the Company after the proposed issue of Preference Shares will be as under:

	No. of Shares	Amount in PKR
<b>Paid up Share Capital</b>		
Ordinary Shares - Current	915,942,388	9,159,423,880
Preference Right Issue - Proposed	183,188,477	1,831,884,770
<b>Paid up Share Capital After proposed Preference Right Issue</b>	<b>1,099,130,865</b>	<b>10,991,308,650</b>

### Listing of Preference Shares:

The Preference Shares will be listed on the Pakistan Stock Exchange.

### Purpose, Utilization and benefits:

**Purpose:** The Company requires funding for making strategic investments, to pay off its long-term debts and for strengthening of working capital.

**Utilization:** The proceeds from the right issue will primarily be utilized for making strategic investments as well as to meet redemption of term finance certificates / long term loans issued by the Company and for strengthening of working capital.

**Benefits:** The proceeds of the issue will improve the liquidity of the Company, contribute to reducing its gearing, assist in improving its credit rating that will thereby reduce its future borrowing costs.

### Dividend on Preference Shares:

“A” Class PS shall carry a fixed cash dividend at 6% p.a. No other compensation will be payable to the Preference Shareholders other than the fixed dividend of 6% p.a.

If cash dividend is not paid in any year, due to loss or inadequate profits, then such unpaid cash dividend will accumulate and will be paid in the subsequent year(s) subject to the approval of the Board of Directors of the Company.

There will be no change/revision in the rate of preference dividend in case of accumulation. Further, at the time of conversion/redemption accumulated dividend will be also be redeemed.



The full terms and conditions of the proposed Preference Shares to be issued by way of rights are enunciated in the text of Special Resolution being proposed to the shareholders, in the Notice of AGM.

No prejudice shall be caused to any existing shareholder and/or creditor of the Company. On the contrary, the issuance of Preference Shares will be in the best interest of the shareholders as the capital raised will provide the Company with opportunities for future expansion and diversification as well as give the ability to make further strategic investments in lucrative projects. No right or interest of any member (or class of members) shall be jeopardized or negatively impacted as a consequence of the proposed issuance of preference shares by the Company.

The Directors, including the Chief Executive Officer of the Company have no personal interest in the issue of Preference Shares whether directly or indirectly except to the extent of their and their spouse shareholdings held by them in the Company and entitlement to Preference Shares.

The number of shares held by the Directors, their spouses and the Executives in the Company are as follows:

Directors and their Spouse(s)	No. of Shares Held
Chief Justice (R) Mahboob Ahmed	378,926
Mr. Ali Raza Siddiqui	16,496
Ms. Hina Athar Khan	1
Lt. Gen. (R) Javed Mahmood Bukhari	500
Mr. Muhammad Ali	1,000
Mr. Saud Ahmed Mirza	120
Mr. Shahid Hussain Jatoi	1,000
Mr. Suleman Lalani (Chief Executive Officer)	359,315
Ms. Naseem Mahboob	282,878
Ms. Ambreen Jatoi	90,000
Executives	No. of Shares Held
Mr. Najmul Hoda Khan	10
Syed Ali Hasham	1



# Financial Highlights

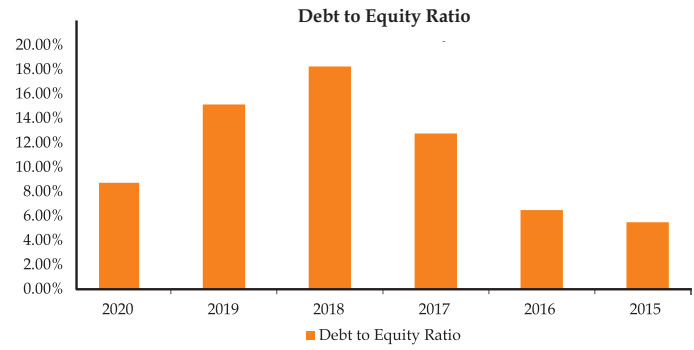
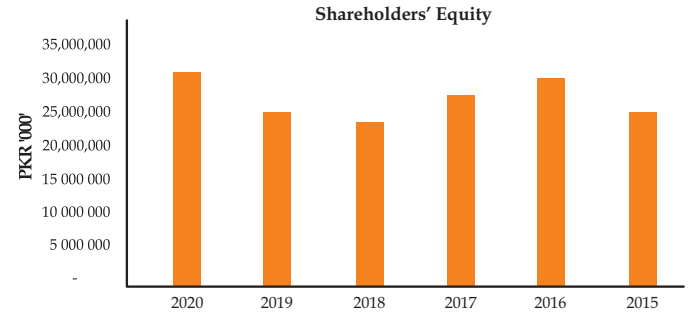
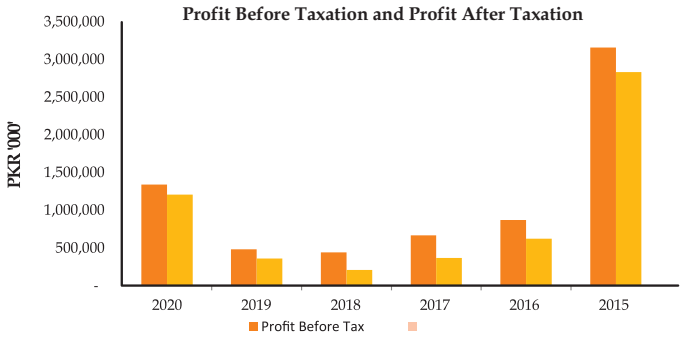
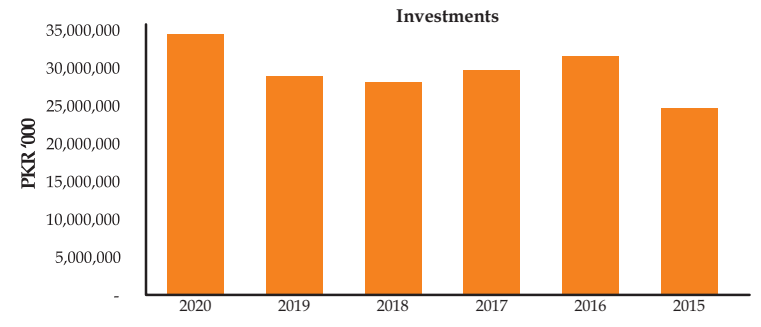
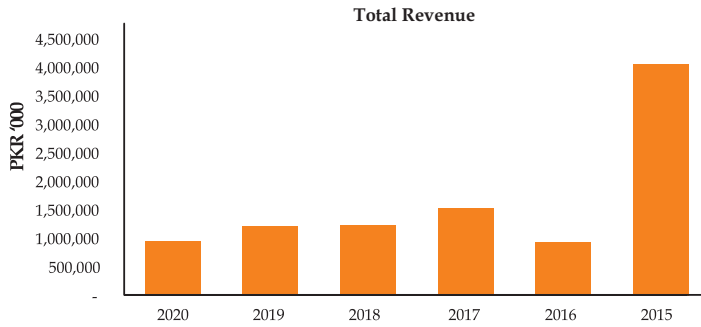
(Based on Unconsolidated Financial Statements)

	(Rupees in '000)					
	2020	2019	2018	2017	2016	2015
<b>Operating Results</b>						
Total revenue	956,560	1,220,281	1,245,647	1,532,838	946,225	4,064,879
Operating and administrative expenses	215,687	210,590	225,603	232,106	265,291	241,790
Finance cost	454,756	577,100	394,729	222,357	144,682	165,065
Provision for Sindh Workers' Welfare Fund	27,353	9,837	9,005	13,607	17,750	64,376
(Reversal of) / provision for impairment	(1,081,536)	(59,269)	175,072	398,012	(351,238)	439,226
Profit before tax and impairment losses	258,764	422,754	616,310	1,064,768	518,502	3,593,648
Profit before tax from continuing operations	1,340,300	482,023	441,238	666,756	869,740	3,154,422
Profit after tax from continuing operations	1,205,007	359,810	206,865	365,554	622,041	2,830,974
<b>Financial Position</b>						
<b>Share Capital</b>						
- Ordinary Shares	9,159,424	9,159,424	9,159,424	9,159,424	9,159,424	9,159,424
Reserves	22,245,198	15,868,851	14,635,087	18,360,984	20,895,106	16,142,424
Outstanding Ordinary Shares (in '000')	915,942	915,942	915,942	915,942	915,942	915,942
<b>Liabilities</b>						
Financings	2,737,726	3,788,448	4,343,614	3,508,603	1,945,264	1,387,421
Current Liabilities (excluding current portion of financing)	428,079	498,116	577,280	363,253	401,426	332,450
<b>Assets</b>						
Property and equipment	235,239	259,532	88,192	6,284	5,346	7,520
Investments	27,613,822	25,641,462	25,077,952	26,688,789	27,320,985	22,325,276
Other non-current assets	9,347	9,608	30,307	5,535	3,823	4,542
Current Assets	7,126,515	3,536,245	3,518,954	4,714,043	5,233,188	4,684,381
<b>Cash Flows</b>						
Net cash flows from operating activities	885,950	997,179	(1,865,392)	(853,940)	(1,821,657)	175,086
Net cash flows from investing activities	(13,787)	(26,743)	(83,567)	(1,593)	(453)	(2,655)
Net cash flows from financing activities	(1,073,442)	(589,441)	817,536	1,552,833	551,634	1,692,946
Changes in cash and cash equivalents	(201,279)	380,995	(1,131,423)	697,300	(1,270,476)	1,865,377
Cash and cash equivalents - year end	475,775	677,054	296,059	1,427,482	730,182	2,000,658

# Financial Performance

(Based on Unconsolidated Financial Statements)

		2020	2019	2018	2017	2016	2015
<b>PROFITABILITY</b>							
Gross Yield on Earning Assets	%	3	4	4	5	3	15
Cost / Income ratio	%	78	74	52	31	45	10
Return on Capital employed	%	5	3	2	2	3	12
<b>LIQUIDITY</b>							
Current Ratio		7.15	2.28	2.24	4.66	7.56	6.14
Quick / Acid test ratio		7.02	2.20	2.18	4.46	7.09	5.62
Cash to Current Liabilities		0.18	0.15	0.19	1.41	1.05	2.62
<b>INVESTMENT MARKET RATIOS</b>							
Basic and Diluted Earnings per Share (Rupees)		1.32	0.39	0.23	0.40	0.68	3.36
Price to Book ratio	%	86	36	50	53	71	71
Dividend Yield ratio	%	0	0	0	0	0	0
Dividend Payout ratio	%	0	0	0	0	0	0
Market value per share at the end of the year (Rupees)		32.68	11.44	15.55	18.05	25.39	20.94
<b>Average Market Price during the year</b>		17.01	10.49	17.25	23.21	21.42	21.20
<b>Average KSE 100 index during the year</b>		38,311	36,064	42,154	45,622	37,617	33,649
<b>CAPITAL STRUCTURE</b>							
Earning assets to total assets ratio	%	99	99	99	99	99	98
Break up Value per Share (Rupees)		34.29	27.33	25.98	30.05	32.81	27.62
Financial Leverage ratio	%	10	18	21	14	8	7
Weighted Average cost of Debt	%	14	14	10	8	9	13
Debt to Equity	%	9	15	18	13	6	5



# Horizontal Analysis

(Rupees in '000)

	Year Ended 2020 VS 2019		Year Ended 2019 VS 2018		Year Ended 2018 VS 2017		Year Ended 2017 VS 2016		Year Ended 2016 VS 2015		Year Ended 2015 VS 2014	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Non Current Assets</b>												
Property and equipment	235,239	(9.36)	259,532	194.28	88,192	1,303.43	6,284	17.55	5,346	(29)	7,520	13
Investment properties	1,420	(7.79)	1,540	(7.23)	1,660	(6.74)	1,780	(6.32)	1,900	(6)	2,020	(8)
Long term investments	27,613,822	7.69	25,641,462	2.25	25,077,952	(6.04)	26,688,789	(2.31)	27,320,985	22	22,325,276	0
Long term loan and advance	4,968	(2.76)	5,109	(80.06)	25,620	2,994.20	828	(26.01)	1,119	(36)	1,743	(30)
Long term security deposits	2,959	-	2,959	(2.25)	3,027	3.42	2,927	264.05	804	3	779	-
	27,858,408	7.52	25,910,602	2.83	25,196,451	(5.63)	26,700,608	(2.30)	27,330,154	22	22,337,338	0
<b>Current Assets</b>												
Loans and advances	859	11.27	772	(98.83)	65,995	17.80	56,024	5,323.43	1,033	(5)	1,092	6
Prepayment, accrued mark up and other receivable	16,896	3.22	16,369	(14.04)	19,043	(58.02)	45,365	24.25	36,510	71	21,400	39
Short term investments	6,815,188	114.51	3,177,131	4.14	3,050,820	0.60	3,032,542	(27.45)	4,179,836	83	2,284,095	2,780
Taxation - net	113,842	3.93	109,533	25.85	87,037	(42.98)	152,630	(46.56)	285,627	(24)	377,136	6
Cash and bank balance	179,730	(22.68)	232,440	(21.49)	296,059	(79.26)	1,427,482	95.50	730,182	(64)	2,000,658	1,379
	7,126,515	101.53	3,536,245	0.49	3,518,954	(25.35)	4,714,043	(9.92)	5,233,188	12	4,684,381	697
<b>Total Assets</b>	<b>34,984,923</b>	<b>18.81</b>	<b>29,446,847</b>	<b>2.55</b>	<b>28,715,405</b>	<b>(8.59)</b>	<b>31,414,651</b>	<b>(3.53)</b>	<b>32,563,342</b>	<b>21</b>	<b>27,021,719</b>	<b>18</b>
<b>EQUITY AND LIABILITIES</b>												
<b>Share Capital and Reserves</b>												
Share Capital - ordinary Shares	9,159,424	-	9,159,424	-	9,159,424	-	9,159,424	-	9,159,424	-	9,159,424	20
Reserves	22,245,198	40.18	15,868,851	8.43	14,635,087	(20.29)	18,360,984	(12.13)	20,895,106	29	16,142,424	17
	31,404,622	25.48	25,028,275	5.19	23,794,511	(13.54)	27,520,408	(8.43)	30,054,530	19	25,301,848	18
<b>Non Current Liabilities</b>												
Long term financing	2,169,551	(20.78)	2,738,746	(18.31)	3,352,745	17.23	2,859,934	72.88	1,654,323	73	957,089	7
Lease liability	127,048	3.03	131,018	100.00	-	-	-	-	-	-	-	-
Deferred Tax Liability	287,448	100.00	990	100.00	-	(100.00)	22,387	(86.19)	162,122	100	-	-
	996,254	(35.63)	1,547,818	(1.30)	1,568,149	54.97	1,011,922	46.15	692,367	(9)	762,782	36
<b>Total Equity and Liabilities</b>	<b>34,984,923</b>	<b>18.81</b>	<b>29,446,847</b>	<b>2.55</b>	<b>28,715,405</b>	<b>(8.59)</b>	<b>31,414,651</b>	<b>(3.53)</b>	<b>32,563,342</b>	<b>21</b>	<b>27,021,719</b>	<b>18</b>
<b>PROFIT AND LOSS</b>												
<b>Income</b>												
Return on investments	815,911	(14.89)	958,703	(5.77)	1,017,452	(6.95)	1,093,479	50.70	725,579	15	628,412	79
Gain on sale of investments - net	430	(99.34)	64,881	15.56	56,147	(80.24)	284,120	266.43	77,537	(98)	3,247,084	3,211
Income from long term loans and funds placements	47,778	14.87	41,592	(64.12)	115,918	12.16	103,350	3.71	99,656	(31)	143,550	239
Commission & other (loss) / income	(23,017)	(126.12)	88,136	47.34	59,818	22.55	48,811	28.21	38,071	(17)	45,851	15
Gain / (loss) on remeasurement of investments at fair value through profit or loss - net	115,458	72.41	66,969	(1,915.86)	(3,688)	(219.82)	3,078	(42.81)	5,382	(30,000)	(18)	(83)
	956,560	(21.61)	1,220,281	(2.04)	1,245,647	(18.74)	1,532,838	62.00	946,225	(77)	4,064,879	665
<b>Expenditures</b>												
Operating and administrative expenses	215,687	2.42	210,590	(6.65)	225,603	(2.80)	232,106	(12.51)	265,291	10	241,790	96
Finance cost	454,756	(21.20)	577,100	46.20	394,729	77.52	222,357	53.69	144,682	(12)	165,065	(0)
Provision for Sindh Workers' Welfare Fund	27,353	178.06	9,837	9.24	9,005	(33.82)	13,607	(23.34)	17,750	(72)	64,376	1,286
(Reversal of) / provision for impairment against investment in subsidiaries, associate and joint venture - net	(1,081,536)	1,724.79	(59,269)	(133.85)	175,072	(56.01)	398,012	(213.32)	(351,238)	(180)	439,226	4,277
	(383,740)	(151.98)	738,258	(8.22)	804,409	(7.12)	866,082	1,032.36	76,485	(92)	910,457	200
<b>Profit before taxation</b>	<b>1,340,300</b>	<b>178.06</b>	<b>482,023</b>	<b>9.24</b>	<b>441,238</b>	<b>(33.82)</b>	<b>666,756</b>	<b>(23.34)</b>	<b>869,740</b>	<b>(72)</b>	<b>3,154,422</b>	<b>1,286</b>
<b>Taxation</b>												
Current	119,259	(10.82)	133,735	(37.02)	212,336	0.56	211,146	33.44	158,238	(51)	325,194	729
Deferred	10,025	-	-	-	-	-	-	-	-	-	-	-
Prior	6,009	(152.15)	(11,522)	(152.28)	22,037	(75.53)	90,056	0.67	89,461	5,024	(1,746)	(100)
	135,293	10.70	122,213	(47.86)	234,373	(22.19)	301,202	21.60	247,699	(23)	323,448	724
<b>Profit after tax</b>	<b>1,205,007</b>	<b>234.90</b>	<b>359,810</b>	<b>73.93</b>	<b>206,865</b>	<b>(43.41)</b>	<b>365,554</b>	<b>(41.23)</b>	<b>622,041</b>	<b>(78)</b>	<b>2,830,974</b>	<b>1,403</b>



# Vertical Analysis

(Rupees in '000)

	2020		2019		2018		2017		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Non Current Assets</b>												
Property and equipment	235,239	0.67	259,532	0.88	88,192	0.31	6,284	0.02	5,346	0.02	7,520	0.03
Investment properties	1,420	0.00	1,540	0.01	1,660	0.01	1,780	0.01	1,900	0.01	2,020	0.01
Long term investments	27,613,822	78.93	25,641,462	87.08	25,077,952	87.33	26,688,789	84.96	27,320,985	83.90	22,325,276	82.62
Long term loan and advance	4,968	0.01	5,109	0.02	25,620	0.09	828	0.00	1,119	0.00	1,743	0.01
Long term security deposits	2,959	0.01	2,959	0.01	3,027	0.01	2,927	0.01	804	0.00	779	0.00
	27,858,408	79.63	25,910,602	88	25,196,451	87.75	26,700,608	84.99	27,330,154	83.93	22,337,338	82.66
<b>Current Assets</b>												
Loans and advances	859	0.00	772	0.00	65,995	0.23	56,024	0.18	1,033	0.00	1,092	0.00
Prepayment, accrued mark up and other receivable	16,896	0.05	16,369	0.06	19,043	0.07	45,365	0.14	36,510	0.11	21,400	0.08
Short term investments	6,815,188	19.48	3,177,131	10.79	3,050,820	10.62	3,032,542	9.65	4,179,836	12.84	2,284,095	8.45
Taxation - net	113,842	0.33	109,533	0.37	87,037	0.30	152,630	0.49	285,627	0.88	377,136	1.40
Cash and bank balance	179,730	0.51	232,440	0.79	296,059	1.03	1,427,482	4.54	730,182	2.24	2,000,658	7.40
	7,126,515	20.37	3,536,245	12	3,518,954	12.25	4,714,043	15.01	5,233,188	16.07	4,684,381	17.34
<b>Total Assets</b>	<b>34,984,923</b>	<b>100.00</b>	<b>29,446,847</b>	<b>100.00</b>	<b>28,715,405</b>	<b>100.00</b>	<b>31,414,651</b>	<b>100.00</b>	<b>32,563,342</b>	<b>100.00</b>	<b>27,021,719</b>	<b>100.00</b>
<b>EQUITY AND LIABILITIES</b>												
<b>Share Capital and Reserves</b>												
Share Capital - ordinary Shares	9,159,424	26.18	9,159,424	31.10	9,159,424	31.90	9,159,424	29.16	9,159,424	28.13	9,159,424	33.90
Reserves	22,245,198	63.59	15,868,851	53.89	14,635,087	50.97	18,360,984	58.45	20,895,106	64.17	16,142,424	59.74
	31,404,622	89.77	25,028,275	84.99	23,794,511	82.86	27,520,408	87.60	30,054,530	92.30	25,301,848	93.64
<b>Non Current Liabilities</b>												
Long term financing	2,169,551	6.20	2,738,746	9.30	3,352,745	11.68	2,859,934	9.10	1,654,323	5.08	957,089	3.54
Lease liability	127,048	0.36	131,018	0.44	-	-	-	-	-	-	-	-
Deferred tax liability	287,448	0.82	990	0.00	-	-	22,387	0.07	162,122	0.50	-	-
	2,584,047	7.38	3,869,764	13.14	3,352,745	11.68	2,859,934	9.10	1,654,323	5.08	957,089	3.54
<b>Current Liabilities</b>												
Trade and other payable	325,144	0.93	294,788	1.00	450,749	1.57	289,498	0.92	374,579	1.15	295,812	1.09
Accrued interest / markup on borrowing	73,501	0.21	179,356	0.61	126,531	0.44	73,755	0.23	26,847	0.08	36,638	0.14
Current portion of long term financing	568,175	1.62	1,049,702	3.56	990,869	3.45	648,669	2.06	290,941	0.89	430,332	1.59
Current maturity of lease liability	29,434	0.08	23,972	0.08	-	-	-	-	-	-	-	-
	996,254	2.85	1,547,818	5.26	1,568,149	5.46	1,011,922	3.22	692,367	2.13	762,782	2.82
<b>Total Equity and Liabilities</b>	<b>34,984,923</b>	<b>100.00</b>	<b>29,446,847</b>	<b>100.00</b>	<b>28,715,405</b>	<b>100.00</b>	<b>31,414,651</b>	<b>100.00</b>	<b>32,563,342</b>	<b>100.00</b>	<b>27,021,719</b>	<b>100.00</b>
<b>PROFIT AND LOSS</b>												
<b>Income</b>												
Return on Investments	815,911	85.30	958,703	78.56	1,017,452	81.68	1,093,479	71.34	725,579	76.68	628,412	15.46
Gain on sale of investments	430	0.04	64,881	5.32	56,147	4.51	284,120	18.54	77,537	8.19	3,247,084	79.88
Income from long term loans and funds placements	47,778	4.99	41,592	3.41	115,918	9.31	103,350	6.74	99,656	10.53	143,550	3.53
Commission	-	-	-	-	-	-	-	-	-	-	1,440	0.04
Other (loss) / income	(23,017)	(2.41)	88,136	7.22	59,818	4.80	48,811	3.18	38,071	4.02	44,411	1.09
Gain / (loss) on remeasurement of investments at fair value through profit or loss - net	115,458	12.07	66,969	5.49	(3,688)	(0.30)	3,078	0.20	5,382	0.57	(18)	(0.00)
<b>Total Income</b>	<b>956,560</b>	<b>100.00</b>	<b>1,220,281</b>	<b>100.00</b>	<b>1,245,647</b>	<b>100.00</b>	<b>1,532,838</b>	<b>100.00</b>	<b>946,225</b>	<b>100.00</b>	<b>4,064,879</b>	<b>100.00</b>
<b>Expenditures</b>												
Operating and administrative expenses	215,687	22.55	210,590	17.26	225,603	18.11	232,106	15.14	265,291	28.04	241,790	5.95
Finance cost	454,756	47.54	577,100	47.29	394,729	31.69	222,357	14.51	144,682	15.29	165,065	4.06
Provision for Sindh Workers' Welfare Fund	27,353	2.86	9,837	0.81	9,005	0.72	13,607	0.89	17,750	1.88	64,376	1.58
(Reversal of) / provision for impairment against investment in subsidiaries	(1,081,536)	(113.07)	(59,269)	(4.86)	175,072	14.05	398,012	25.97	(351,238)	(37.12)	439,226	10.81
	(883,740)	(40.12)	738,258	60.50	804,409	64.58	866,082	56.50	76,485	8.08	910,457	22.40
<b>Profit before taxation</b>	<b>1,340,300</b>	<b>140.12</b>	<b>482,023</b>	<b>39.50</b>	<b>441,238</b>	<b>35.42</b>	<b>666,756</b>	<b>43.50</b>	<b>869,740</b>	<b>91.92</b>	<b>3,154,422</b>	<b>77.60</b>
<b>Taxation</b>												
Current	119,259	12.47	133,735	10.96	212,336	17.05	211,146	13.77	158,238	16.72	325,194	8.00
Prior	6,009	0.63	(11,522)	(0.94)	22,037	1.77	90,056	5.88	89,461	9.45	(1,746)	(0.04)
Deferred	10,025	1.05	-	-	-	-	-	-	-	-	-	-
	135,293	14.14	122,213	10.02	234,373	18.82	301,202	19.65	247,699	26.18	323,448	7.96
<b>Profit after tax</b>	<b>1,205,007</b>	<b>125.98</b>	<b>359,810</b>	<b>29.49</b>	<b>206,865</b>	<b>16.61</b>	<b>365,554</b>	<b>23.85</b>	<b>622,041</b>	<b>65.74</b>	<b>2,830,974</b>	<b>69.64</b>

# Chairman's Review

Dear Shareholders,

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

The COVID-19 pandemic has spared almost no industry and been such a crisis that deeply impacted and continues to play mayhem on communities, around the world. The pandemic had been affecting families, including our staff and customers. Our condolences go out to all those who have lost loved ones during these difficult times. We also extend our deepest gratitude to those institutions which have led the fight in combating the threat that the Coronavirus outbreak continues to pose towards the nation at large.

The Board of Directors ("Board") of JSCL is enriched with appropriate mix of skills, core competencies, diversity, experience and knowledge and is committed to strong corporate governance to protect the overall interests of the Company and its shareholders specially minority shareholders. When the pandemic struck, the Company's Board and the Management have played an integral role in steering the Company through uncertainty. The Board while exercising its powers under the law has performed its duties diligently and has managed the affairs of the Company in an effective and efficient manner with proven record of meticulous compliance of ethical values, laws and regulations.

The Chairman is a non-executive director. Further, the Board has clearly defined the respective roles and responsibilities of the Chairman and the Chief Executive Officer.

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

The Board has engaged Pakistan Institute of Corporate Governance ("PICG") to perform annual evaluation of the Board, its own performance and that of its members and committees. The evaluation report submitted by PICG is reviewed and discussed by the Human Resource and Remuneration Committee of the Board and the Board.

The Board has established policies that cover all essential areas of board's responsibility and operations of the Company.

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

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

**Chief Justice (R) Mahboob Ahmed**  
Chairman

March 11, 2021



## چیئر مین کا جائزہ

### معزز حصص یافتگان،

میں جہانگیر صدیقی اینڈ کمپنی لمیٹڈ (جے ایس سی ایل) کے حصص یافتگان کو بورڈ کی مجموعی کارکردگی اور کمپنی کے مفاد کے حصول میں بورڈ کے مؤثر کردار پر جائزہ پیش کرنے میں بہت خوشی محسوس کر رہا ہوں۔

COVID-19 وبائی بیماری نے تقریباً ہر صنعت کو بری طرح متاثر کیا اور ایسا بحران پیدا کیا جس نے پوری دنیا کی برادریوں پر گہرا اثر ڈالا اور بدستور تباہی مچا رہا ہے۔ وبائی مرض سے ہمارے عملے اور صارفین سمیت کئی کئی متاثر ہو رہے ہیں۔ ہم ان تمام لوگوں کے ساتھ تعزیت کرتے ہیں جنہوں نے ان مشکل وقتوں میں اپنے پیاروں کو کھودیا ہے۔ ہم ان اداروں کا بھی دل سے شکر یہ ادا کرتے ہیں جنہوں نے اس کورونا وائرس کے پھیلنے سے بڑے پیمانے پر قوم کو لاحق خطرے سے نمٹنے کیلئے ہماری رہنمائی کی۔

جے ایس سی ایل کے بورڈ آف ڈائریکٹرز (بورڈ) مہارتوں، بنیادی صلاحیتوں، وسیع تجربے اور علم کے مناسب مرکب کا حامل ہے اور کمپنی اور اس کے حصص یافتگان بالخصوص اقلیتی حصص یافتگان کے مفادات کے تحفظ کیلئے ایک مضبوط کارپوریٹ گورننس پر کاربند ہیں۔ COVID-19 وبائی بیماری کے ظہور کے بعد کمپنی کے بورڈ اور انتظامیہ نے کمپنی کو اس غیر یقینی صورت حال میں چلانے میں اہم کردار ادا کیا ہے۔ بورڈ نے اختیارات کا استعمال کرتے ہوئے اپنی ذمہ داریوں کو توجہ دہی سے انجام دیا ہے اور کمپنی کے معاملات کو اخلاقی اقدار، قوانین اور قواعد و ضوابط کی تعمیل کے ساتھ مؤثر اور منظم طریقے سے سنبھالا۔

چیئر مین ایک غیر ایگزیکٹو ڈائریکٹر ہے۔ مزید یہ کہ بورڈ نے چیئر مین اور چیف ایگزیکٹو آفیسر کے متعلقہ کردار اور ذمہ داریوں کو واضح طور پر تعین کیا ہے۔

بورڈ نے کمپنی کے معاملات کو چلانے کیلئے واضح چارٹروں کے ساتھ انتہائی مؤثر آڈٹ انسانی وسائل اور معاوضے اور ایگزیکٹو کمیٹیاں تشکیل دی ہیں جن میں مطلوبہ تجربے اور علم کے حامل غیر ایگزیکٹو اور خود مختار ڈائریکٹروں کی نمائندگی ہے۔ کمیٹیوں کے ممبران اور بورڈ کے درمیان تعمیری تعلق قائم ہے کمپنی اپنے بورڈ ممبران کو اپنے فرائض کو مؤثر طریقے سے انجام دینے کیلئے ضرورت کے مطابق تعارفی کورسز اور مطلوبہ تربیت فراہم کرتی ہے۔

بورڈ نے اپنی اور اپنے ممبران اور اپنی کمیٹیوں کی کارکردگی کو جانچنے کیلئے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کی خدمات حاصل کی ہیں۔ بورڈ اور بورڈ کی ہیومن ریسورس اینڈ ریویویشن کمیٹی نے PICG کی جاری کردہ تشخیصی رپورٹ کا جائزہ لیا اور اپنا تبادلہ خیال پیش کیا۔

بورڈ نے اپنی ذمہ داریوں اور کمپنی آپریشنز کے تمام اہم امور مد نظر رکھتے ہوئے پالیسیاں تشکیل دی ہیں۔

مجھے یہ بتانے میں خوشی محسوس ہو رہی ہے کہ بورڈ کی مجموعی کارکردگی نہایت ہی عمدہ رہی۔ جے ایس سی ایل کے بورڈ کی کلیدی منصوبہ بندی، حکمت عملی پر عمل درآمد اور کاروباری خطرات پر اعلیٰ درجہ کی نگرانی اور بورڈ کی مسلسل رہنمائی کی وجہ سے کمپنی کی مؤثر اسٹیٹنگ میں مدد ملنے کے ساتھ ساتھ اس بات کو یقینی بنایا ہے کہ کمپنی کے مقاصد کا حصول منجمنٹ ٹیم اور بورڈ کی مشترکہ کاوشوں کے کامل متزاج کا نتیجہ ہو۔

آپ کی کمپنی کا مقصد و مسائل کے بہترین استعمال سے طویل مدتی ترقی حاصل کرنا اور بہترین آپریشنل سرگرمیوں سے حصص یافتگان کی قدر میں بہتری لانا ہے۔ میں آپ کی مسلسل حمایت کے لئے مشکور ہوں اور میں بورڈ اور ہمارے اسٹاف کی انتھک محنت اور کمپنی کے لیے مخلصانہ خدمات پیش کرنے کیلئے ان کا شکر یہ ادا کرتا ہوں۔

چیف جسٹس (ریٹائرڈ) محبوب احمد

چیئر مین

کراچی: ۱۱ مارچ ۲۰۲۱



# Directors' Report to the Shareholders

Dear Shareholders,

We are pleased to present the Annual Report of Jahangir Siddiqui & Co. Ltd. ("the Company" or "JSCL") along with the audited unconsolidated financial statements and the audited consolidated financial statements of the Company and its subsidiaries ("the Group") and auditors' reports thereon for the year ended December 31, 2020.

## THE ECONOMY

The year 2020 witnessed major disruptions to economic activities due to the emergence of COVID-19 pandemic. Several countries including Pakistan imposed lockdown to stop the virus from spreading. Resultantly, Pakistan's economy demonstrated its worst performance in 68 years, posting a negative growth of 0.38% in FY 2019-20.

Owing to the unprecedented situation unveiled by COVID-19 Pandemic, the Government of Pakistan along with State Bank of Pakistan ("SBP") intervened on both fiscal and monetary fronts by announcing various schemes *inter alia* covering principal deferments, loan restructuring, payroll financing and other stimulus packages. SBP also responded to the crisis by cutting the Policy Rate by a massive 625 basis points to 7% during the year 2020. Further, SBP maintained the policy rate at 7% in the last monetary policy announced in January 2021 to support economic recovery. However, owing mainly to food prices, national CPI inflation remained on the high side.

Collective results of the aforesaid support and stimulus packages gradually emerged as the year progressed. Improvement on the external front continued as the Current Account Surplus for the year ended December 31, 2020 (CY20), stood at USD 203 million as compared to a Current Account Deficit of USD 7,143 million for the last year ended December 31, 2019 (LY19). This Current Account Surplus owes to the 9.4% decrease in imports as a comparison from LY19 to CY20.

## EQUITY CAPITAL MARKETS

Even though, the KSE-100 index started the year 2020 on a positive note, the COVID-19 pandemic wiped away the momentum with the index dipping by as much as 33% in March 2020 from December 31, 2019, levels on a closing basis. However, the KSE-100 index witnessed a sharp recovery and corrected itself from its low of 27,228.80 in March 2020 to end the year at 43,755.38 points as of December 31, 2020. The recovery reflected the confidence of market participants post COVID-19 crash which was fuelled partly by earnings growth of listed companies and the country's successful navigation through the first and second waves of the COVID-19 pandemic. Eventually, the recovery resulted into an increase of 7% compared to last year ended December 31, 2019 (or 61% from the March lows).

## PRINCIPAL ACTIVITIES

JSCL is an investment company primarily in financial services and also makes long term investments in growing companies in Pakistan. In financial services, its investments cover all sectors including asset management, commercial banking, investment banking, Islamic banking, securities brokerage and insurance. JSCL also benefits from strategic long term investments in technology, and industrial sector companies. The Company has also invested in energy and infrastructural projects.

## FINANCIAL PERFORMANCE

### Unconsolidated Financial Statements

The Company reported an after tax profit of PKR 1,205 million for the year ended December 31, 2020 as against a profit after tax of PKR 360 million for the year ended December 31, 2019. Overall revenues for the year under review have declined to PKR 956.56 million as compared to PKR 1,220 million for the year ended December 31, 2019 owing to lesser dividend income and lower interest income. The operating and administrative expenses have slightly increased however, the finance costs have significantly decreased to PKR 455 million as compared to PKR 577 million for the same period last year due to decrease in interest rates and borrowings. The Company has also recorded reversal of provision for impairment on its subsidiary companies of PKR 1,082 million as compared to PKR 59 million for the same period last year. The breakup value per share as of December 31, 2020 was PKR 34.29.



	(PKR in '000)
Profit before taxation	1,340,300
Less: Taxation	
- Current	119,259
- Prior	6,009
- Deferred	10,025
	135,293
	<u>1,205,007</u>

Profit after taxation

The Earnings per Share ("EPS") of the Company for 2020 is PKR 1.32.

### Consolidated Financial Statements

During the year, the Group has reported improvement in its assets base which increased to PKR 562,578 million as at December 31, 2020 from PKR 493,882 million as at December 31, 2019. The shareholders' equity was PKR 45,580 million as of the year end.

During the year, the Group reported net profit of PKR 1,265 million for the year ended December 31, 2020 as compared to PKR 50.8 million for the year ended December 31, 2019 i.e. increased by 2390% mainly on account of net profit reported by JS Bank Limited with major increase in return from investments.

The total income has improved by 9.15% over the last year mainly on account of increase in income from investments in government securities coupled with increased in gain from disposal of equity securities during the year under review. The administrative and other expenses have increased to PKR 15,399 million i.e. enhanced by 22.59% over the last year. Provision for impairment has been recorded by PKR 248 million. However, finance cost has decreased to PKR 33,855 million i.e. declined by 3.3% over the previous year.

	(PKR in '000)
Profit before taxation	2,486,067
Less: Taxation	
- Current	909,040
- Prior	(9,347)
- Defferred	321,615
	1,221,308
<b>Net profit for the year</b>	<u><b>1,264,759</b></u>
Profit attributable to non-controlling interests	(372,578)
<b>Profit for the year attributable to ordinary shareholders</b>	<u><u><b>892,181</b></u></u>

Basic and diluted Earnings per Share ("EPS") is PKR 0.97.

## PERFORMANCE OF KEY INVESTMENTS

### JS Bank Limited (subsidiary)

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

The Bank's earnings during the year remain strong despite a challenging operating environment. The Bank reported a profit before tax of PKR 2,023 million (profit after tax of PKR 1,150 million) for the year ended December 31, 2020 as compared to a profit before tax of PKR 133 million (profit after tax of PKR 25 million) in the corresponding period last year.

On the revenue side, the Bank reported total mark-up revenue of PKR 43,099 million compared to PKR 41,595 million from the corresponding period last year, an improvement of 3.6%. Net interest income was 39.1% higher than the corresponding period last year and closed at PKR 9,777 million. Non-markup income stood at PKR 6,676 million, higher by 69.3%, with major contribution from capital gains of PKR 1,873 million, FX income of PKR 1,010 million and fee & commission income of PKR 3,596 million despite slower resumption in economic activities in the country due to the pandemic lockdowns.

Administrative expenses were PKR 13,019 million compared to PKR 10,792 million for the corresponding period last year, up by 20.6%. The cost to income ratio of the Bank improved to 79.1% as compared to 98% during the corresponding period last year, showing the Bank's focus on cost rationalization.

	PKR in Million		Growth
	2020	2019	
Deposits	433,063	369,790	17%
Total Assets	532,168	470,427	13%
Investments - net	201,698	142,568	41%
Advances - net	250,199	242,944	3%
Net interest / markup income	9,777	7,028	39%
Profit before tax	2,023	133	1421%
Profit after tax	1,150	25	4500%

In addition to traditional lending segments, the Bank enhanced its focus on the SME landscape through a relationship lending model, operating through several SME hub branches. Furthermore, the secured consumer lending volumes remained strong through 2020. The leasing business also developed a healthy portfolio catering to all industrial sectors of the economy.

The Bank grew its Gold Finance and Solar Panel financing portfolios by forming multiple alliances to promote the products within their value chains. JS Bank met its agriculture credit targets with a clean portfolio, paving the way for sustainable expansion in the coming years.

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

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

JSGCL posted profit after tax of PKR 206.95 million for the year ended December 31, 2020 as compared to PKR 47.25 million during the year ended December 31, 2019. The operating revenue increased to PKR 613.34 million during the year. Further, administrative and operating expenses of JSGCL have decreased by PKR 9.53 million for the year under review.



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

JS Investments Limited ("JSIL") is a public listed company incorporated in Pakistan in 1995. The company operates under the licenses of an Investment Adviser, Asset Management Company and Pension Funds Manager obtained from the Securities & Exchange Commission of Pakistan (SECP) under applicable laws. Recently, JSIL has also acquired the Private Equity and Venture Capital Fund Management Services license from SECP.

JSIL reported a net after-tax loss of PKR 39.80 million during the year ended December 31, 2020 as compared to net after-tax loss of PKR 86.64 million for the year ended December 31, 2019. The assets under management were PKR 23,800 million for the year ended December 31, 2020.

### **Other Subsidiaries**

Following diversification strategy and to tap investment opportunities in energy and infrastructural sector, Energy Infrastructure Holding (Private) Limited ("EIHPL"), a wholly owned subsidiary, has acquired 100% shareholding in Quality 1 Petroleum (Private) Limited, an operating oil marketing company. Further, with effect from September 30, 2020, JS Fuel (Private) Limited, another subsidiary of EIHPL, has been merged with and into Quality 1 Petroleum (Private) Limited.

EIHPL has also capitalized its another subsidiary JS Petroleum Limited, which is in process of establishing LPG storage facility at Port Qasim, Karachi.

### **Distribution**

The Board has not considered any distribution to shareholders for the year ended December 31, 2020, on account of further investments and committed principal redemptions of long term borrowings of the Company in 2021.

## **INVESTING ACTIVITIES**

During the year 2020, the Company has invested PKR 424.7 million in other long-term investments, pursuant to the approval of the Board of Directors. Further, in order to meet its working capital requirements, the Company has disinvested its various short term equity investments having aggregate fair value amounting to PKR 1,815.35 million.

## **FINANCING ACTIVITIES DURING THE YEAR**

### **Long Term Borrowings**

In addition to disinvestments, as detailed above, the Company has availed deferral of principal repayments for some of its long term loans and Term Finance Certificates, as allowed by the State Bank of Pakistan and the Securities Exchange Commission of Pakistan to provide relief to the borrowers in the backdrop of COVID-19 pandemic. Details of deferrals in principal repayments are explained under note 14.2-14.4 to the unconsolidated financial statements.

During the year under review, the Company has redeemed/repaid PKR 1,062.50 million on account of repayments of outstanding TFCs and term loan.

## **CONTRIBUTION TO NATIONAL EXCHEQUER**

On unconsolidated and consolidated basis, the Company and the Company along with its subsidiaries have contributed PKR 133 million and PKR 1,129 million, respectively to the National Exchequer on account of various federal and provincial governments' levies including income tax and sales tax.

## CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAMEWORK

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

- These financial statements present fairly the state of affairs of the Company, the results of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies as stated in the notes to the accounts have been consistently applied in preparation of financial statements except for the amendments in existing International Financial Reporting Standards ("IFRSs") that became effective during the year and new IFRSs, if any, adopted locally by the SECP during the year. Accounting estimates are based on reasonable and prudent judgment;
- IFRSs as applicable in Pakistan and the Companies Act, 2017 as stated in the notes attached with the accounts, have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored (the internal audit has been outsourced to M/s. Grant Thornton Anjum Rahman, Chartered Accountants, a member firm of Grant Thornton International);
- The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, set out by SECP have been adopted by the Company and are duly complied with. A Statement of Compliance to this effect along with Statutory Auditors' Review Report thereon is provided in the Annual Report.
- The Company is financially sound and is a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the CCG;
- No material payment is outstanding on account of taxes, duties, levies and charges except as disclosed in the financial statements;
- The statement of summarized key operating and financial data of the last six years appears on Page No. 22; and,
- The Company operates an approved contributory provident fund for all its employees eligible to the scheme. The audited financial statements for the year ended June 30, 2020, indicate that the value of investments of the fund was PKR 27 million.

## MANAGEMENT'S DISCLOSURE OF FINANCIAL RESPONSIBILITY AND RISK MANAGEMENT

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

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

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



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

JSCL's financial health is linked to the overall performance of the capital markets of the country, which in turn, are influenced by the overall macroeconomic and political environment of Pakistan. Global economic performance, geo-political environment, commodities prices, and movements in exchange rates also impact the performance of the capital markets and hence the profitability of JSCL. Discussion on risk management is covered in detail under note 30 to the unconsolidated financial statements.

## CORPORATE AFFAIRS

### The Board of Directors

The following directors served on the board during the year:

<b>Male Members:</b> Chief Justice (R) Mahboob Ahmed Suleman Lalani Muhammad Ali Ali Raza Siddiqui Shahid Hussain Jatoi Saud Ahmed Mirza Lt. Gen. (R) Javed Mahmood Bukhari	Chairman, Non-Executive Director Chief Executive Officer Non-Executive Director Non-Executive Director Non-Executive Director Independent, Non-Executive Director Independent, Non-Executive Director
<b>Female Member:</b> Hina Athar Khan	Non-Executive Director
<b>Outgoing Members:</b> Hasib Navaid Malik Rukhsana Shah	Resigned Resigned

At present, the Board comprises of seven non-executive directors and the Chief Executive Officer ("CEO"). The Board includes a mix of Directors with the right expertise and necessary experience required to fulfill their essential oversight roles. The Board values diversity of business skills and experience as the Directors with diverse skill set, capabilities and experience gained from different geographic and cultural background are critical in today's competitive business environment.

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

The Board has three sub committees comprising of Audit Committee, Human Resource & Remuneration Committee and Executive Committee, which assist the Board in the performance of its functions.

### Casual Vacancy

During the year 2020, casual vacancies occurred on the Board on January 03, 2020, due to resignation of Ms. Rukhsana Shah and on September 29, 2020, due to resignation of Mr. Hasib Navaid Malik. For filling these vacancies, the Board appointed Ms. Hina Athar Khan and Lt. Gen. (R) Javed Mahmood Bukhari on March 02, 2020, and December 22, 2020, respectively, as directors of the Company.

### Board Meetings

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

Name of Directors	Meetings Eligibility	Meetings Attended
Chief Justice (R) Mahboob Ahmed	Five	Five
Mr. Ali Raza Siddiqui	Five	Five
Mr. Shahid Hussain Jatoi	Five	Five
Mr. Saud Ahmed Mirza	Five	Five
Mr. Muhammad Ali	Five	Four
Ms. Hina Athar Khan*	Five	Five
Mr. Hasib Navaid Malik **	Three	Three
Lt. Gen. (R) Javed Mahmood Bukhari ***	One	One
Mr. Suleman Lalani	Five	Five

\* Appointed on March 02, 2020

\*\* Resigned on September 29, 2020

\*\*\* Appointed on December 22, 2020

The composition of board sub-committees and attendance of directors at meetings as mentioned in the Corporate Calendar was as follows:

### Audit Committee

Name of Directors	Status	Audit Committee	
		Eligibility	Meeting Attended
Mr. Saud Ahmed Mirza	Chairman - Independent Director	Four	Four
Mr. Ali Raza Siddiqui	Non-Executive Director	Four	Four
Mr. Shahid Hussain Jatoi	Non-Executive Director	Four	Four



### HR & Remuneration Committee

Name of Directors	Status	HR & Remuneration Committee	
		Eligibility	Meeting Attended
Mr. Saud Ahmed Mirza	Chairman - Independent Director	Two	Two
Chief Justice (R) Mahboob Ahmed	Non-Executive Director	Two	Two
Mr. Suleman Lalani	Chief Executive Officer	Two	Two

### Executive Committee

Name of Directors	Status	Executive Committee	
		Eligibility	Meeting Attended
Mr. Ali Raza Siddiqui	Chairman – Non-Executive Director	-	-
Mr. Shahid Hussain Jatoi	Non-Executive Director	-	-
Mr. Suleman Lalani	Non-Executive Director	-	-

### Directors' training program

Mr. Suleman Lalani, Mr. Ali Raza Siddiqui, Mr. Muhammad Ali, and Ms. Hina Athar Khan are certified from Pakistan Institute of Corporate Governance, whereas, Mr. Saud Ahmed Mirza and Mr. Shahid Hussain Jatoi are certified from the Institute of Chartered Accountants of Pakistan. Further, Chief Justice (R) Mahboob Ahmed is exempt from the requirement of obtaining directors training certificate as per the exemption criteria provided in the Code.

### Directors' Remuneration Policy

The Board of Directors has approved the Directors' Remuneration Policy, as required by the law. The Remuneration of Directors including the Chairman, Chief Executive Officer, Executive Directors, non-Executive and Independent Directors is fixed by the Board as per the approved policy. Directors are also entitled to be paid travelling, hotel and other expenses incurred by them to attend the meetings.

### Board Evaluation

In compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the performance evaluation of Board is conducted by the Pakistan Institute of Corporate Governance, annually.

### Disclosure of interest by Directors etc.

No trades have been carried out by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Executives and their spouses and minor children during the period from January 01, 2020 to December 31, 2020.



## ADJUSTING EVENT AFTER THE REPORTING PERIOD

No material events have occurred between the end of the year and the date of this report that require adjustments to the enclosed financial statements.

## NON-ADJUSTING MATERIAL EVENT SUBSEQUENT TO THE APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors of the Company have resolved that in order to meet the working capital requirements of the Company and to pay-off long term debt as well as to meet the funding requirements for making strategic investments and subject to the passing of a Special Resolution by the Shareholders of the Company and the obtention of approval of the Securities & Exchange Commission of Pakistan ("SECP"), 183,188,477 Listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares of PKR 10/- each, of the aggregate subscription amount of PKR 1,831,884,770 be offered to the existing Shareholders of the Company by way of rights (i.e. 20% rights issue) at par value of PKR 10/- per share, in proportion to their respective shareholdings in the ratio of 2:10 i.e. 2 Preference Shares for every 10 Ordinary Shares held by the Shareholders in accordance with the provisions of Sections 58 and 83 of the Companies Act, 2017, and the Companies (Further Issue of Shares) Regulations, 2020 (as may be amended or replaced). Proposed Preference Shares shall carry entitlement to a fixed cumulative preferential cash dividend out of the normal profits of the Company @ 6% (six per cent) per annum, in priority over dividends declared by the Company on Ordinary Shares. No compensation shall be available to the Preferred Shareholders other than the agreed return i.e. 6% per annum.

The proposed Special Resolution to be passed by the Shareholders at the forthcoming Annual General Meeting to be held on April 28, 2021, is annexed to the notice of Annual General Meeting.

## RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 28 to the unconsolidated financial statements and note 48 to the consolidated financial statements for the year ended December 31, 2020.

## CORPORATE SOCIAL RESPONSIBILITY

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

The Company being a responsible corporate citizen, regularly contributes towards the well-being of the under-privileged. The Company has made a provision of PKR 10 million in these financial statements towards its CSR initiative. Furthermore, during the year the Company has paid PKR 5 million to Future Trust.

Future Trust ("Trust") is a non-profit benevolent philanthropic organization, a charitable trust constituted under the Trust Act for the promotion, advancement and encouragement of education, medical and healthcare, vocations, rehabilitation, protection and improvement of the environment, self-help, microfinance, relief against poverty and general improvement of the socio-economic conditions and living standards of the people of Pakistan.

JSCL's CEO, Mr. Suleman Lalani and Mr. Najmul Hoda Khan, Chief Financial Officer, are Trustees in Future Trust.

## CREDIT RATING

The Directors are pleased to inform you that the Pakistan Credit Rating Agency ("PACRA") has maintained a long term credit rating of AA (Double A) and short term rating of A1+ (A one plus) for the Company. Further, the ratings for the Company's 9th, 10th and 11th TFC issues of PKR 1,000 million, PKR 1,500 million and PKR 1,500 million respectively are also maintained at AA+ (Double A plus) by PACRA.

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



## AUDITORS

The current auditors, Messrs. EY Ford Rhodes, Chartered Accountants, ("EY") have completed five years' tenure as statutory auditors of the group and stand retired.

As per the requirement for mandatory rotation provided in the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company is required to appoint another firm of chartered accountants as statutory auditors of the Company in place of the retiring auditors.

On the recommendation of the Board Audit Committee, the Board of Directors recommends the appointment of Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, ("KPMG") for the year ending December 31, 2021, at remuneration to be decided by the management, at the upcoming Annual General Meeting of the Company.

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

## PATTERN OF SHAREHOLDING

The Statement of Pattern of Shareholding of the Company as on December 31, 2020 is annexed to this report.

## FUTURE OUTLOOK

The success of the COVID-19 vaccine will determine immediate term outlook on both the health and economic front. Government of Pakistan's commitment to its current International Monetary Fund (IMF) Extended Fund Facility (EFF) continues to unlock a large financial envelope that Moody's expects will cover its external financing needs over the next 12 months, and provides an anchor for ongoing fiscal reforms. Moody's expects Pakistan's economic growth to be positive in fiscal 2021 (ending June 2021) but still low at around 1-2%. While Pakistan's economy is relatively closed with low reliance on exports, movement restrictions due to coronavirus will keep economic activity below the pre-outbreak of COVID-19 levels for some time. Nevertheless, if normalization of business activities continues smoothly, then there is a chance for growth in economy in the times to come.

The Company believes that its investments, especially in banking and insurance sectors, along with energy, telecommunication, media and technology and infrastructural sectors via its subsidiaries will continue to contribute significantly and positively towards enhancing shareholders' value.

## ACKNOWLEDGEMENT

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

For and on behalf of the  
Board of Directors

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

Karachi: March 11, 2021

کے پی ایم جی نے اس بات کی بھی تصدیق کی ہے کہ وہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (آئی ایف اے سی) کے ضابطہ اخلاق کی رہنما اصولوں کے ساتھ مکمل طور پر تعمیل ہیں، جیسا کہ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی سی اے پی) نے اپنا ہے اور (آئی سی اے پی) کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش درجہ بندی حاصل ہے۔

## طرز حصص داری

۳۱ دسمبر ۲۰۲۰ء کے اختتام پر کمپنی کی طرز حصص داری کی اسٹیٹسٹ اس رپورٹ کے ساتھ منسلک ہے۔

## مستقبل کے امکانات

COVID-19 ویکسین کی کامیابی سے صحت اور معاشی دونوں محاذوں پر فوری طور پر مدد کے نقطہ نظر کا تعین ہوگا۔ حکومت پاکستان کے موجودہ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے توسیعی فنڈ کی سہولت (ای ایف ایف) سے وابستہ ایک بڑے مالیاتی سہولت فراہم ہوگی جس سے MOODY کو توقع ہے کہ پاکستان اگلے ۱۲ ماہ کے دوران اپنے بیرونی فنانسنگ کی ضروریات کو پورا کرے گا اور جاری مالی اصلاحات کو یقینی بنائے گا۔ MOODY کی توقع ہے کہ مالی سال ۲۰۲۱ء (جون ۲۰۲۱ء کو اختتام پذیر ہوگا) میں پاکستان کی معاشی نمو مثبت ہوگی لیکن اس کے باوجود ۲-۱ فیصد سے شرح نمو کم رہے گی۔ جبکہ پاکستان کی معیشت برآمدات پر کم انحصار کے ساتھ نسبتاً بند ہے۔ کورونا وائرس کی وجہ سے نقل و حرکت کی پابندیاں معاشی سرگرمی کو کچھ وقت کے لئے COVID-19 کے پھیلنے سے پہلے کی سطح سے پیچھے رکھیں گی۔ اس کے باوجود اگر کاروباری سرگرمیوں کو معمول پر لانے کا کام آسانی سے جاری رہا تو آنے والے وقتوں میں معیشت میں ترقی کا امکان موجود ہے۔

کمپنی کا خیال ہے کہ اس کی ذیلی کمپنیوں کے ذریعہ توانائی، ٹیلی مواصلات، میڈیا اور ٹیکنالوجی اور بنیادی ڈھانچے کے ساتھ ساتھ بیڈیکاری اور انشورنس شعبوں میں اس کی سرمایہ کاری حصص یافتگان کی قدر کو بڑھانے میں نمایاں اور مثبت کردار ادا کرتی رہے گی۔

## قدر شناسی

ڈائریکٹرز اپنے کلائنٹس اور کاروباری شراکت داروں کی مسلسل حمایت (سپورٹ) کی بہت قدر افزائی کرتے ہیں۔ ہم اپنے ملازمین اور انتظامیہ کو ان کی لگن اور سخت محنت اور سیکورٹیز اینڈ ایکسچین کمیشن آف پاکستان کو کپیٹل مارکیٹس کو مستحکم کرنے کے لئے کوششوں، اچھی کارپوریٹ گورننس پر رہنمائی اور سرمایہ کاروں کے حقوق کے تحفظ کیلئے اقدامات کرنے پر داد و تحسین پیش کرتے ہیں۔

برائے اور منجانب

بورڈ آف ڈائریکٹرز

سلیمان لالانی

چیف ایگزیکٹو آفیسر

شاہد حسین جتوئی

ڈائریکٹر

کراچی - ۱۱ مارچ ۲۰۲۱



## مالیاتی گوشواروں کی منظوری کے بعد کانان ایڈجسٹبل اہم واقعہ:

کمپنی کے بورڈ آف ڈائریکٹرز نے طے کیا ہے کہ کمپنی کے سرمایہ زیر کار کی ضرورت کو پورا کرنے اور طویل المدتی قرضوں کی ادائیگی سمیت کلیدی سرمایہ کاری کیلئے درپیش ضروریات کو پورا کرنے کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی منظوری سے مشروط ۷۹،۱۸۸،۱۸۳ کروڑ ۳۱ لاکھ ۸۸ ہزار ۷۷۷ حصص (لٹھ، بدلنے والے، قابل انفکاک، ووٹ نہ دینے والے، غیر شراکت دار، مجموعی کلاس اے کے ترجیحی حصص ۱۰ روپے فی حصص پر جاری کرنا، کمپنی میں ان موجودہ حصص یافتگان کے تناسب ۲:۱۰ یعنی ۲ ترجیحی حصص فی ۱۰ عام حصص جو حصص یافتگان کے پاس موجود ہوں کمپنی ایکٹ ۲۰۱۷ء کے سیکشن ۵۸ اور ۸۳ کے مطابق اور کمپنی (مزید حصص کے اجراء) ریگولیشنز ۲۰۲۰ء کے مطابق (جیسی ترمیم یا متبادل ہو)۔ ترجیحی حصص کمپنی کے عام منافع میں ۶ فیصد سالانہ بنیاد پر مستقل مجموعی نقد منافع کا حقدار ہوگا۔ ترجیحی حصص یافتگان کو مقرر کردہ ۶ فیصد سالانہ کے علاوہ دیگر کوئی معاوضہ دستیاب نہیں ہوگا۔

۲۸ اپریل ۲۰۲۱ء کو ہونے والی آئندہ سالانہ اجلاس عام میں حصص یافتگان کے ذریعہ منظور کردہ مجوزہ خصوصی قرارداد، سالانہ جنرل اجلاس کے نوٹس سے منسلک ہے۔

### ریلیٹیڈ پارٹی ٹرانزیکشنز

ریلیٹیڈ پارٹی ٹرانزیکشنز: انفرادی مالیاتی گوشواروں کے نوٹ ۱۲۸ اور مجموعی مالیاتی گوشواروں کے نوٹ ۲۸ میں شامل کی گئی ہیں۔

### کارپوریٹ سماجی ذمہ داری

کمپنی کے کاروباری عمل سے ماحولیات اور سماج پر کوئی منفی اثر نہیں پڑتا لیکن اس کی سرمایہ کار کمپنیوں کے کاروباری عمل ماحول پر اثر انداز ہو سکتے ہیں۔

کمپنی ایک ذمہ دار کارپوریٹ شہری ہونے کی بناء پر کم مراعات یافتہ طبقے کی بحالی کی خدمات میں باقاعدگی سے شریک ہوتی ہے۔ ان مالی گوشواروں میں کمپنی نے ۱۰ ملین روپے CSR خدمات کی مد میں مختص کئے ہیں۔ علاوہ ازیں اس سال کے دوران کمپنی نے ۵ ملین روپے فیوچر ٹرسٹ (Future Trust) کو ادا کئے ہیں۔

فیوچر ٹرسٹ (Trust) ٹرسٹ ایکٹ (Trust Act) کے تحت قائم کردہ ایک غیر منافع بخش رفاہی ادارہ ہے۔ ایک کارخیر سے متعلق ٹرسٹ جس کا مقصد تعلیم، طبی اور صحت کی دیکھ بھال، روزگار، بحالی، تحفظ، ماحول کی بہتری، حوصلہ افزائی، مائیکرو فنانس، عمر بت سے نجات اور پاکستان کے لوگوں کے سماجی اقتصادی حالات اور معیار زندگی میں بہتری کے فروغ، ترقی اور حوصلہ افزائی کے لئے کام کرنا ہے۔

جے ایس سی ایل کے سی او جناب سلیمان لالانی اور چھوٹے فنڈ نیشنل آفیسر جناب نجم الہدیٰ خان فیوچر ٹرسٹ میں ٹرسٹیز ہیں۔

### کریڈٹ ریٹنگ

ڈائریکٹرز یہ بتاتے ہوئے مسرت محسوس کر رہے ہیں کہ پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کے لئے طویل مدتی ریٹنگ AA (Double A) اور مختصر مدتی کریڈٹ ریٹنگ A+ (A One Plus) کو برقرار رکھا ہے۔ مزید یہ کہ PACRA نے کمپنی کے ۱۰۰۰ ملین روپے کے نوٹس ۱۵۰۰ ملین روپے کے دسویں اور ۱۵۰۰ ملین روپے کے گیارہویں TFC (PSX پر لسٹڈ ہے) کو بھی AA+ (Double A Plus) پر برقرار رکھا ہے۔

یہ ریٹنگ Credit Risk میں انتہائی کم خطرہ کے امکانات، مالیاتی وعدوں کی بروقت ادائیگی اور زیادہ خطرات کو جذب کرنے کی صلاحیت کو ظاہر کرتی ہے۔

## آڈیٹرز

موجودہ آڈیٹرز EY فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس نے گروپ کے قانونی آڈیٹرز کی حیثیت سے پانچ سال کی مدت پوری کی ہے اور ریٹائرڈ ہو چکے ہیں۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۹ء میں فراہم کردہ لازمی شرط کے مطابق، کمپنی کو ریٹائر ہونے والے آڈیٹرز کی جگہ کوئی مختلف چارٹرڈ اکاؤنٹنٹ فرم کو کمپنی کا قانونی آڈیٹرز مقرر کرنا ہوگا۔

بورڈ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے ۳۱ دسمبر ۲۰۲۱ء کو ختم ہونے والے مالی سال کیلئے " کے پی ایم جی " تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ کی، انتظامیہ کے طے کردہ معاوضے کے تحت، منعقد ہونے والے سالانہ اجلاس عام میں بطور آڈیٹرز تعیناتی کے لئے سفارش کی ہے۔

## انسانی وسائل اور معاوضے کی کمیٹی

ڈائریکٹرز کے نام	موجودہ حیثیت	مینگ میں شرکت کی اہلیت	مینگ میں شرکت
جناب سعود احمد مرزا	چیئر مین۔ خود مختار ڈائریکٹر	۲	۲
جناب جسٹس (ر) محبوب احمد	غیر ایگزیکٹو ڈائریکٹر	۲	۲
جناب سلیمان لالانی	غیر ایگزیکٹو ڈائریکٹر	۲	۲

## ایگزیکٹو کمیٹی

ڈائریکٹرز کے نام	موجودہ حیثیت	مینگ میں شرکت کی اہلیت	مینگ میں شرکت
جناب علی رضا صدیقی	چیئر مین۔ غیر ایگزیکٹو ڈائریکٹر	۱	۱
جناب شاہد حسین جتوئی	غیر ایگزیکٹو ڈائریکٹر	۱	۱
جناب سلیمان لالانی	غیر ایگزیکٹو ڈائریکٹر	۱	۱

## ڈائریکٹرز ٹریننگ پروگرام

جناب سلیمان لالانی، جناب علی رضا صدیقی، جناب محمد علی اور محترمہ حنا اطہر خان، پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس سے سند یافتہ ہیں۔ جناب سعود احمد مرزا اور جناب شاہد حسین جتوئی انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان سے سند یافتہ ہیں۔ مزید یہ کہ چیف جسٹس (ر) محبوب احمد کو کوڈ میں فراہم کردہ چھوٹ کے معیار کے مطابق ڈائریکٹرز ٹریننگ سرٹیفکیٹ حاصل کرنے کی ضرورت سے مستثنیٰ ہیں۔

## ڈائریکٹرز کی معاوضہ پالیسی

قانون کے مطابق بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کی معاوضہ پالیسی منظور کی ہے۔ ڈائریکٹرز جن میں چیئر مین، چیف ایگزیکٹو، نان ایگزیکٹو ڈائریکٹرز اور خود مختار ڈائریکٹرز شامل ہیں کا معاوضہ بورڈ کی طرف سے منظور شدہ پالیسی کے مطابق مقرر کیا گیا۔ ڈائریکٹرز مینگ میں شرکت کیلئے ادا کردہ سفری اور دیگر اخراجات کا حقدار ہے۔

## بورڈ کی تخصیص

لکھنؤ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، ۲۰۱۹ کے ضابطے پر عمل درآمد کیلئے بورڈ کی کارکردگی کی تخصیص سالانہ بنیاد پر پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس انجام دیتا ہے۔

## ڈائریکٹرز کے مفاد کا اعلان

ڈائریکٹرز، چیف ایگزیکٹو آفیسر، کمپنی سیکریٹری، چیف فنانشل آفیسر، دیگر ایگزیکٹو اور ان کے ازواج اور کم عمر بچوں نے یکم جنوری ۲۰۲۰ء سے ۳۱ دسمبر ۲۰۲۰ء کی مدت کے دوران کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی ہے۔

## بیلنس شیٹ کی تاریخ کے بعد کا واقعہ

مالی سال ختم ہونے کے بعد اور اس رپورٹ کی تاریخ کے درمیان کوئی اہم واقعات رونما نہیں ہوئے جس کی وجہ سے ان منسلک مالی گوشواروں میں کسی ردوبدل کی ضرورت ہو۔



## بورڈ میں عارضی اسامی

سال ۲۰۲۰ء کے دوران، محترمہ رخصانہ شاہ نے ۳ جنوری ۲۰۲۰ء کو استعفیٰ دیا اور جناب حبیب نوید ملک نے ۲۹ ستمبر ۲۰۲۰ء کو استعفیٰ دیا جس کی وجہ سے بورڈ میں عارضی آسامیاں پیدا ہوئیں۔ ان آسامیوں کو پُر کرنے کے لیے بورڈ نے محترمہ حنا اطہر خان اور لیفٹیننٹ جنرل (ر) جاوید محمود بخاری کو بالترتیب ۲ مارچ ۲۰۲۰ء کو اور ۲۲ دسمبر ۲۰۲۰ء کو کمپنی کا ڈائریکٹر مقرر کیا۔

## بورڈ کے اجلاس

جیسا کہ کارپوریٹ کیلنڈر میں بتایا گیا ہے کہ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے۔ بورڈ کے اجلاسوں میں ڈائریکٹرز کی شرکت مندرجہ ذیل تھی:

ڈائریکٹر کا نام	میٹنگ میں شرکت کی اہلیت	میٹنگ میں شرکت
چیف جسٹس (ر) محبوب احمد	۵	۵
جناب علی رضا صدیقی	۵	۵
جناب شاہد حسین جتوئی	۵	۵
جناب سعود احمد مرزا	۵	۵
جناب محمد علی	۵	۴
محترمہ حنا اطہر خان*	۵	۵
جناب حبیب نوید ملک**	۳	۳
لیفٹیننٹ جنرل (ر) جاوید محمود بخاری***	۱	۱
جناب سلیمان لالانی	۵	۵

\* ۲ مارچ ۲۰۲۰ کو منتخب ہوئیں۔

\*\* ۲۹ ستمبر ۲۰۲۰ کو استعفیٰ دے دیا۔

\*\*\* ۲۲ دسمبر ۲۰۲۰ کو منتخب ہوئے۔

بورڈ ذیلی کمیٹیوں کی تشکیل اور کارپوریٹ کیلنڈر میں مذکور میٹنگوں میں ڈائریکٹرز کی شرکت مندرجہ ذیل تھی:

## آڈٹ کمیٹی

ڈائریکٹر کے نام	موجودہ حیثیت	میٹنگ میں شرکت کی اہلیت	میٹنگ میں شرکت
جناب سعود احمد مرزا	چیئر مین۔ خود مختار ڈائریکٹر	۴	۴
جناب علی رضا صدیقی	غیر ایگزیکٹو ڈائریکٹر	۴	۴
جناب شاہد حسین جتوئی	غیر ایگزیکٹو ڈائریکٹر	۴	۴

ڈائریکٹرز نے انتظام میں مطلوب اور موثر کارکردگی کے حصول، قابل اعتماد مالی رپورٹنگ اور قابل اطلاق قوانین پر عمل پیرا ہونے کیلئے ایک منظم اندرونی مالیاتی کنٹرول کا نظام قائم کیا ہے۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی ("BAC") ادارے کے مالیاتی گوشواروں، کنٹرول کے نظام کی سالمیت اور خود مختاری اور اسکے داخلی اور خود مختار آڈیٹرز کی کارکردگی کی نگرانی کی ذمہ دار ہے۔ خود مختار آڈٹ سوز ڈائریکٹرز نے باقاعدگی سے مالی کنٹرول کے عمل کو مانیتھ کرنا ہے۔

جے ایس سی ایل کی مالی صحت کا تعلق ملک کی سرمایہ کی منڈیوں کی مجموعی کارکردگی سے ہے۔ جو بدلے میں پاکستان کے مجموعی معاشی اور سیاسی ماحول سے متاثر ہوتے ہیں۔ عالمی معاشی کارکردگی جیو سیاسی ماحول، ایشیا کی قیمتیں اور زر مبادلہ کی شرح میں نقل و حرکت بھی دار الحکومت کے بازاروں کی کارکردگی کو متاثر کرتی ہے اور اسی وجہ سے جے ایس سی ایل کا منافع بھی متاثر ہوتا ہے۔ انفرادی مالیاتی کارکردگی کے نوٹ ۳۰ میں خطرے سے متعلق انتظام پر تبادلہ خیال تفصیل سے کیا گیا ہے۔

## کارپوریٹ معاملات

### بورڈ آف ڈائریکٹرز

مندرجہ ذیل ڈائریکٹرز نے سال کے دوران بورڈ پر خدمات انجام دیں:

مرد ممبران

چیف جسٹس (ر) محبوب احمد	چیئر مین، غیر ایگزیکٹو ڈائریکٹر
سلیمان لالانی	چیف ایگزیکٹو آفیسر
محمد علی	غیر ایگزیکٹو ڈائریکٹر
علی رضا صدیقی	غیر ایگزیکٹو ڈائریکٹر
شاہد حسین جتوئی	غیر ایگزیکٹو ڈائریکٹر
سعود احمد مرزا	خود مختار، غیر ایگزیکٹو ڈائریکٹر
لیفٹیننٹ جنرل (ر) جاوید محمود بخاری	خود مختار، غیر ایگزیکٹو ڈائریکٹر

خاتون ممبر

حنا اطہر خان	غیر ایگزیکٹو ڈائریکٹر
--------------	-----------------------

سکدوش ہونے والے ممبران:

حسب نوید ملک	مستعفی ہو گئے
رخسانہ شاہ	مستعفی ہو گئیں

موجودہ بورڈ سات غیر ایگزیکٹو ڈائریکٹرز حضرات اور ایک چیف ایگزیکٹو پر مشتمل ہے۔ بورڈ کے ڈائریکٹرز اہل مہارت اور ضروری تجربہ رکھتے ہیں جو کمپنی کے امور کی نگرانی کیلئے لازمی ہیں۔ بورڈ کاروباری مہارت میں تنوع اور تجربے کو اہمیت دیتا ہے کیونکہ موجودہ مسابقتی کاروباری ماحول وہ میں ڈائریکٹرز بہت اہم ہیں جو مختلف جغرافیائی ثقافتی ماحول سے حاصل کردہ مہارت میں تنوع، صلاحیت اور تجربہ رکھتے ہیں۔

کوڈ اور بہترین کارپوریٹ پریکٹس کے مطابق چیئر مین اور سی ای او کی پوزیشنز الگ الگ ہیں۔

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



## کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک:

کمپنی کے ڈائریکٹرز اچھی کارپوریٹ گورننس کے لئے مصروف عمل ہیں اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے لسٹڈ (کمپنیز کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۹ء کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے ساتھ مندرجہ ذیل معاملات کی تعمیل کی تصدیق کرتے ہیں۔

- یہ مالیاتی گوشوارے کاروباری عمل درآمد کے نتائج کیش کی روانی یا یونٹی میں تبدیلی اور کاروباری معاملات کو شفافیت سے ظاہر کرتی ہے۔
- کمپنی کے اکاؤنٹ کی کتابیں مناسب طریقے سے مرتب کی گئی ہیں۔
- مالیاتی گوشوارے اور اکاؤنٹس کے تخمینوں میں موزوں اکاؤنٹنگ پالیسی استعمال کی گئی ہیں سوائے ان ترامیم کے جو اس سال قابل اطلاق اور بین الاقوامی فنانسینشل رپورٹنگ اسٹینڈرڈز (IFRSs) میں مؤثر ہوئیں۔ اور نئے آنے والے IFRSs میں، اور جنہیں سال کے دوران مقامی طور پر SECP نے منظور کر لیا ہے۔ اکاؤنٹنگ کیلئے تخمینے معقول حد تک تجزیے کی بنیاد پر ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی فنانسینشل رپورٹنگ اسٹینڈرڈز اور ایکٹ کمپنیز ۲۰۱۷ء اختیار کئے گئے ہیں۔
- اندرونی کنٹرول کے نظام کو موثر طریقے سے وضع کیا گیا اور اس پر بہتر طور پر عمل درآمد کی نگرانی کی گئی۔ اندرونی کنٹرول کے کام کو گرانٹ تھورٹن انٹرنیشنل (رکن فرم گرانٹ تھورٹن انٹرنیشنل) کو سونپا گیا ہے۔
- کمپنی لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز ۲۰۱۹ء جو کہ SECP کی طرف سے جاری کی گئی ہیں کو اختیار کیا ہے اور اس پر صحیح طریقے سے عمل کیا جاتا ہے۔ اسکے لئے سالانہ رپورٹ میں ایک اسٹیٹمنٹ معاً ڈیٹرز کی جائزہ رپورٹ کے پیش کی گئی ہے۔
- فعال بزنس کو جاری رکھنے کیلئے کمپنی کی صلاحیت سے متعلق کوئی شبہ نہیں ہے۔
- کارپوریٹ گورننس کے بہترین ضابطے عمل سے کچھ بھی انحراف نہیں کیا گیا ہے (جس کی تفصیلات CCG میں موجود ہیں)
- کوئی قابل ذکر واجب الادا ایکسٹرنل، ڈیوٹی، عائد کردہ محصول اور چارجز نہیں ہیں سوائے ان کے جو مالیاتی گوشوارے میں ظاہر کی گئی ہیں۔
- گزشتہ چھ سالوں کی اہم آپریٹنگ اور فنانشل معلومات صفحہ نمبر 22 پر موجود ہیں۔
- کمپنی اپنے اہل ملازمین کو منظور کردہ پروڈیوٹس فراہم بھی فراہم کرتی ہے۔ ۳۰ جون ۲۰۲۰ء کو ختم ہونے والے سال کے لئے آڈیٹڈ مالیاتی گوشواروں کے مطابق سرمایہ کاری کی رقم ۲۷ ملین روپے ہے۔

## انتظامیہ کا مالی ذمہ داری اور رسک مینجمنٹ پراظہار

کمپنی کی انتظامیہ سالانہ رپورٹ میں دیئے گئے مالی گوشواروں اور متعلقہ نوٹس (Notes) کی تیاری کی ذمہ دار ہے۔

یہ مالی گوشوارے اور نوٹس منظور شدہ اکاؤنٹنگ اسٹینڈرڈز جو پاکستان میں قابل اطلاق ہیں کے مطابق تیار کئے گئے ہیں۔ سالانہ رپورٹ میں دیئے گئے دیگر مالیاتی اعداد و شمار مالیاتی گوشواروں میں دیئے گئے اعداد و شمار کے مطابق ہیں۔

کمپنی کی اکاؤنٹنگ پالیسیاں رپورٹڈ نتائج کو سمجھنے کے لئے لازمی ہیں۔ اکاؤنٹنگ پالیسیاں مالی گوشواروں کے نوٹس میں تفصیل سے بیان کی گئی ہیں۔ اثاثوں اور واجبات کی قدر کے تعین میں کمپنی کی سب سے زیادہ پیچیدہ اکاؤنٹنگ پالیسیوں کیلئے انتظامیہ کے فیصلوں کی ضرورت ہوتی ہے۔ کمپنی نے اثاثوں کی مالیت کے تعین کے طریقوں کو مناسب انداز سے کنٹرول کرنے اور مسلسل استعمال کرنے کیلئے تفصیلی پالیسیاں اور کنٹرول کے طریقہ کار کو قائم کیا ہے۔



## دیگر ذیلی ادارے

متنوع حکمت عملی پر عمل پیرا ہوتے ہوئے اور توانائی اور انفرا اسٹرکچر میں سرمایہ کاری کے مواقع کے حصول کیلئے ایک ذیلی کمپنی، انرجی انفرا اسٹرکچر ہولڈنگ (پرائیویٹ) لمیٹڈ نے کوالٹی 1 پیٹرولیم (پرائیویٹ) لمیٹڈ (Q1) کی 100 فیصد حصہ خریدے حاصل کر لی ہے جو کہ ایک آئل مارکیٹنگ کمپنی ہے۔ مزید یہ کہ 30 دسمبر 2020ء سے EIPHL کی ایک اور ذیلی کمپنی جے ایس فیول (پرائیویٹ) لمیٹڈ، کوالٹی 1 پیٹرولیم (پرائیویٹ) لمیٹڈ میں ضم ہو گئی ہے۔

EIPHL نے اپنی ایک اور ذیلی کمپنی جے ایس پیٹرولیم لمیٹڈ کو بھی سرمایہ کاری کی ہے جو پورٹ قاسم کراچی میں ایل پی جی اسٹوریج کی سہولت کے قیام کے سلسلے میں کام کر رہا ہے۔

## منافع کی تقسیم

2021ء میں مزید سرمایہ کاری اور طویل مدتی قرضوں کی ادائیگی کی ترجیحات کے پیش نظر بورڈ نے ختم شدہ سال 2020ء میں حصص یافتگان کیلئے منافع کی تقسیم نہ کرنے کا فیصلہ کیا ہے۔

## سرمایہ کاری کی سرگرمیاں

سال 2020ء کے دوران کمپنی نے بورڈ آف ڈائریکٹرز کی منظوری کے بعد دیگر طویل مدتی سرمایہ کاری میں 224.7 ملین روپے کی سرمایہ کاری کی۔ مزید یہ کہ سرمایہ زیر کار کے تقاضوں کو پورا کرنے کے لئے کمپنی نے اپنی متعدد مختصر مدت کی ایکویٹی سرمایہ کاری کو فروخت کر دیا جس کی مجموعی مالیت 815.35 ملین روپے تھی۔

## قرض پہ سرمایہ کاری کی طویل مدتی قرضے

اوپر بیان کی گئی ایکویٹی کی فروخت کے علاوہ کمپنی نے اپنے کچھ طویل مدتی قرضوں اور ٹرم فنانس سٹرٹیکٹس کی اصل ادائیگیوں کا التواء حاصل کیا ہے۔ جیسا کہ اسٹیٹ بینک آف پاکستان اور سیکیورٹیز ایکسچینج کمیشن آف پاکستان نے قرض دہندگان کو ریلیف فراہم کرنے کی اجازت دی ہے جو کہ COVID-19 وبائی مرض کے پس منظر میں ہے۔ پرنسپل ادائیگیوں میں التواء کی تفصیلات انفرادی مالیاتی کارکردگی کے نوٹ 13.2-13.4 میں بیان کی گئی ہیں۔

زیر غور سال کے دوران، کمپنی نے بقایائی ایف سی اور مدتی قرض

## قومی خزانے کو ادائیگی

کمپنی نے انفرادی طور پر 133 ملین روپے اور اپنی ذیلی کمپنیوں کے ہمراہ مجموعی طور پر 129، ملین روپے قومی خزانے کو مختلف وفاقی اور صوبائی محصولات کی مد میں جن میں انکم ٹیکس اور سیلز ٹیکس شامل ہیں ادائیگی کی ہے۔



اہم اعداد و شمار درج ہیں:

----- روپے ملین -----

صوبہ	۲۰۱۹	۲۰۲۰	
ڈپازٹس	۳۶۹،۷۹۰	۴۳۳،۰۶۳	۱۷ فیصد
کل اثاثے	۴۷۰،۴۲۷	۵۳۲،۱۶۸	۱۳ فیصد
خالص سرمایہ کاری	۱۴۲،۵۶۸	۲۰۱،۶۹۸	۴۱ فیصد
خالص پیشگی	۲۴۲،۹۴۴	۲۵،۱۹۹	۳ فیصد
خالص منافع / مارک اپ آمدنی	۷،۰۲۸	۹،۷۷۷	۳۹ فیصد
منافع قبل از ٹیکس	۱۳۳	۲،۰۲۳	۱۴۲۱ فیصد
منافع بعد از ٹیکس	۲۵	۱،۱۵۰	۴۵۰۰ فیصد

روایتی قرضوں کے حصہ کے علاوہ بینک نے چھوٹی درمیانی صنعت (ایس ایم ای) کے شعبہ میں قرضوں کی فراہمی کے ماڈل پر توجہ کو بڑھایا، اور متعدد ایس ایم ای کے شعبوں میں کام شروع کیا۔ مزید برآں، صارفین کی محفوظ قرضوں کی تعداد ۲۰۲۰ء کو دوران مضبوط رہی۔ لیزنگ کے شعبہ نے معیشت کے تمام صنعتی شعبوں کی بہترین نشوونما کی۔

بینک نے متعدد شرکات داری کے ذریعے گولڈ فنانس اور شمسی پینل کے قرضوں کے پورٹ فولیو میں اضافہ کر کے اپنی پروڈکٹ کو فروغ دیا۔ جے ایس بینک نے مقرر کردہ زرعی قرضوں کے اہداف کو حاصل کیا، جس سے آنے والے سالوں میں پائیدار توسیع کی راہ ہموار کرنے کا موقع ملے گا۔

جے ایس گلوبل کپٹیل لمیٹڈ (ذیلی ادارہ)

کمپنی پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) کی ٹریڈنگ رائٹ انٹرنیشنل میٹ سٹریٹجیکس (TREC) کی حامل ہے اور پاکستان مرکٹسٹاک ایکسچینج لمیٹڈ کی ممبر ہے۔ کمپنی کی بنیادی سرگرمیوں میں حصص کی بروکرینج، منی مارکیٹ کی بروکرینج، زر مبادلہ کی بروکرینج، کموڈٹی بروکرینج، ایڈوانٹری انڈر رائٹنگ، بک رنگ اور کنسلٹنسی سروس شامل ہیں۔

جے ایس گلوبل کپٹیل لمیٹڈ (JSGCL) کا ۳۱ دسمبر ۲۰۲۰ء میں ختم ہونے والے سال کا منافع بعد از ٹیکس ۲۰۴.۹۵ ملین روپے رہا۔ جبکہ ۳۱ دسمبر ۲۰۱۹ء کو ۴۷.۲۵ ملین روپے تھا۔ سال کے دوران آپریٹنگ آمدنی اضافے کے ساتھ ۶۱۳.۳۴ ملین روپے رہی۔ علاوہ ازیں سال کے دوران انتظامی اور آپریٹنگ اخراجات میں ۹.۵۳ ملین روپے کمی ہوئی۔

جے ایس انویسٹمنٹس لمیٹڈ (ذیلی ادارہ)

جے ایس انویسٹمنٹس لمیٹڈ (جے ایس آئی ایل) ایک پبلک لسٹڈ کمپنی ہے جو کہ پاکستان میں ۱۹۹۵ء میں قائم ہوئی۔ کمپنی قابل اطلاق قوانین کے تحت سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان (ایس ای سی پی) سے انویسٹمنٹ ایڈوائزری، اثاثہ منجمنٹ کمپنی اور پینشن فنڈ منیجر کے تحت لائسنس یافتہ ہے۔ حال ہی میں جے ایس آئی ایل نے ایس ای سی پی سے پرائیوٹ ایکویٹی اور وچٹر کپٹیل فنڈ منجمنٹ سروسز لائسنس حاصل کیا ہے۔

جے ایس آئی ایل کے ۳۱ دسمبر ۲۰۲۰ء میں ختم ہونے والے سال کا نقصان بعد از ٹیکس ۳۹.۸۰ ملین روپے رہا جبکہ ۳۱ دسمبر ۲۰۱۹ء میں نقصان بعد از ٹیکس ۸۴.۶۴ ملین روپے تھا۔ ۳۱ دسمبر ۲۰۲۰ء میں زیر انتظام اثاثے (AUMS) ۲۳،۸۰۰ ملین روپے رہے۔

روپے ۱۰۰۰

۲،۴۸۶،۰۶۷	قبل ٹیکسیشن منافع
	کنوٹی ٹیکسیشن
۹۰۹،۰۴۰	موجودہ سال
(۹،۳۴۷)	پچھلا سال
۳۳۱،۶۱۵	ملتی شدہ
۱،۲۲۱،۳۰۸	
۱،۲۶۴،۷۵۹	سال کے لئے خالص منافع
(۳۷۲،۵۷۸)	غیر کنٹرولنگ دلچسپی سے منسوب منافع
۸۹۲،۱۸۱	عام حصص یافتگان سے منسوب سال کا منافع

بیسک (Basic) اور ڈائلوٹڈ (Diluted) منافع فی حصص ۰.۹۷ پیسے رہا۔

## اہم سرمایہ کاری کی کارکردگی: جے ایس بینک لمیٹڈ (ذیلی بینک)

جے ایس بینک لمیٹڈ (جے ایس بی ایل) پاکستان میں قائم شدہ ایک شیڈولڈ بینک ہے اور تجارتی بینکنگ اور اس سے ملحقہ سروسز سے منسلک ہے۔ سال کے دوران ایک مشکل آپریٹنگ ماحول کے باوجود بینک کی آمدنی مضبوط رہی۔ بینک نے ۳۱ دسمبر ۲۰۲۰ء کے ختم ہونے والے سال پر بینک کا قبل از ٹیکس منافع ۲،۰۲۳ ملین روپے (بعد از ٹیکس منافع ۱،۵۰ ملین روپے) رپورٹ ہوا جب کہ اس کے مقابلے گزشتہ سال کی اسی مدت کے دوران قبل از ٹیکس منافع ۱،۳۳۳ ملین روپے (بعد از ٹیکس منافع ۲۵ ملین روپے) تھا۔

آمدنی کی مد میں، بینک نے کل مارک اپ آمدنی ۲۳،۰۹۹ ملین روپے حاصل کی اس کے مطابق گزشتہ سال اسی مدت کے دوران ۲۱،۵۹۵ ملین روپے ہوئی جس میں ۳.۶ فیصد کا اضافہ ریکارڈ کیا گیا۔ نیٹ انٹرسٹ آمدنی میں گزشتہ سال کے مقابلہ ۳۹.۱ فیصد اضافہ ہوا جو ۷،۷۷۷ ملین روپے رہی۔ وپاء میں لاک ڈاؤن اور معاشی سرگرمیوں کے سست روی کے باوجود بینک کی نان مارک اپ آمدنی ۶۹.۳ فیصد اضافہ سے ۶،۶۷۶ ملین روپے پر رہی، جس میں ایک بڑا حصہ کیپیٹل گین ۸،۷۳ ملین روپے فاریکس آمدنی ۱،۰۱۰ ملین روپے اور فیس اور دیگر کمیشن آمدنی ۳،۵۹۶ ملین روپے کا ہے۔

انتظامی اخراجات ۱۳،۰۱۹ ملین روپے رہے جو گزشتہ سال اسی مدت کے دوران ۱۰،۷۹۲ ملین روپے پر تھے، جس میں ۲۰.۶ فیصد اضافہ ہوا۔ گزشتہ سال کی مقابلہ بینک کا آمدنی کا تناسب ۹۸ فیصد کے مقابلہ ۷۹.۱ فیصد رہا۔ جس سے بینک کی لاگت کو معقول بنانے پر توجہ ظاہر کرتا ہے۔



## مالیاتی کارکردگی انفرادی مالیاتی کارکردگی:

۳۱ دسمبر ۲۰۲۰ء کو ختم شدہ سال کے دوران کمپنی نے ۲۰۵،۱ ملین روپے کا خالص منافع حاصل کیا جبکہ ۳۱ دسمبر ۲۰۱۹ء میں خالص منافع ۳۶۰ ملین روپے تھا۔ مجموعی طور پر اس سال کی کل آمدنی کم ہو کر ۹۵۶.۵۶ ملین روپے ریکارڈ کی گئی جو کہ ۳۱ دسمبر ۲۰۱۹ میں ۱،۲۲۰ ملین روپے تھی جس کی بنیادی وجہ حصص سے ملنے والا تقسیم شدہ منافع میں کمی اور بینک ڈپازٹ پر حاصل ہونے والے منافع میں کمی ہے۔ آپریٹنگ اور انتظامی اخراجات میں تھوڑا سا اضافہ ہوا ہے۔ تاہم مالیاتی لاگت نمایاں کمی کے ساتھ ۴۵۵ ملین روپے رہی جو کہ پچھلے سال میں ۵۷۷ ملین روپے تھی جس کی بنیادی وجہ شرح سود اور قرضوں میں کمی ہے۔ کمپنی نے اس سال کے دوران اپنی ذیلی کمپنیوں میں reversal of Provision for impairment ۱،۰۸۲ ملین روپے سے ریکارڈ کیا جو کہ پچھلے سال میں ۵۹ ملین روپے تھا۔ ۳۱ دسمبر ۲۰۲۰ء کو فی حصص بریک اپ ویلیو ۲۹.۲۹ روپے تھی۔

روپے '۰۰۰

۱،۳۴۰،۳۰۰	منافع قبل ٹیکسیشن
	کٹوتی ٹیکسیشن
۱۱۹،۲۵۹	موجودہ سال
۶،۰۰۹	پچھلا سال
۱۰،۰۲۵	ملٹوی شدہ
۱۳۵،۲۹۳	
۱،۲۰۵،۰۰۷	منافع بعد از ٹیکس

۲۰۲۰ء میں کمپنی کا منافع فی حصص ۳۲.۱۰ روپے رہا۔

## مجموعی مالیاتی گوشورائے:

سال ۲۰۲۰ء کے دوران گروپ کے مجموعی اثاثوں میں بہتری آئی جو کہ ۳۱ دسمبر ۲۰۱۹ء کو ۸۸۲،۸۹۳ ملین روپے سے بڑھ کر ۳۱ دسمبر ۲۰۲۰ء کو ۸۷۸،۵۷۷ ملین روپے ہو گئے۔ حصص یافتگان کی ایکویٹی بھی سال کے آخر میں ۴۵،۵۸۰ ملین روپے تھی۔

۳۱ دسمبر ۲۰۲۰ء کو ختم ہونے والے سال کے دوران گروپ نے ۲۶۵،۱ ملین روپے کا خالص منافع حاصل کیا جو کہ ۳۱ دسمبر ۲۰۱۹ء کی تقابلی مدت میں ۵۰.۸ ملین روپے تھا۔ یعنی ۲۳۹۰ فیصد کا اضافہ ہوا جس کی بنیادی وجہ جے ایس بینک لمیٹڈ کے خالص منافع میں اضافہ جو کہ سرمایہ کاری سے حاصل ہونے والے منافع میں اضافہ کی وجہ سے ہے۔

سال کے دوران کل آمدنی میں گزشتہ سال سے ۹.۱۵ فیصد اضافہ ہوا ہے۔ جس کی بنیادی وجہ گورنمنٹ سیکورٹیز میں سرمایہ کاری سے ہونیوالی آمدنی میں اضافہ کے ساتھ ساتھ ایکویٹی سیکورٹیز کے فروخت سے حاصل ہونے والے منافع میں اضافہ ہے۔ انتظامی اور دیگر اخراجات اضافے کے ساتھ ۱۵،۳۹۹ ملین روپے ہو گئے یعنی پچھلے سال سے ۲۲.۵۹ فیصد اضافہ ہوا۔ Provision for impairment ۲۲۸ ملین روپے ریکارڈ کیا گیا۔ تاہم مالی لاگت کم ہو کر ۳۳،۸۵۵ ملین روپے ہو گئی یعنی پچھلے سال سے ۳.۳ فیصد کم ہو گئے۔

## ڈائریکٹرز کی رپورٹ

### معزز حصص یافتگان:

یہ امر ہمارے لئے باعث مسرت ہے کہ ہم ۳۱ دسمبر ۲۰۲۰ء کو ختم ہونے والے سال کے لئے جہانگیر صدیقی اینڈ کمپنی لمیٹڈ (JSCL) کی سالانہ رپورٹ کے ہمراہ آڈٹ شدہ انفرادی اور مجموعی مالیاتی گوشوارے مع آڈیٹرز کی رپورٹ آپ کی خدمت میں پیش کر رہے ہیں۔

### معیشت:

سال ۲۰۲۰ء میں COVID-19 وبائی مرض کے ظہور کے سبب معاشی سرگرمیوں میں بڑی رکاوٹیں آئیں۔ پاکستان سمیت متعدد ممالک نے وائرس کو پھیلنے سے روکنے کے لئے لاک ڈاؤن نافذ کر دیا۔ نتیجہ کے طور پر پاکستان کی معیشت نے ۶۸ سالوں میں اپنی بدترین کارکردگی کا مظاہرہ اور اس طرح مالی سال ۲۰۱۹ء-۲۰۲۰ء میں ترقی کی رفتار منفی ۰.۳۸ فیصد رہی۔

COVID-19 وبائی مرض کی وجہ سے غیر متوقع صورتحال نظر آئی۔ حکومت پاکستان نے اسٹیٹ بینک آف پاکستان کے ساتھ مل کر مالی اور مالیاتی محاذوں پر بہتر انتظام کئے جن میں قرضے لینے والوں کی اصل رقم کی التواء، قرضوں کی تنظیم نو، تنخواہوں کی مالی اعانت اور دیگر محرک ٹیکجوں کا انتظام کیا۔ اسٹیٹ بینک آف پاکستان نے بھی اس بحران کو مد نظر رکھتے ہوئے زیر جائزہ مدت کے دوران پالیسی شرح کو بڑے پیمانے پر ۶۲۵ بنیادی پوائنٹس کی کمی کر کے ۷ فیصد کر دیئے ہیں۔ مزید ایس بی پی نے اقتصادی بحالی کی حمایت کے لئے جنوری ۲۰۲۱ء میں اعلان کردہ مانیٹری پالیسی میں پالیسی کی شرح ۷ فیصد پر برقرار رکھی تھی۔ تاہم بنیادی طور پر ایشیا نے خورد و نوش کی قیمتوں کی وجہ سے قومی سی پی آئی کی افراط زر کی شرح اونچی رہی۔

مذکورہ بالا مدد اور محرک ٹیکجوں کی اجتماعی نتائج بتدریج وقت کے ساتھ ساتھ سامنے آئے۔ بیرونی محاذ پر بہتری برقرار رہی جیسا کہ ۳۱ دسمبر ۲۰۲۰ء کو ختم ہونے والے سال کا کرنٹ اکاؤنٹ سر پلس ۲۰۳ ملین ڈالر رہا جب کہ اس کے مقابلے میں ۳۱ دسمبر ۲۰۱۹ء کو ختم ہونے والے پچھلے سال کا کرنٹ اکاؤنٹ خسارہ ۱۴۳،۷ ملین ڈالر تھا۔ یہ کرنٹ اکاؤنٹ سر پلس کی وجہ سے سال ۲۰۱۹ء سے سال ۲۰۲۰ء کے موازنے میں درآمدات کی ۹.۴ فیصد کمی تھی۔

### ایکویٹی کپٹل مارکیٹس (Equity Capital Markets)

اگرچہ کے ایس ای ۱۰۰ انڈیکس نے سال ۲۰۲۰ء کو ایک مثبت نوٹ پر شروع کیا، لیکن COVID-19 کی وبائی بیماری کی وجہ سے کے ایس ای ۱۰۰ انڈیکس مارچ ۲۰۲۰ء میں، ۳۱ دسمبر ۲۰۱۹ء کے موازنے میں ۳۳ فیصد تک گر گیا۔ تاہم کے ایس ای ۱۰۰ انڈیکس میں تیزی سے بہتری دیکھنے میں آئی اور یہ مارچ ۲۰۲۰ء میں اپنی ۲۲۸.۸ کی نچلی سطح سے ۳۱ دسمبر ۲۰۲۰ء تک ۷۵۵.۳۸ پوائنٹس کی بلند سطح پر بند ہوا۔ یہ بہتری اس بات کو ظاہر کرتی ہے کہ مارکیٹ کے شرکاء کا اعتماد بحال ہوا جو جزوی طور پر اسٹیٹ کمپنیوں کی آمدنی میں اضافے اور COVID-19 وبائی امراض کی پہلی اور دوسری لہروں میں ملک کی کامیاب نیوگیٹیشن کی وجہ سے ہے۔ نتیجتاً ۳۱ دسمبر ۲۰۱۹ء کو ختم ہونے والے پچھلے سال کے مقابلے میں کے ایس ای ۱۰۰ انڈیکس ۳۱ دسمبر ۲۰۲۰ء کو ۷۵ فیصد اضافے کے ساتھ بند ہوا (یوں بھی کہہ سکتے ہیں کہ مارچ ۲۰۲۰ء کی نچلی سطح سے موازنے میں ۲۱ فیصد بہتری ہوئی)۔

### مرکزی سرگرمیاں / کاروبار

جہانگیر صدیقی اینڈ کمپنی لمیٹڈ (جے ایس ای ایل) بنیادی طور پر مالی خدمات کے شعبے میں ایک سرمایہ کار کمپنی ہے اور پاکستان کی ابھرتی ہوئی کمپنیز میں طویل مدتی سرمایہ کاری بھی کرتی ہے۔ مالی خدمات میں اسکی سرمایہ کاری تمام شعبہ جات پر مشتمل ہے۔ جس میں اثاثوں کی نظامت، کمرشل بینکاری، سرمایہ کاری، بینکاری، اسلامک بینکاری، سیکورٹیز بروکرینج، ٹیکنالوجی، اور صنعتی کمپنیز میں طویل مدتی کلیدی سرمایہ کاری شامل ہیں۔ جس سے جے ایس ای ایل فائدہ اٹھاتی ہے۔ کمپنی نے توانائی اور انفراسٹرکچر کے منصوبوں میں بھی سرمایہ کاری کی ہے۔



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

**Jahangir Siddiqui & Co. Ltd.**  
**For the year ended December 31, 2020**

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

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

1. The total number of elected directors is seven as per the following gender bifurcation:
  - (a) Male: Seven (including CEO)
  - (b) Female: One
2. The composition of the board is as follows:

Category	Name
Independent Director	Saud Ahmed Mirza Lt. Gen. (R) Javed Mahmood Bukhari
Other Non-Executive Directors	Chief Justice (R) Mahboob Ahmed Ali Raza Siddiqui Muhammad Ali Shahid Hussain Jatoi
Executive Director	Suleman Lalani, CEO
Female Non-Executive Director	Hina Athar Khan

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 the 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 the board/shareholders as empowered by the relevant provisions of the Companies Act, 2017, (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 Board;
8. The Board has 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 Ms. Hina Athar Khan, during the year. Out of total eight (including the CEO) six directors are already certified under Directors' Training Program ("DTP") from recognized institution and one director is exempt from the requirements of DTP;

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

Committees	Members
Audit Committee	<ol style="list-style-type: none"> <li>1. Mr. Saud Ahmed Mirza (Chairman)</li> <li>2. Mr. Ali Raza Siddiqui</li> <li>3. Mr. Shahid Hussain Jatoi</li> </ol>
Human Resource & Remuneration Committee	<ol style="list-style-type: none"> <li>1. Mr. Saud Ahmed Mirza (Chairman)</li> <li>2. Chief Justice (R) Mahboob Ahmed</li> <li>3. Mr. Suleman Lalani</li> </ol>
Executive Committee	<ol style="list-style-type: none"> <li>1. Mr. Ali Raza Siddiqui (Chairman)</li> <li>2. Mr. Suleman Lalani</li> <li>3. Mr. Shahid Hussain Jatoi</li> </ol>

13. The terms of references of aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committees were as per following:
  - a) Audit Committee (quarterly) - four meetings of the Committee were held during the year;
  - b) Human Resource & Remuneration Committee (yearly) - two meetings of the Committee were held during the year;
  - c) Executive Committee (on need basis) - no meeting of the Committee was held during the year;
15. The Board has outsourced the internal audit function to M/s Grant Thornton Anjum Rahman, Chartered Accountants (a member firm of Grant Thornton International) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;



18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and

Regulation 6: The Board of the Company comprises of seven elected directors and one-third works out to be 2.33. Presently, two (2) independent directors were elected by the shareholders in terms of Section 166 of the Companies Act, 2017, which have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently as per laws and regulations under which, hereby, fulfill the requirements; not warrant the appointment of a third independent director.

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

**CHIEF JUSTICE (R) MAHBOOB AHMED**  
Chairman

Karachi: March 11, 2021



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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Jahangir Siddiqui & Co. Ltd. (the Company) for the year ended 31 December 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

As part of our audit of 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 requires 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. We have not carried out any procedures to assess and determine the company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

**EY Ford Rhodes**  
**Chartered Accountants**

**Date:** March 31, 2021

**Place:** Karachi

# INDEPENDENT AUDITORS' REPORT

To the members of Jahangir Siddiqui & Co. Ltd.

## Report on the Audit of unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of Jahangir Siddiqui & Co. Ltd. (the Company), which comprise the statement of financial position as at 31 December 2020, 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, 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 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 31 December 2020 and of the profit and other comprehensive income, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
<p><b>1. Valuation of investments</b></p> <p>As disclosed in notes 6 and 11 to the financial statements, the investments held by the Company comprise investments in quoted and un-quoted equity securities which represent significant portion of the total assets of the Company as at the year end.</p> <p>The valuation of these investments is based on the classification in various categories i.e., 'at fair value through other comprehensive income', 'at fair value through profit or loss', and investments in associate and subsidiaries, which is explained in note 3.3 and 3.4 to the financial statements.</p> <p>In view of the significance of investment in relation to the total assets we identified existence and valuation of investments as a key audit matter.</p>	<p>Our key procedures included the following:</p> <ul style="list-style-type: none"> <li>- reviewed the appropriateness of the accounting policies and practices followed by the Company to classify investments into various categories based on the requirements of applicable financial reporting standards;</li> <li>- tested controls over acquisition, disposals and periodic valuation of investments portfolio;</li> <li>- performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement and related reconciliations and valuations on such investments in accordance with the accounting policies of the Company;</li> <li>- checked the methodology and reasonableness of assumptions used by the management of the Company in determining the valuation of unquoted equity investments;</li> <li>- checked the valuation of quoted equity investments based on market prices at the Pakistan Stock Exchange Limited as at 31 December 2020;</li> <li>- In case of Company's investments in subsidiaries, the indicators of impairments were checked, and in case there were any indicators, the recoverable amounts were assessed to determine impairment, if any, by keeping in view the value in use of such subsidiaries; and</li> <li>- assessed the adequacy of the overall disclosures in the financial statements in respect of the Company's investment portfolio in accordance with the requirements of the applicable financial reporting framework.</li> </ul>

#### Information Other than the Financial Statements and Auditors' 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 there on.

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.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 auditors' 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).

The engagement partner on the audit resulting in this independent auditors' report is Shaikh Ahmed Salman.

**EY Ford Rhodes**  
**Chartered Accountants**

**Date:** March 31, 2021

**Place:** Karachi

# Unconsolidated Financial Statements

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and equipment	4	235,239	259,532
Investment property	5	1,420	1,540
Long term investments	6	27,613,822	25,641,462
Long term loans and advances	7	4,968	5,109
Long term security deposits		2,959	2,959
		<b>27,858,408</b>	<b>25,910,602</b>
<b>Current Assets</b>			
Short term loans and advances	8	859	772
Short term prepayments and other receivables	9	9,995	13,810
Interest accrued	10	6,901	2,559
Other financial assets - Short term investments	11	6,815,188	3,177,131
Taxation - net		113,842	109,533
Cash and bank balances	12	179,730	232,440
		<b>7,126,515</b>	<b>3,536,245</b>
		<b>34,984,923</b>	<b>29,446,847</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Share Capital</b>			
Authorised capital	13.1	65,000,000	65,000,000
Issued, subscribed and paid-up share capital	13.2	9,159,424	9,159,424
Reserves		22,245,198	15,868,851
		<b>31,404,622</b>	<b>25,028,275</b>
<b>Non-Current Liabilities</b>			
Long term financing	14	2,169,551	2,738,746
Lease liability	15	127,048	131,018
Deferred tax liability	16	287,448	990
<b>Current Liabilities</b>			
Trade and other payables	17	314,606	284,245
Unclaimed dividend		10,538	10,543
Accrued interest on borrowings		73,501	179,356
Current portion of long term financing	14	568,175	1,049,702
Current maturity of lease liability	15	29,434	23,972
		<b>996,254</b>	<b>1,547,818</b>
		<b>34,984,923</b>	<b>29,446,847</b>
<b>Contingencies and Commitments</b>	18		

The annexed notes 1 to 36 form an integral part of these financial statements.

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

**Najmul Hoda Khan**  
Chief Financial Officer



## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
<b>INCOME</b>			
Return on investments	19	815,911	958,703
Gain on sale of investments - net	20	430	64,881
Income from long term loans and fund placements	21	47,778	41,592
Other (loss) / income - net	22	(23,017)	88,136
Gain on remeasurement of investments at fair value through profit or loss - net		115,458	66,969
		<u>956,560</u>	<u>1,220,281</u>
<b>EXPENDITURE</b>			
Operating and administrative expenses	23	215,687	210,590
Finance cost	24	454,756	577,100
Provision for Sindh Workers' Welfare Fund		27,353	9,837
Reversal of provision for impairment	6.1.3	(1,081,536)	(59,269)
		<u>(383,740)</u>	<u>738,258</u>
<b>PROFIT BEFORE TAXATION</b>		<b>1,340,300</b>	<b>482,023</b>
<b>Taxation</b>			
Current		119,259	133,735
Prior		6,009	(11,522)
Deferred		10,025	-
	25	<u>135,293</u>	<u>122,213</u>
<b>PROFIT FOR THE YEAR</b>		<b><u>1,205,007</u></b>	<b><u>359,810</u></b>
		----- (Rupees) -----	
<b>EARNINGS PER SHARE - basic and diluted</b>	26	<u>1.32</u>	<u>0.39</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

**Najmul Hoda Khan**  
Chief Financial Officer



## UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2020

	2020	2019
	----- (Rupees in '000) -----	
<b>PROFIT FOR THE YEAR</b>	1,205,007	359,810
<b>OTHER COMPREHENSIVE INCOME:</b>		
<b>Items that will not be reclassified subsequently to statement of profit or loss</b>		
Unrealised gain on revaluation of investments at fair value through OCI during the year - net of deferred tax	5,171,340	709,179
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>6,376,347</u>	<u>1,068,989</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

**Najmul Hoda Khan**  
Chief Financial Officer



# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

	Reserves				Sub-total	Total
	Issued, subscribed and paid- up share capital	Ordinary share premium	Unrealised gain on revaluation of investments at fair value through OCI	Revenue reserve  Un- appropriated profit		
	----- (Rupees in '000) -----					
<b>Balance as at December 31, 2018</b>	9,159,424	4,497,894	7,803,459	2,333,734	14,635,087	23,794,511
Impact of initial application of IFRS 9	-	-	211,321	(46,546)	164,775	164,775
<b>Adjusted balance as at January 01, 2019</b>	9,159,424	4,497,894	8,014,780	2,287,188	14,799,862	23,959,286
Profit for the year	-	-	-	359,810	359,810	359,810
Other comprehensive income	-	-	709,179	-	709,179	709,179
Total comprehensive income	-	-	709,179	359,810	1,068,989	1,068,989
Reclassification of net revaluation gain on equity instrument upon derecognition	-	-	(267,648)	267,648	-	-
<b>Balance as at December 31, 2019</b>	<b>9,159,424</b>	<b>4,497,894</b>	<b>8,456,311</b>	<b>2,914,646</b>	<b>15,868,851</b>	<b>2,5028,275</b>
Profit for the year	-	-	-	1,205,007	1,205,007	1,205,007
Other comprehensive income	-	-	5,171,340	-	5,171,340	5,171,340
Total comprehensive income	-	-	5,171,340	1,205,007	6,376,347	6,376,347
Reclassification of net revaluation gain on equity instrument upon derecognition	-	-	(179,694)	179,694	-	-
<b>Balance as at December 31, 2020</b>	<b>9,159,424</b>	<b>4,497,894</b>	<b>13,447,957</b>	<b>4,497,894</b>	<b>22,245,198</b>	<b>31,404,622</b>

The annexed notes 1 to 36 form an integral part of these financial statements.

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

**Najmul Hoda Khan**  
Chief Financial Officer

## UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	Note	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation for the year		1,340,300	482,023
<b>Adjustment for non cash charges and other items:</b>			
Depreciation	23.8	34,112	30,548
Gain on sale of property and equipment	22	(1,224)	(1,156)
Interest income		(71,320)	(41,592)
Gain on remeasurement of investments at fair value through profit or loss - net		(115,458)	(66,969)
Reversal of provision for impairment - net		(1,081,536)	(59,269)
Dividend income		(792,369)	(870,756)
Loss on remeasurement of derivatives through profit or loss		51,098	3,675
Finance cost		454,756	577,100
		(1,521,941)	(428,419)
<b>Operating (loss) / profit before working capital changes</b>		(181,641)	53,604
<b>(Increase) / decrease in operating assets:</b>			
Short term loans and advances		(87)	65,223
Short term prepayments and other receivables		4,580	(26,643)
Long term loans, advance and security deposits		141	20,579
		4,634	59,159
<b>Decrease in trade and other payables</b>		(20,737)	(159,636)
		(197,744)	(46,873)
Investments - net		885,781	755,975
Dividend received		791,604	873,399
Finance cost paid		(531,086)	(490,669)
Taxes paid		(129,578)	(144,709)
Interest income received		66,978	50,056
Unclaimed dividend paid		(5)	-
<b>Net cash generated from operating activities</b>		885,950	997,179
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(18,097)	(27,903)
Proceeds from sale of property and equipment		4,310	1,160
<b>Net cash used in investing activities</b>		(13,787)	(26,743)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Redemption of term finance certificates		(875,000)	(756,251)
Long term loan (repaid to) / obtained from bank - net		(187,500)	185,930
Payment against lease liability		(10,942)	(19,120)
<b>Net cash used in financing activities</b>		(1,073,442)	(589,441)
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		(201,279)	380,995
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		677,054	296,059
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	27	475,775	677,054

The annexed notes 1 to 36 form an integral part of these financial statements.

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

**Najmul Hoda Khan**  
Chief Financial Officer



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## 1. THE COMPANY AND ITS OPERATIONS

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

## 2. BASIS OF PREPERATION

### 2.1 Statement of Compliance

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

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

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

These financial statements are unconsolidated financial statements of the Company in which investments in subsidiaries and associates (if any) are stated at cost less impairment, if any, and have not been accounted for on the basis of reported results and net assets of the investees.

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

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

### 2.4 Significant accounting estimates and judgments

The preparation of financial statements, in conformity with the approved accounting standards as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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

- (a) determining the residual values and useful lives of property and equipment (notes 3.1 and 4);
- (b) classification of investments (notes 3.4, 6 and 11);
- (c) determining the fair values of unquoted investments carried at fair value through other comprehensive income (note 32);

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

- (d) leases (note 3.10);
- (e) recognition of taxation and deferred tax (notes 3.7, 16 and 25); and
- (f) impairment of financial assets (notes 3.4.4, 3.18 and 6.1.3).

### 2.5 The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year

#### Standard or Interpretation

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)

#### Standard or Interpretation

IFRS 14 - Regulatory Defferred Accounts

IFRS 16 – COVID-19 Related Rent Concessions (Amendments)

IFRS 3 - Definition of a Business (Amendments)

IAS 1 / IAS 8 - Definition of Material (Amendments)

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on these unconsolidated financial statements.

### 2.6 New accounting standards / amendments and IFRS interpretations that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
Amendment to IAS 39 / IFRS 9 'Financial Instruments: Recognition and Measurement' - Interest Rate Benchmark Reform - Phase 2	January 01, 2021
Amendments to IAS 37 'Provision contingent liability and contingent liability - Onerous Contracts - Costs of Fulfilling a Contract'	January 01, 2022
Amendment to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' Classification of Liabilities as Current or Non-current	January 01, 2022*
Amendments to IAS 16 'Property Plant and Equipment' - Proceeds before Intended Use	January 01, 2022
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	January 01, 2022

\* The IASB has issued an exposure draft proposing to defer the effective date of the amendments to IAS 1 to January 01, 2023.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

<b>Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 9 Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
IFRS 16 Leases - Partial Amendments to Illustrative Example 13	January 01, 2022

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on these unconsolidated financial statements.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<b>Standard</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 1 - First time adoption of IFRSs	January 01, 2004
IFRS 17 - Insurance Contracts	January 01, 2021

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Property and equipment

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

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each date of statement of financial position.

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

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

Gains and losses on disposal of fixed assets, if any, are taken to statement of profit or loss.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

### 3.2 Investment property

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

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

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

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

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

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

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

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

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

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

Associates are entities over which the Company has significant influence but not control. Investment in associates is carried at fair value through other comprehensive income.

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

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## 3.4 IFRS 9 Financial Instruments

### 3.4.1 Initial recognition and measurement

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

Bank balances and loans and advances to employees / counter parties are recognised when funds are transferred to the banks / employees / counterparties. The Company recognises due to counterparties when funds reach the Company.

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

### 3.4.2 Classification

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

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

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

#### Financial assets

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

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

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

##### a) Debt instruments at FVOCI

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



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

### b) Equity instruments at FVOCI

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

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

### Financial assets measured at amortised cost

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

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

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

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

### Financial liabilities

#### Financial liabilities measured at amortised cost

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

### 3.4.3 De-recognition

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

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

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

#### 3.4.4 Impairment of financial assets

The Company holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

#### 3.4.5 Offsetting of financial assets and financial liabilities

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

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

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

#### 3.6 Provisions

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

#### 3.7 Taxation

##### Current

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

### Deferred

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

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

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

### 3.8 Revenue recognition

- (a) Income from Term Finance Certificates (TFCs), government securities, reverse repurchase transactions and loans and advances are recognised at rate of return implicit in the instrument / arrangement on a time proportion basis.
- (b) Profit on bank deposits and rental income is recognised at effective yield on time proportionate basis.
- (c) Dividend income on equity investments is recognised when the right to receive the same is established.
- (d) Capital gains or losses on sale of investments are recognised in the period in which they arise.

### 3.9 Long term finances and loans

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

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

### 3.10 IFRS 16 Leases

#### • Right-of-use assets

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## • Lease Liabilities

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

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

## • Short-term leases and leases of low-value assets

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

## • Significant judgement in determining the lease term of contracts with renewal options

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

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

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

## 3.11 Trade debts and other receivables

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

## 3.12 Trade date accounting

All "regular way" purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company commits to purchase or sell an asset. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

### 3.13 Derivative financial instruments

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

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

### 3.14 Trade and other payables

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

### 3.15 Cash and cash equivalents

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

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

### 3.16 Staff retirement benefits

#### Defined contribution plan

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

#### Compensated absences

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

### 3.17 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the date of statement of financial position. Gains and losses on translation are taken to the statement of profit or loss. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

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

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

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

## **3.19 Earnings per share**

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

## **3.20 Dividend and appropriation to reserves**

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

4. PROPERTY AND EQUIPMENT	Note	2020	2019
		----- (Rupees in '000) -----	
Operating assets - Owned	4.1	104,391	103,792
Right-of-use asset	4.2	130,132	154,562
Capital work-in-progress	4.3	716	1,178
		<u>235,239</u>	<u>259,532</u>

### 4.1 Operating assets - Owned

	COST			Rate	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at January 01, 2020	Additions / (disposals)	As at December 31, 2020		As at January 01, 2020	For the year / (on disposals)	As at December 31, 2020	As at December 31, 2020
	(Rupees in '000)			%	(Rupees in '000)			
Leasehold improvements	88,786	-	88,786	10	6,659	8,878	15,537	73,249
Office equipment	11,815	1,207 (1,351)	11,671	25	5,186	2,243 (1,351)	6,078	5,593
Office furniture and fixtures	14,281	-	14,281	10	4,055	1,101	5,156	9,125
Motor vehicles	12,687	17,352 (6,572)	23,467	20	7,877	2,652 (3,486)	7,043	16,424
	<u>127,569</u>	<u>18,559</u> <u>(7,923)</u>	<u>138,205</u>		<u>23,777</u>	<u>14,874</u> <u>(4,837)</u>	<u>33,814</u>	<u>104,391</u>

	COST			Rate	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at January 01, 2019	Additions / (disposals)	As at December 31, 2019		As at January 01, 2019	For the year / (on disposals)	As at December 31, 2019	As at December 31, 2019
	(Rupees in '000)			%	(Rupees in '000)			
Leasehold improvements	18,372	88,786 (18,372)	88,786	10	18,372	6,659 (18,372)	6,659	82,127
Office equipment	23,577	7,987 (19,749)	11,815	25	23,181	1,754 (19,749)	5,186	6,629
Office furniture and fixtures	15,743	11,008 (12,470)	14,281	10	15,736	785 (12,466)	4,055	10,226
Motor vehicles	11,247	1,440	12,687	20	5,954	1,923	7,877	4,810
	<u>68,939</u>	<u>109,221</u> <u>(50,591)</u>	<u>127,569</u>		<u>63,243</u>	<u>11,121</u> <u>(50,587)</u>	<u>23,777</u>	<u>103,792</u>

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

4.2 Right-of-use assets	2020	2019
	----- (Rupees in '000) -----	
As at January 01	154,562	173,869
Depreciation expense	(19,118)	(19,307)
Adjustment relating to lease modification	(5,312)	-
As at December 31	<u>130,132</u>	<u>154,562</u>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

- 4.3 This represents advances paid to various suppliers for purchase of office equipments. The additions and transfers during the year amounted to Rs. 8.57 (2019: Rs.11.87) million and Rs. 9.03 (2019: Rs. 92.95) million, respectively.

## 5. INVESTMENT PROPERTY

	COST			Rate	ACCUMULATED DEPRECIATION			WRITTEN
	As at	As at	As at		As at	As at	As at	
	January 01, 2020	Additions/ (disposals) December 31, 2020	December 31, 2020		January 01, 2020	For the year	December 31, 2020	December 31, 2020
	----- (Rupees in '000) -----			%	----- (Rupees in '000) -----			
Office premises	14,999	-	14,999	5	13,459	120	13,579	1,420

	COST			Rate	ACCUMULATED DEPRECIATION			WRITTEN
	As at	As at	As at		As at	As at	As at	
	January 01, 2019	Additions/ (disposals) December 31, 2019	December 31, 2019		January 01, 2019	For the year	December 31, 2019	December 31, 2019
	----- (Rupees in '000) -----			%	----- (Rupees in '000) -----			
Office premises	14,999	-	14,999	5	13,339	120	13,459	1,540

- 5.1 The fair value of the investment property aggregating to Rs. 120.43 million was arrived at on the basis of the valuation carried out by KG Traders (Pvt.) Limited, an independent valuer on January 28, 2021, but was not incorporated in the books of accounts as the Company applies cost model for accounting for investment property. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.

- 5.2 The details of investment property are as follows:

Description	Address and location	Total Area in Sq. Ft.
Islamabad building	Office No. 413, 4th Floor, Islamabad Stock Exchange Tower, 55-B, Jinnah Avenue, Islamabad	1,331
Lahore building	2nd Floor, Associated House, 7-Egerten Road, Lahore	7,466

## 6. LONG TERM INVESTMENTS

	Note	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
<b>Investments in related parties</b>			
Subsidiaries - at cost	6.1	11,560,092	10,478,556
Associate - 'at fair value through OCI'	6.2	2,830,569	-
Other related parties - 'at fair value through OCI'	6.3	9,263,863	9,306,685
		23,654,524	19,785,241
<b>Other investments - 'at fair value through OCI'</b>	6.4	3,959,298	5,856,221
		27,613,822	25,641,462



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

### 6.1 Subsidiaries - at cost

These shares are Ordinary shares of Rs.10/- each, unless stated otherwise.

Number of shares		Note	Activity	Holding		2020 ------(Rupees in '000)-----	2019
2020	2019			2020 %	2019 %		
<b>Quoted</b>							
973,307,324 *	973,307,324		Commercial Banking	75.02	75.02	6,127,149	6,127,149
JS Bank Limited Market value Rs. 6,248.63 (December 31, 2019: Rs. 5,255.86) million							
<b>Un-quoted</b>							
173,736,297	173,736,297	6.1.1	Telecom Media & Technology	100.00	100.00	1,708,490	1,708,490
JS Infocom Limited Net assets value Rs. 1,964.00 (December 31, 2019: Rs. 628.04) million based on audited financial statements for the year ended December 31, 2020 Less: Impairment							
						-	(1,080,451)
						1,708,490	628,039
10,000	10,000		Investment services	100.00	100.00	294,882	294,882
JS International Limited Ordinary Shares of US\$ 1/- each having negative equity balance of Rs. 1.8 (September 30, 2019: Rs. (1.8)) million based on un-audited financial statements for the year ended September 30, 2020 Less: Impairment							
						(294,882)	(294,882)
						-	-
370,000,000	370,000,000		Energy Petroleum & Infrastructure	100.00	100.00	3,700,000	3,700,000
Energy Infrastructure Holding (Private) Limited Net assets value Rs. 4,699.22 (December 31, 2019: Rs. 4,128.05) million based on audited financial statements for the year ended December 31, 2020							
3,000,000	3,000,000	6.1.2	Renewable Energy	100.00	100.00	30,000	30,000
Quality Energy Solutions (Private) Limited Net assets value Rs. 24.45 (December 31, 2019: Rs. 23.37) million based on audited financial statements for the year ended December 31, 2020 Less: Impairment							
						(5,547)	(6,632)
						24,453	23,368
						<b>11,560,092</b>	<b>10,478,556</b>

\* These are sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

**6.1.1** The net assets of JS Infocom Limited mainly comprise of listed equity securities. Due to improvement in market conditions at the reporting date, the net assets of JS Infocom Limited have increased resulting in reversal of impairment recorded in prior years.

**6.1.2** The net assets of Quality Energy Solutions (Private) Limited mainly comprise of bank deposits and debt securities. Due to interest income on bank deposits and debt securities, net assets increased at the reporting date. Therefore, reversal in provision of impairment of Rs. 1.06 million is recognized during the year.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 6.1.3 Reversal of provision for impairment

	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
Opening balance	1,381,965	1,441,234
Charge for the year	-	-
Reversal for the year	(1,081,536)	(59,269)
	(1,081,536)	(59,269)
Closing balance	300,429	1,381,965

## 6.2 Associate - 'at fair value through OCI'

These shares are ordinary shares of Rs.10 each, unless stated otherwise.

Number of shares			2020	2019
2020	2019		2020	2019
		Note	----- (Rupees in '000) -----	
		<u>Quoted - at fair value</u>		
235,684,306 *	-	BankIslami Pakistan Limited	2,830,569	-

\* These are sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

6.2.1 The Company holds more than 20% shareholding in BankIslami Pakistan Limited. During the year, in August 2020, a key management personal of the Company was elected on the Board of BankIslami Pakistan Limited. Accordingly, owing to the Company's shareholding and representation on the Board of BankIslami Pakistan Limited, the Company has now determined this investment as an 'associate' under IAS-28. Therefore, the Company opted to account for this investment "at fair value through other comprehensive income" as provided under IAS-27, in these separate financial statements.

## 6.3 Other related parties

### At fair value through OCI

These shares are ordinary shares of Rs. 10 each, unless stated otherwise.

Number of shares			Holding		2020	2019
2020	2019	Activity	2020	2019	2020	2019
			%	%	----- (Rupees in '000) -----	
		<u>Quoted - at fair value</u>				
42,191,152	42,191,152	EFU General Insurance Limited	21.10	21.10	5,062,938	4,653,684
20,047,708	20,047,708	EFU Life Assurance Limited	20.05	20.05	4,190,372	4,642,448
		<u>Un-quoted - at fair value</u>				
750,000	750,000	EFU Services (Private) Limited	37.50	37.50	10,553	10,553
					9,263,863	9,306,685

6.3.1 The Company holds more than 20% shareholding in these entities, however, the Company believes that no 'significant influence' of the Company exists over these entities, and there is no representation of the Company on the respective boards of these entities. Hence, these entities are not accounted for as 'associates' under IAS 28 'Investment in Associates and Joint Ventures'. Appeal proceedings are currently pending with the Appellate Bench of the SECP, over an Order dated 06 November 2020 of the SECP, regarding the interpretation of 'significant influence' under IAS 28, in the context of the Company's above referred investments. In view of the pending status of the appeal, the SECP vide its letter dated February 23, 2021, has allowed the Company to continue the existing accounting policy of keeping such investments at 'fair value through other comprehensive income' in the financial statements for the year ended December 31, 2020.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

6.3.2 Included herein are equity securities having average cost of Rs. 966.07 (2019: Rs. 1,286.75) million and having market value of Rs. 3,219.38 (2019: Rs. 4,124.68) million pledged with trustee of Term Finance Certificates issued by the Company.

### 6.4 Other Investment

#### At fair value through OCI

These shares are ordinary shares of Rs.10/- each, unless stated otherwise.

Number of shares				2020	2019
2020	2019		Note	(Rupees in '000)	(Rupees in '000)
		<b>Quoted - at fair value</b>			
-	* 235,684,306	BankIslami Pakistan Limited		-	2,613,739
120,657,363	89,690,363	Azgard Nine Limited		3,443,561	1,122,026
11,600,000	11,622,000	Hum Network Limited (Ordinary Shares of Rs. 1 each)	6.4.2	63,104	37,307
-	153,406,638	Pakistan International Bulk Terminal Limited		-	1,658,326
		<b>Un-quoted - at fair value</b>			
2,399,454	2,399,454	Security General Insurance Company Limited		452,633	424,823
				<b>3,959,298</b>	<b>5,856,221</b>

\* These are sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

6.4.1 Included herein are equity securities having average cost of Rs. 7.97 (2019: Rs. 849.24) million and having market value of Rs. 54.50 (2019: Rs. 945.28) million pledged with a Bank against Term Loan obtained by the Company.

6.4.2 During the year, the company has classified certain investments from long term to short term under the same category.

### 7. LONG TERM LOANS AND ADVANCES

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

#### Loans - secured and considered good

##### Due from:

Other employees	5,708	5,759
Current maturity of long term loans	(740)	(650)
	<b>4,968</b>	<b>5,109</b>

### 8. SHORT TERM LOANS AND ADVANCES

Current maturity of long term loans	7	740	650
Advances to employees - unsecured		119	122
		<b>859</b>	<b>772</b>

### 9. SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES

Prepayments	4,936	9,886
Dividend receivable	3,476	-
Other Receivables	1,583	3,924
	<b>9,995</b>	<b>13,810</b>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>10. INTEREST ACCRUED</b>		
<b>Interest accrued on:</b>		
Bank deposits	<u>6,901</u>	<u>2,559</u>
<b>10.1</b> This includes interest receivable from JS Bank Limited (subsidiary bank) amounting of Rs. 6.83 (2019: Rs 2.44) million.		
<b>11. OTHER FINANCIAL ASSETS - SHORT TERM INVESTMENTS</b>	<b>Note</b>	<b>2020</b> <b>----- (Rupees in '000) -----</b>
<b>Assets at fair value through OCI</b>		<b>2019</b>
Listed equity securities	11.1	2,572,782
<b>Assets at fair value through profit or loss</b>		
Listed equity securities		159,735
<b>Assets at amortized cost</b>		
Government Securities	11.2	444,614
		<u>3,177,131</u>
<b>11.1</b> The Company has disposed of various investments having aggregate fair value amounting to Rs. 1,815.35 million and has realized net cumulative gain on such securities amounting to Rs. 156.96 million in these financial statements in order to meet its working capital requirements.		
<b>11.2</b> Included herein are equity securities having average cost of Rs. 756.05 (2019: Rs. 1,287.66) million and having market value of Rs. 1,342.11 (2019: Rs. 1,180.54) million pledged with trustee of Term Finance Certificates issued by the Company and with a Bank against Term Loans obtained by the Company. Also included herein are Government securities having amortized cost of Rs. 98.68 (2019: Rs. 246.67) million and having face value of Rs. 100.00 (2019: Rs. 250.00) million.		
<b>12. CASH AND BANK BALANCES</b>	<b>Note</b>	<b>2020</b> <b>----- (Rupees in '000) -----</b>
<b>Cash in hand</b>		38
<b>Cash at bank in:</b>		
Current accounts	12.1	403
Savings accounts	12.2	231,999
		<u>179,730</u>
		<u>232,440</u>
<b>12.1</b> Included herein is a sum of Rs. 0.02 (2019: Rs. 0.02) million representing amount placed with JS Bank Limited, a subsidiary bank.		
<b>12.2</b> These carry mark-up ranging between 7% to 12.10% (2019: 5.61% to 12.10%) per annum. Included herein is a sum of Rs. 166.11 (2019: Rs. 225.10) million representing amount placed with JS Bank Limited, a subsidiary bank.		

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

### 13. SHARE CAPITAL

#### 13.1 Authorized Capital

2020 ----- (Number of shares) -----	2019		2020 ----- (Rupees in '000) -----	2019
6,000,000,000	6,000,000,000	Ordinary shares of Rs. 10 each	60,000,000	60,000,000
500,000,000	500,000,000	Preference shares of Rs. 10 each	5,000,000	5,000,000
<u>6,500,000,000</u>	<u>6,500,000,000</u>		<u>65,000,000</u>	<u>65,000,000</u>

#### 13.2 Issued, subscribed and paid-up capital

2020 ----- (Number of shares) -----	2019		2020 ----- (Rupees in '000) -----	2019
205,072,990	205,072,990	Ordinary shares of Rs. 10 each	2,050,730	2,050,730
710,869,398	710,869,398	Fully paid bonus share	7,108,694	7,108,694
<u>915,942,388</u>	<u>915,942,388</u>		<u>9,159,424</u>	<u>9,159,424</u>

13.2.1 There is only one class of ordinary shares issued.

13.2.2 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

14. LONG TERM FINANCING	Note	2020 ----- (Rupees in '000) -----	2019
<b>Term Finance Certificates (TFCs)</b>			
Ninth issue - Privately Placed	14.1	124,682	373,211
Tenth issue - Privately Placed	14.2	746,350	1,118,015
Eleventh issue - listed on Pakistan Stock Exchange Limited	14.3	1,243,452	1,488,534
		<u>2,114,484</u>	<u>2,979,760</u>
<b>Term Loan</b>			
Term Loan 2	14.4 & 14.5	248,745	310,057
Term Loan 3	14.4 & 14.6	374,497	498,631
		<u>2,737,726</u>	<u>3,788,448</u>
Less: Current portion shown under current liabilities		568,175	1,049,702
		<u>2,169,551</u>	<u>2,738,746</u>



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

- 14.1** The mark-up on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 165 basis points per annum. These TFCs have tenure of five years i.e. 2016-2021, including a grace period of twelve (12) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. The instrument is structured to redeem the principal in eight (8) equal semi-annual installments starting from the 18th month of the Issue Date. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having market value of Rs. 276.40 (2019: Rs. 638.70) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of marketable securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.
- 14.2** During the year, in accordance with the relief granted by SECP vide Circular No. 11 of 2020 dated April 09, 2020, and on request of the Company, the TFC holders have approved the deferment of principal repayment by 2/3 majority as per the requirements of Trust Deed & Debt Securities Trustees Regulations (DST Regulations), 2017. Accordingly, 80% of principal installments falling due on January 18, 2021 and July 18, 2021 have been deferred for a period of one year i.e. January 18, 2022 and July 18, 2022, respectively. The mark-up on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 140 basis points per annum. After deferment, the tenure of these TFCs have increased from five years to six years i.e. 2017-2023, including a grace period of twelve (12) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having market value of Rs. 1,211.57 (2019: Rs. 1,788.44) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of marketable securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.
- 14.3** During the year, in accordance with the relief granted by SECP vide Circular no 11 of 2020 dated April 09, 2020, and on request of the Company, the TFC holders have approved the deferment of principal repayment by 2/3 majority as per the requirements of Trust Deed & Debt Securities Trustees Regulations (DST Regulations), 2017. According to the approval, 80% of principal installment falling due i.e. March 06, 2021, has been deferred for a period of six months. The mark-up on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 140 basis points per annum. After deferment, the tenure of these TFCs have increased from five years to five and a half years i.e. 2018-2023 including a grace period of twenty four (24) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 2,011.40 (2019: Rs. 2,427.68) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of pledged securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be deposited in a specified bank account.
- Also included herein, is an amount of Rs. 20 million (2019: Rs 24 million) payable to related parties.
- 14.4** During the year, on request of the Company and under general relaxation provided by State Bank of Pakistan (vide BPRD Circular Letter No. 13 of 2020, dated March 26, 2020), the lender Bank has granted deferment in repayment of principal of term loans. Said deferment is for six months and one year for Term Loan 2 & Term Loan 3, respectively. Therefore, the overall maturity of the aforementioned loans has been extended, accordingly, in line with the deferred period in these unconsolidated financial statements.
- 14.5** The mark-up on this term loan is payable semi-annually, based on the six month KIBOR average rate plus 100 basis points per annum. Pursuant to the deferment, the loan has a tenure of five and a half years i.e. 2017-2022, including a grace period of twelve (12) months. The principal is payable in nine (09) semi-annual installments starting from 18th month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 509.06 (2019: Rs. 629.35) million with margin ranging from 30% to 40%.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

- 14.6 The mark-up on this term loan is payable semi-annually, based on the six months KIBOR average rate plus 150 basis points per annum. Pursuant to the deferment, the loan has a tenure of six years i.e. 2019-2025 including a grace period of twelve (12) months. The principal is payable in ten (10) semi-annual installments starting from 18th month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 706.13 (2019: 1,012.96) million with margin ranging from 7.5% to 50%.

15. LEASE LIABILITY	2020 ----- (Rupees in '000) -----	2019
<b>As at January 01</b>	154,990	155,659
Interest expense	17,746	18,451
Payments	(10,942)	(19,120)
Adjustment relating to lease modification	(5,312)	-
<b>As at December 31</b>	<b>156,482</b>	<b>154,990</b>
Less: Current Maturity	(29,434)	(23,972)
	<b>127,048</b>	<b>131,018</b>

- 15.1 This represents lease arrangement with JS Land (Pvt) Ltd., a related party, for office premises at 20th Floor, The Centre, Saddar, Karachi.

### 16. DEFERRED TAX LIABILITY

	Opening	Charge to profit and loss account	Charge to surplus on revaluation of investments/ OCI	Closing
2020	----- (Rupees in '000) -----			
<b>Taxable temporary differences on:</b>				
Revaluation on equity investments	990	10,025	276,433	287,448
2019				
<b>Taxable temporary differences on:</b>				
Revaluation on equity investments	-	-	990	990

- 16.1 The Company has not recorded deferred tax assets in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilized. The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 55.46 (2019: Rs. 34.24) million.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

17. TRADE AND OTHER PAYABLES	Note	2020	2019
		----- (Rupees in '000) -----	
Payable against purchase of shares		19,985	80,310
Accrued liabilities	23.7	90,496	77,179
Provision for Workers' Welfare Fund - Sindh		146,573	119,220
Security deposits	17.1	1,495	1,471
Derivative financial liability		51,098	-
Other liabilities		4,959	6,065
	17.2	<u>314,606</u>	<u>284,245</u>

**17.1** This represents security deposits from related parties in respect of sub-lease of office premises. These security deposits are kept in separate bank account in terms of Section 217 of the Companies Act, 2017, and are not utilized for the purpose of the business.

**17.2** Includes payable to various related parties amounting to Rs. 82.58 (2019: Rs. 86.78) million.

## 18. CONTINGENCIES AND COMMITMENT

### 18.1 Contingencies

**18.1.1** The Commissioner Inland Revenue-Appeals (CIR-Appeals) deleted the additions made as per orders passed under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) eliminating the resulting tax liability and restored the return versions for the tax years 2008 and 2009. The tax department filed appeals before the Appellate Tribunal Inland Revenue (ATIR) against the orders of CIR-Appeals. The ATIR also decided the subject matter in respect of tax years 2008 and 2009 in favour of the Company. However, appeal effect orders passed by the department in respect of aforesaid tax years resulted in refund of Rs.11.02 million for the tax year 2009. Rectification applications for both the years were filed with the ACIR to allow appeal effect in accordance with the orders passed by the appellate forums. The rectification application for the tax year 2008 was rejected by the ACIR on the contention that another amended order under section 122(5A) as discussed below is in field and previous order is no more in the field. Against the rejection, appeal was filed with the CIR-Appeals. CIR-Appeals decided the appeal vide order dated no. 354 dated December 28, 2015 holding that this office has already passed the appellate order vide order no. 157 dated December 22, 2015 against the order of the ADCIR under section 122(5A) of the Ordinance dated August 05, 2013.

For the tax year 2009, the rectification application was deemed to have been given the due effect and the rectifications applied for deemed to have been rectified due to operation of law by virtue of section 221(3) of the Ordinance.

For both the years, the department has filed references before the Sindh High Court. The references are pending.

**18.1.2** The Additional Commissioner of Inland Revenue - Audit Division (ACIR) had passed an order under section 122(5A) of the Ordinance in respect of the tax year 2008 and raised an undue demand of Rs.96.48 million by unlawfully charging minimum tax at 0.5% under section 113 of the Ordinance on capital gains



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

and not as part of 'Income from Business'. Further, capital gains on sale of listed securities are not covered under the exclusive definition of 'turnover' stipulated in section 113 of the Ordinance. The Company filed an appeal against the above order before the CIR-Appeals. The CIR-Appeals, vide his order dated December 22, 2015, annulled the said order on the issue of charging of minimum tax under section 113 and treatment of capital gain on sale of listed securities as business income. Against the order of CIR-Appeals, the tax department has filed an appeal before the ATIR which is pending.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the company. Hence no provision for liability in this respect has been made in these financial statements.

- 18.1.3** The ACIR passed an order under section 122(5A) of the Ordinance in respect of tax year 2010 and created a demand of Rs.63.49 million. Against the order, the Company filed rectification application on various grounds including credit for taxes of Rs.54.10 million which was not given by the ACIR. After the rectification, the demand was reduced to Rs.9.64 million. The Company also preferred appeal before the CIR-Appeals who confirmed the order of the ACIR. Aggrieved by the order of the CIR-Appeals, the Company preferred appeal before the ATIR. The ATIR heard the appeal on November 20, 2015 and remanded the case back to the department for denovo consideration i.e. for fresh proceedings because of the lack of thorough consideration of the relevant facts and circumstances as well as the business of the Company by the ACIR and the CIR-Appeals.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the company. Hence no provision for liability in this respect has been made in these financial statements.

- 18.1.4** The Additional Commissioner Inland Revenue - Audit Range I, Zone III, Corporate RTO Karachi (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2014 and raised the demand for Rs.50.77 million. Against the said order, the Company has filed rectification application on various grounds including the adjustment of brought forward losses and credit of taxes amounting to Rs.16.015 million. After the rectification is given the due effect, refund of Rs.16.015 million will be arising. The Company has also filed appeal before the CIR-Appeals.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the company. Hence no provision for liability in this respect has been made in these financial statements.

- 18.1.5** ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2015 and raised the demand for Rs.12.74 million. Against the said order, the Company has filed rectification application on the ground of chargeability of WWF. The Company has also filed appeal before the CIR-Appeals.

During the year, the ACIR Audit-I, Range-A, LTO, Karachi again passed the amended order dated November 27, 2020 u/s 122(5A) of the Income Tax Ordinance, 2001 and raised the demand of Rs. 97.93 million. The ACIR amended the order on the issues of bonus shares and super tax but failed to appreciate the facts of the case and the law in right perspective. Thus, rectification has been filed on the said matter. Further, the Company has also filed an appeal before the Commissioner Appeals (Appeals-I), Karachi, which is pending.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

**18.1.6** The Additional Commissioner Inland Revenue - Audit Range A, Zone I, Corporate LTU, Karachi (ACIR) issued a show cause notice and initiated the proceeding under section 122(9) read with section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2016 dated September 11, 2020. The Company has submitted its responses on all the issues raised in the notice. Thereafter, the Commissioner Inland Revenue - Audit I (CIR) issued a notice of audit u/s 177 of the Ordinance on which the Company has submitted the required information before the CIR. Thereafter, no further information/clarification has been sought by the CIR against the responses made and no intimation has been made with regards to closure of the proceeding.

**18.1.7** Commissioner Inland Revenue - Audit Range I, Zone III issued notice u/s 177(1) of the Ordinance dated May 17, 2018 for tax year 2017, to furnish certain records necessary for conducting audit proceedings. Responses were duly submitted by the Company. Thereafter, Deputy Commissioner Inland Revenue - Audit Range I, Zone III (DCIR) issued the notice u/s 122(9) dated December 23, 2019, to amend the deemed order and raised various concerns over the submitted return. The Company submitted its response before DCIR and also challenged the amendment proceeding in the absence of audit report. The DCIR accepted our contention and passed the order u/s 122 dated November 06, 2020, to close the amendment and issued the notice u/s 177(6) of the Ordinance dated November 09, 2020, confronted matters arising as a result of audit. Due responses were again submitted before the DCIR. On the basis of response, DCIR concluded the audit proceeding and passed the amended order u/s 122(1) dated February 2, 2021 and raised the demand of Rs. 64.96 million. Against the said order, rectification application has been filed to correct the income tax computation as per the provisions of the Ordinance. Further, an appeal has also been filed against the order before CIR-Appeals.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company.

**18.1.8** On January 18, 2019, the Company received a notice from the Additional Commissioner Inland Revenue - Audit Range-A, Zone III, Corporate RTO Karachi (ADCIR) under section 122(9) in respect of tax year 2018, demanding payment of super tax. The Company filed a constitutional petition against applicability of section 4B of the Income Tax Ordinance, 2001 (the Ordinance) before the Honorable Sindh High Court which admitted the petition and granted a stay order.

During the year, the Honourable High Court of Sindh passed the order dated July 21, 2020 whereby all the petitions challenging the levy of super tax filed before the Court were dismissed. Thereafter, the ADCIR raised the demand of super tax amounting to Rs. 46.16 million. The company have filed rectification against the order passed on the mistakes in the working of determination of income for the purpose of super tax liability. Further, an appeal has also been filed against the order before CIR-Appeals.

The management based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. However, provision for liability, in respect of super tax based on management computation amounting to Rs. 38.71 million, had already been made in the financial statements of its respective tax year.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

**18.1.9** On August 04, 2020, the Company received a notice from the Deputy Commissioner Inland Revenue, Unit-I, Range-I, Zone-III, Corporate RTO Karachi (DCIR) under section 4B of the Ordinance in respect of tax year 2019, for determination of super tax liability amounting to Rs. 23.34 million. DCIR further passed an order u/s 138(1) of the Ordinance and determined the super tax liability amounting to Rs. 23.34 million. Against the order passed, rectification application have been filed to highlight the mistake in working for determination of income for the purpose of super tax liability. Further, an appeal has also been filed against the order before CIR-Appeals.

The management based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. However, provision for liability, in respect of super tax based on management computation amounting to Rs. 21.96 million, had already been made in the financial statements of its respective tax year.

	2020	2019
Note	----- (Rupees in '000) -----	-----
<b>18.2 Commitments</b>		
Commitment in respect of future sell transactions of listed equity securities	<u>789,820</u>	<u>-</u>

### 19. RETURN ON INVESTMENTS

#### Mark-up / interest income from:

##### At amortized cost

Term Finance Certificates - Unlisted	-	28,581
Government securities	<u>23,542</u>	<u>59,366</u>
	<u>23,542</u>	<u>87,947</u>

##### Dividend income on:

Investments in subsidiary	-	23,419
Financial assets at fair value through profit or loss account	5,740	2,534
Financial assets at fair value through OCI	<u>786,629</u>	<u>844,803</u>
	<u>792,369</u>	<u>870,756</u>
	<u>815,911</u>	<u>958,703</u>

**19.1** This includes dividend income from various related parties amounting to Rs. 722.63 (2019: Rs. 769.31) million.

	2020	2019
Note	----- (Rupees in '000) -----	-----
<b>20. GAIN ON SALE OF INVESTMENTS - net</b>		
Financial assets at fair value through profit or loss	<u>430</u>	<u>64,881</u>

### 21. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS

#### Return / interest on:

Bank balances - saving account	47,088	36,412
Loan to subsidiary	-	2,708
Loans to employees	<u>690</u>	<u>2,472</u>
	<u>47,778</u>	<u>41,592</u>



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

21.1 This includes transactions with related parties amounting to Rs. 46.18 (2019: Rs. 40.06) million.

22. OTHER (LOSS) / INCOME - net	Note	2020 ----- (Rupees in '000) -----	2019
<b>Financial assets:</b>			
Loss on remeasurement of derivatives through profit or loss		(51,098)	(3,675)
<b>Non-financial assets:</b>			
Gain on sale of property and equipment		1,224	1,156
Rental income		22,792	30,450
Reversal of provision for Workers' Welfare Fund - Federal		-	60,191
Others		4,065	14
		<u>(23,017)</u>	<u>88,136</u>

### 23. OPERATING AND ADMINISTRATIVE EXPENSES

Salaries and benefits	23.1 - 23.3	57,075	73,599
Telephone, fax and postage		449	278
Vehicle running and maintenance		1,673	2,140
Directors' fee		4,867	4,925
Utilities		1,734	1,434
Newspapers and periodicals		21	12
Conveyance and travelling		1,496	4,951
Repairs and maintenance		4,625	6,237
Computer expenses		1,000	3,176
Auditors' remuneration	23.4	3,222	3,990
Royalty fee	23.5	15,000	15,000
Consultancy fee		2,288	2,198
Advisory fee	23.6	6,000	6,000
Legal and professional charges		22,501	3,071
Printing and stationery		1,282	1,613
Rent, rates and taxes	23.7	11,467	12,124
Insurance		2,399	2,849
Entertainment		152	153
Advertisement		1,057	1,585
Depreciation	23.8	34,112	30,548
Fees and subscription		18,488	26,814
Donations	23.9	10,000	5,000
Brokerage and commission expense		11,000	903
Clearing fees		2,623	1,271
Office security		569	719
Others		587	-
		<u>215,687</u>	<u>210,590</u>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

23.1 Salaries and benefits include Rs. 3.40 (2019: Rs. 2.94) million in respect of employee retirement benefits.

	2020	2019
23.2 Number of employees at the end of the year	21	21
Average number of employees during the year	23	23

23.3 The Company's staff retirement benefits include provident fund - a defined contribution plan. The Company has established a separate provident fund. The information related to the provident fund as at its year ended June 30, 2020, based on annual financial statements of the fund audited by another firm of chartered accountants is as follows:

	June 30, 2020	June 30, 2019
	----- (Rupees in '000) -----	
Number of employees / members	20	23
Size of provident fund (Rupees in '000) - (total assets)	34,472	38,092
Cost of investments made (Rupees in '000)	27,361	24,229
Percentage of investment made	79%	64%
Fair value of investments (Rupees in '000)	27,341	22,421

#### Break-up of investment - at fair value:

- Term finance certificates		
Amount of investment (Rupees in '000)	805	927
Percentage of size of investment	2%	2%
- Listed equity securities		
Amount of investment (Rupees in '000)	4,719	4,864
Percentage of size of investment	14%	13%
- Government Securities		
Amount of investment (Rupees in '000)	21,817	16,630
Percentage of size of investment	63%	44%
- Balances in scheduled banks		
Amount of investment (Rupees in '000)	5,850	12,457
Percentage of size of investment	17%	33%

Investments out of the Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the Rules formulated for this purpose. Securities and Exchange Commission of Pakistan "SECP" had promulgated regulations, namely, the Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018, (the "Regulations") in the month of June 2018. The Regulations were further amended vide SRO 856(I)/2019 dated July 25, 2019, allowing the investments to be reduced gradually and to be brought in conformity with the provisions of these regulations within three years from the date of commencement of these Regulations i.e. by June 2021.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

23.4 Auditors' remuneration	2020	2019
	----- (Rupees in '000) -----	
Annual audit fee	1,850	1,700
Half-yearly review fee	400	350
Certifications and other services	435	1,289
Out of pocket expenses	298	355
Others	239	296
	<u>3,222</u>	<u>3,990</u>

23.5 This represents royalty paid to Mr. Jahangir Siddiqui (controlling person of the Company), on account of use of part of Company's name under an agreement dated April 21, 2004 and addendum dated March 20, 2018. His registered address is D-185, Block 5, Clifton, Karachi.

23.6 This represents advisory fees paid to Mr. Jahangir Siddiqui (controlling person of the Company) for advisory services rendered in terms of his duly approved advisory agreement.

23.7 During the year, the Company has received a notice from Inspector of Stamp (IS), Board of Revenue, Government of Singh under section 73 of the Stamp Act, 1899, dated September 10, 2020, to conduct inspection of records with respect to the payment of stamp duty on TFC-IX, TFC-X & TFC-XI issued by the Company in the years 2016, 2017 and 2018, respectively. The Company vide its response dated October 05, 2020, explained that TFCs were issued in de-materialized book entry form, therefore, the provisions of Stamp Act with respect to payment of stamp duty on these TFCs do not apply.

The IS issued inspection report dated November 25, 2020, and demanded payment of stamp duty aggregating to Rs. 10 million, without considering the submissions made by the Company nor providing the Company an opportunity of being heard.

The Company vide its response dated December 14, 2020, informed the IS that comprehensive reply was already submitted and requested to rectify the inspection report and treat the inspection as closed. However, no further correspondence has been received from IS in this regard.

However, on prudent basis, management has recorded a provision in respect of the aforementioned notice amounting to Rs. 10 million in these financial statements.

23.8 Depreciation	Note	2020	2019
		----- (Rupees in '000) -----	
Operating assets	4.1	14,874	11,121
Right-of-use asset	4.2	19,118	19,307
Investment property	5	120	120
		<u>34,112</u>	<u>30,548</u>

23.9 This represents donation to Future Trust (related party), wherein Mr. Suleman Lalani and Mr. Najmul Hoda Khan (2019: Mr. Suleman Lalani and Mr. Najmul Hoda Khan) are Trustees who are also the Chief Executive Officer and Chief Financial Officer, respectively, of the Company. The registered offices of the donee i.e. Future Trust is located at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020	2019
		----- (Rupees in '000) -----	
<b>24. FINANCE COST</b>			
<b>Mark-up on:</b>			
Term Finance Certificates (TFCs)		330,024	434,061
Long Term loans		87,821	109,405
Lease		17,746	18,451
Short term loan from a related party		4,520	-
Short term running finance		346	-
		<u>440,457</u>	<u>561,917</u>
Amortization of transaction costs on TFCs and long term loans		11,779	15,155
Bank charges		2,520	28
		<u>454,756</u>	<u>577,100</u>
<b>25. TAXATION</b>			
<b>25.1 Reconciliation of tax charge for the year</b>			
Profit before taxation		<u>1,340,300</u>	<u>482,023</u>
Tax at the applicable tax rate of 29% (2019: 29%)		388,687	139,787
Tax effect of income under FTR and differential in tax rates		(111,578)	(140,722)
Tax effect of amount relating to prior year		6,009	(11,522)
Tax charge on permanent differences		(137,829)	151,592
Tax charge on temporary differences		(8,155)	(21,471)
Others		(1,841)	4,549
		<u>135,293</u>	<u>122,213</u>
<b>26. BASIC AND DILUTED EARNINGS PER SHARE</b>			
Profit after taxation attributable to Ordinary shareholders		<u>1,205,007</u>	<u>359,810</u>
Weighted average number of Ordinary shares outstanding during the year		<u>915,942</u>	<u>915,942</u>
		----- (Numbers in '000) -----	
<b>Earnings per share:</b>		----- (Rupees) -----	
Basic and diluted		<u>1.32</u>	<u>0.39</u>
<b>27. CASH AND CASH EQUIVALENTS</b>			
		2020	2019
		----- (Rupees in '000) -----	
Cash and bank balances	12	179,730	232,440
Government securities	11	296,045	444,614
		<u>475,775</u>	<u>677,054</u>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 28. RELATED PARTY TRANSACTIONS

28.1 Following are the name of associated companies, related parties and associated undertakings with whom the Company had entered into transactions or had agreements in place during the year:

Name of Related parties	Direct Shareholding	Relationship
JS Bank Limited	75.02%	Subsidiary Company
JS Global Capital Limited	N/A	Sub-subsidiary Company
JS Investments Limited	N/A	Sub-subsidiary Company
JS Infocom Limited	100.00%	Subsidiary Company
Energy Infrastructure Holding (Private) Limited	100.00%	Subsidiary Company
Quality Energy Solutions (Private) Limited	100.00%	Subsidiary Company
Khairpur Solar Power (Private) Limited	N/A	Sub-subsidiary Company
EFU General Insurance Limited	21.10%	Common Directorship
EFU Life Assurance Limited	20.05%	Common Directorship
Allianz EFU Health Insurance Limited	N/A	Others
Future Trust	N/A	Common Directorship
JS Lands (Private) Limited	N/A	Common Substantial Shareholder
Jahangir Siddiqui & Sons Ltd.	N/A	Common Substantial Shareholder
JS Private Equity Management (Private) Ltd	N/A	Common Substantial Shareholder
Jahangir Siddiqui & Co. Ltd. - Staff Provident Fund	N/A	Post-employment Benefit Fund
Mr. Jahangir Siddiqui	N/A	Controlling Person
Mr. Ali Raza Siddiqui	N/A	Key Management Person
Mr. Suleman Lalani	N/A	Key Management Person
Chief Justice (R) Mahboob Ahmed	N/A	Key Management Person
Mr. Saud Ahmed Mirza	N/A	Key Management Person
Mr. Shahid Hussain Jatoi	N/A	Key Management Person

28.2 Related parties comprise of subsidiaries, sub-subsidiaries, associates, post-employment benefit funds, directors and key management personnel (including their associates). The Company carries out transactions with related parties at agreed terms. Amount due from and to these related parties are shown under receivables and payables and the remuneration of Directors, Chief Executive and Executives are disclosed in note 29. The names, relationships and transactions with subsidiaries, associated entities not mentioned elsewhere in these unconsolidated financial statements are as follows:

TRANSACTIONS	2020	2019
	----- (Rupees in '000) -----	
<b>Subsidiary and Sub-subsidiary Companies</b>		
Brokerage expense	8,204	860
Bank charges paid	6	17
Dividend received	-	23,419
Capital gain tax paid for onward submission to NCCPL	-	113
Capital gain tax refund through NCCPL	-	113
Capital gain tax tariff paid	40	40
Principal redemptions made against TFCs issued by the Company	4,000	5,250



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	----- (Rupees in '000) -----	
<b>Subsidiary and Sub-subsidiary Companies</b>		
Mark-up paid on TFCs issued by the Company	3,614	2,890
Market maker fee paid	565	565
Rent income received	4,428	16,240
Purchase of vehicle	9,000	-
Profit received on deposit accounts	41,726	40,502
Reimbursement of expenses to the Company	5,189	17,018
Reimbursement of expenses by the Company	4	133
Loan repaid including interest	-	49,907
Purchase of government securities	585,477	1,605,975
Maturity of government securities	300,000	1,100,000
<b>Common Directorship</b>		
Rent income received	5,409	5,151
Reimbursement of expenses to the Company	1,507	919
Dividend income	722,627	769,306
Donation paid	5,000	4,000
Insurance premium paid	1,251	4,277
Insurance refund / claim received	4,137	65
Proceeds from sale of property & equipment	1,056	-
Security deposit repaid	468	-
Security deposit received	492	468
<b>Common Substantial Shareholder</b>		
Rent income received	11,585	11,033
Reimbursement of expenses to the Company	3,002	2,171
Reimbursement of expenses by the Company	8,442	5,045
Rent paid against lease liability	10,941	41,378
Security deposit received	-	1,003
<b>Post-employment Benefit Funds</b>		
Contribution to staff provident fund	5,752	6,795
Principal redemptions made against TFCs issued by the Company	-	9,975
Mark-up paid on TFCs issued by the Company	-	535
<b>Controlling Person</b>		
Short term loan received and repaid	180,000	-
Interest / mark-up paid	4,520	-
Advisory fee paid	6,000	6,000
Royalty paid	15,000	15,000
<b>Key Management Personnel</b>		
Interest received on long term loans	-	1,944
Loan and advances repaid	-	24,933
Reimbursement from CEO	2	16
Reimbursement to CEO and Executives	468	-
Reimbursement of expenses to Directors	191	10,719



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

BALANCES	2020 ----- (Rupees in '000) -----	2019
<b>Subsidiary and Sub-subsidiary Companies</b>		
Mark-up payable on TFCs issued by the Company	554	1,188
Outstanding principal of TFCs issued by the Company	20,000	24,000
Payable against purchase of equity securities	19,985	80,310
Profit receivable on deposit accounts	6,830	2,437
Receivable against expenses incurred on their behalf	4	2,397
Rent receivable	225	300
Unearned rent	370	344
Cash at bank accounts	166,128	225,121
<b>Common Directorship</b>		
Donation payable	10,000	5,000
Receivable against expenses incurred on their behalf	-	17
Prepaid insurance	135	-
Security deposit	492	468
Unearned rent	-	468
<b>Common Substantial Shareholder</b>		
Receivable against expenses incurred on their behalf	90	127
Security deposit	1,003	1,003
Unearned rent	-	1,003

## 29 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVE

The aggregate amount charged in the accounts for remuneration, including certain benefits to director, chief executive and executives of the Company is as follows:

	Director		Chief Executive		Executives	
	2020	2019	2020	2019	2020	2019
----- (Rupees in '000) -----						
Managerial remuneration	-	-	29,000	26,000	9,818	18,199
House rent allowance	-	-	-	-	2,747	5,244
Utilities allowance	-	-	-	-	102	548
Contribution to provident fund	-	-	1,500	1,350	687	1,311
Medical	-	-	1,500	1,350	598	808
Reimbursable expenses	191	10,670	50	49	155	135
	<b>191</b>	<b>10,670</b>	<b>32,050</b>	<b>28,749</b>	<b>14,107</b>	<b>26,245</b>
Number of persons	7	7	1	1	3	3

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

- 29.1 The Company also provides certain executives with Company maintained cars.
- 29.2 Managerial remuneration includes Rs.16.95 (2019: Rs.17.30) million charged in the statement of profit or loss in respect of bonus to chief executive and executives of the Company.
- 29.3 The Company has paid Rs. 4.45 (2019: Rs. 5.18) million to directors as fee for directors meeting. Directors are not entitled to any remuneration except meeting fee.

### 30. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Executive Committee is ultimately responsible for the management of risk associated with the Company's activities, risk management guidelines and other internal guidelines for the management and assessment of the aforesaid financial risks.

#### 30.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market prices comprise of three types of risk: interest rate risk, currency risk and price risk such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, cash and bank balances and derivative financial instruments.

The following discussion includes sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The sensitivity has been prepared for the year ended December 31, 2020 and December 31, 2019 using the amounts of financial assets and liabilities held as at those dates of statement of financial position.

##### 30.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Company while dealing in financial instruments negotiates attractive interest rates, which reduces the interest rate price risk.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

The Company's interest rate exposure on financial instruments is disclosed as follows:

### Sensitivity analysis for variable rate instruments

Presently, the Company holds interest bearing bank balances (savings accounts), short term investments (government securities), term finance certificates and term loans that expose the Company to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2020 with all other variables held constant, the net assets and income of the Company for the year would change as follows:

December 31, 2020				
	Carrying Amount	Increase / (decrease) in basis points	Effect on profit before tax	Effect on other comprehensive income before tax
	(Rupees in '000)		(Rupees in '000)	
Bank Deposits - Asset	179,285	100	1,793	-
		(100)	(1,793)	-
Short term investments - Asset	296,045	100	2,960	-
		(100)	(2,960)	-
Term Finance Certificates - Liability	2,114,484	100	21,145	-
		(100)	(21,145)	-
Long Term Loan - Liability	623,242	100	6,232	-
		(100)	(6,232)	-

December 31, 2019				
	Carrying Amount	Increase / (decrease) in basis points	Effect on profit before tax	Effect on other comprehensive income before tax
	(Rupees in '000)		(Rupees in '000)	
Bank Deposits - Asset	231,999	100	2,320	-
		(100)	(2,320)	-
Short term investments - Asset	444,614	100	4,446	-
		(100)	(4,446)	-
Term Finance Certificates - Liability	2,979,760	100	29,798	-
		(100)	(29,798)	-
Long Term Loan - Liability	808,688	100	8,087	-
		(100)	(8,087)	-

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

### 30.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's net investments in foreign subsidiaries.

### 30.1.3 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

#### Fair value sensitivity analysis

The following table summarizes the Company's equity price risk excluding on unquoted securities as of December 31, 2020 and December 31, 2019. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the equity securities would affect profit and equity of the Company in a similar but opposite manner.

	Fair Value (Rupees in '000)	Price change	Effect on profit before tax (Rupees in '000)	Effect on other comprehensive income before tax (Rupees in '000)
December 31, 2020	19,279,118	5% change	73,999	889,957
December 31, 2019	17,460,047	5% change	7,987	865,016

### 30.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the date of statement of financial position to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which the liabilities will be realised / settled.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	December 31, 2020			
	Carrying amount	Contractual cash flows	Up to one year	Over one year to five years
	(Rupees in '000)			
<b>Financial liabilities</b>				
Financing	2,737,726	2,750,000	512,500	2,237,500
Lease liability	156,482	154,521	31,900	122,621
Trade and other payables	167,254	167,254	167,254	-
Accrued interest / mark-up on borrowings	73,501	73,501	73,501	-
	<b>3,134,963</b>	<b>3,145,276</b>	<b>785,155</b>	<b>2,360,121</b>

	December 31, 2019			
	Carrying amount	Contractual cash flows	Up to one year	Over one year to five years
	(Rupees in '000)			
<b>Financial liabilities</b>				
Financing	3,788,448	3,812,500	1,062,500	2,750,000
Lease liability	154,990	238,568	28,787	209,781
Trade and other payables	162,801	162,801	162,801	-
Accrued interest / mark-up on borrowings	179,356	179,356	179,356	-
	<b>4,285,595</b>	<b>4,393,225</b>	<b>1,433,444</b>	<b>2,959,781</b>

### 30.3 Credit Risk

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

#### Concentration of credit risk and credit exposure of the financial instruments

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

The Company is exposed to credit risk on trade debts, loans, funds placements and certain advances. The Company seeks to minimise its credit risk exposure through having exposures only to customers considered creditworthy by obtaining adequate collateral. The following analysis summarizes the Company's maximum exposure to credit risk:

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	----- (Rupees in '000) -----	
Loans and advances	5,827	5,881
Long term security deposits	2,959	2,959
Interest accrued and other receivables	8,484	6,483
Cash and bank balances	179,730	232,440

The analysis below summarises the credit quality of the Company's liquid portfolio as on December 31, 2020.

<b>Bank balances by Rating Category</b>	2020	2019
A1 to A	0.02%	0.16%
A1+ to A+	99.98%	99.84%
	<u>100.00%</u>	<u>100.00%</u>

### Collaterals held and other credit enhancements, and their financial effect

The Company holds collateral against the loans it gives to the employees. The table below sets out the principal type of collateral held against different types of loans.

<u>Type of credit exposure</u>	<u>Percentage of exposure that is subject to collateral requirements</u>		<u>Principal type of collateral held</u>
	2020	2019	
<b>Loans to employees</b>			
House loans	100%	100%	Mortgage on property purchased
Other loans	100%	100%	Cheque equivalent to the amount of loan disbursed in favour of the Company.

### 30.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedure to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

## 31. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and fund placements. Capital signifies equity as shown in the statement of financial position plus net debt.

The gearing ratios as at December 31, 2020 and December 31, 2019 were as follows:

	2020	2019
	----- (Rupees in '000) -----	
Long term financing	2,737,726	3,788,448
Lease liability	156,482	154,990
Trade and other payables	305,159	214,478
Accrued interest / mark-up on borrowings	73,501	179,356
<b>Total debt</b>	<b>3,272,868</b>	<b>4,337,272</b>
Less: Cash and bank balances	179,730	232,440
<b>Net debt</b>	<b>3,093,138</b>	<b>4,104,832</b>
Share capital	9,159,424	9,159,424
Reserves	22,245,198	15,868,851
<b>Equity</b>	<b>31,404,622</b>	<b>25,028,275</b>
<b>Capital</b>	<b>34,497,760</b>	<b>29,133,107</b>
<b>Gearing ratio</b>	<b>8.97 %</b>	<b>14.09 %</b>



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

The Company finances its investment portfolio through equity, financing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The decrease in the gearing ratio, during the year ended, resulted primarily due to principal repayments of outstanding Term Finance Certificates and Bank Loans aggregating to Rs. 1,062.50 million and increase in reserves owing to upward revaluation of equity instruments classified at fair value through other comprehensive income.

### 32. FAIR VALUE MEASUREMENT

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

In respect of investments in quoted equity securities, fair value is determined by reference to stock exchange quoted market price at the close of business day.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

**Level 1:** Quoted prices in active markets for identical assets or liabilities.

**Level 2:** Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) and;

**Level 3:** Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	December 31, 2020			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
<b>Financial Assets</b>				
<b>Investments at fair value through OCI</b>				
Listed equity securities	17,799,140	-	-	17,799,140
Unquoted equity securities*	-	-	463,186	463,186
<b>Investments at fair value through profit or loss</b>				
Listed equity securities	1,479,978	-	-	1,479,978
	<u>19,279,118</u>	<u>-</u>	<u>463,186</u>	<u>19,742,304</u>
<b>Financial Liability</b>				
Derivative Liability	<u>51,098</u>	<u>-</u>	<u>-</u>	<u>51,098</u>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>	----- (Rupees in '000) -----			
<b>Investments at fair value through OCI</b>				
Listed equity securities	17,300,312	-	-	17,300,312
Unquoted equity securities	-	-	435,376	435,376
<b>Investments at fair value through profit or loss</b>				
Listed equity securities	159,735	-	-	159,735
	<u>17,460,047</u>	<u>-</u>	<u>435,376</u>	<u>17,895,423</u>

\* As at December 31, 2020, the Company's long term investments in unquoted securities of EFU Services (Private) Limited and Security General Insurance Company Limited (see note 6) are carried at fair value. The fair values of these investment are determined by the management after applying appropriate haircut to the carrying values of the net assets of investee companies as the net assets of investee companies mainly comprise of marketable securities and other assets having carrying value approximately equal to their fair value.

**32.1** During the year ended December 31, 2020, there were no transfers between level 1 and 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

### **33. IMPACT OF COVID-19**

The outbreak of COVID-19 as a pandemic and consequently imposition of temporary lockdown by Federal and Provincial Governments of Pakistan has severely affected Global economies as well as Pakistan. COVID-19 has impacted the businesses in Pakistan through increase in overall credit risk, overall slowdown in the economic activity, challenges to continuity of business operations and managing cyber security threat. The Regulators have responded to the crises by undertaking various measures to ensure un-interrupted and smooth operations of corporate sector of the economy. The Company, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure the health safety of its employees, continued to carry its operations. The Company's management and Board is fully cognizant of the business challenges posed by the COVID-19 outbreak and constantly monitoring the situation and believe that its current policies for managing credit, liquidity, market and operational risk are adequate in response to the current situation. As a result, there is no material accounting impact of COVID-19 on these financial statements.

### **34. CORRESPONDING FIGURES**

Comparative figures have been re-arranged and reclassified wherever necessary for the purpose of comparison and better presentation, in the current year. However, there are no material reclassification / re-arrangement to report.

# Consolidated Financial Statements

---

This page is left blank intentionally

# INDEPENDENT AUDITORS' REPORT

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

### **Opinion**

We have audited the annexed consolidated financial statements of Jahangir Siddiqui & Co. Ltd. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

Following are the Key audit matters:

Key audit matters	How the matter was addressed in our audit
<b>1. Provision against non-performing credit exposure (note 16.2)</b>	
<p>The Group's credit portfolios include loans and advances, and non-funded credit facilities. The credit portfolio is spread across various domestic branches and overseas operation.</p> <p>COVID-19 pandemic which emerged during the year impacted the global economy and caused disruption to economic activities and businesses operating across a variety of sectors in Pakistan. Such circumstances potentially require the Group to evaluate its credit risk exposure which may have been impacted due to the current economic conditions.</p> <p>As per the Group's accounting policy, the Group determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning against loan losses on the basis of an age based criteria which should be supplemented by a subjective evaluation of Group's credit portfolio. The determination of loan loss provision against certain vulnerable corporate financing, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Group.</p> <p>In view of the significance of this area in terms of its impact on the consolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of loan loss provision as a significant area of audit judgment and a key audit matter.</p> <p>The accounting policy and disclosures relating to provisioning against non- performing advances are included in notes 6.28 and 16 respectively to the consolidated financial statements.</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> <li>- tested Group's compliance of Prudential Regulations relating to the identification and classification of non-performing loans into various categories including an analysis of downgrading of the classified loans and declassification from non-performing to regular;</li> <li>- re-computed on test basis, the provision calculated by the Group, to check compliance with the Prudential Regulations. We also reviewed, on a sample basis, the underlying independent valuations of the collaterals used against the outstanding exposures to calculate the amount of provision;</li> <li>- also tested internal controls over the approval, recording and monitoring of loans and advances. In addition, we selected a representative sample of borrowers from the financing portfolios and other loans kept by the Group in the watch list category and performed credit assessments. Our procedures includes review of credit documentation, repayment trends and ageing reports, borrowers financial statements to assess its financial condition, collateral held by the Group and litigation status, if any; and</li> <li>- also reviewed the adequacy of disclosures made in the accompanying consolidated financial statements regarding non-performing loans and provisions in terms of the requirements of Prudential Regulation and applicable reporting framework.</li> </ul>

Key audit matter	How the matter was addressed in our audit
<b>2. Acquisition of Quality 1 Petroleum (Private) Limited (note 1.2.11)</b>	
<p>During the year, the Group acquired 100% shareholding in Quality 1 Petroleum (Private) Limited (QPL), and recognised a provisional goodwill, being the difference between the QPL's net assets acquired and the consideration paid by the Group to acquire the shareholding in QPL. This acquisition is accounted for using the 'acquisition method' of accounting under the requirements of IFRS 3 'Business Combinations'. The management also assessed the recoverable value of the investment in QPL for the purposes of impairment testing of the provisional goodwill.</p> <p>We have considered the above referred acquisition as a key audit matter due to its significance in terms of recognition of provisional goodwill.</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> <li>- reviewed the appropriateness of the acquisition accounting applied, mainly including the timing at which control was deemed to have established and the determination of fair values of the assets and liabilities acquired;</li> <li>- reviewed the reasonableness of management's assessment for determining the recoverable value of Group's investment in QPL for the purposes of impairment testing of provisional goodwill, including the consistency of assumptions used with the general economic environment, specific industry factors etc.; and</li> <li>- reviewed the adequacy of disclosure made in the accompanying consolidated financial statements in terms of the requirements of applicable reporting framework</li> </ul>

### **Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Reports Thereon**

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

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

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

### **Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



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

The engagement partner on the audit resulting in this independent auditors' report is Shaikh Ahmed Salman.

EY Ford Rhodes  
Chartered Accountants

Place: Karachi

Date: March 31, 2021

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

ASSETS	Note	2020 ----- (Rupees in '000) -----	2019
<b>Non-current assets</b>			
Property and equipment	7	9,166,138	10,273,513
Intangible assets	8	2,081,951	839,406
Investment property	9	1,420	1,540
Long term investments	10	51,059,294	71,195,640
Long term loans, advances, prepayments and other receivables	11	74,523,608	86,756,481
Assets repossessed	12	1,176,143	1,088,682
Long term deposits		19,814	21,381
Deferred asset - employee benefit	43	312,881	-
Deferred tax asset	13	-	1,006,908
		<b>138,341,249</b>	<b>171,183,551</b>
<b>Current assets</b>			
Short term investments	14	176,870,548	93,364,833
Trade debts	15	1,544,570	750,421
Loans and advances	16	174,837,323	156,603,553
Accrued mark-up	17	6,970,349	8,824,961
Short-term prepayments, deposits and other receivables	18	8,045,919	5,602,529
Other financial assets - fund placements	19	23,239,672	30,320,540
Taxation - net		415,517	924,949
Cash and bank balances	20	31,769,714	26,074,326
		<b>423,693,612</b>	<b>322,466,112</b>
Assets held for sale	21	543,590	232,269
		<b>562,578,451</b>	<b>493,881,932</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	22	9,159,424	9,159,424
Reserves	23	30,126,580	21,598,023
Equity attributable to equity holders of the parent		<b>39,286,004</b>	<b>30,757,447</b>
Non-controlling interests		6,294,401	5,405,258
<b>Total equity</b>		<b>45,580,405</b>	<b>36,162,705</b>
<b>Non-current liabilities</b>			
Long term financing	24	9,590,919	10,207,546
Lease Liabilities	25	2,346,348	3,592,921
Long-term deposits and other accounts	26	5,511,678	9,911,600
Deferred tax liability	13	555,514	-
Long term borrowings	25	17,329,408	4,535,252
Deferred liability - employee benefit	43	-	151,881
		<b>35,333,867</b>	<b>28,399,200</b>
<b>Current liabilities</b>			
Trade and other payables	28	20,290,139	14,764,464
Unclaimed dividend		23,297	21,072
Dividend payable		-	38,149
Accrued interest / mark-up on borrowings	29	3,136,977	4,340,342
Current portion of long term borrowings	27	31,202,004	50,186,015
Current deposits and current portion of long term liabilities	30	427,011,762	359,969,985
		<b>481,664,179</b>	<b>429,320,027</b>
		<b>562,578,451</b>	<b>493,881,932</b>
<b>Contingencies and commitments</b>	31		

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

**Najmul Hoda Khan**  
Chief Financial Officer



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2020

		2020	2019
	Note	(Rupees in '000)	
<b>INCOME</b>			
Return on investments	32	17,629,053	10,990,620
Gain / (loss) on sale of investments - net	33	1,930,396	(609,268)
Income from long term loans and fund placements	34	26,580,180	31,968,656
Fee, commission and brokerage	35	4,372,375	3,434,703
Gain on remeasurement of investments at fair value through profit or loss - net		231,548	144,654
Other income	36	1,254,970	1,709,083
		51,998,522	47,638,448
<b>EXPENDITURE</b>			
Administrative and other expenses	37	15,398,679	12,561,352
Finance cost	38	33,855,037	35,009,105
Provision for Sindh Workers' Welfare Fund		73,825	13,196
Provision for / (reversal of) impairment on investments - net	39	247,526	(345,300)
		49,575,067	47,238,353
Share of profit from associates		62,612	5,396
<b>Profit before tax</b>		2,486,067	405,491
<b>Taxation</b>	40		
- Current		909,040	942,708
- Prior		(9,347)	(4,784)
- Deferred		321,615	(583,236)
		1,221,308	354,688
<b>PROFIT FOR THE YEAR</b>		1,264,759	50,803
<b>Attributable to:</b>			
Equity holders of the parent		892,181	106,551
Non-controlling interests		372,578	(55,748)
		1,264,759	50,803
<b>EARNINGS PER SHARE</b>			
		(Rupees)	
<b>Basic and diluted</b>	41	0.97	0.12

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

**Najmul Hoda Khan**  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2020

	2020	2019
	----- (Rupees in '000) -----	
<b>PROFIT FOR THE YEAR</b>	1,264,759	50,803
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified to statement of profit or loss subsequently</b>		
Actuarial gains / (losses) on defined benefit plan	477,070	(17,091)
Related tax	(186,052)	6,009
	291,018	(11,082)
Unrealised gain on revaluation of investments at fair value through OCI during the year - net of deferred tax	6,052,144	943,800
Share of other comprehensive income from associates accounted for using equity method	28,589	-
	6,371,751	932,718
<b>Items that may be reclassified subsequently to statement of profit or loss</b>		
Fair value gain on revaluation of available-for-sale investments during the year - net	1,769,008	1,662,976
Exchange difference on translation of net assets in foreign branches of a subsidiary	11,485	32,571
Share of other comprehensive income from associates accounted for using equity method	697	-
	1,781,190	1,695,547
<b>Total comprehensive income for the year</b>	<b>9,417,700</b>	<b>2,679,068</b>
<b>Attributable to:</b>		
Equity holders of the parent	8,528,557	2,439,518
Non-controlling interests	889,143	239,550
	<b>9,417,700</b>	<b>2,679,068</b>

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

**Najmul Hoda Khan**  
Chief Financial Officer



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

	Attributable to ordinary equity holders of the parent								Total
	Reserves					Revenue		Non-controlling interests	
	Issued, subscribed and paid-up share capital	Ordinary share premium	Foreign exchange translation reserve	Unrealised gain/ (loss) on revaluation of available-for sale/ fair value through other comprehensive income investments - net	Statutory	Unappropriated profit/ (accumulated loss)	Sub-total		
(Rupees in '000)									
<b>Balance as at December 31, 2018</b>	9,159,424	4,497,894	70,394	5,584,452	1,160,931	7,632,483	28,105,578	6,009,183	34,114,761
Impact of initial application of IFRS 9	-	-	-	(13,728)	-	35,790	22,062	111,424	133,486
<b>Adjusted balance as at January 01, 2019</b>	9,159,424	4,497,894	70,394	5,570,724	1,160,931	7,668,273	28,127,640	6,120,607	34,248,247
<b>Total comprehensive income/ (loss) for the year</b>									
Profit / (loss) for the year	-	-	-	-	-	106,551	106,551	(55,748)	50,803
Other comprehensive income / (loss) for the year	-	-	32,571	2,308,710	-	(8,314)	2,332,967	295,298	2,628,265
Total comprehensive income / (loss) for the year	-	-	32,571	2,308,710	-	98,237	2,439,518	239,550	2,679,068
Transfer to statutory reserve	-	-	-	-	3,699	(3,699)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(38,894)	(38,894)
Buy-back of shares by sub-subsidiaries	-	-	-	-	-	-	-	(931,195)	(931,195)
Surplus arisen on buy back of shares by sub-subsidiaries	-	-	-	-	-	190,289	190,289	-	190,289
Proceeds from issue of Right shares by subsidiary	-	-	-	-	-	-	-	15,190	15,190
Reclassification of net revaluation gain on equity instrument upon derecognition	-	-	-	(268,434)	-	268,434	-	-	-
<b>Balance as at December 31, 2019</b>	9,159,424	4,497,894	102,965	7,611,000	1,164,630	8,221,534	30,757,447	5,405,258	36,162,705
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	892,181	892,181	372,578	1,264,759
Other comprehensive income for the year	-	-	11,485	7,406,569	-	218,322	7,636,376	516,565	8,152,941
Total comprehensive income for the year	-	-	11,485	7,406,569	-	1,110,503	8,528,557	889,143	9,417,700
Transfer to statutory reserve	-	-	-	-	172,555	(172,555)	-	-	-
Reclassification of net revaluation gain on equity instrument upon derecognition	-	-	-	(575,395)	-	575,395	-	-	-
<b>Balance as at December 31, 2020</b>	<b>9,159,424</b>	<b>4,497,894</b>	<b>114,450</b>	<b>14,442,174</b>	<b>1,337,185</b>	<b>9,734,877</b>	<b>39,286,004</b>	<b>6,294,401</b>	<b>45,580,405</b>

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

**Najmul Hoda Khan**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	Note	2020 ----- (Rupees in '000) -----	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		2,486,067	405,491
<b>Non-cash adjustments to reconcile profit before tax to net cash flows</b>			
Depreciation	37.6	1,770,442	1,838,525
Amortisation of intangible assets	8	118,937	98,928
Gain on sale of property and equipment		(12,588)	(494,836)
Gain on sale of asset held for sale		(142,731)	-
Charge for defined benefit plan		164,342	134,712
Gain on remeasurement of investments at fair value through profit or loss - net		(231,548)	(144,654)
Loss on remeasurement of derivatives at fair value through profit or loss - net		34,369	-
Share of profit from associate		(62,612)	-
Provision for doubtful debts, loans and advances		680,729	253,370
Impairment of TRE Certificate		-	3,227
Effect of translation of net investment in foreign branches of a subsidiary		11,485	32,571
Provision for / (reversal of) impairment on investments - net		247,526	(345,300)
Finance cost		33,855,037	35,009,105
		<b>36,433,388</b>	<b>36,385,648</b>
<b>Operating profit before working capital changes</b>		<b>38,919,455</b>	<b>36,791,139</b>
<b>(Increase) / decrease in operating assets :</b>			
Loans and advances		(18,914,499)	(7,515,860)
Trade debts		(794,149)	349,874
Long term loans, advances, prepayments and other receivables		12,234,440	16,243,373
Other financial assets - fund placements		7,080,868	(28,383,193)
Prepayments, deposits, accrued mark-up and other receivables		(927,922)	(3,052,624)
		<b>(1,321,262)</b>	<b>(22,358,430)</b>
<b>Increase / (decrease) in operating liabilities:</b>			
Trade and other payables		5,491,306	(771,901)
Deposits and other accounts		63,220,273	48,796,132
Borrowings		14,442,199	(1,983,606)
<b>Net cash generated from operations</b>		<b>120,751,971</b>	<b>60,473,334</b>
Finance cost paid		(34,575,500)	(32,914,435)
Gratuity paid		(152,050)	(102,416)
Taxes paid		(576,297)	(603,807)
Dividend paid (including non-controlling interests)		(35,924)	(745)
<b>Net cash generated from operating activities</b>		<b>85,412,200</b>	<b>26,851,931</b>
Capital expenditure incurred		(2,211,025)	(1,586,558)
Intangible assets acquired		(1,361,482)	(198,623)
Proceeds from sale of property and equipment		773,093	1,745,079
Paid to Non-Controlling Interests against buy back of shares by a subsidiary		-	(740,906)
Acquisition of assets repossessed		(87,461)	(1,371,261)
Proceeds from disposal of asset held for sale		375,000	-
Proceeds from issuance of right shares by Subsidiary Company		-	15,190
Investments sold - net		(54,231,491)	9,803,715
<b>Net cash (used in) / generated from investing activities</b>		<b>(56,743,366)</b>	<b>7,666,636</b>
Redemption of term finance certificates - net of proceeds from issuance		(922,432)	(753,001)
Long term loan obtained from bank - net of repayments		(187,500)	185,930
Repayment of lease liability		(1,231,460)	(1,148,156)
Securities sold under repurchase agreements - net		(19,928,648)	(40,242,137)
<b>Net cash used in financing activities</b>		<b>(22,270,040)</b>	<b>(41,957,364)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>6,398,794</b>	<b>(7,438,797)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>25,184,350</b>	<b>32,623,147</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	42	<b>31,583,144</b>	<b>25,184,350</b>

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

**Najmul Hoda Khan**  
Chief Financial Officer



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 1. THE GROUP AND ITS OPERATIONS

1.1 Jahangir Siddiqui & Co. Ltd. (the Holding Company) and its subsidiary companies (together the Group) are involved in managing strategic investments, trading of securities, investment advisory, asset management, agency telecommunication, commercial banking and other businesses. The Group is mainly operating in Pakistan but also provides services in Bahrain and Cayman Islands.

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

The Branch network of the group is disclosed in Annexure II to these financial statements.

### 1.2 Composition of the Group

The Group comprises of the Holding Company and the following subsidiary companies that have been consolidated in these financial statements on a line by line basis. All material inter company balances, transactions and resulting unrealised profits / losses have been eliminated:

<u>Subsidiary / Sub-subsidiary Companies</u>	Note	<u>Holding (including indirect holding)</u>	
		December 31, 2020 %	December 31, 2019 %
JS Bank Limited (JSBL)	1.2.1	75.02	75.02
JS Investments Limited (JSIL) (Sub-subsidiary)	1.2.2	63.43	63.43
JS Global Capital Limited (JSGCL) (Sub-subsidiary)	1.2.3	62.66	62.66
JS Infocom Limited	1.2.4	100.00	100.00
JS International Limited	1.2.5	100.00	100.00
JS ABAMCO Commodities Limited (Sub-subsidiary)	1.2.6	63.43	63.43
Energy Infrastructure Holding (Private) Limited	1.2.7	100.00	100.00
Quality Energy Solutions (Private) Limited	1.2.8	100.00	100.00
Khairpur Solar Power (Private) Limited (Sub-subsidiary)	1.2.9	100.00	100.00
JS Petroleum Limited (Sub-subsidiary)	1.2.10	51.00	51.00

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

<u>Subsidiary / Sub-subsidiary Companies</u>	<u>Note</u>	<u>Holding (including indirect holding)</u>	
		December 31, 2020 %	December 31, 2019 %
<b>Quality 1 Petroleum (Private) Limited</b> (Sub-subsidiary)	1.2.11	100.00	-
<b>JS Fuel (Private) Limited</b> (Sub-subsidiary)	1.2.12	-	100.00
<b>JS Engineering Investments 1 (Private) Limited</b> (Sub-subsidiary)	1.2.13	100.00	100.00

### 1.2.1 JS Bank Limited (JSBL)

JS Bank Limited (JSBL) was incorporated on March 15, 2006 as a public limited company under the repealed Companies Ordinance, 1984. The Subsidiary is engaged in conducting banking business and related services permissible under the Banking Companies Ordinance, 1962. Its shares are listed on the Pakistan Stock Exchange Limited. The registered office of JSBL is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi and it operates with 307 (2019: 359) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2019: One).

### 1.2.2 JS Investments Limited (JSIL)

JS Investments Limited (JSIL) is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984. The Subsidiary was listed on Pakistan Stock Exchange Limited on April 24, 2007. The registered office of the Company is situated at 19th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The Company is a subsidiary of JS Bank Limited.

The Company has obtained the license of an "Investment Adviser" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations). JSIL also acts as Pension Fund Manager under the Voluntary Pension System Rules, 2005. Recently, JSIL has also acquired the Private Equity and Venture Capital Fund Management Services license from Securities and Exchange Commission of Pakistan (SECP).

JSIL is an asset management company and pension fund manager for the following:

#### Open end:

- JS Growth Fund
- JS Value Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Aggressive Asset Allocation fund
- JS Fund of Funds
- JS KSE-30 Index Fund
- JS Islamic Income Fund





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## Open end:

- JS Cash Fund
- JS Large Cap Fund
- JS Islamic Hybrid Fund of Funds
- JS Islamic Hybrid Fund of Funds - 2
- JS Islamic Hybrid Fund of Funds - 3
- JS Islamic Dedicated Equity Fund
- JS Islamic Daily Dividend Fund

## Private Equity & Venture Capital Fund:

- JS Motion Picture Fund

## Pension funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

### 1.2.3 JS Global Capital Limited (JSGCL)

JS Global Capital Limited (JSGCL) was incorporated as a private limited Company on June 28, 2000. Subsequently, JSGCL obtained listing on Pakistan Stock Exchange Limited on February 07, 2005. JSGCL is a trading right entitlement certificate holder of Pakistan Stock Exchange Limited and member of Pakistan Mercantile Exchange Limited. The principal activities of JSGCL are share brokerage, money market, forex and commodity brokerage, advisory, underwriting, book running and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of JSGCL is situated at 17th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The Company is a subsidiary of JS Bank Limited.

### 1.2.4 JS Infocom Limited

JS Infocom Limited (JS Infocom) was incorporated on August 25, 2003 as a public limited unlisted Company under the repealed Companies Ordinance, 1984. The registered office of JS Infocom is situated at 20th Floor, The Centre, Abdullah Haroon Road, Saddar, Karachi. JS Infocom is established to undertake telecommunication, media and technology business or invest in companies engaged in providing telecommunication, media and technology services.

### 1.2.5 JS International Limited

JS International Limited was incorporated in Cayman Islands B.W.I. on July 14, 2005. The primary objective for which the Company has been established includes inward investment from non-resident Pakistanis and international institutional investors, financial advisory services to Pakistani companies expanding overseas and to foreign companies interested in investing or setting up joint ventures in Pakistan.

### 1.2.6 JS ABAMCO Commodities Limited

JS ABAMCO Commodities Limited (the Company) was incorporated in Pakistan as a public limited company on September 25, 2007 under the repealed Companies Ordinance, 1984 and is a wholly owned subsidiary of JS Investments Limited (the Company). The principal object of the Company is to carry out business in commodity market and related brokerage, advisory and consultancy services. The registered office of the Company is situated at 19th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The Company has not commenced its core operations of commodity, brokerage and related advisory services up to the date of statement of financial position. The Company is a subsidiary of JS Investments Limited.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## 1.2.7 Energy Infrastructure Holding (Private) Limited

Energy Infrastructure Holding (Private) Limited (the Company) was incorporated under the repealed Companies Ordinance, 1984 on April 15, 2008 as a Private Limited Company. The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5, Saddar, Karachi. The principal activities of the Company are to invest in energy, petroleum and infrastructure projects.

## 1.2.8 Quality Energy Solutions (Private) Limited

Quality Energy Solutions (Private) Limited was incorporated under the repealed Companies Ordinance, 1984 on May 09, 2016 as a Private Limited Company. The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The principal activities of the Company are to undertake investments in power entities, listed or otherwise in Pakistan or elsewhere in the world.

## 1.2.9 Khairpur Solar Power (Private) Limited

Khairpur Solar Power (Private) Limited was incorporated under the repealed Companies Ordinance, 1984 on May 05, 2016 as a Private Limited Company. The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5 Abdullah Haroon Road, Saddar, Karachi. The principal activities of Company is to develop, design, construct, build, own, operate, maintain and acquire solar energy project, coal fired power generation complexes and thermal, hydel, renewable energy and wind energy projects, carry on the business of electricity generation, transmission, sale and distribution services and maintain housing, transportation, communication and utility lines and other requisite logistic facilities for the construction, operation and maintenance of power plants. The Company is a wholly owned subsidiary of Quality Energy Solutions (Private) Limited.

## 1.2.10 JS Petroleum Limited

JS Petroleum Limited was incorporated under the repealed Companies Ordinance, 1984 on October 09, 2017 as a Private Limited Company and was subsequently converted to Public Unlisted Company. The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5 Abdullah Haroon Road, Saddar, Karachi. The principal business activity of the Company is to invest in and undertake Oil and Gas storage facility business. The Company is a subsidiary of Energy Infrastructure Holding (Private) Limited.

## 1.2.11 Quality 1 Petroleum (Private) Limited

On April 01, 2020, Energy Infrastructure Holding (Private) Limited (EIHPL), a wholly owned subsidiary of the Holding Company, acquired 100% shares in Quality 1 Petroleum (Private) Limited (Q1P) (Sub-subsidiary). The acquisition is expected to bring in synergies resulting in overall growth of the Group. The acquisition has been accounted for in accordance with the requirements of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations". IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the accounting for business combination. IFRS 3 requires that all identified assets and liabilities acquired in a business combination should be carried at fair values at the acquisition date in the acquirer's balance sheet. Goodwill is recognized as at acquisition date for any difference in excess of fair value of consideration transferred over fair values of net assets acquired.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

Details of purchase consideration, fair values of assets acquired and liabilities assumed which approximates to their carrying values at the acquisition date and the resultant goodwill recognised in this consolidated financial statements are as follows:

	Note	April 01, 2020 (Rupees in '000)
Fair values of assets acquired	1.2.11.1	892,264
Fair values of liabilities assumed	1.2.11.1	(1,332,878)
Net liabilities assumed		(440,614)
Purchase consideration in cash		600,000
Excess of purchase consideration over net liabilities (Provisional goodwill)		<u>1,040,614</u>

1.2.11.1 The carrying amounts of assets acquired and liabilities assumed which approximates to their carrying values at the date of acquisition are as follows:

	Balances as at March 31, 2020 (Rupees in '000)
<b>NON - CURRENT ASSETS</b>	
Property, plant and equipment	377,210
Security deposits	2,181
	<u>379,392</u>
<b>CURRENT ASSETS</b>	
Stock in trade	40,612
Trade debts	7,117
Advances, prepayments and others	464,152
Cash and bank balances	991
	<u>512,872</u>
<b>TOTAL ASSETS</b>	<u>892,264</u>
<b>NON - CURRENT LIABILITIES</b>	
Long term borrowings	16,667
Lease liability	4,865
Deffered liability - staff gratuity	2,801
Long term security deposits	28,150
	<u>52,482</u>
<b>CURRENT LIABILITIES</b>	
Trade and other payables	40,610
Accrued markup	92,254
Current maturity of long term borrowings and lease liability	347,952
Short term borrowings	799,009
Provision for taxation - net	571
	<u>1,280,396</u>
<b>TOTAL LIABILITIES</b>	<u>1,332,878</u>
<b>Carrying Values of Net assets acquired</b>	<u>(440,614)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

Q1P was incorporated on July 04, 2014 as a private limited company in Lahore. It was licensed by Oil and Gas Regulatory Authority to operate as an Oil Marketing Company (OMC). It is principally engaged in procurement, storage and marketing of petroleum related products. The registered office of Q1P is situated at Office No. 06, First Floor, Evacuee Trust Complex, F-5, Islamabad and other business units located at:

- Mouza Mandra, Chowk Bandori Road, Tehsil Gujjar Khan, District Rawalpindi.
- Chak no. 81/5L, Bonga Hayat Road, Tehsil & District Sahiwal.
- On Road N-55 Between KM 399-400, Shikarpur - Kandhakot Road.
- Survey No. 233, 234, 235, 345 & 351 Situated at Deh & Tappo Ali Murad Kalhoro. Taluka Khanpur, District Shikarpur; and
- Kot Adu Road in Khata No 114/113, Khatoni No. 322 and Khata No. 116 Khatoni No. 324 Serial Registration No. 3441 & 3442 Mahal Mansa Raam Khas Tehsil Kot Adu District Muzzafargarh.

Q1P is a wholly owned subsidiary of Energy Infrastructure Holding (Private) Limited (EIHPL). On 30th September, 2020, another subsidiary of EIHPL namely JS Fuel (Private) Limited (JSFPL), was amalgamated with and into Q1P without any consideration.

### 1.2.12 JS Fuel (Private) Limited

JS Fuel (Private) Limited was incorporated under the Companies Act, 2017 on November 24, 2017, as a Private Limited Company. The registered office and geographical location of the Company was situated at 15th Floor, The Centre, Plot No. 28, SB-5 Abdullah Haroon Road, Saddar, Karachi. The principal business activity of the Company was to conduct and to invest in oil marketing business. The Company was a wholly owned subsidiary of Energy Infrastructure Holding (Private) Limited.

The board of Directors of the Company and that of Quality 1 Petroleum (Private) Limited (Q1P) (the subsidiary of EIHPL) in their respective meetings held on September 08, 2020, have considered and approved the merger/amalgamation of JS Fuel with and into Q1P in accordance with the terms of a scheme of amalgamation under the provisions of section 284 to the Companies Act, 2017. Securities and Exchange Commission of Pakistan (SECP) vide its order dated November 12, 2020, has confirmed the scheme effective from September 30, 2020; thus JS Fuel stand merged into Q1P with effect from September 30, 2020. The authorized capital of Q1P stands at Rs. 1,100 million (representing 110 million shares of Rs. 10 each) due to consolidation of authorized capital of each company. As a result of merger/amalgamation the following assets and liabilities of JS Fuel (Private) Limited have been transferred in Q1P:



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Balances as at September 30, 2020 (Rupees in '000)
<b>NON - CURRENT ASSETS</b>	
Property and equipment	884,217
<b>CURRENT ASSETS</b>	
Advances, prepayment and other receivable	28,429
Advance income tax	5,602
Advance sales tax	4,674
Cash and bank balances	5,165
	43,870
<b>TOTAL ASSETS</b>	<b>928,087</b>
<b>CURRENT LIABILITIES</b>	
Accrued and other liabilities	96,804
Lease liabilities	23,275
Short term loan	2,500
	122,579
<b>TOTAL LIABILITIES</b>	<b>122,579</b>
<b>NET ASSETS</b>	<b>805,508</b>
<b>REPRESENTED BY:</b>	
Amalgamation reserve	310,169
Surplus on revaluation of fixed assets	495,339
	<b>805,508</b>

## 1.2.13 JS Engeneering Investments 1 (Private) Limited

JS Engineering Investments 1 (Private) Limited was incorporated under the Companies Act, 2017, on November 23, 2017, as a Private Limited Company. The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5 Abdullah Haroon Road, Saddar, Karachi. The principal activities of the Company will be to invest in engineering and automotive sectors. The Company is currently pursuing investment opportunities. The Company is a wholly owned subsidiary of Energy Infrastructure Holding (Private) Limited.

## 1.2.14 Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method under IAS-28.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## 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; and
- Provision of and directives issued under the Companies Act, 2017.

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

IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by the Securities and Exchange Commission of Pakistan (SECP). However, SECP has directed that the requirements of consolidation under section 237 of the repealed Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

### 2.2 Basis of Measurement

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

### 2.3 Functional and Presentation Currency

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

## 3 The Holding Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year

### Standard of Interpretation

- IFRS 14 - Regulatory Defferal Account
- IFRS 16 - COVID-19 Related Rent Concessions (Amendments)
- IFRS 3 - Definition of a Business (Amendments)
- IAS 1 / IAS 8 - Definition of a Material (Amendments)

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on these unconsolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## New Accounting Standards / amendments and IFRS interaction that are not yet effective

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
Amendment to IAS 39 / IFRS 9 'Financial Instruments: Recognition and Measurement' - Interest Rate Benchmark Reform - Phase 2	January 01, 2021
Amendments to IAS 37 'Provision contingent liability and contingent liability - Onerous Contracts - Costs of Fulfilling a Contract	January 01, 2022
Amendment to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current	January 01, 2022*
Amendments to IAS 16 'Property Plant and Equipment' - Proceeds before Intended Use	January 01, 2022
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	January 01, 2022

\* The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to January 01, 2023.

## Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
IFRS 16 Leases - Partial Amendments to Illustrative Example 13	January 01, 2022

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on these unconsolidated financial statements.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020, for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2004
IFRS 17 – Insurance Contracts	January 01, 2021

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future years affected.

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

- (a) determining the residual values and useful lives of property and equipment and intangibles (notes 6.1, 6.2, 7.1 and 8);
- (b) classification of investments (notes 6.6, 10 and 14);
- (c) recognition of taxation and deferred tax (notes 6.10 and 40);
- (d) accounting for post employment benefits (note 6.17);
- (e) impairment of financial assets (notes 6.6 and 39).
- (f) leases (note 6.5);
- (g) fair value of un-quoted equity securities (note 47.3); and
- (h) provision against non performing loans (note 6.28);

#### 5. BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies together - "the Group".
- Subsidiary companies are fully consolidated from the date on which control is obtained and are excluded from consolidation from the date of when control is lost.
- The financial statements of the subsidiary companies are prepared for the same reporting year (except for JS International Limited whose audited financial statements as at September 30 have been considered) as the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interests in equity of the subsidiary companies are measured at proportionate share of net assets of the acquiree as of the acquisition date.
- Material intra-group balances and transactions have been eliminated.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 6.1 Property and equipment

These are stated at costs less accumulated depreciation and accumulated impairment, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to the statement of profit or loss by applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 7.1 to the financial statements. Depreciation is charged on additions from the month in which asset is put to use on disposals up to the month immediately preceding the disposal.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each date of statement of financial position.

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

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

Gains and losses on disposal of fixed assets, if any, are taken to the statement of profit or loss.

Capital work-in-progress is stated at cost less impairment losses, if any. These are transferred to specified assets as and when assets are available for use.

### 6.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method taking into account residual value, if any, at the rates specified in note 8 to these financial statements. Amortization is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each date of statement of financial position.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Group. An intangible asset with an indefinite useful life is not amortized. However, the carrying amount is reviewed at each date of statement of financial position or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

### 6.3 Investment property

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

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

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

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

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

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

### 6.5 IFRS 16 Leases

- **Right-of-use assets**

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

- **Lease liabilities**

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

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

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

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

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

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

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

## 6.6 Investments

The management of the Group Companies (the Company, subsidiaries and sub-subsidiaries) determine the appropriate classification of investments at the time of purchase or increase in and classifies / reclassifies its investment as subsidiaries, associates and joint ventures, at fair value through profit or loss, fair value through other comprehensive income and at amortized cost.

All investments are initially recognized at cost, being the fair value of the consideration given including transaction costs associated with the investment except in the case of investments at fair value through profit or loss where transaction costs are charged to the statement of profit or loss when incurred.

### **Subsidiaries, associates and joint arrangements**

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

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

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

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has not control or joint control over those policies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group reassesses, at each date of statement of financial position, whether or not it has control, significant influence or joint control over the investee. The Holding Company uses 'fair value as deemed cost' approach for measuring its existing investments. Accordingly, on the date the investee company becomes an associate, the fair value of existing investment is considered as deemed cost to determine the initial value of investment in associate.

Investments in subsidiaries are consolidated on a line by line basis. Investments in associates and joint ventures, other than those classified as held for sale, are accounted for under the equity method in these consolidated financial statements. Under equity method, investments are carried at cost, plus post-acquisition changes in the Group's share of net assets of the entity, less any impairment in value. The statement of profit or loss reflects the Group's share of the results of its associates and joint ventures.

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

## IFRS 9 Financial Instruments

The Group (except Subsidiary Bank) has adopted IFRS 9 Financial Instruments effective from January 1, 2019.

### Initial recognition and measurement

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

Bank balances and loans and advances to employees / counter parties are recognised when funds are transferred to the banks / employees / counterparties. The Holding Company recognises due to counterparties when funds reach the Group.

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

### Classification

In accordance with IFRS 9, the Group (except for subsidiary bank) classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## Financial assets

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

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

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

### a) Debt instruments at FVOCI

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

### b) Equity instruments at FVOCI

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

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

## Financial assets measured at amortised cost

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

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

Financial assets measured at fair value through profit or loss if:

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## Financial Liabilities

### Financial Liabilities measured at amortised cost

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

### De-recognition

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

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

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

### Impairment of Financial Asset

The Group holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore, the Holding Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

### Offsetting of financial assets and financial liabilities

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## **Financial instruments - Policy applicable on Subsidiary Bank**

### **Financial asset at fair value through profit or loss**

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss after meeting conditions as stated in IAS 39.

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair value with any resulting gains or losses recognized directly in the statement of profit or loss. Transaction costs are charged to the statement of profit or loss when incurred.

### **Available for sale**

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. After initial recognition, these are stated at fair values (except for unquoted investments for which active market does not exist) with any resulting gains or losses being taken directly to statement of comprehensive income until the investment is disposed or impaired. At the time of disposal, the respective surplus or deficit is transferred to the statement of profit or loss.

### **Held to maturity**

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortized cost. Impairment in value, if any, is taken to the statement of profit or loss.

Premium and discount on investments are amortized using the effective interest rate method and taken to the statement of profit or loss from investments.

### **Impairment of Financial assets**

The Group assesses at each date of statement of financial position that whether there is any objective evidence that financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. In case of quoted equity securities, impairment is assessed based on significant or prolonged decline in market prices of securities.

If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss recognized in the statement of profit or loss, the impairment loss is reversed, with the amount of reversal recognized in the statement of profit or loss.

## **6.7 Derivative financial instruments**

Derivative instruments held by the Group generally comprise future contracts in the capital markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivative is equivalent to the unrealized gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other assets and derivatives with negative market values (unrealized losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are recognized in the statement of profit or loss.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

### 6.8 Securities sold under repurchase / purchased under resale agreements

The Group enters into transactions of repos and reverse repos at contracted rates for a specified period of time as under:

#### (a) Repurchase agreement borrowings

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognised in the statement of financial position and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as liabilities. The difference between sale and repurchase price is treated as mark-up / interest expense using the effective yield method.

#### (b) Repurchase agreements lendings

Investments purchased under agreement to resell at a specified future date (reverse repos) are not recognised in the statement of financial position. Amounts paid under these agreements are included in fund placements. The difference between purchase and realise price is treated as mark-up / return / interest earned and accrued over the period of the reverse repo agreement using effective yield method.

### 6.9 Provisions

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

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Group to settle the obligation. The loss is charged to the statement profit or loss net of expected recovery.

### 6.10 Taxation

#### Current

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

#### Deferred

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that the deductible temporary differences will reverse in the future and sufficient taxable profits and taxable temporary differences will be available against which the deductible temporary differences and unused tax losses can be utilized.

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

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





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 "Income Taxes".

## 6.11 Revenue recognition

- (a) Mark-up / return / interest income on loans and advances and investments is recognised on accrual basis using effective interest method. Mark-up / return / interest income on non-performing loans and advances and investments is recognised on receipt basis.
- (b) Income / return on Term Finance Certificates (TFCs), government securities, reverse repurchase transactions, certificate of deposits and loans and advances is recognised at rate of return implicit in the instrument / arrangement on a time proportion basis.
- (c) Dividend income on equity investments is recognised, when the Group's right to receive the same is established.
- (d) Capital gains or losses on sale of investments are recognised in the period in which they arise.
- (e) Commission is recognised as income at the time of affecting the transaction to which it relates. Fees are recognised when earned.
- (f) Brokerage, consultancy, management and advisory fee, commission on foreign exchange dealings and government securities, etc. are recognised as and when earned.
- (g) Rental income from investment properties, commission on portfolio trading services and return on bank deposits is recognised as services are rendered.
- (h) Trusteeship fee is recognized on an accrual basis in proportion to the provision of service.
- (i) Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.
- (j) Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.
- (k) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time the commitment is fulfilled.
- (l) Return on National Saving Certificates is accounted for using the effective interest rate method.

## 6.12 Long term finances, loans and advances

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

Transaction costs relating to long term finances and loans are being amortized over the period of agreement using the effective interest rate method.

## 6.13 Trade debts and other receivables

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

### 6.14 Trade and other payables

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

### 6.15 Cash and cash equivalents

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

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand, term deposits, bank balances, net of bank overdrafts repayable on demand, if any.

### 6.16 Segment reporting

Segment results are reported to Board of Directors of the Holding Company (being chief operating decision making authority) and include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, tax assets and liabilities and common Company's expenses.

The Group's reportable segments under IFRS-8 are disclosed in note 50.

### 6.17 Staff retirement benefits

#### Defined contribution plan

The Holding Company and its certain subsidiaries operate an approved funded contributory provident fund scheme for all its employees eligible to the scheme. Equal monthly contributions are made by the group and the employees to the fund at the rates defined below of basic salary. Contribution by the Group is charged to the statement of profit or loss.

- The Holding Company	10.00%
- JS Bank Limited (the subsidiary)	7.10%
- JS Global Capital Limited (the sub-subsidiary)	7.33%
- JS Investments Limited (the sub-subsidiary)	7.33%

#### Defined benefit plan

JS Bank Limited (a subsidiary Company) operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2019, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to the statement of profit or loss so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in the statement of profit or loss and actuarial gains and losses are recognised immediately in other comprehensive income.

### 6.18 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to the cash flow from the financial assets expires or is transferred. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the statement of profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## 6.19 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the statement of financial position when there is a legal enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

### Trade date accounting

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

## 6.20 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the date of statement of financial position. Gains and losses on translation are taken to statement of profit or loss. Non-monetary assets and liabilities, denominated in foreign currency that are measured at fair value are translated using exchange rate at the date the fair values are determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

## 6.21 Foreign operations

The assets and liabilities of foreign branches are translated to Rupees at exchange rates prevailing at the date of statement of financial position. The results of foreign operations are translated to Rupees at the average rate of exchange for the year.

## 6.22 Impairment

### Non-financial assets and investments in associates and joint ventures

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

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

## 6.23 Business combination

### Acquisition of business not under common control

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. The excess of the consideration transferred over the fair value of the Holding Company's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the profit and loss account. Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any.

### Acquisition of business under common control

Acquisition of business under common control is accounted for under 'pooling of interest method'. The assets and liabilities of the combining businesses for the period in which the combination occurs are merged on the date of combination at their respective book values. Appropriate adjustments are made to the book values to reflect application of consistent accounting policies in the combining businesses. Any difference between the amount of net assets merged and consideration transferred in form of cash or other assets are adjusted against equity.

### 6.24 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Group are not treated as the assets of the Group and accordingly are not included in these consolidated financial statements.

### 6.25 Earnings per share

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

### 6.26 Borrowings / deposits and their cost

Borrowing / deposit costs are recognised as an expense in the period in which these are incurred to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of the asset.

### 6.27 Dividend and other appropriations to reserves

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

### 6.28 Provision against non performing loans

The subsidiary bank reviews its loan portfolio to assess amount of non-performing loans and advances and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirements of the Prudential Regulations are considered. For portfolio impairment / provision on consumer advances, the Bank follows requirements set out in Prudential Regulations.

		2020	2019
	Note	----- (Rupees in '000) -----	
<b>7. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	7.1	5,666,880	5,450,074
Right-of-use asset	7.2	2,793,095	4,271,231
Capital work-in-progress	7.3	706,163	552,208
		<u>9,166,138</u>	<u>10,273,513</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 7.1 Operating fixed asset

	Cost			Depreciation rate per-annum %	Accumulated depreciation		Written down value	
	As at January 01, 2020	Additions/ (disposals)/ Adjustments*	As at December 31, 2020		As at January 01, 2020	For the year/(on disposal)/ Adjustments*	As at December 31, 2020	As at December 31, 2020
	(Rupees in '000)				(Rupees in '000)			
Office premises - leasehold	2,010,162	766,725 (545,716) 46,512	2,277,683	1.0 - 20	311,367	42,340 (429) 10,507	363,785	1,913,898
Land - freehold	384,911	- - 143,200	528,111	-	-	- - -	-	528,111
Land - leasehold	250,581	- -	250,581	2	11,772	4,972 -	16,744	233,837
Plant and Machinery	-	- - 189,698	189,698	15	-	15,540 - 56,987	72,527	117,171
Leasehold improvements	1,913,267	190,950 (248,985)	1,855,232	10 - 33	744,083	161,700 (134,188)	771,595	1,083,637
Office equipment	3,536,496	384,204 (206,899) 3,492	3,717,293	12.5 - 33	2,115,764	454,979 (147,860) 1,459	2,424,342	1,292,951
Filling station signages	-	1,674 - 37,143	38,817	15	-	3,169 - 12,445	15,614	23,203
Fuel Dispenser and other equipments	-	- - 31,829	31,829	15	-	2,023 - 14,318	16,341	15,488
Office furniture and fixtures	716,866	50,547 (49,830) 38	717,621	10 - 20	362,352	67,506 (31,025) 17	398,850	318,771
Motor vehicles	278,927	17,401 (43,380)	252,948	20	95,798	38,140 (20,803)	113,135	139,813
	9,091,210	1,411,501 (1,094,810) 451,912	9,859,813		3,641,136	790,369 (334,305) 95,733	4,192,933	5,666,880

\* This represents adjustments made to the fixed assets due to acquisition of Quality 1 Petroleum (Private) Limited (a sub-subsidiary) by Energy Infrastructure Holding (Private) Limited i.e. a wholly owned subsidiary of the Holding Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Cost		Depreciation rate per-annum %	Accumulated depreciation		Written down value		
	As at January 01, 2019	As at December 31, 2019		As at January 01, 2019	For the year / (on disposal)	As at December 31, 2019	As at December 31, 2019	
	(Rupees in '000)			(Rupees in '000)				
Office premises - leasehold	2,253,546	41,929 (285,313)	2,010,162	1.0 - 20	322,631	41,780 (53,044)	311,367	1,698,795
Land - freehold	357,747	27,164 -	384,911	-	-	-	-	384,911
Land - leasehold	245,166	5,415 -	250,581	2	6,819	4,953 -	11,772	238,809
Leasehold improvements	1,304,991	637,030 (28,754)	1,913,267	10 - 33	622,104	146,980 (25,001)	744,083	1,169,184
Office equipment	3,095,234	626,457 (185,195)	3,536,496	12.5 - 33	1,879,648	412,465 (176,349)	2,115,764	1,420,732
Office furniture and fixtures	627,456	126,809 (37,399)	716,866	10 - 20	335,142	63,460 (36,250)	362,352	354,514
Motor vehicles	1,220,681	355,182 (1,296,936)	278,927	20	384,225	162,023 (450,450)	95,798	183,129
	9,104,821	1,819,986 (1,833,597)	9,091,210		3,550,569	831,661 (741,094)	3,641,136	5,450,074

7.1.1 Details of disposal of fixed assets having written down value exceeding Rs. 500,000 each are given in Annexure I to these consolidated financial statements.

7.1.2 The details of immovable property of the group are as follows:

### Quality 1 Petroleum (Private) Limited

	Total area of land in Acres
- Chak no.202, RB, Faisalabad, Maoza Taragarh	0.729
- Mouza Kuri Dolal, Chowk Pindori Road, Tehsil Gujar Khan, District Rawalpindi	3.750
- Mouza Maqam, Tehsil Fateh Jang, District Attock	5.690
- Chak No. 81/5L, Sahiwal - Bonga Hayat Road, Tehsil & District Sahiwal	4.000
- Mouza Manjiwala, Sarai Naurang, Tehsil Naurang, District Lakki Marwat	6.250
- Daulatpur, Daur Road, Deh Kundah Wado, Tappo Jarkohiryaro, Taluka Qazi Ahmed, District Benazirabad	4.000

### JS Petroleum Limited

- Port Qasim, Bin Qasim Town, District Malir, Karachi	15
---	----

### Energy Infrastructure Holding (Private) Limited

- HUB Tehsil, District Lasbella, Balochistan	137
--	-----



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

JS Bank Limited	Total area of land in Acres
- Plot # 06, Survey # 362/10 (in compound of Bungalow 55 & 55/1), situated at Haider Road, Rawalpindi	0.014
- Situated at Plot No. 21, Collage Road, F-7, Markaz, Islamabad	0.186
- Land situated at House No. 65 Near Foreign Affair Office Shadman II, Lahore	0.103
- Hut No. 182, Old Survey No. 87, Hawks Bay Beach, Karachi	0.041
- Office No, 84, 85 & 86, On 2nd floor of project known as "Pakistan Stock Exchange", situated at Land Bearing no. 3/2 and 3/2/1, Street No. RY-3, in the area of railway Quarters, I.I. Chundrighar Road, Karachi	0.016
- Bahria Heights III, Phase IV, Bahria Town, Bearing Khasra # 3508, Situated at Mouza Kotha Kalan, Rawalpindi	0.052
- Property on Plot No. G-3, 23rd floor, Inclusive of 8 parking space & along with 1/87 undivided share of main Plot building known as "OCEAN TOWER", Block no. 9, K.D.A, Scheme No.5, Kehkashan, Clifton Karachi	0.225
- Commercial Land Bearing Showroom No 3, Ground Floor, along with 3 reserved car parking space in project known as " AL-TIJARAH CENTRE", With 0.554% undivided share in Plot No. 32-1-A, situated in Block No. 6, Pakistan Employee Co-operative Housing Society, Karachi	0.048
- Property Shop Bearing Premises No. 6 & on Ground Floor, Project known as "AL-HABIB ARCADE", Situated at Sub Plot No. G-3/X-II/A, Three Sword, Main Clifton Road, Karachi	0.021
- Commercial property ground & first floor bearing Plot No. 21/1, Survey Sheet No. BR-5, Tenure Govt. H/1, Situated at Lakshmi Das Street, Bunder Quarters, Karachi	0.013
- Property Shop bearing premises No. G-1, G-66 on ground floor and F-1, F-2 & F-3 at first floor, project known as "THE CENTRE", situated at plot no. 28, SB-5. Saddar Bazaar, Karachi	0.043
- Shop No. S-01, Ground Floor, Building known as "RABIA HEIGHTS" Constructed on bearing Plot No. GRW-315, situated at Lawrence Road, Garden West Quarters, Karachi	0.032
- Project Known as "JS BANK LIMITED DIVINE MEGA II BRANCH" situated at office no.2, divine mega II plaza opposite Honda Point, New Airport Road, Tehsil Cantt, District Lahore	0.033
- Main Plot 55-B, Building known as "ISE TOWER" property office No. 414, 4th Floor, Main Jinnah Avenue Blue Area Islamabad	0.031
- Shop No. G-1, Ground Floor, Hamza Heights, on Plot No. A-11, Survey Sheet No. 35-P/1, Survey No. 5, Union Commercial Area Block 7 & 8, Karachi Co-operative Housing Societies Limited, Karachi	0.034
- Plot No. 88, Sector D, Iqbal Blvd DHA Phase II, Islamabad	0.021
- Office No. 714-717 and 718 to 727, 7th Floor, 'THE FORUM', Khayaban-e-Jami, Clifton, Karachi	0.633

7.2 Right-of-use assets	2020	2019
	----- (Rupees in '000) -----	
<b>As at January 01</b>	4,271,231	5,241,945
Additions	73,593	52,040
Depreciation expense	(979,953)	(1,006,744)
Deletion	(571,776)	(16,010)
<b>As at December 31</b>	<b>2,793,095</b>	<b>4,271,231</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
<b>7.3 Capital work-in-progress</b>			
<b>Advances to suppliers against:</b>			
Civil works		232,850	325,351
Purchase of land		191,630	203,570
Office equipment		62,905	22,719
Furniture and fixture		1,013	290
Acquisition of software and equipment		214,390	278
Vehicles		3,375	-
		<b>706,163</b>	<b>552,208</b>
<b>8. INTANGIBLE ASSETS</b>			
Owned intangible asset	8.1	828,025	732,150
Goodwill - Q1P	8.2	1,040,614	-
Capital work-in-progress		213,312	107,256
		<b>2,081,951</b>	<b>839,406</b>

### 8.1 Owned intangible asset

	Note	Cost			Rate per-annum %	Accumulated amortization / impairment			Written down value
		As at January 01, 2020	Additions/ (disposals)	As at December 31, 2020		As at January 01, 2020	For the year/ impairment	As at December 31, 2020	As at December 31, 2020
		(Rupees in '000)			(Rupees in '000)			(Rupees in '000)	
Software		1,240,645	214,812	1,455,457	20 - 33.33	515,328	118,104	633,432	822,025
Non-compete fee		126,683	-	126,683	33.33	126,683	-	126,683	-
Technical know how		150,000	-	150,000	100	150,000	-	150,000	-
Trading Right Entitlement Certificate (TREC)	8.1.1	2,528	-	2,528	-	28	-	28	2,500
Membership card - Pakistan Mercantile Exchange Limited		3,500	-	3,500	-	-	-	-	3,500
Provisional license	8.1.2	2,000	-	2,000	33.33	1,167	833	2,000	-
		<b>1,525,356</b>	<b>214,812</b>	<b>1,740,168</b>		<b>793,206</b>	<b>118,937</b>	<b>912,143</b>	<b>828,025</b>

	Note	Cost			Rate per-annum %	Accumulated amortization / impairment			Written down value
		As at January 01, 2019	Additions/ (disposals/)	As at December 31, 2019		As at January 01, 2019	For the year/ impairment	As at December 31, 2019	As at December 31, 2019
		(Rupees in '000)			(Rupees in '000)			(Rupees in '000)	
Software		1,064,007	176,638	1,240,645	20 - 33.33	417,067	98,261	515,328	725,317
Non-compete fee		126,683	-	126,683	33.33	126,683	-	126,683	-
Technical know how		150,000	-	150,000	100	150,000	-	150,000	-
Trading right entitlement certificate (TREC)	8.1.1	5,755	(3,227)	2,528	-	28	-	28	2,500
Membership card - Pakistan Mercantile Exchange Limited		3,500	-	3,500	-	-	-	-	3,500
Provisional license	8.1.2	2,000	-	2,000	33.33	500	667	1,167	833
		<b>1,351,945</b>	<b>176,638</b>	<b>1,525,356</b>		<b>694,278</b>	<b>98,928</b>	<b>793,206</b>	<b>732,150</b>





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

- 8.1.1** This represents TREC received from PSX in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012. The Company has also received shares of PSX after completion of the demutualization process.
- 8.1.2** This represents the amount paid to Oil and Gas Regulatory Authority (OGRA) to acquire a provisional license valid for three years for the construction of oil storage facility.
- 8.1.3** Goodwill is recorded by the Holding Company upon the event fully disclose in note 1.2.11. The management has assessed the fair value of Quality 1 Petroleum (Private) Limited which exceeds its breakup value. IAS 36 "Impairment of Assets" requires that an impairment loss shall be recognized for a cash generating unit if, and only if, the recoverable amount of the unit (group of units) is less than the carrying amount of the unit (group of units) accordingly no impairment loss has been recognized in these consolidated financial statements on the goodwill.

## **8.1.4 Key assumptions used in value in use calculation**

The equity value of the sub-subsidiary has been determined based on value in use calculation, using cash flow projections based on business plan approved by the Board of Directors of the Company covering a seven years and six months period. The discount rates applied to cash flows beyond seven years and six months are extrapolated using a terminal growth rate. The following rates are used by the Company.

	2020 (Percentage)
Discount rate	26.13

### **a) Interest margins**

Interest margins are based on prevailing industry trends and anticipated market conditions.

### **b) Discount rates**

Discount rates reflect management estimates of the rate of return required for business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using weighted average cost of capital of the company.

### **c) Key business assumptions**

The assumptions are important as they represent management assessment of how the sub-subsidiary position might change over the projected period. Based on the expansion plans, management expects to increase revenue during the projected period due to both increase in selling prices and sales volumes. Further the management expects to invest in capital expenditure on retail sites to increase sales volume and also expand storage capacity in order to further expand its market share.

Management believes that any significant change in key assumptions, on which sub-subsidiary's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the sub-subsidiary are sensitive to changes in assumptions for revenue, capital expenditure, long term growth rates and discount rates.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

### d) Sensitivity to changes in assumption

The estimated recoverable amount of the Quality 1 Petroleum (Private) Limited exceeds its carrying amount by approximately Rs. 179.474 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Base Case	Aggressive Case
Company Specific Premium	9.00%	8.50%
Discount rate	26.13%	25.71%
Free Cash Flow to Equity	1,492,474	1,595,468

## 9. INVESTMENT PROPERTY

Note	Cost			Rate	Accumulated depreciation		Written down value	
	As at January 01, 2020	Additions / (disposals)	As at December 31, 2020		As at January 01, 2020	For the period	As at December 31, 2020	As at December 31, 2020
	(Rupees in '000)			%	(Rupees in '000)			
Office premises - leasehold 9.1	14,999	-	14,999	5	13,459	120	13,579	1,420

Note	Cost			Rate	Accumulated depreciation		Written down value	
	As at January 01, 2019	Additions / (disposals)	As at December 31, 2019		As at January 01, 2019	For the period	As at December 31, 2019	As at December 31, 2019
	(Rupees in '000)			%	(Rupees in '000)			
Office premises - leasehold 9.1	14,999	-	14,999	5	13,339	120	13,459	1,540

- 9.1 The fair value of the investment property aggregating to Rs.120.43 million and forced sale value aggregating to Rs. 108.39 million was arrived at on the basis of the valuation carried out by KG Traders (Pvt.) Limited, an independent valuer on January 28, 2021, but was not incorporated in the books of accounts as the Company applies cost model for accounting for investment property. The valuation was arrived at by reference to market values and realizable values, which are determined on the basis of market intelligence, year of construction and present physical condition and location.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

9.2 The details of investment property are as follows:

Description	Address and location	Total Area in Sq. Ft.
Islamabad building	Office No. 413, 4th Floor, Islamabad Stock Exchange Tower, 55-B, Jinnah Avenue, Islamabad	1,331
Lahore building	2nd Floor, Associated House, 7-Egerten Road, Lahore	7,466

10. LONG TERM INVESTMENTS	Note	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
<b>Related parties</b>			
Investment in joint venture	10.1	-	-
Investment in associates	10.2	2,231,586	213,386
Other related parties - at fair value through OCI	10.3	10,558,257	10,496,449
		<u>12,789,843</u>	<u>10,709,835</u>
<b>Other investments</b>	10.4	38,269,451	59,910,805
<b>Advance for investment</b>		-	575,000
		<u>51,059,294</u>	<u>71,195,640</u>
<b>10.1 Investment in joint venture</b>			
Gujranwala Energy Limited (GEL) - 50% holding		69,997,792	69,997,792
Provision for impairment		(69,997,792)	(69,997,792)
		<u>-</u>	<u>-</u>

10.1.1 Energy Infrastructure Holding (Private) Limited, a subsidiary company, has discontinued recognizing its share of further loss as it exceeds its interest in the joint venture.

10.2 Investment in associates	Note	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
Carrying value / cost of investment		213,386	186,674
Cost of investment - acquired during the year	10.2.2 & 10.2.3	1,926,302	21,239
Share of profit from associates		62,612	5,473
Share of other comprehensive income from associates		29,286	-
		<u>2,231,586</u>	<u>213,386</u>

10.2.1 The investments classified as associate on account of its significant influence over the investee companies.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

**10.2.2** During the year, Veda Transit Solutions Private Limited, an associate of the Subsidiary Bank, has issued shares against advance subscription of Rs. 40.828 million made by the Subsidiary Bank. Resultantly, shareholding of the Subsidiary Bank increased to 9.12% (2019: 8%). The Subsidiary Bank has classified the investment as associate on account of its significant influence over the investee company.

**10.2.3** The Holding Company holds more than 20% shareholding in BankIslami Pakistan Limited. During the year, in August 2020, a key management personal of the Holding Company was elected on the Board of BankIslami Pakistan Limited. Accordingly, owing to the Holding Company's shareholding and representation on the Board of BankIslami Pakistan Limited, the Holding Company has now determined this investment as an 'associate' under IAS-28. Therefore, this investment has been accounted for using the equity method of accounting under IAS-28 with effect from establishing the significant influence (i.e August 04, 2020). For the purpose equity accounting, the Company used fair value as deemed cost approach for measuring the initial value of the investment.

The Holding Company used the provisional values for the purposes of initial measurement of investment under equity method and no goodwill / bargain gain has been recognized at this stage as the exercise to determine the fair values of assets and liabilities of BIPL in order to compare with its deemed cost (used for equity method accounting), which may result in recognition of goodwill/ bargain gain at the date of initial measurement of investment under the equity method is under progress and will be completed within one year from the date the investment is classified as "associate".

### 10.3 Other related parties - at fair value through OCI

These shares are ordinary shares of Rs.10 each unless stated otherwise.

Number of shares		Business Activity	Holding		2020	2019
2020	2019		2020	2019		
			%	%	----- (Rupees in '000) -----	
<b>Quoted at fair value</b>						
52,977,771	52,977,771	EFU General Insurance Limited	26.49	26.49	6,357,332	5,843,448
20,047,708	20,047,708	EFU Life Assurance Limited	20.05	20.05	4,190,372	4,642,448
<b>Unquoted at fair value</b>						
750,000	750,000	EFU Services (Private) Limited	37.50	37.50	10,553	10,553
					<b>10,558,257</b>	<b>10,496,449</b>

**10.3.1** The Holding Company holds more than 20% shareholding in these entities, however, it believes that no 'significant influence' of the Holding Company exists over these entities, and there is no representation of the Holding Company on the respective boards of these entities. Hence, these entities are not accounted for as 'associates' under IAS 28 'Investment in Associates and Joint Ventures'. Appeal proceedings are currently pending with the Appellate Bench of the SECP, over an Order dated 06 November 2020 of the SECP, regarding the interpretation of 'significant influence' under IAS 28, in the context of the Holding Company's above referred investments. In view of the pending status of the appeal, the SECP vide its letter dated 23 February 2021, has allowed the Holding Company to continue the existing accounting policy of keeping such investments at 'fair value through other comprehensive income' in the financial statements for the year ended 31 December 2020.

**10.3.2** Included herein are equity securities having average cost of Rs. 966.07 (2019: Rs. 1,286.75) million and having market value of Rs. 3,219.38 (2019: Rs. 4,124.68) million pledged with trustee of Term Finance Certificates issued by the Holding Company.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 10.4 Other investments

### At fair value through OCI

Number of shares			2020	2019
2020	2019		----- (Rupees in '000) -----	
		<b>Equity securities</b>		
		<b><u>Quoted - at fair value</u></b>		
-	* 235,684,306	BankIslami Pakistan Limited	-	2,613,739
89,690,363	89,690,363	Azgard Nine Limited	3,443,561	1,122,026
-	153,406,638	Pakistan International Bulk Terminal Limited	-	1,658,326
2,202,953	2,202,953	Pakistan Stock Exchange Limited	32,648	27,493
11,622,000	11,622,000	Hum Network Limited (Ordinary Shares of Re.1 each)	63,104	37,307
		<b><u>Un-Quoted - at fair value</u></b>		
2,399,454	2,399,454	Security General Insurance Company Limited	452,633	424,823
		Team Finance / Sukuk Certificates	95,095	96,672
		Less: Current maturity of terms finance certificates	(28,068)	(29,067)
			<b>4,058,973</b>	<b>5,951,319</b>

### Available for sale

Number of shares			2020	2019
2020	2019			
		<b>Equity securities</b>		
		<b><u>Un-Quoted - at cost</u></b>		
1,213,841	1,213,841	ISE Tower REIT Management Limited (formerly Islamabad Stock Exchange Ltd.)	8,594	11,000
6	6	Society for Worldwide Interbank Financial Telecommunication (SWIFT)	2,406	2,406
			<b>11,000</b>	<b>13,406</b>

### Privately placed term finance certificates (PPTFC) unquoted (at cost)

<b>Agritech Limited</b>				
PPTFC - 3rd Issue			89,928	89,928
PPTFC - 5th Issue			509,875	509,875
			599,803	599,803
Provision for impairment			(599,803)	(599,803)
			-	-
Term Finance / Sukuk Certificates				
- quoted			252,485	384,182
- unquoted - stated at cost			2,013,142	2,303,615
US Dollar Bonds			3,855,773	-
Government securities			5,427,183	19,907,501
			11,548,583	22,595,298
<b>Held to maturity</b>				
Government securities			22,650,895	31,350,782
			<b>38,269,451</b>	<b>59,910,805</b>

\* These represent sponsor shares which are blocked for trading as per the requirements of the State Bank of Pakistan.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

10.4.1 Included herein are equity securities having average cost of Rs. 7.97 (2019: Rs. 849.24) million and having market value of Rs. 54.50 (2019: Rs. 945.28) million pledged with a Bank against Term Loan obtained by the Holding Company.

10.4.2 During the year, the Holding Company has classified certain investments from long term to short term under the same category.

10.4.3 Details of non-wholly owned subsidiaries that have material non-controlling interests to the Group

The table below shows Non-Wholly owned subsidiaries that have material non-controlling interests to the group based on quantum of NCI.

Name of Subsidiary	Note	Ownership interests held by non controlling interests	
		2020	2019
JS Bank Limited (JSBL)		24.98%	24.98%
JS Global Capital Limited (JSGCL) (Sub-subsidiary)	1.2.3	37.34%	37.34%
JS Investments Limited (JSIL) (Sub-subsidiary)	1.2.2	36.57%	36.57%
JS Petroleum Limited (JSPL) (Sub-subsidiary)		49.00%	49.00%

The following is summarized financial information for material subsidiaries and sub-subsidiaries of Holding Company, prepared in accordance with approved accounting standards as applicable in Pakistan, modified for differences in group accounting policies. The information is before inter-company eliminations with other companies in the group.

	JSBL		JSGCL		JSIL		JSPL	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)							
Total income	49,917,078	45,537,903	872,162	718,541	348,467	408,539	580	1,589
Profit / (loss) after tax	1,268,586	66,543	208,842	47,248	(46,533)	(83,940)	(13,890)	(38,900)
Profit attributable to NCI	316,893	16,623	77,982	18,383	(17,017)	(73,758)	(6,806)	(19,061)
Other comprehensive (loss) / income	1,684,833	1,684,833	(2,649)	(2,649)	-	-	-	-
Total comprehensive (loss) / income	2,953,419	1,751,376	206,193	44,599	(46,533)	(83,940)	(13,890)	(38,900)
Comprehensive (loss) / income attributable to NCI	737,764	437,494	80,197	15,991	(17,017)	(73,758)	(6,806)	(19,061)
Current assets	410,287,741	315,550,375	4,104,220	3,274,942	1,247,280	1,422,896	18,310	23,952
Non-current assets	120,589,502	153,143,552	1,171,746	816,913	551,081	638,935	454,820	446,908
<b>Total Assets</b>	<b>530,877,243</b>	<b>468,693,927</b>	<b>5,275,966</b>	<b>4,091,855</b>	<b>1,798,361</b>	<b>2,061,831</b>	<b>473,130</b>	<b>470,860</b>
Current liabilities	478,162,013	431,966,683	2,818,952	1,630,848	193,268	482,330	3,786	5,247
Non-current liabilities	33,169,761	20,520,856	8,687	227,454	337,033	264,908	-	-
<b>Total Liabilities</b>	<b>511,331,774</b>	<b>452,487,539</b>	<b>2,827,639</b>	<b>1,858,302</b>	<b>530,301</b>	<b>747,238</b>	<b>3,786</b>	<b>5,247</b>
<b>Net Assets</b>	<b>19,545,469</b>	<b>16,206,388</b>	<b>2,448,327</b>	<b>2,233,553</b>	<b>1,268,060</b>	<b>1,314,593</b>	<b>469,344</b>	<b>465,613</b>
<b>Net Assets attributable to NCI</b>	<b>4,635,206</b>	<b>3,375,351</b>	<b>978,787</b>	<b>898,590</b>	<b>436,582</b>	<b>453,599</b>	<b>221,346</b>	<b>228,152</b>
Cash flow from operating activities	28,904,883	(28,904,883)	(308,598)	(308,598)	(158,745)	(158,745)	(28,622)	(28,622)
Cash flow from investing activities	22,775,192	22,775,192	427,747	427,747	522,027	522,027	(10,654)	(10,654)
Cash flow from financing activities	(1,032,961)	(1,032,961)	(487,693)	(487,693)	(372,856)	(372,856)	31,000	31,000
<b>Net increase in cash and cash equivalents</b>	<b>(7,162,652)</b>	<b>(7,162,652)</b>	<b>(368,544)</b>	<b>(368,544)</b>	<b>(9,574)</b>	<b>(9,574)</b>	<b>(8,276)</b>	<b>(8,276)</b>
Dividends paid to NCI during the year	-	(38,149)	-	-	-	-	-	-



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

11. LONG TERM LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES	Note	2020 ----- (Rupees in '000) -----	2019 -----
<b>Long-term loans - considered good</b>			
<b>Secured</b>			
<b>Due from:</b>			
Executives	11.1	3,498,111	3,379,578
Employees		1,655,985	1,743,006
		5,154,096	5,122,584
<b>Loans advanced by subsidiary bank</b>	11.2	63,031,086	73,543,080
<b>Net investment in finance lease by subsidiary bank</b>	11.3	11,279,742	15,083,107
<b>Long term prepayments</b>		2,165	2,559
<b>Long-term advances - considered good, unsecured</b>		-	-
<b>Advances - unsecured &amp; considered good</b>			
against purchase of office		2,500	2,500
against a room at Pakistan Mercantile Exchange Limited (PMEX)		2,500	2,500
		79,472,089	93,756,330
<b>Current maturity of long term loans and receivables</b>		(4,948,481)	(6,999,849)
	11.4	<u>74,523,608</u>	<u>86,756,481</u>
<b>11.1 Reconciliation of the carrying amount of loans to executives</b>			
Balance at the beginning of the year		3,379,578	2,890,980
Disbursement		854,749	1,691,005
Repayments		(736,216)	(1,202,407)
Balance at the end of the year		<u>3,498,111</u>	<u>3,379,578</u>
<b>11.2</b>			
These carry mark-up ranging from 2.5% to 40% (2019: 4% to 27%) per annum. These also include secured lendings to various financial institutions having maturity date till December 27, 2022.			

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

### 11.3 Particulars of net investment in finance lease

	2020			
	Not later than one year	Later than one and less than five years	Over five years	Total
	----- (Rupees in '000) -----			
Lease rentals receivable	4,923,114	5,173,453	2,318	10,098,885
Guaranteed residual value	1,008,381	2,449,909	2,248	3,460,538
Minimum lease payments	5,931,495	7,623,362	4,566	13,559,423
Finance charges for future periods	(991,822)	(1,286,416)	(1,443)	(2,279,681)
Present value of minimum lease payments	<u>4,939,673</u>	<u>6,336,946</u>	<u>3,123</u>	<u>11,279,742</u>

	2019			
	Not later than one year	Later than one and less than five years	Over five years	Total
	----- (Rupees in '000) -----			
Lease rentals receivable	6,860,218	6,637,949	3,527	13,501,694
Guaranteed residual value	1,599,605	2,538,848	10,783	4,149,236
Minimum lease payments	8,459,823	9,176,797	14,310	17,650,930
Finance charges for future periods	(1,468,867)	(1,098,697)	(259)	(2,567,823)
Present value of minimum lease payments	<u>6,990,956</u>	<u>8,078,100</u>	<u>14,051</u>	<u>15,083,107</u>

### 11.4 This includes following various loans due from respective related parties:

Name of Related Parties	Nature of Relationship	Maturity date	Interest rate	Purpose of loan	Particulars of security held	Maximum amount due at end of any month	2020	2019
						----- (Rupees in '000) -----		
JSPE Management Ltd.	Other related parties	24/Oct/23	3 MONTH KIBOR+ 300 BPS	To Purchase Non-Commercial vehicles for the Company	HPA & LEASE	-	-	9,078
Mr. Kashan Zafar	Key management personnel	25/Aug/36	5.00%	House Loan	Mortgage over Residential Property	33,991	33,991	115
Mr. Kashan Zafar	Key management personnel	25/Nov/24	5.00%	Vehicle Loan	HPA & LEASE	2,481	2,481	-
Mr. Muhammad Kamran Nasir	Key management personnel	10/Mar/22	3 MONTH KIBOR+ 200 BPS	For Purchase Vehicle for own use Land Cruiser Model Zx-2012 4600 CC	HPA & LEASE	8,974	8,974	10,901
Ms. Hina Athar Khan	Key management personnel	25/Dec/24	AS per HR policy	Personal Loan	Other Secured Advances	2,523	2,523	-
<b>Balance c/f</b>							<u>47,969</u>	20,094





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

Name of Related Parties	Nature of Relationship	Maturity date	Interest rate	Purpose of loan	Particulars of security held	Maximum amount due at end of any month	2020	2019
							(Rupees in '000)	
<b>Balance b/f</b>							47,969	20,094
Ms. Hina Athar Khan	Other related parties	25/Nov/24	As per HR policy	Vehicle Loan	HPA & LEASE	4,361	4,361	-
Mr. Ali Pesnani	Key management personnel	25/Jul/22	5.00%	Vehicle Loan	HPA over Vehicle	843	843	-
Mr. Ali Pesnani	Key management personnel	25/Dec/24	5.00%	Vehicle Loan	HPA over Vehicle	4,621	4,621	1,342
Ms. Shireen Raza	Other related parties	25/Aug/33	As per HR policy	House Loan	Mortgage over Residential Property	6,169	6,169	-
Ms. Shireen Raza	Other related parties	25/Dec/24	As per HR policy	Vehicle Loan	HPA & LEASE	2,877	2,877	-
Mr. Muhammad Faisal Asghar	Key management personnel	25/Jun/23	5.00%	Vehicle Loan	HPA over Vehicle	-	-	2,084
Mr. Muhammad Ali	Other related parties	10/Oct/25	1 Year KIBOR	Consumer Auto Loan	HPA & LEASE	12,529	12,529	-
Mr. Muhammad Ali	Other related parties	10/Sep/30	1 Year KIBOR	House Loan	Mortgage over Residential Property	19,340	19,340	-
Mr. Ashraf Shahzad Ahmed	Key management personnel	25/Jul/24	As per HR policy	Personal Loan	Other Secured Advances	643	643	-
Mr. Ashraf Shahzad Ahmed	Key management personnel	25/Oct/22	As per HR policy	Vehicle Loan	HPA & LEASE	2,013	2,013	-
Mr. Ashraf Shahzad Ahmed	Key management personnel	25/Nov/24	4.00%	House Loan	Secured Against Mortgages	1,125	1,125	1,410
Syed Tauqir Haider Rizvi	Key management personnel	25/Dec/27	4.00%	House Loan	Secured Against Mortgages	73,443	73,443	76,382
Syed Tauqir Haider Rizvi	Key management personnel	25/Oct/24	As per HR policy	Vehicle Loan	HPA & LEASE	3,473	3,473	-
Syed Tauqir Haider Rizvi	Key management personnel	25/Nov/24	As per HR policy	Vehicle Loan	HPA & LEASE	3,144	3,144	-
Mr. Basir Shamsie	Key management personnel	25/Mar/30	4.00%	House Loan	Secured Against Mortgages	23,464	23,464	25,520
Mr. Basir Shamsie	Key management personnel	1/Jan/25	As per HR policy	JS Ghar Apna Solar Panel	Other machinery & equipments	1,212	1,212	-
Mr. Basir Shamsie	Key management personnel	25/Nov/23	As per HR policy	Personal Loan	Other Secured Advances	6,730	6,730	-
Mr. Kamran Jaffer	Key management personnel	25/Aug/25	4.00%	Vehicle Loan	HPA & LEASE	9,392	9,392	-
Mr. Kamran Jaffer	Key management personnel	25/May/30	4.00%	House Loan	Secured Against Mortgages	72,233	72,233	78,428
Mr. Muhammad Faisal Asghar	Key management personnel	25/Aug/30	4.00%	House Loan	Secured Against Mortgages	-	-	36,700
Mr. Muhammad Yousuf Amanullah	Key management personnel	25/Sep/33	4.00%	House Loan	Secured Against Mortgages	75,304	75,304	79,746
<b>Balance c/f</b>							370,886	321,706

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

Name of Related Parties	Nature of Relationship	Maturity date	Interest rate	Purpose of loan	Particulars of security held	Maximum amount due at end of any month	2020	2019
						----- (Rupees in '000) -----		
<b>Balance b/f</b>							370,886	321,706
Mr. Muhammad Yousuf Amanuallah	Key management personnel	25/Dec/24	As per HR policy	Vehicle Loan	HPA & LEASE	6,062	6,062	-
Mr. Muhammad Faisal	Key management personnel	25/Sep/36	4.00%	House Loan	Secured Against Mortgages	46,624	46,624	48,709
Mr. Muhammad Faisal	Key management personnel	25/Oct/24	4.00%	Vehicle Loan	HPA & LEASE	6,298	6,298	-
Mr. Imran Haleem Shaikh	Key management personnel	25/Aug/37	4.00%	House Loan	Secured Against Mortgages	43,649	43,649	45,456
Mr. Imran Haleem Shaikh	Key management personnel	25/Dec/24	As per HR policy	Vehicle Loan	HPA & LEASE	6,546	6,546	-
Mr. Babbar Wajid	Key management personnel	25/Jul/38	4.00%	House Loan	Secured Against Mortgages	31,155	31,155	32,353
Mr. Babbar Wajid	Key management personnel	25/Oct/24	As per HR policy	Vehicle Loan	HPA & LEASE	6,305	6,305	-
Mr. Babbar Wajid	Key management personnel	25/Sep/25	As per HR policy	Vehicle Loan	HPA & LEASE	4,045	4,045	-
Mr. Ali Pesnani	Key management personnel	25/Jan/39	4.00%	House Loan	Secured Against Mortgages	37,116	37,116	38,488
Mr. Soofi Saifullah Akber	Key management personnel	25/Nov/39	4.00%	House Loan	Secured Against Mortgages	10,255	10,255	10,611
Mr. Soofi Saifullah Akber	Key management personnel	25/Oct/23	As per HR policy	Personal Loan	Other Secured Advances	364	364	-
Mr. Soofi Saifullah Akber	Key management personnel	25/Oct/24	As per HR policy	Vehicle Loan	HPA & LEASE	4,251	4,251	-
Mr. Hasan Shahid	Key management personnel	25/Aug/39	As per HR policy	House Loan	Mortgage over Residential Property	24,508	24,508	-
Mr. Hasan Shahid	Key management personnel	25/Nov/24	As per HR policy	Vehicle Loan	HPA & LEASE	6,429	6,429	-
Ray Pharma (Pvt) Ltd.	Other related parties	31/Dec/22	Fixed	JS Payroll Financing	Lien over JSIL	22,550	22,550	-
Mr. Munawar Alam Siddiqui	Director	20/May/22	1 Year kIBOR	Vehicle Loan	HPA & LEASE	2,094	2,094	-
Mr. Ahmed Ali Usuf	Key management personnel	25/Nov/24	As per HR policy	Vehicle Loan	HPA & LEASE	2,538	2,538	-
Mr. Ahmed Ali Usuf	Key management personnel	25/Feb/31	As per HR policy	House Loan	Mortgage over Residential Property	9,520	9,520	-
Mr. Ahmed Ali Usuf	Key management personnel	25/Mar/22	As per HR policy	Personal Loan	Other Secured Advances	2,100	2,100	-
Mr. Muhammad Zubair	Key management personnel	25/Jan/45	As per HR policy	House Loan	Mortgage over Residential Property	12,714	12,714	-
<b>Balance c/f</b>							656,010	497,323



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

Name of Related Parties	Nature of Relationship	Maturity date	Interest rate	Purpose of loan	Particulars of security held	Maximum amount due at end of any month	2020	2019
							----- (Rupees in '000) -----	
<b>Balance b/f</b>							656,010	497,323
Mr. Attiq Ur Rahman	Key management personnel	25/Dec/30	As per HR policy	House Loan	Mortgage over Residential Property	22,077	22,077	-
Mr. Attiq Ur Rahman	Key management personnel	25/Apr/23	As per HR policy	Vehicle Loan	HPA & LEASE	2,737	2,737	-
Ms. Tamkeen Faisal	Key management personnel	25/Sep/25	As per HR policy	Vehicle Loan	HPA & LEASE	4,685	4,685	-
Ms. Tamkeen Faisal	Key management personnel	25/Dec/41	As per HR policy	House Loan	Mortgage over Residential Property	39,490	39,490	-
Mr. Khusro Iqbal Mumtaz	Key management personnel	25/Feb/24	As per HR policy	Vehicle Loan	HPA & LEASE	4,652	4,652	-
Mr. Faris Azam	Key management personnel	25/Oct/24	As per HR policy	Vehicle Loan	HPA & LEASE	2,665	2,665	-
Mr. Faris Azam	Key management personnel	25/Oct/23	As per HR policy	Perosnal Loan	Other Secured Advances	364	364	-
Mr. Noman Azhar	Key management personnel	25/Sep/43	As per HR policy	House Loan	Mortgage over Residential Property	31,434	31,434	-
Mr. Noman Azhar	Key management personnel	25/Nov/24	As per HR policy	Vehicle Loan	HPA & LEASE	4,361	4,361	-
Mr. Noaman Rashid	Key management personnel	25/Jan/37	As per HR policy	House Loan	Mortgage over Residential Property	25,025	25,025	-
Mr. Noaman Rashid	Key management personnel	25/Oct/24	As per HR policy	Vehicle Loan	HPA & LEASE	3,699	3,699	-
Mr. Noaman Rashid	Key management personnel	25/May/23	As per HR policy	Perosnal Loan	Other Secured Advances	690	690	-
Mr. Mian Hammad Aslam	Key management personnel	25/Sep/25	As per HR policy	Vehicle Loan	HPA & LEASE	4,719	4,719	-
Mr. Mian Hammad Aslam	Key management personnel	25/Oct/22	As per HR policy	Perosnal Loan	Other Secured Advances	1,430	1,430	-
Mr. Mian Hammad Aslam	Key management personnel	25/Jun/38	As per HR policy	House Loan	Mortgage over Residential Property	20,892	20,892	-
Mr. Muhammad Mateen	Key management personnel	25/Sep/44	As per HR policy	House Loan	Mortgage over Residential Property	28,392	28,392	-
Mr. Mirza Muhammad Ali	Key management personnel	25/Jun/25	As per HR policy	Vehicle Loan	HPA & LEASE	4,960	4,960	-
Mr. Mirza Muhammad Ali	Key management personnel	25/Oct/23	As per HR policy	Perosnal Loan	Other Secured Advances	1,150	1,150	-
							<b>859,430</b>	<b>497,323</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

### 12. ASSETS REPOSSESSED

This represents property acquired by subsidiary bank under satisfaction of claims against which non-performing loan was reduced and specific provision have been reversed. Market value of non-banking assets acquired in satisfaction of claims is Rs. 1,311.25 (2019: Rs. 1,182.43) million. In accordance with the Holding Company's policy, these assets are recorded at cost.

	2020	2019
	----- (Rupees in '000) -----	
<b>13. DEFERRED TAXATION</b>		
<b>Taxable temporary differences:</b>		
Property and equipment	(181,038)	(165,764)
Unrealized gain on trading and derivative instruments	(5,584)	(5,088)
Surplus on revaluation of investments	(907,076)	-
Liability against assets subject to finance lease - net	-	(84,622)
Unused tax losses	-	(24,352)
Provision for Workers' Welfare Fund	-	(3,144)
<b>Deductible temporary differences:</b>		
Surplus on revaluation of investments	-	335,217
Provision against investments, loans and other assets	511,195	950,862
Unrealized loss on trading and derivative instruments	22,893	1,218
Intangible assets	2,904	2,218
Liability against assets subject to finance lease - net	1,192	-
Accelerated depreciation for tax purposes	-	363
	<b>(555,514)</b>	<b>1,006,908</b>

**13.1** The Company has not recorded deferred tax assets in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilized. The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 55.46 (2019: Rs. 34.24) million.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

14. SHORT TERM INVESTMENTS	Note	2020 ----- (Rupees in '000) -----	2019
<b>Financial assets at fair value through profit or loss / held for trading:</b>			
Listed equity securities			
- Related parties		104,510	115,785
- Others		1,688,984	646,920
Government securities		25,003,774	55,598,469
Term Finance Certificates - quoted		125,000	125,000
Mutual funds			
- Related parties		1,526,927	1,678,841
- Others		8,438	-
		28,457,633	58,165,015
<b>Available for sale</b>			
Equity securities			
- quoted		4,339,823	1,965,753
- unquoted preference shares - stated at cost	14.1	27,733	27,733
Term Finance / Sukuk Certificates			
- quoted		204,969	156,121
- unquoted - stated at cost		151,429	119,577
US Dollar Bonds		161,516	-
Government securities		121,978,860	27,111,872
		126,864,330	29,381,056
<b>Financial assets at fair value through OCI</b>			
Equity securities			
- quoted	14.1	7,793,837	3,786,625
<b>Held to maturity / At amortised cost:</b>			
Government securities			
		13,754,748	2,003,070
Current maturity of term finance certificates			
		-	29,067
	14.2 & 14.3	176,870,548	93,364,833

14.1 This includes investments in equity securities of related parties having a market value of Rs. 1,003 (2019: Rs. 970.77) million.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

**14.2** Included herein are equity securities having average cost of Rs. 756.05 (2019: Rs. 1,287.66) million and having market value of Rs. 1,342.11 (2019: Rs. 1,180.54) million pledged with trustee of Term Finance Certificates issued by the Company and with a Bank against Term Loans obtained by the Holding Company. Also included herein are Government securities having amortized cost of Rs. 98.68 (2019: Rs. 246.67) million and having face value of Rs. 100.00 (2019: Rs. 250.00) million.

**14.3** The Holding Company has disposed of various investments having aggregate fair value amounting to Rs. 1,815.35 million and has realized net cumulative gain on such securities amounting to Rs. 156.96 million in these consolidated financial statements in order to meet its working capital requirements.

15. TRADE DEBTS	Note	2020 ----- (Rupees in '000) -----	2019
<b>Unsecured considered good</b>			
Receivable against margin finance (purchase of shares)		419,522	315,475
Debtors for purchase of shares on behalf of clients		911,510	379,000
Trade debts for advisory and other services		5,672	2,801
Forex and fixed income commission receivable		4,611	7,887
Commodity		203,255	45,258
		<u>1,544,570</u>	<u>750,421</u>
Considered doubtful		409,286	409,286
		<u>1,953,856</u>	<u>1,159,707</u>
Provision for doubtful debts	15.1	<u>(409,286)</u>	<u>(409,286)</u>
		<u><u>1,544,570</u></u>	<u><u>750,421</u></u>
<b>15.1 Provision for doubtful debts</b>			
Opening balance as at January 01		409,286	403,318
Impact of adoption of IFRS-9		-	5,968
Opening balance as at January 01		<u>409,286</u>	<u>409,286</u>
Charged during the year		-	-
Closing balance as at December 31		<u><u>409,286</u></u>	<u><u>409,286</u></u>

**15.1.1** Included herein is a sum of Rs. 101.696 (2019: Rs. 215.397) million receivable from related parties.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
<b>16. LOANS AND ADVANCES</b>			
<b>Current maturity of long term loans</b>	11	4,948,087	6,999,849
Term loans advanced by subsidiary bank - considered good	16.1	162,339,398	142,377,703
Term loans advanced by subsidiary bank - considered doubtful	16.2	11,733,555	10,353,164
		174,072,953	152,730,867
Provisions against non-performing loans		(4,203,163)	(3,508,627)
		169,869,790	149,222,240
<b>Advances - considered good</b>			
<b>Unsecured</b>			
Against issue of right shares		1,645	2,280
Quality 1 Petroleum (Private) Limited		-	344,940
Contractor and suppliers		7,211	27,824
Staff	16.3	10,590	6,420
		19,446	381,464
	16.4	174,837,323	156,603,553

**16.1** These carry mark-up ranging from 2% to 36% (2019: 0.20% to 26.59%) per annum and are secured by pledge of shares of listed companies, property of the borrowers and hypothecation of assets.

		2020	2019
		----- (Rupees in '000) -----	
<b>16.2 Term loans advanced by subsidiary bank - considered doubtful</b>			
Opening balance		10,353,164	8,309,467
Charge for the year - net of reversals		1,380,391	2,043,697
Closing balance		11,733,555	10,353,164

**16.3** The advances are provided to executives and other employees to meet personal expenses. In addition, advances are also given to executives against their salaries. These advances are recovered through deduction from salaries.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

### 16.4 This includes following various loans due from respective related parties:

Name of Related Parties	Nature of Relationship	Maturity date	Interest rate	Purpose of loan	Particulars of security held	Maximum amount due at end		
						of any month	2020	2019
						(Rupees in '000)		
Excel Labs (Pvt) Ltd.	Other related parties	31/Mar/21	6 Months KIBOR + 3%	To meet working capital requirements of the business	Hypothecation on Current & Fixed Asset	45,506	45,506	-
Jahangir Siddiqui & Sons (Pvt) Ltd.	Other related parties	30/Jun/21	1 Month KIBOR	To meet working capital requirements	Pledge of Shares in company name / or 3rd party Secured Against Mortgages	288,327	288,327	-
Jahangir Siddiqui Securities Services Ltd.	Other related parties	31/Dec/19	1 Months KIBOR+ 2%	To meet working capital requirements	Pledge of Shares in company name / or 3rd party	-	-	31,203
Mr. Siraj Ali Mithani	Key management personnel	25/Apr/20	11.01%	Running finance	Lien over PF balance Pledge of investment in JSIL & UBL Funds	-	-	422
Mr. Siraj Ali Mithani	Key management personnel	25/Apr/20	5.00%	Personal loan	Clean Facility / Provident Fund	-	-	292
Mr. Imran Haleem Shaikh	Key management personnel	25/Feb/20	Fixed	Personal loan	Other Secured Advances	-	-	111
Agro Limited	Other related parties	30/Apr/21	3 Months KIBOR	For purchase of new vehicle	Hypothecation on Fixed Asset	7,423	7,423	-
Pakistan International Bulk Terminal Limited	Other related parties	31/Aug/21	Fixed	Syndicated Term Loan	Hypothecation on Current & Fixed Asset / Pledge of shares	522,000	522,000	-
Excel Labs Pvt Ltd	Other related parties	31/Mar/21	6 Months KIBOR	To meet working capital requirements of the business	Hypothecation on Current & Fixed Asset	22,857	22,857	24,375
Veda Transit Solutions (Pvt) Ltd. (formerly Raaziq International Pvt Limited)	Associate	28/Feb/21	3 Months KIBOR	Lease Finance	First Pari Passu Charge over current as	223,344	223,344	-
Mr. Munawar Alam Siddiqui	Director	31/Aug/21	1 Month KIBOR	Term Loan	Hypothecation on Current & Fixed Asset	120,000	120,000	-
Omar Jibran Engineering Industries	Associate	31/Jul/21	Fixed	To meet working capital requirements of the business	Lien over account / TDR	147,423	147,423	-
Speed Private Limited	Other related parties	28/Feb/21	Fixed	To meet working capital requirements of the business	First Pari Passu Hypothecation charge over stocks, trade receivables and book debts	32,859	32,859	-
Virtual World (Pvt) Ltd.	Other related parties	30/Apr/21	Fixed	To meet working capital requirements of the business	First exclusive charge over current assets	120,000	120,000	-
Air Blue Flight Catering (Pvt) Ltd.	Other related parties	30/Jun/21	1 Month KIBOR	Running finance	Mortgage over property	136,753	136,753	-
Mr. Kashan Zafar	Key management personnel	25/May/21	As per HR Policy	Staff personal loan	Other Secured Advances	35	35	-
Optimus Limited	Other related parties	30/Apr/21	Fixed	To meet working capital requirements of the business	Hypothecation on Current & Fixed Asset	17,622	17,622	-
JSPE Management Ltd	Other related parties	31/Aug/21	3 Months KIBOR	To purchase non-commercial vehicle for the Company	Ownership of the leased vehicle in the name of JS Bank	3,186	3,186	-
PCF Communications Investments (Pvt.) Ltd.	Other related parties	30/Nov/21	1 Month KIBOR	Term Loan	Irrevocable and unconditional stand by letter of credit covering the outstanding principal	329,963	329,963	-
Mr. Anjum Amin Siddiqui	Key management personnel	25/Jul/20	5.00%	Personal loan	Clean Facility / Provident Fund	-	-	151
						<u>2,017,297</u>	<u>56,554</u>	





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020	2019
		----- (Rupees in '000) -----	
<b>17. ACCRUED MARK-UP</b>			
Loans and advances		4,858,112	6,309,315
Bank deposits		79,125	20,449
Government securities		1,984,178	2,384,241
Term Finance Certificates		51,670	112,962
		<u>6,973,086</u>	<u>8,826,967</u>
Less: Allowance for ECL on accrued interest		(2,737)	(2,006)
		<u>6,970,349</u>	<u>8,824,961</u>
<b>18. SHORT TERM PAYMENTS DEPOSITS AND OTHER RECEIVABLE</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
		----- (Rupees in '000) -----	
Deposits		570,224	547,759
Prepayments		529,822	500,005
Dividend receivable		1,103	-
Other receivables			
- Remuneration from related parties	18.1	149,531	229,193
- Others		6,830,181	4,349,274
		<u>6,979,712</u>	<u>4,578,467</u>
Less: Provision		(34,942)	(23,702)
		<u>8,045,919</u>	<u>5,602,529</u>
<b>18.1</b>	This includes Rs. 109.50 (2019: Rs. 123.07) million balances due from funds under management of subsidiary company. This primarily represent accrual of management fee, sales tax and federal excise duty. Management fee is received within next month from the date of accrual.		
<b>19. OTHER FINANCIAL ASSETS - FUND PLACEMENTS</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
		----- (Rupees in '000) -----	
<b>Securities purchased under resale agreement:</b>			
<b>Secured and considered good</b>			
Government securities	19.1	21,003,215	30,037,915
Call money lending - unsecured, considered good	19.2	2,237,682	283,887
Less: General provision under IFRS 9	19.3	(1,225)	(1,262)
		<u>23,239,672</u>	<u>30,320,540</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

- 19.1 These are secured short-term lendings to various financial institutions, carrying mark-up rate from 6.75% to 7.40% (2019: 12.00% to 13.60%) per annum.
- 19.2 These represent unsecured call money lendings to financial institutions carrying interest at the rates ranging from 1% to 1.1% (2019: 2.50% to 4.52%) per annum. These will mature between January 11, 2021 and January 28, 2021 (2019: January 30, 2020 and September 22, 2020).
- 19.3 This represent general provision held under IFRS 9 by Bahrain Branch of subsidiary bank.

20.	CASH AND BANK BALANCES	Note	2020 ----- (Rupees in '000) -----	2019 -----
	Cash in hand		8,195,588	6,613,488
	Cash at bank in:			
	Current accounts			
	- local currency		19,080,523	15,728,125
	- foreign currency		2,067,543	1,150,615
			21,148,066	16,878,740
	Deposit accounts			
	- local currency		165,173	15,452
	- foreign currency		2,260,887	2,566,646
		20.1	2,426,060	2,582,098
			<u>31,769,714</u>	<u>26,074,326</u>

- 20.1 These carry markup ranging between 5.50% to 13.70% (2019: 5.61% to 13.70%) per annum.

### 21. ASSETS HELD FOR SALE

In 2020, the Board of Directors accorded its in-principle approval and authorised the management of the subsidiary Bank to explore the possibility to sell a land located at Plot No. 201, situated at Upper Mall, Lahore, Pakistan of the following reasons:

- i) The property is available for immediate sale and can be sold in its current condition subject to completion of certain legal formalities.
- ii) The actions to complete the sale were initiated and expected to be completed within one year from the date of classification.
- iii) The Bank expects the legal and procedural formalities for the sale to be completed by the end of 2021.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

Immediately before the classification of the property as a held for sale, the Property was revalued by independent professional valuer by M/s. Tristar International Consultants (Private) Limited as at December 31, 2020 and resulted no significant change is observed in valuations of the property. However, revaluation surplus on asset classified as held for sale has been reversed since the Holding Company follows cost model. Therefore, such asset has been recorded at cost in these consolidated financial statement.

## 22 SHARE CAPITAL

### 22.1 Authorised capital

2020	2019		2020	2019
----- Number of shares -----			----- (Rupees in '000) -----	
6,000,000,000	6,000,000,000	Ordinary shares of Rs.10 each	60,000,000	60,000,000
500,000,000	500,000,000	Preference shares of Rs.10 each	5,000,000	5,000,000
<u>6,500,000,000</u>	<u>6,500,000,000</u>		<u>65,000,000</u>	<u>65,000,000</u>

### 22.2 Issued, subscribed and paid-up capital

2020	2019		2020	2019
----- Number of shares -----			----- (Rupees in '000) -----	
		<b>Ordinary shares of Rs.10 each:</b>		
205,072,990	205,072,990	Fully paid in cash	2,050,730	2,050,730
710,869,398	710,869,398	Fully paid bonus shares	7,108,694	7,108,694
<u>915,942,388</u>	<u>915,942,388</u>		<u>9,159,424</u>	<u>9,159,424</u>

22.2.1 There is only one class of ordinary shares issued by the Holding Company.

22.2.2 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding in the Holding Company.

## 23. RESERVES

### Revenue reserves

Unappropriated profit

2020  
----- (Rupees in '000) -----

9,734,877 8,221,534

### Other reserves

Premium on the issue of ordinary shares

4,497,894 4,497,894

Foreign exchange translation reserve

114,450 102,965

Unrealised gain on revaluation of available for sale / fair value through other comprehensive income investments - net

14,442,174 7,611,000

Statutory reserve

1,337,185 1,164,630

20,391,703 13,376,489

30,126,580 21,598,023

23.1 The amount above, reflect the effect of deferred taxation wherever applicable. Refer note 13.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
<b>24. LONG TERM FINANCING</b>			
Term Finance Certificates	24.1	9,091,618	9,584,404
Term loan	24.2	499,301	623,142
		<b>9,590,919</b>	<b>10,207,546</b>
<b>24.1 Term Finance Certificates (TFCs)</b>			
<b>Secured</b>			
Ninth issue - Privately Placed	24.1.1	124,682	373,211
Tenth issue - Privately Placed	24.1.2	746,350	1,118,015
Eleventh issue - listed on Pakistan Stock Exchange Limited	24.1.3	1,174,020	1,464,534
		<b>2,045,052</b>	<b>2,955,760</b>
<b>Unsecured</b>			
Privately Placed Term Finance Certificates First Issue	24.1.4	2,995,200	2,996,400
Privately Placed Term Finance Certificates Second Issue	24.1.5	1,997,600	1,998,400
Privately Placed Term Finance Certificates Third Issue	24.1.6	2,500,000	2,500,000
		<b>9,537,852</b>	<b>10,450,560</b>
Less: Current portion shown under current liability		<b>446,234</b>	<b>866,156</b>
		<b>9,091,618</b>	<b>9,584,404</b>

**24.1.1** The mark-up on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 165 basis points per annum. These TFCs have tenure of five years i.e. 2016-2021, including a grace period of twelve (12) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. The instrument is structured to redeem the principal in eight (8) equal semi-annual installments starting from the 18th month of the Issue Date. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having market value of Rs. 276.40 (2019: Rs. 638.70) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of marketable securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

**24.1.2** During the year, in accordance with the relief granted by SECP vide Circular no 11 of 2020 dated April 09, 2020, and on request of the Company, the TFC holders have approved the deferment of principal repayment by 2/3 majority as per the requirements of Trust Deed & Debt Securities Trustees Regulations (DST Regulations), 2017. Accordingly, 80% of principal installments falling due on January 18, 2021 and July 18, 2021 have been deferred for a period of one year i.e January 18, 2022 and July 18, 2022, respectively. The mark-up on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 140 basis



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

points per annum. After deferment, the tenure of these TFCs have increased from five years to six years i.e. 2017-2023, including a grace period of twelve (12) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having market value of Rs. 1,211.57 (2019: Rs. 1,788.44) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of marketable securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.

**24.1.3** During the year, in accordance with the relief granted by SECP vide Circular no 11 of 2020 dated April 09, 2020, and on request of the Company, the TFC holders have approved the deferment of principal repayment by 2/3 majority as per the requirements of Trust Deed & Debt Securities Trustees Regulations (DST Regulations), 2017. According to the approval, 80% of principal installment falling due i.e March 06, 2021, has been deferred for a period of six months. The mark-up on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 140 basis points per annum. After deferment, the tenure of these TFCs have increased from five years to five and a half years i.e. 2018-2023 including a grace period of twenty four (24) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 2,011.40 (2019: Rs. 2,427.68) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of pledged securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be deposited in a specified bank account.

**24.1.4** In 2016, the Subsidiary Bank has issued Rs. 3 billion of rated, privately placed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute toward the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Subsidiary Bank's business operations as permitted
Issue date:	December 14, 2016
Tenor:	Up to Seven years from the Issue date.
Maturity Date:	December 14, 2023
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit Payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Subsidiary Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Subsidiary Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Subsidiary Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

**24.1.5** In 2017, the Subsidiary Bank has issued Rs. 2 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the Issue are:

Purpose:	To contribute toward the Subsidiary Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Subsidiary Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 29, 2017
Tenor:	Up to Seven years from the Issue date.
Maturity Date:	December 29, 2024
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Subsidiary Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

**Loss absorbency clause:** Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Subsidiary Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Subsidiary Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

**24.1.6** In 2018, the Subsidiary Bank has issued Rs. 2.5 billion of rated, privately placed, unsecured, subordinated, perpetual and non-cumulative term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the Issue are:

**Purpose:** To contribute toward the Subsidiary Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Subsidiary Bank's business operations as permitted by its Memorandum & Articles of Association.

**Issue date** December 31, 2018

**Maturity Date:** Perpetual

**Rating** A (Single A)

**Profit Rate:** Floating rate of return at Base rate + 2.25 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

**Profit payment:** Semi-annually on a non-cumulative basis

**Redemption:** Not applicable

**Security:** The Issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.

**Call Option:** Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Subsidiary Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.

**Lock-in-clause:** Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.

**Loss absorbency clause:**

**Pre-Specified Trigger ("PST")** Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013,, which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Subsidiary Bank will be able to exercise this discretion subject to:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

- If and when Subsidiary Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);
- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and
- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the Issuer.

Point of Non-Viability ("PONV")

Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below:

**The PONV trigger event is the earlier of:**

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;
- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP; and
- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

24.2 Term Loan	Note	2020	2019
		----- (Rupees in '000) -----	
<b>Secured</b>			
Term Loan 2	24.2.1 & 24.2.2	248,745	310,057
Term Loan 3	24.2.1 & 24.2.3	374,497	498,631
		<b>623,242</b>	808,688
Less: Current portion shown under current liability		<b>123,941</b>	185,546
		<b>499,301</b>	<b>623,142</b>

**24.2.1** During the year, on request of the Company and under general relaxation provided by State Bank of Pakistan (vide BPRD Circular Letter No. 13 of 2020, dated March 26, 2020), the lender Bank has granted deferment in repayment of principal of term loans. Said deferment is for six months and one year for Term Loan 2 & Term Loan 3, respectively. Therefore, the overall maturity of the aforementioned loans has been extended, accordingly, in line with the deferred period in these unconsolidated financial statements.

**24.2.2** The mark-up on this term loan is payable semi-annually, based on the six month KIBOR average rate plus 100 basis points per annum. The loan has a tenure of five and a half years i.e. 2017-2022, including a grace





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

period of twelve (12) months. The principal is payable in nine (09) semi-annual installments starting from 18th month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 509.06 (2019: Rs. 629.35) million with margin ranging from 30% to 40%.

**24.2.3** The mark-up on this term loan is payable semi-annually, based on the six months KIBOR average rate plus 150 basis points per annum. Pursuant to the deferment, the loan has a tenure of six years i.e. 2019-2025 including a grace period of twelve (12) months. The principal is payable in ten (10) semi-annual installments starting from 18th month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 706.13 (2019: Rs. 1,012.96) million with margin ranging from 7.5% to 50%.

		2020	2019
	Note	----- (Rupees in '000) -----	
<b>25. LEASE LIABILITY</b>			
<b>As at January 01</b>	25.1	4,422,887	34,635
Impact of IFRS 16		-	4,902,801
Addition		74,949	86,944
Interest expense		471,124	564,892
Deletion		(658,080)	(18,229)
Payments		(1,231,459)	(1,148,156)
<b>As at December 31</b>		<b>3,079,421</b>	<b>4,422,887</b>
Current maturity shown under current liabilities		(733,073)	(829,966)
		<b>2,346,348</b>	<b>3,592,921</b>

**25.1** The lease liability includes the lease entered into with a Modaraba for 22 different vehicles (2019: 32 vehicle). The periodic lease payments include profit rates ranging from KIBOR 3M to 6M plus 1% to 1.5% with floor of 7% to 7.5% and ceiling of 20% (2019: KIBOR 3M to 6M plus 1% to 1.5% with floor of 7% to 7.5% and ceiling of 20%) per annum. JS Investments Limited shall subject to compliance with the conditions specified in the lease agreements, purchase the assets from the lessor. There are no financial restriction in the lease agreements.

		2020	2019
	Note	----- (Rupees in '000) -----	
<b>26. LONG-TERM DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits	26.1	201,925,107	176,012,691
Savings deposits	26.1	100,176,151	74,551,527
Current accounts - Non-remunerative		100,382,695	76,754,260
Margin accounts	26.1	5,920,758	5,471,020
		<b>408,404,711</b>	<b>332,789,498</b>
<b>Financial Institutions</b>			
Fixed deposits	26.1	8,266,773	20,900,829
Savings deposits	26.1	12,831,324	13,450,440
Current accounts - Non-remunerative		1,717,383	859,151
		<b>22,815,480</b>	<b>35,210,420</b>
	26.2	<b>431,220,191</b>	<b>367,999,918</b>
Current maturity		(425,708,513)	(358,088,318)
		<b>5,511,678</b>	<b>9,911,600</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

26.1 These carry mark-up ranging from 0.15% to 13.50% (2019: 0.75% to 11.00%) per annum.

26.2 Included herein is a sum of Rs. 11,529.51 (2019: Rs. 8,706.24) million deposited in the subsidiary Bank by various related parties.

27. LONG TERM BORROWINGS	Note	2020 ----- (Rupees in '000) -----	2019
<b>Securities sold under repurchase agreements secured against Government securities:</b>			
from State Bank of Pakistan		-	16,849,097
from financial institutions	27.1	9,667,181	12,746,732
<b>Borrowings from State Bank of Pakistan under:</b>			
Export Refinancing Scheme (ERF)	27.2	21,496,075	17,792,778
Long-Term Finance Facility (LTFF)	27.3	1,985,038	1,877,760
<b>Other borrowings</b>			
Financing Facility for Storage of Agricultural Produce (FFSAP)	27.4	193,029	300,440
Financing Facility for Renewable Energy Projects	27.4	433,085	-
Refinance and credit guarantee scheme for women entrepreneurs	27.4	32,900	-
Refinance for Wages & Salaries	27.4	11,543,118	-
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	27.4	96,192	-
Refinance facility for combating COVID-19	27.4	229,984	-
Refinance facility for working capital of SMEs	27.4	33,901	-
Temporary economic refinance facility (TERF)	27.4	51,871	-
		<b>12,614,080</b>	300,440
<b>Borrowing from banks / NBFCs:</b>			
Secured	27.5 & 27.6	228,000	-
Unsecured		143,570	3,193,332
Borrowings from financial institutions - Refinancing facility for mortgage loans	27.7	2,397,468	1,961,128
		<b>48,531,412</b>	54,721,267
Less: Current maturity		<b>(31,202,004)</b>	(50,186,015)
		<b>17,329,408</b>	4,535,252

27.1 This represents borrowing against Market Treasury Bills, (2019: Market Treasury Bills, Pakistan Investment Bonds and Bai Muajjal) carrying mark-up at the rates ranging upto 6.70% (2019: 12.70% to 13.19%) per annum and will be matured between January 11, 2021 and January 12, 2021 (2019: January 02, 2020 and March 26, 2020). The cost and market value of securities given as collateral of amounting to Rs. 9,766.52 million (2019: Rs. 9,200.50 million) and Rs. 9,767.49 million (2019: Rs. 9,122.62 million) respectively.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

- 27.2 The Subsidiary Bank has entered into agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable on a quarterly basis and to be matured between July 28, 2020 and February 08, 2027 (2019: January 02, 2020 and February 08, 2027). These carry mark-up at the rate from 1% to 3% (2019: 1% to 3%) per annum.
- 27.3 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings will mature between November 30, 2020 and November 18, 2030 (2019: November 30, 2020 and August 08, 2029). These carry mark-up at rates ranging from 2.00% to 3.50% (2019: 2.00% to 3.50%) per annum.

- 27.4 These borrowings have been obtained from SBP under various facilities as below:

	Mark-up rate per annum	Matured	
		From	To
Financing Facility for Storage of Agricultural Produce (FFSAP)	2%	Jan 01, 2022	Oct 27, 2027
Financing Facility for Renewable Energy Projects	2%	Aug 01, 2021	Aug 29, 2029
Refinance and credit guarantee scheme for women entrepreneurs	0%	Oct 30, 2021	Feb 28, 2026
Refinance for Wages & Salaries	0%	Oct 01, 2022	Dec 31, 2022
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	0%	Oct 01, 2022	Jun 16, 2025
Refinance facility for combating COVID-19	0%	Apr 01, 2025	Oct 01, 2025
Refinance facility for working capital of SMEs	0%	Sep 16, 2021	Oct 01, 2022
Temporary economic refinance facility (TERF)	1%	Nov 22, 2025	Nov 22, 2025

- 27.5 This includes the outstanding balance against running finance facility obtained from BOP under markup arrangement of 3 months KIBOR plus 325 basis points (June 2020: 3 months KIBOR plus 325 basis points) payable quarterly. The collateral includes first pari passu charge of Rs. 187 million over sub-subsidiary Company's present and future current assets with 25% margin. The collateral further includes first exclusive charge of Rs. 122 million over sub-subsidiary Company's land, building and machinery situated at following two locations:

- Equitable and 100% registered mortgage over land measuring 45 kanal and 10 marlas situated at Tehsil Fateh Jang District Attock; and
- Equitable and 100% registered mortgage over land measuring 30 kanal situated at Tehsil Gujar Khan District Rawalpindi.

- 27.6 This also includes loan obtained from an individual party amounting to Rs. 185.00 million under markup arrangement of 6 month KIBOR plus 200 basis points (June 2020: 6 month KIBOR plus 200 basis points) payable in arrears. These funds are obtained for building cash margin for opening of LC for import of high speed diesel for a period of one year extendable with mutual consent. Profit is repayable in 35 days cycle for each parcel to be imported at the rate of Rs. 5 million against each Rs. 100 million.

- 27.7 This also includes Rs. 252.98 (2019: Nil) million representing running finance facility maintained with Allied Bank Limited by a subsidiary company. It carries interest at the rate of 3 months KIBOR plus 2% per annum.

- 27.8 The Bank has entered into agreement with the Pakistan Mortgage Refinance Company Limited (PMRC) for extending housing finance facilities to the Bank's customers on the agreed terms and conditions. The borrowing carries mark-up rate of 3 years PKRV less 100bps and will be matured on February 28, 2022 and December 09, 2025.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
<b>28. TRADE AND OTHER PAYABLES</b>			
Creditor for sale of shares on behalf of clients - net		2,353,304	1,384,491
Accrued expenses		1,030,362	651,229
Bills payable		4,981,983	3,804,491
		<u>8,365,649</u>	<u>5,840,211</u>
<b>Other liabilities</b>			
Security deposits		3,534,243	4,184,954
Provision for Workers' Welfare Fund - Sindh		306,840	222,690
Others		8,083,407	4,516,609
		<u>11,924,490</u>	<u>8,924,253</u>
		<u>20,290,139</u>	<u>14,764,464</u>
<b>29. ACCRUED INTEREST / MARK-UP ON BORROWINGS</b>			
Long term financing		237,677	722,185
Deposits		2,899,300	3,618,157
		<u>3,136,977</u>	<u>4,340,342</u>
<b>30. CURRENT DEPOSITS AND CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Term finance certificates	24.1	446,234	866,156
Term loan	24.2	123,941	185,546
Deposits and other accounts	26	425,708,513	358,088,318
Liabilities against finance lease	25	733,074	829,965
		<u>427,011,762</u>	<u>359,969,985</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## 31. CONTINGENCIES AND COMMITMENTS

### 31.1 Contingencies

#### - In respect of Holding Company

- a) The Commissioner Inland Revenue-Appeals (CIR-Appeals) deleted the additions made as per orders passed under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) eliminating the resulting tax liability and restored the return versions for the tax years 2008 and 2009. The tax department filed appeals before the Appellate Tribunal Inland Revenue (ATIR) against the orders of CIR-Appeals. The ATIR also decided the subject matter in respect of tax years 2008 and 2009 in favour of the Company. However, appeal effect orders passed by the department in respect of aforesaid tax years resulted in refund of Rs. 11.02 million for the tax year 2009. Rectification applications for both the years were filed with the ACIR to allow appeal effect in accordance with the orders passed by the appellate forums. The rectification application for the tax year 2008 was rejected by the ACIR on the contention that another amended order under section 122(5A) as discussed below is in field and previous order is no more in the field. Against the rejection, appeal was filed with the CIR-Appeals. CIR-Appeals decided the appeal vide order dated no. 354 dated December 28, 2015 holding that this office has already passed the appellate order vide order no. 157 dated December 22, 2015 against the order of the ADCIR under section 122(5A) of the Ordinance dated August 5, 2013.

For the tax year 2009, the rectification application was deemed to have been given the due effect and the rectifications applied for deemed to have been rectified due to operation of law by virtue of section 221 (3) of the Ordinance.

For both the years, the department has filed references before the Sindh High Court. The references are pending.

- b) The Additional Commissioner of Inland Revenue – Audit Division (ACIR) had passed an order under section 122(5A) of the Ordinance in respect of the tax year 2008 and raised an undue demand of Rs.96.48 million by unlawfully charging minimum tax at 0.5% under section 113 of the Ordinance on capital gains on sale of listed securities of Rs. 19,255.04 million despite the fact that such capital gains are treated under separate head of income as 'Capital Gains' and not as part of 'Income from Business'. Further, capital gains on sale of listed securities are not covered under the exclusive definition of 'turnover' stipulated in section 113 of the Ordinance. The Company filed an appeal against the above order before the CIR-Appeals. The CIR-Appeals, vide his order dated December 22, 2015, annulled the said order on the issue of charging of minimum tax under section 113 and treatment of capital gain on sale of listed securities as business income. Against the order of CIR-Appeals, the tax department has filed an appeal before the ATIR which is pending.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the company. Hence no provision for liability in this respect has been made in these financial statements.

- c) The ACIR passed an order under section 122(5A) of the Ordinance in respect of tax year 2010 and created a demand of Rs. 63.49 million. Against the order, the Company filed rectification application on various grounds including credit for taxes of Rs. 54.10 million which was not given by the ACIR. After the rectification, the demand was reduced to Rs. 9.64 million. The Company also preferred appeal before the CIR-Appeals who confirmed the order of the ACIR. Aggrieved by the order of the CIR-Appeals, the Company preferred appeal before the ATIR. The ATIR heard the appeal on November 20, 2015 and remanded the case back to the department for denovo consideration i.e. for fresh proceedings because of the lack of thorough consideration of the relevant facts and circumstances as well as the business of the Company by the ACIR and the CIR-Appeals.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the company. Hence no provision for liability in this respect has been made in these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

- d) The ACIR Audit Range I, Zone III, Corporate RTO Karachi (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2014 and raised the demand for Rs. 50.77 million. Against the said order, the Company has filed rectification application on various grounds including the adjustment of brought forward losses and credit of taxes amounting to Rs. 16.015 million. After the rectification is given the due effect, refund of Rs. 16.015 million will be arising. The Company has also filed appeal before the CIR-Appeals.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the company. Hence no provision for liability in this respect has been made in these financial statements.

- e) ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2015 and raised the demand for Rs. 12.74 million. Against the said order, the Company has filed rectification application on the ground of chargeability of WWF. The Company has also filed appeal before the CIR-Appeals.

During the year, the ACIR Audit-I, Range-A, LTO, Karachi again passed the amended order dated November 27, 2020 u/s 122(5A) of the Income Tax Ordinance, 2001 and raised the demand of Rs. 97.93 million. The ACIR amended the order on the issues of bonus shares and super tax but failed to appreciate the facts of the case and the law in right perspective. Thus, rectification has been filed on the said matter. Further, the Company has also filed an appeal before the Commissioner Appeals (Appeals-I), Karachi, which is pending.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. Hence no provision for liability in this respect has been made in these financial statements.

- f) The ACIR Audit Range A, Zone I, Corporate LTU, Karachi issued a showcause notice and initiated the proceeding under section 122(9) read with section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2016 dated September 11, 2020. The Company has submitted its responses on all the issues raised in the notice. Thereafter, the Commissioner Inland Revenue - Audit I (CIR) issued a notice of audit u/s 177 of the Ordinance on which the Company has submitted the required information before the CIR. Thereafter, no further information/clarification has been sought by the CIR against the responses made and no intimation has been made with regards to closure of the proceeding.

- g) Commissioner Inland Revenue - Audit Range I, Zone III issued notice u/s 177(1) of the Ordinance dated May 17, 2018 for tax year 2017, to furnish certain records necessary for conducting audit proceedings. Responses were duly submitted by the Company. Thereafter, Deputy Commissioner Inland Revenue - Audit Range I, Zone III (DCIR) issued the notice u/s 122(9) dated December 23, 2019, to amend the deemed order and raised various concerns over the submitted return. The Company submitted its response before DCIR and also challenged the amendment proceeding in the absence of audit report. The DCIR accepted our contention and passed the order u/s 122 dated November 06, 2020, to close the amendment and issued the notice u/s 177(6) of the Ordinance dated November 09, 2020, confronted matters arising as a result of audit. Due responses were again submitted before the DCIR. On the basis of response, DCIR concluded the audit proceeding and passed the amended order u/s 122(1) dated February 2, 2021 and raised the demand of Rs. 64.96 million. Against the said order, rectification application has been filed to correct the income tax computation as per the provisions of the Ordinance. Further, an appeal has also been filed against the order before CIR-Appeals.

The management, based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

- h) On January 18, 2019, the Company received a notice from the ACIR - Audit Range-A, Zone III, Corporate RTO Karachi (ADCIR) under section 122(9) in respect of tax year 2018, demanding payment of super tax. The Company filed a constitutional petition against applicability of section 4B of the Income Tax Ordinance, 2001 (the Ordinance) before the Honorable Sindh High Court which admitted the petition and granted a stay order.

During the year, the Honourable High Court of Sindh passed the order dated July 21, 2020 whereby all the petitions challenging the levy of super tax filed before the Court were dismissed. Thereafter, the ADCIR raised the demand of super tax amounting to Rs. 46.16 million. The company have filed rectification against the order passed on the mistakes in the working of determination of income for the purpose of super tax liability. Further, an appeal has also been filed against the order before CIR-Appeals.

The management based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. However, provision for liability, in respect of super tax based on management computation amounting to Rs. 38.71 million, had already been made in the financial statements of its respective tax year.

- i) On August 04, 2020, the Company received a notice from the Deputy Commissioner Inland Revenue, Unit-I, Range-I, Zone-III, Corporate RTO Karachi (DCIR) under section 4B of the Ordinance in respect of tax year 2019, for determination of super tax liability amounting to Rs. 23.34 million. DCIR further passed an order u/s 138(1) of the Ordinance and determined the super tax liability amounting to Rs. 23.34 million. Against the order passed, rectification application have been filed to highlight the mistake in working for determination of income for the purpose of super tax liability. Further, an appeal has also been filed against the order before CIR-Appeals.

The management based on its discussion with its tax advisors, is confident that the subject matter will be decided in favour of the Company. However, provision for liability, in respect of super tax based on management computation amounting to Rs. 21.96 million, had already been made in the financial statements of its respective tax year.

- **In respect of JSIL**

- a) In respect of the appeals filed by the Company before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs. 162 million and 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of above said order of CIR (Appeals) for tax year 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses. The ATIR vide order dated April 20, 2017 deleted the additions on proration of expenses for tax year 2006 however, confirmed the CIR(A)'s order whereby CIR(A) remanded back / set-aside the issue of apportionment of expenses.

The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 deleted the additions of tax amortization of management rights and remand back the issues of disallowed provisions and \ advertisement expenses for the tax year 2009.

The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax year 2006 and 2009 whereby demands for these tax years were reduced at Rs. 77.33 million and Rs. 59.93 million respectively. As the allocation of expenditure in the said appeal effect orders were not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

In respect of second appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax year 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities.

The CIR (Appeals) also rectified the order passed by his predecessor for tax Year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs. 29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend. The ATIR vide order dated December 07, 2016 set-aside with the direction that the ACIR should examine the issue in the light of FBR Circular letter dated September 10, 2002

In respect of tax year 2006, management contends, based on views of its tax advisor, that amendment of assessment for such tax year by tax authorities is time barred. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue. The ATIR of the view that the amendment of assessment is not time bared however, the ATIR deleted the addition of tax amortization of management right vide order dated February 10, 2017

Order under section 122(1)/(5) dated December 30, 2017 for the tax year 2015 passed by the DCIR created demand of Rs. 40 million against which Company filed appeal before the CIR(A). The DCIR considered our request for rectification and passed order under section 221 dated February 27, 2017 as a result of the above order the demand reduced to Rs. 36.904 million. The CIR(A) vide order dated May 6, 2019 was partly considered our submissions put before him. The DCIR passed appeal effect order dated February 17, 2020 determined refund of Rs. 30.66 million. The company submitted appeal before the CIR (Appeal) against the appeal effect order. The Company also submitted appeal before the ATIR against the order of the CIR(A).

The DCIR passed order under section 122(1)/(5) of the Income Tax Ordinance, 2001 dated June 23, 2014 and reduce the refund claimed of Rs. 8.499 million to Rs. 3.102 million for the tax year 2012. The learned CIR (Appeal) vide order dated May 06, 2019 was confirmed the ACIR's order and held that the appeal was not entertainable being barred by time limitation for the tax year 2012. Company submitted appeal before the ATIR against the order of the CIR(A).

- b) Securities and Exchange Commission of Pakistan vide its order dated March 09, 2020 imposed an aggregate fine of Rs. 250,000/- on JSIL u/s section 40 of the SECP Act 1997. The Company has filed an appeal against the order before the Appellate Bench of the Commission which is pending.

**- In respect of JSGCL**

- a) Except for tax year 2009, 2014, 2015, 2016, 2017 and 2018 income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 (the Ordinance) unless selected by taxation authorities for audit purposes.
- b) For tax year 2009, an ITRA no. 07/2013 was filed by the Commissioner Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue (ATIR) in ITA no. 923/KB/2011 dated August 28, 2012 which was related to the apportionment of expenses, allowability of expenses and claiming of tax deducted at source aggregating to Rs. 61.16 million. However, the same is pending for decision before the Sindh High Court (SHC).
- c) For tax year 2014, an amended assessment order dated April 28, 2016, has been passed under section 122 (5A) of the Ordinance by the Additional Commissioner Inland Revenue (ACIR). Through said order, the ACIR raised demand amounting to Rs. 20.081 million. The Company has filed rectification application identifying various errors / details not considered by the ACIR and requested ACIR to rectify the same. In addition to that, the Company has also filed an appeal to the Commissioner Inland Revenue Appeals (CIR-A) which is pending. The Company has also obtained stay against recovery of demand from SHC till the decision of CIR-A.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

- d) For tax year 2015, an order dated November 23, 2016 was passed under section 4B of the Ordinance by the Deputy Commissioner Inland Revenue (DCIR). Through said order, an income of Rs. 810.584 million was computed under section 4B of the Ordinance and resultant demand of super tax of Rs. 24.318 million was raised. An appeal was filed against the above order before CIR-A on December 01, 2016 identifying various errors / details not considered. The CIR-A, has confirmed DCIR's order vide his order dated May 30, 2017. In pursuance of the order of CIR-A, the Company has filed appeal before ATIR along with application for stay against recovery of demand. The appeal before ATIR has been heard and order is reserved whilst ATIR vide order dated July 18, 2017 has granted stay for 60 days and subsequently the said stay was further extended vide various orders by ATIR. Subsequently, recovery of aforesaid tax demand has now been stayed by the Hon'able SHC through C.P No 4915 of 2018 vide order dated June 28, 2018 with direction to the Department not to enforce recovery of tax demand till the decision of ATIR. However, based on its order dated July 21, 2020, the SHC has dismissed the aforementioned C.P and has declared the super tax for TY 2015 to be constitutionally vires. The Company has however filed an Income Tax Reference Application (ITRA) No. 52 of 2020 before SHC which is pending adjudication.
- e) For tax year 2016 and 2017, notices dated December 27, 2016 and January 03, 2018 were issued under section 4B of the Ordinance by the DCIR. In the said notices the DCIR has contended that the Company is liable to pay Super Tax amounting to Rs. 24.483 million and Rs. 19.490 million on 'income' of Rs. 816.122 million and Rs. 649.676 million for Tax Years 2016 and 2017, respectively. The Company has challenged both notices through writ petition before SHC on constitutional grounds wherein the SHC has, vide its orders dated January 16, 2017 and January 11, 2018 for Tax Years 2016 and 2017 respectively, has stated that no coercive action shall be taken against the Company. The DCIR passed the orders under section 4B vide order dated April 23, 2018 and May 04, 2018 for tax years 2016 and 2017 respectively to levy Super tax of above mentioned amounts under the view that SHC has not restrained the department from passing the orders. In pursuance of the said orders, Company filed appeals which confirmed by CIR-A vide its order dated October 12, 2018 for both years. The Company has filed appeals before Appellant Tribunal Inland Revenue (ATIR) against the orders of CIR-A. Meanwhile, the Company paid 50% of tax demand of both tax years to maintain the above suits in light of judgment of Hon'able Supreme Court of Pakistan (Civil Appeals No. 1171/2017 and other connected appeals) wherein, the pending suits are declared to be entertained on the condition that a minimum of 50% of tax demand is deposited with tax authorities during the pendency of appeal. During the year the appeal has been heard before ATIR and is reserved for order. The Company has however filed an Income Tax Reference Application (ITRA) No. 53 and 54 of 2020 before SHC which is pending adjudication.
- f) For tax year 2018, a notice under section 4B of the Ordinance by the DCIR dated December 7, 2018 was issued, contending that the Company is liable to pay Super Tax amounting to Rs. 45.211 million on 'income' of Rs. 1,507.039 million. The Company had challenged the notice on constitutional grounds before SHC through C.P. No. 8670 of 2018. The SHC, vide its order dated December 14, 2018, had stated that no coercive action shall be taken against the Company. However the SHC based on its order issued in September 2020 has dismissed the aforementioned C.P. The Company is hence awaiting the conclusion of ATIR on the above matter before it files a reference application for TY 2018. To date, no order has been passed by the Department, consequently, no outstanding tax demand exists to date.
- g) For tax year 2016, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Additional Commissioner Inland Revenue (ACIR). Through the said order, the ACIR raised demand amounting to Rs. 241.217 million. Upon appeal filed, CIR-A confirmed the ACIR's order vide its order dated December 12, 2017. In pursuance of the order of CIR-A, the Company had filed an appeal before ATIR. During last year ATIR vide its order dated March 29, 2019 had annulled CIRA's action on confirming disallowances made in the order passed by ACIR dated November 02, 2017, with directions to CIRA to pass speaking and reasoned order after providing due opportunity of being heard. As a result, the likely assessment position after appeal effect of ATIR's order under section 124 of the Ordinance is that only tax demand on account of undistributed reserves is outstanding, which has also been stayed by SHC vide interim order in CP No. 0-2343 of 2019 dated April 09, 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

Furthermore during last year, a rectification application was filed for erroneously considered share premium reserves while computing excess reserves under section 5A of the Ordinance by the ACIR, in its order dated November 2, 2017. As a result of which tax demand under section 5A would be reduced to Rs. 7.523 million.

- h) For tax year 2017, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Tax Officer. Through the said order, the Tax Officer raised a demand amounting to Rs. 17.649 million. The Company has filed an appeal before CIR-A which has been heard, however, no order has been passed till date. The total tax demand was partially stayed by the order of SHC vide CP No. 5431 of 2017 dated August 16, 2017, while the remaining liability was adjusted from the available refunds as declared in the return for tax year 2017.

Furthermore, the case of the Company has been selected for income tax audit under section 214C of the Ordinance and a notice dated April 12, 2019 under section 177 of the Ordinance has been issued requiring submission of details and documents. Partial details have been submitted and extension is requested for submission of remaining details.

- i) For tax year 2017, a show-cause notice under section 161/205 of the Ordinance has been issued by tax authority. Through the said order, the Company was alleged for non-deduction of tax under section 150 of the Ordinance on payment made to shareholders in respect of buy back of shares. The said notice has been challenged before Sindh High Court (SHC) through legal counsel of the Company and SHC has prohibited tax department from passing any order without its permission. On the directions of court, detailed reply to show-cause notice has also been submitted vide our letter dated January 26, 2018. Tax authorities have issued a subsequent notice dated March 6, 2018, requesting to provide certain factual details which have also been submitted vide our letter dated March 16, 2018 and the matter is now pending adjudication before the SHC.

- j) During 2013, the Company received a show cause notice from the Sindh Revenue Board (SRB) under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed reducing the demand to Rs. 9.86 million along with default surcharge. The Company filed an appeal before the CIR-A and after being decided against the Company, it subsequently filed an appeal before Appellate Tribunal SRB.

During the year 2014, the Company paid an amount of Rs. 7.15 million in respect of the abovementioned liability before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption from application of penalty and 75% of default surcharge. Appellate Tribunal SRB vide order dated November 29, 2017 decided the issue of Sindh Sales Tax (SST) in favor of the Company. However, the issue of SST on advisory and consultancy services and commission earned on purchase/sale of mutual funds have been remanded back whilst the issue relating to SST on commission on foreign exchange dealing, services rendered outside Sindh and levy of default surcharge and penalty have been decided against the Company. The Company has filed a reference application before SHC in respect of the issues decided against the Company and remanded back.

During 2014, the Company also received another show cause notice from SRB under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed raising a tax demand amounting to Rs. 10.77 million. The Company has filed an appeal against the order with CIR-A which is pending. Further, in respect of the same, rectification application has also been filed with the department. The Company and other stock brokers have also filed petition with the SHC and has been granted interim stay against recovery of demand. However, the Company has paid an amount of Rs. 9.24 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

Furthermore, for fiscal year 2014 and 2015, SRB alleged short payment of SST vide Notice dated February 02, 2017. The Company has submitted all the required details in response to the notice and no order in this respect has been passed.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

- k) SRB has also issued an order in another proceeding for tax periods January 2014 to December 2016, which were confronted, vide notice dated August 15, 2017, levying sales tax on certain services and disallowance of input tax of Rs. 35,877,012. In pursuance of the said order the Company filed an appeal before Commissioner (Appeals), SRB which has been partly heard. However the recovery of the of aforesaid tax demand has been stayed by the Hon'able SHC in Suit no 767 of 2018 vide order dated April 13, 2018.
- l) Tax department has issued show cause notice dated June 08, 2015 confronting (alleged) non payment of Federal Excise Duty (FED) on Company's services under Federal Excise Act, 2005 and subsequently issued an order raising a demand amounting to Rs. 78.003 million for tax year 2010 to tax year 2013. The Company filed a rectification appeal, in addition, to filing an appeal in the SHC, through Stockbroker Association (of which the Company is also the member) against aforementioned order on the grounds that after 18th amendment to the Constitution, the services that were previously subjected to FED under the federal laws are now subject to the provincial sales tax and the Company has accordingly discharged its tax obligation. The SHC initially, stayed Federal Board of Revenue from demanding sales tax on services from stockbrokers and subsequently, disposed of the order in Company's favor. However, CIR-A on the matter of appeal filed by the Company issued an order in favor of the department vide its order dated January 31, 2017. In pursuance of the order of CIR-A the Company has filed an appeal before Appellate Tribunal SRB along with application for stay of demand which was granted initially for 30 days and was subsequently extended vide various orders. Appellate Tribunal SRB has decided the matter vide order dated December 20, 2017, received by us on April 09, 2018, whereby ATIR decided that FED is applicable only on the commission earned from trading of shares and no other type of commission comes under the ambit of FED. With this opinion, ATIR has remanded back the issue related to pre amendment era. For post amendment era, ATIR has relied upon the decision of SHC (stated above) and declared the charge of FED after July 01, 2011 null and void.

- **In respect of JSBL**

- **Income Tax**

The income tax returns filed were under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2019. These returns filed were deemed to have been assessed in terms the provisions prevailing under income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2017. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

Based on the amended assessments in tax year 2008 to tax year 2017, the department had made certain dis-allowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010, 2011 & 2012 and tax years 2009, 2012 & 2013 respectively.

In respect of WWF, the Supreme Court of Pakistan has held in Judgement, PLD 2017 SC 28, that the amendments made in the WWF Ordinance through Finance Act, 2006 and 2008 were illegal and without lawful authority i.e. the banks do not fall into definition of Industrial Undertaking and thus, not liable to pay WWF. Therefore based on this, the Bank's contention is mandated and it is likely that its pending appeals in this will be decided favorably. The Bank has obtained appeal effect orders of respective years except 2013 and resultantly no demand is payable in this respect.

As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh and Punjab through the Sindh WWF Act, 2014 ("the Act") and the Punjab Workers Welfare Fund Act, 2019 respectively. As per the Acts, the Bank is liable to pay WWF in both provinces.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

However in this respect:

- the Bank has challenged the issue of jurisdiction claimed by Sindh Revenue Board before the Honorable High Court of Sindh (SHC) through Constitutional Petition 1546/2017 on grounds that banking companies cannot be considered as industrial establishment and that the Act will be applied to trans-provincial entities to the extent that the obligation under the provincial law is to make distribution to the extent of the proportionate profit of the Sindh Province. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF till the next date of hearing.
- the Bank will challenge the recovery of Punjab WWF in the court of law on same grounds in case of SWWF.

In 2018, Based on decision of the Supreme Court of Pakistan, the Bank had reassessed the provision of WWF which was previously held on the entire operating results of the Bank (including all provinces, part of Pakistan, AJK and Bahrain Operations) and maintained WWF only to the extent of its operations within Sindh Province till 2019. In 2020 after promulgation of Punjab WWF, the Bank has again decided prudently to maintain provision on the entire results of the Bank.

In respect of minimum tax, the Commissioner Inland Revenue-Appeals (the CIRA) has not accepted the Bank's contentions of gross loss position and also decided that non-mark-up income is the fall in the definition of turnover including capital gains and dividend income. As result the demand of Rs. 38.907 million has been payable. The Bank is contesting the matter in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008-2018, the Bank has not accepted the amendments of Rs. 6.57 billion and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIRA).

CIR(A) has admitted the contention of the Bank in case of tax year 2008 that the amended order is barred by time and decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIR(A) in ATIR which has been partly heard.

With regard to appeals filed for tax year 2009 to 2017, the CIRA has decided the appeals accepting the Bank's contentions in respect of significant issues, and certain disallowance including amortization claim of goodwill have been decided in favor of department in all tax years. However, the Bank and the tax department are contesting the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for at adjudication.

The tax department has passed appeal effect/rectification orders and allowed deleted and set-aside issues in the light of CIR(A) orders for tax year 2008 to 2014. As a result of these orders, the Bank's taxable losses has increased to Rs. 3.464 billion and reduced the demand of Rs. 1.212 billion in relevant tax years after adjustment of these losses.

Further for the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIRA decision that the allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The matter of allowability of amortization relating to goodwill is contentious issue, therefore based on the opinion of lawyer there are arguments available to contend that goodwill on merger is an allowable deduction for tax purposes. Especially in the recent decision given by the High Court of Sindh in the case of merger of another bank in Pakistan where the Court has ruled in favour of taxpayer that goodwill generated in merger is 'intangible' and amortization relating to goodwill is allowable deduction.

The Sindh High Court has dismissed the Bank's petitions for tax years 2016 through 2019 wherein the Bank alongwith other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Bank has appealed before the Supreme Court against the decision of the Sindh High Court. The Supreme Court has allowed interim relief to the taxpayers subject to the payment of 50% of the super tax liability.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

However, the Bank has adjusted full amount of super tax liability for Tax year 2016 and 2019 against the available tax refunds. Further, the bank has obtained stay from the Sindh High Court on other technical grounds regarding the levy of Super Tax for tax years 2017 and 2018.

## - Withholding tax monitoring

Withholding tax monitoring was initiated against the Bank for tax year 2014-2019. Orders in respect of tax years 2014, 2015 and 2017 has been passed against which appeals have been filed before the CIR(A). CIR(A) has remanded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders has been passed and demands have been rectified. Appeal for tax year 2017 has been heard and reserved for order. In respect of tax year 2018 and 2019, proceedings are pending.

## - Sales tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) creating a demand of Rs. 48.838 million (besides Rs. 4.440 million is charged as penalty) against the Bank for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes' (i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, Rebates from foreign correspondent Banks, and FX gain on remittance by Western Union) on total amounting to Rs. 277.488 million for the tax periods July 2011 to December 2013. An appeal was filed before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the decision of AC-SRB which was decided in favor of the tax department except tax imposed on FX gain on remittance by Western Union. Thereafter, both the Bank and AC-SRB filed appeals before the Appellate Tribunal SRB against the decision of CA-SRB. Through its Order dated April 18, 2019, the Appellate Tribunal SRB quashed the demand raised by deciding the Bank's appeal in the Bank's favour and dismissing the AC-SRB's appeal. The Bank and tax department have filed appeals before Appellate Tribunal which are pending for hearing.

The management of Bank is confident that the appeals filed in respect of the above matter will be decided in the Bank's favor and accordingly no demand for payment would arise.

## - Azad Jammu & Kashmir Operations

The Bank has commenced operations in Azad Jammu & Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2018 with the tax authorities of such region. The Commissioner has issued notices for amendment of assessment under section 122 of the Income Tax Ordinance, 2001 (as adopted in AJK Region) for the tax year 2011 to 2017. All assessments orders are rectified and no additional demand has been raised.

### 31.1.1 Transaction-related Contingent Liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions:

	2020	2019
	----- (Rupees in '000) -----	
i) Financial guarantees	1,024,422	2,464,411
ii) Performance guarantees	36,678,881	21,483,841
iii) Other guarantees	21,076,291	21,702,551
	<u>58,779,594</u>	<u>45,650,803</u>

31.1.1.1 Included herein are outstanding guarantees of Rs. 29.054 million (2019: Rs.14.217 million) of related parties.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

		2020	2019
	Note	----- (Rupees in '000) -----	
<b>31.2 Commitments</b>			
<b>Documentary credits and short-term trade-related transactions</b>			
- letters of credit	31.2.1	21,111,360	13,965,258
<b>Commitments in respect of:</b>			
<b>Forward exchange contracts:</b>			
- Purchase	31.2.2	23,137,733	33,104,108
- Sale	31.2.2	15,040,529	22,007,258
Undrawn formal standby facilities, credit lines and other commitments to lend	31.2.3	384,230	72,183
<b>31.2.1</b> Included herein are the outstanding letter of credits of Rs. 86.543 million (2019: Rs. 44.368 million) of related parties.			
<b>31.2.2</b> The Subsidiary Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.			
<b>31.2.3</b> These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the subsidiary bank without the risk of incurring significant penalty or expense.			
<b>32. RETURN ON INVESTMENTS</b>		2020	2019
		----- (Rupees in '000) -----	
<b>Mark-up / interest income from:</b>			
<b>At fair value through profit or loss / held for trading</b>			
Government securities		5,332,609	648,624
Term Finance Certificates		14,804	16,828
		5,347,413	665,452
<b>Available for sale</b>			
Term Finance / Sukuk Certificates		331,283	603,264
Government securities		7,555,464	5,785,796
		7,886,747	6,389,060
<b>Held to maturity / At amortised cost</b>			
Government securities		3,313,324	2,706,356
Term Finance / Sukuk Certificates		10,653	42,160
		16,558,137	9,803,028
<b>Dividend income on:</b>			
At fair value through profit or loss		50,516	117,292
Available for sale investments / at fair value through other comprehensive income		1,020,400	1,070,300
		1,070,916	1,187,592
		17,629,053	10,990,620



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	----- (Rupees in '000) -----	
<b>33. GAIN / (LOSS) ON SALE OF INVESTMENTS - net</b>		
<b>At fair value through profit or loss / held for trading</b>	<b>3,276,967</b>	<b>808,025</b>
<b>Available for sale</b>		
Listed equity securities	(325,685)	(325,685)
Term finance certificates	-	(19)
Sukuk certificates	450	150
Government securities	(1,021,583)	(1,091,986)
Mutual funds	247	247
	<u><u>1,930,396</u></u>	<u><u>(609,268)</u></u>
<b>34. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS</b>		
Interest on loans to staff	690	2,476
Interest on loans and advances	25,269,487	30,990,850
Interest on deposits with financial institutions	50,695	116,400
Return on reverse repurchase transactions of Government securities	1,259,308	858,930
	<u><u>26,580,180</u></u>	<u><u>31,968,656</u></u>
<b>35. FEE, COMMISSION AND BROKERAGE</b>		
Consultancy and advisory fee	31,463	37,682
Commission income	3,600,048	2,869,000
Remuneration from funds under management	172,975	198,773
Brokerage income	566,030	326,614
Other services	1,859	2,634
	<u><u>4,372,375</u></u>	<u><u>3,434,703</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	----- (Rupees in '000) -----	
<b>35.1 Remuneration from funds under management</b>		
<b>Open-end funds</b>		
JS Value Fund	12,611	14,650
JS Growth Fund	41,940	32,811
Unit Trust of Pakistan	22,790	25,116
JS Income Fund	21,029	14,113
JS Islamic Fund	10,528	14,089
JS Fund of Funds	64	696
JS Islamic Hybrid Fund of Funds	1,441	96
JS Islamic Hybrid Fund of Funds - 2	22,796	72,628
JS Islamic Hybrid Fund of Funds - 3	4,014	6,084
JS Pension Savings Fund	5,576	5,001
JS Islamic Pension Savings Fund	3,076	2,742
JS Islamic Income Fund	4,346	5,061
JS Large Cap Fund	9,513	12,490
JS Capital Protected Fund V	-	-
JS Motion Picture Fund	2,246	273
JS Islamic Dedicated Equity Fund	13,520	11,143
JS Islamic Daily Dividend Fund	225	-
JS Cash Fund	19,747	7,611
	<b>195,462</b>	<b>224,603</b>
Less: Sales tax	<b>(22,487)</b>	<b>(25,830)</b>
	<b>172,975</b>	<b>198,773</b>

**35.1.1** Under the provisions of the NBFC Regulations and the NBFC Rules, the management company of the Fund is entitled to an accrued remuneration at the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit. An Asset Management Company shall be entitled to an accrued remuneration that has been verified by the trustee and is paid in arrears. During the year ended December 31, 2020 the Company has charged management fee at the rates ranging from 0.00% to 2.00% (2019: 0.00% to 2.00%).

**35.1.2** Total net asset value of the Funds under management (excluding discretionary client portfolios) as at December 31, 2020 amounts to Rs.24.002 (2019: Rs.23.37) billion.

	2020	2019
	----- (Rupees in '000) -----	
<b>36. OTHER INCOME</b>		
Gain on sale of property and equipment	12,588	494,836
Rental income	11,539	10,353
Liabilities written back	6,546	6,206
Return on cash margin on future contracts	14,169	10,793
(Loss) / gain on remeasurement of derivative financial instrument	<b>(34,369)</b>	43,536
Income under margin financing	47,442	45,586
Income from dealing in foreign currency	1,010,345	963,208
Reversal of provision for Workers' Welfare Fund - Federal	-	132,470
Other income	186,710	2,095
	<b>1,254,970</b>	<b>1,709,083</b>





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

37. ADMINISTRATIVE AND OTHER EXPENSES	Note	2020 ----- (Rupees in '000) -----	2019 -----
Salaries and benefits	37.1	7,014,967	6,011,616
Telephone, fax, telegram and postage		283,632	322,319
Vehicle running		20,420	22,957
Directors' meeting fee		27,967	20,550
Utilities		23,134	21,101
Newspapers and periodicals		427	401
Conveyance and travelling		129,814	145,802
Repairs and maintenance		1,629,607	963,172
Computer expenses		38,415	37,551
Auditors' remuneration	37.2	22,806	19,361
Royalty fee	37.3	45,000	45,000
Consultancy fee		73,775	74,685
Advisory fee	37.4	13,652	34,618
Legal and professional charges		253,563	160,063
Printing and stationery		266,406	278,164
Rent, rates and taxes	37.5	394,353	412,764
Insurance		304,020	227,301
Entertainment		74,397	65,435
Advertisement		410,458	318,029
Office supplies		2,819	2,527
Depreciation	37.6	1,770,442	1,838,525
Amortisation of intangible assets	8	118,937	98,928
Provision against non-performing loans, advances and receivables		1,011,061	253,370
Fees and subscription		337,260	312,798
Branding expense		-	11,143
Donations	37.7	136,341	7,809
Brokerage and commission expense		53,991	29,503
Clearing fees		156,714	160,441
Impairment against TREC - PSX		-	3,227
Office security		579,044	369,379
SBP penalties and other charges		92,493	137,643
Others		112,764	155,170
		<u>15,398,679</u>	<u>12,561,352</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

### 37.1 Details of Provident Funds

Description	JSCL		JSBL		JSIL		JSGCL	
	2020	2019	2020	2019	2020	2019	2020	2019
	Audited		Un-audited		Audited			
	(Rupees in '000)							
Number of employees	20	23	3,902	3902	77	102	198	163
Size of provident fund	34,472	38,092	2,277,554	1,813,129	12,307	12,839	93,854	100,790
Cost of investments made	27,361	24,229	1,277,306	1,041,224	11,990	2,215	1,170	1,501
Fair value of investments	27,341	22,421	1,324,857	1,058,573	1,749	2,417	1,170	1,501
Percentage of investments made at cost	79%	64%	56%	57%	97%	17%	1%	1%
<b>Break-up of investments at cost / market value:</b>								
<b>Term finance certificates and Sukuk</b>								
Amount of investments	805	927	71,122	145,774	-	-	583	917
Percentage of size of investments	2%	2%	3%	8%	0%	0%	1%	1%
<b>National Saving Schemes:</b>								
Amount of investments	-	-	-	-	-	-	587	584
Percentage of size of investments	0%	0%	0%	0%	0%	0%	1%	1%
<b>Listed securities:</b>								
Amount of investments	4,719	4,864	31,870	14,428	1,749	2,417	-	-
Percentage of size of investments	14%	13%	1%	1%	14%	19%	0%	0%
<b>Government Securities:</b>								
Amount of investment	21,817	16,630	1,221,865	808,007	-	-	-	-
Percentage of size of investments	63%	44%	54%	45%	0%	0%	0%	0%
<b>Balance in scheduled banks:</b>								
Amount of investment	5,850	12,457	952,697	754,557	10,557	11,806	92,274	97,480
Percentage of size of investments	17%	33%	42%	42%	86%	92%	98%	97%
<b>Balance in Mutual Funds:</b>								
Amount of investment	-	-	-	90,364	-	-	-	-
Percentage of size of investments	0%	0%	0%	5%	0%	0%	0%	0%

Investments out of the Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the Rules formulated for this purpose. Securities and Exchange Commission of Pakistan "SECP" has promulgated new regulations, namely, "the Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018" (the "Regulations") in the month of June 2018. The Regulations were further amended vide SRO 856(I)/2019 dated July 25, 2019, allowing the investments to be reduced gradually and to be brought in conformity with the provisions of these regulations within three years from the date of commencement of these Regulations i.e. by June 2021.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 37.2 Auditors' remuneration

	EY Ford Rhodes		Other	2020	2019
	Holding company	Subsidiary companies	Auditors Subsidiary companies		
----- (Rupees in '000) -----					
Annual audit fee	1,850	6,776	120	8,746	7,554
Half-yearly review fee	400	2,128	-	2,525	1,569
Other certifications and services	435	7,516	-	7,951	6,996
	2,685	16,419	120	19,224	16,119
Out of pocket expenses	298	2,185	10	2,493	2,147
Sindh Sales Tax	239	850	-	1,089	1,095
	<b>3,222</b>	<b>19,454</b>	<b>130</b>	<b>22,806</b>	<b>19,361</b>

37.3 This represents royalty paid to Mr. Jahangir Siddiqui, a related party, on account of use of part of Company's name under agreements approved by the Board of Directors of the respective Companies.

37.4 Represents amount paid / payable to individuals including Mr. Jahangir Siddiqui for advisory services rendered in terms of their respective agreements duly approved by the Board of Directors of the respective Companies.

37.5 During the year, the Holding Company has received a notice from Inspector of Stamp (IS), Board of Revenue, Government of Sindh under section 73 of the Stamp Act, 1899, dated September 10, 2020, to conduct inspection of records with respect to the payment of stamp duty on TFC-IX, TFC-X & TFC-XI issued by the Holding Company in the years 2016, 2017 & 2018, respectively. The Holding Company vide its response dated October 05, 2020, explained that TFCs were issued in de-materialized book entry form, therefore, the provisions of Stamp Act with respect to payment of stamp duty on these TFCs do not apply.

The IS issued inspection report dated November 25, 2020, and demanded payment of stamp duty aggregating to Rs. 10 million, without considering the submissions made by the Holding Company nor providing the Holding Company an opportunity of being heard.

The Holding Company vide its response dated December 14, 2020, informed the IS that comprehensive reply was already submitted and requested to rectify the inspection report and treat the inspection as closed. However, no further correspondence has been received from IS in this regard.

However, on prudent basis, management has recorded a provision in respect of the aforementioned notice amounting to Rs. 10 million in these financial statements.

37.6 Depreciation	Note	2020	2019
		----- (Rupees in '000) -----	
Operating assets	7.1	790,369	831,661
Right-of-use asset		979,953	1,006,744
Investment property	9	120	120
		<b>1,770,442</b>	<b>1,838,525</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

- 37.7 This represents donation to Future Trust (related party), wherein below mentioned persons are trustees / key management personnel. The registered offices of the donee i.e. Future Trust is located at 20th Floor, The Centre, Saddar, Karachi.

Name of Trustee	Relationship
- Mr. Suleman Lalani	Chief Executive Officer of the Holding Company
- Mr. Kalim-ur-Rahman	Director of the subsidiary Bank
- Mr. Hasan Shahid	Director of the subsidiary Company
- Mr. Najmul Hoda Khan	Chief Financial Officer of the Holding Company
- Mr. Tariq Usman Bhatti	Key management personnel of a subsidiary company

	2020	2019
	----- (Rupees in '000) -----	
<b>38. FINANCE COST</b>		
<b>Mark-up on:</b>		
Short term running finance	191,342	267
Long term financing	1,198,931	1,460,072
Borrowing from banks / NBFCs	1,982,736	1,913,597
Deposits	29,234,378	28,204,687
Repurchase transactions of securities	735,977	2,810,910
Mark-up on finance lease	478,638	599,718
	<b>33,822,002</b>	<b>34,989,251</b>
Commission expense of bank guarantee	4,541	4,632
Amortisation of transaction costs	11,779	15,155
Bank charges	16,715	67
	<b>33,855,037</b>	<b>35,009,105</b>
<b>39. PROVISION FOR / (REVERSAL OF) IMPAIRMENT ON INVESTMENTS - net</b>		
Available for sale investments	247,526	(345,300)
	<b>247,526</b>	<b>(345,300)</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 40. TAXATION

	2020			2019		
	Current	Prior	Deferred	Current	Prior	Deferred
	(Rupees in '000)					
Jahangir Siddiqui & Co. Ltd.	119,259	6,009	10,025	133,735	(11,522)	-
JS Investments Limited	16,809	-	-	24,984	2,666	-
JS Infocom Limited	2,693	(40)	-	2,049	-	-
Energy Infrastructure Holding (Pvt.) Ltd.	42,131	(789)	457	28,117	(6,948)	-
JS Global Capital Limited	92,223	(16,193)	4,741	44,114	11,049	4,877
JS Abamco Commodities Limited	974	-	(166)	696	-	139
JS Bank Limited	623,291	1,711	306,573	708,542	-	(588,252)
Quality 1 Petroleum (Private) Limited	11,202	-	(15)	-	-	-
JS Engineering Investments 1 (Private) Limited	39	-	-	-	-	-
Quality Energy Solutions (Pvt.) Ltd.	213	(45)	-	240	(29)	-
Khairpur Solar Power (Pvt.) Ltd.	206	-	-	231	-	-
	<u>909,040</u>	<u>(9,347)</u>	<u>321,615</u>	<u>942,708</u>	<u>(4,784)</u>	<u>(583,236)</u>
<b>Total Taxation</b>		<u><u>1,221,308</u></u>			<u><u>354,688</u></u>	

	2020	2019
<b>41. EARNINGS PER SHARE</b>	(Rupees in '000)	
<b>Attributable to equity holders' of the parent:</b>		
Profit after taxation attributable to Ordinary shareholders	<u>892,181</u>	<u>106,551</u>
	(Numbers in '000)	
Number of Ordinary shares outstanding during the year	<u>915,942</u>	<u>915,942</u>
<b>Earnings per share:</b>	(Rupees)	
<b>Basic</b>	<u>0.97</u>	<u>0.12</u>

41.1 Diluted earnings per share has not been presented as the Holding Company does not have any convertible instruments in issue as at December 31, 2020 and December 31, 2019.

	2020	2019
<b>42. CASH AND CASH EQUIVALENTS</b>	(Rupees in '000)	
Cash and bank balances	<u>31,769,714</u>	26,074,326
Borrowing from bank	<u>(186,570)</u>	(889,976)
	<u><u>31,583,144</u></u>	<u><u>25,184,350</u></u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## 43. DEFERRED LIABILITY - EMPLOYEE BENEFIT

### 43.1 General Description

JS Bank (subsidiary Bank) and Quality 1 Petroleum (Private) Limited (a sub subsidiary company) operate a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the respective entities. The plan of subsidiary Bank is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

43.2 The plan in Pakistan typically exposes the companies to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

#### - Salary Increase Risk

The risk that the final salary at the time of cessation of services is greater than assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

#### - Discount rate risk

The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

#### - Demographic Risks

##### - Withdrawal risk:

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

##### - Longevity risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

##### - Investment risk

This is the risk that the assets are under-performing and are not sufficient to meet the liabilities

### 43.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme (gratuity fund) is 3,756 (2019: 3,595).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 43.4 Principal actuarial assumptions

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2020 based on the Projected Unit Credit Method, using the following significant assumptions:

		2020	2019
Valuation discount rate for year end obligation	per annum	8.50%-9.75%	11.75%
Valuation discount rate for interest cost for the year	per annum	11.75%	13.75%
Expected return on plan assets	per annum	7.50%-11.75%	11.75%
Future salary increase rate			
- upto one years	per annum	7.50%-8.00%	8.00%
- from two to three years	per annum	7.50%-10.00%	10.00%
- more than three years	per annum	7.50%-9.75%	11.75%
Effective duration of the discounted future cash flows	years	10	10
Normal retirement age	years	60	60
Withdrawal rates		Moderate	Moderate
Mortality rates		SLIC 2001-2005, Setback 1 Year	SLIC 2001-2005, Setback 1 Year

## 43.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability (asset)	
	2020	2019	2020	2019	2020	2019
	----- (Rupees in '000) -----					
<b>Balance as at January 01,</b>	<b>844,212</b>	<b>649,062</b>	<b>692,331</b>	<b>546,568</b>	<b>151,881</b>	<b>102,494</b>
<b>Included in profit or loss</b>						
Current service cost	150,730	125,676	-	-	150,730	125,676
Past service cost	4,184	2,113	-	-	4,184	2,113
Interest cost / income	97,848	87,892	88,420	80,969	9,428	6,923
	252,762	215,681	88,420	80,969	164,342	134,712
<b>Included in other comprehensive income</b>						
Actuarial gains / losses arising from:						
- financial assumptions	14,011	(8,792)	490,776	(18,005)	(476,765)	9,213
- Experience adjustments	(458)	7,956	-	-	(458)	7,956
	13,553	(836)	490,776	(18,005)	477,223	17,169
<b>Others movements</b>						
Contribution made during the year	-	-	151,881	102,494	(151,881)	(102,494)
Benefits paid during the year	(31,529)	(19,695)	(31,529)	(19,695)	-	-
	(31,529)	(19,695)	120,352	82,799	(151,881)	(102,494)
<b>Balance as at December 31,</b>	<b>1,078,998</b>	<b>844,212</b>	<b>1,391,879</b>	<b>692,331</b>	<b>(312,881)</b>	<b>151,881</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

43.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

	Cost		Fair value of plan assets			
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)		-----Percentage-----			
<b>Cash and cash equivalent</b>						
Cash at Bank	82,793	171,000	82,793	171,000	5.9%	24.6%
Term deposit receipts	150,000	-	161,806	-	11.6%	0.0%
	<b>232,793</b>	171,000	<b>244,599</b>	171,000	<b>17.6%</b>	24.6%
<b>Debt Securities</b>						
Pakistan investment bonds	388,863	304,064	411,079	297,918	29.5%	42.9%
Market treasury bills	53,815	114,508	53,660	117,399	3.9%	16.9%
Term finance certificates	50,503	100,590	50,370	94,459	3.6%	13.6%
	<b>493,181</b>	519,162	<b>515,109</b>	509,776	<b>37.0%</b>	73.4%
Ordinary shares of listed companies	448,506	14,929	632,172	13,346	45.4%	1.9%
	<b>1,174,480</b>	705,091	<b>1,391,880</b>	694,122	<b>100%</b>	100%

### 43.7 Maturity profile

43.7.1 Expected maturity analysis of undiscounted defined benefit obligation (benefit payments) for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2- 5 years	Over 6-10 years	Over 10 and above	Total
	(Rupees in '000)					
Balance as at						
December 31, 2020	45,445	71,699	268,697	1,245,714	11,997,565	13,629,120
December 31, 2019	37,261	44,550	217,395	901,479	14,564,443	15,765,128

### 43.8 Sensitivity analysis

43.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

Particulars	Rate	Present value of defined	Fair value of any plan assets	Net defined benefit liability
		(Rupees in '000)		
<b>Current results</b>	-	1,078,998	1,391,879	(312,881)
<b>Discount rate</b>				
1% Increase	9.50%-10.75%	981,020	1,391,879	(410,859)
1% Decrease	7.50%-8.75%	1,189,824	1,391,879	(202,055)
<b>Salary Rate</b>				
1% Increase	8.50%-12.75%	1,190,965	1,391,879	(200,914)
1% Decrease	6.50%-10.75%	978,231	1,391,879	(413,648)
<b>Withdrawal rate</b>				
10% Increase	Moderate + one year	1,046,507	1,391,879	(345,372)
10% Decrease	Moderate - one year	1,104,543	1,391,879	(287,336)
<b>Mortality rate</b>				
One year age set back	Adjusted SLIC 2001-05 - one year	1,073,753	1,391,879	(318,126)
One year age set forward	Adjusted SLIC 2001-05 + one year	1,074,879	1,391,879	(317,000)

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as applied in calculating the defined benefit obligation liability recognised in this unconsolidated statement of financial position.

## 43.9 Maturity profile

The weighted average duration of the defined benefit obligation works out to 10 years.

## 43.10 Experience Adjustments

The remeasurement gains / (losses) arise due to actual experience varying from the actuarial assumptions for the year:

Particulars	2020	2019	2018	2017	2016
	(Rupees in '000)				
Defined benefit obligation	1,078,998	844,212	649,062	550,729	367,635
Fair value of plan assets	(1,391,879)	(692,331)	(546,568)	(375,611)	(249,327)
Net defined benefit liability	(312,881)	151,881	102,494	175,118	118,308
Remeasurement gain / (loss) on obligation	13,553	(836)	(52,391)	75,269	56,598
Remeasurement gain / (loss) on plan assets	(490,776)	18,005	25,329	10,273	393
Other comprehensive income	(477,223)	17,169	(27,062)	85,542	56,991

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

43.11 The average duration of the benefit obligation at December 31, 2020 is within one year.

43.12 The Bank contributes to the gratuity fund as per actuarial's expected charge for the next financial year. Based on actuarial advice and management estimates, the charge in respect of defined benefit obligation for the next one year works out to be Rs. 139.866 million. The amount of re-measurements to be recognised in other comprehensive income for year ending December 31, 2020 will be worked out as at the next valuation.

#### 44. FINANCIAL INSTRUMENTS BY CATEGORY

	2020			Total
	Loans and receivables / at amortised cost	Assets at fair value through profit and loss / held for trading	Available for sale / at fair value through other comprehensive income	
----- (Rupees in '000) -----				
<b>ASSETS</b>				
Long term investments	22,717,922	-	26,107,786	48,827,708
Loans, advances, deposits and other receivables	246,146,922	-	-	426,146,922
Net investment in finance lease	11,279,742	-	-	11,279,742
Short term investments	13,754,748	28,457,633	134,658,167	176,870,548
Trade debts	1,544,570	-	-	1,544,570
Fund placements	23,239,672	-	-	23,239,672
Accrued mark-up	6,970,343	-	-	6,970,343
Cash and bank balances	31,769,714	-	-	31,769,714
	<u>357,423,639</u>	<u>28,457,633</u>	<u>160,767,953</u>	<u>546,649,225</u>
----- (Rupees in '000) -----				
<b>LIABILITIES</b>				
Financing liabilities	-	-	10,398,771	10,398,771
Liabilities against assets subject to finance lease	-	-	3,079,421	3,079,421
Deposits and other accounts	-	-	434,119,491	434,119,491
Trade and other payables	2,353,304	-	17,629,995	19,983,299
Borrowings	-	-	48,531,412	48,531,412
	<u>2,353,304</u>	<u>2,353,304</u>	<u>513,759,093</u>	<u>516,112,394</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2019			Total
	Loans and receivables / at amortised cost	Assets at fair value through profit and loss / held for trading	Available for sale / at fair value through other comprehensive income	
(Rupees in '000)				
<b>ASSETS</b>				
Long term investments	31,418,387	-	39,563,867	70,982,254
Loans, advances, deposits and other receivables	233,900,837	-	-	233,900,837
Net investment in finance lease	15,083,107	-	-	15,083,107
Short term investments	2,032,137	58,165,015	33,167,681	93,364,833
Trade debts	750,421	-	-	750,421
Fund placements	30,320,540	-	-	30,320,540
Accrued mark-up	8,824,961	-	-	8,824,961
Cash and bank balances	26,074,326	-	-	26,074,326
	<b>348,404,716</b>	<b>58,165,015</b>	<b>72,731,548</b>	<b>479,301,279</b>
(Rupees in '000)				
<b>LIABILITIES</b>				
Financing liabilities	-	-	11,981,433	11,981,433
Liabilities against assets subject to finance lease	-	-	4,422,887	4,422,887
Deposits and other accounts	-	-	371,618,075	371,618,075
Trade and other payables	-	1,384,491	13,157,283	14,541,774
Borrowings	-	-	54,721,267	54,721,267
	-	<b>1,384,491</b>	<b>455,900,945</b>	<b>457,285,436</b>

## 45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Group's net assets or a reduction in the profits available for dividends.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Executive Committee, ultimately responsible for the management of risk associated with the Group's activities, have established Statement of Investment and Operating Policy (SIOP), risk management guidelines and other internal guidelines for the management and assessment of the aforesaid financial risks.

### 45.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments at fair value through profit and loss, available for sale investments, fund placements and derivative financial instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

The following discussion includes sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

The sensitivity has been prepared for the year ended December 31, 2020 and December 31, 2019 respectively using the amounts of financial assets and liabilities held as at those dates of statement of financial position.

### 45.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cashflows of financial instruments will fluctuate because of changes in market interest rates.

The Group has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Group while dealing in financial instruments negotiates attractive fixed interest rates, which reduce the interest rate price risk.

The Group's interest rate exposure on financial instruments is disclosed as follows:

#### Sensitivity analysis for variable rate instruments

Presently, the Group holds interest rate bearing bank deposits, government securities, term finance certificates, loans and advances to customers and financial institutions and sukuks that expose the Group to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2020, with all other variables held constant, the net assets and income of the Group for the year would change as follows:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on other comprehensive income
		(Rupees in '000)	
<b>2020</b>			
Assets	100	484,592	-
	(100)	(484,592)	-
Liabilities	100	410,745	-
	(100)	(410,745)	-
<b>2019</b>			
Assets	100	1,891,629	-
	(100)	(1,891,629)	-
Liabilities	100	385,388	-
	(100)	(385,388)	-

#### Sensitivity analysis for fixed rate instruments

As at December 31, 2020 the Group holds Pakistan Investment Bonds and Market Treasury Bills which are classified in both categories, i.e. fair value through profit or loss / held for trading and fair value through OCI / available for sale exposing the Group to fair value interest rate risks, respectively. In case of 100 basis points increase / decrease in KIBOR on December 31, 2020, with all other variables held constant, the comprehensive income of the Group for the year would change as follows:



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

December 31, 2020	Increase / (decrease) in basis points	Effect on profit before tax	Effect on other comprehensive income
		----- (Rupees in '000) -----	
Assets	100	1,008,414	-
	(100)	(1,008,414)	-
<b>December 31, 2019</b>			
Assets	100	(881,207)	-
	(100)	881,207	-

## 45.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investments in foreign subsidiaries and to foreign exchange bank accounts.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit after tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of foreign subsidiary).

	Change in foreign currency rate (Percentage)	Effect on profit before tax	Effect on other comprehensive income
		----- (Rupees in '000) -----	
December 31, 2020	2.50%	231	-
	(2.50%)	(231)	-
December 31, 2019	2.50%	360	-
	(2.50%)	(360)	-

## 45.1.3 Equity price risk

Equity price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

The following table summarizes the Group's equity price risk as of December 31, 2020 and December 31, 2019. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would effect profit and equity of the Group in a similar but opposite manner.

	Fair Value Rs. in million	Price change	Effect on profit before tax	Effect on other comprehensive income
			----- (Rs. in million) -----	
December 31, 2020	30,071,311	5% increase	166,021	1,337,545
December 31, 2019	24,574,087	5% increase	122,077	1,106,627

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

### 45.2 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Group has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Group's financial liabilities. The contractual maturities of liabilities at the year-end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which the liabilities will be settled.

	2020					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years or more
	(Rupees in '000)					
<b>Financial liabilities</b>						
Long term financing	2,668,294	2,750,000	275,000	300,000	987,500	1,187,500
Lease Liability	3,079,421	3,070,768	359,116	369,731	814,269	1,527,652
Deposits and other accounts	431,220,191	431,189,991	157,425,938	80,264,150	18,199,605	175,300,298
Trade and other payables	19,983,299	19,983,299	17,413,262	464,077	262,921	1,843,039
Sub-ordinated loans	7,492,800	7,492,800	1,000	1,000	2,000	7,488,800
Accrued interest / mark-up	3,136,977	3,136,977	3,136,977	-	-	-
Borrowings	48,531,412	48,531,412	31,131,025	70,979	6,460,170	10,869,238
	<u>516,112,394</u>	<u>516,155,247</u>	<u>209,742,318</u>	<u>81,469,937</u>	<u>26,726,465</u>	<u>198,216,527</u>
	2019					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years or more
	(Rupees in '000)					
<b>Financial liabilities</b>						
Long term financing	3,764,448	3,812,500	375,000	687,500	1,250,000	1,500,000
Lease Liability	4,422,887	4,648,198	401,025	458,334	835,785	2,953,054
Deposits and other accounts	367,999,918	367,999,918	283,947,033	74,141,285	6,673,436	3,238,164
Trade and other payables	14,541,774	14,541,774	11,082,583	618,756	1,165,486	1,674,949
Sub-ordinated loans	7,494,800	7,494,800	600	1,400	2,000	7,490,800
Accrued interest / mark-up	4,340,342	4,340,342	4,340,342	-	-	-
Borrowings	54,721,267	54,721,267	49,992,444	193,571	207,839	4,327,413
	<u>457,285,436</u>	<u>457,558,799</u>	<u>350,139,027</u>	<u>76,100,846</u>	<u>10,134,546</u>	<u>21,184,380</u>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 45.3 Credit Risk

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

### 45.3.1 Analysis of credit quality

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk. Government debt securities have been excluded as these carry zero percent credit risk.

December 31, 2020	Neither past due nor impaired			Past due but not impaired	Individually impaired	Total
	High grade	Standard grade	Sub-standard grade			
	(Rupees in '000)					
Cash and bank balances	30,663,745	-	-	-	-	30,663,745
Due from banks	588,641	517,328	-	-	-	1,105,969
Cash collateral on securities borrowed and reverse repurchase agreements	21,003,215	2,236,457	-	-	-	23,239,672
Financial assets at fair value through profit or loss / held for trading	25,003,774	3,453,859	-	-	-	28,457,633
<b>Loans and advances:</b>						
Corporate lending	8,391,660	128,935,086	18,150,757	4,153,150	4,950,582	164,581,235
Agriculture	1,402,104	1,882,406	2,077,575	-	199,886	5,561,971
Medium Enterprise Lending	2,517,575	27,147,164	3,022,743	429,647	709,874	33,827,002
Small business lending	8,288,393	6,861,465	722,910	34,759	678,256	16,585,782
Banks	4,704,582	647,385	-	-	-	5,351,968
Consumer lending	1,254,468	4,435,434	1,529,339	-	69,303	7,288,544
Residential mortgages	697,477	6,834,070	2,527,802	-	943,818	11,003,167
Employees and contractors	5,161,261	-	-	-	-	5,161,261
Trade debts	419,522	715,762	-	409,286	-	1,544,570
Accrued mark-up	2,112,237	4,858,112	-	-	-	6,970,349
<b>Financial investments available for sale:</b>						
Quoted - other debt securities	457,454	-	4,017,289	-	-	4,474,743
Unquoted - debt securities	271,466	2,290,889	-	-	(370,051)	2,192,304
Equity investments	-	4,626,189	-	-	(275,366)	4,350,823
<b>Financial assets at fair value through OCI</b>						
Equity investments	-	22,411,067	-	-	-	22,411,067
	<b>112,937,574</b>	<b>217,852,673</b>	<b>32,048,414</b>	<b>5,026,841</b>	<b>6,906,302</b>	<b>374,771,805</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

December 31, 2019	Neither past due nor impaired			Past due but not impaired	Individually impaired	Total
	High grade	Standard grade	Sub-standard grade			
	(Rupees in '000)					
Cash and bank balances	25,611,490	-	-	-	-	25,611,490
Due from banks	377,344	85,492	-	-	-	462,836
Cash collateral on securities borrowed and reverse repurchase agreements	30,037,915	282,625	-	-	-	30,320,540
Financial assets at fair value through profit or loss	55,598,469	2,566,546	-	-	-	58,165,015
<b>Loans and advances:</b>						
Corporate lending	20,274,836	123,184,329	15,577,397	1,584,770	4,383,461	165,004,793
Agriculture	2,121,126	2,948,279	904	1,437	206,566	5,278,312
Medium Enterprise Lending	11,822,233	14,637,094	2,047,928	63,018	984,417	29,554,690
Small business lending	8,248,268	4,287,626	259,274	11,760	596,161	13,403,089
Banks	5,544,565	242,210	45,403	438,411	-	6,270,589
Consumer lending	1,524,306	5,589,138	724,091	13,841	38,478	7,889,854
Residential mortgages	1,398,115	8,997,694	973,784	-	804,138	12,173,731
Employees and contractors	3,784,976	-	-	-	-	3,784,976
Trade debts	234,711	106,424	-	409,286	-	750,421
Accrued mark-up	2,515,646	6,309,315	-	-	-	8,824,961
<b>Financial investments available for sale:</b>						
Quoted - other debt securities	540,303	-	-	-	-	540,303
Unquoted - debt securities	1,751,190	1,069,786	-	-	(370,051)	2,450,925
Equity investments	-	2,115,748	-	-	(136,589)	1,979,159
<b>Financial assets at fair value through OCI</b>						
Equity investments	-	20,166,788	-	-	-	20,166,788
	<u>171,385,493</u>	<u>192,589,094</u>	<u>19,628,781</u>	<u>2,522,523</u>	<u>6,506,581</u>	<u>392,632,472</u>

### 45.3.2 Concentration of credit risk

The Group monitors concentration of credit risk by sector and geographic locations. An analysis of concentration of credit risk from loans and advances, funds placements and investments is given below:





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	Loans & advances and Funds placements		Trade debts		Investment debt securities	
	2020	2019	2020	2019	2020	2019
----- (Rupees in '000) -----						
<b>Segment by class of business</b>						
Mining and quarrying	137,220	159,069	-	-	-	-
Agri finance	7,797,960	5,285,334	-	-	-	-
Brokerage	8,866,882	6,929,558	-	-	-	-
Cement	2,236,379	2,958,936	-	-	-	-
Textile and glass	23,292,904	23,589,038	-	-	-	-
Chemical and pharmaceuticals	6,722,199	7,632,870	-	-	100,000	108,333
Fertilizer and pesticides	3,484,915	4,446,138	-	-	-	-
Automobile and transportation equipment	3,912,821	3,854,727	-	-	-	-
Tyre, rubber and plastic	2,229,627	2,290,289	-	-	-	-
Electronics and electrical appliances	823,973	237,458	-	-	-	-
Construction and real estate	4,559,284	9,299,382	-	-	11	13
Power and water, oil and gas	28,319,646	32,359,447	-	-	380,050	534,660
Metal and steel	9,966,050	8,824,579	-	-	-	-
Paper / board / furniture	1,674,874	1,506,878	-	-	-	-
Food / confectionery / beverages	34,253,338	32,353,949	-	-	-	-
Trust and non-profit organisations	56,043	475,240	-	-	-	-
Transport, storage and shipping	35,629,199	40,575,801	-	-	555,733	699,720
Financial	1,442,302	2,110,683	63,493	85,054	540,910	520,174
Insurance and security	10,451	176,116	71,952	26,939	-	-
Engineering, IT and other services	12,292,279	7,723,010	-	-	-	-
Sugar	2,042,589	2,609,984	-	-	-	-
Individuals	33,169,525	31,545,108	1,398,208	619,527	-	-
Wholesale and retail trade	12,161,474	10,671,924	-	-	-	-
Bank	31,769,714	26,074,326	-	-	-	-
Others	18,482,160	9,253,143	10,917	18,901	1,265,081	1,350,000
	<b>285,333,808</b>	<b>272,942,987</b>	<b>1,544,570</b>	<b>750,421</b>	<b>2,841,785</b>	<b>3,212,900</b>
<b>Segment by geographic location</b>						
In Pakistan	280,923,253	269,190,701	1,544,570	750,421	2,841,785	3,212,900
Outside Pakistan	4,410,555	3,752,286	-	-	-	-
	<b>285,333,808</b>	<b>272,942,987</b>	<b>1,544,570</b>	<b>750,421</b>	<b>2,841,785</b>	<b>3,212,900</b>

### 45.3.3 Trading assets

The table below sets out the credit quality of trading debt securities. The analysis is based on PACRA and VIS ratings where applicable:

	2020	2019
----- (Rupees in '000) -----		
<b>Mutual Funds</b>		
Rated AA- to AA+	1,526,927	1,678,841
	<b>1,526,927</b>	<b>1,678,841</b>
<b>Debt Securities</b>		
Term Finance Certificates-listed	677,549	761,975
Rated AA- to AA+	2,164,571	2,423,192
	<b>2,842,120</b>	<b>3,185,167</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

### 45.3.4 Collaterals held and other credit enhancements, and their financial effect

The group holds collateral against its certain exposures. The table below sets out the principal type of collateral held against different types of financial assets:

Type of credit exposure	Percentage of exposure that is subject to collateral requirements		Principle type of collateral held
	2020	2019	
<b>Loans and advances to banks</b>			
Call money lendings	-	-	None
Lending to financial institutions	100%	100%	Property / Stock
Repurchase agreement lendings	100%	100%	Government Securities
<b>Loans and advances to retail customers</b>			
Running, cash, etc. finances	100%	100%	Cash / Property / Stock / Gold
Term loan	100%	100%	Cash / Property / Stock / Gold
Trade loans	100%	100%	Cash / Stock
House and personal loans	100%	100%	Property
Auto loans	100%	100%	Mortgage of vehicles
<b>Loans and advances to corporate customers</b>			
Advances to corporate customers	100%	100%	Mortgage on fixed assets and lien on liquid assets

### 46. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and fund placements. Capital signifies equity as shown in the statement of financial position plus net debt.

During the year ended December 31, 2020, the Group's strategy was to maintain leveraged gearing. The gearing ratios as at December 31, 2020 was as follows:



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	----- (Rupees in '000) -----	
Long term financing	10,161,094	11,259,248
Liability against assets subject to finance lease	3,079,421	4,422,887
Deposits and other accounts	431,220,191	367,999,918
Trade and other payables	20,290,139	14,764,464
Accrued interest / mark-up on borrowings	3,136,977	4,340,342
Short term borrowings	48,531,412	54,721,267
<b>Total debt</b>	<b>516,419,234</b>	<b>457,508,126</b>
Cash and bank balances	31,769,714	26,074,326
Fund placements	23,239,672	30,320,540
	55,009,386	56,394,866
<b>Net debt</b>	<b>461,409,848</b>	<b>401,113,260</b>
Share capital	9,159,424	9,159,424
Reserves	30,126,580	21,598,023
<b>Equity</b>	<b>39,286,004</b>	<b>30,757,447</b>
<b>Capital</b>	<b>500,695,852</b>	<b>431,870,707</b>
<b>Gearing ratio</b>	<b>92%</b>	<b>93%</b>

The Group finances its operations through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

## 47. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

In respect of investments in quoted equity securities, fair value is determined by reference to stock exchange quoted market price at the close of business day. For term finance certificates, fair value is determined by reference to average broker rates.

### Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- **Level 1** Quoted prices in active markets for identical assets or liabilities.
- **Level 2** Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) and;
- **Level 3** Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

47.1 The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	2020			Total
	Level 1	Level 2	Level 3	
(Rupees in '000)				
<b>On balance sheet financial instruments</b>				
<b>At fair value through profit or loss</b>				
Open end Mutual funds	-	1,535,365	-	1,535,365
Term finance certificates	-	125,000	-	125,000
Listed equity securities	1,793,494	-	-	1,793,494
Government Securities	-	25,003,774	-	25,003,774
<b>At fair value through OCI</b>				
Listed equity securities	21,947,881	-	-	21,947,881
Unlisted equity investments	-	-	463,186	463,186
<b>Available-for-sale investments</b>				
Listed equity securities	4,339,823	-	-	4,339,823
Sukuk and term finance certificates	-	2,622,025	-	2,622,025
Government securities	-	127,406,043	-	127,406,043
Foreign currency bond (US\$)	-	4,017,289	-	4,017,289
	<b>28,081,198</b>	<b>160,709,496</b>	<b>463,186</b>	<b>189,253,880</b>
<b>Off balance sheet financial instruments</b>				
<b>Forward foreign exchange contracts</b>				
Purchase	-	22,942,707	-	22,942,707
Sale	-	14,910,910	-	14,910,910
<b>Forward securities</b>				
Purchase	-	14,910,910	-	14,910,910
Sale	-	-	-	-
<b>Interest rate swaps</b>				
Purchase	-	1,120,607	-	1,120,607
Sale	-	1,125,550	-	1,125,550
<b>Options</b>				
Purchase	-	581,042	-	581,042
Sale	-	2,437,068	-	2,437,068



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2019			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b><u>On balance sheet financial instruments</u></b>				
<b>At fair value through profit or loss</b>				
Open end Mutual funds	-	1,678,841	-	1,678,841
Term finance certificates	-	125,000	-	125,000
Listed equity securities	762,705	-	-	762,705
Government Securities	-	55,598,469	-	55,598,469
<b>At fair value through OCI</b>				
Listed equity securities	9,731,412	-	-	19,731,412
Unlisted equity investment	-	-	435,376	435,376
<b>Available-for-sale investments</b>				
Listed equity securitised	1,965,753	-	-	1,965,753
Sukuk and term finance certificates	-	540,303	2,423,192	2,963,495
Government securities	-	47,019,373	-	47,019,373
	22,459,870	104,961,986	2,858,568	130,280,424
<b><u>Off balance sheet financial instruments</u></b>				
<b>Forward foreign exchange contracts</b>				
Purchase	-	32,885,546	-	32,885,546
Sale	-	21,722,741	-	21,722,741
<b>Future transaction of listed equity securities</b>				
	-	-	-	-
<b>Forward securities</b>				
Purchase	-	499,818	-	499,818
Sale	-	-	-	-
<b>Interest rate swaps</b>				
Purchase	-	1,474,016	-	1,474,016
Sale	-	2,738,661	-	2,738,661
<b>Options</b>				
Purchase	-	1,024,638	-	1,024,638
Sale	-	1,030,868	-	1,030,868

## 47.2 Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV, PKFRV & PKISRV rates (Reuters page).
Term Finance Certificates and Bonds	Investments in debt securities (comprising Term Finance Certificates, Bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration, etc.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

47.3 As at December 31, 2020, the Company's long term investments in unquoted securities of EFU Services (Private) Limited and Security General Insurance Company Limited (see note 10) are carried at fair value. The fair values of these investment are determined by the management after applying appropriate haircut to the carrying values of the net assets of investee companies as the net assets of investee companies mainly comprise of marketable securities and other assets having carrying value approximately equal to their fair value.

47.4 During the year ended December 31, 2020, there were no transfers between level 1 and 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

### 48. RELATED PARTY TRANSACTIONS

48.1 Following are the names of associated companies, related parties and associated undertakings with whom the group had entered into transactions or had agreements in place during the year:

Name of Related parties	Percentage of shareholding	Relationship
EFU General Insurance Limited	29.55%	Common Directorship
EFU Life Assurance Limited	21.32%	Common Directorship
EFU Services (Private) Limited	37.50%	Common Directorship
Allianz EFU Health Insurance Limited	N/A	Others
Future Trust	N/A	Common Directorship
Mahvash & Jahangir Siddiqui Foundation	N/A	Others
Fakhr-e-Imdad Foundation	N/A	Others
Jahangir Siddiqui Private Equity	N/A	Common Substantial Shareholder
JS Lands (Private) Limited	N/A	Common Substantial Shareholder
JS Growth Fund	N/A	Fund managed by Subsidiary
JS Value Fund	N/A	Fund managed by Subsidiary
Unit Trust of Pakistan	N/A	Fund managed by Subsidiary
JS Income Fund	N/A	Fund managed by Subsidiary
JS Islamic Fund	N/A	Fund managed by Subsidiary
JS Fund of Funds	N/A	Fund managed by Subsidiary
JS Islamic Income Fund	N/A	Fund managed by Subsidiary
JS Cash Fund	N/A	Fund managed by Subsidiary
JS Large Cap Fund	N/A	Fund managed by Subsidiary
JS Islamic Hybrid Fund of Funds	N/A	Fund managed by Subsidiary
JS Islamic Hybrid Fund of Funds - 2	N/A	Fund managed by Subsidiary
JS Islamic Hybrid Fund of Funds - 3	N/A	Fund managed by Subsidiary
JS Islamic Dedicated Equity Fund	N/A	Fund managed by Subsidiary
JS Pension Savings Fund	N/A	Fund managed by Subsidiary
JS Islamic Pension Savings Fund	N/A	Fund managed by Subsidiary
JS Aggressive Income Fund	N/A	Fund managed by Subsidiary



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

Name of Related parties	Percentage of shareholding	Relationship
JS Islamic Daily Dividend Fund	N/A	Fund managed by Subsidiary
JS Motion Picture Fund	N/A	Fund managed by Subsidiary
Jahangir Siddiqui & Co. Ltd. - Staff Provident Fund	N/A	Post-employment Benefit Fund
JS Bank Limited - Staff Provident Fund	N/A	Post-employment Benefit Fund
JS Bank Limited - Staff Gratuity Fund	N/A	Post-employment Benefit Fund
JS Global Capital Limited - Staff Provident Fund	N/A	Post-employment Benefit Fund of Sub-Subsidiary Company
ABAMCO Limited Staff Provident Fund	N/A	Post-employment Benefit Fund of Sub-Subsidiary Company
EFU General Insurance Limited (Employees Gratuity Fund)	N/A	Post-employment Benefit Fund of Group Company
EFU General Insurance Limited (Officer Pension Fund)	N/A	Post-employment Benefit Fund of Group Company
EFU General Insurance Limited (Employees Provident Fund)	N/A	Post-employment Benefit Fund of Group Company
EFU Life Assurance Ltd (Employees Provident Fund)	N/A	Post-employment Benefit Fund of Group Company
EFU Life Assurance Ltd (Employees Pension Fund)	N/A	Post-employment Benefit Fund of Group Company
Allianz EFU Health Insurance Limited (Employee Provident Fund)	N/A	Post-employment Benefit Fund of Group Company
EFU Life Assurance Limited (Window Takaful Operations)	N/A	Common Directorship
EFU General Insurance Limited (Window Takaful Operations)	N/A	Common Directorship
Excel Labs (Pvt) Ltd.	N/A	Common Directorship
Mr. Jahangir Siddiqui	8.24%	Controlling Person of the Group
Jahangir Siddiqui Securities Services Limited	43.89%	Common Substantial Shareholder
Jahangir Siddiqui & Sons Limited	22.74%	Common Substantial Shareholder
Mr. Ali Raza Siddiqui	0.00%	Key Management Person of the group
Mr. Suleman Lalani	0.00%	Key Management Person of the group
Chief Justice (R) Mahboob Ahmed	0.04%	Key Management Person of the group
Mr. Shahid Hussain Jatoi	0.04%	Key Management Person of the group
Mr. Muhammad Ali	0.00%	Key Management Person of the group
Ms. Hina Athar Khan	0.00%	Key Management Person of the group

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

Name of Related parties	Percentage of shareholding	Relationship
Mr. Hasib Navaid Malik	0.00%	Key Management Person of the group
Mr. Saud Ahmed Mirza	0.00%	Key Management Person of the group
Mr. Khalil ur Rehman	0.00%	Key Management Person of the group
Mr. Muhammad Kamran Nasir	0.00%	Key Management Person of the group
Mr. Adil Matcheswala	0.00%	Key Management Person of the group
Mr. Rizwan Khan	0.00%	Key Management Person of the group
Mr. Ashraf Nawabi	0.00%	Key Management Person of the group
Mr. Junaid Mirza	0.00%	Key Management Person of the group
Mr. Basir Shamsie	0.00%	Key Management Person of the group
Mr. Hasan Shahid	0.00%	Key Management Person of the group
Mr. Kamran Jaffer	0.00%	Key Management Person of the group
Mr. Imran Ali Khan Soomro	0.00%	Key Management Person of the group
Mr. Raja Abdullah	0.00%	Key Management Person of the group
Mr. Muhammad Yousuf Amanuallah	0.00%	Key Management Person of the group
Mr. Aamir Ali	0.00%	Key Management Person of the group
Mr. Muhammad Kamran Mirza	0.00%	Key Management Person of the group
Syed Imtiaz Bokhari	0.00%	Key Management Person of the group
Mr. Adnan Zakaria	0.00%	Key Management Person of the group
Mr. Imran Haleem Shaikh	0.00%	Key Management Person of the group
Mr. Ashraf Shahzad Ahmed	0.00%	Key Management Person of the group
Syed Tauqir Haider Rizvi	0.00%	Key Management Person of the group
Mr. Muhammad Faisal	0.00%	Key Management Person of the group
Mr. Babbar Wajid	0.00%	Key Management Person of the group
Mr. Siraj Ali Mithani	0.00%	Key Management Person of the group
Mr. Kashan Zafar	0.00%	Key Management Person of the group
Mr. Muhammad Faisal Asghar	0.00%	Key Management Person of the group
Mr. Ali Pesnani	0.00%	Key Management Person of the group
Mr. Khurram Shaikh	0.00%	Key Management Person of the group
Mr. Fasih Ur Rehman	0.00%	Key Management Person of the group
Mr. Anjum Amin Siddiqui	0.00%	Key Management Person of the group
Mr. Soofi Saifullah Akber	0.00%	Key Management Person of the group
Mr. Rafiq Ghulam Hussain	0.00%	Key Management Person of the group
Mr. Asim Qamar Siddiqui	0.00%	Key Management Person of the group
Syed Asad Mustafa Shafqat	0.00%	Key Management Person of the group
Mr. Mamoon Hameed Farooqi	0.00%	Key Management Person of the group
Syed Tauqir Haider Rizvi	0.00%	Key Management Person of the group
Mr. Shahid Ali Khan	0.00%	Key Management Person of the group
Mr. Zubair Jabbar	0.00%	Key Management Person of the group
Mr. Zaheer Masood	0.00%	Key Management Person of the group





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

48.2 Related parties comprise of subsidiaries, companies with common directors, associated companies, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amount due from and to these related parties are shown under receivables and payables, reverse repos are shown under fund placements and the remuneration of chief executive and executives are disclosed in note 49. The relationship and transactions with the related parties are given below:

TRANSACTIONS	2020	2019
	----- (Rupees in '000) -----	
<b>Common Directorship:</b>		
Remuneration paid	428,512	343,874
Dividend income	936,403	853,975
Rent Income	5,409	9,104
Brokerage / commission / service income	267,361	350,852
Insurance claim received / Refund / Cancelled	10,476	8,101
Insurance premium paid	411,624	349,369
Expenses incurred on behalf of related parties	1,899	5,851
Reimbursement of expenses by related parties	32,105	2,970
Proceeds from sale of property & Equipment	1,056	-
Security deposit repaid	468	-
Interest / mark-up expense	1,135,043	1,383,816
Donation paid during the year	121,841	4,745
Letter of credit and letter of guarantee	115,597	58,585
Loans and advances disbursed	7,635,699	5,086,823
Loans and advances repaid	5,488,750	6,320,068
Deposits in banks accounts	160,958,572	235,460,531
Withdrawals from bank accounts	159,215,607	236,784,614
Interest / mark-up earned	178,695	322,478
Rent expense	195	2,596
Security deposit Received	492	468
Borrowings received from related parties	11,105,705	174,209,491
Borrowings repaid to related parties	11,105,705	179,009,491
<b>Fund managed by Subsidiary Company:</b>		
Purchase of shares / units	4,283,694	3,502,098
Redemption of units	3,452,201	3,789,379
Remuneration of management fee	172,975	198,795
Dividend income	22,438	25,904
Reimbursement of expenses from funds	67,861	37,912
Other expenses incurred on behalf of funds	67,872	46,374
Commission income	4,096	9,058
Gain / (loss) on sale of securities - net	242,439	155,288

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	----- (Rupees in '000) -----	
<b>Post-employment Benefit Fund:</b>		
Contribution to staff provident fund trust	416,241	374,267
Principal redemption against TFCs	-	9,976
Interest / mark-up paid	-	535
Expenses incurred on behalf of related parties	300	121
Reimbursement of expenses by related parties	300	121
<b>Controlling Person:</b>		
Short term loan received and repaid	180,000	-
Interest / mark-up paid	4,520	-
Royalty paid	45,000	45,000
Advisory fee paid	6,000	21,000
<b>Common Substantial Shareholder:</b>		
Rent expense	48,881	141,272
Rent income	11,585	11,033
Security deposit Received	-	1,003
Refund of Security deposit	3,035	-
Purchase of property and equipment	748,845	-
Reimbursement of expenses by the Company	9,264	23,183
Reimbursement of expenses to the Company	18,173	2,171
<b>Key Management Personnel:</b>		
Reimbursement of expenses to directors	6,739	11,959
Interest on long term loans to executives	45,906	17,002
Interest / mark-up expense	6,694	6,536
Deposits in banks accounts	1,485,993	1,598,346
Withdrawals from bank accounts	1,281,458	1,587,803
Commission income	795	368
Brokerage income	3,773	215
Remuneration to key management personnel	232,592	184,326
Fee paid to directors for attending director / committee meetings	28,525	19,750
Loans and advances disbursed	464,137	353,466
Loans and advances repaid	158,617	292,553
Disposal of fixed asset	-	30,483
Preference dividend paid	-	161
<b>Other Related Parties:</b>		
Purchase of Government securities	514,936	-
Purchase of Sukuk / TFCs	-	20,000
Sale of Sukuk / TFCs	1,489,025	6,087,800
Insurance premium paid	10,584	20,206
Insurance claim received	132	1,900
Interest / mark-up earned	-	5,870,864
Brokerage expense	-	454
Amount received against subscription of right shares	-	15,190
Loans and advances disbursed	-	50,000
Preference dividend paid	-	38



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

BALANCES	2020	2019
	----- (Rupees in '000) -----	
<b>Common Directorship:</b>		
Advances	4,093,430	1,946,481
Borrowings	-	-
Deposits	10,365,166	8,622,201
Prepaid insurance	135	-
Unearned rent	-	468
Security deposit	492	704
Receivable against expenses incurred on behalf of companies	1,017	1,017
Donation payable	14,500	5,000
Subordinated loans	789,552	289,784
Interest payable on deposits	153,374	286,949
Interest payable on subordinated loans	1,236	1,441
Interest receivable	52,998	49,640
Receivable against bancassurance / bancatakaful	28,051	67,952
<b>Common Substantial Shareholder:</b>		
Receivable against expenses incurred on behalf of companies	2,274	369
Security deposit	1,003	1,003
Rent receivable	3,417	2,486
Unearned rent	-	1,003
Payable against expenses incurred by companies	1,233	716
<b>Post-employment Benefit Fund:</b>		
Subordinated loans	99,880	99,920
Interest payable on subordinated loans	72	122
Payable to defined benefit plan	-	147,885
<b>Other Related Parties:</b>		
Advances and Loans	-	922,500
Principal outstanding on TFC's	20,005	-
Trade debts	27,348	133,528
Trade payable	783	778
Other receivables	1,334	16,230
Security deposit	-	3,035
Receivable against expenses incurred on behalf of companies	177	177
Rent receivable	380	380
Provision against other assets	379	2,438
Prepaid insurance	-	97,806
Provision for diminution in value of investments	277,456	65,022
Investments	2,720,901	1,617,327
Interest receivable on loans	-	38,705

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

	2020	2019
	----- (Rupees in '000) -----	
<b>Fund managed by Subsidiary Company:</b>		
Payable to funds under management	338	3,011
Receivable from funds under management	131,242	145,495
<b>Key management personnel:</b>		
Advances	901,761	596,257
Deposits	288,572	84,037
Loans and advances payable	11,373	11,357
Trade debts	80	712
Trade payable	6,314	4,820
Interest mark-up accrued	2,807	521
Interest payable on deposits	85	114

### 49. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVES AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including certain benefits to directors, chief executives and executives of the Group is as follows:

	Directors		Chief Executives		Executives	
	2020	2019	2020	2019	2020	2019
	----- (Rupees in '000) -----					
Managerial remuneration	-	-	101,975	107,366	2,176,300	2,610,460
House rent allowance	-	-	1,268	1,581	2,747	5,244
Utilities allowance	-	-	141	175	9,459	9,879
Car allowance	-	-	300	667	373,455	227,668
Sub-brokerage, commission and performance bonus	-	-	37,000	24,000	370,380	17,643
Advisory and consultancy fee	-	-	-	-	-	-
Retirement benefits	-	-	9,427	9,090	253,553	247,260
Medical	-	-	7,492	6,592	194,900	179,966
Reimbursable expenses	191	10,708	353	380	132,831	10,277
Fee for attending meetings	27,550	20,800	-	-	-	-
	<u>27,741</u>	<u>31,508</u>	<u>157,956</u>	<u>149,851</u>	<u>3,513,625</u>	<u>3,308,397</u>
Number of persons	<u>25</u>	<u>18</u>	<u>5</u>	<u>5</u>	<u>760</u>	<u>749</u>

49.1 The Group also provides certain Chief Executives and Executives with Group maintained cars.

### 50. OPERATING SEGMENT INFORMATION

For management purposes the Group is organised into following major business segments:

<b>Capital market and brokerage</b>	Principally engaged in trading of equity securities, maintaining strategic and trading portfolios and earning share brokerage and money market, forex and commodity brokerage, advisory, underwriting, book running and consultancy services.
<b>Banking</b>	Principally engaged in providing investment and commercial banking.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

<b>Investment advisor / assets manager</b>	Principally providing investment advisory and asset management services to different mutual funds and unit trusts.
<b>Energy infrastructure and petroleum</b>	Principally engaged in investment in oil marketing sector and storage of petroleum, LPG and allied products.
<b>Others</b>	Other operations of the Group comprise of telecommunication, media and information technology, underwriting and consultancy services, research and corporate finance and power generation.

The following tables present revenue and profit information for the Group's operating segments for the year ended December 31, 2020 and 2019 respectively.

	Capital market and brokerage	Banking	Investment advisor / assets manager	Energy, infrastructure and petroleum	Others	Total segments	Adjustments and eliminations	Consolidated
(Rupees in '000)								
<b>Year ended December 31, 2020</b>								
<b>Revenue</b>								
Segment revenues	1,906,591	49,901,821	348,467	142,718	22,185	52,321,782	(260,648)	52,061,134
Inter-segment revenues	(154,795)	(21,130)	(3,224)	(74,791)	(6,708)	(260,648)	260,648	-
<b>Total revenue</b>	<b>1,751,796</b>	<b>49,880,691</b>	<b>345,243</b>	<b>67,927</b>	<b>15,477</b>	<b>52,061,134</b>	<b>-</b>	<b>52,061,134</b>
<b>Results</b>								
Profit for the year	1,336,923	1,247,456	(49,757)	(477,567)	8,607	2,065,662	(800,903)	1,264,759

	Capital market and brokerage	Banking	Investment advisor / assets manager	Energy, infrastructure and petroleum	Others	Total segments	Adjustments and eliminations	Consolidated
(Rupees in '000)								
<b>Year ended December 31, 2019</b>								
<b>Revenue</b>								
Segment revenues	1,938,822	45,543,299	408,539	214,523	20,493	48,125,676	(481,832)	47,643,844
Inter-segment revenues	(220,149)	(217,949)	(10,052)	(28,070)	(5,612)	(481,832)	481,832	-
<b>Total revenue</b>	<b>1,718,673</b>	<b>45,325,350</b>	<b>398,487</b>	<b>186,453</b>	<b>14,881</b>	<b>47,643,844</b>	<b>-</b>	<b>47,643,844</b>
<b>Results</b>								
Profit for the year	186,909	(151,406)	(93,992)	(80,201)	6,782	(131,908)	182,711	50,803

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

The following tables present assets and liabilities information for the Group's operating segments for the year ended December 31, 2020 and 2019 respectively.

	Capital market and brokerage	Banking	Investment advisor / assets manager	Energy, infrastructure and petroleum	Others	Total segments	Adjustments and eliminations	Consolidated
	(Rupees in '000)							
<b>Assets</b>								
December 31, 2020	40,368,043	530,877,243	1,721,582	8,600,755	2,078,840	583,646,463	(21,068,012)	562,568,451
December 31, 2019	33,537,712	468,693,927	2,061,831	5,369,971	736,123	510,399,564	(16,517,632)	493,881,932
<b>Liabilities</b>								
December 31, 2020	6,407,940	511,331,774	453,522	2,907,683	7,259	521,108,178	(4,110,132)	516,998,046
December 31, 2019	6,275,884	452,487,539	747,238	386,419	6,106	459,903,186	(2,183,959)	457,719,227

2020                      2019  
----- (Rupees in '000) -----

### 51. GEOGRAPHIC INFORMATION

#### Revenues from external customers

Pakistan

51,998,522                      47,638,448

#### Non-current assets

Pakistan

11,249,509                      11,114,459

Non-current assets consist of property and equipment, investment properties, intangible assets and membership cards and rooms.

### 52. RECLASSIFICATIONS

52.1 Comparative figures have been re-arranged and reclassified wherever necessary for the purpose of comparison and better presentation, in the current year. However, there are no material reclassification / re-arrangement to report. Following major reclassification has been made.

Reclassified from component	Reclassified to component	2019 (Rupees in '000)
Assets held for sale	Property and equipment	<u>141,731</u>

Non-current assets consist of property and equipment, investment properties, intangible assets and membership cards and rooms.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

## 53. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 11, 2021, by the Board of Directors of the Holding Company.

## 54. GENERAL

### 54.1 Subsequent event

Subsequent to the year end, the Board of Directors of the Company in their meeting held on March 11, 2021 resolved to issue listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" preference shares by way of rights to the existing shareholders at par value of Rs. 10 per share in the proportion of their shareholding at a ratio of 2:10 in accordance with sections 58 and 83 of Companies Act, 2017 and Companies (Further Issue of Shares) Regulations, 2020.

### 54.2 Other

Figures have been rounded off to the nearest thousand rupees.

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

**Najmul Hoda Khan**  
Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

ANNEXURE I

## Details of disposal of fixed assets having written down value exceeding Rs. 500,000 each (refer note 7.1.1)

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship with Bank (if any)
	Rupees in '000						
Toyota Corolla	2,405	460	1,945	2,750	805	Insurance	EFU General Insurance Limited - Common Directorship
Toyota Corolla	1,863	1,304	559	2,010	1,451	Negotiation	Adnan Naseer
Honda City	2,059	283	1,776	2,160	384	Third party via bid	Fawad Ahmed Siddiqui
Wagon R VXL	1,070	468	602	1,085	483	Third party via bid	Tabish Zaheer
Swift DLX	1,500	694	806	1,506	700	Third party via bid	Fawad Ahmed Siddiqui
Swift DLX	1,500	694	806	1,505	699	Third party via bid	Shoaib Naseem
Honda City	1,922	360	1,561	2,085	524	Sale	Afham Elahi Usmani - Key Management Personnel
Toyota Corolla Gli	1,887	896	990	2,100	1,110	Third party via bid	Mansoor Sadiq
Suzuki Cultus VXL	1,411	547	864	1,520	656	Third party via bid	Mansoor Randhawa
Toyota Corolla Gli	1,887	990	896	2,160	1,264	Third party via bid	Murtaza Roshan Ali
Suzuki Cultus VXL	2,059	437	1,621	2,310	689	Third party via bid	Muhammad Hafeez Qureshi
Toyota Corolla Gli	2,419	1,058	1,360	3,025	1,665	Third party via bid	Muhammad Zubair
Honda Civic	2,897	917	1,980	2,410	430	Sale	Muhammad Waqar Ahmed
Suzuki Cultus	1,440	408	1,032	1,100	68	Sale	Future Trust
	<b>26,315</b>	<b>9,516</b>	<b>16,799</b>	<b>27,726</b>	<b>10,926</b>		
Aggregate of other items of fixed assets in own use with individual book value not exceeding Rs. 500,000	522,779	324,360	198,419	200,080	1,661	Negotiation	Various
	<b>549,094</b>	<b>333,876</b>	<b>215,218</b>	<b>227,806</b>	<b>12,588</b>		





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

ANNEXURE II

The branch network of the Group is disclosed hereunder:

**JS Bank Limited:**

**SINDH**

Khy-e-Shahbaz, DHA Phase VI Branch  
Tel: 021 - 35243415 - 6

North Karachi Industrial Area Branch  
Tel: 021 - 36962911 - 12

**Karachi**

Gulshan Chowrangi Branch  
Tel: 021 - 34833290 - 5

Orangi Town Branch  
Karachi  
Tel: 021- 3669 7925 - 30

Shaheen Complex Branch  
Tel: 111 - 572 - 265  
021-32272569-80

DHA Phase 8 Branch  
Tel: 021- 3517 1731

Progressive Centre,  
Shahrah-e-Faisal Branch  
Tel: 021 - 34324682 - 5

Karachi Stock Exchange Branch  
Tel: 021 - 3246 2851 - 4

Shah Faisal Colony Branch  
Tel: 021 - 34686191 - 4

Khadda Market DHA Phase V Branch  
Tel: 021-35242401-4

S.I.T.E. Branch  
Tel: 021- 3255 0082 - 4

26th Street DHA Phase V Branch  
Tel: 021- 35304685

Delhi Colony Branch  
Tel: 021-35168646 - 8

Khy-e-Ittehad, DHA Phase II Ext,  
Branch  
Tel: 021 - 35313811 - 4

M.A. Jinnah Road Branch  
Tel: 021 - 32742006 - 8

Papoosh Nagar Branch  
Tel: 021- 36700071-3

Park Towers Clifton Branch  
Tel: 021 - 35832011

Lucky Star Branch  
Tel: 021 - 35622434 - 9

Boat Basin Branch  
Tel: 021- 3517 7901 - 4

Teen Talwar Branch  
Tel: 021-35836974

Gulshan-e-Hadeed Branch  
Tel: 021 - 34715201 - 3

New Sabzi Mandi Branch  
Tel: 0345-8211641-43

Gulshan-e-Iqbal Branch  
Tel: 021 - 34829055 - 60

Cloth Market Branch  
Tel: 021 - 3246 4042 - 8

Chase Shaheed-e-Millat  
Road Branch  
Tel: 021-34370270-71

Shahrah-e-Faisal Branch  
Tel: 021 - 34373240

Hawks Bay Branch  
Tel: 021 - 3237 3030 - 2

Fishries Branch Karachi  
Tel: 021-32384011-14

North Nazimabad Branch  
Tel: 021- 36721010 - 4

Garden West Branch  
Tel: 021 - 3224 0093 - 7

Garden East Branch  
Tel: 021-32244281- 82 - 83

Gulistan-e-Jauhar Branch  
Tel: 021- 34662002 - 4 & 6

Timber Market Branch  
Tel: 021 - 32763079

Soldier Bazar Branch  
Tel: 021 - 32244531- 3

Safoora Goth Branch  
Tel: 021 - 34661805 - 15

Ocean Mall Branch  
Tel: 021- 3516 6010 - 2

Ibrahim Hyderi  
Tel: 0346 - 1012281

Jheel Park Branch  
Tel: 021 - 34544831 - 5

Jodia Bazar Branch  
Tel: 021 - 3243 5304 - 6

**Hyderabad**

Nazimabad Branch  
Tel: 021 - 36612325

New Challi Branch  
Tel: 021 - 3260 2100

Saddar Branch  
Tel: 022 - 2730925 - 6

Korangi Industrial Area Branch  
Tel: 021 - 35055826  
021-35052773

North Napier Branch  
Tel: 021- 32467791 - 94

Latifabad Branch  
Tel: 022 - 3817984

Zamzama Branch  
Tel: 021 - 35295224 - 5

Electronic Market Branch  
Tel: 021 - 32700430 - 33

Cloth Market Branch  
Tel: 022 - 26182700 - 13

Korangi Road, DHA Phase I Branch  
Tel: 021 - 35803541 - 6

Urdu Bazar Branch  
Tel: 021- 3260 3073 - 77

Qasimabad Branch  
Tel: 022 - 2652190 - 2

Bahadarabad Branch  
Tel: 021 - 3492 2802 - 05

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## ANNEXURE II

Citizen Colony Branch Tel: 022 - 2100 891-3	Sultanabad Branch Tel: 022 - 3404106 - 7	Thatta Branch Tel: 029 - 8550934
SITE Branch Tel: 022 - 388519-3	Tando Allahyar Branch Tel: 022 - 3892001 - 4	UmerKot Branch Tel: 023 - 8570156 - 59
DHA Branch Tel: 022-2108078	Chambar Branch Tel: 022 - 3897032 - 5	Sheikh Berkiyo Branch Tel: 0335 - 2929824 - 23
Anaj Mandi Branch Tel: 022-2638802	Moro Branch Tel: 024 - 24132000	Behar Colony Kotri Branch Tel: 022 - 3410507 - 9
Latifabad No: 6 Branch Tel: 022-3411521-6	Kunri Branch Tel: 0238 - 558163 - 6	Bhiria City Branch Tel: 0242 - 432131 - 35
Kohsar Society Branch Tel: 022-3400914	Tando Mohammad Khan Branch Tel: 022 - 3340617 - 8	Khipro Branch Tel: 023 - 5879071 - 4
<b>Sukkur</b>	Digri Branch Tel: 023 - 3870245	Dharki Branch Ghotki Tel: 072-3641290
Shaheed Gunj Branch Tel: 071 - 5627482	Sehwan Sharif Branch Tel: 025 - 4620305 - 7	Kashmore Branch Kandhkot Tel: 072 - 2577705 - 07
Society Branch Tel: 071 - 5815210	Ghotki Branch Tel: 072 - 3600484	Naushehro Feroz Branch Tel: 024 - 2448415 - 6
Military Road Branch Tel: 071 - 5630825 - 32	KandhKot Branch Tel: 072 - 2573048	Mirpur Mathelo Tel: 072 - 3663315
<b>Other Cities</b>	Shikarpur Branch Tel: 0726540374-75	<b>BALOCHISTAN</b>
Sanghar Branch Tel: 0235 - 8001630	ShahdadKot Branch Tel: 074 - 4013169	Cantt Branch Quetta Tel: 081 - 2863334
Jamshoro Branch Tel: 022 - 3878103-4	Shahdadpur Branch Tel: 023 - 5581523	M.A. Jinnah Road Branch Tel: 081 - 2865503 - 4
Mirpurkhas Branch Tel: 0233 - 876001-4	Mithi Branch Tel: 023 - 2261650	Zarghoon Road Branch Tel: 081 - 2472981 - 2
Kot Ghulam Muhammad Branch Tel: 0233 866242-4	Tando Adam Branch Tel: 0235 - 571880 - 85	Gawadar Branch Tel: 086-4210246
Pano Aqil Branch Tel: 071 - 5809304	Mehar Branch Tel: 025 - 4730307 - 8	Muslim Bagh Balochistan, Zhob Tel: 082-3669333 - 36
Larkana Branch Tel: 074 - 405 8603	Badin Branch Tel: 029 - 7861203	Loralai Branch Tel: 082 - 4410104
Khairpur Branch Tel: 024 - 3715316 - 8	Tando Jam Branch Tel: 022 - 2765612 - 14	Khuzdar Branch Tel: 084 - 8550336
Maatli Branch Tel: 029 - 7841514		Ormara Branch Tel : 086 - 3310140 - 2
Nawabshah Branch Tel: 024 - 4330564		



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

ANNEXURE II

Zohb Branch  
Tel: 082 - 2412201 - 4

Shahdara Branch  
Tel: 0423 - 7931903-5

Walton Road Branch  
Tel: 042-36677204 - 06

Turbat Branch  
Tel: 085 - 2414201 - 4

Shadbagh Branch  
Tel: 042 - 37604549-51

PECO Road Branch  
Tel: 042 - 35203013 - 4

## PUNJAB

DHA Phase VI Branch  
Tel: 042 - 37180745

McLeod Road  
Tel: 042-36311176

## Lahore

Brandreth Road Branch  
Tel: 042 - 37381316 - 9

Sunder Industrial Estate  
Tel: 0311-0013425/6

Upper Mall Branch  
Tel: 042 - 35776515

DHA T-Block Branch  
Tel: 042 - 35707651 - 6

Valancia Society  
Tel: 042-35226045

Allama Iqbal Town Branch  
Tel: 042 - 37805026

Shah Alam Market Branch  
Tel: 042 - 37375734 - 7

Daroghawala  
Tel: 042 - 36530311 - 5

Azam Cloth Market Branch  
Tel: 042 - 37671195 - 6

Cavalry Branch  
Tel: 042 - 366 10282 - 7

## Gujranwala

Shadman Branch  
Tel: 042 - 37503712

Raiwind Road Branch  
Tel: 042 - 529 1247

G.T. Road Branch  
Tel: 055 - 3257363  
055 - 3257365

College Road Township Branch  
Tel: 042 - 35117491 - 93

Urdu Bazar Branch  
Tel: 042 - 37115915

Bank Square Branch  
Tel: 055 - 4234401 - 3

Devine Mega Mall Branch  
Tel: 042 - 35700081 - 84

Badami Bagh Branch  
Tel: 042 - 37946853

Sheikhupura Road Branch  
Tel: 055 - 4233855 - 6

Bhagbanpura Branch  
Tel: 042 - 36858873 - 74

Bahria Town Branch  
Tel: 042 - 35976212

Wapda Town Branch  
Tel: 055-4285571

Choubergy Branch  
Tel: 042 - 37362981 - 8

Ichra Bazar Branch  
Tel: 042 - 37428406

## Faisalabad

Johar Town Branch  
Tel: 042 - 35241088-9

Ferozepur Road Branch  
Tel: 042 - 35402151-3

Grain Market Branch  
Tel: 041 - 2633382 - 84

M.M. Alam Road Branch  
Tel: 042 - 35778721 - 24

The Mall Branch  
Tel: 042 - 36285673 - 5

Karkhana Bazar Branch  
Tel: 041 - 2624501 - 3

Circular Road Branch  
Tel: 042 - 37667921 - 4

Gulberg Branch  
Tel: 042-35771036-38

Liaqat Road Branch  
Tel: 041 - 2541284 - 6

DHA Block Y  
Tel: 042 - 3598010 - 1

Mughalpura Branch  
Tel: 042-36533818-822

Satiana Road Branch  
Tel: 041-8556382 - 4

Wapda Town Branch  
Tel: 042 - 35182871 - 5

Gulshan Ravi Branch  
Tel: 042-35464541- 5

Gulistan Colony Branch  
Tel: 041-8785791-5

Model Town Branch  
Tel: 042 - 35915613 - 4

New Garden Town Branch  
Tel: 042-35940463-7

Ghulam Mohammad Branch  
Tel: 041-2692192-94

Zarar Shaheed Raod Branch  
Tel: 042 - 36639902-05

State Life Employees  
Housing Scheme  
Tel: 042-35474163

Jaranwala  
Tel: 041-4313032 - 5

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## ANNEXURE II

<b>Multan</b>	Sahiwal Branch Tel: 040 - 422 2733 - 5	Mouza Kachi Jamal Branch Khanpur Tel: 0685577191-5
Abdali Road Branch Tel: 061 - 4574496	Chichawatni Branch Tel: 040 - 5481792	Narowal Branch Tel: 054 - 2411271 - 73
Vehari Road Branch Tel: 061 - 6241102	Chak No. 89 Branch Tel: 040-4550409-10-11-16	Rabwa Branch Tel: 047 - 6214042 - 4
Bosan Road Branch Tel: 061 - 6223416	Pak Pattan Branch Tel: 0457- 352591 - 4	Jhang Branch Tel: 047 -7652941 - 43
Wapda Town Phase 1 Branch Tel: 061-6524733-38	Qaboola Branch Tel: 0457-851248-51	Chiniot Branch Tel: 047 - 6332591
<b>Sialkot</b>	Dinga Branch Tel: 0537 - 401368	Hasilpur Branch Tel: 062 - 2441302 - 8
Cantt. Sialkot Branch Tel: 052 - 427 2351 - 4	Kharian Branch Tel: 053 - 7602781	Bhawalpur Branch Tel: 062 - 2889176 - 78
Shahab Pura Branch Tel: 052 - 4242681	Lala Musa Branch Tel: 0537 - 519656 - 8	Gujrat Branch Tel: 053 - 3729479
Paris Road Sialkot Tel: 052-4269535/6	Dipalpur Branch Tel: 044 - 454 2246 - 9	Kacheri Chowk Branch Tel: 053 - 3600584
Kashmir Road Branch Tel: 052 - 4272703	Okara Branch Tel: 044 - 2528728 - 30	Khanewal Branch Tel: 065 - 2557491 - 3
Nekapura Branch Tel: 052-3543582-4	Gojra Branch Tel: 046 - 3513637	Mian Chunnoo Branch Tel: 065 - 2661282 - 85
Gohad Pur Branch Tel: 052 - 4265498	Toba Tek Singh Branch Tel: 046 - 2512052 - 5	Kamoki Branch Tel: 055 - 6810282
Ugoki Branch Tel: 052 - 3513952	Layyah Branch Tel: 060 - 6415045	Muzafargarh Branch Tel: 066 - 242691
<b>Other Cities</b>	Haroonabad Branch Tel: 063 - 2250615	Muzafargarh Branch Tel: 066 - 242691
Kasur Branch Tel: 049 - 276158 -4	Agrow Chistian Branch Tel: 063 - 2023490 0345 - 8233957	Daska Branch Tel: 052 - 6610461
Pattoki Branch Tel: 049-4424053/4	Rahim Yar Khan Branch Tel: 068 - 5879511 - 4	Ghakar Mandi Branch Tel: 055 - 3882556
Sheikhupura Branch Tel: 056 - 3810273 - 6	Chak 72 NP Rahim Yar Khan Tel: 068-5708072	Wazirabad Branch Tel: 055 - 6605841
Nankana Sahab Branch Tel: 056 - 2877503 - 4	Sadiqabad Branch Tel: 068 - 5803933 - 38	Wazirabad Branch Tel: 055 - 6605841
Mandi Faizabad Branch Tel: 056 - 2882081	Muridke Branch Tel: 042 - 37166454	
Mailsi Branch Tel: 067 - 3370163		



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

ANNEXURE II

Mouza parhar Sharqi Kot Addu Branch Tel: 066-2240146-49	Bank Road Branch Tel: 051 - 5120731 - 3	F-8 Markaz Branch Tel: 051 - 2818296 - 8
Mouza Gajju, Shujabad Branch Tel: 061 - 4396082	Jinnah Road Branch Tel: 051 - 5778560 - 3	F-7 Markaz Branch Tel: 051 - 2608404 - 5
Vehari Branch Tel: 067-3360715 - 8	Bahria Town Branch Tel: 051 - 5731351 - 4	I-8 Markaz Branch Tel: 051 - 4862471
Burewala Branch Tel: 067 - 3770363	Saidpur Road Branch Tel: 051 - 5768049	F-10 Markaz Branch Tel: 051 - 2112960
Ludan Road, Burewala Branch Tel: 067 - 3351443	Peshawar Road Branch Tel: 051 - 5492873 - 5	PWD Road Branch Tel: 051 - 5170584 -5
Sargodha Branch Tel: 048 - 3768123	Bahria Town Phase VII Branch Tel: 051 - 5154891-4	Islamabad Stock Exchange Branch Tel: 051 - 2894407 - 10
DG Khan Branch Tel: 064 - 2470952	AECHS Tel: 051 - 5497012 - 15	DHA Phase II Branch Tel: 051 - 5161525
Hafizabad Branch Tel: 054 - 7583249	Chakri Road Branch Tel: 051-5129024	Khanna Pul Branch Tel: 051 - 4478006 - 07
Sambrial Branch Tel: 052 - 6524106	Range Road Branch Tel: 051-5128871 051-5128875	G-11 Markaz Branch Tel: 051 - 2363475
Bhakkar Branch Tel: 0453 - 510407- 409	Kurri Road Branch Tel: 051-4930342-43-45	F-11 Markaz Tel: 051-2103404
Arifwala Branch Tel: 0457- 835 478 - 81	Gulberg - Islamabad Road Branch Tel: 0310 - 5998931	G - 15 Markaz Branch Tel: 051-2160240-41
Mandi Bahauddin Branch Tel: 0546 - 509452 -3	Wah Cantt Branch Tel: 051 - 4256308	Tarlai Branch Tel: 051-2241860-4-66
Lodhran Branch Tel: 0608 - 361892 - 93	RCCI industrial Estate, Rawat Branch Tel: 03458210861-71	Barakahu Branch Tel: 051-2165032-7
Bhawalnagar Branch Tel: 063 - 2279435 - 38	GHQ Rawalpindi Tel: 051-5202354	G-8 Markaz Tel: 051 - 2340537
Tounsa Sharif Branch Tel: 064 - 2601155	Chaklala Scheme III Branch Tel: 051 - 5766277 - 8	<b>KHYBER PAKHTUNKHWA</b>
Dahranwala Branch Tel: 063 - 2440080	<b>Islamabad</b>	<b>Peshawar</b>
<b>Rawalpindi</b>	Blue Area Branch Tel: 051 - 111 - 572 - 265	Cantt Branch Tel: 091 - 5279981
Satellite Town Branch Tel: 051 - 4264186 - 7	I-9 Markaz Branch Tel: 051 - 4431296 - 8	University Road Branch Tel: 091 - 5711572 - 5

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## ANNEXURE II

G.T Road Branch Tel: 091 -2593901 -4	Chahkdarah Branch Tel: 094-5703335	Sehensa Branch Tel: 05826 - 422779 - 422300
Dabgari Gardens Branch Tel: 091 -2591425 -7	Dara Adam Khel Tel: 092-22180187	Rawalakot Branch Tel: 05824 - 445961 - 63
Attock Branch Tel: 057 - 2610500	Dir Upper Tel: 0944-880190	Charroi Branch 05826-415474-76
Shakas Branch Tel: 091-5602382/83/85	Shaidu, Nowshera Tel: 0923-510013-14	Hattian Muza arabad Branch Tel: 058-22424011-14
Naz Cinema Branch Tel: 091 - 2211024	Charsadda Branch Tel: 091 - 6512051	Seri Branch Tel: 058-26 -432731-3
Topi Branch Tel: 0938 - 272005	Ring Road Branch Tel: 031 - 5998903	Chitral Branch Tel: 0943-413027-29
Bafa Branch Mansehra Tel: 099 - 7389232 - 3	Parachinar Branch Tel: 092 - 6311777	Bagh Branch Tel: 0345 - 8210861
Mansehra Branch Tel: 0997-301882-84	Taxila Branch Tel: 051 - 4535315	<b>GILGIT BALTISTAN</b>
Mardan Branch Tel: 0937 - 873445 - 873647	Jehlum Branch Tel: 054 - 4611840	Gilgit Branch Tel: 0581 - 1450615
D I Khan Branch Tel: 0966 - 733216 -19	Ghallanai Branch	Chilas Branch Tel: 05812-450657
Mingora Branch Tel: 0946 - 711740 - 43	<b>AZAD JAMMU &amp; KASHMIR (AJK)</b>	Skardu Tel: 0581 - 5457404
Abbottabad Branch Tel: 099 - 2416110 - 4	Chaksawari Branch Tel: 05827 - 454791	<b>International Branch</b>
Saleh Khana Branch Tel: 0923 - 651113 - 17	Mirpur Branch Tel: 058 - 27448867	Bahrain Branch Tel: 00973 - 17104603
Timergara Branch Tel: 0945 - 821921	Jatlan Branch Tel: 05827 - 404391	
Haripur Branch Tel: 0995 - 627370	Dadyal Branch Tel: 058 - 27465668	
Bannu Branch Tel: 0928-6601673	Naarr Branch Tel: 05826 - 420784 - 85	
Nowshera Branch Tel: 092-3612004	Muzafarabad Branch Tel: 058 - 22923251	
Mattani Changan Thordar Branch Tel: 093-8537567	Kotli Branch Tel: 05826 - 448228 - 31	
	Khui Ratta Branch Tel: 05826 - 414906 -7	



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

ANNEXURE II

---

## JS Investments Limited

### **Karachi (Branch Office)**

Plot No. 16-C, Phase-I, Near Nadra Mega Centre, DHA, Karachi

### **Lahore (Branch Office)**

1st Floor, Block C, Abul Hassan Isfahani Road, Faisal Town, Lahore

### **Islamabad (Branch Office)**

Office # 414, 4th Floor, PSX Building, Jinnah Avenue, Islamabad

## JS Global Capital Limited

### **Karachi (Branch Offices)**

Stock Exchange Branch

Room No. 634, 6th Floor, Stock Exchange Building, Stock Exchange Road.

### **Gulshan-e-Iqbal Branch**

Suite No. 607-A, 6th Floor, Al Ameen Towers, Plot No E-2, Block 10, Gulshan-e- Iqbal, Main NIPA.

### **Hyderabad (Branch Office)**

Address: Shop No. 20, Ground Floor, Auto Bhan Towers, Auto Bhan Road, Unit No. 3, Latifabad.

### **Islamabad (Branch Office)**

Room No. 413, 4th Floor, ISE Towers, 55-B, Jinnah Avenue.

### **Faisalabad (Branch Office)**

Office no G-04, Ground Floor, Mezan Executive Tower Plot No 4, Liaquat Road.

### **Lahore (Branch Office)**

Plot No. 434-G/1, MA Johar Town.

### **Multan (Branch Office)**

Office No. 608-A, Sixth Floor, The United Mall, Plot No. 74, Abdali Road.

### **Peshawar (Branch Office)**

First Floor, State life Building No. 34, The Mall Road, Peshawar Cantt.

## Pattern of Shareholding

As of December 31, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
MR. ALI RAZA SIDDIQUI	1	16,496	0.00
MR. SAUD AHMED	1	120	0.00
MR. SULEMAN LALANI	1	359,315	0.04
MR. MAHBOOB AHMED	1	378,926	0.04
MS. NASEEM MAHBOOB	1	282,878	0.03
MS. AMBREEN JATOI	1	90,000	0.01
MR. SHAHID HUSSAIN JATOI	1	1,000	0.00
MS. HINA ATHAR KHAN	1	1	0.00
MR. JAVED MAHMOOD BUKHARI	1	500	0.00
MR. MUHAMMAD ALI	1	1,000	0.00
<b>Associated Companies, undertakings and related parties</b>			
JAHANGIR SIDDIQUI & SONS LIMITED	1	208,318,046	22.74
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED	1	402,006,784	43.89
EFU GENERAL INSURANCE LIMITED	1	19,711,876	2.15
ALLIANZ EFU HEALTH INSURANCE LIMITED	1	178,614	0.02
MR. JAHANGIR SIDDIQUI	1	75,494,516	8.24
EFU SERVICES (PRIVATE) LTD.	1	113,446	0.01
EFU LIFE ASSURANCE LIMITED	1	8,564,242	0.94
EXECUTIVES	2	11	0.00
<b>Public Sector Companies and Corporations</b>	3	2,038,884	0.22
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>	7	33,702	0.00
<b>Mutual Funds</b>			
CDC - TRUSTEE FAYSAL STOCK FUND	1	366,000	0.04
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	4,427,000	0.48
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	167,500	0.02
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	840,000	0.09
CDC - TRUSTEE HBL EQUITY FUND	1	124,500	0.01
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	575,441	0.06
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1	2,648,500	0.29
<b>General Public</b>			
a. Local	6,635	74,110,460	8.09
b. Foreign	9	88,348	0.01
<b>Foreign Companies</b>	5	53,890,698	5.88
<b>Others</b>	106	61,113,584	6.67
	<b>6793</b>	<b>915,942,388</b>	<b>100.00</b>
<b>Share holders holding 10% or more</b>			
JAHANGIR SIDDIQUI & SONS LIMITED		208,318,046	22.74
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED		402,006,784	43.89





## Pattern of Shareholding

As of December 31, 2020

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1019	1	to	100	27,910
1253	101	to	500	473,781
1033	501	to	1000	934,917
1941	1001	to	5000	5,178,892
589	5001	to	10000	4,675,753
201	10001	to	15000	2,551,920
144	15001	to	20000	2,658,840
109	20001	to	25000	2,551,814
70	25001	to	30000	1,996,983
31	30001	to	35000	1,024,085
41	35001	to	40000	1,561,506
30	40001	to	45000	1,301,813
54	45001	to	50000	2,663,665
12	50001	to	55000	633,617
13	55001	to	60000	760,175
15	60001	to	65000	938,124
5	65001	to	70000	341,000
18	70001	to	75000	1,315,516
6	75001	to	80000	460,818
1	80001	to	85000	82,506
11	85001	to	90000	974,567
7	90001	to	95000	644,096
21	95001	to	100000	2,089,894
3	100001	to	105000	311,500
7	105001	to	110000	756,752
4	110001	to	115000	452,698
8	115001	to	120000	950,894
7	120001	to	125000	868,393
3	125001	to	130000	387,860
2	130001	to	135000	269,902
2	135001	to	140000	279,000
5	140001	to	145000	710,954
5	145001	to	150000	747,923
1	150001	to	155000	151,340
4	155001	to	160000	637,220
1	160001	to	165000	160,432
4	165001	to	170000	669,000
1	170001	to	175000	175,000
2	175001	to	180000	358,614
3	180001	to	185000	548,369

## Pattern of Shareholding

As of December 31, 2020

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1	185001	to	190000	190,000
2	190001	to	195000	381,467
8	195001	to	200000	1,595,952
2	200001	to	205000	401,989
4	205001	to	210000	837,400
1	210001	to	215000	214,303
1	220001	to	225000	225,000
1	225001	to	230000	227,400
2	235001	to	240000	477,614
1	240001	to	245000	241,000
3	245001	to	250000	745,277
1	255001	to	260000	257,974
1	265001	to	270000	265,378
3	280001	to	285000	848,130
1	285001	to	290000	288,500
4	295001	to	300000	1,200,000
1	300001	to	305000	305,000
1	310001	to	315000	312,000
3	320001	to	325000	970,300
1	340001	to	345000	343,660
2	345001	to	350000	700,000
1	350001	to	355000	355,000
2	355001	to	360000	716,486
1	360001	to	365000	362,400
1	365001	to	370000	366,000
1	375001	to	380000	378,926
1	390001	to	395000	391,500
4	395001	to	400000	1,600,000
1	400001	to	405000	401,000
1	415001	to	420000	420,000
1	430001	to	435000	433,701
1	440001	to	445000	442,532
1	445001	to	450000	450,000
2	465001	to	470000	939,500
1	470001	to	475000	472,602
1	500001	to	505000	504,500
1	505001	to	510000	510,000
1	535001	to	540000	538,500
1	555001	to	560000	559,210
1	575001	to	580000	575,441



## Pattern of Shareholding

As of December 31, 2020

No. of Shareholders	Shareholdings' Slab			Total Shares Held
1	590001	to	595000	594,000
1	655001	to	660000	660,000
2	665001	to	670000	1,335,100
1	700001	to	705000	701,838
1	720001	to	725000	725,000
1	745001	to	750000	750,000
1	750001	to	755000	752,500
1	785001	to	790000	790,000
1	795001	to	800000	800,000
1	835001	to	840000	840,000
1	840001	to	845000	842,000
2	895001	to	900000	1,800,000
1	1005001	to	1010000	1,007,500
1	1110001	to	1115000	1,114,500
1	1325001	to	1330000	1,329,596
1	1400001	to	1405000	1,400,500
1	1460001	to	1465000	1,461,500
1	1485001	to	1490000	1,486,000
1	1775001	to	1780000	1,775,950
1	1895001	to	1900000	1,900,000
1	1930001	to	1935000	1,934,560
1	2370001	to	2375000	2,375,000
1	2510001	to	2515000	2,514,000
1	2645001	to	2650000	2,648,500
1	2770001	to	2775000	2,773,000
1	4425001	to	4430000	4,427,000
1	5475001	to	5480000	5,479,000
1	8560001	to	8565000	8,564,242
1	18895001	to	18900000	18,900,000
1	19710001	to	19715000	19,711,876
1	20925001	to	20930000	20,925,500
1	39975001	to	39980000	39,980,000
1	52080001	to	52085000	52,080,695
1	75490001	to	75495000	75,494,516
1	142940001	to	142945000	142,942,200
1	168335001	to	168340000	168,338,046
1	259060001	to	259065000	259,064,584
<b>6,791</b>				<b>915,942,388</b>

---

This page is left blank intentionally

# Form of Proxy

29<sup>th</sup> Annual General Meeting

The Company Secretary  
Jahangir Siddiqui & Co. Ltd.  
20th Floor, The Centre Plot No. 28,  
SB-5, Abdullah Haroon Road  
Saddar, Karachi- 74400, Pakistan

I/We \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Jahangir Siddiqui & Co. Ltd. holding \_\_\_\_\_ ordinary shares as per Registered Folio No /CDC A/c. No. (for members who have shares in CDS) \_\_\_\_\_ hereby appoint Mr. / Mrs. / Ms. \_\_\_\_\_ of \_\_\_\_\_ (Folio. No./ CDC A/c No.) \_\_\_\_\_ or failing him/her Mr. / Mrs. / Ms. \_\_\_\_\_ of \_\_\_\_\_ (Folio. No./ CDC A/c No.) \_\_\_\_\_ being member of the Company, as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 29<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, April 28, 2021 and /or any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of April, 2021.

Signed by \_\_\_\_\_

In the presence of

**Witness:**

1. Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
CNIC or Passport No.: \_\_\_\_\_
2. Name: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
CNIC or Passport No.: \_\_\_\_\_

<b>Signature</b>
<b>The Signature should agree with the specimen registered with Company.</b>

**Important:**

1. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
2. This proxy form, duly completed and signed, must be received at the Office of the Company situated at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi, not less than 48 hours before the time of holding meeting.
3. No Person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.
4. No Person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member. The Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
5. The proxy shall produce his original CNIC or original passport as may be applicable at the time of the meeting.
6. If member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

- Beneficial Owner of physical shares and the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxy are required to produce their original Computerized National Identity Card or passport for identification purpose at the time of attending the meeting. The form of proxy must be submitted with the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution / power of attorney with specimen signature shall be submitted along with proxy form.

Affix  
Correct  
Postage

The Company Secretary  
**Jahangir Siddiqui & Co. Ltd.**  
20th Floor, The Centre  
Plot No. 28, SB-5  
Abdullah Haroon Road  
Saddar, Karachi- 74400  
Pakistan.



اہم نوٹ:

- ۱- کمپنی کا کوئی ممبر کسی دوسرے ممبر کو اپنی جگہ اجلاس میں حاضر ہونے، حصہ لینے اور ووٹ دینے کیلئے پراکسی مقرر کر سکتا ہے۔
- ۲- باقاعدہ مکمل اور دستخط شدہ پراکسی فارم اجلاس عام کے انعقاد سے کم از کم ۲۸ گھنٹے قبل کمپنی کے دفتر بمقام جہانگیر صدیقی اینڈ کمپنی لمیٹڈ، ۲۰ فلور، دی سینٹر، پلاٹ نمبر ۲۸، SB-۵، عبداللہ ہارون روڈ، صدر، کراچی، پر موصول ہو جانا چاہئیں۔
- ۳- پراکسی فارم کے ہمراہ بینیفیشل مالک اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل یا سپورٹ کے تصدیق شدہ نقل بھی منسلک ہونا ضروری ہے۔
- ۴- ایسا کوئی شخص بطور عوضی اجلاس میں شریک نہیں ہو سکتا جو کمپنی کا ممبر نہ ہو، ماسوائے کوئی کارپوریشن کسی غیر ممبر کو اپنا عوضی مقرر کر سکتی ہے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمعہ نمونے کے دستخط جمع کروائی جائے (اگر پہلے سے پراکسی فارم کے ہمراہ جمع نہیں کروائی گئی)
- ۵- پراکسی اپنا اصل یا کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل یا سپورٹ اجلاس کے وقت دکھانے کا پابند ہوگا۔
- ۶- اگر کوئی ممبر ایک سے زائد عوضی مقرر کرتا ہے اور ایک سے زائد پراکسی فارم کمپنی کو موصول ہوتے ہیں تو ایسے تمام فارم منسوخ تصور کئے جائیں گے۔
- ۷- فریکل حصص کے مالکان اور سی ڈی سی میں رجسٹرڈ حصص کے مالکان اور/یا ان کے عوضی کو اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا سپورٹ شناختی مقاصد کیلئے پیش کرنا ہوگا۔ باقاعدہ مکمل اور دستخط شدہ پراکسی فارم کمپنی میں مقررہ وقت پر جمع کروادیا جائے، جس پر دو گواہوں کے دستخط، نام، پتہ، کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا سپورٹ نمبر درج ہو۔ اس کے ہمراہ بینیفیشل مالک اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا سپورٹ کی تصدیق شدہ نقل بھی منسلک ہونا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمعہ نمونے کے دستخط جمع کروائی جائے (اگر پہلے سے پراکسی فارم کے ہمراہ جمع نہیں کروائی گئی)

درست ٹکٹ چپکائیں

کمپنی سیکریٹری  
جہانگیر صدیقی اینڈ کمپنی لمیٹڈ  
۲۰ فلور، دی سینٹر، پلاٹ نمبر ۲۸، SB-۵،  
عبداللہ ہارون روڈ، صدر، کراچی۔ ۷۴۴۰۰، پاکستان



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

---

### 35. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 11, 2021 by the Board of Directors of the Company.

### 36. GENERAL

#### 36.1 Subsequent event

Subsequent to the year end, the Board of Directors of the Company in their meeting held on March 11, 2021 resolved to issue listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" preference shares by way of rights to the existing shareholders at par value of Rs. 10 per share in the proportion of their shareholding at a ratio of 2:10 in accordance with sections 58 and 83 of Companies Act, 2017 and Companies (Further Issue of Shares) Regulations, 2020.

#### 36.2 Other

Figures have been rounded off to the nearest thousand rupees.

**Shahid Hussain Jatoi**  
Director

**Suleman Lalani**  
Chief Executive Officer

**Najmul Hoda Khan**  
Chief Financial Officer

# A n n u a l R e p o r t 2 0 2 0



**Jahangir Siddiqui & Co. Ltd.**

20th Floor, The Centre  
Plot No. 28, SB-5  
Abdullah Haroon Road  
Saddar, Karachi-74400  
Pakistan  
[www.js.com](http://www.js.com)  
UAN: (+92-21) 111 574 111