

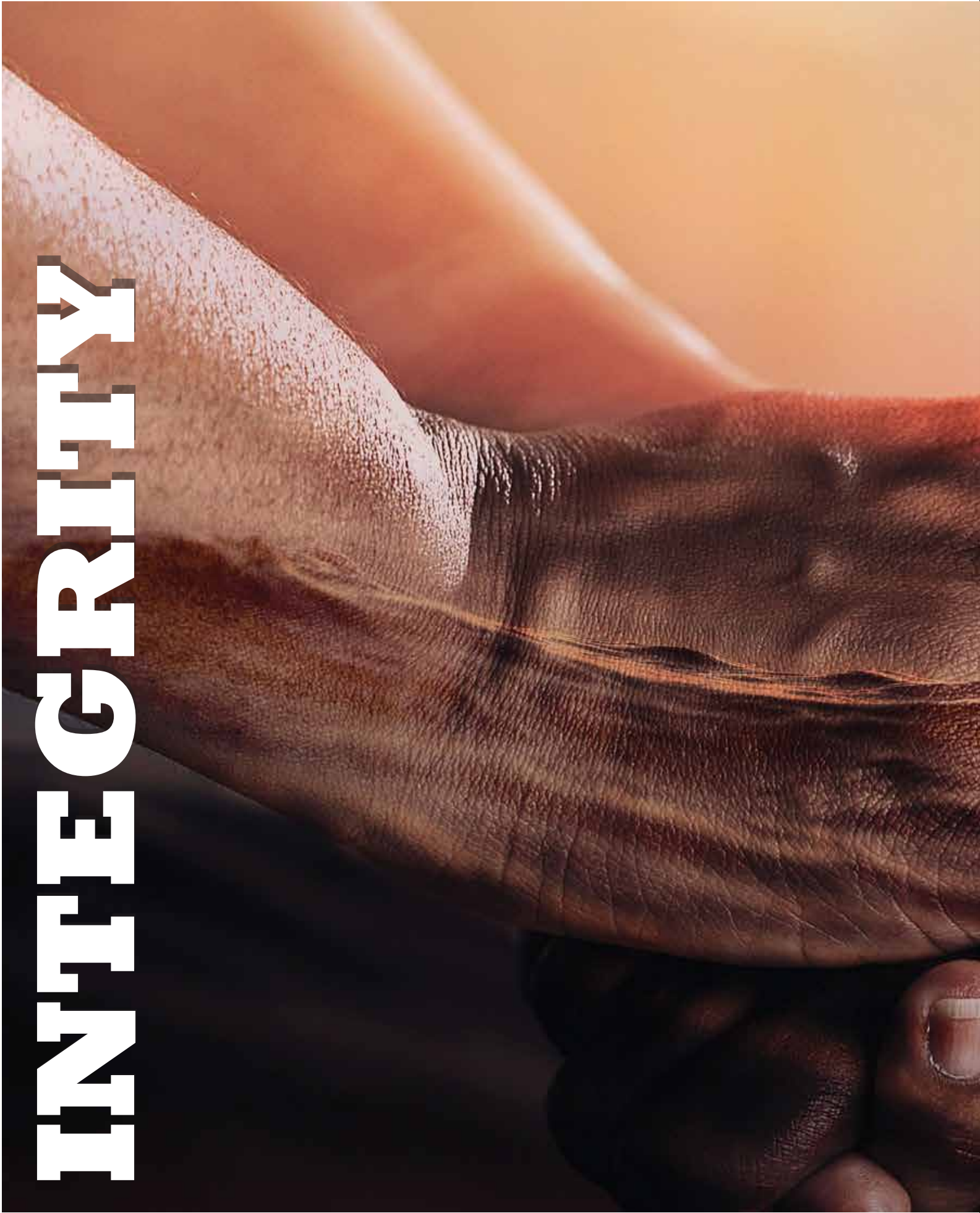


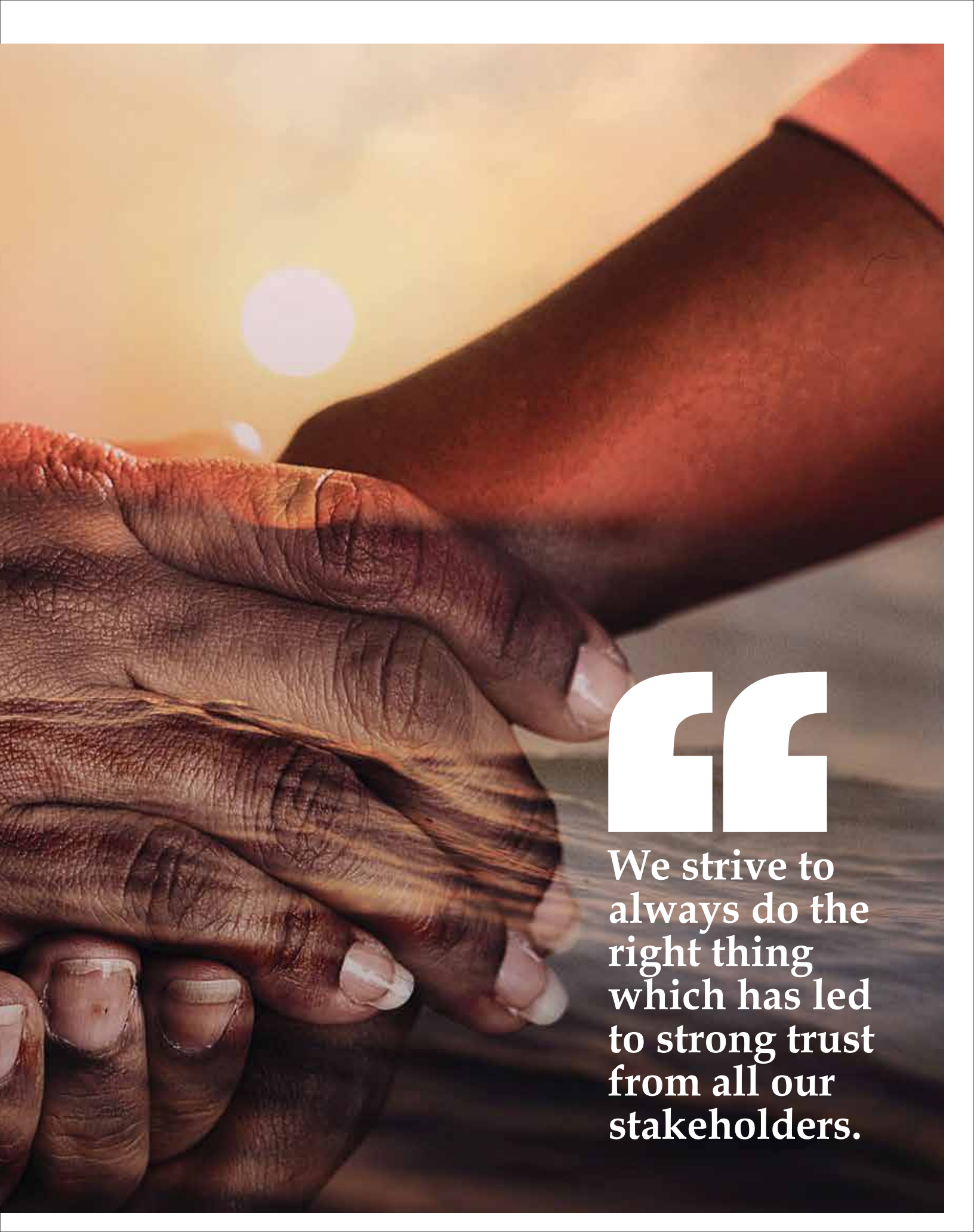
# Annual 21 REPORT 20



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

# INTEGRITY





“

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

# DISCIPLINE





“

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

# ENTREPRENEURIAL







“

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

# OWNERSHIP



A large, stylized white quotation mark icon consisting of two thick, rounded vertical bars, positioned to the left of the main text block.

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

# COMMUNITY



A large, stylized white quotation mark icon consisting of two thick, rounded shapes facing each other, positioned in the upper right quadrant of the page.

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

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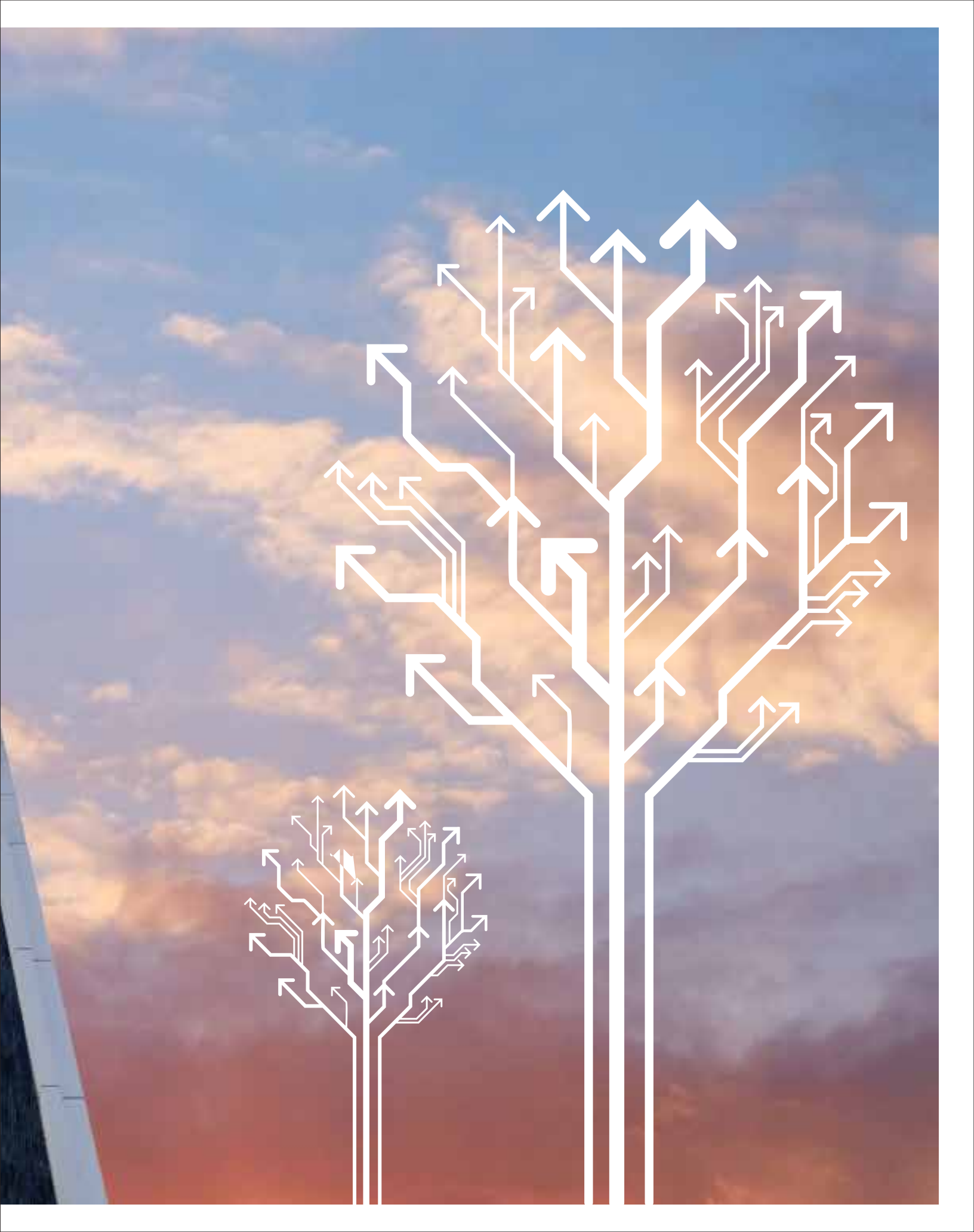
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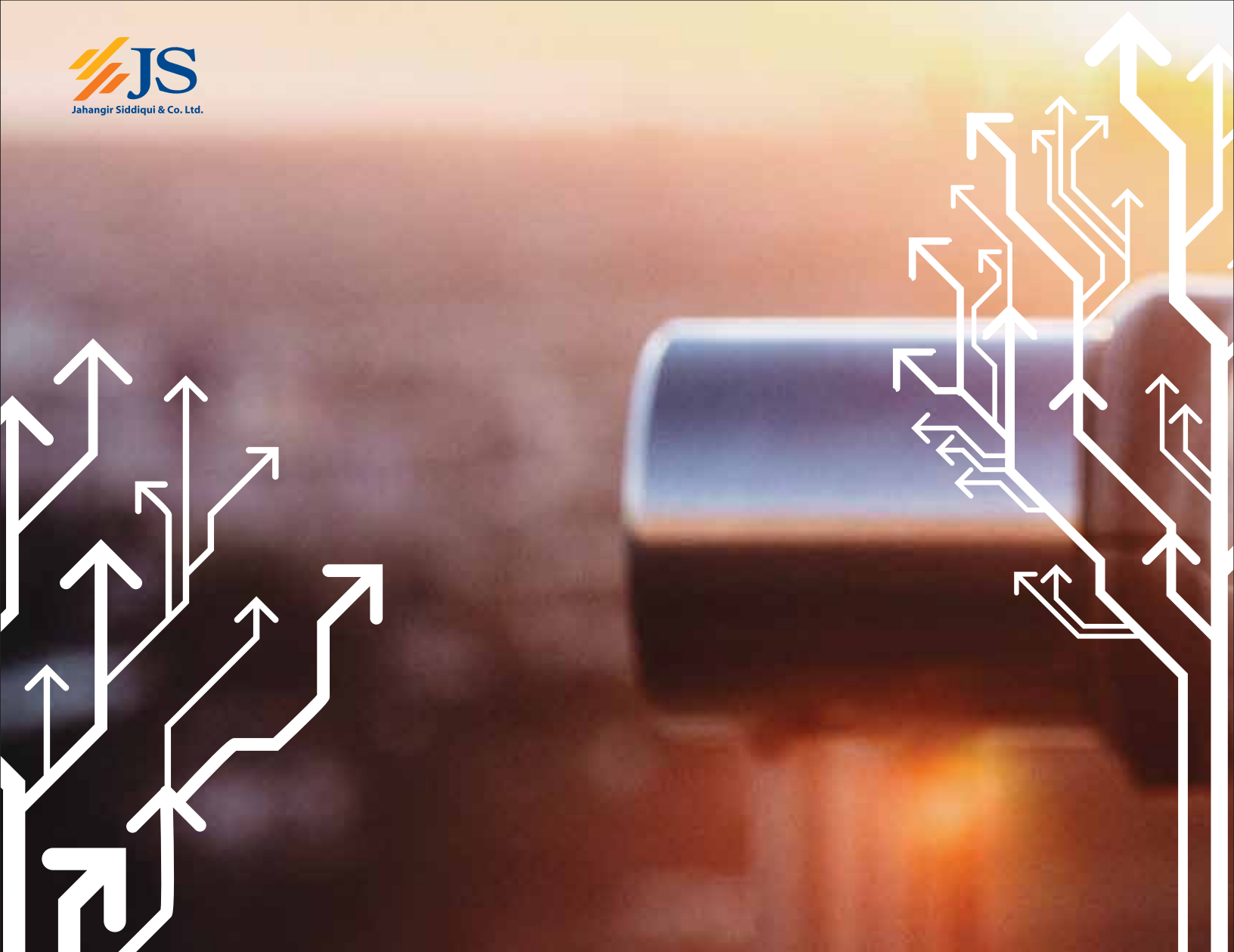
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# ORGANIZATIONAL OVERVIEW



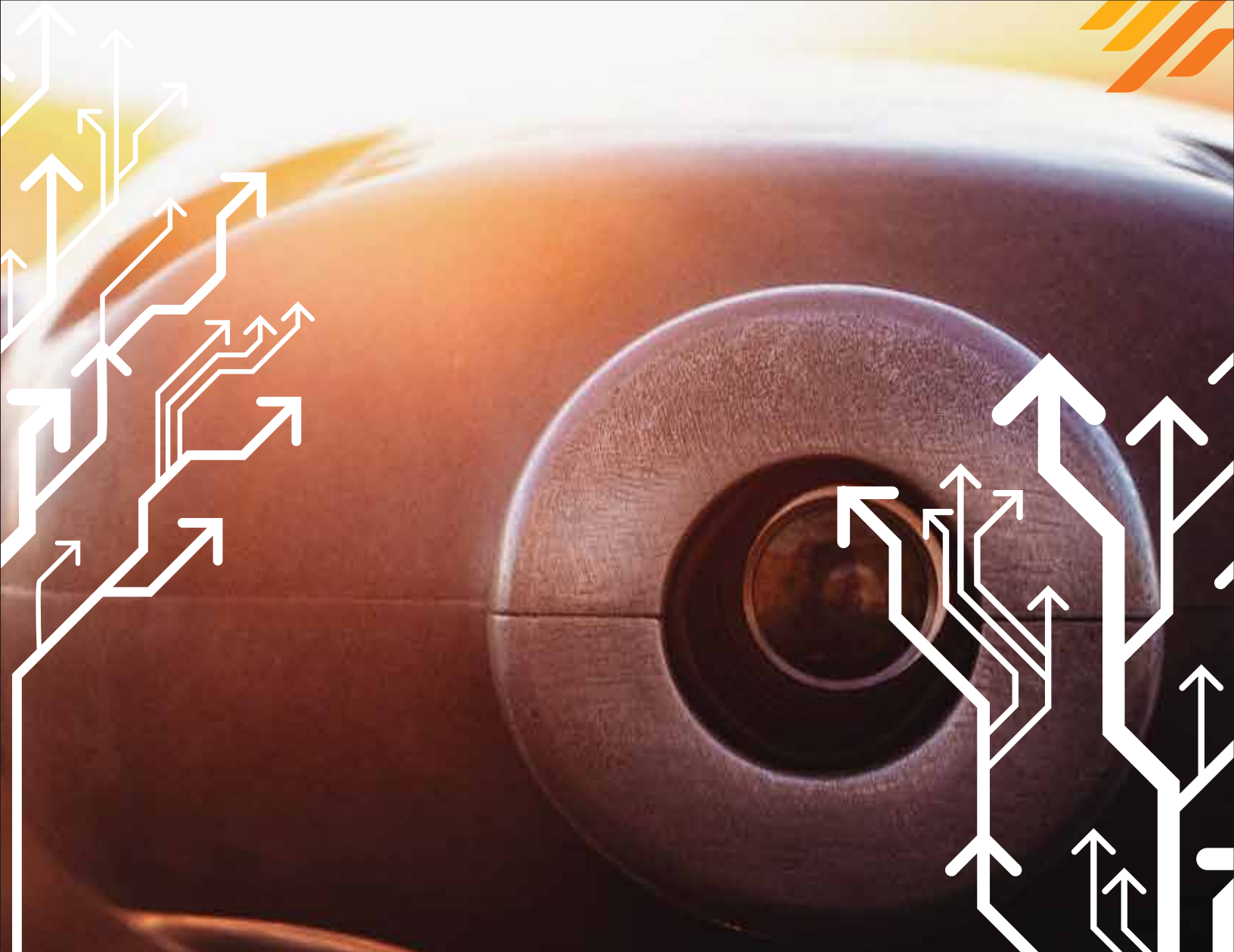






## **Vision**

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



## **Mission**

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



# Corporate Information

## Board of Directors

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

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

**Asad Nasir \***  
Director - Executive

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

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

**Muhammad Ali \***  
Director - Non-Executive

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

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

**Suleman Lalani**  
Chief Executive Officer

**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

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

## Internal Auditors

**Grant Thornton Anjum Rahman**  
Chartered Accountants

## Legal Advisor

## Bawaney & Partners

## Share Registrar

**CDC Share Registrar Services Limited**  
CDC House, 99-B, Block-B S.M.C.H.S.  
Main 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) 

\* Mr. Muhammad Ali resigned from the Board of Directors w.e.f. December 22, 2021. The Board of Directors in their meeting held on March 10, 2022, has appointed Mr. Asad Nasir as an Executive Director to fill the casual vacancy.

# Corporate Profile and Credit Rating

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

JSCL is primarily an investment holding company of the JS Group. The Company is Pakistan’s premium Investment Holding Company, having investments in Conventional and Islamic Banking, Life and General Insurance, Asset Management and Brokerage, Petroleum and Energy, Textile, Information Technology, Telecommunications, and Engineering. On consolidated basis, the Company’s total assets, including all investments, surpasses PKR 600 billion.

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

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

## Impeccable Credit History

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

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

Issue Date	Maturity Date	Amount	Outstanding	Credit Rating	
----- (Rs. in million) -----					
TFC 1	18-04-03	18-04-08	500	-	N/A
TFC 2	20-05-04	20-05-14	500	-	AA+
TFC 3	21-12-04	20-12-09	500	-	AA
TFC 4	30-09-05	30-09-10	500	-	AA+
TFC 5	21-11-06	21-05-12	1,100	-	AA
TFC 6	04-07-07	04-07-13	1,250	-	AA
TFC 7	30-10-12	30-04-16	1,000	-	AA+
TFC 8	08-04-14	08-04-19	750	-	AA+
TFC 9	24-06-16	24-06-21	1,000	-	AA+
TFC 10	18-07-17	18-07-23	1,500	675	AA+
TFC 11	06-03-18	06-09-23	1,500	1,000	AA+

## Credit Rating

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

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



LONG TERM  
CREDIT RATING

**AA**



SHORT TERM  
CREDIT RATING

**A1+**



RATING OF DEBT  
INSTRUMENTS

**AA+**



## JS Group Journey and Major Milestones

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

JS Group for the purpose of this Annual Report 2021 includes Jahangir Siddiqui & Co. Ltd. as the Group's flagship holding company and its subsidiaries and sub-subsidiaries as detailed in JS Group's structure on page 24 .

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

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



**1991**

Corporatization of business and incorporation of JSCL

**1993**

Listed on stock exchange and joint venture with Bear Stearns and IFC

**1995**

Investment to form JS Investments Limited (formerly ABAMCO Limited), the first private sector Asset Management Company with founding partners IFC and Invesco PLC (previously known as Amvescap)

**1999**

Purchase of Citicorp Investment Bank in Pakistan and renamed it to Jahangir Siddiqui Investment Bank

**2008**

Equity placement of USD 158 million to international investors

**2012**

Disposal of investment in PICT for PKR 3.7 billion (14x investment multiple)

**2016**

JS Bank Limited opens first international branch and celebrates its 10 year anniversary

**2017**

JS Global Capital Limited become first and only brokerage firm to issue a Commercial Paper amounting of PKR 1,000 million





2003

Investment in Pakistan International Container Terminal Limited (“PICT”)

2005

Joint Venture with Global Investment House to form JS Global Capital Limited

2005

Joint Venture with Dubai Bank to form BankIslami Pakistan Limited

2006

Acquisition of American Express Bank’s Pakistan branches and merger with Jahangir Siddiqui Investment Bank to form JS Bank Limited

2018

In capacity as a consultant to the issue, JS Global Capital Limited successfully carried out IPO of AGP Limited as Pakistan’s largest IPO of Pharmaceutical Sector

2020

JS Global Capital Limited become first brokerage firm to provide market making services to Exchange Traded Funds in PSX

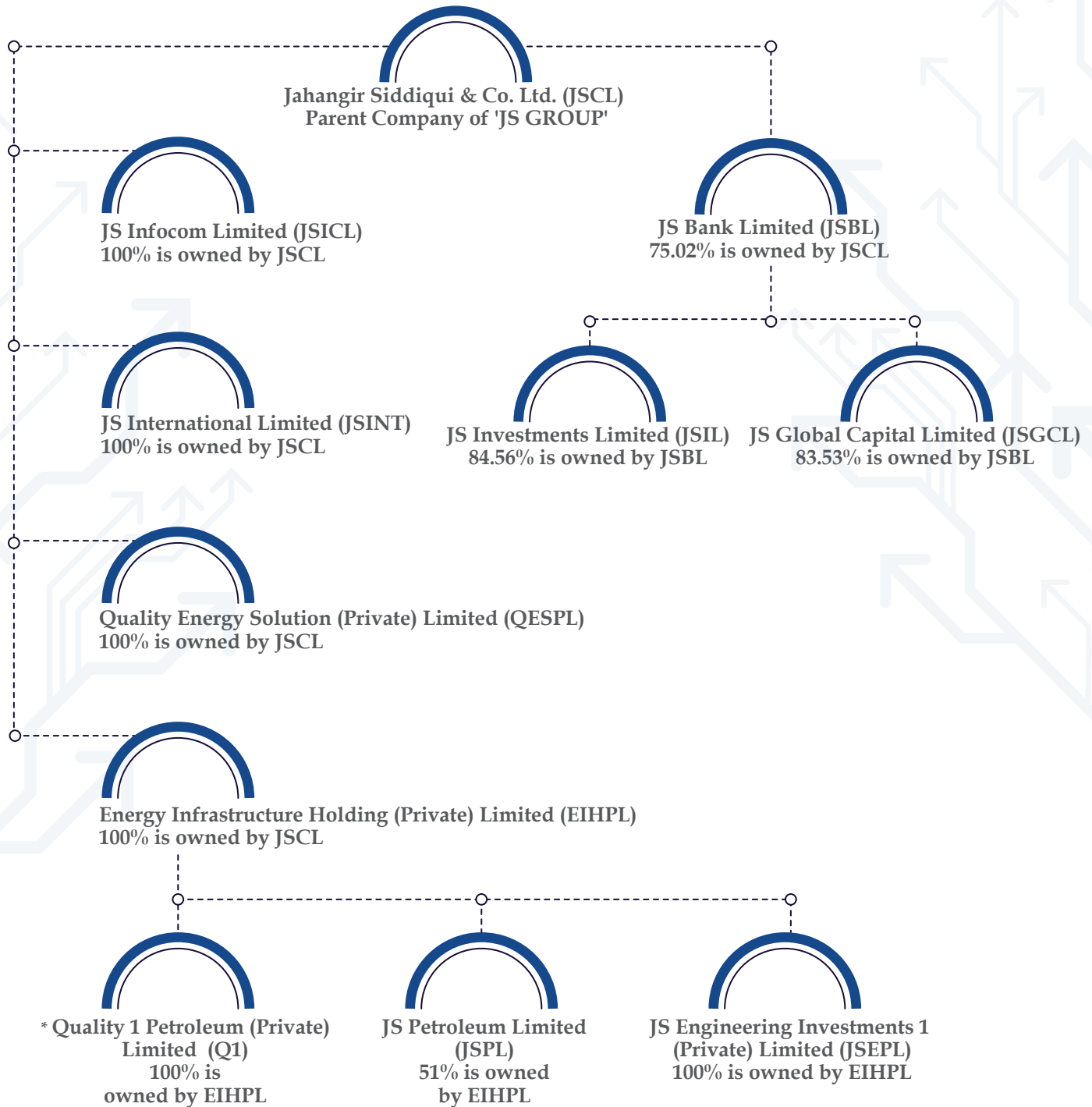
2021

In capacity of Consultant to the issue and Book Runner, JS Global Capital Limited has undertaken the single-largest, historical and record setting private sector IPO of Air Link Communication Limited amounting to PKR 6.43 billion.

2022

JS Bank Limited launches ‘Zindigi’ as Pakistan’s first digital only product offering a complete suite of financial services

# JS Group Structure



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



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

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

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

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

	<b>December 31, 2021</b>
	<b>PKR in million</b>
Total Assets	584,289
Total Advances – Net	254,184
Total Deposits	460,705
Shareholder's Equity	22,024
Profit after Tax	1,304

For more information, please visit: <https://jsbl.com/> 

### **JS Global Capital Limited (JSGCL) - 83.53% is owned by JSBL**

JSGCL was incorporated as a private limited company on June 28, 2000, under the repealed Companies Ordinance, 1984. However, JSGCL commenced its operations in May 2003 and name of the company was changed from JSCL Direct (Private) Limited to Jahangir Siddiqui Capital Markets (Private) Limited. Subsequently, it was converted into a public unquoted company and the holding company Jahangir Siddiqui & Co. Limited offered its 25% shareholding to the general public for subscription in December 2004 and the company obtained listing on Karachi Stock Exchange Limited and Islamabad Stock Exchange Limited on February 07, 2005. During 2006-07, the company issued 10,009,700 shares to Global Investment House K.S.C.C Kuwait, ('Global'). The shares were issued to Global without offering right shares on the basis of a special resolution passed on July 11, 2006.

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

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

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

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

	<b>December 31, 2021</b>
	<b>PKR in million</b>
Total Assets	6,591
Total Liabilities	4,394
Shareholder's Equity	2,197
Profit after Tax	411
Dividend paid – per share (in Rupees)	15

For more information, please visit: [www.jsycl.com](http://www.jsycl.com) 

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

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

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

	<b>December 31, 2021</b>
	<b>PKR in million</b>
Total Assets	1,985
Total Liabilities	480
Shareholder's Equity	1,505
Loss after Tax	(300)
Total Assets Under Management	22,773

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

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

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

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

	<b>December 31, 2021</b>
	<b>PKR in million</b>
Total Assets	2,588
Total Liabilities	90
Shareholder's Equity	2,498
Profit after Tax	534

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

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

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

	<b>December 31, 2021</b>
	<b>PKR in million</b>
Total Assets	4,229
Total Liabilities	222
Shareholder's Equity	4,007
Loss after Tax	(522)

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

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

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

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

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

	<b>December 31, 2021</b>
	<b>PKR in million</b>
Total Assets	1,760
Total Liabilities	1,686
Shareholder's Equity	74
Loss after Tax	(362)

For more information, please visit:

<https://q1petroleum.com/> 

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

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

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

	<b>December 31, 2021</b>
	<b>PKR in million</b>
Total Assets	528
Total Liabilities	13
Shareholder's Equity	515
Loss after Tax	(56)

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

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

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

	<b>December 31, 2021</b>
	<b>PKR in million</b>
Total Assets	4
Total Liabilities	1
Shareholder's Equity	3
Loss after Tax	(0.3)

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

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

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

	<b>December 31, 2021</b>
	<b>PKR in million</b>
Total Assets	26
Total Liabilities	1
Shareholder's Equity	25
Profit after Tax	0.3

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

KSPPL was incorporated under the repealed Companies Ordinance, 1984, on May 05, 2016, as a private limited company. The principal activities of KSPPL is to develop,

design, construct, build, own, operate, maintain and acquire solar energy project, coal fired power generation complexes and thermal, hydel, renewable energy and wind energy projects, carry on the business of electricity generation, transmission, sale and distribution services and maintain housing, transportation, communication and utility lines and other requisite logistic facilities for the construction, operation and maintenance of power plants.

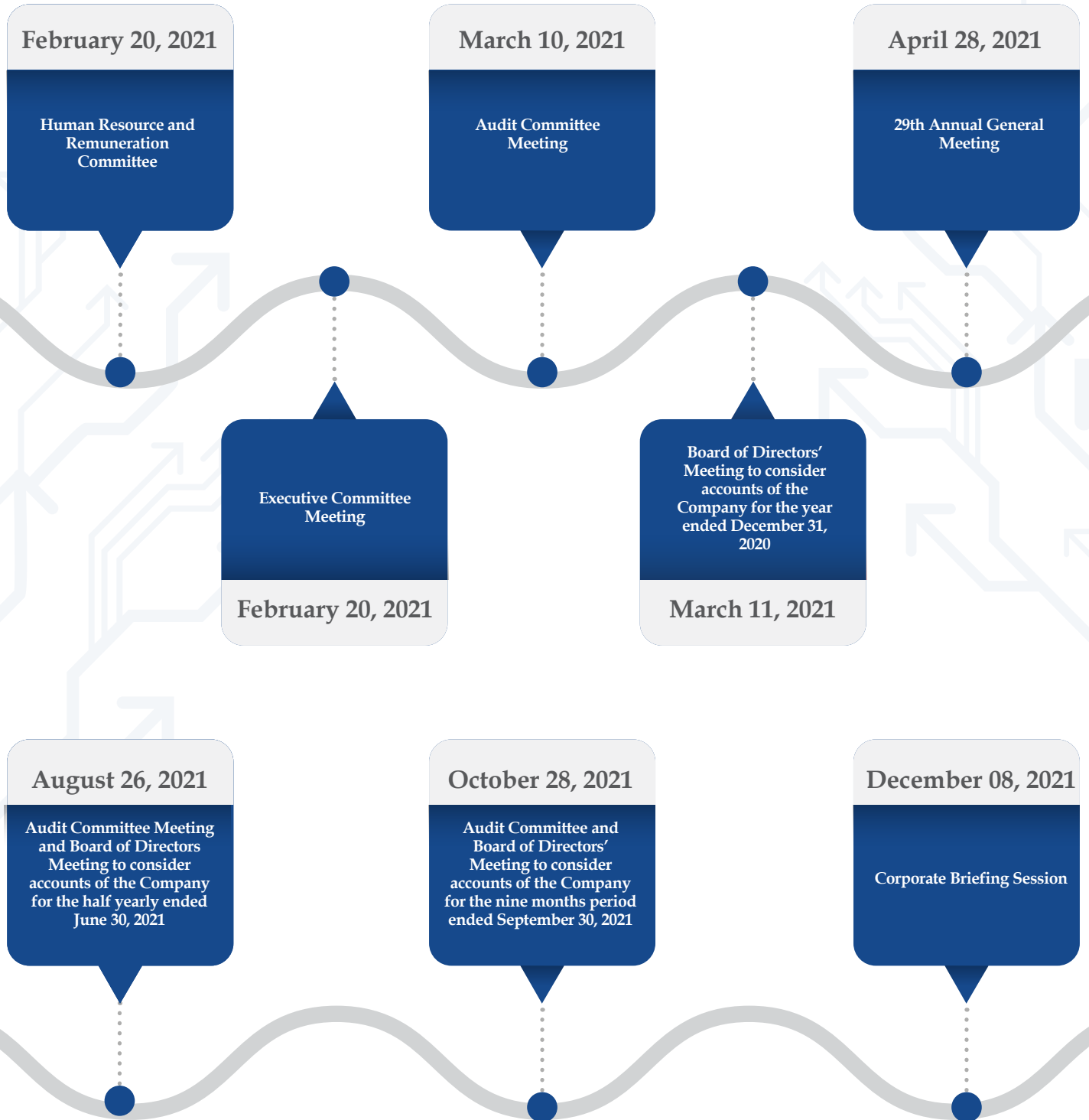
**Key financial figures of KSPPL are as follows:**

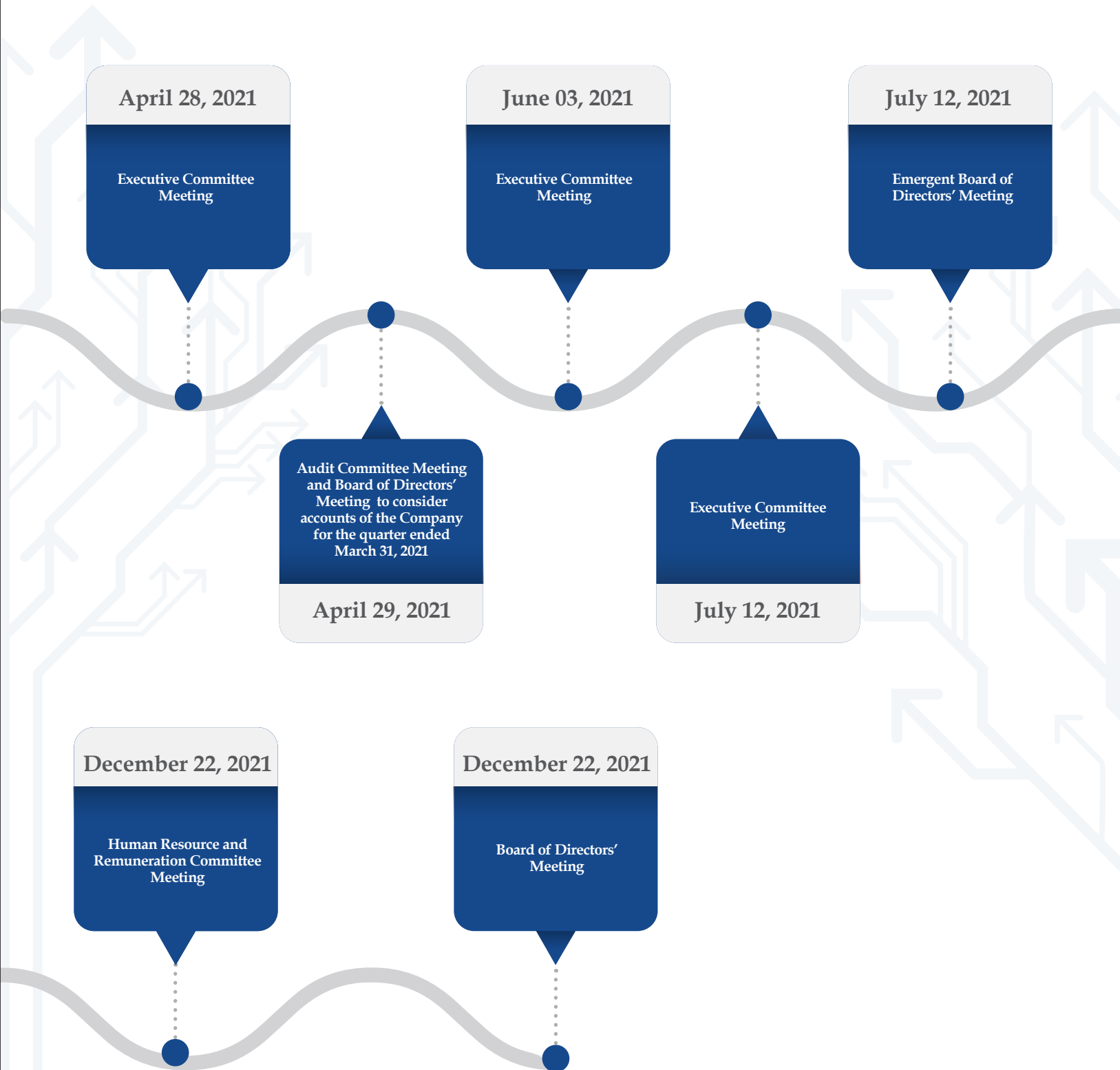
	<b>December 31, 2021</b>
	<b>PKR in million</b>
Total Assets	13
Total Liabilities	1
Shareholder's Equity	12
Profit after Tax	0.2

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

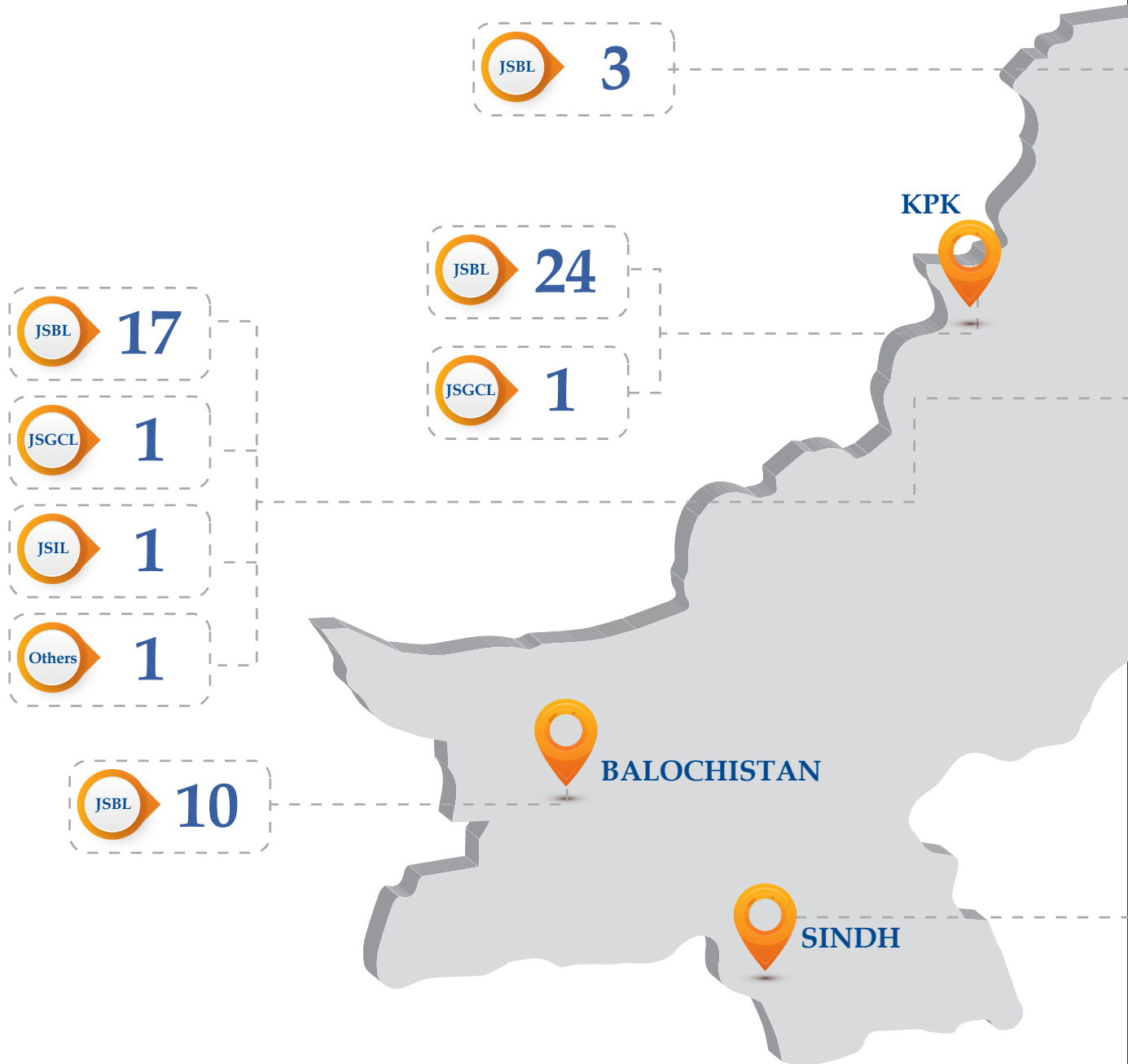
JSINT was incorporated in Cayman Islands B.V.I. on July 14, 2005. The primary objective for which JSINTL was established includes inward investment from non-resident Pakistanis and international institutional investors, financial advisory services to Pakistani companies expanding overseas and to foreign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

# Corporate Calendar 2021



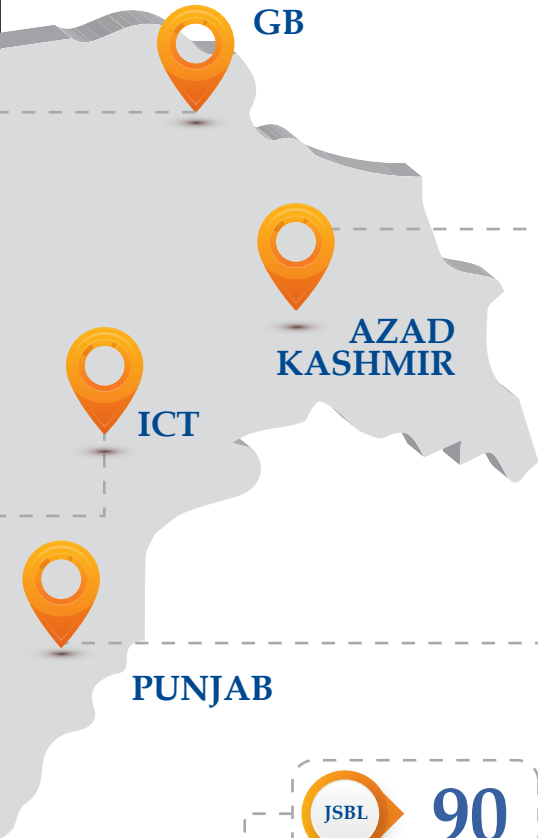


## Geographical Presence



For detailed head offices and branch network of JS group, please refer Annexure II





JSBL 12

JSBL 127

JSGCL 3

JSIL 1

Others 2

JSBL 90

JSGCL 4

JSIL 2

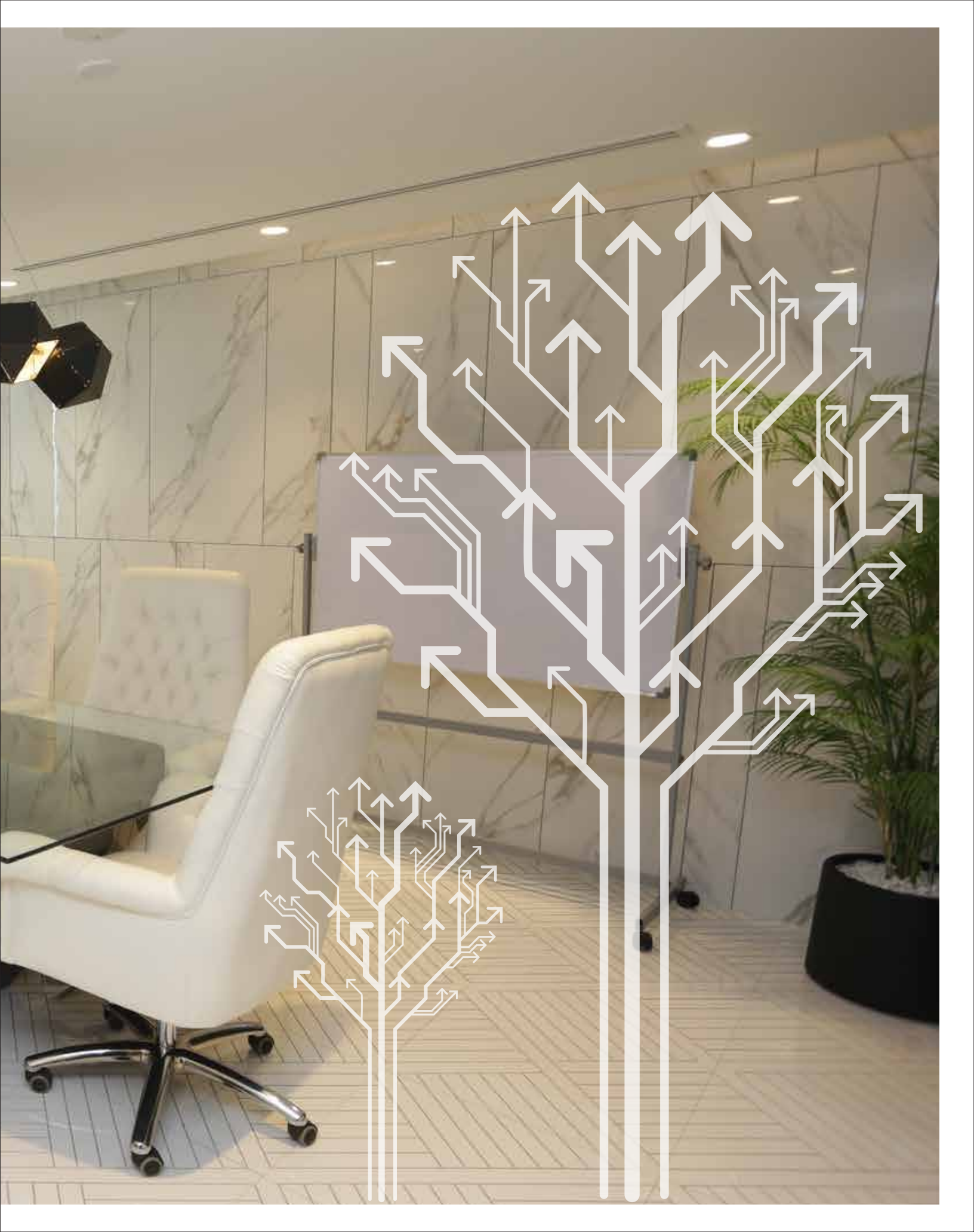
JSCL 1

Others 6



# GOVERNANCE





## Chairman's Review

Dear Shareholders,

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

The Board of Directors ("Board") of JSCL is enriched with appropriate mix of skills, core competencies, diversity, experience and knowledge and is committed to strong corporate governance to protect the overall interests of the Company and its shareholders specially minority shareholders. During the year, the Company's Board and the Management have played a pivotal role in steering the Company through uncertainty specifically in the presence of COVID-19 pandemic. The Board while exercising its powers under the law has performed its duties diligently and has managed the affairs of the Company in an effective and efficient manner with meticulous compliance of ethical values, laws and regulations.

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

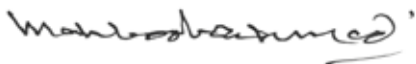
The Board has constituted highly effective Audit, Human Resource & Remuneration and Executive Committees with clear charters having adequate representation of non-executive and independent directors with requisite experience and knowledge to manage the affairs of the Company. There exists a constructive 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 had engaged Grant Thornton Anjum Rahman Chartered Accountants ("GTAR") to perform annual evaluation of the Board, its own performance and that its members and committees. The evaluation report submitted by GTAR was reviewed and discussed by the Human Resource and Remuneration Committee of the Board and the Board.

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

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

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



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

March 10, 2022

# چیرمین کا جائزہ

معزز حصص یافتگان!

میں جہانگیر صدیقی اینڈ کمپنی لمیٹڈ ("کمپنی" یا "JSCL") کے حصص یافتگان کو بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے مؤثر کردار پر جائزہ پیش کرنے میں بہت خوش محسوس کر رہا ہوں۔

JSCL کے بورڈ آف ڈائریکٹرز (بورڈ) مہارتوں، بنیادی صلاحیتوں، تنوع، وسیع تجربے اور علم کے مناسب مرکب کے حامل ہیں اور کمپنی اور اس کے حصص یافتگان خاص طور پر آقلیتی حصص یافتگان کے مجموعی مفادات کے تحفظ کے لئے مضبوط ادارتی نظم و ضبط کے لئے کوشاں ہیں۔ سال کے دوران کمپنی کے بورڈ اور اس کی انتظامیہ نے خاص طور پر COVID-19 وبائی مرض کی موجودگی میں کمپنی کی سمت بندی میں بنیادی کردار ادا کیا۔ بورڈ نے اپنے اختیارات استعمال کرتے ہوئے اپنے فرائض کو سرگرمی سے انجام دیا اور کمپنی کے معاملات کو مؤثر اور منظم انداز میں چلایا جس میں اخلاقی قدروں، قوانین اور قواعد و ضوابط کی پاسداری کی گئی۔

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

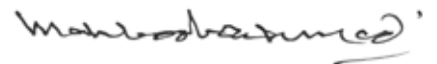
بورڈ نے انتہائی مؤثر آڈٹ، انسانی وسائل و معاوضہ اور ایگزیکٹو کمیٹیاں تشکیل دی ہیں کہ جن میں ضروری تجربے اور علم کے حامل غیر ایگزیکٹو اور آزاد ڈائریکٹران کو مناسب نمائندگی دی گئی ہے تاکہ کمپنی کے معاملات احسن انداز سے چل سکیں۔ کمیٹیوں کے ممبران اور بورڈ کے کے مابین ایک تعمیری تعلق موجود ہے۔ کمپنی نے جہاں ضروری ہو وہاں پر تعارفی کورسز اور درکار تربیت کا اہتمام کیا ہے تاکہ ڈائریکٹران اپنے فرائض مؤثر انداز میں انجام دے سکیں۔

بورڈ نے اپنی اور اپنے ممبران اور کمیٹیوں کی سالانہ تنفیص کے لئے گرانٹ تھورن انٹرمیڈیٹ (GTAR) کی خدمات حاصل کی ہیں۔ GTAR کی پیش کردہ رپورٹ کا جائزہ لیا گیا اور اس پر بورڈ کی انسانی وسائل و معاوضہ کمیٹی اور بورڈ نے بحث کی۔

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

میں، خوش مطلع کرتا ہوں کہ بورڈ کی مجموعی کارکردگی بہترین پائی گئی۔ JSCL کے بورڈ نے کلیدی منصوبہ بندی، حکمت عملیوں کی تشکیل اور کاروبار خطرات کی نگرانی میں اعلیٰ سطح کا کردار ادا کیا اور کمپنی کے مقاصد کے حصول کو یقینی بنانے میں انتظامی ٹیم کی مربوط مشترکہ کوششوں سے کمپنی کی مؤثر سمت بندی میں مسلسل رہنمائی فراہم کی۔

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



چیف جسٹس (ریٹائرڈ) محبوب احمد  
چیرمین

10 مارچ 2022

# 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, 2021.

## THE ECONOMY

The year 2021 witnessed various threats to the economy. Those included sequential waves of the COVID-19 pandemic – exacerbated by new variants, as well as macroeconomic concerns driven by elevated energy and commodity prices. Some of the key demand-friendly policies were withdrawn, on both, the fiscal and monetary side, to ensure sustained economic growth. However, before concerns started to intensify, especially during the second-half of 2021, Pakistan's economy posted an impressive V-shaped recovery and a revised GDP growth rate of 5.4 percent was recorded during 2020-21. This was in stark contrast to the negative growth rate posted in 2019-20.

From the monetary policy perspective, 2021 had a considerable impact. Earlier half of the year had an unchanged policy rate of 7 percent while the latter half witnessed considerable monetary tightening in the shape of a 275 basis points increment to the policy rate. The State Bank of Pakistan (SBP) adopted a proactive stance to counter any untoward inflationary pressures in the light of elevated global commodity and energy prices, and trade disruptions. On a cumulative basis, 2021 inflation was recorded at 9.5 percent.

On the trade front, increased machinery, energy, and agricultural imports led to import of goods expanding to USD 67B in 2021 versus USD 44B during 2020. A significant year on year growth in both exports and remittances was not sufficient to rein in Current Account Deficit (CAD), which stood at USD 12.3B by the year end, in comparison to a Current Account

Surplus of USD 245M posted during 2020. Resultantly, PKR also depreciated against the USD by 10.4 percent during the year. On the fiscal side, tax collection showed a growth of 33 percent in 2021.

## EQUITY CAPITAL MARKETS

KSE-100 index returned 1.9 percent over the year, and remained volatile and range bound; touching an index-high of 48,982 points and an index-low of 42,688 points. The KSE-100 index closed at 44,596 points as at December 31, 2021. Sentiments remained cautious, especially after FY2021-22 budget and despite of excellent corporate profitability. In comparison, trading activity remained buoyant with average traded value recorded at PKR 16.9B against PKR 12.3B during the previous year.

Forward biases strained on expectations regarding significant growth in CAD, elevated inflation in the face of rising energy and commodity prices, PKR devaluation, and delayed completion of 6th review of International Monetary Fund (IMF) Extended Fund Facility (EFF).

## PRINCIPAL ACTIVITIES

JSCL is an investment company primarily focused on financial services and also makes long term investments in growing companies in Pakistan. The financial services footprint 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.

## FINANCIAL PERFORMANCE

### Unconsolidated Financial Statements:

The Company reported profit after tax of PKR 786.38 million for the year ended December 31, 2021 compared to PKR 1,205 million for the year ended December 31, 2020. Overall revenues for the year have increased to PKR 1,507.12 million as compared



to PKR 956.56 million for the year ended December 31, 2020 owing to increase in dividend income, realized capital gain on equity securities and increase in interest income. The operating and administrative expenses have slightly increased however, the finance costs have significantly decreased to PKR 267 million as compared to PKR 454.76 million for the same period last year due to decline in interest rates and borrowings. The breakup value per share as of December 31, 2021 was PKR 34.72.

<b>(PKR in '000')</b>	
Profit before taxation	1,000,603
Less: Taxation	
- Current	215,499
- Prior	7,923
- Deferred	(9,199)
	214,223
<b>Profit after taxation</b>	<b>786,380</b>

The Basic Earnings per Share ("EPS") of the Company for 2021 is PKR 0.86 per share, whereas, the Diluted Earnings per Share is PKR 0.82 per share.

### Consolidated Financial Statements

During the year, the Group has reported improvement in its assets base which increased to PKR 614,921 million as at December 31, 2021, from PKR 562,602 million as at December 31, 2020. The shareholders' equity was PKR 47,047 million as of the year end.

During the year, the Group reported profit after tax of PKR 2,013 million for the year ended December 31, 2021, as compared to PKR 1,288 million for the year ended December 31, 2020 i.e. an increase of 56.21%.

Total income has decreased by 9.6% over the last year mainly on account of decrease in interest earned from Loans and advances due to decreased prevailing interest rates and decrease in gain from disposal of equity securities and government securities during the year. The administrative and other expenses have increased to PKR 16,489 million i.e. enhanced by 7.08% over the last year. However, finance cost has significantly decreased to PKR 27,398 million i.e. declined by 19.07% over the previous year.

<b>(PKR in '000)</b>	
Profit before taxation	3,684,688
Less: Taxation	
- Current	1,466,365
- Prior	(110,575)
- Deferred	4,482
	1,360,272
Profit for the year	2,324,416
Loss after taxation for the year from discontinued operations	(311,874)
Profit for the year	2,012,542
Less: Profit attributable to non-controlling interests	(351,728)
<b>Profit for the year attributable to ordinary shareholders</b>	<b>1,660,814</b>

The Basic Earnings per Share ("EPS") from continuing and discontinued operations for the year ended December 31, 2021, is PKR 1.81 per share, whereas, the Diluted Earnings per Share is PKR 1.71 per share.

### PERFORMANCE OF KEY INVESTMENTS

#### JS Bank Limited (subsidiary)

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

The Bank reported a profit before tax of PKR 2,209 million (profit after tax of PKR 1,304 million) for the year ended December 31, 2021, as compared to a profit before tax of PKR 2,023 million (profit after tax of PKR 1,150 million) last year. The Earnings per Share (EPS) stand at PKR 1.01 per share (December 31, 2020: PKR 0.89).

The Bank's revenue reported total mark-up earned of PKR 39,125 million compared to PKR 43,099 million from the corresponding period last year, a decline of 9.2%. However, total mark-up expensed also declined by 18.3%. Therefore, Net mark-up / interest income was 21.7% higher than the corresponding period last year and closed at PKR 11,895 million. Non-markup income stood at PKR 5,077 million, i.e. lower by 23.9%, mainly due to lower realized gain on government securities during the year.

Administrative expenses were PKR 12,723 million compared to PKR 13,019 million for the corresponding period last year, down by 2.3%. The cost to income ratio of the Bank improved from 79.9% in the year 2020 to 75.2% in 2021 showing the Bank's focus on cost efficiency.

**Key figures are mentioned below:**

	PKR in Million		Growth
	2021	2020	
Deposits	460,705	433,063	6%
Total Assets	584,289	532,168	10%
Investments – net	231,266	201,698	15%
Advances – net	254,184	250,199	2%
Net mark-up/ interest income	11,895	9,777	22%
Profit before tax	2,209	2,023	9%
Profit after tax	1,304	1,150	13%
Earnings Per Share (Basic and Diluted) – PKR	1.01	0.89	13%

**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 410.53 million for the year ended December 31, 2021, as compared to PKR 206.95 million during the year ended December 31, 2020. The operating revenue increased to PKR 1,060.76 million during the year. Further, administrative and operating expenses of JSGCL have increased by PKR 177.96 million for the year.

During the year, JSGCL also paid interim cash dividends amounting to PKR 15 per share.

**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.

JSIL has also acquired the Private Equity and Venture Capital Fund Management Services license from SECP.

JSIL reported a loss after tax of PKR 300 million during the year ended December 31, 2021, as compared to loss after tax of PKR 39.8 million for the year ended December 31, 2020. The assets under management were PKR 22,773 million for the year ended December 31, 2021.

**Other Subsidiaries**

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

EIHPL expects that the funds that will be generated through this aforementioned divestment will be utilized in other lucrative opportunities to generate and further consolidate shareholders’ value.

**INVESTING ACTIVITIES**

During the year 2021, the Company has invested PKR 687.56 million in other long term investments, pursuant to the approval of the Board of Directors. Further, in order to meet working capital requirements, the Company has disinvested its various equity investments having aggregate fair value amounting to PKR 1,486.66 million.

**FINANCING ACTIVITIES DURING THE YEAR**

**Preference Shares**

During the year ended December 31, 2021, pursuant to the approval of the Shareholders of the Company in the Company’s Annual General Meeting held on April 28, 2021, and the approval of the Securities & Exchange Commission of Pakistan vide its letter dated May 17, 2021, the Company issued 183,188,477 listed, convertible, redeemable, non-voting, non-participatory and cumulative Class ‘A’ Preference Shares (by way of rights in the ratio of 2:10 to the Ordinary Shares) at face value of Rs. 10 each.

These Class ‘A’ Preference Shares carry entitlement to a fixed cumulative preferential cash dividend out of the profits of the Company @ 6% (six per cent) per



annum, in priority over dividends declared by the Company on Ordinary Shares. No compensation shall be available to the Preferred Shareholders other than the agreed return i.e. 6% per annum.

These Preference Shares shall be redeemable or convertible into Ordinary Shares in the ratio of 80:100 only at the option of the Company on June 30 or December 31 of any calendar year prior to December 31, 2027. All outstanding Preference Shares not redeemed by December 31, 2027 shall be converted into ordinary shares.

### **Long Term Borrowings**

During the year under review, the Company has redeemed/repaid PKR 762.50 million on account of repayments of outstanding TFCs and term loan.

### **DISTRIBUTION**

The Board has not considered any distribution to ordinary shareholders for the year ended December 31, 2021, on account of further investments and committed principal redemptions of long term borrowings of the Company in 2022.

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

### **CONTRIBUTION TO NATIONAL EXCHEQUER**

On unconsolidated and consolidated basis, the Company and the Company along with its subsidiaries have contributed PKR 256.86 million and PKR 1,841.65 million, respectively to the National Exchequer on account of various federal and provincial governments' levies including income tax and sales tax.

### **CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAMEWORK**

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

- These financial statements present fairly the state

of affairs of the Company, the results of its operations, cash flows and changes in equity;

- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies as stated in the notes to the accounts have been consistently applied in preparation of financial statements except for the amendments in existing International Financial Reporting Standards ("IFRSs") that became effective during the year and new IFRSs, if any, adopted locally by the SECP during the year. Accounting estimates are based on reasonable and prudent judgment;
- IFRSs as applicable in Pakistan and the Companies Act, 2017 as stated in the notes attached with the accounts, have been followed in preparation of the financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored. The internal audit has been outsourced to M/s. Grant Thornton Anjum Rahman, Chartered Accountants, a member firm of Grant Thornton International;
- The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, set out by SECP have been adopted by the Company and are duly complied with. A Statement of Compliance to this effect along with Statutory Auditors' Review Report thereon is provided in the Annual Report.
- The Company is financially sound and is a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the CCG;
- No material payment is outstanding on account of taxes, duties, levies and charges except as disclosed in the financial statements;
- The statement of summarized key operating and financial data of the last six years appears on Page No. 128; 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, 2021, indicate that the value of investments of the fund was PKR 18 million.

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

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

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

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

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

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

## CORPORATE AFFAIRS

### The Board of Directors

The following directors served on the board during the year:

#### Male Members:

Chief Justice (R) Mahboob Ahmed  
Suleman Lalani  
Ali Raza Siddiqui  
Shahid Hussain Jatoi  
Saud Ahmed Mirza  
Lt. Gen. (R) Javed Mahmood Bukhari  
Muhammad Ali\*

Chairman, Non-Executive Director  
Chief Executive Officer  
Non-Executive Director  
Non-Executive Director  
Independent, Non-Executive Director  
Independent, Non-Executive Director  
Non-Executive Director

#### Female Member:

Hina Athar Khan

Non-Executive Director

#### Outgoing Members:

Muhammad Ali\*

Resigned

\* Mr. Muhammad Ali resigned from the Board of Directors w.e.f. December 22, 2021. The Board of Directors, in their meeting held on March 10, 2022, has appointed Mr. Asad Nasir as an Executive Director in place of Mr. Muhammad Ali w.e.f. March 10, 2022.

At present, the Board comprises of six non-executive directors, one executive director 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 2021, casual vacancy occurred on the Board on December 22, 2021, due to resignation of Mr. Muhammad Ali. Subsequent to the year end, the Board in its meeting held on March 10, 2022, appointed Mr. Asad Nasir as Executive Director till the date of next Election of Directors.

### Board Meetings

Six 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	Six	Three
Mr. Ali Raza Siddiqui	Six	Six
Mr. Shahid Hussain Jatoi	Six	Six
Mr. Saud Ahmed Mirza	Six	Six
Ms. Hina Athar Khan	Six	Six
Lt. Gen. (R) Javed Mahmood Bukhari	Six	Six
Mr. Muhammad Ali*	Five	Two
Mr. Suleman Lalani	Six	Six

\*Resigned on December 22, 2021

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

### Audit Committee

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

## Directors training program

Mr. Suleman Lalani, Mr. Ali Raza Siddiqui, Mr. Muhammad Ali, Ms. Hina Athar Khan and Lt. Gen. (R) Javed Mahmood Bukhari 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. Currently, the non-executive Directors, including Independent Directors, are entitled to PKR 250,000/- per quarter as Directors fee and the Chairman of the Board is entitled to PKR 175,000/- per quarter for services as Chairman of the Board in addition to Directors fee. 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 was conducted by the Grant Thornton Anjum Rahman, Chartered Accountants, a member firm of Grant Thornton International.

## POST BALANCE SHEET DATE EVENT

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.

## RELATED PARTY TRANSACTIONS

Related party transactions are disclosed at note 31 to the unconsolidated financial statements and note 51 to the consolidated financial statements for the year ended December 31, 2021.

## CORPORATE SOCIAL RESPONSIBILITY

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

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

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

## CREDIT RATING

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

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

### AUDITORS

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

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

On the recommendation of the Board Audit Committee, the Board of Directors recommends the appointment of KPMG Taseer Hadi & Co., Chartered Accountants for the year ending December 31, 2022, at remuneration to be decided by the management, at the upcoming Annual General Meeting of the Company.

### PATTERN OF SHAREHOLDING

The Statement of Pattern of Shareholding of the Company as on December 31, 2021 is annexed to this report.

### FUTURE OUTLOOK

The Government of Pakistan successfully rolled out a COVID-19 vaccination program that enabled the economy to swing back with much rigor. However, pandemic related commodity super-cycle, trade disruptions, substantial increase in energy prices, and devaluation of PKR pose some considerable risks to the expected growth rate of the economy. In this regard, the quantum of current account balance would determine economic growth to a large extent.

Timely completion of the remaining 3 periodic reviews under the current International Monetary Fund (IMF) Extended Fund Facility (EFF) would help the country in alleviating external financing constraints.

Further, keeping in mind with the changing dynamics in the financial services sector, the Group in general and the Subsidiary Bank (along with its subsidiaries) in particular have placed great focus on business transformation and digital businesses. Such digital initiatives are allowing our companies to improve their cost profile as well as increase their revenue base through acquisition of new customers.

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

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### ACKNOWLEDGEMENT

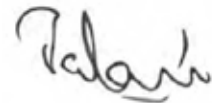
The Directors greatly value the continued support and patronage of our clients and business partners. We also appreciate our employees and management for their dedication and hard work and to the Securities and Exchange Commission of Pakistan for its efforts to strengthen the financial markets, guidance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

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



**Shahid Hussain Jatoi**  
Director

Karachi: March 10, 2022



**Suleman Lalani**  
Chief Executive Officer

مزید برآں، مالیاتی خدمات کے شعبہ کے بدلتے ہوئے پہلوؤں کو مد نظر رکھتے ہوئے گروپ نے عمومی اور ذیلی بینک (جمع اس کی ذیلی کمپنیاں) نے خاص طور پر قاروباری تبدیلی اور ڈیجیٹل کاروبار پر بہت زیادہ توجہ دی ہے۔ اس طرح کے ڈیجیٹل اقدامات ہماری کمپنیوں کو اپنے اخراجات کے پروفائل کو بہتر بنانے کے ساتھ ساتھ نئے صارفین کے حصول کے ذریعے اپنی آمدنی میں اضافہ کرنے میں معاون ثابت ہو سکتے ہیں۔

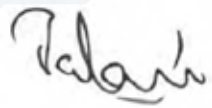
کمپنی اس بات پر یقین رکھتی ہے کہ اس کی ذیلی کمپنیوں خاص طور پر بینکنگ اور انشورنس کے شعبوں، ٹیکنالوجی، ٹیکسٹائل اور کیمیکل کے ساتھ توانائی، ٹیلی کمیونیکیشن، میڈیا اور تعمیراتی شعبہ میں سرمایہ کاری قابل ذکر معاونت کریں گے اور مثبت انداز میں حصص یافتگان کی قدر میں اضافہ کریں گی۔

### قدر شناسی

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

برائے و مخانب

بورڈ آف ڈائریکٹرز



سلیمان لالانی

چیف ایگزیکٹو آفیسر



شاہد حسین جتوئی

ڈائریکٹر

کراچی: 10 مارچ 2022

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

## آڈیٹرز

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

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

بورڈ کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی سال 31 دسمبر 2022 کے لئے انتظامیہ کے طے کردہ معاوضہ پر تقرری کی سفارش کی ہے جس کی منظوری آنے والے سالانہ اجلاس عام میں لی جائے گی۔

## طرز حصص داری

31 دسمبر 2021 کو کمپنی کی طرز حصص داری کی ساخت رپورٹ کے ساتھ منسلک ہے۔

## مستقبل کے امکانات

حکومت پاکستان نے COVID-19 ویکسینیشن پروگرام کا کامیابی سے آغاز کیا جس سے معیشت انتہائی تیزی کے ساتھ واپس بحال ہوئی۔ تاہم وباء سے ملحقہ اشیائے صرف کی قیمتوں میں اضافہ، تجارتی رکاوٹیں، توانائی کی قیمتوں میں قابل ذکر اضافے اور پاکستانی روپے کی قدر میں کمی معیشت کی متوقع شرح نمو کے لئے کچھ قابل ذکر خطرات بن سکتے ہیں۔ اس سلسلے میں رواں کھاتے کا توازن معاشی نمو کا بڑی حد تک تعین کرے گا۔

عالمی مالیاتی فنڈ (IMF) کی توسیع شدہ فنڈ سہولت (EEF) بقایا 3 مدتوں کے جائزے کی بروقت تکمیل سے ملک کے بیرونی قرضوں کی ادائیگی کرنے میں مدد ملے گی۔

## بیلنس شیٹ کی تاریخ کے بعد کا واقعہ

سال کے اختتام اور اس رپورٹ کی تاریخ تک کوئی اہم واقعات رونما نہیں ہوئے جن کی وجہ سے منسلکہ مالیاتی گوشواروں میں درستگی کی ضرورت ہو۔

## ماحقہ فریقین کے ساتھ سودے

ماحقہ فریقین کے ساتھ سودے سال مختتمہ 31 دسمبر 2021 کے انفرادی مالیاتی گوشواروں کے نوٹ 31 میں اور مجموعی مالیاتی گوشواروں کے نوٹ 51 میں منکشف کئے گئے ہیں۔

## ادارتی سماجی ذمہ داری

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

کمپنی ایک ذمہ دار ادارتی شہری کی حیثیت سے باقاعدگی سے پسماندہ لوگوں کی بہبود میں معاونت کرتی ہے۔ سال کے دوران کمپنی نے اپنے CSR ذمہ داری کے تحت ان مالیاتی گوشواروں میں 10 ملین روپے کا عطیہ فیوچر ٹرسٹ کو دیا ہے۔

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

## کریڈٹ ریٹنگ

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



## ایگزیکٹو کمیٹی

ڈائریکٹرز کے نام	موجودہ حیثیت	مینگ میں شرکت کی اہلیت	مینگ میں شرکت
جناب علی رضا صدیقی	چیرمین - نان ایگزیکٹو ڈائریکٹر	چار	چار
جناب شاہد حسین جتوئی	نان ایگزیکٹو ڈائریکٹر	چار	چار
جناب سلیمان لالانی	چیف ایگزیکٹو آفیسر	چار	چار

## ڈائریکٹرز کا تربیتی پروگرام

جناب سلیمان لالانی، جناب علی رضا صدیقی، جناب محمد علی، محترمہ حنا اختر خان اور لینفٹیننٹ جنرل (ریٹائرڈ) جاوید محمود بخاری پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس سے سند یافتہ ہیں جبکہ جناب سعود احمد مرزا اور جناب شاہد حسین جتوئی انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان سے سند یافتہ ہیں۔ مزید برآں چیف جسٹس (ریٹائرڈ) محبوب احمد ضابطہ میں دیئے گئے استثنائی معیار اہلیت کے تحت ڈائریکٹر تربیتی پروگرام سے مستثنیٰ ہیں۔

## ڈائریکٹران کے معاوضہ کی پالیسی

بورڈ آف ڈائریکٹرز نے قانون کے مطابق ڈائریکٹران کے معاوضہ کی پالیسی منظور کی ہے۔ ڈائریکٹران کا معاوضہ بشمول چیرمین، چیف ایگزیکٹو آفیسر، ایگزیکٹو ڈائریکٹران، نان ایگزیکٹو اور خود مختار ڈائریکٹران کا معاوضہ بورڈ کی منظور شدہ پالیسی کے تحت کیا جاتا ہے۔ اس وقت نان ایگزیکٹو ڈائریکٹران بشمول خود مختار ڈائریکٹران -/250,000 روپے فی سہ ماہی ڈائریکٹران فیس اور بورڈ کے چیرمین کو بطور چیرمین خدمات فراہم کرنے پر ڈائریکٹران کی فیس کے علاوہ -/175,000 روپے فی سہ ماہی ملتے ہیں۔ ڈائریکٹران اجلاس میں حاضری کے لئے سفر، ہوٹل اور دیگر اخراجات کی ادائیگی کے حقدار ہیں۔

## بورڈ کی تشخیص

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

ڈائریکٹرز کے نام	میٹنگ میں شرکت کی اہلیت	میٹنگ میں شرکت
چیف جسٹس (ریٹائرڈ) محبوب احمد	چھ	تین
جناب علی رضا صدیقی	چھ	پچھ
جناب شاہد حسین جتوئی	چھ	پچھ
جناب سعود احمد مرزا	چھ	پچھ
جناب محمد علی *	پانچ	دو
محترمہ حنا اطہر خان	چھ	پچھ
لیفٹیننٹ جنرل (ریٹائرڈ) جاوید محمود بخاری	چھ	پچھ
جناب سلیمان لالانی	چھ	پچھ

\*22 دسمبر 2021 کو استعفیٰ دے دیا تھا۔

کارپوریٹ کمیٹی میں بورڈ کی ذیلی کمیٹیوں کی تشکیل بندی اور اجلاسوں میں ڈائریکٹران کی حاضری درج ذیل رہی:

### آڈٹ کمیٹی

ڈائریکٹرز کے نام	موجودہ حیثیت	میٹنگ میں شرکت کی اہلیت	میٹنگ میں شرکت
جناب سعود احمد مرزا	چیرمین - خود مختار ڈائریکٹر	چار	چار
جناب علی رضا صدیقی	نان ایگزیکٹو ڈائریکٹر	چار	چار
جناب شاہد حسین جتوئی	نان ایگزیکٹو ڈائریکٹر	چار	چار

### انسانی وسائل اور معاوضہ کمیٹی

ڈائریکٹرز کے نام	موجودہ حیثیت	میٹنگ میں شرکت کی اہلیت	میٹنگ میں شرکت
جناب سعود احمد مرزا	چیرمین - خود مختار ڈائریکٹر	دو	دو
چیف جسٹس (ریٹائرڈ) محبوب احمد	نان ایگزیکٹو ڈائریکٹر	دو	دو
جناب سلیمان لالانی	چیف ایگزیکٹو آفیسر	دو	دو

رخصت ہونے والے نمبر:

استعفیٰ دے دیا

جناب محمد علی

\* جناب محمد علی نے 22 دسمبر 2021 سے بورڈ آف ڈائریکٹرز سے استعفیٰ دے دیا تھا۔ بورڈ آف ڈائریکٹرز نے اپنے اجلاس مورخہ 10 مارچ 2022 میں جناب اسد ناصر کو بطور ایگزیکٹو ڈائریکٹر 10 مارچ 2022 سے جناب محمد علی کی جگہ پر تقرر کیا تھا۔

موجودہ بورڈ چھ نان ایگزیکٹو ڈائریکٹران، ایک ایگزیکٹو ڈائریکٹر اور چیف ایگزیکٹو آفیسر (CEO) پر مشتمل ہے۔ بورڈ میں ڈائریکٹران شامل ہیں جو کہ درست مہارت اور ضروری تجربہ کے حامل ہیں جو کہ بنیادی نگرانی کے کردار کے لئے درکار ہوتا ہے۔ بورڈ کاروباری مہارت اور تجربہ میں تنوع کی قدر کرتا ہے اس لئے ڈائریکٹران متنوع مہارتوں، صلاحیتوں اور تجربہ کے ساتھ مختلف جغرافیائی اور ثقافتی پس منظر کے حامل ہیں جو کہ آج کے مسابقتی کاروباری ماحول میں بنیادی حیثیت رکھتے ہیں۔

ضابطہ اور نظم و ضبط کے بہترین طور طریقوں کے مطابق چیئرمین اور CEO کے عہدے علیحدہ علیحدہ ہیں۔

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

**بورڈ میں عارضی اسامی**

سال 2021 کے دوران 22 دسمبر 2021 کو جناب محمد علی کے استعفیٰ سے عارضی آسامی پیدا ہو گئی تھی۔ اس سال کے بعد بورڈ نے اپنے اجلاس مورخہ 10 مارچ 2022 میں ڈائریکٹران کے اگلے انتخابات تک جناب اسد ناصر کی تقرری کی ہے۔

**بورڈ کے اجلاس**

سال کے دوران کارپوریٹ کیلنڈر میں بورڈ آف ڈائریکٹرز کے چھ اجلاس ہوئے۔ بورڈ کے اجلاس میں ڈائریکٹران کی حاضری درج ذیل رہی:

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

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

### کارپوریٹ معاملات

### بورڈ آف ڈائریکٹرز

سال کے دوران مندرجہ ذیل ڈائریکٹران نے بورڈ میں خدمات انجام دیں:

### مردمبران

چیرمین، نان ایگزیکٹو ڈائریکٹر

چیف جسٹس (ریٹائرڈ) محبوب احمد

چیف ایگزیکٹو ڈائریکٹر آفیسر

جناب سلیمان لالانی

نان ایگزیکٹو ڈائریکٹر

جناب علی رضا صدیقی

نان ایگزیکٹو ڈائریکٹر

جناب شاہد حسین جتوئی

نان ایگزیکٹو ڈائریکٹر

جناب محمد علی\*

خود مختار، نان ایگزیکٹو ڈائریکٹر

جناب سعود احمد مرزا

خود مختار، نان ایگزیکٹو ڈائریکٹر

لیفٹیننٹ جنرل (ریٹائرڈ) جاوید محمود بخاری

### خاتون ممبر

نان ایگزیکٹو ڈائریکٹر

محترمہ حنا اطہر خان

☆ SECP کے مرتب کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کو کمپنی نے اختیار کیا ہے اور ان کی باضابطہ پاسداری کی جاتی ہے۔ اس سلسلے میں پاسداری کا بیان بمع آئینی آڈیٹرز کی جائزہ رپورٹ سالانہ رپورٹ کے ساتھ فراہم کی گئی ہے۔

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

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

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

☆ گزشتہ چھ سالوں کے مختصراً اہم کاروباری اور مالیاتی اعداد و شمار صفحہ نمبر 128 پر شامل کئے گئے ہیں۔

☆ کمپنی ایک منظور شدہ معاونتی پروویڈنٹ فنڈ اسکیم بھی اپنے تمام اہل ملازمین کے لئے رکھتی ہے۔ ان کے سال مختتمہ 30 جون 2021 آڈٹ شدہ مالیاتی گوشواروں سے ظاہر ہوتا ہے کہ فنڈ سے کی گئی سرمایہ کاریوں کی مالیت 18 ملین روپے ہے۔

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

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

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

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

## قومی خزانے کو ادائیگی

مجموعی اور انفرادی بنیاد پر کمپنی بمع اس کی ذیلی کمپنیوں نے مختلف وفاقی اور صوبائی سرکاری محصولات بشمول انکم ٹیکس اور سیلز ٹیکس کی مد میں 256.8 ملین روپے اور 1,841.65 ملین روپے کی بالترتیب قومی خزانے میں ادائیگی کی۔

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

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

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

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

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

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

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

## سال کے دوران مالیاتی سرگرمیاں

### ترجیحی حصص

سال مختتمہ 31 دسمبر 2021 کے دوران کمپنی نے سالانہ اجلاس عام میں کمپنی کے حصص یافتگان کی منظوری اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے خط مورخہ 17 مئی 2021 میں کمپنی نے 183,188,477 لٹڈ، قابل منتقل، قابل خلاصی، ناقابل ووٹ، ناقابل شراکت اور مجموعی کلاس "A" ترجیحی حصص (بذریعہ حقوق شرح عمومی حصص کا تناسب 2:10) تخمیناً قدر -/10 روپے فی حصص جاری کئے تھے۔

کلاس "A" کے حامل ترجیحی حصص منافع میں سے 6 فیصد (چھ فیصد) سالانہ فکس مجموعی ترجیحی منافع منقسمہ کے حقدار ہونگے جنہیں کمپنی کے اعلان کردہ عمومی حصص کے منافع منقسمہ پر ترجیح حاصل ہے۔ ترجیحی حصص یافتگان کو طے شدہ منفعت یعنی 6 فیصد سالانہ کے علاوہ کوئی بھی دیگر معاوضہ دستیاب نہ ہوگا۔

یہ ترجیحی حصص 80:100 کے تناسب سے 31 دسمبر 2027 تک عمومی حصص میں قابل خلاصی یا قابل تبدیلی ہیں جس کا اختیار کمپنی کو ہوگا کہ وہ کسی بھی سال میں 30 جون یا 31 دسمبر کو کر سکتی ہے۔ اگر 31 دسمبر 2027 تک تمام واجب الادا ترجیحی حصص کی خلاصی نہ ہوئی تو انہیں عمومی حصص میں تبدیل کر دیا جائے گا۔

### طویل مدتی قرضے

جائزہ سال کے دوران کمپنی نے 762.50 ملین روپے کے واجب الادا اور طویل مدتی قرضوں کی ادائیگی کی گئی۔

### تقسیم

بورڈ نے عمومی حصص یافتگان کو سال مختتمہ 31 دسمبر 2021 کے لئے مزید سرمایہ کاری کی ضروریات کے پیش نظر کسی منافع منقسمہ پر غور نہیں کیا اور 2022 میں کمپنی کے طویل مدتی قرضوں کی بنیادی رقومات سے ادائیگی کے لئے کوشاں ہے۔

مزید برآں، ترجیحی حصص یافتگان ترجیحی حصص کی ٹرم شیٹ کی بنیاد پر فکس مجموعی منافع منقسمہ 6 فیصد سالانہ کے حقدار ہیں۔ لہذا بورڈ نے ترجیحی حصص یافتگان کو اس ترجیحی منافع منقسمہ کی سفارش کی ہے جس کی منظوری سالانہ اجلاس عام میں لی جائے گی۔

31 دسمبر 2021 کو ختم ہونے والے سال کے لیے JSGCL کا منافع بعد از ٹیکس 410.53 ملین روپے رہا جو کہ گزشتہ سال 31 دسمبر 2020 میں 206.95 ملین روپے تھا۔ سال کے دوران کاروباری آمدن بڑھ کر 1,060.76 ملین روپے تک پہنچ گئی۔ مزید برآں، انتظامی اور کاروباری اخراجات بڑھ کر 177.96 ملین روپے ہو گئے۔

سال کے دوران JSGCL نے عبوری منافع منقسمہ بحساب 15 روپے فی حصص ادا کئے۔

### جے ایس انویسٹمنٹس لمیٹڈ (ذیلی ادارہ)

جے ایس انویسٹمنٹس لمیٹڈ ایک پبلک لسٹڈ کمپنی ہے جس کی تشکیل پاکستان میں 1995 میں ہوئی۔ کمپنی نے سرمایہ کاری مشیر، اثاثوں کے انتظام کی کمپنی اور پنشن فنڈ مینیجر کے لائسنس سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) سے لاگو قوانین کے تحت حاصل کئے ہیں۔ JSIL نے پرائیویٹ ایکویٹی اور وینچر کیپٹل فنڈ مینجمنٹ سروسز کا لائسنس SECP سے حاصل کیا ہے۔

سال ختمہ 31 دسمبر 2021 میں JSIL کا خسارہ بعد از ٹیکس 300 ملین روپے رہا جو کہ گزشتہ سال 39.8 ملین روپے تھا۔ 31 دسمبر 2021 میں زیر انتظام اثاثے 22,773 ملین روپے رہے۔

### دیگر ذیلی کمپنیاں

انرجی انفراسٹرکچر ہولڈنگ (پرائیویٹ) لمیٹڈ ("EIHPL") جو کمپنی کی ایک مکمل ملکیتی ذیلی کمپنی ہے، اس نے 31 دسمبر 2021 کو کوالٹی 1 پیٹرولیم (پرائیویٹ) لمیٹڈ میں اپنی 100% شیئر ہولڈنگ کو مجموعی طور پر 2 بلین روپے میں فروخت کرنے کا فیصلہ کیا تھا۔

EIHPL کو توقع ہے کہ مذکورہ بالا فروخت سے حاصل شدہ رقم کو پرکشش سرمایہ کاری مواقع میں استعمال کیا جائے گا کہ حصص یافتگان کے لئے مزید قدر پیدا کی جاسکے۔

### سرمایہ کاری سرگرمیاں

سال 2021 کے دوران کمپنی نے 687.56 ملین روپے کی طویل مدتی سرمایہ کاریاں کیں، جس کی منظوری بورڈ آف ڈائریکٹرز نے دی تھی۔ مزید برآں، رواں کھاتے کی ضروریات کو پورا کرنے کے لئے کمپنی نے مختلف حصصی سرمایہ کاریوں کو فروخت کیا جن کی مجموعی لاگت 1,486.66 ملین روپے ہے۔



بینک کی آمدنی کل مارک اپ 39,125 ملین روپے رہی جو کہ گزشتہ سال اسی مدت میں 43,099 روپے تھی یعنی 9.2 فیصد کمی ہوئی۔ تاہم کل مارک اپ کے اخراجات میں 18.3 فیصد کمی ہوئی۔ لہذا خالص مارک اپ/شرح سود کی آمدنی گزشتہ سال اسی مدت کی بہ نسبت 21.7 فیصد رہی اور 11,895 روپے پر بند ہوئی۔ مارک اپ کے علاوہ آمدن 5,077 ملین روپے یعنی 23.9 فیصد کم رہیں جس کی بنیادی وجہ سال کے دوران سرکاری سیکورٹیز پر حاصل ہونے والا کم منافع ہے۔

آپریٹنگ اخراجات 12,723 ملین روپے رہے جو کہ گزشتہ سال اسی مدت میں 13,019 ملین روپے تھے یعنی 2.3 فیصد کم ہو گئے۔ بینک کی لاگت سے آمدنی کی شرح کا تناسب 2020 میں 79.9 فیصد تھا جو کہ 2021 میں 75.2 فیصد ہو گیا، جس سے بینک کی لاگتوں کی کٹوتی پر توجہ مرکوز کرنے کی عکاسی ہوتی ہے۔

اہم اعداد و شمار درج ذیل ہیں:

نمو	روپے ملین		
	2020	2021	
6%	433,063	460,705	ڈپازٹس
10%	532,168	584,289	کل اثاثے
15%	201,698	231,266	خالص سرمایہ کاری
2%	250,199	254,184	خالص قرضے
22%	9,777	11,895	خالص مارک اپ/سودی آمدن
9%	2,023	2,209	منافع قبل از ٹیکس
13%	1,150	1,304	منافع بعد از ٹیکس
13%	0.89	1.01	فی حصص آمدن (بنیادی اور رقیق)

جے ایس گلوبل کیپٹل لمیٹڈ (ذیلی ادارہ)

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

(روپے '000 میں)

3,684,688

منافع قبل از ٹیکس

کٹوتی: ٹیکس

1,466,365

موجودہ سال

(110,575)

سابقہ سال

4,482

ملتی شدہ

1,360,272

2,324,416

سال کا منافع

(311,874)

منقطع پیداواری شعبے کا سال کا خسارہ بعد از ٹیکس

2,012,542

سال کا منافع

(351,728)

کٹوتی: اقلیتی حصص یافتگان سے منسوب منافع

1,660,814

عام حصص یافتگان سے منسوب سال کا منافع

سال ختمہ 31 دسمبر 2021 میں جاری اور منقطع افعال کی بنیادی آمدنی فی حصص (EPS) 1.81 روپے فی حصص رہی جبکہ رفیق آمدن فی حصص 1.71 روپے فی حصص رہی۔

اہم سرمایہ کاری کی کارکردگی:

جے ایس بینک لمیٹڈ (ذیلی بینک)

جے ایس بینک لمیٹڈ ("JSBL" یا "بینک") ایک شیڈولڈ بینک ہے جس کی تشکیل پاکستان میں ہوئی جو کہ تجارتی بینکنگ اور اس سے ملحقہ خدمات میں مصروف عمل ہے۔

بینک کا منافع 2,209 ملین روپے (منافع بعد از ٹیکس 1,304 ملین روپے) برائے ختمہ مدت 31 دسمبر 2021 رہا جبکہ گزشتہ سال قبل از ٹیکس منافع 2,023 ملین روپے رہا (منافع بعد از ٹیکس 1,150 ملین روپے)۔ فی حصص آمدن (EPS) 1.01 فی حصص رہی (31 دسمبر 2020: 0.89 روپے)۔

(روپے '000' میں)

1,000,603

منافع قبل از ٹیکس

کٹوتی: ٹیکس

215,499

موجودہ سال

7,923

سابقہ

(9,199)

ملتی شدہ

214,223

786,380

منافع بعد از ٹیکس

2021 میں کمپنی کی بنیادی آمدنی فی حصص (EPS) 0.86 فی حصص رہی جبکہ رقیق آمدنی فی حصص 0.82 پیسفی حصص رہی۔

### مجموعی مالیاتی گوشوارے

سال کے دوران گروپ کے اپنے اثاثوں کی بنیاد میں بہتری آئی جو کہ 31 دسمبر 2021 کو بڑھ کر 614,921 ملین روپے ہو گئے جبکہ 31 دسمبر 2020 کو 562,602 ملین روپے تھے۔ سال کے اختتام پر حصص یافتگان کی ایکویٹی 47,047 ملین روپے رہی۔

سال مختتمہ 31 دسمبر 2021 کے دوران گروپ کا منافع بعد از ٹیکس 2,013 ملین روپے رہا جو کہ 31 دسمبر 2020 کو 1,288 ملین روپے تھا یعنی اس میں 56.21 فیصد اضافہ ہوا۔

کل آمدنی میں گزشتہ سال کی بہ نسبت 9.6 فیصد کمی ہوئی جس کی بنیادی وجہ سال کے دوران کم رہنے والے شرح سود کے نتیجے میں، قرضوں اور ایڈوانسز پر سودی آمدنی میں کمی اور ایکویٹی سیکورٹیز اور سرکاری سیکورٹیز پر منافع میں کمی تھی۔ انتظامی اور دیگر اخراجات بڑھ کر 16,489 ملین روپے رہے یعنی گزشتہ سال کی بہ نسبت 7.08 فیصد اضافہ ہوا۔ تاہم مالیاتی لاگت کم ہو کر 27,938 ملین روپے رہی یعنی گزشتہ سال کی بہ نسبت میں 19.07 فیصد کمی ہوئی۔

## ایکوٹی کیپٹل مارکیٹس (Equity Capital Markets)

KSE-100 انڈیکس میں سال کے دوران 1.9 فیصد کا اضافہ ہوا اور غیر مستحکم رہا، بلند ترین انڈیکس 48,982 پوائنٹس رہا اور کم ترین 42,688 پوائنٹس رہا۔ KSE-100 انڈیکس 31 دسمبر 2021 کو 44,596 پوائنٹس پر بند ہوا۔ خاص طور پر FY2021-22 بجٹ کے بعد اور شاندار کارپوریٹ منافع کاری کے باوجود بھی رجحانات محتاط رہے۔ موازنہ کیا جائے تو خرید و فروخت کی سرگرمی امید افزاء رہی جس میں اوسطاً مالیات 16.9 بلین روپے ریکارڈ کی گئی جبکہ گزشتہ سال 12.3 بلین تھی۔

CAD میں قابل ذکر اضافے کی توقعات، توانائی اور ایشیائے صرف کی بڑھتی ہوئی قیمتوں کے تناظر میں بلند افراط زر، پاکستان روپے کی قدر میں کمی اور چھٹے عالمی مالیاتی فنڈ (IMF) کی توسیع شدہ فنڈ سہولت (EEF) کی تکمیل میں تاخیر مستقبل میں دشواریوں کا باعث بن سکتے ہیں۔

### بنیادی سرگرمیاں

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

### مالیاتی کارکردگی

#### انفرادی مالیاتی گوشوارے

سال مختتمہ 31 دسمبر 2021 میں کمپنی کا بعد از ٹیکس منافع 786.38 ملین روپے رہا جو کہ گزشتہ سال 31 دسمبر 2020 میں 1,205 ملین روپے تھا۔ سال کی مجموعی آمدنی بڑھ کر 1,507.12 ملین روپے ہو گئی جو کہ گزشتہ سال 31 دسمبر 2020 میں 956.56 ملین روپے تھی جس کی وجہ منافع منقسمہ میں اضافہ، ایکوٹی سیکیورٹیز پر منافع اور سودی آمدنی میں اضافہ تھا۔ کاروباری اور انتظامی اخراجات میں معمولی اضافہ ہوا، تاہم مالیاتی لاگتیں قابل ذکر کمی کے ساتھ 267 ملین روپے رہیں جو کہ گزشتہ سال اسی مدت میں 454.76 ملین روپے تھی، کمی کی وجہ شرح سود اور قرضوں میں کمی تھی۔ 31 دسمبر 2021 کو فی حصص بریک اپ ویلیو 34.72 روپے رہی۔

# ڈائریکٹرز رپورٹ برائے حصص یافتگان

## معزز حصص یافتگان!

ہم جہانگیر صدیقی اینڈ کمپنی لمیٹڈ ("کمپنی" یا "JSCL") کی سالانہ رپورٹ کے ساتھ آڈٹ شدہ انفرادی مالیاتی گوشوارے اور اس کی ذیلی کمپنیوں (گروپ) کے مجموعی مالیاتی گوشوارے اور ان پر آڈیٹرز کی رپورٹ برائے سال ختمہ 31 دسمبر 2021 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

## معیشت

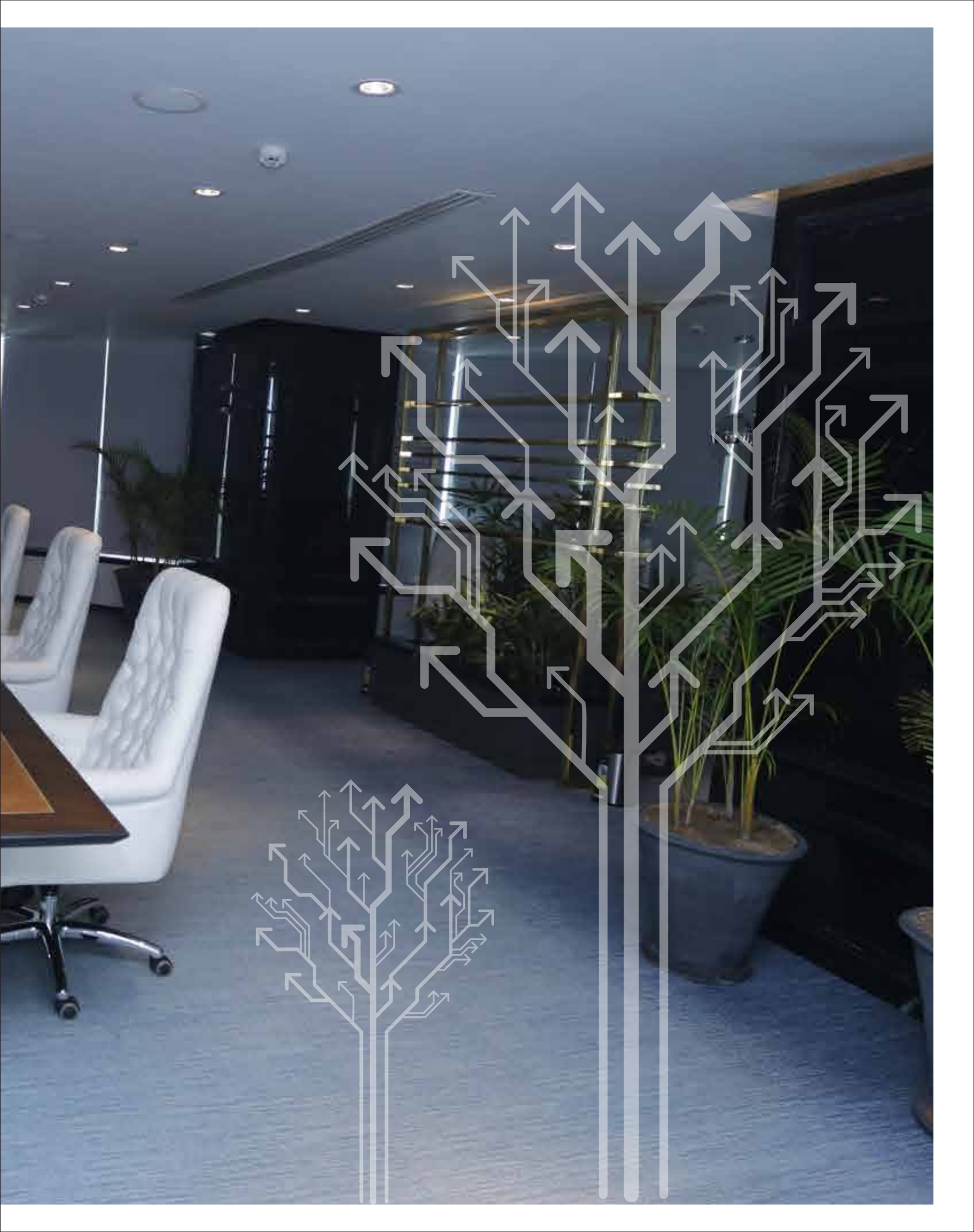
سال 2021 میں معیشت کو مختلف خطرات کا سامنا رہا۔ ان میں COVID-19 کی نئے اقسام کے جراثیم کی بار بار لہر کے ساتھ ساتھ توانائی اور اشیائے صرف کی بڑھتی ہوئی قیمتوں نے صورتحال کو ابتر کر دیا۔ پائیدار معاشی نمو یعنی مالیاتی اور زرعی دونوں سطحوں پر کئی اہم مطلوب سازگار پالیسیوں کو واپس لے لیا گیا۔ تاہم خطرات کے شدید ہونے سے قبل ہی خاص طور پر 2021 کی دوسری ششماہی کے دوران پاکستان کی معیشت میں متاثر کن V شکل کی بحالی آئی اور GDP نمو ترمیم شدہ شرح 5.4 فیصد سال 2020-21 کے دوران ریکارڈ کی گئی ہے۔ یہ 2019-20 کی منفی نمو کے برخلاف تھا۔

مالیاتی پالیسی کے تناظر میں 2021 میں قابل اثرات مرتب ہوئے۔ سال کی ابتدائی ششماہی میں پالیسی نرخ میں کوئی تبدیلی نہیں ہوئی یعنی 7 فیصد پر برقرار رہا جبکہ دوسری ششماہی میں 275 پیس پوائنٹس کے اضافہ کی شکل میں پالیسی نرخ میں قابل ذکر اضافہ سے مالیاتی سختی آئی۔ اسٹیٹ بینک آف پاکستان (SBP) نے اشیائے صرف اور توانائی کی بڑھتی ہوئی قیمتوں کے پیش نظر کسی ناموافق افراط زر کے دباؤ اور تجارتی رکاوٹوں کا مقابلہ کرنے کے لئے متحرک نہ موقف اختیار کیا۔ مجموعی طور پر 2021 میں افراط زر 9.5 فیصد رہا۔

تجارتی محاذ پر مشینری، توانائی اور زرعی مصنوعات کی بڑھتی ہوئی درآمدات کے نتیجے میں مال کی درآمدات بڑھ کر 67 بلین یو ایس ڈالر تک پہنچ گئیں جو کہ 2020 کے دوران 44 بلین یو ایس ڈالر تھیں۔ برآمدات اور ترسیلات زر دونوں میں نمو کے لحاظ سے سال بہ سال قابل ذکر اضافہ کرنٹ اکاؤنٹ خسارے (CAD) کے لئے ناکافی رہا جو کہ سال کے اختتام تک 12.3 بلین یو ایس ڈالر رہیں جبکہ گزشتہ سال 2020 میں کرنٹ اکاؤنٹ کا منافع 245 بلین یو ایس ڈالر تھا۔ جس کے نتیجے میں سال کے دوران یو ایس ڈالر کے مقابلے میں پاکستانی روپیہ مزید 10.4 فیصد گر گیا۔ مالیاتی محاذ پر 2021 میں ٹیکس وصولی میں 33 فیصد اضافہ ہوا۔

# BOARD OF DIRECTORS





## 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 Shariyat Court from 1997 to 2000. He also acted as Governor of Punjab province a number of times.

#### **Other Directorship:**

East West Insurance Co. Ltd. (Chairman)

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

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 the team responsible for the management of over USD 60 billion in fixed income assets.

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

#### **Other Directorships:**

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



## Mr. Asad Nasir

Executive Director

Mr. Asad Nasir is Deputy Chief Executive Officer at JSCL. He has over 20 years of diversified financial services experience including Private Equity, Corporate Finance Advisory, Capital Market Advisory, Transaction Services and Audit.

Prior to this, Mr. Asad was Group Head, Ecosystem Development and Sustainable Finance at JS Bank where he was overseeing a number of strategic projects in the digital banking and financial services space.

Mr. Asad has also served as the Chief Investment Officer for JS Private Equity and the Pakistan Catalyst Fund, a USD 50 million private equity fund which included USAID in its investors. Before that Mr. Asad was Head, Corporate Finance at JS Global Capital, a leading Pakistani securities brokerage and investment banking firm. At JS Global, Mr. Asad advised some of Pakistan's leading companies on fundraising, mergers and acquisitions and corporate restructurings.

Mr. Asad commenced his professional career with Deloitte UK, working as part of the audit & assurance and corporate finance teams.

He is an FCA with the Institute of Chartered Accountant in England and Wales and holds a BSc (Hons) in Accounting from the University of Hull.

### Other Directorships:

TRG Pakistan Limited  
Mahvash & Jahangir Siddiqui Foundation  
Omar Jibran Engineering Industries Ltd  
Augmentcare Technologies (Private) Limited  
Knowledge Platform (Private) Limited  
Innovarge Technologies (Private) Limited

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

Non-Executive Independent Director

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

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

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

### Other Directorships:

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

## **Ms. Hina Athar Khan**

Non-Executive Director

Ms. Hina is currently working as Head of Strategy and Projects 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.

### **Other Directorships:**

Dergah Trust - Founder and Chairperson  
OZW Foundation - Trustee

## **Mr. Saud Ahmed Mirza**

Non-Executive Independent Director

Mr. Saud Ahmed Mirza has served as Director General Federal Investigation Agency (FIA), Additional Secretary Interior Ministry, Capital City Police Officer (CCPO) Karachi, Additional Inspector General CID, 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 February 01, 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.

## Mr. Shahid Hussain Jatoi

Non-Executive Director

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. 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:

Al-Abbas Sugar Mills Limited  
Service Industries Limited  
Shezan International 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 MicroFinance 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 30 years of experience in the financial services sector. He has also completed the Board Development Series Certificate Program conducted by the Pakistan Institute of Corporate Governance.

### Other Directorships:

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



## Board Committees

### Board Audit Committee

- Mr. Saud Ahmed Mirza (Chairman) - Independent Director
- Mr. Shahid Hussain Jatoi - Non-Executive Director
- Mr. Ali Raza Siddiqui - Non-Executive Director

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

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

### Board Human Resource and Remuneration Committee

- Mr. Saud Ahmed Mirza (Chairman) - Independent Director
- Chief Justice (R) Mahboob Ahmed - Non-Executive Director
- Mr. Suleman Lalani - Chief Executive Officer



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

The Board Human Resources and Remuneration Committee (“BHRRC”) discharges the Board’s responsibilities relating to the human resource functions of the Company’s executives. BHRRC reviews and recommends Human Resource policies to the Board of Directors including but not limited to remuneration practices, the selection, evaluation, compensation (including retirement benefits), succession planning as well as the recommendation of structure of compensation package of CEO, CFO, Company Secretary and other Key Executives who report directly to CEO along with ensuring implementation of the same. The BHRRC is also responsible for undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant.

#### **Board Executive Committee**

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

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

The Board Executive Committee (“BEC”) is responsible to evaluate and recommend to the Board the approval of new lines of business, major additions/ deletions in trading portfolio, changes in investment portfolio dynamics, and new transactions in accordance with the Risk Management Guidelines and other internal guidelines; to regularly review financial performance of the Company and its significant investments in comparison with the annual budget; and to implement budget as reviewed and approved by the Board of Directors.

#### **Dates and Attendance of Board Committees during 2021**

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

# Roles and Responsibilities

## Roles and Responsibilities of the Board of Directors:

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

## Roles and Responsibilities of the Chairman:

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

- To ensure that the Board meets at regular intervals throughout the year;
- To ensure that the minutes of meetings accurately records the decisions taken and, where appropriate, the views of individual Board members;
- To ensure that JSCL is managed efficiently and in accordance with sound business principles;
- To ensure that the formal policy statements reflect corporate philosophy and to provide operational guidance to the Board and its sub-committees;
- To ensure that the Board discharges its role effectively in line with regulatory requirements.

## Roles and Responsibilities of the Chief Executive Officer:

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

- Evolving a business culture based on quality values, transforming leadership, teamwork and commitment to never ending improvement;
- Inculcating the philosophy that quality is the integrative and self-evident organizational truth;
- Encouraging creativity and innovation so that the organization becomes a recognized industry leader and provides a high level motivational environment for its team members;
- Initiating and encouraging the development of dynamic spirit and image of aggressiveness, creativity, integrity and progressiveness;



- Displaying high standard of honesty and forthrightness in all relationships, and monitoring the ethics and activities of management as to set an example for the rest of the team members;
- Ensuring that JSCL's corporate Mission is clearly communicated to the operational management of the company in writing;
- Formulating proposals relating to JSCL's business strategy and presenting the same to the Board of Directors for guidance and approval;
- Formulating policy recommendation for the development of infrastructure, facilities and business expansions/ diversification and presenting the same to the Board of Directors for approval;
- Initiating new investments and joint venture projects and whenever considered necessary issuing specific instructions on a case-to-case basis for presenting them to the board of directors;
- Reviewing corporate objectives and policies from time to time in light of changes in the competitive environment;
- Providing constant and effective leadership and direction to the departmental heads from time to time and working toward achieving the adequacy and soundness of the financial structure of JSCL.

## Report of the Board Audit Committee

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

BAC has been proactively focusing on effectiveness of internal controls, risk management, compliance and governance processes in accordance with the requirements of Code of Corporate Governance and Terms of Reference (“ToRs”) of BAC duly approved by the Board of Directors. During the year 2021, four BAC meetings were held and following major activities were performed by BAC in accordance with its approved ToRs.

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



**Mr. Saud Ahmed Mirza**  
Chairman - BAC

Dated March 10, 2022  
Place: Karachi



# Senior Management Team

## 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 MicroFinance 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 30 years of experience in the financial services sector. He has also completed the Board Development Series Certificate Program conducted by the Pakistan Institute of Corporate Governance.

### Other Directorships:

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

## Mr. Asad Nasir

Deputy Chief Executive Officer

Mr. Asad Nasir is Deputy Chief Executive Officer at JSCL. He has over 20 years of diversified financial services experience including Private Equity, Corporate Finance Advisory, Capital Market Advisory, Transaction Services and Audit.

Prior to this, Mr. Asad was Group Head, Ecosystem Development and Sustainable Finance at JS Bank where he was overseeing a number of strategic projects in the digital banking and financial services space.

Mr. Asad has also served as the Chief Investment Officer for JS Private Equity and the Pakistan Catalyst Fund, a USD 50 million private equity fund which included USAID in its investors. Before that Mr. Asad was Head, Corporate Finance at JS Global Capital, a leading Pakistani securities brokerage and investment banking firm. At JS Global, Mr. Asad advised some of Pakistan's leading companies on fundraising, mergers and acquisitions and corporate restructurings.

Mr. Asad commenced his professional career with Deloitte UK, working as part of the audit & assurance and corporate finance teams.

He is an FCA with the Institute of Chartered Accountant in England and Wales and holds a BSc (Hons) in Accounting from the University of Hull.

### Other Directorships:

TRG Pakistan Limited  
Mahvash & Jahangir Siddiqui Foundation  
Omar Jibran Engineering Industries Ltd  
Augmentcare Technologies (Private) Limited  
Knowledge Platform (Private) Limited  
Innovarge Technologies (Private) Limited

## **Mr. Najmul Hoda Khan**

**Chief Financial Officer**

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

Before joining JSCL, Mr. Khan served as a Company Secretary of Singer Pakistan Limited. He had also been associated with Deloitte Yousuf Adil, a member firm of Deloitte and had experience working in Pakistan and UAE. During his association with Deloitte, he was involved in various statutory audits and special assignments relating to DFI & commercial bank, Non-Banking Finance Companies, textile, trading, insurance. He has more than fifteen years of vast experience in the fields of finance, taxation, auditing, internal control evaluation, compliance and secretarial matters.

Mr. Najmul Hoda Khan is an associate member of the Institute of Chartered Accountants of Pakistan (ICAP) and fellow member of Pakistan Institute of Public Finance Accountants (PIPFA) and holds a Masters' degree in Economics from University of Karachi.

### **Other Directorships:**

Quality1 Petroleum (Private) Limited  
Quality Energy Solutions (Private) Limited  
Khairpur Solar Power (Private) Limited  
Future Trust - Managing Trustee  
JS Petroleum Limited  
Knowledge Platform (Private) Limited

## **Syed Ali Hasham**

**Company Secretary**

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

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

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

### **Other Directorships:**

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

## Mr. Zahid Ullah Khan

Chief Investment Officer

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

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

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

### Other Directorships:

JS Investments Limited  
JS Petroleum Limited

## Mr. Muhammad Babar Din

Head of HR and Administration

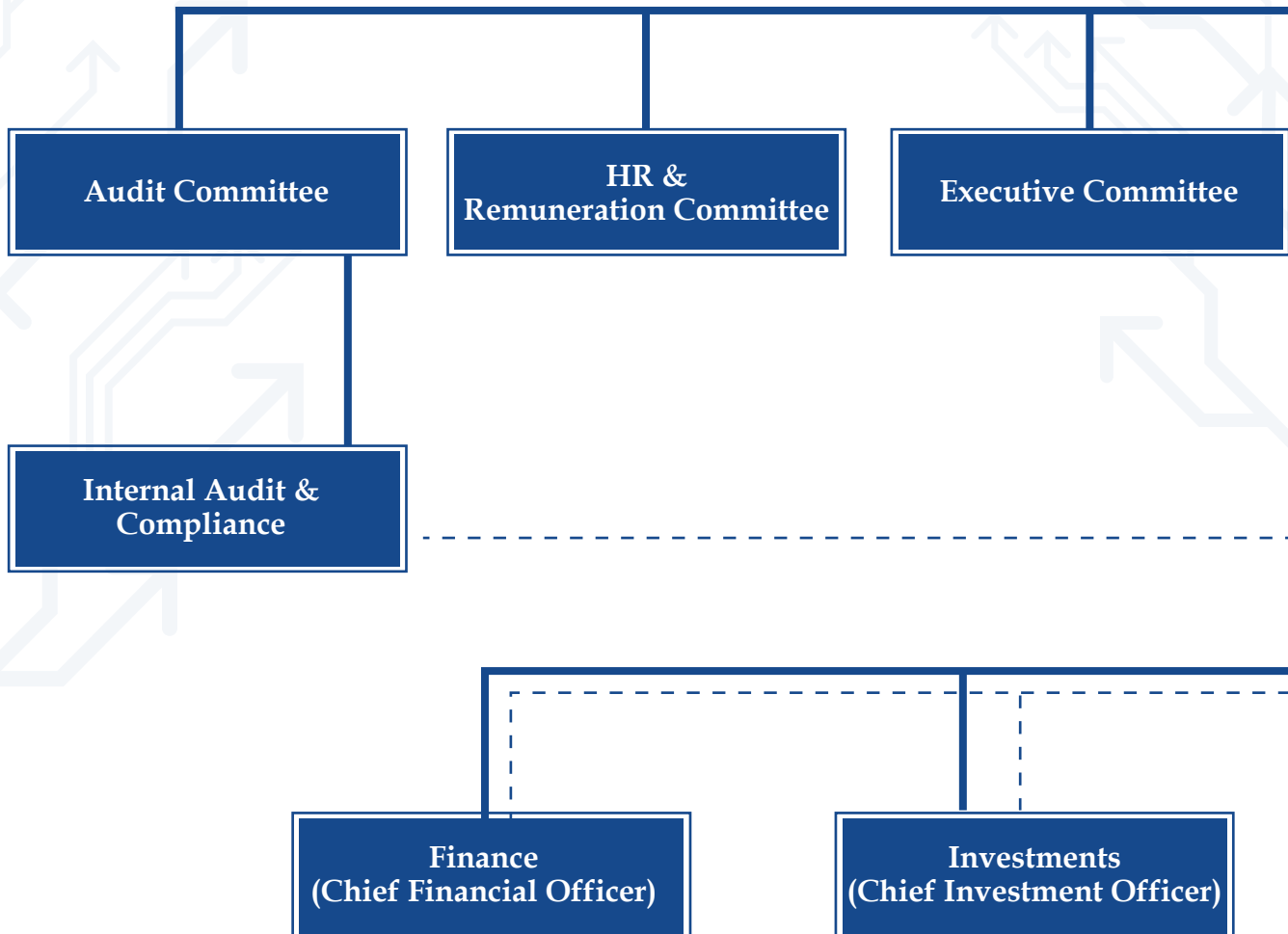
Muhammad Babar Din is an associate member of the Institute of Cost and Management Accountants of Pakistan (ICMAP). He has more than 12 years of experience in Financial Institutions with core strengths in financial reporting, managerial reporting, treasury back office, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

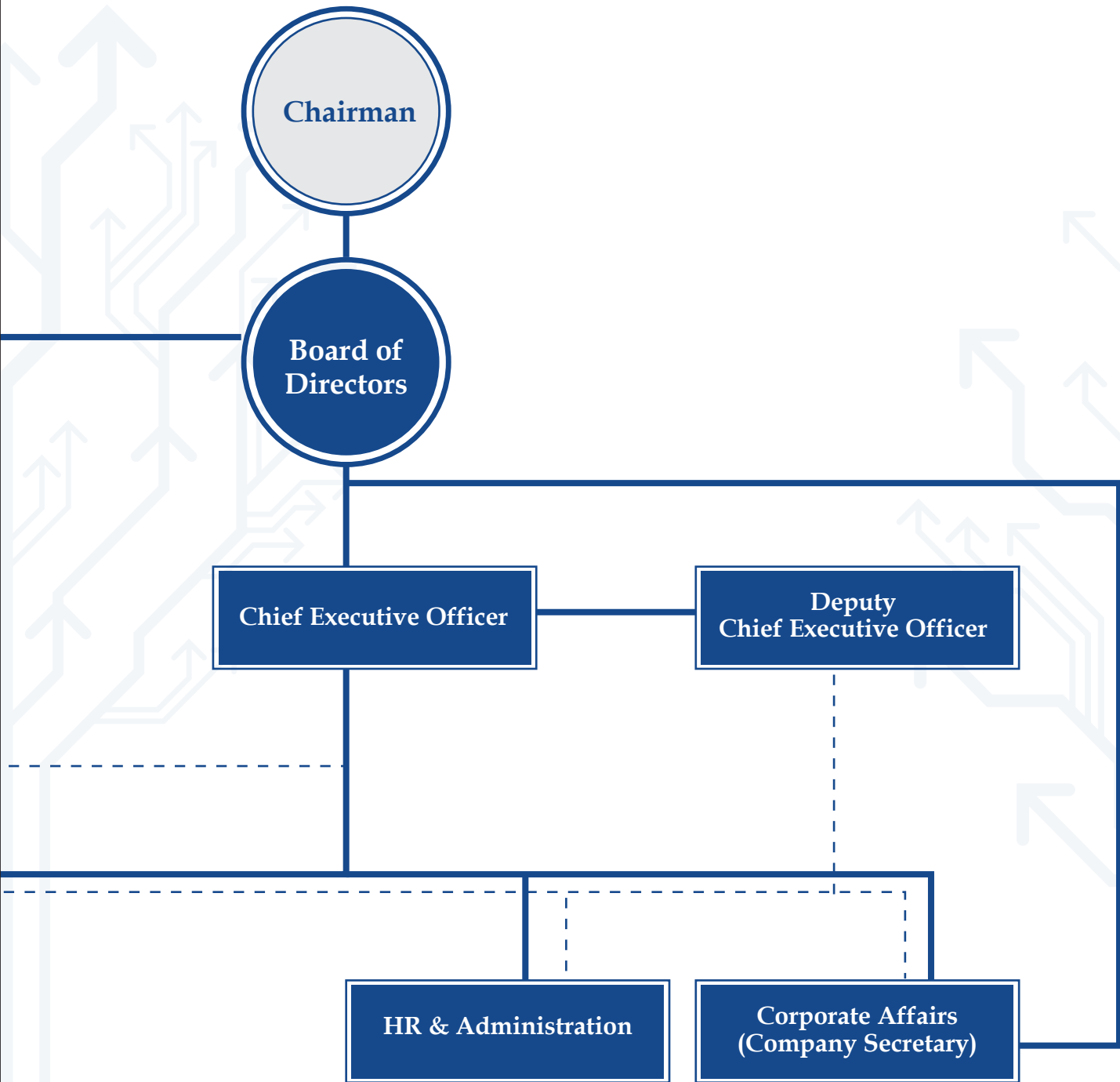
He started his career from JS Investments Limited specializing in Fund Accounting, System Development and work flow streamlining. He was also associated with AWT Investments Limited in the capacity of Unit Head Finance and Operations and later as Head of Operations and Investor Services. He joined Jahangir Siddiqui & Co. Ltd. in February 2018.

### Other Directorships:

Energy Infrastructure Holding (Private) Limited  
JS Infocom Limited  
Khairpur Solar Power (Private) Limited  
Quality Energy Solutions (Private) Limited  
JS Engineering Investments 1 (Private) Limited  
JS Petroleum Limited  
Future Trust - General Secretary

# Organizational Structure





# Best Corporate Governance Practices

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

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

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

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

## Composition of a Strong and Qualified Board of Directors

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

### JSCL's Board comprises of seven elected directors and a CEO as deemed director

<u>Category</u>	<u>Names of Directors</u>
<b>Non-Executive Directors</b>	Chief Justice (R) Mahboob Ahmed - Chairman Mr. Ali Raza Siddiqui Ms. Hina Athar Khan Mr. Shahid Hussain Jatoi Mr. Muhammad Ali *
<b>Independent Directors</b>	Lt. Gen. (R) Javed Mahmood Bukhari Mr. Saud Ahmed Mirza
<b>Executive Directors</b>	Mr. Suleman Lalani – CEO Mr. Asad Nasir *

\* Mr. Muhammad Ali resigned from the Board of Directors w.e.f. December 22, 2021. The Board of Directors in their meeting held on March 10, 2022, has appointed Mr. Asad Nasir as an executive director to fill the casual vacancy.

### Other attributes of the Board

- Directors' and Senior Management Profiles and their Involvement / Engagement in other Companies including that of Executive Director have been incorporated in the profiles.
- Diversity in the Board with reference to their competencies, requisite knowledge & skills, and experience can be ascertained through the Directors' profiles.
- The Board currently has two (2) Independent Directors who meet the criteria of independence under Companies Act, 2017.
- Ms. Hina Athar Khan is the female Director on the Board.
- At present the Board has six non-executive directors, one executive director and the Chief Executive Officer as a deemed director.



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

The Board has established clear lines containing the roles and responsibilities for the Directors, Chairman and CEO. Further, the Chairman issues a letter to all directors at the start of their term explaining their roles and responsibilities as defined under corporate laws. Brief about the roles and responsibilities are provided on page 68.

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

The Directors declare conflicts of interest and refrain from voting on matters in which they have an interest. JSCL has adopted a Code of Conduct that sets out the requirements and inculcates high ethical standards throughout the organization in its conduct and business practices. It has also adopted a Whistle-blowing policy. Highlights of the Code of Conduct and Whistle-blowing policy are presented on page 80.

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

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

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

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

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

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

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

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

Out of total eight (including the CEO) seven directors are already certified under Directors' Training Program ("DTP") from recognized institution and one director is exempt from the requirements of DTP. Therefore, JSCL is compliant to the training requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

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

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

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



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

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

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

A total of five meetings of the Board were held during the year 2021, and all were held in Pakistan.

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

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

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

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

## **Other Matters Related to Corporate Governance**

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

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

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


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

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

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

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





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

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

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

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

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

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

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

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

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

# Policies, Guidelines and Code of Conduct

## Code of Conduct

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

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

## Whistle blowing

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

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

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

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

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

Details of all related parties transactions, along with basis of relationship describing common directorship and percentage of shareholding are presented at note 31 to the unconsolidated financial statements and note 51 to the consolidated financial statements for the year ended December 31, 2021.

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

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

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

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

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

### **IT Governance Policy**

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

IT Governance Policy outlines the following:

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



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

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Jahangir Siddiqui & Co. Ltd. ("the Company") for the year ended 31 December 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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



KPMG Taseer Hadi & Co.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2021.

**Date: 22 March 2022**

**Karachi**

**UDIN: CR202110106tkOn1F9dQ**

*KPMG Taseer - 1*  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**



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

## Jahangir Siddiqui & Co. Ltd. For the Year Ended December 31, 2021

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

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

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

\* Mr. Muhammad Ali resigned from the Board of Directors w.e.f. December 22, 2021.

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. Out of total eight (including the CEO) seven 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 - four meetings of the Committee were 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 10, 2022

# CORPORATE SOCIAL RESPONSIBILITY



1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

10 REDUCED INEQUALITIES

13 CLIMATE ACTION



# Corporate Social Responsibility Report

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

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

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



## Karigar Training Institute

Future Trust strives to eliminate poverty by extending support to less privileged youth of society to become economically independent by acquiring specialized vocational skills through Karigar Training Institute (KTI). The training programs at KTI are tailored in response to growing demand in both local and international markets for such skilled workers. The students are enrolled for four months training at the institute, followed by two-months internship in workshops/ industries for on-job training in motorcycle repair work, air-conditioning / refrigeration, plumbing and electrical trades. During the year 2021, 70 students qualified from KTI in various disciplines.



## Distribution of Winter Kits

In 2018, severe cold hit the region of Achro Thar due to the climate change. Achro Thar is located mainly in Sanghar District with some parts in Khairpur District. This region lacks basic facilities and people are in need of humanitarian support because of limited sources. The people live faraway in the dunes of desert with no road access. Future Trust supported the deprived families in faraway villages of Achro Thar by distribution of winter kits. These kits were distributed among five hundred families of twenty two villages.



## Ration Distribution

Drought has become a frequent phenomenon in Pakistan, especially in Sindh, due to climate changes and shortage of water. According to reports issued by the Economic Survey of Pakistan, drought is one of the factors responsible for poor growth of children and increase in death ratio in the most vulnerable classes of our country. This condition became worst in desert areas in last few years. There was acute shortage of food, resulting in increased number of deaths in different areas. Future Trust and MJSF decided to play their role and devised a plan for distribution of ration into the widespread and scattered areas of Achro Thar, Umar Kot, Tharparkar dessert, Dadu, Thatta and Badin. During this difficult but lifesaving task, ration bags were distributed among thousands of families to save them from starvation.



Similarly, hunger became a global phenomenon especially in developing countries after lockdowns during the spread of COVID-19. Situation in Pakistan has also become challenging. The under privileged population earning their livelihood on daily basis and who did not have any source of income during the lockdown situation, were in urgent need of ration/food to feed their families. Future Trust with the support of JS Bank initiated a comprehensive relief effort to support the vulnerable segment of the society in mitigating the effects of lockdown situation in the Country amid COVID-19. During this campaign, ration bags were distributed among more than sixteen thousand families across Pakistan.



### Jahangir Siddiqui Hospital - Sehwan Sharif

Jahangir Siddiqui Hospital, Sehwan is a flagship philanthropic project of MJSF and Future Trust. Keeping in view the hardships faced by the people of Sehwan and its adjoining areas for availing quality health facilities and to resolve it on a sustainable basis, a state of the art hospital was established by MJSF. Future Trust has partnered with Indus Hospital for operations of the Jahangir Siddiqui Hospital, Sehwan.

In addition to OPDs, services like mental health screening, nutrition screening, family planning and diagnostic testing are also provided free of cost to every patient.

Since its inception, the total footprint of patients at the Hospital was around 75,000 which include patients not only from Sehwan but also from various other nearby districts of Sindh, who were all treated free of cost.



### Karachi's First Drive through Vaccination Centre

JS Bank in collaboration with the Government of Sindh launched Sindh's first ever Drive through Vaccination Centre, as part of its CSR initiative to inoculate the citizens of Pakistan against COVID-19. People could come and get vaccinated in their cars, without any exposure to COVID-19, in a one-of-a-kind drive through facility. Approximately 50,000 people were vaccinated from the drive through facility.



### COVID-19 Vaccination Drive for Employees

JS Group had launched a COVID-19 vaccination drive for its employees and their family members in collaboration with Government of Sindh. 100% of the employees of JS Group in Karachi were vaccinated.



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

Future Trust continued its support to The Sindh Institute of Urology and Transplantation (SIUT). SIUT is regarded as one of the premier Institutes in the world that provides free of cost treatment of Urological and Nephrological ailments, Oncological treatments, treatments of Hepatic and Gastrointestinal diseases, and Organ Transplantation facilities to the general public. 100% free OPD treatment is provided to patients at SIUT.

### Uro Gynae Clinic

Future Trust provides support to Uro Gynae Clinic, established to treat patients with urological and

gynecological conditions. Free of cost consultations, operative procedures, diagnostic facilities and medicines are provided to the under privileged population of Pakistan at Uro Gynae Clinic. During the year 2021, 857 patients were treated at the clinic.

### The Patients' Behbud Society for AKUH

The Patients' Behbud Society for Aga Khan University Hospital (PBS) is registered as an independent, charitable society. It helps deserving patients to receive high quality medical treatment at the Aga Khan University Hospital (AKUH), its clinics and medical centers. Future Trust has been continuously supporting PBS for last four years.

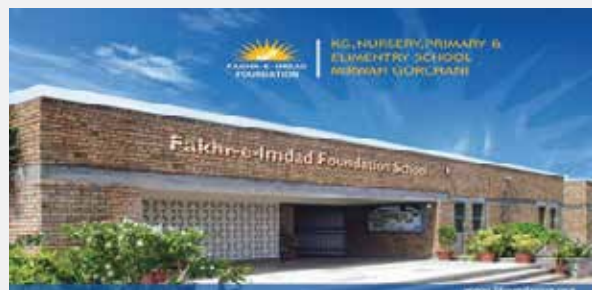
### Support to Individuals

Future Trust also provided financial support to deserving and needy individuals for their medical treatment.



### Fakhr-e-Imdad Foundation

Fakhr-e-Imdad Foundation (FIF) is continuously providing quality education, vocational and I.T Training and health care services in the rural areas of Sindh. The educational institutes of FIF are located in marginalized areas of Mirwah Gorchani, Mandranwala and Tando Ghulam Ali, Sindh. During the year 2021, 725 students studied at the various educational institutes of FIF.



### JS Academy for the Deaf

Future Trust in collaboration with Noor-e-Ali Trust is providing quality education to hearing-impaired children through 'JS Academy for the Deaf'. The Academy is imparting education from Nursery to Graduation since 2004. During the year 2021, 160 students were enrolled at the Academy.



### Acumen Pakistan

Future Trust supported leadership program with Acumen Fund Pakistan that aimed at individuals who are steering social change initiatives from different regions, sectors and socio-economic backgrounds and are dedicated to addressing Pakistan's most critical social problems. During the year 2021, 22 individuals were selected to equip them with knowledge, support system and practical wisdom to drive positive change in the society. The Pakistan Agriculture Accelerator program was also launched during the year. The program focused on empowering agri-enterprises to gain transformative skills to build and scale sustainable food systems in Pakistan. 12 enterprises were selected for this program.



### Autism Spectrum Disorder Welfare Trust (ASDWT)

During the last few years, Autism has increased manifold in Pakistan, perhaps due to lack of awareness and early diagnosis. The ASDWT has been specifically set up to act as a catalyst of change, as it provides free counseling and training to parents, teachers, the police and community based organizations, so that a critical mass of trained people can be created to understand, help and support person with learning disorders and disabilities. ASDWT is being supported by Future Trust. During the year 2021, 5,419 people benefited and gained awareness from various activities of ASDWT.



### Milestone Charitable Trust

An estimated 3.28 million people are affected with disabilities in Pakistan. There are only 531 special schools and about 200 non-governmental organizations offering education to the persons with disabilities. Milestone Charitable Trust is running a school for children with cognitive and behavioral disorder since 1998. Milestone catered to a number of children with Autism, Down Syndrome, Cerebral Palsy & delayed milestone. Holistic teaching strategies are implemented in a friendly and family like environment. During the year 2021, 30 students were enrolled in the center. Future Trust has been a continuous support to the Milestone Charitable Trust.



### Dost Foundation Pakistan

Dost Foundation Pakistan (DFP) primarily operates within the Gilgit Baltistan region of Pakistan and headquartered in Skardu. It aims to improve literacy by providing education in remote areas of Skardu. DFP is currently operating 10 schools with 820 students. It also runs a vocational school that helps to train and earn income at the same time. Future Trust and MJSF are major donors of DFP for last five years.



### Educational Support to Individuals

The Trust provided educational support to low-income individuals for education of their children. During the year 2021, educational support was provided to eighty students.



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

During the year 2021, JS Group has enhanced representation of women overall in the Group. JS Bank collaborated with International Finance Corporation and World Bank to create a family friendly workplace. Devised D&I targets for branches and departments bank wide and communicating to relevant staff. JS Bank is also proud to win the Global Diversity and Inclusion benchmark award for the year 2020. Furthermore, JS Bank has introduced an initiative known as Reboot-A virtual returning to work program for females after a career break, in multiple impactful roles.



### Installation of Hand pumps in Tharparkar

Tharparkar is one of the most impoverished districts of Sindh, with the highest infant and child mortality rate in the country. For every 1,000 children born 45 to 50 do not survive or 90 to 100 die within their first five years of birth. One of the reasons of these deaths is lack of clean water, which causes malnourishment in pregnant women coupled with poor post natal care at many hospitals.

MJSF and Future Trust joined hands for the provision of clean water to the people of Tharparkar. In this regard, 256 hand pumps were installed with a small cemented pond at different villages of Tharparkar.







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

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

#### Installation of Solar Energy system at Kashana-e-Atfal-o-Naunehal

During 2021, Future Trust provided support to Kashana-e-Atfal-o-Naunehal for installation of solar panels in its premises for promoting clean and affordable energy.



### JS Group focuses on Inclusion for All

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

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

#### Support to Needy Individuals

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



### Tree Plantation Drive

Global warming has its impact on Earth's weather patterns. Currently climate is changing more rapidly due to emission of greenhouse gases as result of industrialization. Rapid response to climate change is need of the hour and tree plantation is one of the most effective response to climate change.

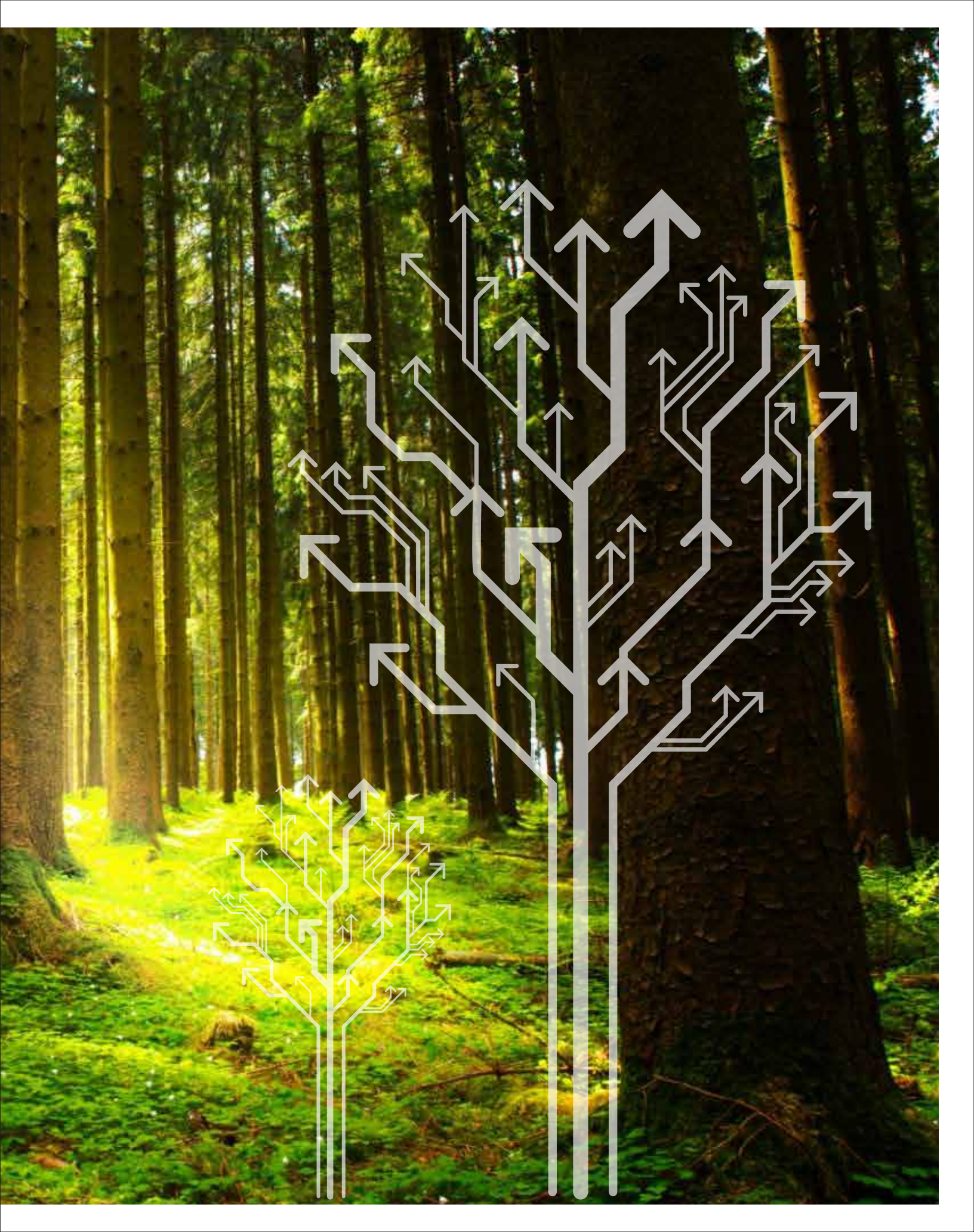
Keeping this in view JS Bank started a Tree Plantation Drive aimed to improve the urban landscape and help protect the environment. The trees are planted in front of the JS Bank branches all over Pakistan and looked after by the Bank's staff.



JS Bank has successfully completed its accreditation process with the Green Climate Fund (GCF). Given the accreditation, JS Bank is the only private sector accredited entity in the Country.

A photograph of a dense forest with tall, thin trees. Sunlight filters through the canopy, creating a bright, dappled light effect on the forest floor. The trees are mostly evergreens, and the ground is covered in green moss and ferns.

# **STRATEGY, EXTERNAL ENVIRONMENT AND RESOURCE ALLOCATION**



# Strategic Objectives

## LONG TERM

JSCL views its Corporate Vision as its long term objective which is as follows:

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

## MEDIUM TERM

- To provide a complete suite of financial products through its investee companies including subsidiaries and sub-subsidiaries.
- To enable the investee companies increase their market share using digital technology to increase outreach through Digital Financial Inclusion.
- To further enrich corporate capabilities by pursuing continuous improvements in technological advancements through skill enhancement, management development and reward programs.

## SHORT TERM

- To maintain adequate liquidity to capitalize on investment opportunities that may become available.
- To unfailingly ensure meeting stakeholders' expectations

## Strategies to achieve the objectives

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

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

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

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

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

## Processes used to make strategic decisions

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

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

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

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


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

- Experience in the financial services businesses for over 50 years;
- Collective wisdom from visionary Sponsors and Board of Directors having diverse experience;
- Immaculate credit history with long term entity rating of AA with a stable outlook from PACRA;
- Diversity in the asset mix having total value of asset base of PKR 615 billion and growing;
- Offering complete suite of financial products through investee companies, providing one-stop shop to the wider base of customers;
- Highly competent, professionally qualified, capable and dedicated human capital.

### Key Performance Indicators and Future Relevance:

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

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



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

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

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

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

**Business rationale of major capital expenditures:**

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

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

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

**Chief Executive’s message:**

Please visit below link for the Chief Executive’s message covering the Company’s performance for the year ended December 31, 2021, the Company’s business strategies and the future outlook:

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

# Business Model

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





# SWOT ANALYSIS

## ON STANDALONE BASIS

### STRENGTHS

- Experience of over 50 years in the financial services businesses;
- Visionary Sponsors, experienced Board of Directors and a highly competent team of professionals;
- Strong capital base;
- Impeccable credit history with long-term entity rating of AA with Stable Outlook from PACRA.

### WEAKNESSES

- Difficulty in identifying new investment opportunities to continue sustainable growth;
- Long-term investments take longer time to generate returns and cash flow for the Company.

### OPPORTUNITIES

- Stable free cash flow provides opportunity to invest in new and sustainable businesses for enhancing steady returns;
- To capitalize un-tapped markets by deploying available liquidity into such investments;

### THREATS

- Rapidly changing government policies and regulatory environment including taxation reforms;
- Overall slowdown in economy due to geopolitical risks and uncertainties across our region.

# SWOT ANALYSIS

## ON GROUP BASIS



### STRENGTHS

- Value creation through synergies in financial services markets;
- Offering complete suite of products in financial services markets;
- Diversified allocation of capital with an Asset base of PKR 615 billion and growing;
- Strong and nationwide distribution network.



### WEAKNESSES

- Difficulty in integrated financial planning at Group level;
- Need to further strengthen market share in respective financial markets.



### OPPORTUNITIES

- Tech-savvy young generation more likely to use digital platform for its financial needs enabling the Group to increase its footprint;
- Economies of scale by providing better-quality digital solutions through one-stop shop concept;
- To leverage data analytics and AI for achieving strategic objectives.



### THREATS

- Intense competition in the financial services sector;
- First-mover advantage by a competitor in developing new fintech solutions;
- Increased security concerns with respect to increase in demand of digital transactions.

# Competitive Landscape and Market Positioning

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

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

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

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

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

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

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

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

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

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

## **Intensity of competitive rivalry**

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

## **Regulatory and Legislative environment**

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

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

## **Market Positioning**

JSCL and its strategically held investee companies are positioned in the respective markets with accolades. Please refer page 25 for respective information for each of the group company.

# **Analysis of external environment (PESTEL Analysis)**

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

## **Political**

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

## **Economic**

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

## **Social**

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

## **Technological**

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

## Environmental

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

## Legal

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

# Resource Allocation

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

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

## Financial capital

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

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

## Human capital

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

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

## Intellectual capital

JSCL, in general, and its subsidiaries which are directly involved in financial services industry, in particular considers the technological advancements as an essential component for achieving sustainable growth. Therefore, to accomplish the corporate objective of sustainable growth, we continuously innovate and

implement digital solutions by leveraging the technological inputs to enhance automation and provision of digital one-stop solutions through JSCL's subsidiaries and sub-subsidiaries.

### **Social and relationship capital**

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

### **Natural capital**

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

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

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

### **Manufactured capital**

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

# Future Outlook and Forward Looking Statement

Future outlook of JSCL's external environment alongwith the Company's forward looking statement in narrative form is well articulated in its Directors' Report. Please refer page 43.

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

Uncertainties	Description of uncertainty and JSCL's response	Term
Changes in interest rates	<p><b>Description:</b> The first half of Year 2021 saw a stable policy rate of 7% while the latter half witnessed considerable monetary tightening in the shape of a 275 basis points increment to the policy rate. Currently the SBP benchmark policy rate stands at 9.75 percent. Any increase in policy rate by the Central Bank will directly affect the profitability of the Company.</p> <p>Financial sensitivity of any change in interest rates on the profitability of JSCL is provided in note 33 to the annexed unconsolidated financial statements.</p> <p><b>JSCL's response:</b> JSCL primarily uses equity capital to finance its long-term strategic equity investments and use of debt is kept at a sustainable level. Movement in interest rates is carefully monitored. The Company's debt instruments and bank loans are linked with KIBOR and are repriced at their respective reset dates.</p>	Short and Long
Volatile capital markets	<p><b>Description:</b> PSX remained volatile and range bound; touching an index-high of 48,982 points and an index-low of 42,688 points. The KSE-100 index closed at 44,596 points as at December 31, 2021. JSCL's major investments are in equity and, therefore, decline in the stock market prices and other factors impacting the value of our investments, may result in impairments and could adversely affect our net income and other financial results.</p> <p>Financial sensitivity of any change in fair values of our equity investments on the profitability of JSCL is provided in note 33 to the annexed unconsolidated financial statements.</p>	Short and Long

Uncertainties	Description of uncertainty and JSCL's response	Term
	<p><b>JSCL's response:</b> JSCL investment thesis mainly encompasses strategic holdings and, therefore, volatility of quoted prices on PSX of strategic investments does not materially impact the business decisions of JSCL. However, for managing the short-term liquidity, JSCL also invests in equity securities to earn capital gains. JSCL has an investment committee in place which is regulated by a formal investment manual approved by the Board. Regular research and formal appraisals are conducted in the investment committee before making any informed investment decisions.</p>	
Operational uncertainty in the operation of the strategically held investee company	<p><b>Description:</b> Any operational uncertainty in the operation of the strategically held investee companies of JSCL may have a direct financial impact on the Company.</p> <p><b>JSCL's response:</b> Being the holding company, awareness of extent of capital allocation and understanding of underlying business of investee companies is an essential aspect of Investment Management Function. We regularly monitor the performance of our strategically held investee companies.</p>	Short, Medium and Long

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

Year 2021 witnessed various threats to the economy. Those included sequential waves of the COVID-19 pandemic – exacerbated by new variants, as well as macroeconomic concerns driven by elevated energy and commodity prices. However, before concerns started to intensify, especially during the second-half of 2021, Pakistan's economy posted an impressive V-shaped recovery and a revised GDP growth rate of 5.4 percent was recorded during 2020-21.

KSE-100 index remained flat and returned 1.9 percent over the year, touching an index-high of 48,982 points and an index-low of 42,688 points. The State Bank of Pakistan increased the policy rate in the latter half of 2021 by a cumulative 275 basis points.

The Company reported profit after tax of PKR 786.38 million for the year ended December 31, 2021 compared to PKR 1,205 million for the year ended December 31, 2020. Overall revenues for the year have increased to PKR 1,507.12 million as compared to PKR 956.56 million for the year ended December 31, 2020 owing to increase in dividend income, realized capital gain on equity securities and increase in interest income.





However, the finance costs have significantly decreased to PKR 267 million as compared to PKR 454.76 million for the same period last year due to decline in borrowings and lower interest rates. The breakup value per share as of December 31, 2021 was PKR 34.72.

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

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





# RISK MANAGEMENT



## Risk Management Framework

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

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

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

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

## Responding to Critical Challenges and Uncertainties

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

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

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

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

# Risk & Opportunity Report

## Risks:

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

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

<u>Risks</u>	<u>Source</u>	<u>Capital</u>	<u>Term</u>	<u>Mitigating steps</u>	<u>Associated Strategic Objectives</u>
<p><b><u>Technological Risk</u></b></p> <p>Technological risk is basically emanating through Information Security risk that may be caused by internal or external threats, such as unauthorized access to critical data, sensitive customer information, non-availability of critical services, impersonating clients and theft or alteration of information, while performing financial transactions, and loss of the sensitive electronic data and IT systems.</p> <p><i>Likelihood: Medium</i> <i>Magnitude: High</i></p>	Internal and External	Financial, Intellectual, Social and relationship	Medium and long	<p>To mitigate this risk and to capitalize on the Digital Financial Inclusion objectives, JSCL's subsidiaries and sub-subsidiaries are investing in fintech based solutions and digital products.</p> <p>Further, information security divisions of all group companies caters to the Information Security risk by continuously evolving the relevant control environment through performing 24/7 information security monitoring of information assets.</p>	To provide a complete suite of financial products through its investee companies including subsidiaries and sub-subsidiaries by enabling them to increase their market share using digital technology to increase outreach through Digital Financial Inclusion.
<p><b><u>Credit Risk</u></b></p> <p>The risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.</p> <p><i>Likelihood: Low</i> <i>Magnitude: Medium</i></p>	External		Medium	To minimize its credit risk, appropriate level of due diligence is applied to ensure that credit risk is identified and analyzed diligently.	To unflinchingly ensure meeting stakeholders' expectations.
<p><b><u>Operational Risk</u></b></p> <p>The risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations or strategically held investee company's operations</p> <p><i>Likelihood: Low</i> <i>Magnitude: High</i></p>	External	Financial, Human, Social and relationship	Medium and long	To mitigate this risk the Company has implemented adequate segregation of duties between various functions, introduced various documentation controls and procedures, implemented adequate controls for strict regulatory compliance, etc. Periodic review of risks is undertaken to ensure adequate controls are in place to address the risks identified.	To achieve long term objective, i.e. corporate vision through application of corporate mission.
<p><b><u>Legal and Compliance Risk</u></b></p> <p>The risk of legal or regulatory sanctions or material functional loss that might be suffered as a result of failure to comply with laws, regulations, and various rules.</p> <p><i>Likelihood: Low</i> <i>Magnitude: Medium</i></p>	Internal	Social and relationship	Medium and long	JSCL and its group companies are nurturing a culture of complete compliance and transparency that reflects high ethical standards and integrity at all levels within the organizations by complying with all applicable laws, regulations and various rules.	To achieve long term objective, i.e. corporate vision through application of corporate mission.
<p><b><u>Reputational Risk</u></b></p> <p>The risk that a loss that may arise by an activity, action, or stance taken by the Company or any of</p>	External	Financial, Human, Social and relationship	Medium and long	JSCL, being the parent company of the Group endeavors not only to protect the brand value but also to enhance its value over time.	<p>Increase brand value.</p> <p>To be recognized as the premier and best performing investment</p>



<u>Risks</u>	<u>Source</u>	<u>Capital</u>	<u>Term</u>	<u>Mitigating steps</u>	<u>Associated Strategic Objectives</u>
<p>its group company, or their employees that can impair the Brand resulting in loss of business and/or decrease in the value of the Brand.</p> <p><i>Likelihood: Low</i> <i>Magnitude: High</i></p>				<p>Further, it is also ensured that:</p> <ul style="list-style-type: none"> <li>- All the contractual obligations are honored;</li> <li>- Grievances of any stakeholder are appropriately and timely addressed and resolved;</li> <li>- Meticulous compliance with all applicable regulatory and legal requirements are always met; and</li> <li>- Continuity of all business processes and provision of all services are guaranteed.</li> </ul>	company in Pakistan

### Opportunities:

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

### **Materiality Approach:**

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

### **Financial Obligations:**

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

## Capital Structure

The Company finances its assets through financial capital of both kinds, i.e. shareholders equity and debt with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company is currently operating at a conservative debt to equity ratio of 7.84 percent. The debt to equity ratio is decreased during the year primarily due to principal repayments of outstanding Term Finance Certificates and Bank Loans aggregating to PKR 762.50 million.

## Business Continuity Management and Disaster Recovery Plan

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

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

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



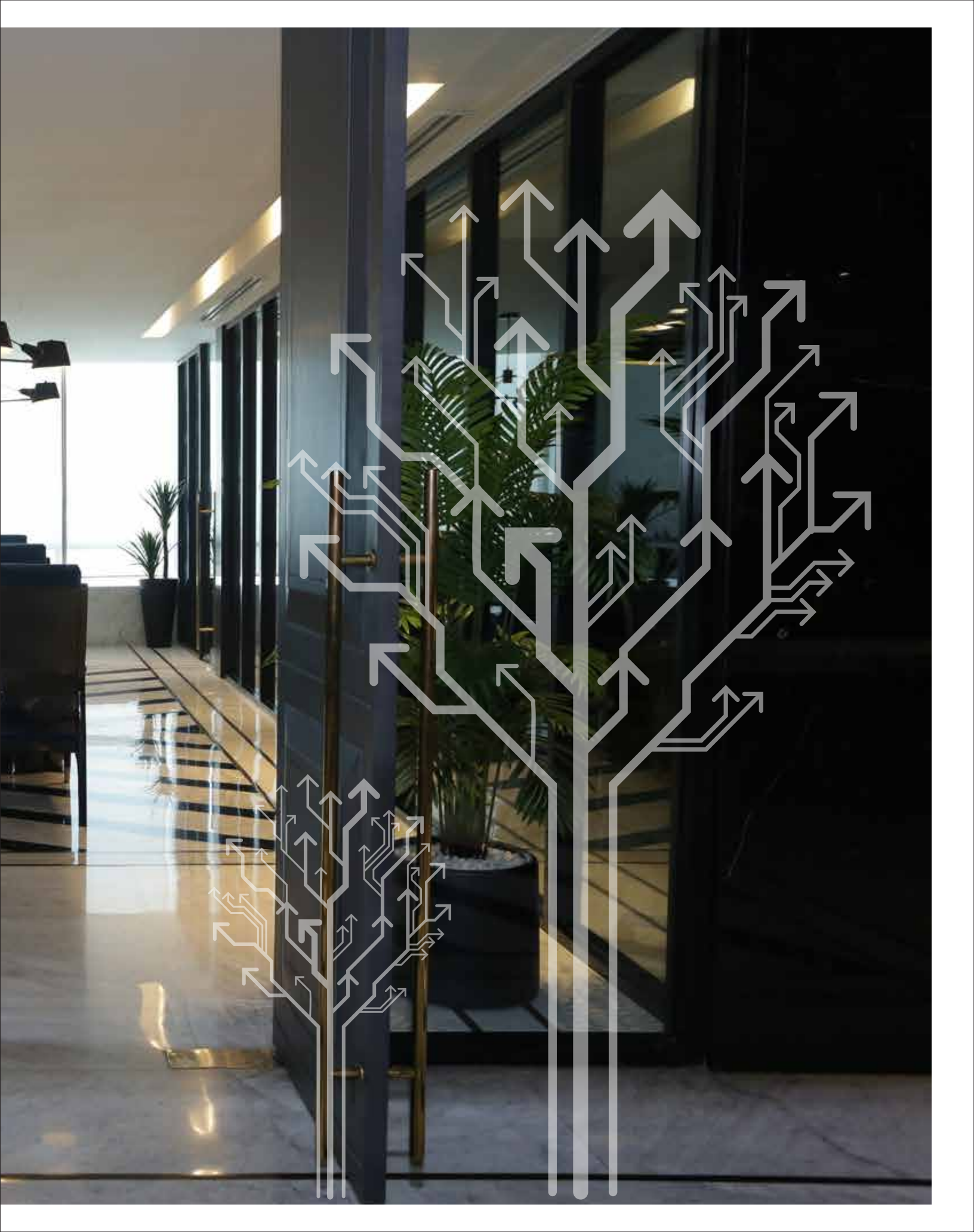


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A photograph of a modern office interior. A glass door with a gold handle is open, revealing a hallway with a black and white striped floor. Several potted plants are visible, and a modern light fixture hangs from the ceiling. The overall atmosphere is professional and contemporary.

# **STAKEHOLDERS RELATIONSHIP & ENGAGEMENT**



# How we Engage with our Stakeholders

## Stakeholder Identification and Engagement Policy

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

The following provides an overview of stakeholder engagement by JSCL

### a- Investors / Shareholders

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

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

### b- Lenders / Banks

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

### c- Government and Various Regulatory Bodies

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

Further, on unconsolidated and consolidated basis, JSCL and JSCL along with its subsidiaries have contributed PKR 256.86 million and PKR 1,841.65 million, respectively to the National Exchequer on account of various federal and provincial governments' levies including income tax and sales tax.

### d- Employees

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

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

## e- Community

JSCL always takes pride in being a socially responsible corporate citizen and, therefore, considers Community as its external stakeholder. JSCL believes in paying back to the Community and, therefore, the Company has adopted a formal CSR policy. Various engagements of JSCL in this regard are detailed in the Corporate Social Responsibility Report on page 90.

### Decisions taken at the last Annual General Meeting (AGM) held on April 28, 2021, and their implementation status

Decisions taken	Implementation Status
1. Unanimous adoption and approval of the audited financial statements for the year ended December 31, 2020, together with Directors' and Auditors' Reports thereon and Chairman's Review Report.	Immediately implemented
2. Unanimous appointment of KPMG Taseer Hadi & Co., Chartered Accountants as Auditors of the Company for the year 2021.	Immediately implemented
3. Unanimous approved as a Special Resolutions for issuance of 183,188,477 listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares of PKR 10/- each, as an offer to the existing shareholders of the Company by way of rights (i.e. 20% rights issue) at par value.	<p>Pursuant to the approval of the shareholders of the Company in the Company's AGM held on April 28, 2021, the Securities &amp; Exchange Commission of Pakistan vide its letter dated May 17, 2021, had provided its approval under Regulation 6(iv) of the Companies (Further Issue of Shares) Regulations, 2020, for issuance of the Preference Shares.</p> <p>Therefore, the Company issued 183,188,477 listed, convertible, redeemable, non-voting, non-participatory and cumulative Class 'A' Preference Shares (by way of rights in the ratio of 2:10 to the Ordinary Shares) at face value of Rs. 10 each.</p>

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

## Investor Relations Section on Corporate Website

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

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

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

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

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

## Steps to Encourage Minority Shareholders' Participation in General Meetings

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

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

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

## Corporate and Analyst Briefings

As per requirement of the Pakistan Stock Exchange, JSCL's Corporate Briefing Session was held for shareholders and analysts' community on December 08, 2021. Company's Senior Management, Shareholders and representatives from the analysts' community attended the session.

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

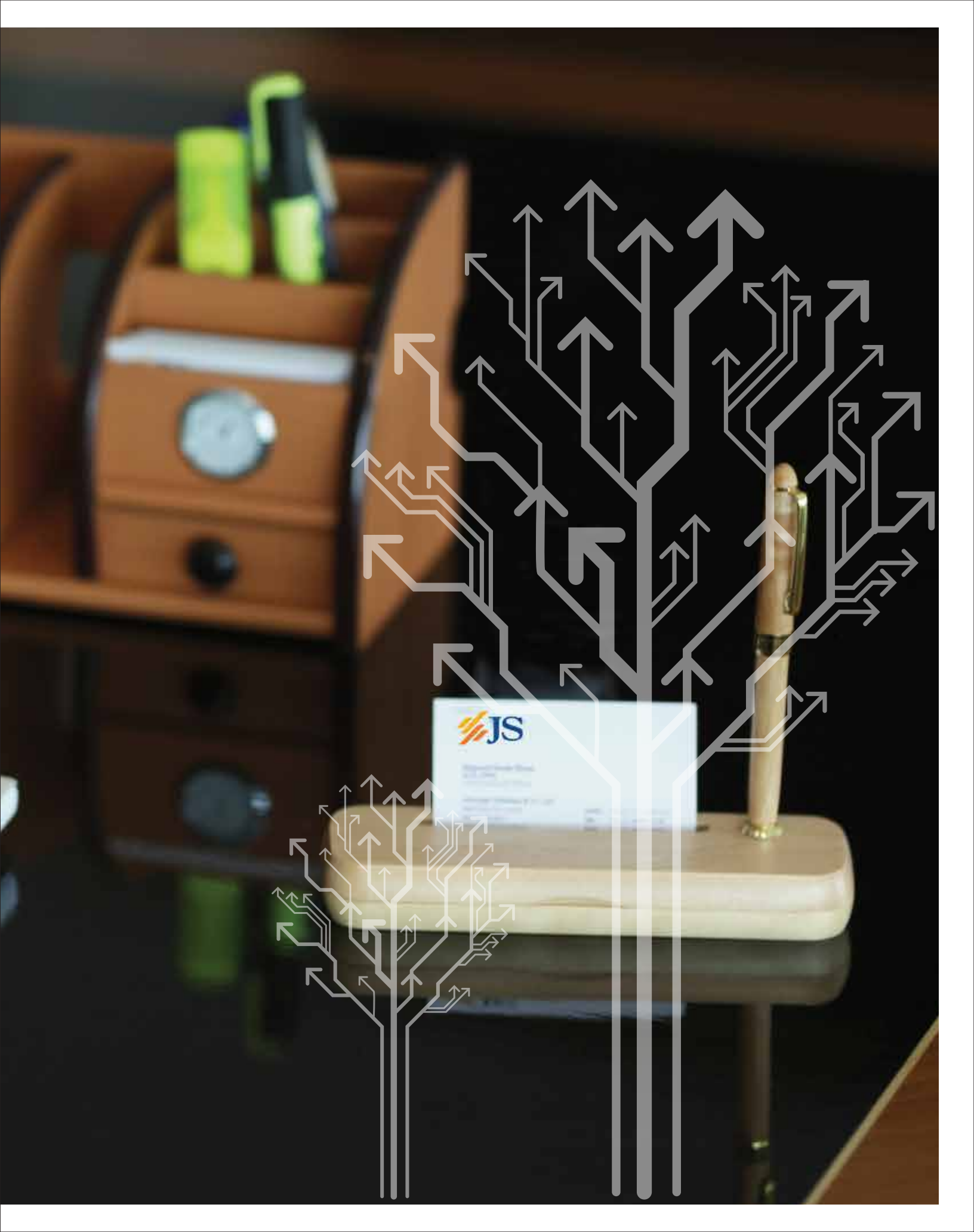
The engagement session served to give the right perspective of the JSCL's business affairs. To facilitate shareholders and to accommodate analysts' community a sufficient time slot was allocated for question and answer session and full access to all necessary stakeholders was ensured.

The information and presentation are subsequently uploaded onto the Investor Relations section of the Company's website

# FINANCIAL PERFORMANCE







# Financial Highlights

(Based on Unconsolidated Financial Statements)

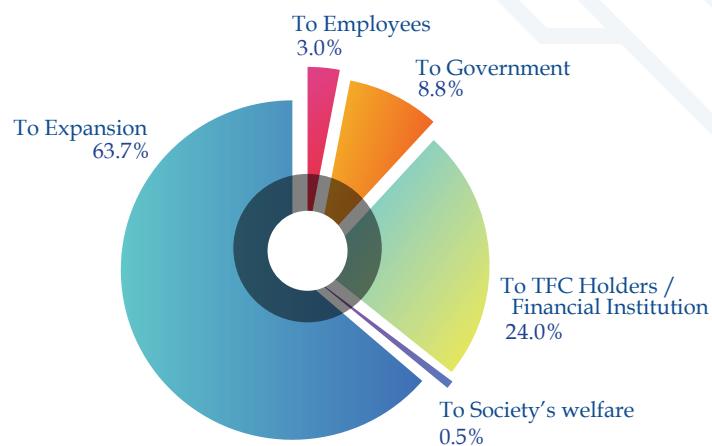
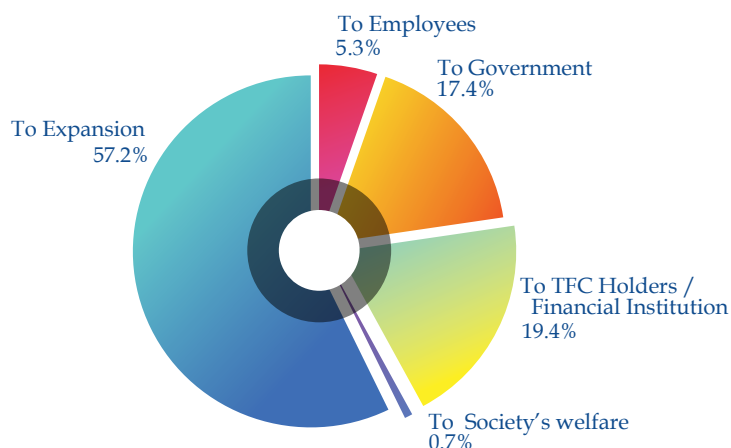
Description	(Rupees in '000)					
	2021	2020	2019	2018	2017	2016
<b>Operating Results</b>						
Total revenue	1,507,123	956,560	1,220,281	1,245,647	1,532,838	946,225
Operating and administrative expenses	219,435	215,687	210,590	225,603	232,106	265,291
Finance cost	267,002	454,756	577,100	394,729	222,357	144,682
Provision for Sindh Workers' Welfare Fund	20,420	27,353	9,837	9,005	13,607	17,750
(Reversal of) / provision for impairment	(337)	(1,081,536)	(59,269)	175,072	398,012	(351,238)
Profit before tax and impairment losses	1,000,266	258,764	422,754	616,310	1,064,768	518,502
Profit before tax from continuing operations	1,000,603	1,340,300	482,023	441,238	666,756	869,740
Profit after tax from continuing operations	786,380	1,205,007	359,810	206,865	365,554	622,041
<b>Financial Position</b>						
Share Capital						
- Ordinary Shares	9,159,424	9,159,424	9,159,424	9,159,424	9,159,424	9,159,424
- Equity component of Preference Shares	1,326,114	-	-	-	-	-
	10,485,538	9,159,424	9,159,424	9,159,424	9,159,424	9,159,424
Reserves	21,316,623	22,245,198	15,868,851	14,635,087	18,360,984	20,895,106
Outstanding Ordinary Shares (in '000')	915,942	915,942	915,942	915,942	915,942	915,942
<b>Liabilities</b>						
Financings	1,982,497	2,737,726	3,788,448	4,343,614	3,508,603	1,945,264
Current Liabilities (Excluding Current portion of financing)	612,500	428,079	498,116	577,280	363,253	401,426
<b>Assets</b>						
Property and equipment	205,849	235,239	259,532	88,192	6,284	5,346
Investments	25,954,003	27,613,822	25,641,462	25,077,952	26,688,789	27,320,985
Other non-current assets	60,474	9,347	9,608	30,307	5,535	3,823
Current Assets	9,311,332	7,126,515	3,536,245	3,518,954	4,714,043	5,233,188
<b>Cash Flows</b>						
Net Cash flows from operating activities	(385,720)	885,950	997,179	(1,865,392)	(853,940)	(1,821,657)
Net Cash flows from investing activities	(4,950)	(13,787)	(26,743)	(83,567)	(1,593)	(453)
Net Cash flows from financing activities	1,022,496	(1,073,442)	(589,441)	817,536	1,552,833	551,634
Changes in cash and cash equivalents	631,826	(201,279)	380,995	(1,131,423)	697,300	(1,270,476)
Cash and cash equivalents - year end	1,107,601	475,775	677,054	296,059	1,427,482	730,182

# Statement Of Value Added - Unconsolidated

	2021		2020	
	Rupees in '000	%	Rupees in '000	%
<b>Value Added</b>				
Return on investments & fund placements - net of provision	1,442,848	104.9%	2,061,113	108.9%
Other Income	64,612	4.7%	(23,017)	(1.2%)
	1,507,460	109.6%	2,038,096	107.7%
Operating and other expenses excluding salaries, depreciation, amortisation and workers welfare fund	(132,509)	(9.6%)	(145,640)	(7.7%)
	<b>1,374,951</b>	<b>100%</b>	<b>1,892,456</b>	<b>100%</b>

## Value Allocated

To Employees				
Salaries, allowances & other benefits	72,896	5.3%	57,075	3.0%
To Government				
Workers Welfare Fund	20,420	1.5%	27,353	1.4%
Income tax	214,223	15.6%	135,293	7.1%
FED & Sales tax	4,030	0.3%	2,972	0.2%
	238,673	17.4%	165,618	8.8%
To TFC Holders / Financial Institution				
Markup on TFCs, Term loans and other interests	267,002	19.4%	454,756	24.0%
To Society's welfare				
Donations	10,000	0.7%	10,000	0.5%
To Expansion				
Retained in business	786,380	57.2%	1,205,007	63.7%
	<b>1,374,951</b>	<b>100%</b>	<b>1,892,456</b>	<b>100%</b>



# Horizontal Analysis

	Year Ended 2021 VS 2020		Year Ended 2020 VS 2019	
	Amount	%	Amount	%
<b>Non Current Assets</b>				
Property and equipment	205,849	(12.49)	235,239	(9.36)
Investment properties	1,300	(8.45)	1,420	(7.79)
Long term investments	25,954,003	(6.01)	27,613,822	7.69
Long term loan and advance	56,301	1,033.27	4,968	(2.76)
Long term security deposits	2,873	(2.91)	2,959	-
	<b>26,220,326</b>	<b>(5.88)</b>	<b>27,858,408</b>	<b>7.52</b>
<b>Current Assets</b>				
Loans and advances	453,219	52,661.23	859	11.27
Prepayment, accrued mark up and other receivable	710,456	4,104.88	16,896	3.22
Short term investments	7,123,599	4.53	6,815,188	114.51
Taxation	111,899	(1.71)	113,842	3.93
Cash and bank balance	912,159	407.52	179,730	(22.68)
	<b>9,311,332</b>	<b>30.66</b>	<b>7,126,515</b>	<b>101.53</b>
<b>Total Assets</b>	<b>35,531,658</b>	<b>1.56</b>	<b>34,984,923</b>	<b>18.81</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Share Capital and Reserves</b>				
<b>Issued, subscribed and paid-up share capital</b>				
Ordinary Shares	9,159,424	-	9,159,424	-
Equity component of Preference Shares	1,326,114	100.00	-	-
Reserves	21,316,623	(4.17)	22,245,198	40.18
	<b>31,802,161</b>	<b>1.27</b>	<b>31,404,622</b>	<b>25.48</b>
<b>Non Current Liabilities</b>				
Long term financing	1,186,349	(45.32)	2,169,551	(20.78)
Lease liability	115,762	100.00	127,048	100.00
Deferred tax liability	554,348	100.00	287,448	100.00
Liability component of Preference Shares	464,390	100.00	-	-
<b>Current Liabilities</b>				
Trade and other payable	468,357	44.05	325,144	10.30
Accrued interest markup on borrowing	64,777	(11.87)	73,501	(59.02)
Current portion of long term financing	796,148	40.12	568,175	(45.87)
Current maturity of lease liability	27,571	(6.33)	29,434	22.78
Current portion of liability component of Preference Shares	51,795	100.00	-	-
	<b>1,408,648</b>	<b>41.39</b>	<b>996,254</b>	<b>(35.63)</b>
<b>Total Equity and Liabilities</b>	<b>35,531,658</b>	<b>1.56</b>	<b>34,984,923</b>	<b>18.81</b>
<b>PROFIT AND LOSS</b>				
<b>Income</b>				
Return on investments	1,139,510	39.66	815,911	(14.89)
Gain on sale of investments	205,409	47,669.53	430	(99.34)
Income from long term loans and funds placements	81,434	70.44	47,778	14.87
Commission & other (loss) / income	64,612	(380.71)	(23,017)	(126.12)
Gain / (loss) on remeasurement of investments at fair value through profit or loss - net	16,158	(86.01)	115,458	72.41
	<b>1,507,123</b>	<b>57.56</b>	<b>956,560</b>	<b>(21.61)</b>
<b>Expenditures</b>				
Operating and administrative expenses	219,435	1.74	215,687	2.42
Finance cost	267,002	(41.29)	454,756	(21.20)
Provision for Sindh Workers' Welfare Fund	20,420	(25.35)	27,353	178.06
(Reversal of) / provision for impairment against investment in subsidiaries, associate and joint venture - net	(337)	(99.97)	(1,081,536)	1,724.79
	<b>506,520</b>	<b>(232.00)</b>	<b>(383,740)</b>	<b>(151.98)</b>
<b>Profit before taxation</b>	<b>1,000,603</b>	<b>(25.34)</b>	<b>1,340,300</b>	<b>178.06</b>
<b>Taxation</b>				
Current	215,499	80.70	119,259	(10.82)
Deferred	7,923	(20.97)	10,025	-
Prior	(9,199)	(253.09)	6,009	(152.15)
	<b>214,223</b>	<b>58.34</b>	<b>135,293</b>	<b>10.70</b>
<b>Profit after tax</b>	<b>786,380</b>	<b>(34.74)</b>	<b>1,205,007</b>	<b>234.90</b>

Rupees in '000

Year Ended 2019 VS 2018		Year Ended 2018 VS 2017		Year Ended 2017 VS 2016		Year Ended 2016 VS 2015	
Amount	%	Amount	%	Amount	%	Amount	%
259,532	194.28	88,192	1,303.43	6,284	17.55	5,346	(29)
1,540	(7.23)	1,660	(6.74)	1,780	(6.32)	1,900	(6)
25,641,462	2.25	25,077,952	(6.04)	26,688,789	(2.31)	27,320,985	22
5,109	(80.06)	25,620	2,994.20	828	(26.01)	1,119	(36)
2,959	(2.25)	3,027	3.42	2,927	264.05	804	3
25,910,602	2.83	25,196,451	(5.63)	26,700,608	(2.30)	27,330,154	22
772	(98.83)	65,995	17.80	56,024	5,323.43	1,033	(5)
16,369	(14.04)	19,043	(58.02)	45,365	24.25	36,510	71
3,177,131	4.14	3,050,820	0.60	3,032,542	(27.45)	4,179,836	83
109,533	25.85	87,037	(42.98)	152,630	(46.56)	285,627	(24)
232,440	(21.49)	296,059	(79.26)	1,427,482	95.50	730,182	(64)
3,536,245	0.49	3,518,954	(25.35)	4,714,043	(9.92)	5,233,188	12
29,446,847	2.55	28,715,405	(8.59)	31,414,651	(3.53)	32,563,342	21
9,159,424	-	9,159,424	-	9,159,424	-	9,159,424	-
-	-	-	-	-	-	-	-
15,868,851	8.43	14,635,087	(20.29)	18,360,984	(12.13)	20,895,106	29
25,028,275	5.19	23,794,511	(13.54)	27,520,408	(8.43)	30,054,530	19
2,738,746	(18.31)	3,352,745	17.23	2,859,934	72.88	1,654,323	73
131,018	100.00	-	-	-	-	-	-
990	100.00	-	(100.00)	22,387	(86.19)	162,122	100
-	-	-	-	-	-	-	-
294,788	(34.60)	450,749	55.70	289,498	(22.71)	374,579	26.63
179,356	41.75	126,531	71.56	73,755	174.72	26,847	(26.72)
1,049,702	5.94	990,869	52.75	648,669	122.96	290,941	(32.39)
23,972	100.00	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,547,818	(1.30)	1,568,149	54.97	1,011,922	46.15	692,367	(9)
29,446,847	2.55	28,715,405	(8.59)	31,414,651	(3.53)	32,563,342	21
958,703	(5.77)	1,017,452	(6.95)	1,093,479	50.70	725,579	15
64,881	15.56	56,147	(80.24)	284,120	266.43	77,537	(98)
41,592	(64.12)	115,918	12.16	103,350	3.71	99,656	(31)
88,136	47.34	59,818	22.55	48,811	28.21	38,071	(17)
66,969	(1,915.86)	(3,688)	(219.82)	3,078	(42.81)	5,382	(30,000)
1,220,281	(2.04)	1,245,647	(18.74)	1,532,838	62.00	946,225	(77)
210,590	(6.65)	225,603	(2.80)	232,106	(12.51)	265,291	10
577,100	46.20	394,729	77.52	222,357	53.69	144,682	(12)
9,837	9.24	9,005	(33.82)	13,607	(23.34)	17,750	(72)
(59,269)	(133.85)	175,072	(56.01)	398,012	(213.32)	(351,238)	(180)
738,258	(8.22)	804,409	(7.12)	866,082	1,032.36	76,485	(92)
482,023	9.24	441,238	(33.82)	666,756	(23.34)	869,740	(72)
133,735	(37.02)	212,336	0.56	211,146	33.44	158,238	(51)
-	-	-	-	-	-	-	-
(11,522)	(152.28)	22,037	(75.53)	90,056	0.67	89,461	5,024
122,213	(47.86)	234,373	(22.19)	301,202	21.60	247,699	(23)
359,810	73.93	206,865	(43.41)	365,554	(41.23)	622,041	(78)

# Vertical Analysis

	2021		2020	
	Amount	%	Amount	%
<b>Non Current Assets</b>				
Property and equipment	205,849	0.58	235,239	0.67
Investment properties	1,300	0.00	1,420	0.00
Long term investments	25,954,003	73.04	27,613,822	78.93
Long term loan and advance	56,301	0.16	4,968	0.01
Long term security deposits	2,873	0.01	2,959	0.01
	<b>26,220,326</b>	<b>73.79</b>	<b>27,858,408</b>	<b>79.63</b>
<b>Current Assets</b>				
Loans and advances	453,219	1.28	859	0.00
Prepayment, accrued mark up and other receivable	710,456	2.00	16,896	0.05
Short term investments	7,123,599	20.05	6,815,188	19.48
Taxation - net	111,899	0.31	113,842	0.33
Cash and bank balances	912,159	2.57	179,730	0.51
	<b>9,311,332</b>	<b>26.21</b>	<b>7,126,515</b>	<b>20.37</b>
<b>Total Assets</b>	<b>35,531,658</b>	<b>100.00</b>	<b>34,984,923</b>	<b>100.00</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Share Capital and Reserves</b>				
<b>Issued, subscribed and paid-up share capital</b>				
Ordinary Shares	9,159,424	25.78	9,159,424	26.18
Equity component of Preference Shares	1,326,114	3.73	-	-
Reserves	21,316,623	59.99	22,245,198	63.59
	<b>31,802,161</b>	<b>89.50</b>	<b>31,404,622</b>	<b>89.77</b>
<b>Non Current Liabilities</b>				
Long term financing	1,186,349	3.34	2,169,551	6.20
Lease liability	115,762	0.33	127,048	0.36
Deferred tax liability	554,348	1.56	287,448	0.82
Liability component of Preference Shares	464,390	1.31	-	-
<b>Current Liabilities</b>				
Trade and other payable	468,357	1.32	325,144	0.93
Accrued interest / markup on borrowing	64,777	0.18	73,501	0.21
Current portion of long term financing	796,148	2.24	568,175	1.62
Current maturity of lease liability	27,571	0.08	29,434	0.08
Current portion of liability component of Preference Shares	51,795	0.15	-	-
	<b>1,408,648</b>	<b>3.96</b>	<b>996,254</b>	<b>2.85</b>
<b>Total Equity and Liabilities</b>	<b>35,531,658</b>	<b>100.00</b>	<b>34,984,923</b>	<b>100.00</b>
<b>PROFIT AND LOSS</b>				
<b>Income</b>				
Return on Investments	1,139,510	75.61	815,911	85.30
Gain on sale of investments	205,409	13.63	430	0.04
Income from long term loans and funds placements	81,434	5.40	47,778	4.99
Other income / (loss) - net	64,612	4.29	(23,017)	(2.41)
Gain / (loss) on remeasurement of investments at fair value through profit or loss - net	16,158	1.07	115,458	12.07
<b>Total Income</b>	<b>1,507,123</b>	<b>100.00</b>	<b>956,560</b>	<b>100.00</b>
<b>Expenditures</b>				
Operating and administrative expenses	219,435	14.56	215,687	22.55
Finance cost	267,002	17.72	454,756	47.54
Provision for Sindh Workers' Welfare Fund	20,420	1.35	27,353	2.86
(Reversal of) / provision for impairment against investment in subsidiaries, associate, and joint venture - net	(337)	(0.02)	(1,081,536)	(113.07)
	<b>506,520</b>	<b>33.61</b>	<b>(383,740)</b>	<b>(40.12)</b>
<b>Profit before taxation</b>	<b>1,000,603</b>	<b>66.39</b>	<b>1,340,300</b>	<b>140.12</b>
Taxation				
Current	215,499	14.30	119,259	12.47
Prior	7,923	0.53	6,009	0.63
Deferred	(9,199)	(0.61)	10,025	1.05
	<b>214,223</b>	<b>14.21</b>	<b>135,293</b>	<b>14.14</b>
<b>Profit after tax</b>	<b>786,380</b>	<b>52.18</b>	<b>1,205,007</b>	<b>125.98</b>



Rupees in '000

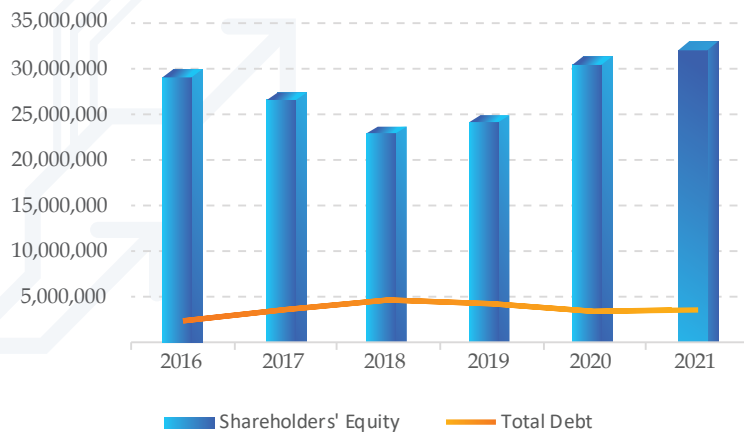
2019		2018		2017		2016	
Amount	%	Amount	%	Amount	%	Amount	%
259,532	0.88	88,192	0.31	6,284	0.02	5,346	0.02
1,540	0.01	1,660	0.01	1,780	0.01	1,900	0.01
25,641,462	87.08	25,077,952	87.33	26,688,789	84.96	27,320,985	83.90
5,109	0.02	25,620	0.09	828	0.00	1,119	0.00
2,959	0.01	3,027	0.01	2,927	0.01	804	0.00
25,910,602	90.23	25,196,451	87.75	26,700,608	84.99	27,330,154	83.93
772	0.00	65,995	0.23	56,024	0.18	1,033	0.00
16,369	0.06	19,043	0.07	45,365	0.14	36,510	0.11
3,177,131	10.79	3,050,820	10.62	3,032,542	9.65	4,179,836	12.84
109,533	0.37	87,037	0.30	152,630	0.49	285,627	0.88
232,440	0.79	296,059	1.03	1,427,482	4.54	730,182	2.24
3,536,245	12.31	3,518,954	12.25	4,714,043	15.01	5,233,188	16.07
29,446,847	100.00	28,715,405	100.00	31,414,651	100.00	32,563,342	100.00
9,159,424	31.10	9,159,424	31.90	9,159,424	29.16	9,159,424	28.13
-	-	-	-	-	-	-	-
15,868,851	53.89	14,635,087	50.97	18,360,984	58.45	20,895,106	64.17
25,028,275	84.99	23,794,511	82.86	27,520,408	87.60	30,054,530	92.30
2,738,746	9.30	3,352,745	11.68	2,859,934	9.10	1,654,323	5.08
131,018	0.44	-	-	-	-	-	-
990	0.00	-	-	22,387	0.07	162,122	0.50
-	-	-	-	-	-	-	-
294,788	1.00	450,749	1.57	289,498	0.92	374,579	1.15
179,356	0.61	126,531	0.44	73,755	0.23	26,847	0.08
1,049,702	3.56	990,869	3.45	648,669	2.06	290,941	0.89
23,972	0.08	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,547,818	5.26	1,568,149	5.46	1,011,922	3.22	692,367	2.13
29,446,847	100.00	28,715,405	100.00	31,414,651	100.00	32,563,342	100.00
958,703	78.56	1,017,452	81.68	1,093,479	71.34	725,579	76.68
64,881	5.32	56,147	4.51	284,120	18.54	77,537	8.19
41,592	3.41	115,918	9.31	103,350	6.74	99,656	10.53
88,136	7.22	59,818	4.80	48,811	3.18	38,071	4.02
66,969	5.49	(3,688)	(0.30)	3,078	0.20	5,382	0.57
1,220,281	100.00	1,245,647	100.00	1,532,838	100.00	946,225	100.00
210,590	17.26	225,603	18.11	232,106	15.14	265,291	28.04
577,100	47.29	394,729	31.69	222,357	14.51	144,682	15.29
9,837	0.81	9,005	0.72	13,607	0.89	17,750	1.88
(59,269)	(4.86)	175,072	14.05	398,012	25.97	(351,238)	(37.12)
738,258	60.50	804,409	64.58	866,082	56.50	76,485	8.08
482,023	39.50	441,238	35.42	666,756	43.50	869,740	91.92
133,735	10.96	212,336	17.05	211,146	13.77	158,238	16.72
(11,522)	(0.94)	22,037	1.77	90,056	5.88	89,461	9.45
-	-	-	-	-	-	-	-
122,213	10.02	234,373	18.82	301,202	19.65	247,699	26.18
359,810	29.49	206,865	16.61	365,554	23.85	622,041	65.74

## Review of Six Years' Performance

(Rupees in '000)

	2021	2020	2019	2018	2017	2016	CAGR
<b>Balance Sheet Summary:</b>							
Shareholders' Equity	31,802,161	31,404,622	25,028,275	23,794,511	27,520,408	30,054,530	1.14%
Long-term Financing	1,186,349	2,169,551	2,738,746	3,352,745	2,859,934	1,654,323	(6.43%)
Liability component of Preference Shares	464,390	-	-	-	-	-	-
Liquid Assets	8,035,758	6,994,918	3,409,571	3,346,879	4,460,024	4,910,018	10.35%
Long-term Investments	25,954,003	27,613,822	25,641,462	25,077,952	26,688,789	27,320,985	(1.02%)
<b>Profit and Loss Summary:</b>							
Revenue	1,507,123	956,560	1,220,281	1,245,647	1,532,838	946,225	9.76%
Expenditure	506,520	(383,740)	738,258	804,409	866,082	76,485	45.95%
Profit After Tax	786,380	1,205,007	359,810	206,865	365,554	622,041	4.80%
<b>Cash Flow Summary:</b>							
Net Cash Flow from Operating Activities	(385,720)	885,950	997,179	(1,865,392)	(853,940)	(1,821,657)	(26.69%)
Net Cash Flow from Investing Activities	(4,950)	(13,787)	(26,743)	(83,567)	(1,593)	(453)	61.32%
Net Cash Flow from Financing Activities	1,022,496	(1,073,442)	(589,441)	817,536	1,552,833	551,634	13.14%
Cash and Equivalents	1,107,601	475,775	677,054	296,059	1,427,482	730,182	8.69%

Shareholders' Equity and Debt



Shareholders' Equity has increased by 5.81 percent (PKR 1.74B) over the period under review. Since a major portion of Shareholders' Equity is invested in quoted long term investments, therefore, growth in Shareholders' Equity is dependent on quoted prices of these securities.

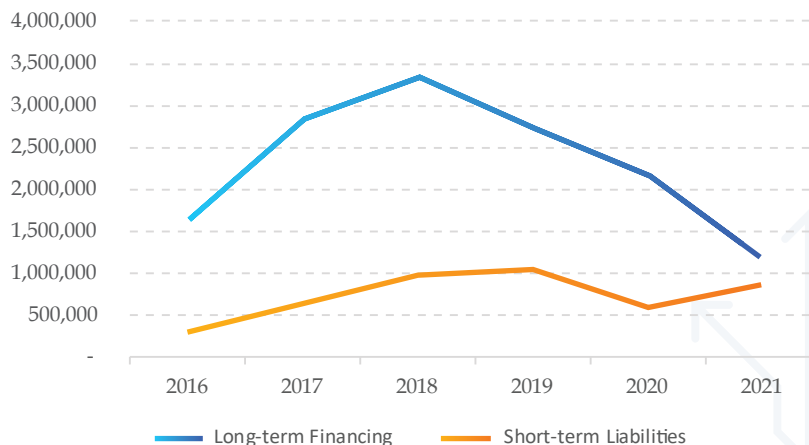
The Company only employs limited amount of leverage. Since CY2018 onwards, Total Debt has been reduced by PKR 1.19 billion. Total Debt to Equity ratio stood at 0.12:1 in CY2021.



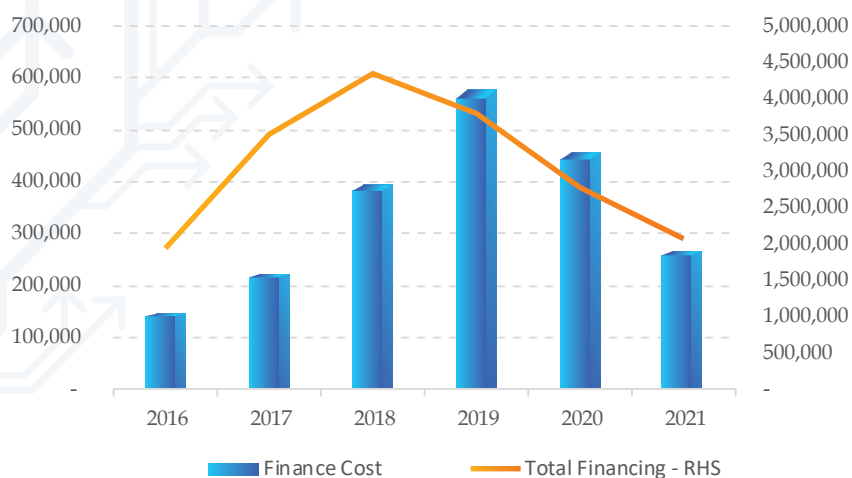


### Long-term and Short-term Financing

Long-term Financing has significantly been reduced since CY2018, by PKR 2.16 billion. Similarly, quantum of Short-term Financing, although relatively insignificant, has also been reduced by PKR 174.18 million since CY2019. JSCL, being an investment company, has a long-term horizon, and therefore, leverage is only employed to a minimal extent.



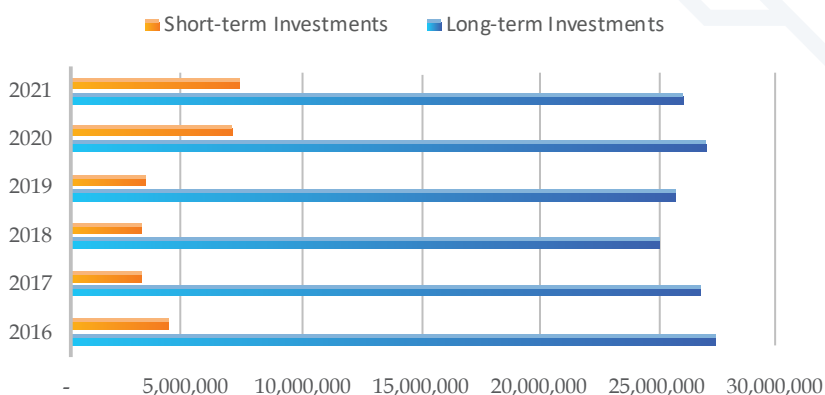
### Finance Cost Analysis



Finance Cost, in tandem with the quantum of Total Financing, has significantly been reduced since CY2019, when it peaked at PKR 577.10 million. The Company's financing decisions, along with many other considerations, are subject to the interest rate cycle.

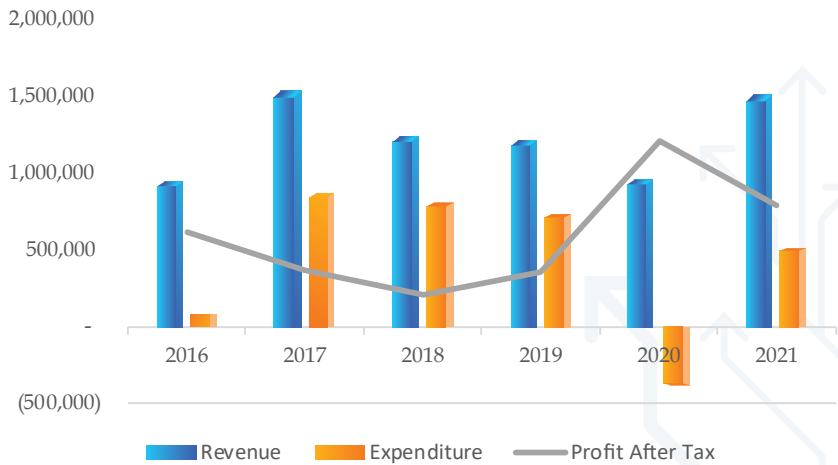
On average, 85 percent of Company's investments are classified as long-term investments, depicting overall orientation of the investment horizon. Fluctuations in quoted prices of investee companies are the major reason for movement in the value of combined investment portfolio.

### Long-term And Short-term Investments

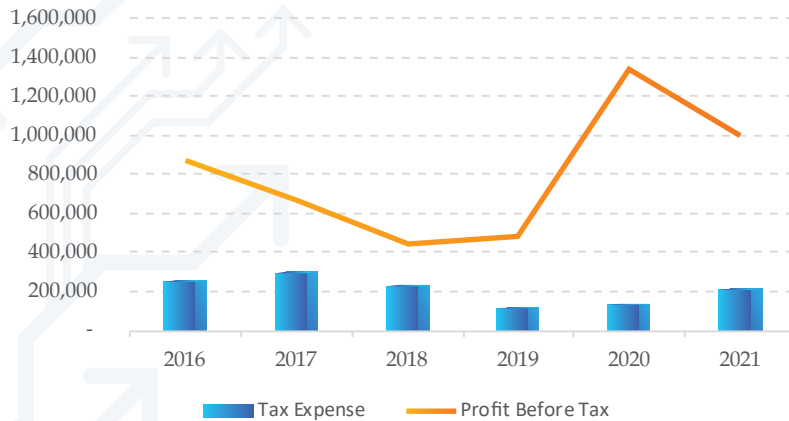


Since CY2016, Revenue has increased by 59.28 percent to reach PKR 1.51 billion. Movement in Revenue is driven by several components of income that are linked to investing activities of the Company. Excluding movement in provisions, Expenditure has increased by 18.50 percent since CY2016, mainly due to the impact of Finance Cost that increased from PKR 144.68 million to PKR 267.00 million. During CY2016-19 period, Profit After Tax was on a declining trajectory due to factors discussed above. However, Reversal in Provision amounting to PKR 1.08 billion in CY2020 resulted in a significant enhancement to Profit After Tax. Since CY2016, Profit After Tax has increased by 26.42 percent.

### Net Profit Analysis



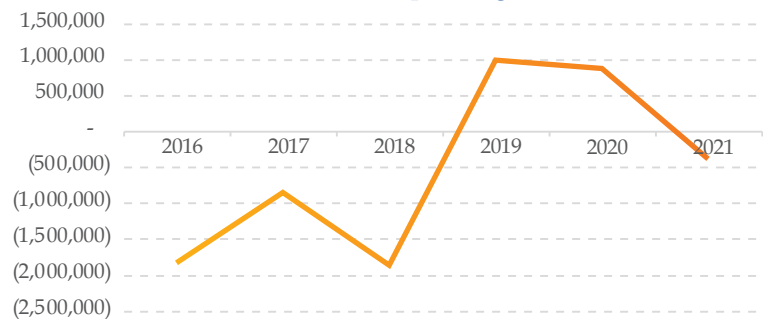
### Profit Before Tax and Taxation



Movement in Taxation Expense has remained within a narrow range, despite some variability in Profit Before Tax. This is primarily attributed to the difference in taxation under various income heads. Dividend Income and Capital Gain are primary sources of income for the Company on which fixed rates of taxes are applicable.

Cash Flow from Operating Activities was negative over CY2016-18 period mainly due to the investments made during the period. The movement in Operating Cash Flow over the remaining period is also explained by investments related activities.

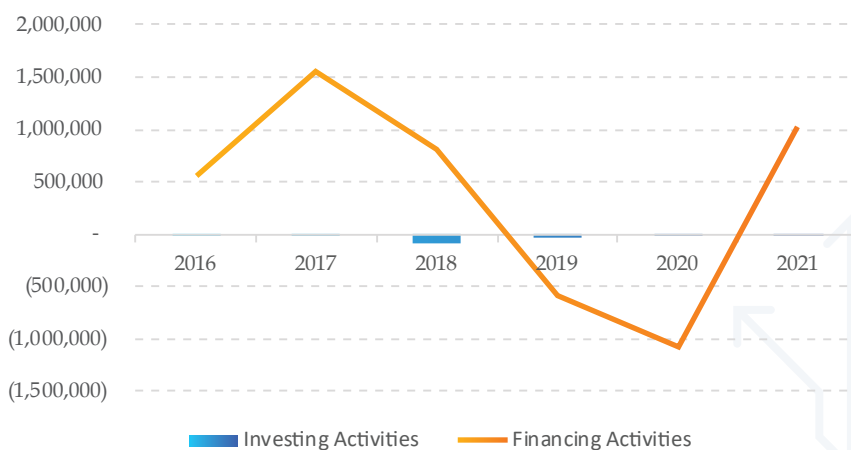
### Cash Flow from Operating Activities



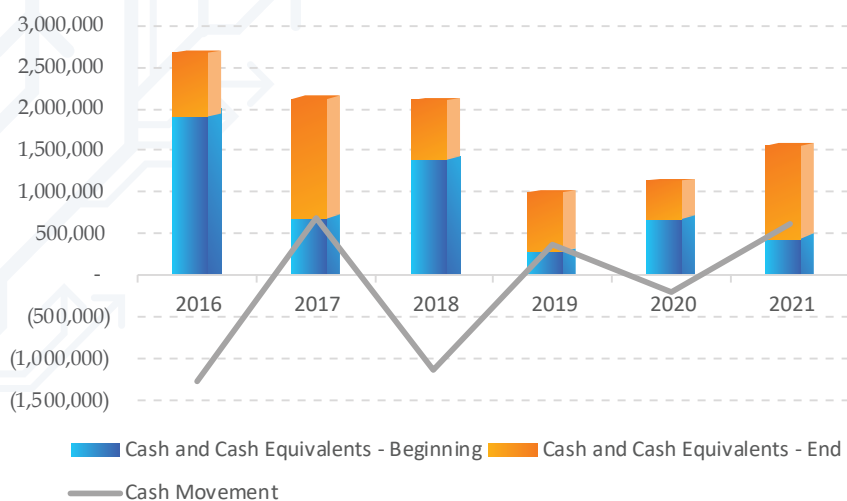


### Cash Flow from Investing and Financing Activities

Since capital expenditure related activities of the Company are limited, therefore insignificant activity is seen in Cash Flows from Investing Activities. Cash Flow from Financing Activities was positive over CY2016-18 period as the Company raised financing through term finance certificates. Similarly, over CY2019-20 period, redemption of term finance certificates resulted in net cash outflows. During CY2021, proceeds from issuance of Preference Right Shares resulted in a net positive Cash Flows from Financing Activities.



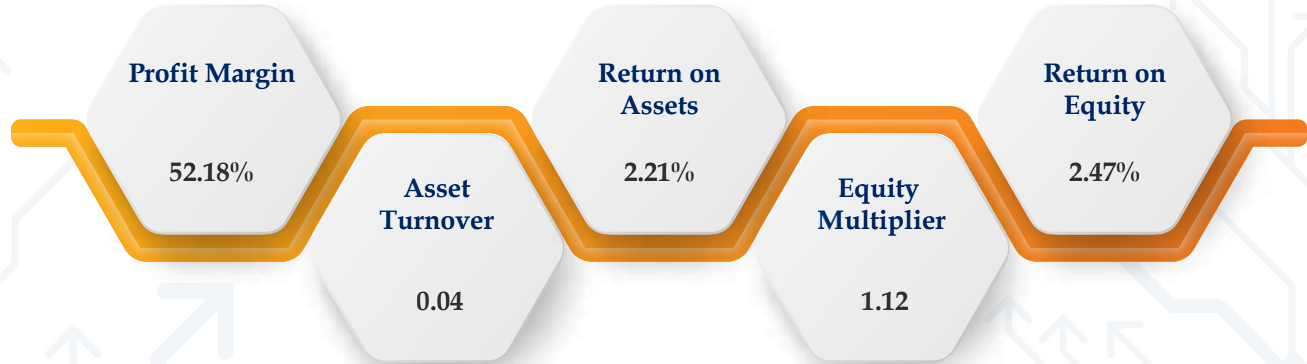
### Cash and Cash Equivalents Movement



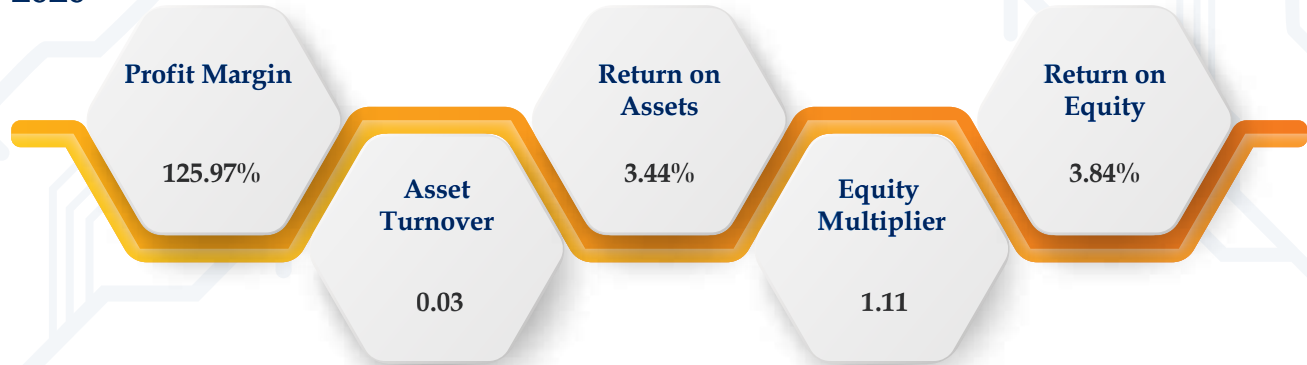
In summary, due to Operating Activities, there was a net cash outflow in CY2016 and CY2018. There was no significant movement in cash flows during the rest of the period under review. Given the nature of Company's operations, net Operating and Financing Activities may result in significant movement in cash flows.

## DuPont Analysis

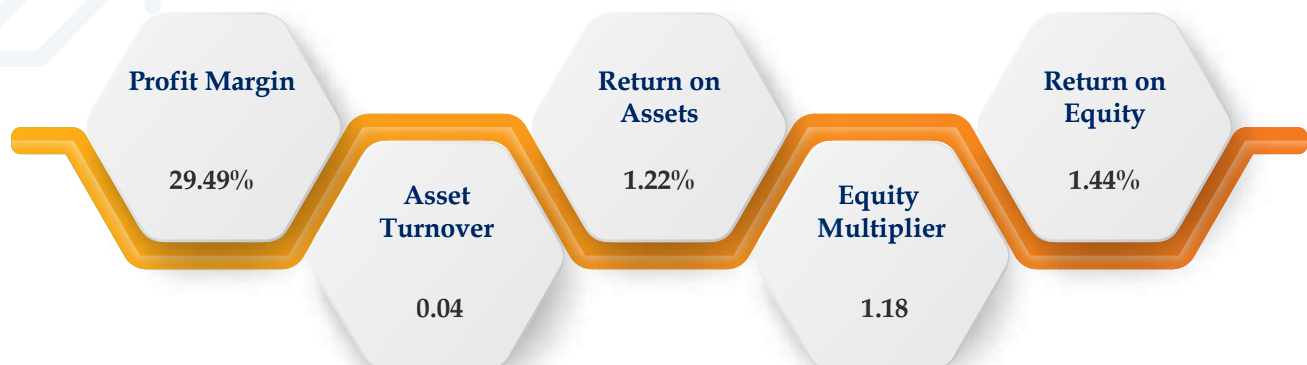
2021



2020



2019

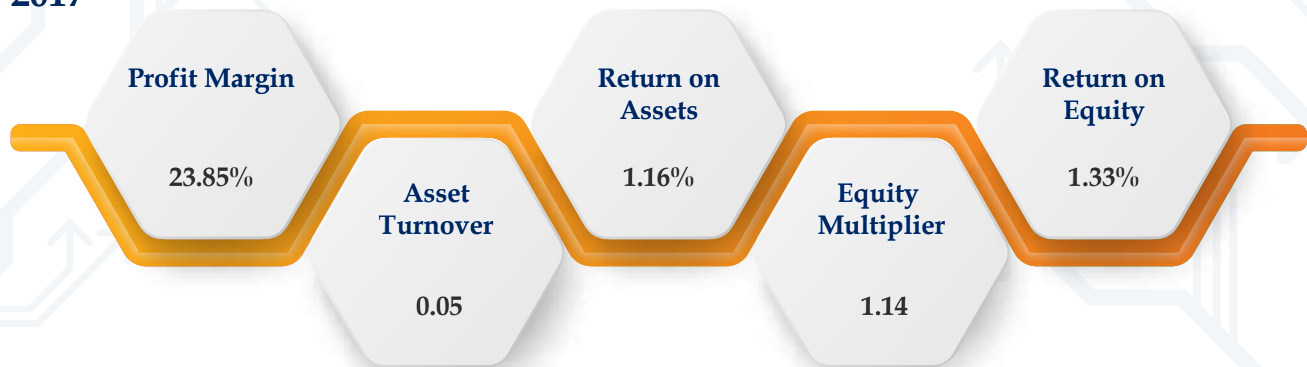




2018



2017



2016

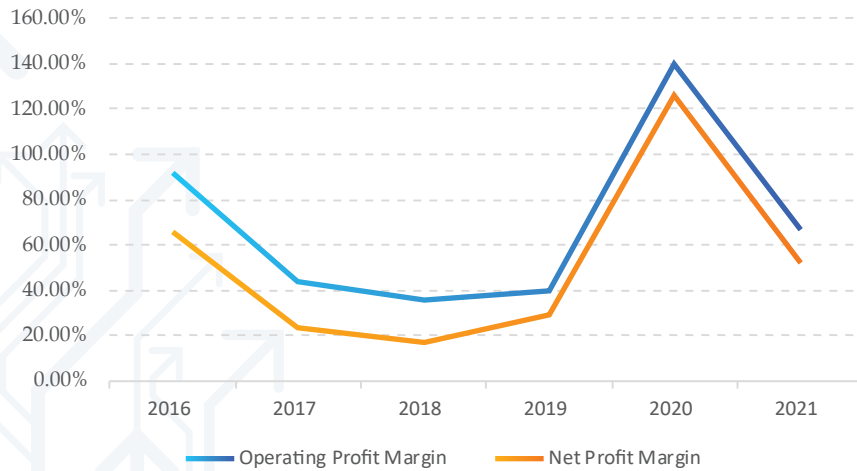


## Financial Analysis

	2021	2020	2019	2018	2017	2016
<b>Profitability Ratios:</b>						
Operating Profit Margin	<b>66.39%</b>	140.12%	39.50%	35.42%	43.50%	91.92%
Net Profit Margin	<b>52.18%</b>	125.97%	29.49%	16.61%	23.85%	65.74%
Return on Equity - Before Tax	<b>3.15%</b>	4.27%	1.93%	1.85%	2.42%	2.89%
Return on Equity - After Tax	<b>2.47%</b>	3.84%	1.44%	0.87%	1.33%	2.07%
Return on Assets	<b>2.21%</b>	3.44%	1.22%	0.72%	1.16%	1.91%
<b>Liquidity Ratios:</b>						
Current Ratio	<b>6.61</b>	7.15	2.28	2.24	4.66	7.56
Acid Test Ratio	<b>6.20</b>	7.03	2.21	2.14	4.44	7.13
Cash to Current Liabilities	<b>5.70</b>	7.02	2.20	2.13	4.41	7.09
Cash Flow Coverage Ratio	<b>(0.10)</b>	0.25	0.23	(0.38)	(0.22)	(0.73)
<b>Investment / Market Ratios:</b>						
Earnings Per Share (Rupees)	<b>0.86</b>	1.32	0.39	0.23	0.40	0.68
Price Earnings Ratio	<b>18.64</b>	24.84	29.33	67.61	45.13	37.34
Price to Book Ratio	<b>0.46</b>	0.95	0.42	0.60	0.60	0.77
Cash Per Share (Rupees)	<b>8.77</b>	7.64	3.72	3.65	4.87	5.36
Break-up Value per Share (Rupees)	<b>34.72</b>	34.29	27.33	25.98	30.05	32.81
Market Value per Share - Closing (Rupees)	<b>16.00</b>	32.68	11.44	15.55	18.05	25.39
Low	<b>13.71</b>	6.66	6.93	12.55	15.98	16.07
High	<b>32.71</b>	33.49	15.42	22.08	28.18	25.39
<b>Capital Structure Ratios:</b>						
Debt to Equity Ratio - Book Value	<b>8.51</b>	9.45	16.47	18.79	13.02	6.56
Debt to Equity Ratio - Market Value	<b>18.47</b>	9.91	39.35	31.39	21.64	8.48
Debt to Asset Ratio	<b>7.62</b>	8.48	14.00	15.57	11.40	6.06
Weighted Average Cost of Debt	<b>9.01</b>	8.49	15.26	10.01	7.60	7.74
<b>Non-Financial Ratios:</b>						
Staff Turnover Ratio	<b>10.00</b>	13.00	17.00	17.00	17.00	9.00
Employee Productivity Rate (Rupees in '000)	<b>71,768</b>	41,590	53,056	54,159	66,645	43,010



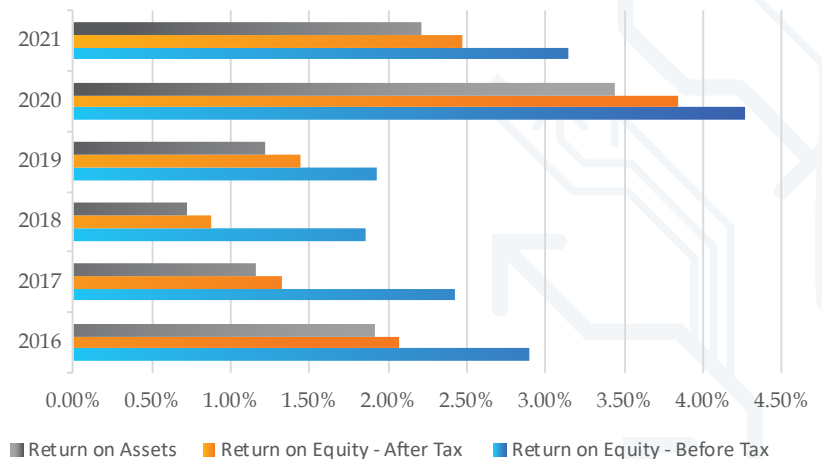
### Profit Margins



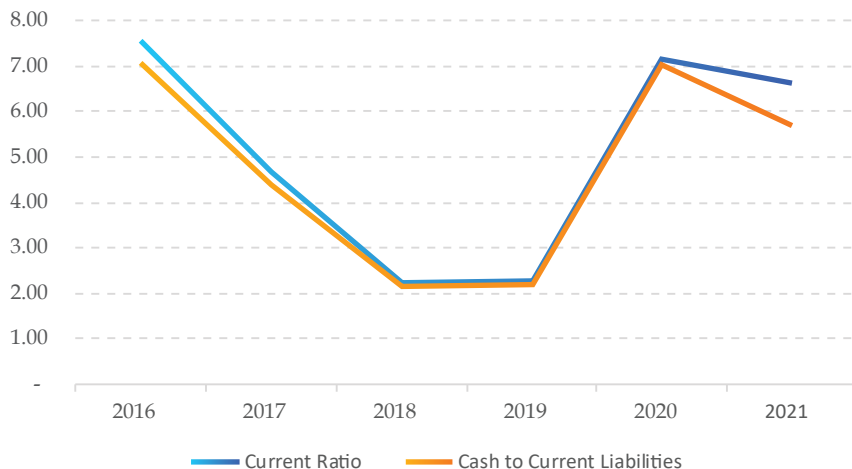
Over the period under review, average operating profit margin remained at 69.47 percent. On year on year basis, operating profit margin reduced from 140.12 percent in CY2020 to 66.39 percent in CY2021. Higher operating profit margin in CY2020 is explained by a significant reversal in provision for impairment. Impact of taxation explains the difference between operating profit margin and net profit margin.

### Return on Equity and Assets

Average after tax return on equity is 2.00 percent over CY2016-21 period. Similarly average return on assets of 1.78 percent was achieved during the 6 years period. Given the nature of Company's operations, return on equity and assets may not reflect true performance periodically.

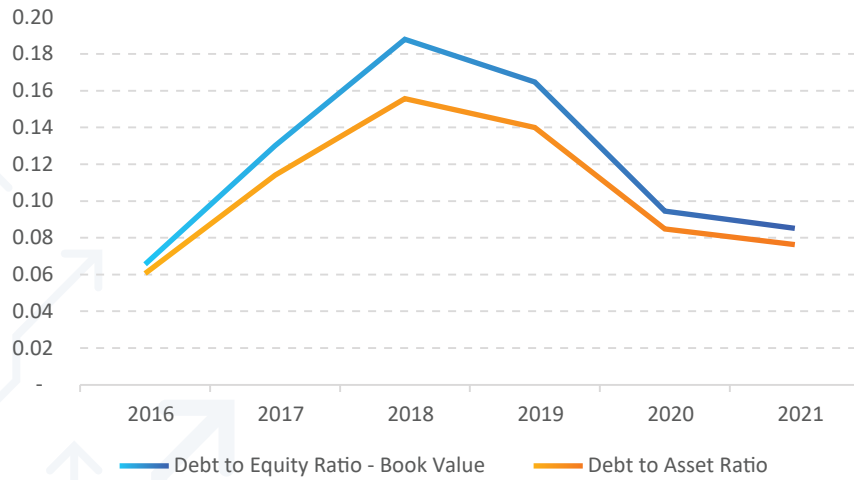


### Liquidity Ratios



Average current ratio has remained at 5.08:1 over CY2016-21 period. Variation in current ratio is mainly due to investments and financing activities of the Company.

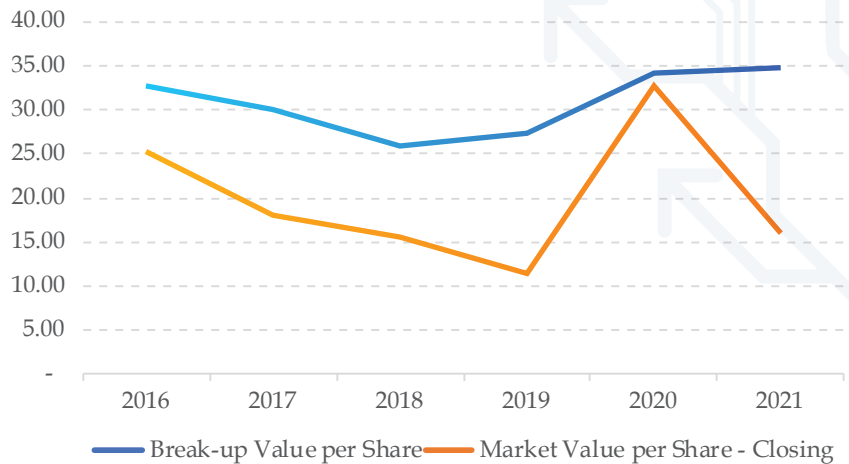
### Debt to Equity and Asset Ratio



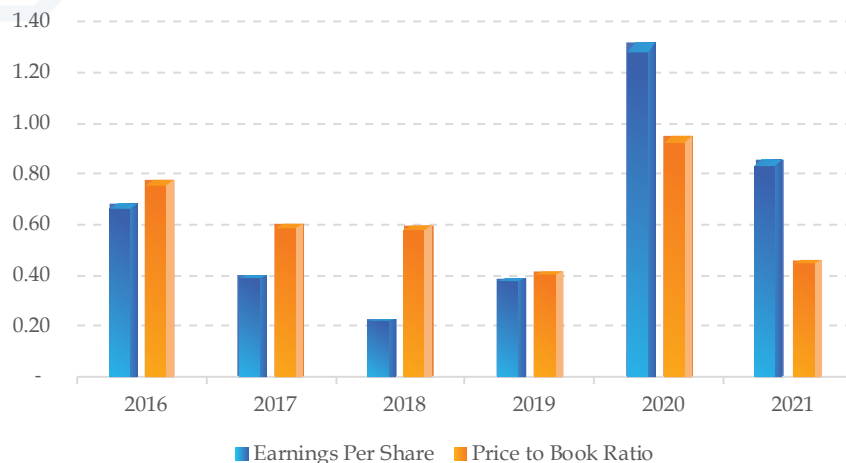
The Company is primarily funded by equity and, therefore, debt to equity and debt to asset ratios over CY2016-21 period have averaged at 0.12:1 and 0.11:1, respectively.

Average book value of the Company has remained at PKR 30.86/- over CY2016-21 period. In comparison average market value of the Company has averaged at PKR 19.85/- over the same period.

### Book Value and Market Price



### Earnings Per Share and Price to Book Ratio

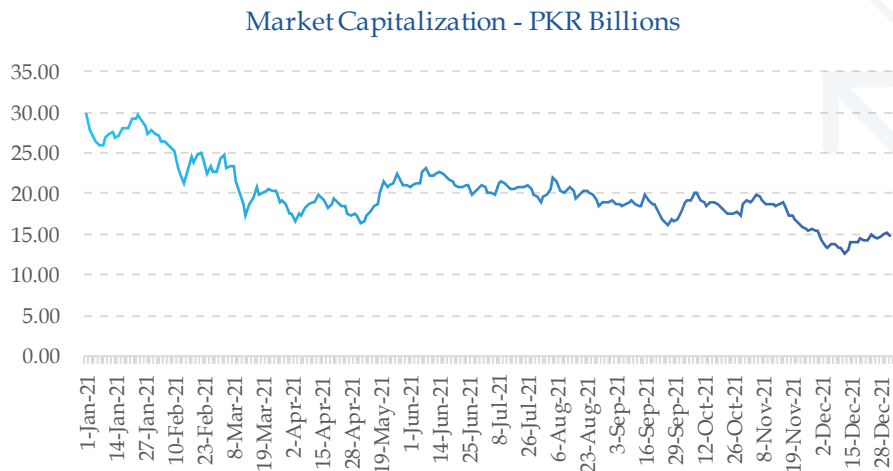
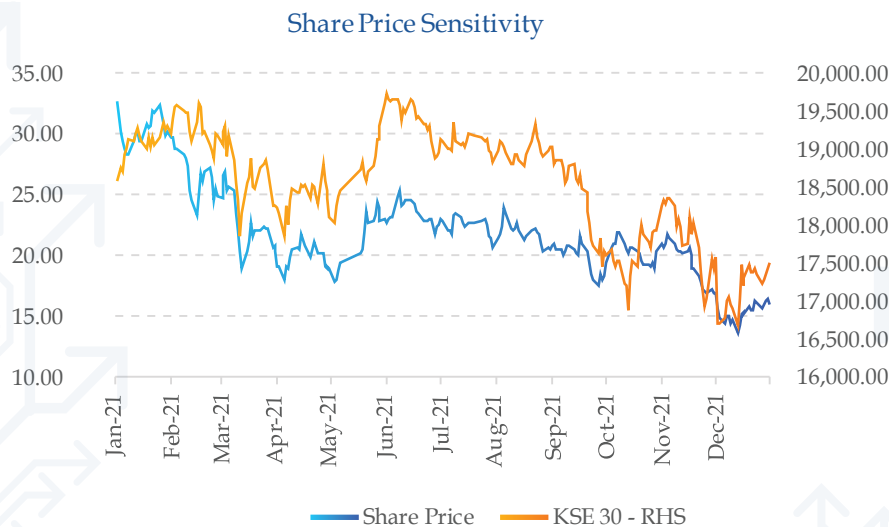


Earnings per share has improved over CY2016-21 period. Significant jump in earnings per share during CY2020 is explained by a significant reversal in provision for impairment. Average price to book ratio has remained at 0.63:1 over the last 6 years.



## Share Price Sensitivity Analysis:

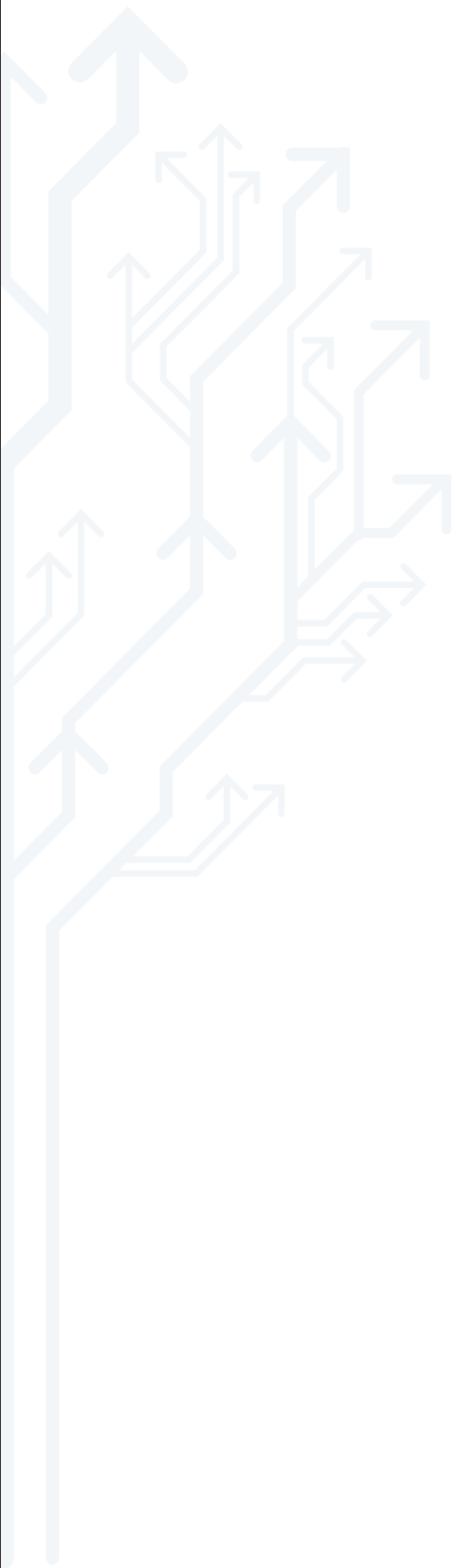
The Company's share price is sensitive to the quoted prices of its investee companies. The Company operations are not exposed to exchange rate fluctuations directly. Similarly, the Company does not use any raw materials or plant operations directly and hence variation in prices of raw materials and any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



	Share Price			Daily Average Volume	Number of Trading days	Market Capitalization	
	High	Low	Closing			Share Capital	Value
	-----Rupees-----					-----Rupees in Millions-----	
Fourth Quarter	22.50	13.50	16.00	1,247,462	65.00	9,159.42	14,655.08
Third Quarter	24.49	16.97	18.33	2,639,607	61.00	9,159.42	16,789.22
Second Quarter	26.40	17.52	22.56	4,604,915	59.00	9,159.42	20,663.66
First Quarter	33.58	18.50	20.36	6,981,492	62.00	9,159.42	18,648.59

## Statement Of Cash Flows - Direct Method

	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from return on investments	1,138,303	791,604
Receipts from long term loans and fund placements	75,353	66,978
Financial charges paid	(224,300)	(531,086)
(Paid to) / receipt from brokers against trade of investments - net	(836,848)	885,781
Payments to employees, suppliers and others	(316,748)	(197,749)
Taxes paid	(221,480)	(129,578)
<b>Net cash (used in) / generated from operating activities</b>	<b>(385,720)</b>	<b>885,950</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(5,962)	(18,097)
Proceeds from sale of property and equipment	1,012	4,310
<b>Net cash used in investing activities</b>	<b>(4,950)</b>	<b>(13,787)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of preference right shares - net of transaction cost	1,814,554	-
Redemption of term finance certificates	(450,000)	(875,000)
Long term loan repaid to bank	(312,500)	(187,500)
Payment against lease liability	(29,558)	(10,942)
<b>Net cash generated from / (used in) financing activities</b>	<b>1,022,496</b>	<b>(1,073,442)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>631,826</b>	<b>(201,279)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>475,775</b>	<b>677,054</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>1,107,601</b>	<b>475,775</b>



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# STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

Chapter 4 Clas

4.1 Classificati

(Refer.

paragraphs 84.1.1-84.

Notes for Conclusions p

4.1.1 Unless par

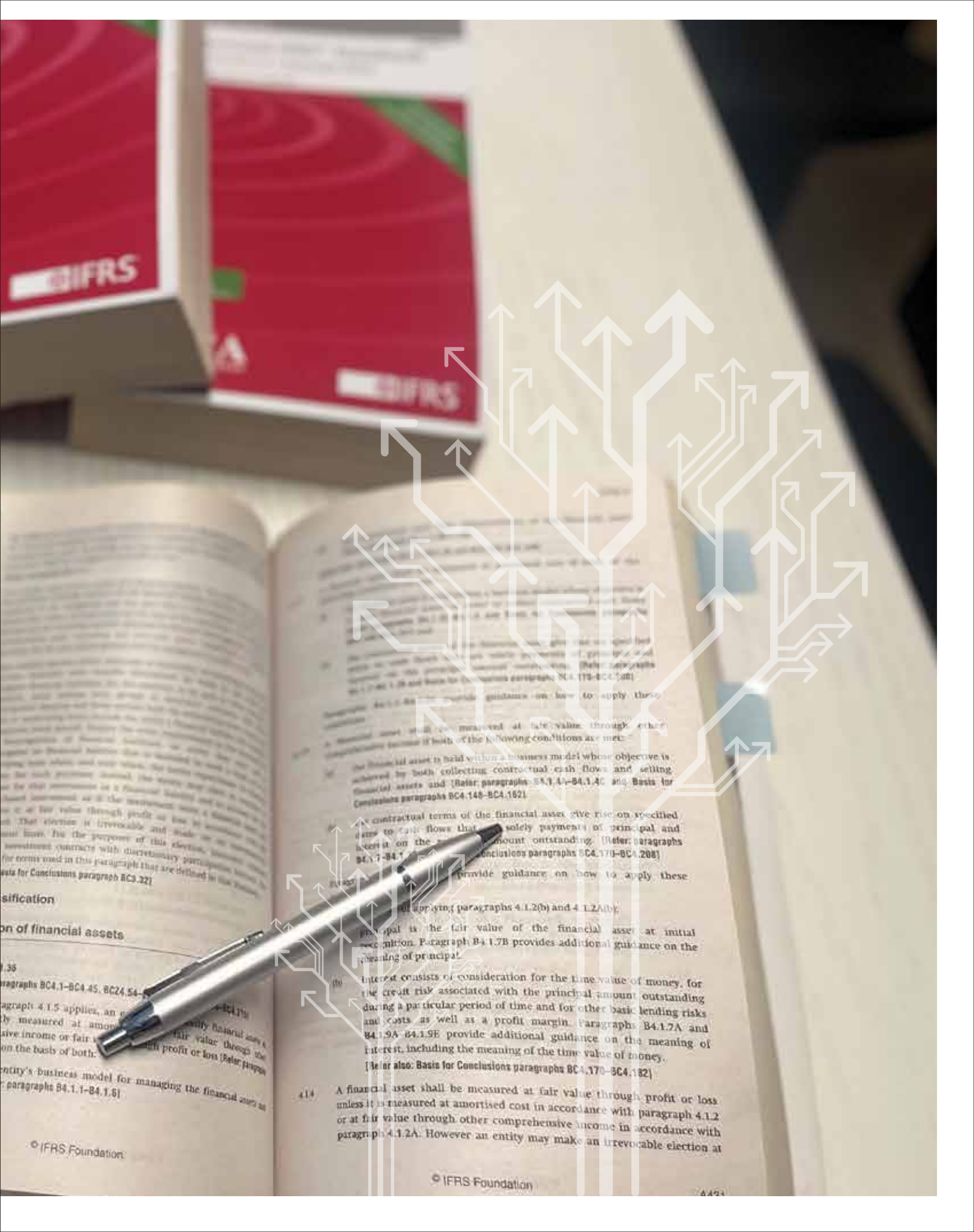
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IFRS

IFRS

... at fair value through profit or loss if the measurement is irrevocable and the election is made at initial recognition. For the purpose of this election, the measurement of the financial asset and the measurement of the profit or loss shall be made at the time of initial recognition. Paragraphs BC4.1.1 to BC4.1.6 provide guidance on how to apply these provisions.

**Classification of financial assets**

Paragraphs BC4.1-BC4.45, BC24.54-55, and BC24.71a-71b apply, an entity shall measure a financial asset at amortised cost if it meets the following criteria: (a) the asset is held within a business model whose objective is to collect contractual cash flows; and (b) the asset's contractual terms give rise to cash flows that are solely payments of principal and interest on the outstanding amount. Paragraphs BC4.1.7-BC4.1.9 provide guidance on how to apply these provisions. Paragraphs 4.1.2(b) and 4.1.2A(b) provide additional guidance on the meaning of principal.

... the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (Refer paragraphs BC4.1.4-BC4.1.6 and Basis for Conclusions paragraphs BC4.148-BC4.162).

... contractual terms of the financial asset give rise to specified cash flows that are solely payments of principal and interest on the outstanding amount. (Refer paragraphs BC4.1.7-BC4.1.9 and Basis for Conclusions paragraphs BC4.170-BC4.208)

... provide guidance on how to apply these provisions. Paragraphs 4.1.2(b) and 4.1.2A(b) provide additional guidance on the meaning of principal.

(b) Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin. Paragraphs BC4.1.7A and BC4.1.9A-BC4.1.9E provide additional guidance on the meaning of interest, including the meaning of the time value of money. (Refer also: Basis for Conclusions paragraphs BC4.170-BC4.182)

4.1.4 A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost in accordance with paragraph 4.1.2 or at fair value through other comprehensive income in accordance with paragraph 4.1.2A. However an entity may make an irrevocable election at

## Statement of Compliance



The Directors of the Company are committed to good corporate governance and confirm meticulous compliance with the financial accounting and reporting standards as applicable in Pakistan i.e. International Financial Reporting Standards.



The annexed 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.



# International Integrated Reporting Framework

The Company has ensured that the 'Fundamental Concepts', 'Content Elements' and 'Guiding Principles' of the integrated reporting are covered as much as possible in this 'Annual Report 2021'. The financial and non-financial information provided in 'Annual Report 2021' will enable JSCL's stakeholders to better understand its position and in turn will lead to better and more informed decision-making by them.

Following fundamental concepts of integrated reporting are addressed in the 'Annual Report 2021':

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

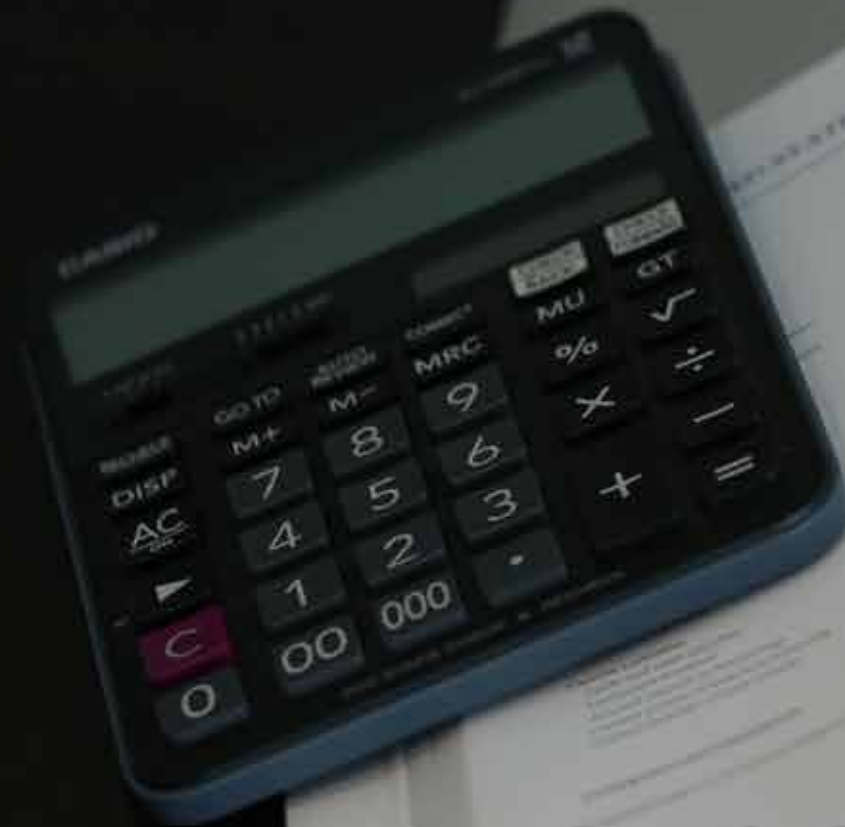
Following guiding principles of integrated reporting are addressed in the 'Annual Report 2021':

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

Following content elements of integrated reporting are detailed as chapters in the 'Annual Report 2021':

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

# UNCONSOLIDATED FINANCIAL STATEMENTS









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

## INDEPENDENT AUDITOR'S REPORT

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

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

#### Opinion

We have audited the annexed unconsolidated financial statements of **Jahangir Siddiqui & Co. Ltd.** (the Company), which comprise the unconsolidated statement of financial position as at 31 December 2021, and the unconsolidated statement of profit or loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (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 2021 and of the profit and total comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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



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### Key Audit Matter

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

S. No.	Key audit matter	How the matter was addressed in our audit
1.	<p><b>Valuation of investments</b></p> <p>Refer notes 3.3, 6 and 7 to the unconsolidated financial statements.</p> <p>The significant portion of the investments comprise of investments in equity securities.</p> <p>We identified valuation of investments as key audit matter because of its significance to the unconsolidated financial statement as a whole and involvement of management's judgment and use of assumptions and estimates.</p>	<p>Our audit procedures to assess the valuation of equity investments, amongst others, included the following:</p> <ul style="list-style-type: none"><li>assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of equity investments;</li><li>checked the valuation of investments in the portfolio as recorded in the general ledger to the relevant supporting documents, externally quoted market prices and break-up values;</li><li>involved our own valuation specialist to assists us in evaluating the valuation technique, assumptions and methodologies used by management for valuation of certain unquoted equity investment;</li><li>evaluated the model used in determining the value in use of quoted equity security;</li></ul>



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S. No.	Key audit matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"><li data-bbox="914 648 1325 810">• we involved our specialist and evaluated the model used in determining the value in use of a subsidiary and also performed sensitivity analysis around the key assumptions used in the models;</li><li data-bbox="914 841 1325 1002">• crosschecked the value of quoted and unquoted equity securities by using price to book value multiples of comparable industries and compared it with management valuation; and</li><li data-bbox="914 1038 1325 1199">• considered the Company's disclosures of investments, such as the fair value hierarchy, to the requirements of the accounting and reporting standards as applicable in Pakistan.</li></ul>

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

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

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

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



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**Responsibilities of Management and Board of Directors for the unconsolidated Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 unconsolidated financial statements.

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

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



KPMG Taseer Hadi & Co.

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

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

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

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



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**Report on Other Legal and Regulatory Requirements**

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

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

**Other Matter**

The unconsolidated financial statements of the Company as at and for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those unconsolidated financial statements on 31 March 2021.

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

Date: 22 March 2022  
Karachi

UDIN: AR202110106kMPO04dQG

  
KPMG Taseer Hadi & Co.  
Chartered Accountants

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

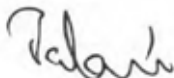
As at December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 -----
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property and equipment	4	205,849	235,239
Investment property	5	1,300	1,420
Long term investments	6	25,954,003	27,613,822
Long term loans and advances	7	56,301	4,968
Long term security deposits		2,873	2,959
		<b>26,220,326</b>	<b>27,858,408</b>
<b>Current Assets</b>			
Short term loans and advances	8	453,219	859
Short term prepayments and other receivables	9	694,235	9,995
Interest accrued	10	16,221	6,901
Other financial assets - Short term investments	11	7,123,599	6,815,188
Taxation - net		111,899	113,842
Cash and bank balances	12	912,159	179,730
		<b>9,311,332</b>	<b>7,126,515</b>
		<b>35,531,658</b>	<b>34,984,923</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Share Capital</b>			
Authorised capital	13.1	65,000,000	65,000,000
Issued, subscribed and paid-up share capital			
Ordinary shares	13.2	9,159,424	9,159,424
Equity component of Preference Shares	14	1,326,114	-
Reserves		21,316,623	22,245,198
		<b>31,802,161</b>	<b>31,404,622</b>
<b>Non-Current Liabilities</b>			
Long term financing			
Lease liability	15	1,186,349	2,169,551
Deferred tax liability	16	115,762	127,048
Liability component of Preference Shares	17	554,348	287,448
	18	464,390	-
<b>Current Liabilities</b>			
Trade and other payables			
Unclaimed dividend	19	457,835	314,606
Accrued interest on borrowings		10,522	10,538
Current portion of long term liabilities	20	64,777	73,501
		<b>875,514</b>	<b>597,609</b>
		<b>1,408,648</b>	<b>996,254</b>
		<b>35,531,658</b>	<b>34,984,923</b>
Contingencies and Commitments	21		

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



**Shahid Hussain Jatoi**  
Director



**Suleman Lalani**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer



# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT

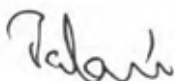
For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 -----
<b>INCOME</b>			
Return on investments	22	1,139,510	815,911
Gain on sale of investments - net	23	205,409	430
Income from long term loans and fund placements	24	81,434	47,778
Other income / (loss) - net	25	64,612	(23,017)
Gain on remeasurement of investments at fair value through profit or loss - net		16,158	115,458
		<b>1,507,123</b>	<b>956,560</b>
<b>EXPENDITURE</b>			
Operating and administrative expenses	26	219,435	215,687
Finance cost	27	267,002	454,756
Provision for Sindh Workers' Welfare Fund		20,420	27,353
Reversal of provision for impairment	6.1.2.1	(337)	(1,081,536)
		<b>506,520</b>	<b>(383,740)</b>
<b>PROFIT BEFORE TAXATION</b>		<b>1,000,603</b>	<b>1,340,300</b>
<b>Taxation</b>			
Current		215,499	119,259
Prior		7,923	6,009
Deferred		(9,199)	10,025
	28	<b>214,223</b>	<b>135,293</b>
<b>PROFIT FOR THE YEAR</b>		<b>786,380</b>	<b>1,205,007</b>
----- (Rupees) -----			
<b>EARNINGS PER SHARE</b>			
Basic	29	<b>0.86</b>	1.32
Diluted	29	<b>0.82</b>	1.32

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



**Shahid Hussain Jatoi**  
Director



**Suleman Lalani**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer

## UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

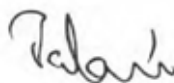
For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
<b>PROFIT FOR THE YEAR</b>	786,380	1,205,007
<b>OTHER COMPREHENSIVE INCOME:</b>		
<b>Items that will not be reclassified subsequently to statement of profit or loss</b>		
Unrealised (loss) / gain on revaluation of investments at fair value through OCI during the year - net of deferred tax	(1,714,955)	5,171,340
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR</b>	<u>(928,575)</u>	<u>6,376,347</u>

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



**Shahid Hussain Jatoi**  
Director



**Suleman Lalani**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

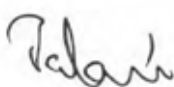
For the year ended December 31, 2021

	Issued, subscribed and paid-up share capital		Reserves			Sub-total	Total
	Ordinary Shares	Equity Component of Preference Shares	Ordinary share premium	Unrealised gain on revaluation of investments at fair value through OCI - net	Revenue reserve		
					Un-appropriated profit		
	(Rupees in '000)						
<b>Balance as at December 31, 2019</b>	9,159,424	-	4,497,894	8,456,311	2,914,646	15,868,851	25,028,275
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>-</b>	<b>4,497,894</b>	<b>13,447,957</b>	<b>4,299,347</b>	<b>22,245,198</b>	<b>31,404,622</b>
Profit for the year	-	-	-	-	786,380	786,380	786,380
Other comprehensive loss	-	-	-	(1,714,955)	-	(1,714,955)	(1,714,955)
Total comprehensive (loss) / income	-	-	-	(1,714,955)	786,380	(928,575)	(928,575)
Equity component of Preference Shares	-	1,338,735	-	-	-	-	1,338,735
Less: Issuance cost related to equity component of Preference Shares	-	(12,621)	-	-	-	-	(12,621)
Reclassification of net revaluation loss on equity instrument upon derecognition	-	-	-	316,478	(316,478)	-	-
<b>Balance as at December 31, 2021</b>	<b>9,159,424</b>	<b>1,326,114</b>	<b>4,497,894</b>	<b>12,049,480</b>	<b>4,769,249</b>	<b>21,316,623</b>	<b>31,802,161</b>

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



**Shahid Hussain Jatoi**  
Director



**Suleman Lalani**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer

## UNCONSOLIDATED STATEMENT OF CASH FLOWS

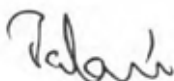
For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation for the year		1,000,603	1,340,300
<b>Adjustment for non cash charges and other items:</b>			
Depreciation	26.7	35,472	34,112
Gain on sale of property and equipment	25	(1,012)	(1,224)
Interest income		(84,673)	(71,320)
Gain on remeasurement of investments at fair value through profit or loss - net		(16,158)	(115,458)
Reversal of provision for impairment		(337)	(1,081,536)
Dividend income		(1,135,592)	(792,369)
(Gain) / loss on remeasurement of derivatives through profit or loss		(39,132)	51,098
Finance cost		267,002	454,756
		(974,430)	(1,521,941)
<b>Operating profit / (loss) before working capital changes</b>		26,173	(181,641)
<b>(Increase) / decrease in operating assets:</b>			
Short term loans and advances		(452,360)	(87)
Short term prepayments and other receivables		(686,951)	4,580
Long term loans, advance and security deposits		(51,247)	141
		(1,190,558)	4,634
<b>Increase / (decrease) in trade and other payables</b>			
		182,361	(20,737)
		(982,024)	(197,744)
Investments - net		(171,556)	885,781
Dividend received		1,138,303	791,604
Finance cost paid		(224,300)	(531,086)
Taxes paid		(221,480)	(129,578)
Interest income received		75,353	66,978
Unclaimed dividend paid		(16)	(5)
Net cash (used in) / generated from operating activities		(385,720)	885,950
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(5,962)	(18,097)
Proceeds from sale of property and equipment		1,012	4,310
<b>Net cash used in investing activities</b>		(4,950)	(13,787)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of preference right shares - net of transaction cost		1,814,554	-
Redemption of term finance certificates		(450,000)	(875,000)
Long term loan repaid to bank		(312,500)	(187,500)
Payment against lease liability		(29,558)	(10,942)
<b>Net cash generated from / (used in) financing activities</b>		1,022,496	(1,073,442)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		631,826	(201,279)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		475,775	677,054
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	30	1,107,601	475,775

The annexed notes 1 to 38 form an integral part of these unconsolidated 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, 2021

## 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 and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The principal activities of the Company are managing strategic investments, trading of securities, consultancy services, etc.

## 2. BASIS OF PREPERATION

### 2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRS 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 are stated at cost less impairment, if any, and investment in associate is stated at fair value through other comprehensive income. Therefore, they have not been accounted for on the basis of reported results and net assets of the investees in these unconsolidated financial statements.

### 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 accounting and reporting 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 35);

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

- (d) leases liability related to ROUA (note 3.10, 4.2 and 16);
- (e) recognition of taxation and deferred tax (notes 3.7, 17 and 28); and
- (f) impairment of financial assets (notes 3.4.4, 3.19 and 6.1.1).

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

There are certain interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these unconsolidated financial statements.

#### 2.5.1 Standards, Interpretations and Amendments to Published Approved Accounting Standards That Are Not Yet Effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2022:

**Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)** effective for the annual periods beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

#### 2.5.2 Annual Improvements to IFRS Standards 2018-2020

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

**IFRS 9** - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

**IFRS 16** - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

**IAS 41** - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

**Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)** effective for annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

**Reference to the Conceptual Framework (Amendments to IFRS 3)** - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

**Classification of liabilities as current or non-current (Amendments to IAS 1)** amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

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

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

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

**Definition of Accounting Estimates (Amendments to IAS 8)** - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)** - The amendments narrow the scope of the Initial Recognition Exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)** - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual periods beginning on or after 01 January, 2022 and are not likely to have an impact on Company's financial statements.

### 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.

#### 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.





# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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

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

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

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

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

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

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

## 3.4 IFRS 9 Financial Instruments

### 3.4.1 Initial recognition and measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees / counter parties and due to counterparties, are initially 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



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

- (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.

#### 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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell, or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis.

## Financial liabilities

### Financial liabilities measured at amortised cost

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

#### 3.4.3 De-recognition

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

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

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

#### 3.4.4 Impairment of financial assets

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

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

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

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

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

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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

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

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

### 3.4.5 Offsetting of financial assets and financial liabilities

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

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

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

### 3.6 Provisions

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

### 3.7 Taxation

#### Current

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

#### Deferred

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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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.

### • 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.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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.

### 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 mark to market of the derivative using prevailing market rates. Derivatives with positive market values (unrealized gains) are included in other assets and derivatives with negative market values (unrealized losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are recognized in the statement of profit or loss. Derivative financial instrument contracts entered into by the



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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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 Class-A 'Preference Shares' (Listed, Convertible, Redeemable, Non-Participatory, Non-Voting And Cumulative) ("Preference Shares")

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

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

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

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

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

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

### 3.16 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.

### 3.17 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.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

### For the year ended December 31, 2021

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#### Compensated absences

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

#### 3.18 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.

#### 3.19 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.

#### 3.20 Earnings per share

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

#### 3.21 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, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 -----
<b>4. PROPERTY AND EQUIPMENT</b>			
Operating assets - Owned	4.1	94,300	104,391
Right-of-use asset	4.2	111,549	130,132
Capital work-in-progress	4.3	-	716
		<u>205,849</u>	<u>235,239</u>

### 4.1 Operating assets - Owned

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

	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	11,671	25	5,186	2,243	6,078	5,593
		(1,351)				(1,351)		
Office furniture and fixtures	14,281	-	14,281	10	4,055	1,101	5,156	9,125
		-				-		
Motor vehicles	12,687	17,352	23,467	20	7,877	2,652	7,043	16,424
		(6,572)				(3,486)		
	<u>127,569</u>	<u>18,559</u>	<u>138,205</u>		<u>23,777</u>	<u>14,874</u>	<u>33,814</u>	<u>104,391</u>
		<u>(7,923)</u>				<u>(4,837)</u>		

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

### For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
<b>4.2 Right-of-use assets</b>		
As at January 01	130,132	154,562
Depreciation expense	(18,583)	(19,118)
Adjustment relating to lease modification	-	(5,312)
As at December 31	<u>111,549</u>	<u>130,132</u>

4.3 This represents advances paid to various suppliers for purchase of office equipment. The additions and transfers during the year amounted to Rs. 4.30 (2020: Rs. 8.57) million and Rs. 5.02 (2020: Rs. 9.03) million, respectively.

#### 5. INVESTMENT PROPERTY

	COST			Rate	ACCUMULATED DEPRECIATION			WRITTEN
	As at	Additions/ (disposals)	As at		As at	For the year	As at	DOWN VALUE
	January 01, 2021		December 31, 2021		January 01, 2021		December 31, 2021	December 31, 2021
	----- (Rupees in '000) -----			%	----- (Rupees in '000) -----			
Office premises	14,999	-	14,999	5	13,579	120	13,699	1,300

	COST			Rate	ACCUMULATED DEPRECIATION			WRITTEN
	As at	Additions/ (disposals)	As at		As at	For the year	As at	DOWN VALUE
	January 01, 2020		December 31, 2020		January 01, 2020		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

5.1 The fair value of the investment property aggregating to Rs.130.63 million was arrived at on the basis of the valuation carried out by KG Traders (Pvt.) Limited, an independent valuer on January 07, 2022, 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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## For the year ended December 31, 2021

6. LONG TERM INVESTMENTS	Note	2021	2020
		(Rupees in '000)	
<b>Investments in related parties</b>			
Subsidiaries - at cost	6.1	11,560,429	11,560,092
Associate - 'at fair value through OCI'	6.2	3,019,116	2,830,569
Other related parties - 'at fair value through OCI'	6.3	8,678,647	9,263,863
		23,258,192	23,654,524
<b>Other investments - 'at fair value through OCI'</b>	6.4	2,695,811	3,959,298
		25,954,003	27,613,822

### 6.1 Subsidiaries - at cost

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

Number of shares		Note	Activity	Holding		2021	2020
2021	2020			2021	2020		
				%	%	----- (Rupees in '000) -----	
<b>Quoted</b>							
973,307,324 *	973,307,324	6.1.1	Commercial Banking	75.02	75.02	6,127,149	6,127,149
		Market value Rs. 4,691.34 (December 31, 2020: Rs. 6,248.63) million					
<b>Un-quoted</b>							
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. 4,006.86 (December 31, 2020: Rs. 4,699.22) million based on audited financial statements for the year ended December 31, 2021					
173,736,297	173,736,297		Telecom Media & Technology	100.00	100.00	1,708,490	1,708,490
		JS Infocom Limited Net assets value Rs. 2,497.57 (December 31, 2020: Rs. 1,963.83) million based on audited financial statements for the year ended December 31, 2021					
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. 1.98 (September 30, 2020: Rs. (1.8)) million based on audited financial statements for the year ended September 30, 2021 Less: Impairment				(294,882)	(294,882)
						-	-
3,000,000	3,000,000	6.1.2	Renewable Energy	100.00	100.00	30,000	30,000
		Quality Energy Solutions (Private) Limited Net assets value Rs. 24.79 (December 31, 2020: Rs. 24.45) million based on audited financial statements for the year ended December 31, 2021 Less: Impairment				(5,210)	(5,547)
						24,790	24,453
						11,560,429	11,560,092

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

6.1.1 The company has used the price to book value method for valuation of JS Bank limited as at 31 December 2021. As per valuation, the recoverable amount is higher than the cost, hence no impairment is recorded.

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. 0.34 million is recognized during the year.

	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
6.1.2.1 Reversal of provision for impairment		
Opening balance	300,429	1,381,965
Reversal for the year	(337)	(1,081,536)
Closing balance	<u>300,092</u>	<u>300,429</u>

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

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

Number of shares			2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
2021	2020			
		<u>Quoted - at fair value</u>		
235,684,306 *	235,684,306	Bank Islami Pakistan Limited	<u>3,019,116</u>	<u>2,830,569</u>

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

### 6.3 Other related parties

At fair value through OCI

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

Number of shares		Activity	Holding		2021 ----- (Rupees in '000) -----		2020 ----- (Rupees in '000) -----	
2021	2020		2021 %	2020 %				
		<u>Quoted - at fair value</u>						
42,191,152	42,191,152	EFU General Insurance Limited	General Insurance	21.10	21.10	4,430,071	5,062,938	
20,047,708	20,047,708	EFU Life Assurance Limited	Life Assurance	20.05	20.05	4,223,451	4,190,372	
		<u>Un-quoted - at fair value</u>						
750,000	750,000	EFU Services (Private) Limited	Investment Company	37.50	37.50	25,125	10,553	
						<u>8,678,647</u>	<u>9,263,863</u>	

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

**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' till the decision of the appeal.

**6.3.2** Included herein are equity securities having average cost of Rs. 863.28 (2020: Rs. 966.07) million and having market value of Rs. 2,756.43 (2020: Rs. 3,219.38) million pledged with trustee of Term Finance Certificates issued by the Company.

## 6.4 Other investments

At fair value through OCI

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

Number of shares			Note	2021	2020
2021	2020			----- (Rupees in '000) -----	
<b><u>Quoted - at fair value</u></b>					
120,657,363	120,657,363	Azgard Nine Limited		1,579,405	3,443,561
3,001,500	11,600,000	Hum Network Limited (Ordinary Shares of Re.1 each)		19,390	63,104
2,104,850	-	Sitara Chemical Industries Limited		648,462	-
<b><u>Un-quoted - at fair value</u></b>					
2,399,454	2,399,454	Security General Insurance Company Limited		448,554	452,633
			6.4.1 & 6.4.2	<b>2,695,811</b>	<b>3,959,298</b>

**6.4.1** Included herein are equity securities having average cost of Rs. Nil (2020: Rs. 7.97) million and having market value of Rs. Nil (2020: Rs. 54.50) million pledged with a Bank against Term Loan obtained by the Company.

**6.4.2** The Company has disposed of various investments carried at fair value through OCI having fair value amounting to Rs. 1,486.66 million and has recorded net realized loss on these investments amounting to Rs. 316.48 million in these unconsolidated financial statements in order to meet its working capital requirements.

## 7. LONG TERM LOANS AND ADVANCES

Loans - secured and considered good

Due from:

	Note	2021	2020
		----- (Rupees in '000) -----	
Executives	7.1	56,142	-
Other employees		3,078	5,708
Current maturity of long term loans		(2,919)	(740)
	7.1.1	<b>56,301</b>	<b>4,968</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021	2020
Note	(Rupees in '000)	
<b>7.1</b> Reconciliation of the carrying amount of loan to executives		
Opening balance	-	-
Disbursements	53,000	-
Adjustment	3,996	-
Repayments	(854)	-
	<b>56,142</b>	<b>-</b>

7.1.1 This includes following various loans due from respective related parties:

Name of Related Parties	Nature of Relationship	Maturity date	Interest rate	Purpose of loan	Particulars of security held	Current maturity	Maximum amount due at end of any month	
							2021	2020
							(Rupees in '000)	
Syed Ali Hasham	Key management personnel	3/Jan/46	AS per HR policy	House Loan	Mortgage over Residential Property	538	12,456	11,962
Mr. Zahid Ullah Khan	Key management personnel	25/Nov/46	AS per HR policy	House Loan	Mortgage over Residential Property	1,369	39,785	38,523
Mr. Muhammad Babar Din	Key management personnel	26/Feb/34	AS per HR policy	House Loan / Personal Loan	Mortgage over Residential Property	396	3,728	3,474
						<b>2,303</b>	<b>53,959</b>	<b>-</b>

	2021	2020
Note	(Rupees in '000)	
<b>8. SHORT TERM LOANS AND ADVANCES</b>		
Current maturity of long term loans	7.1.1 <b>2,919</b>	740
Advances to employees - unsecured	<b>300</b>	119
Advance for investment	8.1 <b>450,000</b>	-
	<b>453,219</b>	<b>859</b>

8.1 This represents advance given to Pakistan Intermodal Limited (PIL) carrying mark-up of 9.32% per annum. This advance will be converted into Privately Placed Term Finance Certificates (PPTFCs) to be issued by PIL in the name of the Company within ninety days from the date of disbursement.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021	2020
Note	(Rupees in '000)	
<b>9. SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES</b>		
Prepayments	14,687	4,936
Receivable against sale of shares	665,292	-
Dividend receivable	-	3,476
Other receivables	14,256	1,583
9.1	694,235	9,995

9.1 This includes receivable from various related parties amounting to Rs. 230.52 (2020: Rs. 0.32) million.

	2021	2020
Note	(Rupees in '000)	
<b>10. INTEREST ACCRUED</b>		
<b>Interest accrued on:</b>		
Bank deposits	10.1 8,600	6,901
Advance against investment	8.1 6,664	-
Term finance certificates	957	-
	16,221	6,901

10.1 This includes interest receivable from JS Bank Limited (a Subsidiary Bank) amounting to Rs. 8.58 (2020: Rs. 6.83) million.

	2021	2020
Note	(Rupees in '000)	
<b>11. OTHER FINANCIAL ASSETS - SHORT TERM INVESTMENTS</b>		
<b>Assets at fair value through OCI</b>		
Listed equity securities	11.1 6,250,496	5,039,165
<b>Assets at fair value through profit or loss</b>		
Listed equity securities	626,108	1,479,978
Term finance certificates	11.2 51,553	-
<b>Asset at amortized cost</b>		
Government security- Market treasury bill	11.3 195,442	296,045
	11.4 7,123,599	6,815,188

11.1 Equity investments at fair value through OCI comprises of the following:

TRG Pakistan Limited	5,609,218	4,349,020
Ghani Glass Limited	341,365	370,496
Engro Corporation Limited	91,812	103,588
MCB Bank Limited	78,515	92,640
Engro Fertilizers Limited	67,388	55,999
Ghani Global Holdings Limited	45,243	-
Security Paper Ltd.	10,035	-
Bank Al-Falah Limited	6,920	-
IGI Holdings Limited	-	67,422
6.4.2	6,250,496	5,039,165

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

11.2 These relates to unlisted, AA rated TFCs issued by Bank of Punjab (BoP) having maturity on April 23, 2028 and coupon rate of 9.99%.

11.3 This relates to 3-Months T-Bill having face value of Rs. 200 million maturing on March 24, 2022.

11.4 Included herein are equity securities having average cost of Rs. 564.72 (2020: Rs. 756.05) million and having market value of Rs. 913.40 (2020: Rs. 1,342.11) 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. Nil (2020: Rs. 98.68) million and having face value of Rs. Nil (2020: Rs. 100.00) million.

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
<b>12. CASH AND BANK BALANCES</b>			
Cash in hand		60	38
Cash at bank in:			
Current accounts	12.1	408	407
Savings accounts	12.2	911,691	179,285
		<u>912,159</u>	<u>179,730</u>

12.1 Included herein is a sum of Rs.0.02 (2020: Rs.0.02) million representing amount placed with JS Bank Limited, a Subsidiary Bank.

12.2 These carry mark-up ranging between 3.65% to 8.65% (2020: 7% to 12.10%) per annum. Included herein is a sum of Rs. 905.08 (2020: Rs. 166.11) million representing amount placed with JS Bank Limited, a subsidiary bank.

### 13. SHARE CAPITAL

#### 13.1 Authorised capital

2021 ----- (Number of shares) -----	2020 ----- (Number of shares) -----		2021 ----- (Rupees in '000) -----	2020 ----- (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>

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

2021 ----- (Number of shares) -----	2020 ----- (Number of shares) -----		2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
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 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>

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.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

## 14. PREFERENCE SHARES

This represents the equity component of 183,188,477 listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares ("Preference Shares") of Rs.10/- each issued by the Company during the year. These Preference Shares were issued to the existing shareholders of the Company by way of rights (i.e. 20% rights issue) at par value of Rs.10/- per share, in proportion to their respective shareholdings in the ratio of 2:10 i.e. 2 Preference Shares for every 10 Ordinary Shares held by the shareholders

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

These Preference Shares shall be redeemable or convertible into Ordinary Shares in the ratio of 80:100 only at the option of the Company on June 30 or December 31 of any calendar year prior to December 31, 2027. All outstanding Preference Shares not redeemed by December 31, 2027 shall be converted into ordinary shares.

	Note	2021 ----- (Rupees in '000) -----	2020 -----
<b>15. LONG TERM FINANCING</b>			
<b>Term Finance Certificates (TFCs)</b>			
Ninth issue - Privately Placed	15.1	-	124,682
Tenth issue - Privately Placed	15.2	673,249	746,350
Eleventh issue - listed on Pakistan Stock Exchange Limited	15.3	996,981	1,243,452
		<b>1,670,230</b>	2,114,484
<b>Term Loan</b>			
Term Loan 2	15.4	-	248,745
Term Loan 3	15.5	312,267	374,497
		<b>1,982,497</b>	2,737,726
Less: Current portion shown under current liabilities		<b>796,148</b>	568,175
		<b>1,186,349</b>	2,169,551

15.1 During the year, the outstanding principal along with the accrued mark-up against this TFC was fully repaid by the Company.

15.2 In 2020, in accordance with the relief granted by SECP vide Circular No. 11 of 2020 dated April 09, 2020, and on request of the Company, the TFC holders had approved the deferment of principal repayment by 2/3 majority as per the requirements of Trust Deed & Debt Securities Trustees Regulations (DST Regulations), 2017. Accordingly, 80% of principal instalments falling due on January 18, 2021 and July 18, 2021 had been deferred for a period of one year i.e. January 18, 2022 and July 18, 2022, respectively. The mark-up on these TFCs is payable semi-annually, based on the six months KIBOR average rate plus 140 basis points per annum. The revised tenure of these TFCs is six years i.e. 2017-2023 after approval of deferment including a grace period of twelve (12) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having market value of Rs. 1,125.91 (2020: Rs. 1,211.57) 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.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

**15.3** In 2020, in accordance with the relief granted by SECP vide Circular no 11 of 2020 dated April 09, 2020, and on request of the Company, the TFC holders had approved the deferment of principal repayment by 2/3 majority as per the requirements of Trust Deed & Debt Securities Trustees Regulations (DST Regulations), 2017. According to the approval, 80% of principal installment falling due i.e. March 06, 2021, had been deferred for a period of six months. The mark-up on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 140 basis points per annum. These TFCs have tenure of five and a half years i.e. 2018-2023 after approval of deferment including a grace period of twenty four (24) months, with a call option exercisable by the Company at any time on a coupon date during the tenure of these TFCs by giving a 30 days notice at a premium of 0.25% of the outstanding face value. These TFCs are secured against lien over a designated account with the Central Depository Company of Pakistan Limited. The account contains marketable securities having a market value of Rs. 1,632.69 (2020: Rs. 2,011.40) 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. 16 (2020: Rs. 20) million payable to related parties.

**15.4** During the year, the outstanding principal along with the accrued mark-up against this loan was fully repaid by the Company before due date.

**15.5** This represents Term Loan obtained from Allied Bank Limited. In 2020, 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 had granted deferment in repayment of principal of term loan. Said deferment is for one year. Therefore, the overall maturity of term loan had been extended, accordingly, in line with the deferred period. 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 eight (8) semi-annual instalments starting from 18th month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 625.73 (2020: 706.13) million with margin ranging from 7.5% to 50%.

	2021	2020
	----- (Rupees in '000) -----	
<b>16. LEASE LIABILITY</b>		
As at January 01	156,482	154,990
Interest expense	16,409	17,746
Payments	(29,558)	(10,942)
Adjustment relating to lease modification	-	(5,312)
As at December 31	143,333	156,482
Less: Current maturity of lease liability	(27,571)	(29,434)
	<b>115,762</b>	<b>127,048</b>

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Opening	(Reversed from) / charge to profit or loss account	Charge to surplus on revaluation of investments / OCI	Closing
<b>17. DEFERRED TAX LIABILITY</b>	(Rupees in '000)			
<b>2021</b>				
<b>Taxable temporary differences on:</b>				
Revaluation on equity investments	287,448	(9,199)	276,099	554,348
<b>2020</b>				
<b>Taxable temporary differences on:</b>				
Revaluation on equity investments	990	10,025	276,433	287,448

17.1 The Company has not recorded deferred tax assets in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilized. The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 68.78 (2020: Rs. 55.46) million.

## 18. LIABILITY COMPONENT OF PREFERENCE SHARES

This represents the liability component of 183,188,477 listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares of Rs.10/- each (Preference Shares) issued by the Company during the year.

The net proceeds received from the issue of Preference Shares have been split between the financial liability component and an equity component (please refer note 14) as follows:

	2021 (Rupees in '000)
Proceeds from issue of Preference Shares	1,831,885
Transaction cost	(17,331)
<b>Net proceeds from issue of Preference Shares</b>	<b>1,814,554</b>
Equity component	1,338,780
Transaction costs relating to equity component	(12,666)
<b>Amount classified as equity</b>	<b>1,326,114</b>
Liability component at date of issue (net of transaction costs)	488,440
Interest charged (using effective interest rate)	27,745
Interest paid	-
<b>Carrying amount of liability component</b>	<b>516,185</b>
Less: Current maturity	(51,795)
<b>Carrying amount of liability component at 31 December 2021</b>	<b>464,390</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

19. TRADE AND OTHER PAYABLES	Note	2021	2020
		(Rupees in '000)	
Payable against purchase of shares		194,660	19,985
Accrued liabilities		76,723	90,496
Provision for Workers' Welfare Fund - Sindh		166,994	146,573
Security deposits	19.1	1,495	1,495
Derivative financial liability		11,966	51,098
Other liabilities		5,997	4,959
	19.2	<u>457,835</u>	<u>314,606</u>

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

**19.2** Includes payable to various related parties amounting to Rs. 14.21 (2020: Rs. 83.45) million.

20. CURRENT PORTION OF LONG TERM LIABILITIES	Note	2021	2020
		(Rupees in '000)	
Current portion of long term financing	15	796,148	568,175
Current maturity of lease liability	16	27,571	29,434
Current portion of liability component of Preference Shares	18	51,795	-
		<u>875,514</u>	<u>597,609</u>

### 21. CONTINGENCIES AND COMMITMENTS

#### 21.1 Contingencies

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

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

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

**21.1.2** 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 on sale of listed securities of Rs.19,255.04 million despite the fact that such capital gains are treated under separate head of income as ‘Capital Gains’ and not as part of ‘Income from Business’. Further, capital gains on sale of listed securities are not covered under the exclusive definition of ‘turnover’ stipulated in section 113 of the Ordinance. The Company filed an appeal against the above order before the CIR-Appeals. The CIR-Appeals, vide his order dated December 22, 2015, annulled the said order on the issue of charging of minimum tax under section 113 and treatment of capital gain on sale of listed securities as business income. Against the order of CIR-Appeals, the tax department has filed an appeal before the ATIR which is pending.

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

**21.1.3** The 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. However, instead of carrying out fresh proceedings, the ACIR resorted to pass a back dated and repeated order through which the demand for Rs. 63.49 million was originally created.

Against the back dated order, appeal was preferred before the CIR-Appeals which was decided through order no. 58/2021 dated December 27, 2021 whereby the CIR-Appeals annulled the treatment of the ACIR with the direction to the ACIR to re-examine, re-consider, re-verify and re-adjudicate the facts of the case. After the said order, the return version of the Company for the tax year 2010 is restored.

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

**21.1.4** The Additional Commissioner Inland Revenue - Audit Range I, Zone III, Corporate RTO Karachi (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 CIR-Appeals, in his order no. 24/A-I dated July 19, 2021 annulled the treatments of the ACIR regarding the treatment accorded to the apportionment of expenditure and the charging of WWF. The CIR-Appeals also directed the ACIR to determine the brought forward losses after taking into account the relevant provisions of the Ordinance and to give tax credit not allowed earlier. After the said order, the return version of the Company for the tax year 2014 is restored.

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

**21.1.5** ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for 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.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

On November 27, 2020, the ACIR Audit-I, Range-A, LTO, Karachi again passed the amended order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised the demand of Rs. 97.93 million. The 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.

The CIR-Appeals, in his order no. 25/A-I dated July 19, 2021 and order no 40/A-I dated July 27, 2021 against the orders under section 122(5A) challenging the demand of Rs. 12.74 million and Rs. 97.93 million, annulled the treatments of the ACIR. However, with respect to charging of super tax under section 4B of the Income Tax Ordinance, 2001, the CIR-Appeals remanded the case back to the ACIR for working out the income correctly in accordance with the provisions of the Ordinance.

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

**21.1.6** The 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.

During the year, the DCIR passed an order under section 4B of the Ordinance and raised the demand of Super Tax amounting to Rs. 119.24 million. Against the said order, an appeal has been filed before the CIR-Appeals with respect to recomputation of the income for super tax purpose strictly in accordance with the provisions of the Ordinance, 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. However, provision for liability, in respect of super tax based on management computation amounting to Rs. 89.46 million, had already been made in the financial statements of its respective tax year.

**21.1.7** 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. Hence no provision for liability in this respect has been made in these financial statements.

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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

During the year, the CIR-Appeals, in his order bearing no. 34/A-I dated June 17, 2021 rejected the contention of the Company for the charging of Super Tax under section 4B of the Ordinance by placing reliance on the judgment of the Honourable Sindh High Court passed on July 21, 2020, thereby confirming the demand of Super Tax for the tax year 2018. The CIR-Appeals also directed the ADCIR to consider the rectification application and re-compute the income for super tax purpose strictly in accordance with the provisions of the Ordinance.

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

**21.1.9** The Additional Commissioner Inland Revenue, Audit Range-A, Audit-I, Large Taxpayers Office, Karachi (ADCIR) passed the amended assessment order under section 122(5A) of the Ordinance in respect of tax year 2018 on March 26, 2021 and raised a demand of Rs. 132.372 million. Against the said order, the Company duly submitted its response before the ADCIR and has also filed rectification application to correct the mistakes apparent with respect to the apportionment of financial charges and operating and administrative expenses and mistake in working for determination of super tax liability in the amended assessment. Further, an appeal 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. Hence no provision for liability in this respect has been made in these financial statements.

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

During the year, the CIR-Appeals, in his order bearing no. 35/A-I dated June 17, 2021 rejected the contention of the Company for charging of super tax under section 4B of the Ordinance by placing reliance on the judgment of the Honourable Sindh High Court passed on July 21, 2020, thereby confirming the demand of super tax for the tax year 2019. The CIR-Appeals also directed the DCIR to consider the rectification application and re-compute the income for super tax purpose strictly in accordance with the provisions of the Ordinance.

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

	2021	2020
	----- (Rupees in '000) -----	
<b>21.2 Commitments</b>		
Commitment in respect of future sell transactions of listed equity securities	<u>616,557</u>	<u>789,820</u>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

22. RETURN ON INVESTMENTS	Note	2021 ----- (Rupees in '000) -----	2020 -----
<b>Mark-up / interest income from:</b>			
<b>At amortized cost</b>			
Government securities		3,239	23,542
<b>At fair value through profit or loss</b>			
Term Finance Certificates		679	-
<b>Dividend income on:</b>			
Financial assets at fair value through profit or loss account		63,026	5,740
Financial assets at fair value through OCI	22.1	1,072,566	786,629
		1,135,592	792,369
		<u>1,139,510</u>	<u>815,911</u>

22.1 This includes dividend income from various related parties amounting to Rs. 722.63 (2020: Rs. 722.63) million.

23. GAIN ON SALE OF INVESTMENTS - net	Note	2021 ----- (Rupees in '000) -----	2020 -----
<b>Financial assets at fair value through profit or loss</b>			
- Equity securities		205,132	430
- Term finance certificates		285	-
		205,417	430
<b>At amortised cost</b>			
- Government securities		(8)	-
		<u>205,409</u>	<u>430</u>
<b>24. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS</b>			
<b>Return / interest on:</b>			
Bank balances - saving account	8.1	73,043	47,088
Advance against investment		6,664	-
Loans to employees	24.1	1,727	690
		<u>81,434</u>	<u>47,778</u>

24.1 This includes transactions with related parties amounting to Rs. 73.97 (2020: Rs. 46.18) million.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

25. OTHER INCOME / (LOSS) - net	Note	2021	2020
		----- (Rupees in '000) -----	
<b>Financial assets:</b>			
Gain / (loss) on remeasurement of derivatives through profit or loss		39,132	(51,098)
<b>Non-financial assets:</b>			
Gain on sale of property and equipment		1,012	1,224
Rental income		23,980	22,792
Others		488	4,065
		<u>64,612</u>	<u>(23,017)</u>
<b>26. OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	26.1 - 26.3	72,896	57,075
Telephone, fax and postage		720	449
Vehicle running and maintenance		2,233	1,673
Directors' fee		4,700	4,867
Utilities		1,786	1,734
Newspapers and periodicals		34	21
Conveyance and travelling		254	1,496
Repairs and maintenance		4,651	4,625
Computer expenses		560	1,000
Auditors' remuneration	26.4	4,341	3,222
Royalty fee	26.5	15,000	15,000
Consultancy fee		2,570	2,288
Advisory fee	26.6	6,000	6,000
Legal and professional charges		8,165	22,501
Printing and stationery		3,349	1,282
Rent, rates and taxes		1,056	11,467
Insurance		3,113	2,399
Entertainment		151	152
Advertisement		1,149	1,057
Depreciation	26.7	35,472	34,112
Fees and subscription		20,359	18,488
Donations	26.8	10,000	10,000
Brokerage and commission expense		16,560	11,000
Clearing fees		3,472	2,623
Office security		647	569
Others		197	587
		<u>219,435</u>	<u>215,687</u>

26.1 Salaries and benefits include Rs. 3.13 (2020: Rs. 2.88) million in respect of employee retirement benefits.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021	2020
<b>26.2</b> Number of employees at the end of the year	21	20
Average number of employees during the year	21	21
<b>26.3</b> 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, 2021, based on annual financial statements of the fund audited by another firm of chartered accountants is as follows:		
	June 30, 2021	June 30, 2020
Number of employees / members	20	20
Size of provident fund (Rupees in '000) - (total assets)	38,066	34,472
Cost of investments made (Rupees in '000)	17,366	27,361
Percentage of investment made	46%	79%
Fair value of investments (Rupees in '000)	17,986	27,341
<b>Break-up of investment - at fair value:</b>		
- Term finance certificates		
Amount of investment (Rupees in '000)	1,407	805
Percentage of size of investment	4%	2%
- Listed equity securities		
Amount of investment (Rupees in '000)	4,579	4,719
Percentage of size of investment	12%	14%
- Government Securities		
Amount of investment (Rupees in '000)	12,000	21,817
Percentage of size of investment	32%	63%
- Balances in scheduled banks		
Amount of investment (Rupees in '000)	18,648	5,850
Percentage of size of investment	49%	17%

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, 2021

		2021	2020
		----- (Rupees in '000) -----	
<b>26.4 Auditors' remuneration</b>			
Annual audit fee		1,850	1,850
Half-yearly review fee		400	400
Certifications and other services		1,475	435
Out of pocket expenses		293	298
Others		323	239
		<b>4,341</b>	<b>3,222</b>
<b>26.5</b>	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.		
<b>26.6</b>	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.		
<b>26.7 Depreciation</b>	<b>Note</b>	2021	2020
		----- (Rupees in '000) -----	
Operating assets	4.1	16,769	14,874
Right-of-use asset	4.2	18,583	19,118
Investment property	5	120	120
		<b>35,472</b>	<b>34,112</b>
<b>26.8</b>	This represents donation to Future Trust (a related party), wherein Mr. Najmul Hoda Khan (2020: Mr. Suleman Lalani and Mr. Najmul Hoda Khan) is an Honorary Trustee who is also the Chief Financial Officer of the Company. The registered office of the donee i.e. Future Trust is located at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi.		
<b>27. FINANCE COST</b>		2021	2020
		----- (Rupees in '000) -----	
<b>Mark-up on:</b>			
Term Finance Certificates (TFCs)		169,317	330,024
Long Term loans		46,242	87,821
Lease liability		16,409	17,746
Short term loan from a related party		-	4,520
Short term running finance		-	346
		<b>231,968</b>	<b>440,457</b>
Amortization of transaction costs and unwinding of liability component of Preference Shares		35,016	11,779
Bank charges		18	2,520
		<b>267,002</b>	<b>454,756</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT

For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
<b>28. TAXATION</b>		
<b>28.1 Reconciliation of tax charge for the year</b>		
Profit before taxation	1,000,603	1,340,300
Tax at the applicable tax rate of 29% (2020: 29%)	290,175	388,687
Tax effect of income under FTR and differential in tax rates	(185,644)	(111,578)
Tax effect of amount relating to prior year	7,924	6,009
Tax charge on permanent differences	112,173	(137,829)
Tax charge on temporary differences	(23,985)	(8,155)
Others	13,580	(1,841)
	<u>214,223</u>	<u>135,293</u>
<b>29. EARNINGS PER SHARE</b>		
<b>Earnings</b>		
Profit after taxation attributable to ordinary shareholders for basic earnings per share	786,380	1,205,007
Effect of dilutive potential ordinary shares:		
Add back: Amortization of liability component of preference shares - net of tax	19,699	-
Profit after taxation attributable to ordinary shareholders for diluted earnings per share	<u>806,079</u>	<u>1,205,007</u>
	----- (Numbers in '000) -----	
<b>Number of shares</b>		
Weighted average number of ordinary shares outstanding during the year for basic earnings per share	915,942	915,942
Effect of dilutive convertible preference shares	69,060	-
Weighted average number of ordinary shares outstanding during the year for diluted earnings per share	<u>985,002</u>	<u>915,942</u>
	----- (Rupees) -----	
Basic earnings per share	<u>0.86</u>	<u>1.32</u>
Diluted earnings per share	<u>0.82</u>	<u>1.32</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

30. CASH AND CASH EQUIVALENTS	Notes	2021	2020
		(Rupees in '000)	
Cash and bank balances	12	912,159	179,730
Government securities	11	195,442	296,045
		<u>1,107,601</u>	<u>475,775</u>

## 31. RELATED PARTY TRANSACTIONS

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

Name of Related parties	Direct Shareholding	Relationship
JS Bank Limited	75.02%	Subsidiary Company
JS Global Capital Limited	N/A	Sub-subsidiary Company
JS Investments Limited	N/A	Sub-subsidiary Company
JS Infocom Limited	100.00%	Subsidiary Company
Energy Infrastructure Holding (Private) Limited	100.00%	Subsidiary Company
Quality Energy Solutions (Private) Limited	100.00%	Subsidiary Company
Khairpur Solar Power (Private) Limited	N/A	Sub-subsidiary Company
EFU General Insurance Limited	21.10%	Common Directorship
EFU Life Assurance Limited	20.05%	Common Directorship
Allianz EFU Health Insurance Limited	N/A	Others
Future Trust	N/A	Others
JS Lands (Private) Limited	N/A	Common Substantial Shareholder
Jahangir Siddiqui & Sons Ltd.	N/A	Common Substantial Shareholder
JS Private Equity Management (Pvt.) Ltd	N/A	Common Substantial Shareholder
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
Lt. Gen. (R) Javed Mahmood Bukhari	N/A	Key Management Person
Mr. Saud Ahmed Mirza	N/A	Key Management Person
Mr. Shahid Hussain Jatoi	N/A	Key Management Person
Mr. Najmul Hoda Khan	N/A	Key Management Person
Syed Ali Hasham	N/A	Key Management Person
Mr. Zahid Ullah Khan	N/A	Key Management Person
Mr. Muhammad Babar Din	N/A	Key Management Person

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

31.2 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:

	2021	2020
	----- (Rupees in '000) -----	
<b>TRANSACTIONS</b>		
<b>Subsidiary and Sub-subsidiary Companies</b>		
Brokerage expense paid	12,365	8,204
Bank charges paid	4	6
Capital gain tax paid for onward submission to NCCPL	29,089	-
Capital gain tax refund through NCCPL	13,470	-
CGT tariff charges	60	40
Principal redemptions made against TFCs issued by the Company	4,000	4,000
<b>Subsidiary and Sub-subsidiary Companies</b>		
Mark-up paid on TFCs issued by the Company	1,734	3,614
Market maker fee paid	565	565
Rent income received	3,764	4,428
Purchase of vehicle	-	9,000
Profit received on deposits accounts	70,629	41,726
Reimbursement of expenses to the Company	50,114	5,189
Reimbursement of expenses by the Company	-	4
Commission paid against banker to right issue	389	-
Purchase of government securities	195,331	585,477
Maturity of government securities	-	300,000
<b>Common Directorship</b>		
Rent income received	-	5,409
Reimbursement of expenses to the Company	1	1,507
Reimbursement of expenses by the Company	42	-
Dividend received	722,627	722,627
Donation paid	-	5,000
Insurance premium paid	3,286	1,251
Insurance refund / claim received	900	4,137
Proceeds from sale of property & equipment	-	1,056
Security deposit repaid	-	468
Security deposit received	-	492
<b>Common Substantial Shareholder</b>		
Rent income received	16,412	11,585
Reimbursement of expenses to the Company	3,607	3,002
Reimbursement of expenses by the Company	8,386	8,442
Rent paid against lease liability	29,557	10,941
<b>Post-employment Benefit Funds</b>		
Contribution to staff provident fund	6,266	5,752

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
<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>Other Related Party</b>		
Donation paid	20,000	-
Rent income received	6,196	-
Reimbursement of expenses to the Company	1,484	-
<b>Key Management Personnel</b>		
Loans and advances disbursed to executives	53,180	-
Repayments of loans and advances from executives	914	-
Interest received on long term loans to executives	1,586	-
Reimbursement from CEO	-	2
Reimbursement of expenses to CEO and Executives	256	468
Reimbursement of expenses to directors	-	191
<b>BALANCES</b>		
<b>Subsidiary and Sub-subsidiary Companies</b>		
Mark-up payable on TFCs issued by the Company	459	554
Outstanding principal of TFCs issued by the Company	16,000	20,000
Payable against purchase of equity securities	-	19,985
Receivable against sale of equity securities	229,915	-
Profit receivable on deposit accounts	8,583	6,830
Receivable against expenses incurred on their behalf	20	4
Rent receivable	317	225
Unearned rent	-	370
Cash at bank accounts	905,099	166,128
<b>Common Directorship</b>		
Donation payable	-	10,000
Prepaid insurance	202	135
Security deposit	-	492
<b>Common Substantial Shareholder</b>		
Receivable against expenses incurred on their behalf	195	90
Payable against expenses	742	872
Security deposit	1,003	1,003
Unearned rent	3,087	-
<b>Other Related Party</b>		
Receivable against expenses incurred on their behalf	81	-
Security deposit	492	-
<b>Key Management Personnel</b>		
Loans and advances	56,262	-

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

### For the year ended December 31, 2021

#### 32. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

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

	Director		Chief Executive		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Managerial remuneration	-	-	31,500	29,000	18,206	9,818
House rent allowance	-	-	-	-	3,216	2,747
Utilities allowance	-	-	-	-	422	102
Contribution to provident fund	-	-	1,650	1,500	804	687
Medical	-	-	1,650	1,500	1,226	598
Other allowance	-	-	-	-	352	-
Reimbursable expenses	-	191	41	50	246	155
	-	191	34,841	32,050	24,472	14,107
Number of persons	7	7	1	1	5	3

32.1 The Company also provides certain executives with Company maintained cars.

32.2 Managerial remuneration includes Rs. 20.95 (2020: Rs.16.95) million charged in the statement of profit or loss in respect of bonus to chief executive and executives of the Company.

32.3 The Company has paid Rs. 4.95 (2020: Rs. 4.45) million to directors as fee for directors meeting. Directors are not entitled to any remuneration except meeting fee.

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

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

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

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

##### 33.1 Market risk

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

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

The sensitivity has been prepared for the year ended December 31, 2021 and December 31, 2020 using the amounts of financial assets and liabilities held as at those dates of statement of financial position.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

## 33.1.1 Interest rate risk exposure

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

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

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

### 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, 2021 with all other variables held constant, the net assets and income of the Company for the year would change as follows:

	December 31, 2021			
	Carrying Amount (Rupees in '000)	Increase / (decrease) in basis points	Effect on profit before tax (Rupees in '000)	Effect on other comprehensive income before tax (Rupees in '000)
Bank Deposits - Asset	911,691	100 (100)	9,117 (9,117)	- -
Short term investments - Asset	195,442	100 (100)	1,954 (1,954)	- -
Term Finance Certificates - Liability	1,670,230	100 (100)	16,702 (16,702)	- -
Long Term Loan - Liability	312,267	100 (100)	3,123 (3,123)	- -
	December 31, 2020			
	Carrying Amount (Rupees in '000)	Increase / (decrease) in basis points	Effect on profit before tax (Rupees in '000)	Effect on other comprehensive income before tax (Rupees in '000)
Bank Deposits - Asset	179,285	100 (100)	1,793 (1,793)	- -
Short term investments - Asset	296,045	100 (100)	2,960 (2,960)	- -
Term Finance Certificates - Liability	2,114,484	100 (100)	21,145 (21,145)	- -
Long Term Loan - Liability	623,242	100 (100)	6,232 (6,232)	- -

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 33.1.2 Foreign currency risk

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

### 33.1.3 Equity price risk

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

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

#### Fair value sensitivity analysis

The following table summarizes the Company's equity price risk excluding on unquoted securities as of December 31, 2021 and December 31, 2020. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the equity securities would affect profit and equity of the Company in a similar but opposite manner.

	Fair Value	Price change	Effect on profit before tax	Effect on other comprehensive income before tax
	(Rupees in '000)		(Rupees in '000)	(Rupees in '000)
December 31, 2021	20,796,499	5% change	31,305	1,008,520
December 31, 2020	22,109,687	5% change	73,999	1,031,485

### 33.2 Liquidity risk

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## For the year ended December 31, 2021

	December 31, 2021				
	Carrying amount	Contractual cash flows	Up to one year	Over one year to five years	More than five years
	(Rupees in '000)				
<b>Financial liabilities</b>					
Financing	1,982,497	1,987,500	800,000	1,187,500	-
Liability component of preference shares	516,185	711,273	51,795	439,652	219,826
Lease liability	143,333	198,069	28,810	128,752	40,507
Trade and other payables	287,343	287,343	287,343	-	-
Accrued interest / mark-up on borrowings	64,777	64,777	64,777	-	-
	<b>2,994,135</b>	<b>3,248,962</b>	<b>1,232,725</b>	<b>1,755,904</b>	<b>260,333</b>

	December 31, 2020				
	Carrying amount	Contractual cash flows	Up to one year	Over one year to five years	More than five years
	(Rupees in '000)				
<b>Financial liabilities</b>					
Financing	2,737,726	2,750,000	512,500	2,237,500	-
Liability component of preference shares	-	-	-	-	-
Lease liability	156,482	227,627	31,900	122,621	73,106
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>3,218,382</b>	<b>785,155</b>	<b>2,360,121</b>	<b>73,106</b>

### 33.3 Credit Risk

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

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

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

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021 ----- (Rupees in '000) -----	2020 -----
Loans and advances	509,520	5,827
Long term security deposits	2,873	2,959
Interest accrued and other receivables	30,477	8,484
Cash and bank balances	912,159	179,730

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

Bank balances by Rating Category	2021	2020
A1 to A	0.01%	0.02%
A1+ to A+	99.99%	99.98%
	<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.

Type of credit exposure	Percentage of exposure that is subject to collateral requirements		Principal type of collateral held
	2021	2020	
<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.

### 33.4 Operational risk

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

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

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

## 34. CAPITAL RISK MANAGEMENT

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

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

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

The gearing ratios as at December 31, 2021 and December 31, 2020 were as follows:

	2021	2020
	----- (Rupees in '000) -----	
Long term financing	1,982,497	2,737,726
Liability component of preference shares	516,185	-
Lease liability	143,333	156,482
Trade and other payables	273,697	305,159
Accrued interest / mark-up on borrowings	64,777	73,501
<b>Total debt</b>	<b>2,980,489</b>	<b>3,272,868</b>
Less: Cash and bank balances	912,159	179,730
<b>Net debt</b>	<b>2,068,330</b>	<b>3,093,138</b>
Share capital	9,159,424	9,159,424
Equity component of preference shares	1,326,114	-
Reserves	21,316,623	22,245,198
Equity	31,802,161	31,404,622
<b>Capital</b>	<b>33,870,491</b>	<b>34,497,760</b>
<b>Gearing ratio</b>	<b>6.11%</b>	<b>8.97%</b>

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. 762.50 million.

## 35. FAIR VALUE MEASUREMENTS

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

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

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

### For the year ended December 31, 2021

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, 2021			Total
	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----				
<b>Financial Assets</b>				
<b>Investments at fair value through OCI</b>				
Listed equity securities	20,170,391	-	-	20,170,391
Unquoted equity securities*	-	-	473,679	473,679
<b>Investments at fair value through profit or loss</b>				
Listed equity securities	626,108	-	-	626,108
Term finance certificates	51,553	-	-	51,553
	<u>20,848,052</u>	<u>-</u>	<u>473,679</u>	<u>21,321,731</u>
<b>Financial Liability</b>				
Derivative Liability	<u>11,966</u>	<u>-</u>	<u>-</u>	<u>11,966</u>

	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	20,629,709	-	-	20,629,709
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>22,109,687</u>	<u>-</u>	<u>463,186</u>	<u>22,572,873</u>
<b>Financial Liability</b>				
Derivative Liability	<u>51,098</u>	<u>-</u>	<u>-</u>	<u>51,098</u>

\* As at December 31, 2021, the Company's long term investments in unquoted securities of EFU Services (Private) Limited and Security General Insurance Company Limited (see note 6) are carried at fair value. The fair values of these investment are determined by the management after applying appropriate haircut to the carrying values of the net assets of investee companies as the net assets of investee companies mainly comprise of marketable securities and other assets having carrying value approximately equal to their fair value.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

**35.1** During the year ended December 31, 2021, there were no transfers between level 1 and 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

## **36. CORRESPONDING FIGURES**

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

## **37. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on March 10, 2022 by the Board of Directors of the Company.

## **38. GENERAL**

### **38.1 Subsequent Event**

Subsequent to the year end, the Board of Directors of the Company in its meeting held on March 10, 2022, has recommended a preferential cash dividend on Class A Preference Shares at 6% per annum, i.e. in line with its terms and conditions, amounting to Rs. 51.79 million i.e. Rs. 0.28 per preference share. This appropriation will be subject to the shareholders' approval in the Annual General Meeting of the Company to be held on April 27, 2022.

### **38.2 Other**

Figures have been rounded off to the nearest thousand rupees.

Shahid Hussain Jatoi  
Director

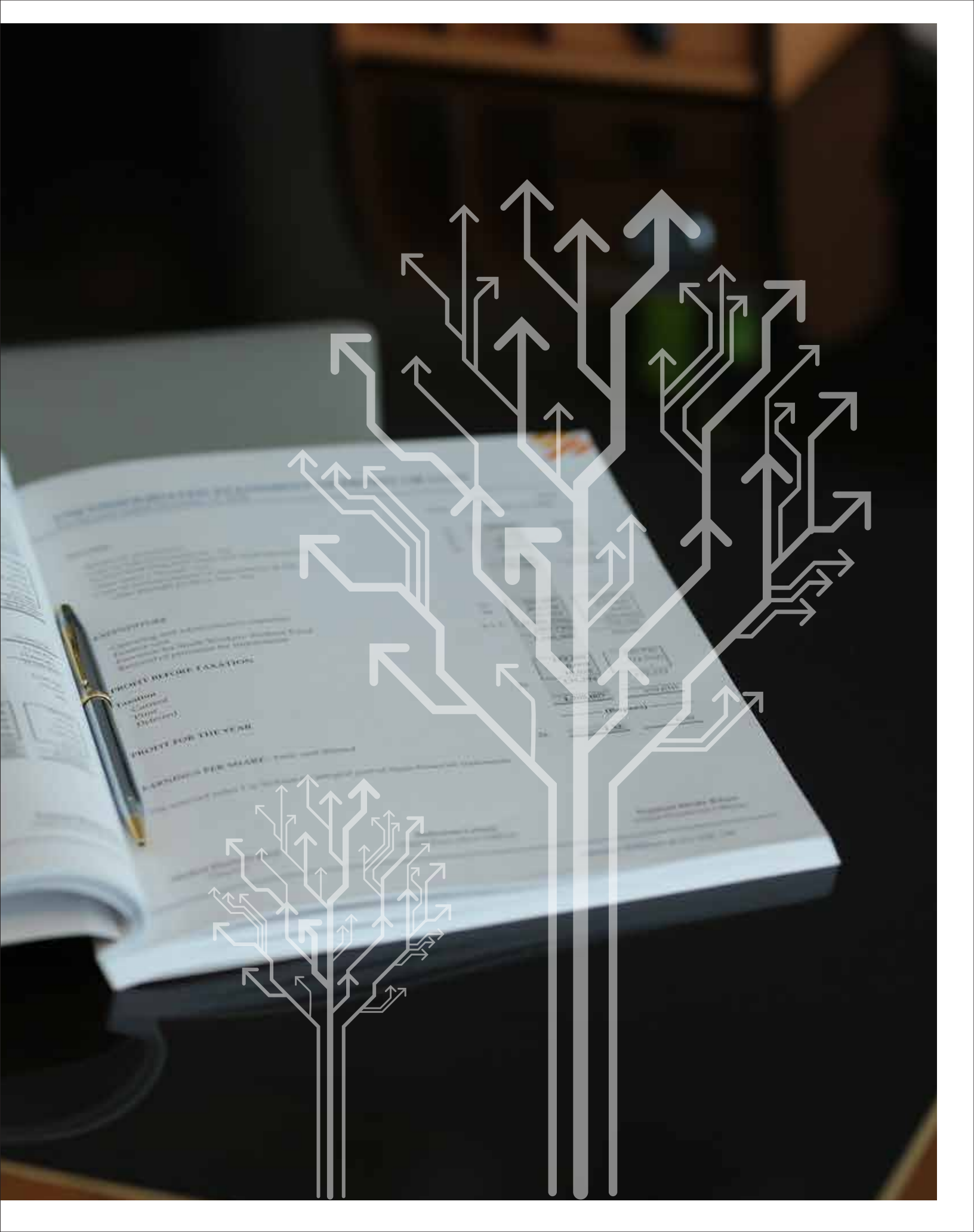
Suleman Lalani  
Chief Executive Officer

Najmul Hoda Khan  
Chief Financial Officer

A black and white photograph of a desk setup. In the foreground, a black scientific calculator with a digital display and various function keys is positioned diagonally. Behind it, an open book or document is visible, showing a table with columns and rows of data, likely a financial statement. The background is dark and out of focus. The overall composition is professional and business-oriented.

# CONSOLIDATED FINANCIAL STATEMENTS







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

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the annexed consolidated financial statements of **Jahangir Siddiqui & Co. Ltd.** (the Company ) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 *Accountant's Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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



KPMG Taseer Hadi & Co.

Following are the Key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p><b>Provision against loans and advances</b> (Refer note 16 to the consolidated financial statements)</p> <p>The Group's loans and advances portfolio includes fund-based and non-funded financing facilities.</p> <p>As per the Group's accounting policy (refer note 6.29 to the consolidated financial statements), the Group determines provisions against non-performing loans and advances exposures in accordance with the requirements of Prudential Regulations (PRs) of State Bank of Pakistan (SBP) and also maintains general provision against housing finance in respect of potential credit losses in the portfolio.</p> <p>The Prudential Regulations require specific provisioning against loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Group's credit portfolio. The determination of loan loss provision against advances, therefore, involves use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>▪ Assessed the design and tested the operating effectiveness of key controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing loans.</li> </ul> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> <li>- controls over correct classification of non-performing advances on time-based criteria; and</li> <li>- controls over monitoring advances with higher risk of default and correct classification of non-performing advances on subjective criteria.</li> </ul> <ul style="list-style-type: none"> <li>▪ In accordance with the regulatory requirement, we sampled and tested at least sixty percent of the total financing portfolio and performed the following substantive procedures for sample loan accounts:           <ul style="list-style-type: none"> <li>- verified repayments of loan / profit instalments and checked that non-performing financing have been correctly classified and categorized based on the number of days overdue; and</li> <li>- examined watch list accounts and, based on review of the individual facts and circumstances,</li> </ul> </li> </ul>



KPMG Taseer Hadi & Co.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>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 provision as a significant area of audit judgment and a key audit matter.</p>	<p>discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate.</p> <ul style="list-style-type: none"> <li>• Analyzed the accuracy of specific provision made against non-performing financing and of general provision made against consumer finance by recomputing the provision amount after considering the benefit of forced sales value, if any, in accordance with the criteria prescribed under the PRs.</li> <li>• Where the management has not identified indicators displaying impairment, reviewed the credit history, account movement, financial ratios, report on security maintained and challenged the management's assessment based on our view of the credit from the review of credit file.</li> </ul>
2	<p><b>Valuation of investments</b> (Refer note 10 &amp; 14 to the consolidated financial statements)</p>	
	<p>The carrying value of investments held by the Group amounted to Rs. 257,528 million, which constitutes 41.88% of the Group's total assets as at 31 December 2021.</p> <p>The significant portion of the investments comprise of equity, debt and government securities.</p> <p>Investments are carried at cost or fair value in accordance with the Group's accounting policy</p>	<p>Our audit procedures to verify valuation of investments, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments;</li> <li>• Assessed on a test basis, the valuation of investments in the portfolio, as recorded in the general ledger, to supporting documents, externally quoted market prices and break-up</li> </ul>



KPMG Taseer Hadi & Co.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>relating to their recognition. Provision against investments is made based on impairment policy of the Group which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the consolidated financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment.</p>	<p>values including assessment of the significant or prolonged decline as per IAS-39, in fair value of equity investments for impairment;</p> <ul style="list-style-type: none"> <li>• Involved our own valuation specialist to assists us in evaluating the valuation technique, assumptions and methodologies used by management for valuation of certain unquoted equity investment;</li> <li>• We involved our specialist and evaluated the model used in determining the value in use of a subsidiary and also performed sensitivity analysis around the key assumptions used in the models;</li> <li>• Obtained independent confirmations for verifying the existence of the investment portfolio as at 31 December 2021 and reconciled it with the books and records of the Group. Where such confirmations were not available, alternate procedures were performed;</li> <li>• Evaluated the Group's assessment of available for sale and held to maturity financial assets for any additional impairment in accordance with the relevant accounting standards as applicable in Pakistan and performed an independent assessment of the</li> </ul>



KPMG Taseer Hadi & Co.

S. No.	Key Audit Matters	How the matter was addressed in our audit
		assumptions and conclusions; and <ul style="list-style-type: none"><li>• Considered the Group's disclosures of investments, such as the fair value hierarchy, to the requirements of the accounting and reporting standards as applicable in Pakistan.</li></ul>

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of 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 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.



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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



KPMG Taseer Hadi & Co.

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.

#### **Other Matter**

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 31 March 2021.





KPMG Taseer Hadi & Co.

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

**Date: 22 March 2022**  
**Karachi**

**UDIN: AR202110106hSA462fLV**

*K.M.S. Taseer - 1*  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**

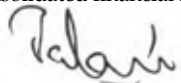
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

ASSETS	Note	2021 ----- (Rupees in '000) -----	2020 (Restated)
<b>Non-current assets</b>			
Property and equipment	7	10,413,825	9,166,138
Intangible assets	8	1,686,947	2,081,951
Investment property	9	1,300	1,420
Long term investments	10	66,575,438	51,082,863
Long term loans, advances, prepayments and other receivables	11	80,225,813	74,523,608
Assets repossessed	12	2,537,863	1,176,143
Long term deposits		20,260	19,814
Deferred asset - employee benefit	46	318,319	312,881
		<b>161,779,765</b>	<b>138,364,818</b>
<b>Current assets</b>			
Short term investments	14	190,952,689	176,870,548
Trade debts	15	1,761,366	1,544,570
Loans and advances	16	174,019,249	174,837,323
Accrued mark-up	17	7,275,957	6,970,349
Short-term prepayments, deposits and other receivables	18	8,535,137	8,045,919
Other financial assets - fund placements	19	31,939,044	23,239,672
Taxation - net		1,009,460	415,517
Cash and bank balances	20	35,502,442	31,769,714
		<b>450,995,344</b>	<b>423,693,612</b>
Assets classified as held for sale	21	2,145,343	543,590
		<b>614,920,452</b>	<b>562,602,020</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
<b>Share Capital</b>			
Authorised capital	22.1	65,000,000	65,000,000
Issued, subscribed and paid-up capital			
Ordinary shares	22.2	9,159,424	9,159,424
Equity component of Preference Shares	23	1,326,114	-
Reserves	24	30,074,852	30,150,149
Equity attributable to equity holders of the parent		40,560,390	39,309,573
Non-controlling interests		6,486,428	6,303,035
<b>Total equity</b>		<b>47,046,818</b>	<b>45,612,608</b>
<b>Non-current liabilities</b>			
Long term financing	25	8,717,485	9,590,919
Liability component of Preference Shares	26	464,390	-
Lease liabilities	27	2,450,781	2,346,348
Long-term deposits and other accounts	28	12,205,220	5,511,678
Deferred tax liability	13	894,428	555,514
Long term borrowings	29	29,148,244	17,329,408
		<b>53,880,548</b>	<b>35,333,867</b>
<b>Current liabilities</b>			
Trade and other payables	30	19,417,247	20,281,505
Unclaimed dividend		23,044	23,297
Short term borrowing	31	1,138,666	-
Accrued interest / mark-up on borrowings	32	3,301,137	3,136,977
Current portion of long term borrowings	29	41,326,066	31,202,004
Current deposits and current portion of long term liabilities	33	447,801,053	427,011,762
		<b>513,007,213</b>	<b>481,655,545</b>
Liabilities directly associated with assets classified as held for sale	21	985,873	-
		<b>614,920,452</b>	<b>562,602,020</b>
<b>Contingencies and commitments</b>			
	34		

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

  
**Shahid Hussain Jatoi**  
Director

  
**Suleman Lalani**  
Chief Executive Officer

  
**Najmul Hoda Khan**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT

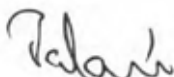
For the year ended December 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 (Restated) -----
<b>CONTINUING OPERATIONS</b>			
<b>Income</b>			
Return on investments	35	19,310,523	17,629,053
Gain on sale of investments - net	36	356,008	1,930,396
Income from long term loans and fund placements	37	21,534,311	26,580,180
Fee, commission and brokerage	38	4,407,477	4,372,375
(Loss) / gain on remeasurement of investments at fair value through profit or loss - net		(118,069)	231,548
Other income	39	1,544,477	1,278,539
		<u>47,034,727</u>	<u>52,022,091</u>
<b>Expenditure</b>			
Administrative and other expenses	40	16,488,992	15,398,679
Finance cost	41	27,398,331	33,855,037
Provision for Sindh Workers' Welfare Fund		75,523	73,825
Provision for impairment on asset classified as held for sale	21	175,411	-
(Reversal of) / provision for impairment on investments - net	42	(317,649)	247,526
		<u>43,820,608</u>	<u>49,575,067</u>
<b>Share of profit from associates</b>		<u>470,569</u>	<u>62,612</u>
<b>Profit before tax</b>		<u>3,684,688</u>	<u>2,509,636</u>
<b>Taxation</b>	43		
Current		1,466,365	909,040
Prior		(110,575)	(9,347)
Deferred		4,482	321,615
		<u>1,360,272</u>	<u>1,221,308</u>
<b>Profit after tax from continuing operations</b>		<u>2,324,416</u>	<u>1,288,328</u>
<b>DISCONTINUED OPERATIONS</b>			
Loss after taxation for the year from discontinued operations	21	(311,874)	-
<b>PROFIT FOR THE YEAR</b>		<u>2,012,542</u>	<u>1,288,328</u>
<b>Attributable to:</b>			
Equity holders of the parent		1,660,814	915,750
Non-controlling interests		351,728	372,578
		<u>2,012,542</u>	<u>1,288,328</u>
		----- (Rupees) -----	
<b>EARNINGS PER SHARE</b>			
44			
<b>From continuing operations</b>			
Basic		<u>2.15</u>	<u>1.00</u>
Diluted		<u>2.02</u>	<u>1.00</u>
<b>From continuing and discontinued operations</b>			
Basic		<u>1.81</u>	<u>1.00</u>
Diluted		<u>1.71</u>	<u>1.00</u>

The annexed notes from 1 to 56 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

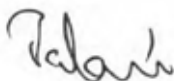
For the year ended December 31, 2021

	2021 ----- (Rupees in '000) -----	2020 (Restated) ----- (Rupees in '000) -----
<b>PROFIT FOR THE YEAR</b>	<b>2,012,542</b>	<b>1,288,328</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified to statement of profit or loss subsequently</b>		
Actuarial (losses) / gains on defined benefit plan	(210,256)	477,070
Related tax	82,013	(186,052)
	(128,243)	291,018
Unrealised (loss) / gain on revaluation of investments at fair value through OCI during the year - net of deferred tax	(1,520,280)	6,052,144
Share of other comprehensive (loss) / income from associates accounted for using equity method	(1,844)	28,589
	(1,650,367)	6,371,751
<b>Items that may be reclassified subsequently to statement of profit or loss</b>		
Fair value (loss) / gain on revaluation of available-for-sale investments during the year - net	(99,769)	1,769,008
Exchange difference on translation of net assets in foreign branches of a subsidiary	79,022	11,485
Share of other comprehensive (loss) / income from associates accounted for using equity method	(7,350)	697
	(28,097)	1,781,190
<b>Total comprehensive income for the year</b>	<b>334,078</b>	<b>9,441,269</b>
<b>Attributable to:</b>		
Equity holders of the parent	40,824	8,552,126
Non-controlling interests	293,254	889,143
	<b>334,078</b>	<b>9,441,269</b>

The annexed notes from 1 to 56 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

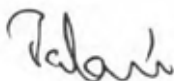
For the year ended December 31, 2021

	Attributable to ordinary equity holders of the parent										
	Issued, subscribed and paid-up capital		Reserves					Revenue reserve	Sub-total	Non-controlling interests	Total
			Ordinary share premium	Foreign exchange translation reserve	Unrealised gain / (loss) on revaluation of available-for-sale / fair value through other comprehensive income investments - net	Statutory reserve	Unappropriated profit / (accumulated loss)				
Ordinary Shares	Equity component of Preference Shares										
<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	
Profit for the year	-	-	-	-	-	-	915,750	915,750	372,578	1,288,328	
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	-	1,134,072	8,552,126	889,143	9,441,269	
Transfer to statutory reserve	-	-	-	-	-	172,555	(172,555)	-	-	-	
Proceeds from issue of Right shares by subsidiary	-	-	-	-	-	-	-	-	8,634	8,634	
Reclassification of net revaluation gain on equity instrument upon derecognition	-	-	-	-	(575,395)	-	575,395	-	-	-	
<b>Balance as at December 31, 2020 (Restated)</b>	9,159,424	-	4,497,894	114,450	14,442,174	1,337,185	9,758,446	39,309,573	6,303,035	45,612,608	
Profit for the year	-	-	-	-	-	-	1,660,814	1,660,814	351,728	2,012,542	
Other comprehensive income / (loss) for the year	-	-	-	79,022	(1,595,520)	-	(103,492)	(1,619,990)	(58,474)	(1,678,464)	
Total comprehensive income / (loss) for the year	-	-	-	79,022	(1,595,520)	-	1,557,322	40,824	293,254	334,078	
Transfer to statutory reserve	-	-	-	-	-	195,711	(195,711)	-	-	-	
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(29,282)	(29,282)	
Proceeds from issue of Right shares by subsidiary	-	-	-	-	-	-	-	-	49,676	49,676	
Buy-back of shares by subsidiary and other adjustments	-	-	-	-	-	-	(142,066)	(142,066)	(141,539)	(283,605)	
Surplus on buy back of shares by subsidiary	-	-	-	-	-	-	25,945	25,945	11,284	37,229	
Equity component of Preference Shares (Note 23)	-	1,338,534	-	-	-	-	-	1,338,534	-	1,338,534	
Less: Issuance cost related to equity component of Preference Shares	-	(12,420)	-	-	-	-	-	(12,420)	-	(12,420)	
Reclassification of net revaluation gain on equity instrument upon derecognition	-	-	-	-	(415,428)	-	415,428	-	-	-	
<b>Balance as at December 31, 2021</b>	<b>9,159,424</b>	<b>1,326,114</b>	<b>4,497,894</b>	<b>193,472</b>	<b>12,431,226</b>	<b>1,532,896</b>	<b>11,419,364</b>	<b>40,560,390</b>	<b>6,486,428</b>	<b>47,046,818</b>	

The annexed notes from 1 to 56 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

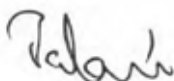
For the year ended December 31, 2021

	Note	2021 (Rupees in '000)	2020 (Restated) (Rupees in '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation from continuing operations		3,684,688	2,509,636
Loss before taxation from discontinued operations	21.1	(289,455)	-
		3,395,233	2,509,636
<b>Non-cash adjustments to reconcile profit before tax to net cash flows</b>			
Depreciation	7.1 & 40.5	1,851,840	1,770,442
Amortisation of intangible assets	8.1	139,889	118,937
Gain on sale of property and equipment		(13,323)	(12,588)
Gain on sale of asset held for sale		-	(142,731)
Charge for defined benefit plan		208,622	164,342
Loss / (gain) on remeasurement of investments at fair value through profit or loss - net		118,069	(231,548)
(Gain) / loss on remeasurement of derivatives at fair value through profit or loss - net		(47,448)	34,369
Share of profit from associate		(470,569)	(62,612)
Provision against non performing loans, advances and other receivables		2,479,232	680,729
Provision for impairment on asset classified as held for sale		175,411	-
(Reversal of) / provision for impairment on investments - net		(317,649)	247,526
Effect of translation of net investment in foreign branches of a subsidiary		79,022	11,485
Finance cost		27,552,291	33,855,037
		31,755,387	36,433,388
<b>Operating profit before working capital changes</b>		35,150,620	38,943,024
<b>(Increase) / decrease in operating assets :</b>			
Loans and advances		(1,661,158)	(18,914,499)
Trade debts		(274,025)	(794,149)
Long term loans, advances, prepayments, deposits and other receivables		(5,702,651)	12,234,440
Other financial assets - fund placements		(8,699,372)	7,080,868
Prepayments, deposits, accrued mark-up and other receivables		(1,167,844)	(927,922)
		(17,505,050)	(1,321,262)
<b>Increase / (decrease) in operating liabilities:</b>			
Trade and other payables		(633,632)	5,491,306
Deposits and other accounts		27,720,297	63,220,273
Borrowings		(4,726,639)	14,442,199
<b>Net cash generated from operations</b>		40,005,596	120,775,540
Finance cost paid		(26,873,563)	(34,575,500)
Gratuity paid		-	(152,050)
Taxes paid		(1,944,610)	(576,297)
Dividend paid (including non-controlling interests)		(29,535)	(35,924)
<b>Net cash generated from operating activities</b>		11,157,888	85,435,769
Capital expenditure incurred		(2,015,638)	(2,211,025)
Intangible assets acquired		(786,499)	(1,361,482)
Proceeds from sale of property and equipment		108,625	773,093
Paid to Non-Controlling Interests against buy back of shares by a subsidiary		(246,376)	-
Acquisition of assets repossessed		(1,361,720)	(87,461)
Proceeds from disposal of asset held for sale		-	375,000
Proceeds from issuance of right shares by Subsidiary Company		49,676	-
Investments sold - net		(30,533,610)	(54,255,060)
<b>Net cash used in investing activities</b>		(34,785,542)	(56,766,935)
Redemption of term finance certificates		(261,682)	(922,432)
Long term loan obtained from / (repaid to) bank - net		374,329	(187,500)
Proceeds from issuance of preference right shares by parent company - net of transaction cost		1,814,554	-
Repayment of lease liability		(1,294,642)	(1,231,460)
Securities sold under repurchase agreements - net		25,992,959	(19,928,648)
<b>Net cash generated from / (used in) from financing activities</b>		26,625,518	(22,270,040)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		2,997,864	6,398,794
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		31,583,144	25,184,350
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	45	34,581,008	31,583,144

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.



**Shahid Hussain Jatoti**  
Director



**Suleman Lalani**  
Chief Executive Officer



**Najmul Hoda Khan**  
Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

## 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:

Subsidiary / Sub-subsidiary Companies	Holding (including indirect holding)		
	Note	2021 %	2020 %
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	69.69	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
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
Quality 1 Petroleum (Private) Limited (Sub-subsidiary)	1.2.11	100.00	100.00
JS Engineering Investments 1 (Private) Limited (Sub-subsidiary)	1.2.12	100.00	100.00

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 1.2.1 JS Bank Limited

JS Bank Limited (JSBL) was incorporated on March 15, 2006 as a public limited company under the repealed Companies Ordinance, 1984. 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 281 (2020: 307) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2020: One).

### 1.2.2 JS Investments Limited

JS Investments Limited (JSIL) is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984. 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. 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
- 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





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

## 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.

During the year, JSGCL bought back 3,079,703 shares from its shareholders under tender offer at a price of Rs. 80 per share which resulted in an increase in effective shareholding of the Holding Company to 69.69% from 62.66%.

## 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 was to carry out business in commodity market and related brokerage, advisory and consultancy services. The registered office of the Company was situated at 19th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi. The Company was previously a subsidiary of JS Investments Limited.

During the year, the board of directors of JS Investment Limited (JSIL) (sub-subsidiary) and that of JS ABAMCO Commodities Limited (JSACL) (the subsidiary of JSIL) in their respective meetings held on February 19, 2021 have considered and approved the merger/amalgamation of JSACL with and into JSIL 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 June 24, 2021 has confirmed the scheme effective from March 31, 2021. Therefore, with effect from March 31, 2021, JSACL stands merged into JSIL. As a result of merger/amalgamation, the following assets and liabilities of JSACL have been transferred in / merged with JSIL:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	<b>Balances as at March 31, 2021 (Rupees in '000)</b>
<b>CURRENT ASSETS</b>	
Advance income tax - net	744
Other financial assets - investments	67,779
Bank balances	448
<b>TOTAL ASSETS</b>	<u>68,971</u>
<b>CURRENT LIABILITIES</b>	
Accrued and other liabilities	1,934
<b>TOTAL LIABILITIES</b>	<u>1,934</u>
<b>NET ASSETS</b>	<u><u>67,037</u></u>
<b>REPRESENTED BY:</b>	
Share Capital	37,500
Amalgamation reserve	29,537
	<u><u>67,037</u></u>

### 1.2.7 Energy Infrastructure Holding (Private) Limited

Energy Infrastructure Holding (Private) Limited (EIHPL) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

## 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 will be 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

Quality 1 Petroleum (Private) Limited (Q1P) was incorporated on July 04, 2014 as a private limited company in Lahore. The Company was licensed by Oil and Gas Regulatory Authority to operate as Oil Marketing Company (OMC). It is principally engaged in procurement, storage and marketing of petroleum related products. The registered office of Q1P is situated at 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 Kalhor, 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.

During the year, Energy Infrastructure Holding (Private) Limited (EIHPL) (a wholly owned subsidiary of the Holding Company) has decided to dispose of its entire equity interest in Q1P (a sub-subsidiary company). Subsequent to the approval of directors and the shareholders of EIHPL in their respective meetings, Share Purchase Agreement (SPA) has been signed with the intended buyer on December 31, 2021.

At present, EIHPL and the intended buyer are currently in the process of obtaining certain regulatory approvals to meet the conditions precedents as per SPA which are expected to be completed during subsequent year. Therefore, this sub-subsidiary company has been presented as a disposal group held for sale under International Financial Reporting Standard 5 (IFRS-5) in these consolidated financial statements.

## 1.2.12 JS Engineering Investments 1 (Private) Limited

JS Engineering Investments 1 (Private) Limited was incorporated under the Companies Act, 2017 on November 23, 2017 as a Private Limited Company. The registered office and geographical location of the Company is situated at 20th Floor, The Centre, Plot No. 28, SB-5 Abdullah Haroon Road, Saddar, Karachi. The principal activities of the Company 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.

## 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

- 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.

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

### 2.2 Basis of measurement

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

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

There are certain interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated financial statements.

#### 3.1 Standards, Interpretations and Amendments to Published Approved Accounting Standards That Are Not Yet Effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2022:

**Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)** effective for the annual periods beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

#### 3.2 Annual Improvements to IFRS Standards 2018-2020

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

**IFRS 9** - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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**IFRS 16** - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

**IAS 41** - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

**Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)** effective for annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

**Reference to the Conceptual Framework (Amendments to IFRS 3)** - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

**Classification of liabilities as current or non-current (Amendments to IAS 1)** amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

**Definition of Accounting Estimates (Amendments to IAS 8)** - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)** - The amendments narrow the scope of the Initial Recognition Exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

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

The above amendments are effective from annual periods beginning on or after 01 January, 2022 and are not likely to have an impact on Company's financial statements.

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

- (a) determining the residual values and useful lives of property and equipment and intangibles (notes 6.1, 6.2, 7.1 and 8);
- (b) classification of investments (notes 6.6, 10 and 14);
- (c) recognition of taxation and deferred tax (notes 6.10, 13 and 43);
- (d) accounting for post employment benefits (note 6.17 and 46);
- (e) impairment of financial assets (notes 6.6 and 42);
- (f) leases (note 6.5);
- (g) fair value of un-quoted equity securities (note 48.3); and
- (h) provision against non performing loans (note 6.29 and 40).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

## 5. BASIS OF CONSOLIDATION

- The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies together - "the Group".
- Subsidiary companies are fully consolidated from the date on which control is obtained and are excluded from consolidation from the date of when control is lost.
- The financial statements of the subsidiary companies are prepared for the same reporting year (except for JS International Limited whose audited financial statements as at September 30 have been considered) as the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies other than those classified as 'Held for Sale' (refer note 21), have been consolidated on a line by line basis and the investment held by the Holding Company is eliminated against the corresponding share capital of subsidiaries in these consolidated financial statements.
- Non-controlling interests in equity of the subsidiary companies are measured at proportionate share of net assets of the acquiree as of the acquisition date.
- Material intra-group balances and transactions have been eliminated.

## 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 6.1 Property and equipment

These are stated at costs less accumulated depreciation and accumulated impairment, if any. Cost comprises acquisition and other directly attributable costs. Depreciation is charged to the statement of profit or loss by applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life at the rates specified in note 7.1 to the 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.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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.

### 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.

A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the profit and loss account for any initial or subsequent write down of the non-current asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale or while part of a disposal group classified as held for sale.

### 6.5 IFRS 16 Leases

#### • Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets include the amount of





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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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.

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

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

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

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

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

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

## 6.6 Investments

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 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 no control or joint control over those policies.

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

The Group reassesses, at each 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 as per IFRS 5.

### IFRS 9 Financial Instruments:

The Group (except Subsidiary Bank) had adopted IFRS 9 Financial Instruments effective from January 01, 2019.

### Initial recognition and measurement

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

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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## Classification

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

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

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

## Financial assets

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

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

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

### a) Debt instruments at FVOCI

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

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 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.

#### De-recognition

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

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

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

#### Impairment of financial assets

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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

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

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

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

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

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

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

## **Offsetting of financial assets and financial liabilities**

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

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

### **Held for trading**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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### 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.

### 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.

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

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

#### (a) Repurchase agreement borrowings

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

#### (b) Repurchase agreement lendings

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

### 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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 be applied to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted at the date of statement of financial position.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

- (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

The Company holds trade debts, receivable against margin finance and other receivables which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade debts, receivable against margin finance, loans and advances and other receivables. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date. The Company's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

### 6.14 Trade and other payables

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

### 6.15 Cash and cash equivalents

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





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

## 6.16 Segment reporting

Segment results are reported to Board of Directors of the Holding Company (being chief operating decision making authority) and include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, tax assets and liabilities and common Company's expenses.

The Group's reportable segments under IFRS-8 are disclosed in note 53.

## 6.17 Staff retirement benefits

### Defined contribution plan

The Holding Company and its certain subsidiaries operate an approved funded contributory provident fund scheme for all its employees eligible to the scheme. Equal monthly contributions are made by the group and the employees to the fund at the rates defined below of basic salary. Contribution by the Group is charged to the statement of profit or loss.

- The Holding Company	10.00%
- JS Bank Limited (the subsidiary)	7.10%
- JS Global Capital Limited (the sub-subsidiary)	7.33%
- JS Investment Limited (the sub-subsidiary)	7.33%

### Defined benefit plan

JS Bank Limited (a subsidiary Company) operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2021, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to the statement of profit or loss so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in the statement of profit or loss and actuarial gains and losses are recognised immediately in other comprehensive income.

## 6.18 Class-A 'Preference Shares' (Listed, Convertible, Redeemable, Non-Participatory, Non-Voting And Cumulative) ("Preference Shares")

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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

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

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

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

### 6.19 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual right to the cash flow from the financial assets expires or is transferred. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the statement of profit or loss.

### 6.20 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is only offset and the net amount is reported in the statement of financial position when there is a legal enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also offset accordingly.

#### Trade date accounting

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

### 6.21 Foreign currency translations

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

## 6.22 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.

## 6.23 Impairment

### Non-financial assets and investments in associates and joint ventures

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

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

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## 6.24 Business combination

### Acquisition of business not under common control

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. The excess of the consideration transferred over the fair value of the Holding Company's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the profit and loss account. Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any.

### 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 6.25 Fiduciary assets

Assets held in trust or in a fiduciary capacity by the Group are not treated as the assets of the Group and accordingly are not included in these consolidated financial statements.

### 6.26 Earnings per share

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

### 6.27 Borrowings / deposits and their cost

Borrowing / deposit costs are recognised as an expense in the period in which these are incurred to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) is capitalised as part of the cost of the asset.

### 6.28 Dividend and other appropriations to reserves

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

### 6.29 Provision against non performing loans

The subsidiary bank reviews its loan portfolio to assess the amount of non-performing loans and advances and the provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirements of the Prudential Regulations are considered. For portfolio impairment / provision on consumer advances, the Bank follows requirements set out in Prudential Regulations.

7. PROPERTY AND EQUIPMENT	Note	2021 ------(Rupees in '000) -----	2020
Operating fixed assets	7.1	5,669,380	5,666,880
Right-of-use asset	7.2	3,163,620	2,793,095
Capital work-in-progress	7.3	1,580,825	706,163
		10,413,825	9,166,138

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## For the year ended December 31, 2021

### 7.1 Operating fixed assets

	Cost			Depreciation rate per-annum	Accumulated depreciation		Written down value	
	As at January 01, 2021	Additions/ (disposals)/ Adjustment *	As at December 31, 2021		As at January 01, 2021	For the year/ (on disposal)/ Adjustment *	As at December 31, 2021	As at December 31, 2021
	(Rupees in '000)			%	(Rupees in '000)			
Office premises - leasehold	2,277,683	74,219 - 497,078	2,848,980	1.0 - 20	363,785	59,911 - (16,601)	407,095	2,441,885
Land - freehold	528,111	- - (317,397)	210,714	-	-	- - -	-	210,714
Land - leasehold	250,581	- -	250,581	2	16,744	4,971 -	21,715	228,866
Plant and Machinery	189,698	- - (189,698)	-	15	72,527	17,552 - (90,079)	-	-
Leasehold improvements	1,855,232	101,832 (80,606) -	1,876,458	10 - 33	771,595	160,345 (42,164)	889,776	986,682
Office equipment	3,717,293	640,918 (134,298) (5,425)	4,218,488	12.5 - 33	2,424,342	514,755 (106,440) (3,288)	2,829,369	1,389,119
Filling station signages	38,817	- - (38,817)	-	15	15,614	3,510 - (19,124)	-	-
Fuel dispenser and other equipments	31,829	- - (31,829)	-	15	16,341	2,344 - (18,685)	-	-
Office furniture and fixtures	717,621	61,733 (30,854) (1,405)	747,095	10 - 20	398,850	66,177 (22,640) (263)	442,124	304,971
Motor vehicles	252,948	32,107 (26,466) (21,429)	237,160	20	113,135	34,531 (5,677) (11,972)	130,017	107,143
	9,859,813	910,809 (272,224) (108,922)	10,389,476		4,192,933	864,096 (176,921) (160,012)	4,720,096	5,669,380

\* This includes adjustments made to the fixed assets due to classification of Quality 1 Petroleum (Private) Limited (a sub-subsidiary) as a disposal group held for sale under IFRS-5. Refer note 21.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	Cost			Depreciation Rate Per-annum %	Accumulated depreciation		Written down value	
	As at January 31, 2020	Additions / (disposals) / Adjustments*	As at December 31, 2020		As at January 31, 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.

**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:	Total area of land in Acres
	<b>JS Petroleum Limited</b>	
	- Port Qasim, Bin Qasim Town, District Malir, Karachi	15
	<b>Energy Infrastructure Holding (Private) Limited</b>	
	- HUB Tehsil, District Lasbella, Balochistan	137
	<b>JS Global Capital Limited</b>	
	- 14 <sup>th</sup> , 16 <sup>th</sup> and 17 <sup>th</sup> Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi, Pakistan	0.666

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

JS Bank Limited	Total area of land in Acres	
- Plot No. 201, Situated at Upper Mall, Lahore		0.875
- Plot # 06, Survey # 362/10 (in compound of Bungalow 55 & 55/1), situated at Haider Road, Rawalpindi		0.014
- Situated at Plot No. 21, Collage Road, F-7, Markaz, Islamabad		0.186
- Land situated at House No. 65 Near Foreign Affair Office Shadman II, Lahore		0.103
- Hut No. 182, Old Survey No. 87, Hawks Bay Beach, Karachi		0.041
- Office No, 84,85 & 86, On second floor project known as " Pakistan/Karachi Stock Exchange", situated at Land Bearing no. 3/2 and 3/2/1, Street No. RY-3, in the area of railway Quarters, I.I. Chundrighar Road, Karachi		0.016
- Bahria Heights III, Phase IV, Bahria Town, Bearing Khasra # 3508, Situated at Mouza Kotha Kalan, Rawalpindi		0.052
- Property on Plot No. G-3, 23th floor, Inclusive of 8 parking space & along with 1/87 undivided share of main Plot building known as "OCEAN TOWER", Block no. 9, K.D.A, Scheme No. 5, Kehkashan, Clifton Karachi		0.225
- Commercial Land Bearing Showroom No 3, Ground Floor, along with 3 reserved car parking space in project known as " AL-TIJARAH CENTRE", With 0.554% undivided share in Plot No. 32-1-A, situated in Block No. 6, Pakistan Employee Co-operative Housing Society, Karachi		0.048
- Property Shop Bearing Premises No. 6 & on Ground Floor, Project known as "AL-HABIB ARCADE", Situated at on Sub Plot No. G-3/X-II/A, Three Sword, Main Clifton Road, Karachi		0.021
- Commercial property ground & first floor bearing Plot No. 21/1, Survey Sheet No. BR-5, Tenure Govt. H/1, Situated at Lakshmi Das Street, Bunder Quarters, Karachi		0.013
- Property Shop bearing premises No. G-1, G-66 on ground floor and F-1, F-2 & F-3 at first floor, project known as "THE CENTRE", situated at plot no. 28, SB-5. Saddar Bazaar, Karachi		0.043
- Shop No. S-01, Ground Floor, Building known as "RABIA HEIGHTS" Constructed on bearing Plot No. GRW-315, situated at Lawrence Road, Garden West Quarters, Karachi		0.032
- Project Known as "JS BANK LIMITED DIVINE MEGA II BRANCH" situated at office no.2, divine mega II plaza opposite Honda Point, New Air port Road, Tehsil Cantt, District Lahore		0.033
- Main Plot 55-B, Building known as "ISE TOWER" property office No. 414, 4th Floor, ISE TOWER, Main Jinnah Avenue Blue Area Islamabad		0.031
- Shop No. G-1, Ground Floor, Hamza Heights, on Plot No. A-11, Survey Sheet No. 35-P/1, Survey No. 5, Union Commercial Area Block 7 & 8, Karachi Co-operative Housing Societies Limited, Karachi		0.034
Plot No. 88, Sector D, Iqbal Blvd DHA Phase II, Islamabad		0.137
- Office No. 714-717 and 718 to 727, 7th Floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi		0.633
- Creek Vista No. 502, 5th Floor, Block-E, DHA Phase VIII, Karachi		0.086
<b>7.2 Right-of-use assets</b>	<b>2021</b>	<b>2020</b>
	----- (Rupees in '000) -----	
<b>As at January 01</b>	<b>2,793,095</b>	4,271,231
Additions	1,455,367	73,593
Depreciation expense	(987,622)	(979,953)
Deletion / adjustments	(97,220)	(571,776)
<b>As at December 31</b>	<b>3,163,620</b>	2,793,095

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021	2020
Note	----- (Rupees in '000) -----	
<b>7.3 Capital work-in-progress</b>		
<b>Advances to suppliers against:</b>		
Civil works	864,182	232,850
Purchase of land	199,556	191,630
Office equipment	2,973	62,905
Furniture and fixture	20,121	1,013
Acquisition of software and equipment	493,993	214,390
Vehicles	-	3,375
	<b>1,580,825</b>	<b>706,163</b>
<b>8. INTANGIBLE ASSETS</b>		
Owned intangible asset	976,394	828,025
Goodwill - Q1P	8.1 -	1,040,614
Capital work-in-progress	8.2 710,553	213,312
	<b>1,686,947</b>	<b>2,081,951</b>

### 8.1 Owned intangible asset

Note	Cost			Rate per-annum %	Accumulated amortization / impairment			Written down value
	As at January 01, 2021	Additions / (disposals) ( Rupees in '000 )	As at December 31, 2021		As at January 01, 2021	For the year / impairment (Rupees in '000)	As at December 31, 2021	As at December 31, 2021
Software	1,455,457	289,258	1,744,715	20 - 33.33	633,432	139,889	773,321	971,394
Non-compete fee	126,683	-	126,683	33.33	126,683	-	126,683	-
Technical know how	150,000	-	150,000	100	150,000	-	150,000	-
Trading Right Entitlement Certificate (TREC)	2,528	-	2,528	-	28	-	28	2,500
Membership card - Pakistan Mercantile Exchange Limited	3,500	-	3,500	-	-	1,000	1,000	2,500
Provisional license	2,000	-	2,000	33.33	2,000	-	2,000	-
	<b>1,740,168</b>	<b>289,258</b>	<b>2,029,426</b>		<b>912,143</b>	<b>140,889</b>	<b>1,053,032</b>	<b>976,394</b>

Note	Cost			Rate per-annum %	Accumulated amortization / impairment			Written down value
	As at January 01, 2020	Additions / (disposals) ( Rupees in '000 )	As at December 31, 2020		As at January 01, 2020	For the year / impairment (Rupees in '000)	As at December 31, 2020	As at December 31, 2020
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)	2,528	-	2,528	-	28	-	28	2,500
Membership card - Pakistan Mercantile Exchange Limited	3,500	-	3,500	-	-	-	-	3,500
Provisional license	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>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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.

8.2 This represents goodwill recognized on the acquisition of Quality 1 Petroleum (Private) Limited (Q1P) (sub-subsidiary) by Energy Infrastructure Holding (Private) Limited (EIHPL) (a wholly owned subsidiary of the Holding Company). Since the management of the Group was in the process of carrying out the detailed exercise for the identification and valuation of assets acquired and liabilities assumed including goodwill and other intangible asset (if any), therefore, the provisional values were reported in respect of the above acquisition in the consolidated financial statements of the Group for the year ended Dec 31, 2020, as allowed under IFRS-03 "Business Combination".

However, based on the above exercise, no change has been identified in the provisional figures and the same has been reported by the management of the Group in these consolidated financial statements.

Further, during the year, the Group has decided to dispose of its entire shareholding in Q1P which is expected to be completed during subsequent year as per SPA signed with the intended buyer. Therefore, this goodwill attributable to the disposal group has also been classified as held for sale under IFRS-5. Refer note 21.

## 9. INVESTMENT PROPERTY

Note	Cost				Rate	Accumulated depreciation			Written down value
	As at	Additions/ (disposals)	As at	%		As at	For the year	As at	As at
	January 01, 2021		December 31, 2021			January 01, 2021		December 31, 2021	
	----- (Rupees in '000) -----				%	----- (Rupees in '000) -----			
Office premises - leasehold	9.1	14,999	-	14,999	5	13,579	120	13,699	1,300

Note	Cost				Rate	Accumulated depreciation			Written down value
	As at	Additions/ (disposals)	As at	%		As at	For the period	As at	As at
	January 01, 2020		December 31, 2020			January 01, 2020		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

9.1 The fair value of the investment property aggregating to Rs.130.63 million was arrived at on the basis of the valuation carried out by KG Traders (Pvt.) Limited, an independent valuer on January 07, 2022, 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.

9.2 Rental income recognised by the Holding Company during the year is 2.28 (2020: 2.08) million and is included in 'other income' (see Note 39). Maintenance and insurance expenses incurred during the year related to the investment property, are included in 'administrative and other expenses' (see note 40), as follows:

	2021	2020
	----- (Rupees in '000) -----	
Income-generating property	13	31
Vacant property	627	650
	<u>640</u>	<u>681</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

9.3 The details of investment property are as follows:

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

10. LONG TERM INVESTMENTS	Note	2021 ------(Rupees in '000) -----	2020 -----
<b>Related parties</b>			
Investment in joint venture	10.1	-	-
Investment in associates	10.2	2,716,530	2,255,155
Other related parties - at fair value through OCI	10.3	9,811,242	10,558,257
		<u>12,527,772</u>	<u>12,813,412</u>
<b>Other investments</b>			
	10.4	54,047,666	38,269,451
		<u>66,575,438</u>	<u>51,082,863</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	2021 ------(Rupees in '000) -----	2020 -----
Carrying value / cost of investment		2,255,155	213,386
Cost of investment - acquired during the year	10.2.3	-	1,949,871
Share of profit from associates		470,569	62,612
Share of other comprehensive income from associates		(9,194)	29,286
		<u>2,716,530</u>	<u>2,255,155</u>

10.2.1 The investments are classified as associate on account of its significant influence over the investee companies.

10.2.2 During the year, the Subsidiary Bank has renounced to subscribe right shares issued by Veda Transit Solutions Private Limited, an associate, resultant shareholding percentage is reduced to 3.92% from 9.12%. However, despite of that fact, the Holding Company has still have significant influence through the Shareholders' Reserved Matters and right to choose a representative on the Board.

10.2.3 This includes investment in BankIslami Pakistan Limited (BIPL) in which the Holding Company holds more than 20% shareholding. During previous year, in August 2020, a key management personnel of the Holding Company was elected on the Board of BIPL (after obtaining permission from State Bank of Pakistan). Accordingly, owing to the Holding Company's investment and representation on the Board of BIPL, the Holding Company had then

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

determined this investment as an 'associate' under IAS-28. Therefore, this investment had 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 of equity accounting, the Company used fair value as deemed cost approach for measuring the initial value of the investment.

Further, the Holding Company had used the provisional values for the purposes of initial measurement of investment under equity method and no goodwill / bargain gain had been recognized at that 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, was under progress.

During the year, the fair valuation exercise of assets and liabilities of BIPL has been completed owing to which the Holding Company has recorded bargain purchase gain amounting to Rs. 23.57 million retrospectively in these consolidated financial statements in accordance with "IFRS 3 Business Combinations".

10.3 The following table summarises the financial information of the Group's material associate i.e. BIPL as included in its own financial statements.

	2021 ------(Rupees in '000) -----	2020 ------(Rupees in '000) -----
<b>Percentage ownership interest</b>	<b>21.26%</b>	21.26%
Total assets	408,390,174	336,297,298
Total liabilities	385,878,972	316,402,125
Net assets (100%)	<b>22,511,202</b>	19,895,173
Total income	<b>13,051,626</b>	14,124,337
Profit after taxation	<b>2,131,530</b>	1,703,135
Other comprehensive income	<b>484,499</b>	(1,504,294)
Total comprehensive income	<b>2,616,029</b>	198,841

## 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		2021		2020	
2021	2020			%	%	------(Rupees in '000) -----			
<b>Quoted at fair value</b>									
52,977,771	52,977,771	EFU General Insurance Limited	General Insurance	26.49	26.49	5,562,666		6,357,332	
20,047,708	20,047,708	EFU Life Assurance Limited	Life Insurance	20.05	20.05	4,223,451		4,190,372	
<b>Unquoted at fair value</b>									
750,000	750,000	EFU Services (Private) Limited	Investment Company	37.50	37.50	25,125		10,553	
						<b>9,811,242</b>		<b>10,558,257</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'

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For the year ended December 31, 2021

under IAS 28, in the context of the Holding Company's above referred investments. In view of the pending status of the appeal, the SECP vide its letter dated February 23, 2021, has allowed the Holding Company to continue the existing accounting policy of keeping such investments at 'fair value through other comprehensive income' till the decision of the appeal.

**10.3.2** Included herein are equity securities having average cost of Rs. 1,072.41 (2020: Rs. 966.07) million and having market value of Rs. 2,913.93 (2020: Rs. 3,219.38) million pledged with trustee of Term Finance Certificates issued by the Holding Company.

### 10.4 Other investments

#### At fair value through OCI

Equity securities

Number of shares / units			Note	2021	2020
2021	2020			(Rupees in '000)	
<b>Quoted - at fair value</b>					
120,657,363	120,657,363	Azgard Nine Limited		1,579,405	3,443,561
2,202,953	2,202,953	Pakistan Stock Exchange Limited		23,061	32,648
2,104,850	-	Sitara Chemical Industries Limited		648,462	-
3,001,500	11,622,000	Hum Network Limited (Ordinary Shares of Rs. 1 each)		19,390	63,104
<b>Un-Quoted - at fair value</b>					
2,399,454	2,399,454	Security General Insurance Company Limited		448,554	452,633
				<b>2,718,872</b>	<b>3,991,946</b>
Term Finance / Sukuk Certificates				29,277	95,095
Less: Current maturity of term finance certificates				-	(28,068)
				<b>29,277</b>	<b>67,027</b>
<b>Available for sale</b>					
Equity securities					
Number of shares / units				2021	2020
2021	2020			(Rupees in '000)	
<b>Un-Quoted - at cost</b>					
1,213,841	1,213,841	ISE Tower REIT Management Limited (formerly Islamabad Stock Exchange Ltd.)		11,000	8,594
6	6	Society for Worldwide Interbank Financial Telecommunication (SWIFT)		2,406	2,406
				<b>13,406</b>	<b>11,000</b>
<b>Privately placed term finance certificates (PPTFC) unquoted (at cost)</b>					
<b>Agritech Limited</b>					
PPTFC - 3rd Issue				89,928	89,928
PPTFC - 5th Issue				509,875	509,875
Provision for impairment				599,803	599,803
				<b>(599,803)</b>	<b>(599,803)</b>
Term Finance / Sukuk Certificates				-	-
- quoted				150,375	252,485
- unquoted - stated at cost				1,385,193	2,013,142
US Dollar Bonds				1,616,155	3,855,773
Government securities				14,081,349	5,427,183
				<b>17,233,072</b>	<b>11,548,583</b>
<b>Held to maturity</b>					
Government securities					
				<b>34,053,039</b>	<b>22,650,895</b>
				<b>54,047,666</b>	<b>38,269,451</b>

10.4.1 & 10.4.2

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**10.4.1** Included herein are equity securities having average cost of Rs. Nil (2020: Rs. 7.97) million and having market value of Rs. Nil (2020: Rs. 54.50) million pledged with a Bank against Term Loan obtained by the Holding Company.

**10.4.2** The Holding Company has disposed of various investments carried at fair value through OCI having fair value amounting to Rs. 1,486.66 million and has recorded net realized loss on these investments amounting to Rs. 316.48 million in these consolidated financial statements in order to meet its working capital requirements.

## 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.

	Note	Ownership interests held by non controlling interests	
		2021	2020
<b>JS Bank Limited (JSBL)</b>		<b>24.98%</b>	24.98%
<b>JS Global Capital Limited (JSGCL)</b> (Sub-subsidiary)	1.2.3	<b>30.31%</b>	37.34%
<b>JS Investments Limited (JSIL)</b> (Sub-subsidiary)	1.2.2	<b>36.57%</b>	36.57%
<b>JS Petroleum Limited (JSPL)</b> (Sub-subsidiary)		<b>49.00%</b>	49.00%

The following is summarized financial information for material subsidiaries and sub-subsidiaries of Holding Company, prepared in accordance with approved accounting standards as applicable in Pakistan, modified for differences in group accounting policies. The information is before inter-company eliminations with other companies in the group.

	JSBL		JSGCL		JSIL		JSPL	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in '000)							
Total income	44,411,711	49,917,078	1,312,579	872,162	77,493	348,467	874	580
Profit / (loss) after tax	1,420,981	1,268,586	410,526	208,842	(306,807)	(46,533)	(55,553)	(13,890)
Profit attributable to NCI	354,961	316,893	137,036	77,982	(112,199)	(17,017)	(27,221)	(6,806)
Other comprehensive (loss) / income	(126,677)	2,070,496	(2,053)	5,932	-	-	-	-
Total comprehensive (loss) / income	1,294,304	2,953,419	408,473	206,193	(306,807)	(46,533)	(55,553)	(13,890)
Comprehensive (loss) / income attributable to NCI	323,317	737,764	136,925	80,197	(112,199)	(17,017)	(27,221)	(6,806)
Current assets	437,462,301	410,287,741	5,398,531	4,104,220	1,024,433	1,247,280	19,203	18,310
Non-current assets	145,270,669	120,589,502	1,079,459	1,171,746	446,770	551,081	509,119	454,820
<b>Total Assets</b>	<b>582,732,970</b>	<b>530,877,243</b>	<b>6,477,990</b>	<b>5,275,966</b>	<b>1,471,203</b>	<b>1,798,361</b>	<b>528,322</b>	<b>473,130</b>
Current liabilities	510,438,427	478,162,013	3,775,957	2,818,952	205,149	193,268	13,152	3,786
Non-current liabilities	51,513,314	33,169,761	505,107	8,687	275,265	337,033	-	-
<b>Total Liabilities</b>	<b>561,951,741</b>	<b>511,331,774</b>	<b>4,281,064</b>	<b>2,827,639</b>	<b>480,414</b>	<b>530,301</b>	<b>13,152</b>	<b>3,786</b>
<b>Net Assets</b>	<b>20,781,229</b>	<b>19,545,469</b>	<b>2,196,926</b>	<b>2,448,327</b>	<b>990,789</b>	<b>1,268,060</b>	<b>515,170</b>	<b>469,344</b>
<b>Net Assets attributable to NCI</b>	<b>5,205,775</b>	<b>4,635,206</b>	<b>665,888</b>	<b>978,787</b>	<b>362,332</b>	<b>436,582</b>	<b>252,433</b>	<b>221,346</b>
Cash flow from operating activities	60,671,085	95,087,932	1,380	798,327	(131,883)	(95,691)	(54,979)	(8,465)
Cash flow from investing activities	(55,221,609)	(87,981,253)	(1,136,997)	(471,364)	168,332	324,209	(54,513)	(12,911)
Cash flow from financing activities	(1,687,560)	(1,137,860)	800,942	91,523	(49,274)	(232,525)	107,879	17,621
<b>Net increase in cash and cash equivalents</b>	<b>3,761,916</b>	<b>5,968,819</b>	<b>(334,675)</b>	<b>418,486</b>	<b>(12,825)</b>	<b>(4,007)</b>	<b>(1,613)</b>	<b>(3,755)</b>
Dividends paid to NCI during the year	-	-	(29,282)	-	-	-	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

11. LONG TERM LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES	2021	2020
Note	----- (Rupees in '000) -----	
<b>Long-term loans - considered good</b>		
<b>Secured</b>		
<b>Due from:</b>		
Executives	11.1 3,682,760	3,498,111
Employees	1,624,760	1,655,985
	5,307,520	5,154,096
<b>Loans advanced by subsidiary bank</b>	11.2 70,243,153	63,031,086
<b>Net investment in finance lease by subsidiary bank</b>	11.3 8,935,428	11,279,742
<b>Long term prepayments</b>	1,771	2,165
<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
	84,490,372	79,472,089
<b>Current maturity of long term loans and receivables</b>	(4,264,559)	(4,948,481)
	11.4 80,225,813	74,523,608
<b>11.1 Reconciliation of the carrying amount of loans to executives</b>		
Balance at the beginning of the year	3,498,111	3,379,578
Disbursement	1,579,561	854,749
Adjustments	(637,214)	-
Repayments	(757,698)	(736,216)
Balance at the end of the year	3,682,760	3,498,111
<b>11.2</b> These carry mark-up ranging from 0.20% to 40% (2020: 2.5% to 40%) per annum. These also include secured lendings to various financial institutions having maturity date till December 27, 2022.		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 11.3 Particulars of net investment in finance lease

	2021			
	Not later than one year	Later than one and less than five years	Over five years	Total
	----- Rupees in '000 -----			
Lease rentals receivable	3,825,624	3,157,347	3,894	6,986,865
Guaranteed residual value	941,675	1,925,134	3,372	2,870,181
Minimum lease payments	4,767,299	5,082,481	7,266	9,857,046
Finance charges for future periods	(515,035)	(406,237)	(346)	(921,618)
Present value of minimum lease payments	<u>4,252,264</u>	<u>4,676,244</u>	<u>6,920</u>	<u>8,935,428</u>

	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>

## 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	2021	2020
							----- (Rupees in '000) -----	
JSPE Management Ltd.	Other related parties	8/Feb/24	Fixed	Vehicle Loan	HPA & LEASE	2,612	2,612	-
Mr. Kashan Zafar	Key management personnel	25/Aug/36	5.00%	House Loan	Mortgage over Residential Property	32,398	32,398	33,991
Mr. Kashan Zafar	Key management personnel	25/Nov/24	5.00%	Vehicle Loan	HPA & Lease	1,893	1,893	2,481
Mr. Muhammad Kamran Nasir	Key management personnel	25/Jan/24	3 MONTH KIBOR+ 200 BPS	Vehicle Loan	HPA & LEASE	6,755	6,755	8,974
Balance c/f							<u>43,658</u>	<u>45,446</u>

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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	2021	2020
							(Rupees in '000)	
Balance b/f							43,658	45,446
Ms. Hina Athar Khan	Key management personnel	25/Dec/24	AS per HR policy	Personal Loan	Other Secured Advances	1,941	1,941	2,523
Ms. Hina Athar Khan	Key management personnel	25/Nov/24	AS per HR policy	Vehicle Loan	HPA & Lease	3,327	3,327	4,361
Mr. Ali Pesnani	Key management personnel	25/Jul/22	5.00%	Vehicle Loan	HPA over Vehicle	-	-	843
Mr. Ali Pesnani	Key management personnel	25/Jan/39	5.00%	Vehicle Loan	HPA over Vehicle	90,740	90,740	4,621
Ms. Shireen Raza	Other related parties	25/Aug/33	AS per HR policy	House Loan	Mortgage over Residential Property	5,787	5,787	6,169
Ms. Shireen Raza	Other related parties	25/Dec/24	AS per HR policy	Vehicle Loan	HPA & Lease	2,211	2,211	2,877
Mr. Muhammad Ali	Other related parties	10/Oct/25	1 Year KIBOR	Consumer Auto Loan	HPA & Lease	-	-	12,529
Mr. Muhammad Ali	Other related parties	10/Sep/30	1 Year KIBOR	House Loan	Mortgage over Residential Property	-	-	19,340
Mr. Ashraf Shahzad Ahmed	Key management personnel	25/Jul/24	AS per HR policy	Personal Loan	Other Secured Advances	-	-	643
Mr. Ashraf Shahzad Ahmed	Key management personnel	25/Nov/24	AS per HR policy	Vehicle Loan	HPA & Lease	1,536	1,536	2,013
Mr. Ashraf Shahzad Ahmed	Key management personnel	25/Jul/24	As per HR Policy	House Loan	Secured Against Mortgages	828	828	1,125
Syed Tauqir Haider Rizvi	Key management personnel	25/Jan/38	4.00%	House Loan	Secured Against Mortgages	70,384	70,384	73,443
Syed Tauqir Haider Rizvi	Key management personnel	25/Oct/24	AS per HR policy	Vehicle Loan	HPA & Lease	2,630	2,630	3,473
Syed Tauqir Haider Rizvi	Key management personnel	25/Nov/24	AS per HR policy	Vehicle Loan	HPA & Lease	2,399	2,399	3,144
Mr. Basir Shamsie	Key management personnel	25/Mar/30	4.00%	House Loan	Secured Against Mortgages	-	-	23,464
Mr. Basir Shamsie	Key management personnel	1/Jan/25	Fixed	JS Ghar Apna Solar Panel	Other machinery & equipments	915	915	1,212
Mr. Basir Shamsie	Key management personnel	25/Nov/23	AS per HR policy	Personal Loan	Other Secured Advances	4,532	4,532	6,730
Mr. Kamran Jaffer	Key management personnel	25/Aug/25	4.00%	Vehicle Loan	HPA & Lease	-	-	9,392
Mr. Kamran Jaffer	Key management personnel	25/May/30	4.00%	House Loan	Secured Against Mortgages	-	-	72,233
Balance c/f							230,888	295,582



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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	2021	2020
							(Rupees in '000)	
Balance b/f							230,888	295,582
Mr. Muhammad Yousuf Amanullah	Other related parties	10/ Apr/42	1 Year KIBOR	Home Loans - Home Balance Transfer	Mortgage over Residential Property	38,780	38,780	75,304
Mr. Muhammad Yousuf Amanullah	Other related parties	25/ Dec/24	AS per HR policy	Vehicle Loan	HPA & Lease	-	-	6,062
Mr. Muhammad Faisal	Key management personnel	25/ Sep/36	4.00%	House Loan	Secured Against Mortgages	-	-	46,624
Mr. Muhammad Faisal	Key management personnel	25/ Oct/24	4.00%	Vehicle Loan	HPA & Lease	-	-	6,298
Mr. Imran Haleem Shaikh	Key management personnel	25/ Aug/37	4.00%	House Loan	Secured Against Mortgages	41,769	41,769	43,649
Mr. Imran Haleem Shaikh	Key management personnel	25/ Jan/26	AS per HR policy	Vehicle Loan	HPA & Lease	12,042	12,042	6,546
Mr. Imran Haleem Shaikh	Key management personnel	25/ Aug/25	AS per HR policy	Personal Loan	Other Secured Advances	5,631	5,631	-
Mr. Babbar Wajid	Key management personnel	25/ Jul/38	4.00%	House Loan	Secured Against Mortgages	-	-	31,155
Mr. Babbar Wajid	Key management personnel	25/ Oct/24	AS per HR policy	Vehicle Loan	HPA & Lease	-	-	6,305
Mr. Babbar Wajid	Key management personnel	25/ Sep/25	AS per HR policy	Vehicle Loan	HPA & Lease	-	-	4,045
Mr. Ali Pesnani	Key management personnel	25/ Jan/39	4.00%	House Loan	Secured Against Mortgages	-	-	37,116
Mr. Soofi Saifullah Akber	Key management personnel	25/ Nov/39	4.00%	House Loan	Secured Against Mortgages	9,885	9,885	10,255
Mr. Soofi Saifullah Akber	Key management personnel	25/ Oct/23	AS per HR policy	Personal Loan	Other Secured Advances	241	241	364
Mr. Soofi Saifullah Akber	Key management personnel	25/ Oct/24	AS per HR policy	Vehicle Loan	HPA & Lease	3,219	3,219	4,251
Mr. Soofi Saifullah Akber	Key management personnel	25/ Oct/24	AS per HR policy	Js Ghar Apna - Solar Panel	HPA & Lease	1,125	1,125	-
Mr. Hasan Shahid	Key management personnel	25/ Aug/39	AS per HR policy	House Loan	Mortgage over Residential Property	23,606	23,606	24,508
Mr. Hasan Shahid	Key management personnel	25/ Nov/24	AS per HR policy	Vehicle Loan	HPA & Lease	4,905	4,905	6,429
Ray Pharma (Pvt.) Ltd.	Other related parties	31/ Dec/22	Fixed	JS Payroll Financing	Lien over JSIL	-	-	22,550
Munawar Alam Siddiqui	Key management personnel	20/ May/22	1 Year KIBOR	Vehicle Loan	HPA & Lease	-	-	2,094
Balance c/f							372,091	629,137

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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	2021	2020
							(Rupees in '000)	
Balance b/f							372,091	629,137
Munawar Alam Siddiqui	Key management personnel	20/Aug/25	1 Month - KIBOR	Term Loan	Mortgage over Residential Property	120,000	120,000	-
Ahmed Ali Usuf	Key management personnel	25/Sep/26	AS per HR policy	Vehicle Loan	HPA & Lease	2,538	2,538	2,538
Ahmed Ali Usuf	Key management personnel	25/Feb/31	AS per HR policy	House Loan	Mortgage over Residential Property	-	-	9,520
Ahmed Ali Usuf	Key management personnel	10/Feb/26	1 Year KIBOR+5%	Consumer Auto Loan	HPA & Lease	1,643	1,643	-
Ahmed Ali Usuf	Key management personnel	25/Dec/24	AS per HR policy	Personal Loan	Other Secured Advances	1,993	1,993	2,100
Muhammad Zubair	Key management personnel	25/Jan/45	AS per HR policy	House Loan	Mortgage over Residential Property	-	-	12,714
Attiq Ur Rahman	Key management personnel	25/Dec/30	AS per HR policy	House Loan	Mortgage over Residential Property	-	-	22,077
Attiq Ur Rahman	Key management personnel	25/Apr/23	AS per HR policy	Vehicle Loan	HPA & Lease	-	-	2,737
Tamkeen Faisal	Key management personnel	25/Sep/25	AS per HR policy	Vehicle Loan	HPA & Lease	3,788	3,788	4,685
Tamkeen Faisal	Key management personnel	25/Dec/41	AS per HR policy	House Loan	Mortgage over Residential Property	31,647	31,647	39,490
Khusro Iqbal Mumtaz	Key management personnel	25/Feb/24	AS per HR policy	Vehicle Loan	HPA & Lease	-	-	4,652
Faris Azam	Key management personnel	25/Oct/24	AS per HR policy	Vehicle Loan	HPA & Lease	-	-	2,665
Faris Azam	Key management personnel	25/Oct/23	AS per HR policy	Personal Loan	Other Secured Advances	-	-	364
Noman Azhar	Key management personnel	25/Sep/43	AS per HR policy	House Loan	Mortgage over Residential Property	-	-	31,434
Noman Azhar	Key management personnel	25/Nov/24	AS per HR policy	Vehicle Loan	HPA & Lease	-	-	4,361
Noaman Rashid	Key management personnel	25/Jan/37	AS per HR policy	House Loan	Mortgage over Residential Property	-	-	25,025
Noaman Rashid	Key management personnel	25/Oct/24	AS per HR policy	Vehicle Loan	HPA & Lease	-	-	3,699
Noaman Rashid	Key management personnel	25/May/23	AS per HR policy	Personal Loan	Other Secured Advances	-	-	690
Mian Hammad Aslam	Key management personnel	25/Sep/25	AS per HR policy	Vehicle Loan	HPA & Lease	-	-	4,719
Mian Hammad Aslam	Key management personnel	25/Oct/22	AS per HR policy	Personal Loan	Other Secured Advances	-	-	1,430
Mian Hammad Aslam	Key management personnel	25/Jun/38	AS per HR policy	House Loan	Mortgage over Residential Property	-	-	20,892
Balance c/f							533,700	824,928

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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	2021	2020
							(Rupees in '000)	
Balance b/f							533,700	824,928
Muhammad Mateen	Key management personnel	25/Sep/44	AS per HR policy	House Loan	Mortgage over Residential Property	-	-	28,392
Mirza Muhammad Ali	Key management personnel	25/Jun/25	AS per HR policy	Vehicle Loan	HPA & Lease	-	-	4,960
Mirza Muhammad Ali	Key management personnel	25/Oct/23	AS per HR policy	Personal Loan	Other Secured Advances	-	-	1,150
Mr. Syed Ghaus Ahmed	Other related parties	25/Dec/30	AS per HR policy	Housing Loan	Mortgage over Residential Property	27,140	27,140	-
Mr. Syed Ghaus Ahmed	Other related parties	25/Apr/31	AS per HR policy	Housing Loan	Mortgage over Residential Property	2,718	2,718	-
Spud Energy Pvt Ltd	Other related parties	31/Jan/25	Fixed	Syndicated Term Loan	First Charge Over Current Assets & Moveable Assets/ Lien Over Account	446,875	446,875	-
Mr. Shehryar Sheikh	Key management personnel	25/Mar/24	AS per HR policy	Personal Loan	Other Secured Advances	2,567	2,567	-
Mr. Shahid Raza	Key management personnel	25/Feb/25	AS per HR policy	Vehicle Loan	HPA & Lease	1,453	1,453	-
Mr. Shahid Raza	Key management personnel	25/Sep/28	AS per HR policy	Housing Loan	HPA & Lease	2,140	2,140	-
Mr. Shahid Raza	Key management personnel	25/Dec/24	AS per HR policy	Personal Loan	HPA & Lease	1,154	1,154	-
Pakistan International Bulk Terminal Ltd	Other related parties	15/Jun/27	Fixed	Syndicated Term Loan	Hypothecation on Current & Fixed Asset	457,500	457,500	-
Mr. Noman Azhar	Key management personnel	25/Nov/24	AS per HR policy	Vehicle Loan	HPA & Lease	3,327	3,327	-
Mr. Noman Azhar	Key management personnel	25/Sep/43	AS per HR policy	Housing Loan	Mortgage over Residential Property	30,570	30,570	-
Mr. Noman Azhar	Key management personnel	25/Sep/23	AS per HR policy	Personal Loan	Other Secured Advances	3,018	3,018	-
Mr. Noman Azhar	Key management personnel	25/May/26	AS per HR policy	Vehicle Loan	HPA & Lease	8,489	8,489	-
Mr. Noman Azhar	Key management personnel	1/Aug/26	AS per HR policy	Js Ghar Apna - Solar Panel	Other machinery & equipments	1,213	1,213	-
Mr. Mirza M Sadeed H Barlas	Key management personnel	25/Mar/26	AS per HR policy	Vehicle Loan	HPA & Lease	3,703	3,703	-
Mr. Mirza M Sadeed H Barlas	Key management personnel	25/Mar/26	AS per HR policy	Vehicle Loan	HPA & Lease	7,271	7,271	-
Balance c/f							1,525,567	859,430

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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	2021	2020
							(Rupees in '000)	
Balance b/f							1,525,567	859,430
Mr. Humayun Bawkher	Key management personnel	25/May/26	AS per HR policy	Vehicle Loan	HPA & Lease	2,911	2,911	-
Mr. Hasan Saeed Akbar	Key management personnel	25/Mar/26	AS per HR policy	Vehicle Loan	HPA & Lease	3,097	3,097	-
Mr. Faraz Mahmood Soomro	Key management personnel	25/Nov/24	AS per HR policy	Vehicle Loan	Other Secured Advances	1,601	1,601	-
Mr. Faraz Mahmood Soomro	Key management personnel	25/Jan/24	AS per HR policy	Personal Loan	HPA & Lease	405	405	-
Mr. Atif Salim Malik	Key management personnel	25/Mar/23	AS per HR policy	Personal Loan	Other Secured Advances	2,606	2,606	-
Mr. Atif Salim Malik	Key management personnel	25/Jun/26	AS per HR policy	Vehicle Loan	HPA & Lease	3,681	3,681	-
Mr. Asad Nasir	Key management personnel	25/Jan/40	As per HR Policy	Housing Loan	Mortgage over Residential Property	15,851	15,851	-
Mr. Asad Nasir	Key management personnel	25/Jan/25	As per HR Policy	Vehicle Loan	HPA & Lease	3,519	3,519	-
Veda Transit Solutions (Pvt) Ltd. (formerly Raaziq International Pvt Limited)	Associates	10/ Aug/26	Fixed	Syndicated Term Loan	Exclusive Charge Over Assets	294,076	294,076	-
							<b>1,853,314</b>	<b>859,430</b>

### 12. ASSETS REPOSSESSED

This represents properties acquired by Subsidiary Bank under satisfaction of claims against which non-performing loan was reduced and specific provision have been reversed. Market value of non-banking assets acquired in satisfaction of claims is Rs. 2,658.54 (2020: Rs. 1,311.25) million. In accordance with the Holding Company's policy, these assets are recorded at cost.

### 13. DEFERRED TAXATION

	2021			
	Balance as at January 01, 2021	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2021
	-----Rupees in '000-----			
<b>Taxable temporary difference:</b>				
Property and equipment	(181,038)	(11,410)	-	(192,448)
Unrealized gain on trading and derivative instruments	(5,584)	5,584	-	-
Surplus on revaluation of investments	(907,076)	3,372	(334,432)	(1,238,136)
Intangible assets	-	2,615	-	2,615
<b>Deductible temporary differences:</b>				
Provision against investments, loans and other assets	511,195	21,191	-	532,386
Intangible assets	2,904	(2,904)	-	-
Unrealized loss on trading and derivative instruments	22,893	(22,893)	-	-
Lease liability	1,192	(37)	-	1,155
	<b>(555,514)</b>	<b>(4,482)</b>	<b>(334,432)</b>	<b>(894,428)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2020			Balance as at December 31, 2021
	Balance as at January 01, 2021	Recognised in profit and loss account	Recognised in other comprehensive income	
-----Rupees in '000-----				
<b>Taxable temporary difference:</b>				
Property and equipment	(165,764)	(15,274)	-	(181,038)
Unrealized gain on trading and derivative instruments	(5,088)	(496)	-	(5,584)
Surplus on revaluation of investments	-	(1,486)	(905,590)	(907,076)
Lease liability	(84,622)	84,622	-	-
Unused tax losses	(24,352)	24,352	-	-
Provision for Workers' Welfare Fund	(3,144)	3,144	-	-
<b>Deductible temporary differences:</b>				
Surplus on revaluation of investments	335,217	-	(335,217)	-
Provision against investments, loans and other assets	950,862	(439,667)	-	511,195
Unrealized loss on trading and derivative instruments	1,218	21,675	-	22,893
Intangible assets	2,218	686	-	2,904
Lease liability	-	1,192	-	1,192
Accelerated depreciation for tax purposes	363	(363)	-	-
	<u>1,006,908</u>	<u>(321,615)</u>	<u>(1,240,807)</u>	<u>(555,514)</u>

13.1 The Holding Company has not recorded deferred tax assets in view of uncertainty about the availability of taxable profits in the future against which such losses can be utilized. The amount of deferred tax asset not recognized in these financial statements amounts to Rs. 68.78 (2020: Rs. 55.46) million.

14. SHORT TERM INVESTMENTS	Note	2021	2020
		----- (Rupees in '000) -----	
<b>Financial assets at fair value through profit or loss / held for trading:</b>			
Listed equity securities			
- Related parties		105,335	104,510
- Others		2,012,778	1,688,984
Government securities		1,109,404	25,003,774
Term Finance Certificates - quoted		125,000	125,000
Mutual funds			
- Related parties		3,430,273	1,526,927
- Others		5,839	8,438
		<u>6,788,629</u>	<u>28,457,633</u>
<b>Available for sale</b>			
Equity securities			
- Quoted		4,146,326	4,339,823
- Unquoted preference shares - stated at cost		-	27,733
Term Finance / Sukuk Certificates			
- Quoted		222,310	204,969
- Unquoted - stated at cost		518,587	151,429
Commercial Paper Certificates		352,151	-
US Dollar Bonds		-	161,516
Government securities		145,234,539	121,978,860
		<u>150,473,913</u>	<u>126,864,330</u>
<b>Financial assets at fair value through OCI</b>			
Equity securities - quoted	14.1	9,110,639	7,765,770
Term Finance / Sukuk Certificates - quoted		-	28,067
		<u>9,110,639</u>	<u>7,793,837</u>
<b>Held to maturity / At amortised cost:</b>			
Government securities		24,579,508	13,754,748
	14.2 & 14.3	<u>190,952,689</u>	<u>176,870,548</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
<b>14.1</b> Equity investments at fair value through OCI comprises of the following:		
TRG Pakistan Limited	7,267,817	6,474,348
Ghani Glass Limited	661,978	718,141
Engro Corporation Limited	91,812	103,588
MCB Bank Limited	78,515	92,640
Engro Fertilizers Limited	69,625	58,869
Ghani Global Holdings Limited	358,803	-
Security Paper Ltd.	10,035	-
Bank Al-Falah Limited	6,920	-
IGI Holdings Limited	50,838	67,422
Al Abbas Sugar Mills Limited	407,473	150,948
EFU Life Assurance Limited	18,455	18,310
EFU General Insurance Limited	71,316	81,504
Shahtaj Sugar Mills Limited	4,655	-
Oil & Gas Development Company Limited	1,034	-
Air Link Communication Limited	601	-
Abbot Laboratories (Pakistan) Ltd.	10,762	-
	<u>9,110,639</u>	<u>7,765,770</u>

**14.2** This includes investments in equity securities of related parties having a market value of Rs. 1,019 (2020: Rs. 1,108) million.

**14.3** Included herein are equity securities having average cost of Rs. 564.72 (2020: Rs. 756.05) million and having market value of Rs. 913.40 (2020: Rs. 1,342.11) million pledged with trustee of Term Finance Certificates issued by the Holding Company and with a Bank against Term Loans obtained by the Holding Company. Also included herein are Government securities having amortized cost of Rs. Nil (2020: Rs. 98.68) million and having face value of Rs. Nil (2020: Rs. 100.00) million.

	2021	2020
	Note ----- (Rupees in '000) -----	
<b>15. TRADE DEBTS</b>		
<b>Unsecured considered good</b>		
Receivable against margin finance (purchase of shares)	453,313	419,522
Debtors for purchase of shares on behalf of clients	1,240,845	911,510
Trade debts for advisory and other services	1,203	5,672
Forex and fixed income commission receivable	6,517	4,611
Commodity	59,488	203,255
	<u>1,761,366</u>	<u>1,544,570</u>
Considered doubtful	409,286	409,286
	<u>2,170,652</u>	<u>1,953,856</u>
Allowance for expected credit losses	(409,286)	(409,286)
	<u>15.1 1,761,366</u>	<u>1,544,570</u>

**15.1** Included herein is a sum of Rs. 3.641 (2020: Rs. 101.696) million receivable from related parties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

16. LOANS AND ADVANCES	Note	2021	2020
		----- (Rupees in '000) -----	
<b>Current maturity of long term loans</b>	11	4,264,559	4,948,087
Term loans advanced by subsidiary bank - considered good	16.1	161,948,965	162,339,398
Term loans advanced by subsidiary bank - considered doubtful	16.2	13,926,269	11,733,555
		175,875,234	174,072,953
Provisions against non-performing loans		(6,595,022)	(4,203,163)
		169,280,212	169,869,790
<b>Advances - considered good</b>			
<b>Unsecured</b>			
Against subscription of Term Finance Certificates		450,000	-
Against issue of right shares		-	1,645
Contractor and suppliers		16,058	7,211
Staff	16.3	8,420	10,590
		474,478	19,446
	16.4	174,019,249	174,837,323

16.1 These carry mark-up ranging from 2% to 40% (2020: 2% to 36%) per annum and are secured by pledge of shares of listed companies, property of the borrowers and hypothecation of assets.

16.2 Term loans advanced by subsidiary bank - considered doubtful	2021	2020
	----- (Rupees in '000) -----	
Opening balance	11,733,555	10,353,164
Charge for the year - net of reversals	2,192,714	1,380,391
Closing balance	13,926,269	11,733,555

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, 2021

### 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	2021	2020
						(Rupees in '000)		
Excel Labs (Pvt) Ltd.	Other related parties	1/Oct/22	6 Months KIBOR + 3%	To meet working capital requirements of the business	Hypothecation on Current & Fixed Asset	22,753	22,753	45,506
Mr. Asad Nasir	Key management personnel	25/Sep/22	As per HR Policy	Personal Loan	Other Secured Advances	1,133	1,133	-
Mr. Ashraf Shahzad Ahmed	Key management personnel	25/Oct/22	As per HR Policy	Personal Loan	Other Secured Advances	300	300	-
IBEX Global Solutions (Pvt) Ltd	Other related parties	1/Dec/22	Fixed	To meet working capital requirements	First Charge Over Current & Fixed Assets / 50% Secured against SBLC / Corporate Guarantee	82,500	82,500	-
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
Agro Limited	Other related parties	30/Apr/21	3 Months KIBOR	For purchase of new vehicle	Hypothecation on Fixed Asset	-	-	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
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
Veda Transit Solutions (Pvt) Ltd. (formerly Raaziq International Pvt Limited)	Associate	30/Jun/22	3 Months KIBOR	Lease Finance	First Pari Passu Charge over current a	74,527	74,527	223,344
Munawar Alam Siddiqui	Key management personnel	31/Aug/21	1 Month KIBOR	Term Loan	Hypothecation on Current & Fixed Asset	-	-	120,000
Omar Jibran Engineering Industries	Associate	1/Oct/22	Fixed	To meet working capital requirements of the business	Lien over account / TDR	73,712	73,712	147,423
Speed Private Limited	Other related parties	1/Oct/22	Fixed	To meet working capital requirements of the business	First Pari Passu Hypothecation charge over stocks, trade receivables and book debts	16,429	16,429	32,859
Virtual World (Pvt.) Ltd.	Other related parties	1/Dec/22	Fixed	To meet working capital requirements of the business	First exclusive charge over current assets	60,000	60,000	120,000
Air Blue Flight Catering Pvt Ltd.	Other related parties	31/Oct/22	1 Month - KIBOR	Running Finance	Mortgage Over Property	52,188	52,188	136,753
Kashan Zafar	Key management personnel	25/May/21	As per HR Policy	Staff personal loan	Other Secured Advances	-	-	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
JSPE Management Ltd	Other related parties	31/Aug/21	3 Months KIBOR	Purchase non-commercial vehicle for the Company	Ownership of the leased vehicle in the name of JS Bank	-	-	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
Sprint Services Rawalpindi Limited	Other related parties	31/Aug/22	Fixed	Term Loan	Secured Against Mortgages	350,000	350,000	-
Spud Energy Pvt Ltd	Other related parties	31/Oct/22	1 Month - KIBOR	Running Finance	First Chare & Ranking Charge Over Moveable Assets/ Ranking Charge Over All Proceeds from Gas Sales / Lien Over Account	421,807	421,807	-
							<b>1,155,349</b>	<b>2,017,297</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021	2020
17. ACCRUED MARK-UP	Note	(Rupees in '000)
Loans and advances		4,858,112
Bank deposits		79,125
Government securities		1,984,178
Term Finance Certificates		51,670
		<u>7,276,072</u>
Less: Allowance for ECL on accrued interest		(2,737)
		<u>7,275,957</u>
18. SHORT-TERM PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES		
Deposits		570,224
Prepayments		529,822
Dividend receivable		1,103
Other receivables		
- Remuneration from related parties	18.1	149,531
- Others		6,830,181
		<u>7,439,098</u>
Less: Provision		(34,942)
		<u>8,535,137</u>

18.1 This includes Rs. 105.16 (2020: Rs. 109.50) 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.

	2021	2020
20. CASH AND BANK BALANCES	Note	(Rupees in '000)
Cash in hand		8,195,588
Cash at bank in:		
Current accounts		
-local currency		19,080,523
-foreign currency		2,067,543
		<u>24,570,380</u>
Deposit accounts		
-local currency		165,173
-foreign currency		2,260,887
	20.1	<u>2,426,060</u>
		<u>35,502,442</u>

20.1 These carry mark-up ranging between 4% to 14.48% (2020: 5.50% to 13.70%) per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 21. ASSETS CLASSIFIED AS HELD FOR SALE

#### 21.1 Disposal Group Held For Sale

During the year, EIHPL (a wholly owned subsidiary of the Holding Company) has decided to dispose off its entire equity interest in its wholly owned subsidiary Quality 1 Petroleum (Private) Limited (Q1P). Subsequent to the approval of directors and the shareholders of EIHPL in their respective meetings, Share Purchase Agreement (SPA) has been signed with the intended buyer on December 31, 2021.

However, EIHPL and the intended buyer are currently in the process of obtaining certain regulatory approvals to meet the conditions precedent as per SPA which are expected to be completed during subsequent year. Therefore, Q1P has been presented as a disposal group Held for Sale under International Financial Reporting Standard 5 (IFRS-5) in these consolidated financial statements.

The disposal group has been stated at fair value less cost to sale. Discounted cashflow approach has been used to determine the fair value of the disposal group. Discounted cashflows consider the present value of the net cash flows expected to be received as per the SPA. The expected net cash flows have been discounted using the incremental borrowing rate. As a result, impairment loss of Rs. 175.41 million, being the difference between the carrying amount of disposal group and fair value less cost to sale, has been recorded in these consolidated financial statements. The impairment loss has been applied to reduce the carrying amount of goodwill attributable to the disposal group.

The major classes of assets and liabilities of the disposal group classified as held for sale are as follows:

<u>Statement of Financial Position</u>	2021 Rupees in '000
<b>Assets</b>	
<b>Non-Current Assets</b>	
Goodwill	865,203
Property and equipment	513,606
Capital work in progress	184,825
	<b>1,563,634</b>
<b>Current Assets</b>	
Trade debts - unsecured	57,229
Deposits, prepayments and other receivables and assets	373,018
Cash and bank balances	126,710
Other assets	24,752
	581,709
Assets classified as held for sale	<b>2,145,343</b>
<b>Liabilities</b>	
<b>Non-Current Liabilities</b>	
Long term loans	636,829
Lease liability	17,131
Deposits and other accounts-NC	17,175
Deferred liability - staff gratuity	7,072
	678,207
<b>Current Liabilities</b>	
Trade and other payables	183,178
Accrued interest / mark-up on borrowings	38,718
Advances taxation - net	27,541
Lease liability	8,229
Current portion of long-term loans	50,000
	307,666
	<b>985,873</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

<u>Statement of Profit or Loss Account</u>	2021 Rupees in 000
Net sales	2,989,208
Cost of product sold	(2,855,639)
Gross profit	133,569
Operating expense	(273,883)
Other operating loss	(140,314)
Other income	4,819
Financial charges	(153,960)
Loss before taxation for the year from discontinued operations	(289,455)
Taxation	(22,419)
Loss after taxation for the year from discontinued operations	<b>(311,874)</b>

## 21.2 In respect of JS Bank:

During the year, the management of the Subsidiary Bank has decided to set-up regional offices by way of acquisition of owned properties in first tier cities. Therefore, considering the best interest of the Bank, the management has directed to retain the property for development of regional office and has reclassified said property for its own use under the International Accounting Standard (IAS)- 16 'Property, plant and equipment', and its carrying value will be recovered through continued use and hence ceased to be classified as "held-for-sale". As of December 31, 2021, the property is being measured at its carrying amount before the asset was classified as held-for-sale.

## 22. SHARE CAPITAL

### 22.1 Authorised capital

2021	2020		2021	2020
-----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
<b>6,500,000,000</b>	<b>6,500,000,000</b>		<b>65,000,000</b>	<b>65,000,000</b>

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

2021	2020		2021	2020
-----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
<b>915,942,388</b>	<b>915,942,388</b>		<b>9,159,424</b>	<b>9,159,424</b>

22.2.1 There is only one class of ordinary shares issued by the Holding Company.

22.2.2 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding in the Holding Company.

## 23. PREFERENCE SHARES

This represents the equity component of 183,188,477 listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares ("Preference Shares") of Rs.10/- each issued by the Holding Company during the year. These Preference Shares were issued to the existing shareholders of the Holding Company by way of rights (i.e. 20% rights issue) at par value of Rs.10/- per share, in proportion to their respective shareholdings in the ratio of 2:10 i.e. 2 Preference Shares for every 10 Ordinary Shares held by the shareholders of the Holding Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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

These Preference Shares shall be redeemable or convertible into Ordinary Shares in the ratio of 80:100 only at the option of the Holding Company on June 30 or December 31 of any calendar year prior to December 31, 2027. All outstanding Preference Shares not redeemed by December 31, 2027 shall be converted into ordinary shares.

24. RESERVES	2021	2020
	----- (Rupees in '000) -----	
<b>Revenue reserves</b>		
Unappropriated profit	11,419,364	9,758,446
<b>Other reserves</b>		
Premium on the issue of ordinary shares	4,497,894	4,497,894
Foreign exchange translation reserve	193,472	114,450
Unrealised gain on revaluation of available for sale / fair value through other comprehensive income investments - net	12,431,226	14,442,174
Statutory reserve	1,532,896	1,337,185
	<u>18,655,488</u>	<u>20,391,703</u>
	<u>30,074,852</u>	<u>30,150,149</u>
<b>24.1</b>	The amounts above, reflect the effect of deferred taxation wherever applicable. Refer note 13.	
<b>25. LONG TERM FINANCING</b>	2021	2020
	Note ----- (Rupees in '000) -----	
Term Finance Certificates	25.1	8,405,051
Term loan	25.2	312,434
		<u>8,717,485</u>
<b>25.1 Term Finance Certificates (TFCs)</b>		
<b>Secured</b>		
Ninth issue - Privately Placed	25.1.1	-
Tenth issue - Privately Placed	25.1.2	673,249
Eleventh issue - listed on Pakistan Stock Exchange Limited	25.1.3	980,982
		<u>1,654,231</u>
<b>Unsecured</b>		
Privately Placed Term Finance Certificates First Issue	25.1.4	-
Privately Placed Term Finance Certificates Second Issue	25.1.5	1,996,800
Privately Placed Term Finance Certificates Third Issue	25.1.6	2,500,000
Privately Placed Term Finance Certificates Fourth Issue	25.1.7	2,500,000
		<u>6,996,800</u>
<b>Islamic Finance</b>		
Diminishing Musharika	25.1.8	630,885
		<u>9,281,916</u>
Less: Current portion shown under current liability		<u>(876,865)</u>
		<u>8,405,051</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

- 25.1.1** During the year, the outstanding principal along with the accrued mark-up against this TFC was fully repaid by the Holding Company.
- 25.1.2** In 2020, in accordance with the relief granted by SECP vide Circular No. 11 of 2020 dated April 09, 2020, and on request of the Holding Company, the TFC holders had approved the deferment of principal repayment by 2/3 majority as per the requirements of Trust Deed & Debt Securities Trustees Regulations (DST Regulations), 2017. Accordingly, 80% of principal instalments falling due on January 18, 2021 and July 18, 2021 had been deferred for a period of one year i.e. January 18, 2022 and July 18, 2022, respectively. The mark-up on these TFCs is payable semi-annually, based on the six months KIBOR average rate plus 140 basis points per annum. The revised tenure of these TFCs is six years i.e. 2017-2023 after approval of deferment including a grace period of twelve (12) months, with a call option exercisable by the Holding 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. 1,125.91 (2020: Rs. 1,211.57) million to secure the outstanding principal with 35% margin. In event of any sale and repurchase of marketable securities, the trustee will have a hypothecation charge on the ensuing receivable and a lien over subsequent cash which is to be maintained in a specified bank account.
- 25.1.3** In 2020, in accordance with the relief granted by SECP vide Circular no 11 of 2020 dated April 09, 2020, and on request of the Holding Company, the TFC holders had approved the deferment of principal repayment by 2/3 majority as per the requirements of Trust Deed & Debt Securities Trustees Regulations (DST Regulations), 2017. According to the approval, 80% of principal installment falling due i.e. March 06, 2021, had been deferred for a period of six months. The mark-up on these TFCs is payable semi-annually, based on the six month KIBOR average rate plus 140 basis points per annum. These TFCs have tenure of five and a half years i.e. 2018-2023 after approval of deferment including a grace period of twenty four (24) months, with a call option exercisable by the Holding 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. 1,632.69 (2020: Rs. 2,011.40) 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. 16 (2020: Rs. 20) million payable to related parties.

- 25.1.4** During the year, the Subsidiary Bank exercised the call option of Term Finance Certificates - First Issue in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on December 28, 2021.
- 25.1.5** 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 towards the Subsidiary Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Subsidiary Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date	December 29, 2017
Tenor:	Up to Seven years from the issue date.
Maturity Date:	December 29, 2024
Rating	A + (Single A Plus)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Subsidiary Bank, including deposits, and will not be redeemable before maturity without prior approval of SBP.
Call Option:	Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
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.

**25.1.6** In 2018, the Subsidiary Bank has issued Rs. 2.5 billion of rated, privately placed and listed, unsecured, subordinated, perpetual and non-cumulative additional Tier I capital term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Subsidiary Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Subsidiary Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date	December 31, 2018
Maturity Date:	Perpetual
Rating	A (Single A)
Profit Rate:	Floating rate of return at Base rate + 2.25 percent per annum; 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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:

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

25.1.7 During the year, the Subsidiary Bank has issued Rs. 2.5 billion of rated, privately placed and unlisted (listing is in process), unsecured and subordinated term finance certificates (“TFCs” or “the Issue”) as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Subsidiary Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Subsidiary Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date	December 28, 2021
Tenure:	Up to Seven years from the issue date.
Maturity Date:	December 28, 2028
Rating	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 2 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:	Not applicable
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated all other indebtedness of the Subsidiary Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital
Call Option:	Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Subsidiary Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the ‘Outstanding Face Value of the TFCs’ divided by market value per share of the Subsidiary Bank’s common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 400,647,739 shares.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

**25.1.8** During the year, a sub-subsidiary company obtained diminishing musharakah term finance facility from scheduled banks, aggregating to Rs. 630.885 million (2020: nil). This facility is secured against charge over the property of the sub-subsidiary company. The mark-up on these facilities is payable quarterly, based on the three months KIBOR plus 150 basis points per annum. These facilities have a tenure of three years maturing on November 21, 2024. The principal is payable in twelve (12) semi-annual instalments commencing from January 31, 2022.

25.2 Term loan	Note	2021 ------(Rupees in '000) -----	2020 -----
<b>Secured</b>			
Term loan 2	25.2.1	-	248,745
Term loan 3	25.2.2	<b>312,434</b>	374,497
		<b>312,434</b>	623,242
Less: Current portion shown under current liability	33	<b>(167)</b>	(123,941)
		<b>312,267</b>	499,301

**25.2.1** During the year, the outstanding principal along with the accrued mark-up against this loan was fully repaid by the Holding Company before due date.

**25.2.2** This represents Term Loan obtained from Allied Bank Limited. In 2020, on request of the Holding 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 had granted deferment in repayment of principal of term loan. Said deferment is for one year. Therefore, the overall maturity of term loan had been extended, accordingly, in line with the deferred period. 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 eight (8) semi-annual instalments starting from 18th month of the drawdown date. This loan is secured by pledge of marketable securities having market value of Rs. 625.73 (2020: 706.13) million with margin ranging from 7.5% to 50%.

## 26. LIABILITY COMPONENT OF PREFERENCE SHARES

This represents the liability component of 183,188,477 listed, convertible, redeemable, non-voting, non-participatory, cumulative Class "A" Preference Shares of Rs. 10/- each (Preference Shares) issued by the Holding Company during the year.

The net proceeds received from the issue of Preference Shares have been split between the financial liability component and an equity component (please refer note 23) as follows:

	2021 (Rupees in '000)
Proceeds from issue of Preference Shares	1,831,885
Transaction cost	(17,331)
<b>Net proceeds from issue of Preference Shares</b>	<b>1,814,554</b>
Equity component	1,338,780
Transaction costs relating to equity component	(12,666)
<b>Amount classified as equity</b>	<b>1,326,114</b>
Liability component at date of issue (net of transaction costs)	488,440
Interest charged (using effective interest rate)	27,745
<b>Carrying amount of liability component</b>	<b>516,185</b>
Less: Current maturity	(51,795)
<b>Long term portion of liability component</b>	<b>464,390</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

27. LEASE LIABILITY	Note	2021 ------(Rupees in '000) -----	2020
<b>As at January 01</b>	27.1	3,079,421	4,422,887
Impact of IFRS 16		215	-
Addition		1,415,852	74,949
Interest expense		440,833	471,124
Deletion		(87,226)	(658,080)
Exchange gain		25,441	-
Payments		(1,290,258)	(1,231,459)
Transferred to liabilities classified as held for sale	21.1	(25,360)	-
<b>As at December 31</b>		<b>3,558,918</b>	<b>3,079,421</b>
Current maturity shown under current liabilities	33	(1,108,137)	(733,073)
		<b>2,450,781</b>	<b>2,346,348</b>

**27.1** The lease liability includes the lease entered into with a Modaraba for 13 different vehicles (2020: 22 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% (2020: KIBOR 3M to 6M plus 1% to 1.5% with floor of 7% to 7.5% and ceiling of 20%) per annum. JS Investments Limited shall subject to compliance with the conditions specified in the lease agreements, purchase the assets from the lessor. There are no financial restriction in the lease agreements.

28. LONG-TERM DEPOSITS AND OTHER ACCOUNTS	Note	2021 ------(Rupees in '000) -----	2020
<b>Customers</b>			
Fixed deposits	28.1	211,363,044	201,925,107
Savings deposits	28.1	96,731,941	100,176,151
Current accounts - Non-remunerative		111,144,020	100,382,695
Margin accounts	28.1	8,850,515	5,920,758
		<b>428,089,520</b>	<b>408,404,711</b>
<b>Financial Institutions</b>			
Fixed deposits	28.1	15,508,159	8,266,773
Savings deposits	28.1	12,831,324	12,831,324
Current accounts - Non-remunerative		1,540,640	1,717,383
		<b>29,880,123</b>	<b>22,815,480</b>
Current maturity	28.2	457,969,643	431,220,191
		(445,764,423)	(425,708,513)
		<b>12,205,220</b>	<b>5,511,678</b>

**28.1** These carry mark-up ranging from 0.04% to 14.48% (2020: 0.15% to 13.50%) per annum.

**28.2** Included herein is a sum of Rs. 14,116.30 (2020: Rs. 11,529.51) million deposited in the subsidiary Bank by various related parties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

29. LONG TERM BORROWINGS	Note	2021 ------(Rupees in '000) -----	2020
<b>Securities sold under repurchase agreements secured against</b>			
<b>Government securities:</b>			
from State Bank of Pakistan	29.1	13,500,000	-
from financial institutions	29.2	22,160,140	9,667,181
<b>Borrowings from State Bank of Pakistan under:</b>			
Export Refinancing Scheme (ERF)	29.3	20,775,516	21,496,075
Long-Term Finance Facility (LTFF)	29.4	2,558,982	1,985,038
<b>Other borrowings</b>			
Financing Facility for Storage of Agricultural Produce (FFSAP)	29.5	246,691	193,029
Financing Facility for Renewable Energy Projects	29.5	1,322,204	433,085
Refinance and credit guarantee scheme for women entrepreneurs	29.5	448,799	32,900
Refinance for Wages & Salaries	29.5	5,428,540	11,543,118
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	29.5	5,439	96,192
Refinance facility for combating COVID-19	29.5	72,171	229,984
Temporary economic refinance facility (TERF)	29.5	724,109	51,871
Small and Medium Enterprises' Financing	29.5	9,029	-
Refinance facility for working capital of SMEs	29.5	-	33,901
		<b>8,256,982</b>	<b>12,614,080</b>
<b>Borrowing from banks / NBFCs:</b>			
Secured		-	228,000
Unsecured		306,663	143,570
Borrowings from financial institutions - Refinancing facility for mortgage loans	29.6	2,916,027	2,397,468
		<b>70,474,310</b>	<b>48,531,412</b>
Less: Current maturity		<b>(41,326,066)</b>	<b>(31,202,004)</b>
		<b>29,148,244</b>	<b>17,329,408</b>

**29.1** This represents borrowing against Pakistan Investment Bonds carrying mark-up at the rates ranging upto from 9.9% to 10.05% per annum and will be matured on February 18, 2022. The cost and market value of securities given as collateral of amounting to Rs. 13,468 million and Rs. 13,466.250 million respectively.

**29.2** This represents borrowing against Market Treasury Bills, Pakistan Investment Bonds and Foreign Currency Bonds (2020: Market Treasury Bills) carrying mark-up at the rates ranging from 1.25% to 10.70% (2020: 6.70% to 13.19%) per annum and will be matured between January 04, 2022 and September 20, 2022 (2020: January 11, 2021 and January 12, 2021). The cost and market value of securities given as collateral of amounting to Rs. 22,359.78 million (2020: Rs. 9,766.52 million) and Rs. 22,274.84 (2019: Rs. 9,767.49) respectively.

**29.3** The Subsidiary Bank has entered into agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Subsidiary Bank has granted SBP the right to recover the outstanding amount from the Subsidiary Bank at the date of maturity of finances by directly debiting the current account maintained by the Subsidiary Bank with SBP. These borrowings are repayable on a quarterly basis and to be matured between January 04, 2022 and June 29, 2022 (2020: July 28, 2020 and February 08, 2021). These carry mark-up at the rate from 1% to 2% (2020: 1% to 3%) per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

**29.4** These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings will mature between February 20, 2022 and March 08, 2031 (2020: November 30, 2020 and November 18, 2030). These carry mark-up at rates ranging from 2.00% to 3.50% (2020: 2.00% to 3.50%) per annum.

**29.5** 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%-2.5%	Jan 01, 2022	Feb 22, 2028
Refinance and credit guarantee scheme for women entrepreneurs	2%-3%	Jun 01, 2022	Jul 26, 2031
Refinance for Wages & Salaries	0%-0%	Jan 29, 2022	Nov 30, 2026
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	0%-2%	Oct 01, 2022	Apr 01, 2023
Refinance facility for combating COVID-19	0%-0%	Jun 03, 2024	Jun 22, 2026
Temporary economic refinance facility (TERF)	0%-0%	Apr 01, 2025	Jul 16, 2026
Small and Medium Enterprises' Financing	1%-1%	Nov 30, 2023	Nov 01, 2031
Refinance facility for working capital of SMEs	2%-2%	Dec 18, 2025	Sep 08, 2026

**29.6** The Subsidiary Bank has entered into agreement with the Pakistan Mortgage Refinance Company Limited (PMRC) for extending housing finance facilities to the Bank's customers on the agreed terms and conditions. The borrowing carries mark-up rate of 3 years PKRV less 100bps and will be matured on February 28, 2022 and June 30, 2031 (2020: February 28, 2022 and December 09, 2025).

	2021	2020
	----- (Rupees in '000) -----	
<b>30. TRADE AND OTHER PAYABLES</b>		
Creditor for sale of shares on behalf of clients - net	2,147,453	2,353,304
Accrued expenses	650,947	1,030,362
Bills payable	7,038,886	4,981,983
	<b>9,837,286</b>	8,365,649
<b>Other liabilities</b>		
Security deposits	2,953,936	3,534,243
Provision for Workers' Welfare Fund - Sindh	382,707	306,840
Others	6,243,318	8,074,773
	<b>9,579,961</b>	11,915,856
	<b>19,417,247</b>	20,281,505

### 31. SHORT TERM BORROWING

It includes short term, unsecured, unlisted and rated Commercial Paper issued by a sub-subsidiary Company in the form of promissory notes with a face value of Rs. 1,000 million (inclusive of greenshoe option of Rs. 500 million) with a tenor of six months and carrying profit rate of six months KIBOR plus 175 bps. Commercial paper will be redeemed at face value and will be matured on May 30, 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

		2021	2020
		----- (Rupees in '000) -----	
<b>32. ACCRUED INTEREST / MARK-UP ON BORROWINGS</b>			
Long term financing		520,031	237,677
Deposits		2,781,106	2,899,300
		<u>3,301,137</u>	<u>3,136,977</u>
<b>33. CURRENT DEPOSITS AND CURRENT PORTION OF LONG TERM LIABILITIES</b>	<b>Note</b>	2021	2020
		----- (Rupees in '000) -----	
Term finance certificates	25.1	876,865	446,234
Term loan	25.2	(167)	123,941
Deposits and other accounts	28	445,764,423	425,708,513
Current portion of liability component of Preference Shares	26	51,795	-
Current maturity of lease liability	27	1,108,137	733,074
		<u>447,801,053</u>	<u>427,011,762</u>

## 34. CONTINGENCIES AND COMMITMENTS

### 34.1 Contingencies

#### - In respect of Holding Company

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

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

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

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

- b) The Additional Commissioner 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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. However, instead of carrying out fresh proceedings, the ACIR resorted to pass a back dated and repeated order through which the demand for Rs. 63.49 million was originally created.

Against the back dated order, appeal was preferred before the CIR-Appeals which was decided through order no. 58/2021 dated December 27, 2021 whereby the CIR-Appeals annulled the treatment of the ACIR with the direction to the ACIR to re-examine, re-consider, re-verify and re-adjudicate the facts of the case. After the said order, the return version of the Company for the tax year 2010 is restored.

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

- d) The Additional Commissioner Inland Revenue - Audit Range I, Zone III, Corporate RTO Karachi (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 CIR-Appeals, in his order no. 24/A-I dated July 19, 2021 annulled the treatments of the ACIR regarding the treatment accorded to the apportionment of expenditure and the charging of WWF. The CIR-Appeals also directed the ACIR to determine the brought forward losses after taking into account the relevant provisions of the Ordinance and to give tax credit not allowed earlier. After the said order, the return version of the Company for the tax year 2014 is restored.

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

- e) ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for 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.

On November 27, 2020, the ACIR Audit-I, Range-A, LTO, Karachi again passed the amended order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised the demand of Rs. 97.93 million. The 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The CIR-Appeals, in his order no. 25/A-I dated July 19, 2021 and order no 40/A-I dated July 27, 2021 against the orders under section 122(5A) challenging the demand of Rs. 12.74 million and Rs. 97.93 million, annulled the treatments of the ACIR. However, with respect to charging of super tax under section 4B of the Income Tax Ordinance, 2001, the CIR-Appeals remanded the case back to the ACIR for working out the income correctly in accordance with the provisions of the Ordinance.

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

- f) The 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.

During the year, the DCIR passed an order under section 4B of the Ordinance and raised the demand of Super Tax amounting to Rs. 119.24 million. Against the said order, an appeal has been filed before the CIR-Appeals with respect to recomputation of the income for super tax purpose strictly in accordance with the provisions of the Ordinance, 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. However, provision for liability, in respect of super tax based on management computation amounting to Rs 89.46 million, had already been made in the financial statements of its respective tax year.

- 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. Hence no provision for liability in this respect has been made in these financial statements.

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

During the year, the CIR-Appeals, in his order bearing no. 34/A-I dated June 17, 2021 rejected the contention of the Company for the charging of Super Tax under section 4B of the Ordinance by placing reliance on the judgment of the Honourable Sindh High Court passed on July 21, 2020, thereby confirming the demand of Super Tax for the tax year 2018. The CIR-Appeals also directed the ADCIR to consider the rectification application and re-compute the income for super tax purpose strictly in accordance with the provisions of the Ordinance.

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

- i) The Additional Commissioner Inland Revenue, Audit Range-A, Audit-I, Large Taxpayers Office, Karachi (ADCIR) passed the amended assessment order under section 122(5A) of the Ordinance in respect of tax year 2018 on March 26, 2021 and raised a demand of Rs. 132.372 million. Against the said order, the Company duly submitted its response before the ADCIR and has also filed rectification application to correct the mistakes apparent with respect to the apportionment of financial charges and operating and administrative expenses and mistake in working for determination of super tax liability in the amended assessment. Further, an appeal 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. Hence no provision for liability in this respect has been made in these financial statements.

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

During the year, the CIR-Appeals, in his order bearing no. 35/A-I dated June 17, 2021 rejected the contention of the Company for charging of super tax under section 4B of the Ordinance by placing reliance on the judgment of the Honourable Sindh High Court passed on July 21, 2020, thereby confirming the demand of super tax for the tax year 2019. The CIR-Appeals also directed the DCIR to consider the rectification application and re-compute the income for super tax purpose strictly in accordance with the provisions of the Ordinance.

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

### - In respect of JSIL

- a) In respect of the appeals filed by the Company before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs. 162 million and Rs. 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of the above said order of CIR (Appeals) for tax years 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses. The ATIR vide order dated April 20, 2017 deleted the additions on proration of expenses for tax year 2006 however, confirmed the CIR(A)'s order whereby CIR(A) remanded back / set-aside the issue of apportionment of expenses.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 deleted the additions of tax amortization of management rights and remanded back the issues of disallowed provisions and advertisement expenses for the tax year 2009.

The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax years 2006 and 2009 whereby demands for these tax years were reduced to Rs. 77.33 million and Rs. 59.93 million respectively. As the allocation of expenditure in the said appeal effect orders was not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

In respect of second round of appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax years 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For the tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities.

The CIR (Appeals) also rectified the order passed by his predecessor for the tax year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs.29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend. The ATIR vide order dated December 07, 2016 set-aside with the direction that the ACIR should examine the issue in the light of FBR Circular letter dated September 10, 2002.

In respect of tax year 2006, management contends, based on views of its tax advisor, that amendment of assessment for such tax year by tax authorities is time barred. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue. The ATIR is of the view that the amendment of assessment is not time bared however, the ATIR deleted the addition of tax amortization of management right vide order dated February 10, 2017.

- b) Order under section 122(1)/(5) dated December 30, 2017 for the tax year 2015 passed by the DCIR created demand of Rs.40 million against which the Company has filed an appeal before the CIR(A). The DCIR considered our request for rectification and passed order under section 221 dated February 27, 2017 as a result of the above order the demand reduced to Rs.36.904 million. The CIR(A) vide order dated May 6, 2019 partly considered our submissions put before him. The DCIR passed appeal effect order dated February 17, 2020 determined refund of Rs 30.66 million. The company submitted appeal before the CIR (Appeal) against the appeal effect order. The Company also submitted appeal before the ATIR against the order of the CIR(A).

The DCIR passed order under section 122(1)/(5) of the Income Tax Ordinance, 2001 dated June 23, 2014 and reduced the refund claim of Rs.8.499 million to Rs.3.102 million for the tax year 2012. The learned CIR (Appeal) vide order dated May 06, 2019 confirmed the ACIR's order and held that the appeal was not entertainable being barred by time limitation for the tax year 2012. The Company submitted appeal before the ATIR against the order of the CIR(A).

## - In respect of JSGCL

- a) Except for tax year 2009, 2014, 2015, 2016, 2017 and 2018 income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 (the Ordinance) unless selected by taxation authorities for audit purposes.
- b) For tax year 2009, an ITRA no. 07/2013 was filed by the Commissioner Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue (ATIR) in ITA no. 923/KB/2011 dated August 28, 2012 which was related to the apportionment of expenses, allowability of expenses and claiming of tax deducted at source aggregating to Rs. 61.16 million. However, the same is pending for decision before the Sindh High Court (SHC).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- c) For tax year 2015, an order dated November 23, 2016 was passed under section 4B of the Ordinance by the Deputy Commissioner Inland Revenue (DCIR). Through said order, an income of Rs.810.584 million was computed under section 4B of the Ordinance and resultant demand of super tax of Rs. 24.318 million was raised. An appeal was filed against the above order before CIR-A on December 01, 2016 identifying various errors / details not considered. The CIR-A, has confirmed DCIR's order vide his order dated May 30, 2017. In pursuance of the order of CIR-A, the Company has filed appeal before ATIR along with application for stay against recovery of demand. The appeal before ATIR has been heard and order is reserved whilst ATIR vide order dated July 18, 2017 has granted stay for 60 days and subsequently the said stay was further extended vide various orders by ATIR. Subsequently, recovery of aforesaid tax demand was previously stayed by the Honorable Sindh High Court (SHC) through C.P No 4915 of 2018 vide order dated June 28, 2018 with direction to the Department not to enforce recovery of tax demand till the decision of ATIR. However, based on its order dated July 21, 2020, the SHC has dismissed the aforementioned C.P and has declared the super tax for TY 2015 to be constitutionally vires. The Company has however filed an Income Tax Reference Application (ITRA) No. 52 of 2020 before SHC which is pending adjudication.
- d) For tax year 2016 and 2017, notices dated December 27, 2016 and January 3, 2018 were issued under section 4B of the Ordinance by the DCIR. In the said notices the DCIR has contended that the Company is liable to pay Super Tax amounting to Rs. 24.483 million and Rs. 19.490 million on 'income' of Rs. 816.122 million and Rs. 649.676 million for Tax Years 2016 and 2017 respectively. The Company has challenged both notices through writ petition before SHC on constitutional grounds wherein the SHC has, vide its orders dated January 16, 2017 and January 11, 2018 for Tax Years 2016 and 2017 respectively, has stated that no coercive action shall be taken against the Company. The DCIR passed the orders under section 4B vide order dated April 23, 2018 and May 4, 2018 for tax years 2016 and 2017 respectively to levy Super tax of above mentioned amounts under the view that SHC has not restrained the department from passing the orders. In pursuance of the said orders, Company filed appeals which were rejected by CIR-A vide its order dated October 12, 2018 for both years. As a result, the Company has filed appeals before Appellant Tribunal Inland Revenue (ATIR) against the orders of CIR-A. Meanwhile, the Company paid 50% of tax demand of both tax years to maintain the above suits in light of judgment of Hon'able Supreme Court of Pakistan (Civil Appeals No. 1171/2017 and other connected appeals) wherein, the pending suits are declared to be entertained on the condition that a minimum of 50% of tax demand is deposited with tax authorities during the pendency of appeal. During the year the appeal has been heard before ATIR and is reserved for order. The Company has however filed an Income Tax Reference Application (ITRA) No. 53 and 54 of 2020 before SHC which is pending adjudication.
- e) For tax year 2018, a notice under section 4B of the Ordinance by the DCIR dated December 7, 2018 was issued, contending that the Company is liable to pay Super Tax amounting to Rs. 45.211 million on 'income' of Rs. 1,507.039 million. The Company had challenged the notice on constitutional grounds before SHC through C.P. No. 8670 of 2018. The SHC, vide its order dated December 14, 2018, had stated that no coercive action shall be taken against the Company. However the SHC based on its order issued in September 2020 has dismissed the aforementioned C.P. The Company is hence awaiting the conclusion of ATIR on the above matter before it files a reference application for TY 2018. To date, no order has been passed by the Department, consequently, no outstanding tax demand exists to date.
- f) For tax year 2016, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Additional Commissioner Inland Revenue (ACIR). Through the said order, the ACIR raised demand amounting to Rs. 241.217 million. Upon appeal filed, CIR-A confirmed the ACIR's order vide its order dated December 12, 2017. In pursuance of the order of CIR-A, the Company had filed an appeal before ATIR. During last year ATIR vide its order dated March 29, 2019 had annulled CIRA's action on confirming disallowances made in the order passed by ACIR dated November 02, 2017, with directions to CIRA to pass speaking and reasoned order after providing due opportunity of being heard. As a result, the likely assessment position after appeal effect of ATIR's order under section 124 of the Ordinance is that only tax demand on account of undistributed reserves is outstanding, which has also been stayed by SHC vide interim order in CP No. 0-2343 of 2019 dated April 09, 2019. Furthermore during last year, a rectification application was filed for erroneously considered share premium reserves while computing excess reserves under section 5A of the Ordinance by the ACIR, in its order dated November 2, 2017. As a result of which tax demand under section 5A would be reduced to Rs. 7.523 million. The Honourable Sindh High Court vide an interim order dated May 21, 2021 granted relief against the said notice.



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- g) For tax year 2017, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Tax Officer. Through the said order, the Tax Officer raised a demand amounting to Rs. 17.649 million. The Company has filed an appeal before CIR-A which has been heard, however, no order has been passed till date. The total tax demand was partially stayed by the order of SHC vide CP No. 5431 of 2017 dated August 16, 2017, while the remaining liability was adjusted from the available refunds as declared in the return for tax year 2017.

Furthermore, the case of the Company has been selected for income tax audit under section 214C of the Ordinance and a notice dated April 12, 2019 under section 177 of the Ordinance has been issued requiring submission of details and documents. Partial details have been submitted and extension is requested for submission of remaining details.

- h) For tax year 2017, a show-cause notice under section 161/205 of the Ordinance has been issued by tax authority. Through the said order, the Company was alleged for non-deduction of tax under section 150 of the Ordinance on payment made to shareholders in respect of buy back of shares. The said notice has been challenged before Sindh High Court (SHC) through legal counsel of the Company and SHC has prohibited tax department from passing any order without its permission. On the directions of court, detailed reply to show-cause notice has also been submitted vide our letter dated January 26, 2018. Tax authorities have issued a subsequent notice dated March 6, 2018, requesting to provide certain factual details which have also been submitted vide our letter dated March 16, 2018 and the matter is now pending adjudication before the SHC.

- i) During 2013, the Company received a show cause notice from the Sindh Revenue Board (SRB) under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed reducing the demand to Rs. 9.86 million along with default surcharge. The Company filed an appeal before the CIR-A and after being decided against the Company, it subsequently filed an appeal before Appellate Tribunal SRB. During the year 2014, the Company paid an amount of Rs. 7.15 million in respect of the abovementioned liability before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption from application of penalty and 75% of default surcharge. Appellate Tribunal SRB vide order dated November 29, 2017 decided the issue of Sindh Sales Tax (SST) in favor of the Company. However, the issue of SST on advisory and consultancy services and commission earned on purchase/sale of mutual funds have been remanded back whilst the issue relating to SST on commission on foreign exchange dealing, services rendered outside Sindh and levy of default surcharge and penalty have been decided against the Company. The Company has filed a reference application before SHC in respect of the issues decided against the Company and remanded back.

During 2014, the Company also received another show cause notice from SRB under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed raising a tax demand amounting to Rs. 10.77 million. The Company has filed an appeal against the order with CIR-A which is pending. Further, in respect of the same, rectification application has also been filed with the department. The Company and other stock brokers have also filed petition with the SHC and has been granted interim stay against recovery of demand. However, the Company has paid an amount of Rs. 9.24 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

Furthermore, for fiscal year 2014 and 2015, SRB alleged short payment of SST vide Notice dated February 02, 2017. The Company has submitted all the required details in response to the notice and no order in this respect has been passed.

- j) SRB has also issued an order in another proceeding for tax periods January 2014 to December 2016, which were confronted, vide notice dated August 15, 2017, levying sales tax on certain services and disallowance of input tax of Rs. 35,877,012. In pursuance of the said order the Company filed an appeal before Commissioner (Appeals), SRB which has been partly heard. However the recovery of the of aforesaid tax demand has been stayed by the Hon'able SHC in Suit no 767 of 2018 vide order dated April 13, 2018.

- k) Tax department issued a show cause notice dated June 08, 2015 confronting (alleged) non payment of Federal Excise Duty (FED) on Company's services under Federal Excise Act, 2005 and subsequently issued an order raising a demand amounting to Rs.78.003 million for tax year 2010 to tax year 2013. The Company filed a

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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rectification appeal, in addition, to filing an appeal to the SHC, through Stockbroker Association (of which the Company is also the member) against aforementioned order on the grounds that after 18th amendment to the Constitution, the services that were previously subjected to FED under the federal laws are now subject to the provincial sales tax and the Company has accordingly discharged its tax obligation. The SHC initially, stayed Federal Board of Revenue from demanding sales tax on services from stockbrokers and subsequently, disposed 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 had filed an appeal before Appellate Tribunal SRB along with application for stay of demand which was granted initially for 30 days and was subsequently extended vide various orders. Appellate Tribunal SRB has decided the matter vide order dated December 20, 2017, received by the Company on April 09, 2018, whereby ATIR decided that FED is applicable only on the commission earned from trading of shares and no other type of commission comes under the ambit of FED. With this opinion, ATIR has remanded back the issue related to pre amendment era. For post amendment era, ATIR has relied upon the decision of SHC (stated above) and declared the charge of FED after July 01, 2011 null and void.

- 1) Tax department issued a show cause notice dated June 08, 2015 confronting (alleged) non payment of Federal Excise Duty (FED) on Company's services under Federal Excise Act, 2005 and subsequently issued an order raising a demand amounting to Rs. 78.003 million for tax year 2010 to tax year 2013. The Company filed a rectification appeal, in addition, to filing an appeal to the SHC, through Stockbroker Association (of which the Company is also the member) against aforementioned order on the grounds that after 18th amendment to the Constitution, the services that were previously subjected to FED under the federal laws are now subject to the provincial sales tax and the Company has accordingly discharged its tax obligation. The SHC initially, stayed Federal Board of Revenue from demanding sales tax on services from stockbrokers and subsequently, disposed 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 had filed an appeal before Appellate Tribunal SRB along with application for stay of demand which was granted initially for 30 days and was subsequently extended vide various orders. Appellate Tribunal SRB has decided the matter vide order dated December 20, 2017, received by the Company on April 09, 2018, whereby ATIR decided that FED is applicable only on the commission earned from trading of shares and no other type of commission comes under the ambit of FED. With this opinion, ATIR has remanded back the issue related to pre amendment era. For post amendment era, ATIR has relied upon the decision of SHC (stated above) and declared the charge of FED after July 01, 2011 null and void.

### - In respect of JSBL

#### - Income Tax

The income tax returns filed under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2021. 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 2018 and tax year 2020. 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 2018 and 2020, 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.

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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. 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 maintained provision on the entire results of the Bank.

In respect of minimum tax, the Commissioner Inland Revenue-Appeals (the CIR(A)) has not accepted the Bank's contentions of gross loss position and also decided that non-mark-up income is the fall under the definition of turnover including capital gains and dividend income. As result the demand of Rs. 38.907 million has been payable. The Bank has contested the matter in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008-2018 and 2020, the Bank has not accepted the amendments of Rs. 6.77 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 is held in bank's favor through order dated January 31, 2022.

With regard to appeals filed for tax year 2009 to 2017, the CIR(A) 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 contested the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which mostly held in favor of Bank including goodwill through order dated January 31, 2022.

The tax department 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 CIR(A) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

The Sindh High Court has dismissed the Bank's petitions for tax years 2016 through 2019 wherein the Bank along with other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Bank has 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. 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 2014-2020. Orders in respect of tax years 2014, 2015, 2016 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 have been passed and demands have been reduced. Appeal for tax year 2017 has been heard and reserved for order. In respect of tax year 2018 to 2020, 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.193.44 million (besides Rs. 7.2 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) for the tax periods July 2011 to December 2013, 2015 to 2017 and 2019 to 2020. Bank has filed appeals before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the order of AC-SRB.

### - Azad Jammu & Kashmir Operations

The Bank has commenced operations in Azad Jammu & Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2021 with the tax authorities of such region. The amendment proceedings and appeals are at various levels before AJK Tax authorities for the tax year 2011 to 2017, 2019 and 2020.

The management of the Bank is confident that the appeals filed in respect of the above matter will be decided in the Bank's favor and accordingly no demand for payment would arise.

### - In respect of BIPL (Associate)

### - Legal Contingencies

These are court cases, which represent counter claims filed by the borrowers, for restricting the associate for disposal of the financed assets, (such as mortgaged / leased / pledged assets, kept as security), as well as, the cases where the Bank is pleaded as proforma defendant for defending its interest.

Consequent to the amalgamation of defunct KASB Bank Limited with and into the associate as at May 07, 2015 certain cases have been filed by individuals pertaining to amalgamation, at Honorable Sindh High Court, Honorable Lahore High Court and Islamabad High Court, in which the associate has been made a party. The double bench of Honorable Sindh High Court has disposed-off the prayers in three Constitutional Petitions, without any negative inference to the Bank, and issued certain directions to SBP which were then complied with. Subsequently, an appeal was filed against the decision of the Honorable Sindh High Court which has also been dismissed by the Honorable Supreme Court. Thereafter, Civil Review Petitions were filed in Honorable Supreme Court against dismissal order of the appeal, which have also been dismissed by the Honorable Supreme Court of Pakistan. The cases at Honorable Lahore High Court are also disposed off in the light of Honorable Supreme Court and Honorable Sindh High Court order. The cases at Honorable Islamabad High Court are pending. The management based on the opinion of its legal counsel is confident that these cases will also be dismissed by the Honorable Court.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

There are two cases filed against the associate by KASB Corporation Limited One case is filed at Honorable Sindh High Court and the other is filed at Honorable Islamabad High Court. KASB Corporation Limited claims of having placed Rs. 981.410 million with Ex-KASB Bank, as Advance against Issue of Right Shares. The amount was reported by the Ex-KASB Bank as part of the shareholders equity in the unconsolidated financial statements with the permission of SBP. Subsequent to the merger, KASB Corporation Limited and Mr. Nasir Ali Shah Bokhari filed a suit against the associate in the Honorable High Court of Sindh; and also filed Miscellaneous Applications, praying thereby to restrain the associate from using or transferring the amount of advance; and for directing the associate to deposit the aforementioned amount with the Nazir of the Court; and to invest the same in interest / mark-up bearing certificates. On April 18, 2018, these Miscellaneous Applications were dismissed by the Honorable High Court of Sindh, however, the main Suit is still pending adjudication. In addition, KASB Corporation Limited has filed a Writ Petition at Honorable Islamabad High Court, which is yet pending for hearing. The management based on the opinion of its legal counsel is confident that the main suit will be dismissed by the Honorable Courts.

## - Tax Contingencies

The income tax returns of the associate have been filed up to tax year 2021 whereas the tax assessments have been made by the tax authorities up to tax year 2017. The returns filed for the tax year 2014 to tax year 2021 are treated to be deemed assessed under section 120 of the Income Tax Ordinance, 2001.

During the year 2014 (relating to defunct KASB Bank Limited), appellate order passed by the Commissioner Inland Revenue Authority (CIRA) [in respect of Income tax assessments of International Housing Finance Limited, amalgamated into the defunct KASB Bank Limited during the year ended 31 December 2007] for tax year 2005 maintained the order of the Taxation Officer to the extent of disallowances relating to income from carry over transactions and gain on sale of property having an aggregate tax impact of Rs. 12.997 million. The defunct KASB Bank Limited has preferred appeals before the Appellate Tribunal Inland Revenue (ATIR) for tax year 2005 which are pending finalization.

For tax years 2003 (relating to defunct KASB Bank Limited), the CIRA has passed appellate orders on account of certain disallowances in respect of income from carry over transactions, provision against non performing advances, bad debts and certain other items having an aggregate tax impact of Rs. 33.748 million. The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred orders of the CIRA. No development has taken place during the current year.

In respect of tax year 2015, the ACIR under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the associate by adding / disallowing certain expenses / deductions resulting in reduction of losses claimed by the associate by Rs. 32.893 million and levied super tax. As a result, a tax demand of Rs. 124.134 million was created. The associate had filed an appeal before the ATIR against the above order which is pending adjudication.

For the tax years 2017 and 2018, the Azad Jammu Kashmir (AJK) tax authorities issued notices under section 122(5A) of the Income Tax Ordinance, 2001 and amended the return submitted by the Bank by adding / disallowing various expenses and worked out an additional tax liability of Rs. 46.165 million and Rs. 55.152 million for the tax years 2017 and 2018 respectively. The associate had filed an appeal against the said decision before CIRA. During the year the CIRA passed an order in favour of the associate. However, the tax authorities have filed an appeal before the ATIR which is pending adjudication.

The management, based on the opinion of its tax advisors, is confident about the favorable outcome of the above matters and consequently no additional provision has been made in these unconsolidated financial statements.

In respect of tax years 2006 and 2008 (relating to defunct KASB Bank Limited), the tax department passed order under section 161/205 of the Income Tax Ordinance, 2001, raising demand of Rs. 121.71 million and Rs. 308.01 million, respectively. CIRA had decided the appeal in favor of the tax department. The associate has preferred an Appeals against the decision of CIRA before the ATIR which are pending adjudication.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

In respect of tax periods from July 2011 to June 2015 (related to defunct KASB Bank Limited), Sindh Revenue Board (SRB) passed orders and raised a demand of Rs. 42.595 million in relation to levy of Sindh sales tax on certain services. The associate has filed an appeal before Commissioner Appeals, SRB which is pending adjudication.

### 34.1.1 Transaction-related Contingent Liabilities

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions:

	2021	2020
	----- (Rupees in '000) -----	
i) Financial guarantees	816,746	1,024,422
ii) Performance guarantees	25,611,507	36,678,881
iii) Other guarantees	23,407,671	21,076,291
	<u>49,835,924</u>	<u>58,779,594</u>

34.1.1.1 Included herein are outstanding guarantees of Rs. 21.419 million (2020: Rs. 29.054 million) of related parties.

	2021	2020
	----- (Rupees in '000) -----	
<b>34.2 Commitments</b>	Note	
<b>Documentary credits and short-term trade-related transactions</b>		
- letters of credit	34.2.1	21,111,360
	<u>21,917,220</u>	
<b>Commitments in respect of:</b>		
Forward exchange contracts:		
- Purchase	34.2.2	23,137,733
- Sale	34.2.2	15,040,529
Undrawn formal standby facilities, credit lines and other commitments to lend	34.2.3	384,230
	<u>639,565</u>	
<b>Other Commitments</b>		
Forward commitments in respect of sale of securities	<u>1,395,783</u>	201,052
Commitments in respect of capital expenditure	<u>455,962</u>	257,875
Bank Guarantee from a commercial bank in favor of NCCPL	<u>400,000</u>	400,000
Interest rate swaps	<u>740,078</u>	2,353,648
Options	<u>2,700,042</u>	3,007,906
Outstanding settlements against margin financing contracts - net	<u>12,729</u>	58,805

34.2.1 Included herein are the outstanding letter of credits of Rs. 201.246 million (2020: Rs. 86.543 million) of related parties.

34.2.2 The Subsidiary Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.

34.2.3 This represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the Subsidiary Bank without the risk of incurring significant penalty or expense.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
<b>35. RETURN ON INVESTMENTS</b>		
<b>Mark-up / interest income from:</b>		
<b>At fair value through profit or loss / held for trading</b>		
Government securities	17,643,224	5,332,609
Term Finance Certificates	12,107	14,804
	<u>17,655,331</u>	<u>5,347,413</u>
<b>Available for sale</b>		
Term Finance / Sukuk Certificates	-	331,283
Government securities	-	7,555,464
	-	7,886,747
<b>Held to maturity / At amortised cost</b>		
Government securities	3,239	3,313,324
Term Finance / Sukuk Certificates	2,225	10,653
	<u>17,660,795</u>	<u>16,558,137</u>
<b>Dividend income on:</b>		
At fair value through profit or loss	85,079	50,516
Available for sale investments / at fair value through other comprehensive income	1,564,649	1,020,400
	<u>1,649,728</u>	<u>1,070,916</u>
	<u>19,310,523</u>	<u>17,629,053</u>
<b>36. GAIN ON SALE OF INVESTMENTS - net</b>		
<b>At fair value through profit or loss / held for trading</b>		
Listed equity securities	265,570	3,276,967
Government securities	16,666	-
Term finance certificates	285	-
<b>Available for sale</b>		
Listed equity securities	(107,404)	(325,685)
Term finance certificates	22,709	-
Sukuk certificates	-	450
Government securities	157,593	(1,021,583)
Mutual funds	109	247
<b>Held to maturity / At amortised cost</b>		
Term finance certificates	488	-
Government securities	(8)	-
	<u>356,008</u>	<u>1,930,396</u>
<b>37. INCOME FROM LONG TERM LOANS AND FUND PLACEMENTS</b>		
Interest on loans to staff	1,727	690
Interest on loans and advances	20,583,066	25,269,487
Interest on deposits with financial institutions	211,921	50,695
Return on reverse repurchase transactions of Government securities	737,597	1,259,308
	<u>21,534,311</u>	<u>26,580,180</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

38. FEE, COMMISSION AND BROKERAGE	Note	2021 ----- (Rupees in '000) -----	2020
Consultancy and advisory fee		178,400	31,463
Commission income		3,207,355	3,600,048
Remuneration from funds under management	38.1	154,828	172,975
Brokerage income		864,360	566,030
Other services		2,534	1,859
		<u>4,407,477</u>	<u>4,372,375</u>
<b>38.1 Remuneration from funds under management</b>			
<b>Open-end funds</b>			
JS Value Fund		11,292	12,611
JS Growth Fund		52,375	41,940
Unit Trust of Pakistan		24,557	22,790
JS Income Fund		24,689	21,029
JS Islamic Fund		10,792	10,528
JS Fund of Funds		146	64
JS Islamic Hybrid Fund of Funds		123	1,441
JS Islamic Hybrid Fund of Funds - 2		-	22,796
JS Islamic Hybrid Fund of Funds - 3		762	4,014
JS Pension Savings Fund		6,297	5,576
JS Islamic Pension Savings Fund		3,305	3,076
JS Islamic Income Fund		6,224	4,346
JS Large Cap Fund		10,804	9,513
JS Capital Protected Fund V		-	-
JS Motion Picture Fund		1,258	2,246
JS Islamic Dedicated Equity Fund		2,824	13,520
JS Islamic Daily Dividend Fund		1,455	225
JS Cash Fund		18,053	19,747
		<u>174,956</u>	<u>195,462</u>
Less: Sales tax		(20,128)	(22,487)
		<u>154,828</u>	<u>172,975</u>

**38.1.1** Under the provisions of the NBFC Regulations and the NBFC Rules, the management company of the Fund is entitled to an accrued remuneration at the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit. An Asset Management Company shall be entitled to an accrued remuneration that has been verified by the trustee and is paid in arrears. During the year ended December 31, 2021 JSIL has charged management fee at the rates ranging from 0.00% to 2.00% (2020: 0.00% to 2.00%).

**38.1.2** Total net asset value of the Funds under management (excluding discretionary client portfolios) as at December 31, 2021 amounts to Rs.23.686 (2020: Rs.24.002) billion.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

		2021	2020 (Restated)
	Note	----- (Rupees in '000) -----	
<b>39. OTHER INCOME</b>			
Gain on sale of property and equipment		13,323	12,588
Rental income		7,179	11,539
Liabilities written back		5,813	6,546
Return on cash margin on future contracts		13,313	14,169
Gain / (loss) on remeasurement of derivative financial instrument		47,448	(34,369)
Gain on bargain purchase of associate		-	23,569
Income under margin financing		-	47,442
Income from dealing in foreign currency		1,189,060	1,010,345
Other income		268,341	186,710
		<u>1,544,477</u>	<u>1,278,539</u>
<b>40. ADMINISTRATIVE AND OTHER EXPENSES</b>			
Salaries and benefits	40.1	5,818,521	7,014,967
Telephone, fax, telegram and postage		227,307	283,632
Vehicle running		267,246	20,420
Directors' meeting fee		24,100	27,967
Utilities		428,019	23,134
Newspapers and periodicals		360	427
Conveyance and travelling		582,165	129,814
Repairs and maintenance		433,944	1,629,607
Computer expenses		1,366,048	38,415
Auditors' remuneration	40.2	25,594	22,806
Royalty fee	40.3	47,083	45,000
Consultancy fee		33,464	73,775
Advisory fee	40.4	6,552	13,652
Legal and professional charges		446,033	253,563
Printing and stationery		231,383	266,406
Rent, rates and taxes		34,781	394,353
Insurance		559,685	304,020
Entertainment		107,044	74,397
Advertisement		328,908	410,458
Office supplies		2,363	2,819
Depreciation	40.5	1,816,049	1,770,442
Amortisation of intangible assets	8.1	139,889	118,937
Provision against non-performing loans, advances and receivables		2,479,232	1,011,061
Fees and subscription		320,544	337,260
Donations	40.6	64,433	136,341
Brokerage and commission expense		53,748	53,991
Clearing fees		196,279	156,714
Office security		273,239	579,044
SBP penalties and other charges		494	92,493
Others		174,485	112,764
		<u>16,488,992</u>	<u>15,398,679</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 40.1 Details of Provident Funds

Description	JSCL		JSBL		JSIL		JSGCL	
	2021	2020	2021	2020	2021	2020	2021	2020
	Audited		Un-audited		Audited			
	(Rupees in '000)							
Number of employees	20	20	2,865	3,164	77	77	198	198
Size of provident fund	38,066	34,472	2,360,923	2,277,554	12,307	12,307	93,854	93,854
Cost of investments made	17,366	27,361	1,629,863	1,277,306	11,990	11,990	1,170	1,170
Fair value of investments	17,986	27,341	1,594,053	1,324,857	1,749	1,749	1,167	1,170
Percentage of investments made at cost	46%	79%	69%	56%	97%	97%	1%	1%
<b>Break-up of investments at cost/ market value:</b>								
<b>Term finance certificates and Sukuk</b>								
Amount of investments	1,407	805	51,034	71,122	-	-	583	583
Percentage of size of investments	4%	2%	2%	3%	0%	0%	1%	1%
<b>National Saving Schemes:</b>								
Amount of investments	-	-	-	-	-	-	584	587
Percentage of size of investments	0%	0%	0%	0%	0%	0%	1%	1%
<b>Listed securities:</b>								
Amount of investments	4,579	4,719	25,805	31,870	1,749	1,749	-	-
Percentage of size of investments	12%	14%	1%	1%	14%	14%	0%	0%
<b>Government Securities:</b>								
Amount of investment	12,000	21,817	1,517,214	1,221,865	-	-	-	-
Percentage of size of investments	32%	63%	64%	54%	0%	0%	0%	0%
<b>Balance in scheduled banks:</b>								
Amount of investment	18,648	5,850	766,870	952,697	10,557	10,557	92,274	92,274
Percentage of size of investments	49%	17%	32%	42%	86%	86%	98%	98%
	0%	0%	0%	0%	0%	0%	0%	0%
<b>Balance in Mutual Funds:</b>								
Amount of investment	-	-	-	-	-	-	-	-
Percentage	0%	0%	0%	0%	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, 2021

	KPMG Taseer Hadi & Co.		Other Auditors	2021	2020
	Holding company	Subsidiary companies	Subsidiary companies		
	----- (Rupees in '000) -----				
Annual audit fee	1,850	8,718	200	10,768	8,746
Half-yearly review fee	400	1,228	-	1,628	2,528
Other certifications and services	1,475	8,015	-	9,490	7,951
	3,725	17,961	200	21,886	19,224
Out of pocket expenses	293	2,787	20	3,100	2,493
Sindh Sales Tax	323	267	18	608	1,089
	4,341	21,015	238	25,594	22,806

40.3 This represents royalty paid to Mr. Jahangir Siddiqui, a related party, on account of use of part of Company's name under agreements approved by the Board of Directors of the respective Companies.

40.4 Represents amount paid / payable to individuals including Mr. Jahangir Siddiqui for advisory services rendered in terms of their respective agreements duly approved by the Board of Directors of the respective Companies.

40.5 Depreciation	Note	2021	2020
		----- (Rupees in '000) -----	
Operating assets	7.1	828,307	790,369
Right-of-use asset		987,622	979,953
Investment property	9	120	120
		1,816,049	1,770,442

40.6 This represents donation to Future Trust (related party), wherein below mentioned persons are honorary trustees who are also key management personnel of the Group. The registered offices of the donee i.e. Future Trust is located at 20th Floor, The Centre, Saddar, Karachi.

#### Name of Trustee

- Mr. Najmul Hoda Khan
- Mr. Kalim-ur-Rahman
- Mr. Hasan Shahid
- Mr. Muhammad Yousuf Amanullah
- Mr. Tariq Usman Bhatti

41. FINANCE COST	2021	2020
	----- (Rupees in '000) -----	
<b>Mark-up on:</b>		
Short term borrowing	16,469	191,342
Long term financing	785,837	1,198,931
Borrowing from banks / NBFCs	3,865,992	1,982,736
Deposits	21,719,937	29,234,378
Cost of swaps against foreign currency deposits / borrowings	517,642	735,977
Mark-up on lease liability	437,064	478,638
	27,342,941	33,822,002
Commission expense of bank guarantee	4,492	4,541
Amortisation of transaction costs	35,016	11,779
Bank charges	15,882	16,715
	27,398,331	33,855,037
<b>42. (REVERSAL OF)/PROVISION FOR IMPAIRMENT ON INVESTMENTS - NET</b>		
Available for sale investments	(317,649)	247,526
		291

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 43. TAXATION

	2021			2020		
	Current	Prior	Deferred	Current	Prior	Deferred
	----- (Rupees in '000) -----					
Jahangir Siddiqui & Co. Ltd.	215,499	7,923	(9,199)	119,259	6,009	10,025
JS Investments Limited	11,340	-	-	16,809	-	-
JS Infocom Limited	106,144	-	-	2,693	(40)	-
Energy Infrastructure Holding (Pvt) Ltd.	39,822	(32)	6,528	42,131	(789)	457
JS Global Capital Limited	151,949	(28,041)	2,238	92,223	(16,193)	4,741
JS Abamco Commodities Limited	172	-	(312)	974	-	(166)
JS Bank Limited	941,296	(90,418)	5,227	623,291	1,711	306,573
Quality 1 Petroleum (Private) Limited	-	-	-	11,202	-	(15)
JS Engineering Investments 1 (Private) Limited	-	(7)	-	39	-	-
Quality Energy Solutions (Pvt.) Ltd.	69	-	-	213	(45)	-
Khairpur Solar Power (Pvt.) Ltd.	74	-	-	206	-	-
	<u>1,466,365</u>	<u>(110,575)</u>	<u>4,482</u>	<u>909,040</u>	<u>(9,347)</u>	<u>321,615</u>
<b>Total Taxation</b>			<u>1,360,272</u>			<u>1,221,308</u>

#### 43.1 Reconciliation of tax charge for the year

	2021	2020
	----- (Rupees in '000) -----	
Profit before taxation	3,684,688	2,509,636
Tax at applicable rates in the Group	1,424,121	1,212,840
Tax effect of income under FTR and differential in tax rates	(158,017)	(76,370)
Tax effect of amount relating to prior year	(21,389)	130,202
Tax charge on permanent differences	112,366	(188,752)
Tax charge on temporary differences	(17,457)	39,085
Others	20,067	104,303
	<u>1,360,272</u>	<u>1,221,308</u>

### 44. EARNINGS PER SHARE

	2021	2020
	----- (Rupees in '000) -----	
		(Restated)
<b>Earnings</b>		
Profit after taxation from continuing operations attributable to equity shareholders of the Holding Company	1,972,688	915,750
Loss after taxation for the year from discontinued operations attributable to equity shareholders of the Holding Company	(311,874)	-
Profit after taxation for the year attributable to equity shareholders of the Holding Company	1,660,814	915,750
<b>Effect of dilutive potential ordinary shares:</b>		
Add back: Amortization of liability component of preference shares - net of tax	19,699	-
Profit after taxation attributable to ordinary shareholders for diluted earnings per share	<u>1,680,513</u>	<u>915,750</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021 ------(Rupees in '000) -----	2020
<b>Number of shares</b>		
Weighted average number of ordinary shares outstanding during the year for basic earnings per share	915,942	915,942
Effect of dilutive convertible preference shares	69,060	-
Weighted average number of ordinary shares outstanding during the year for diluted earnings per share	<u>985,002</u>	<u>915,942</u>
	2021	2020 (Restated)
	------(Rupees) -----	
<b>EARNINGS PER SHARE</b>		
<b>From continuing operations</b>		
Basic	<u>2.15</u>	1.00
Diluted	<u>2.02</u>	1.00
<b>From continuing and discontinued operations</b>		
Basic	<u>1.81</u>	1.00
Diluted	<u>1.71</u>	1.00
<b>45. CASH AND CASH EQUIVALENTS</b>	<b>Note</b>	<b>2021 ------(Rupees in '000) -----</b>
Cash and bank balances		35,502,442
Cash at bank related to assets classified as held for sale	21.1	126,710
Borrowing from bank		<u>(1,048,144)</u>
		<u>34,581,008</u>
		31,769,714
		-
		(186,570)
		31,583,144

## 46. DEFERRED ASSET - EMPLOYEE BENEFIT

### 46.1 General description

The Subsidiary Bank operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the Subsidiary Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**46.2** The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- **Salary increase risk:**

The risk that the final salary at the time of cessation of services is greater than assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- **Discount rate risk**

The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- **Demographic Risks**

- **Withdrawal risk:**

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

- **Longevity risk**

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- **Investment risk**

This is the risk that the assets are under-performing and are not sufficient to meet the liabilities.

**46.3 Number of employees under the schemes**

The number of employees covered under defined benefit scheme (gratuity fund) is 3,495 (2020: 3,756).

**46.4 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, 2021 based on the Projected Unit Credit Method, using the following significant assumptions:

		2021	2020
Valuation discount rate for year end obligation	per annum	11.75%	8.50%-9.75%
Valuation discount rate for interest cost for the year	per annum	9.75%	11.75%
Expected return on plan assets	per annum	9.75%	7.50%-11.75%
Future salary increase rate			
-upto one year	per annum	10.00%	7.50%-8.00%
-from two to three years	per annum	11.75%	7.50%-10.00%
-more than three years	per annum	11.75%	7.50%-9.75%
Effective duration of the discounted future cash flows	years	9	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



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## 46.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability / (asset)	
	2021	2020	2021	2020	2021	2020
(Rupees in '000)						
<b>Balance as at January 01,</b>	<b>1,078,998</b>	844,212	<b>1,391,879</b>	692,331	<b>(312,881)</b>	151,881
<b>Included in profit or loss</b>						
Current service cost	180,317	150,730	-	-	180,317	150,730
Past service cost	(358,399)	4,184	-	-	(358,399)	4,184
Interest cost / income	101,459	97,848	131,999	88,420	(30,540)	9,428
	(76,623)	252,762	131,999	88,420	(208,622)	164,342
<b>Included in other comprehensive income</b>						
Actuarial gains / losses arising from:						
- Financial assumptions	(11,757)	14,011	-	490,776	(11,757)	(476,765)
- Experience adjustments	(95,764)	(458)	-	-	(95,764)	(458)
Return on plan assets	-	-	(317,777)	-	317,777	-
	(107,521)	13,553	(317,777)	490,776	210,256	(477,223)
<b>Others movements</b>						
Contribution made during the year	-	-	-	151,881	-	(151,881)
Benefits paid during the year	(76,093)	(31,529)	(76,093)	(31,529)	-	-
	(76,093)	(31,529)	(76,093)	120,352	-	(151,881)
Adjustment for assets classified as held for sale (Note 21)	(7,072)	-	-	-	(7,072)	-
<b>Balance as at December 31,</b>	<b>811,689</b>	1,078,998	<b>1,130,008</b>	1,391,879	<b>(318,319)</b>	(312,881)

## 46.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

	Cost		Fair value of plan assets			
	2021	2020	2021	2020	2021	2020
(Rupees in '000)						
					Percentage	
<b>Cash and cash equivalent</b>	<b>176,653</b>	82,793	<b>176,653</b>	82,793	<b>15.6%</b>	5.9%
Cash at Bank	-	150,000	-	161,806	0.0%	11.6%
Term deposit receipts	176,653	232,793	176,653	244,599	15.6%	17.6%
<b>Debt Securities</b>	<b>147,712</b>	388,863	<b>146,157</b>	411,079	<b>12.9%</b>	29.5%
Pakistan investment Bonds	-	53,815	-	53,660	0.0%	3.9%
Market treasury bills	50,503	50,503	51,082	50,370	4.5%	3.6%
Term finance certificates	198,215	493,181	197,239	515,109	17.4%	37.0%
Ordinary shares of listed companies	805,623	448,506	756,116	632,172	67.0%	45.4%
	<b>1,180,491</b>	1,174,480	<b>1,130,008</b>	1,391,880	<b>100%</b>	100%

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### 46.7 Maturity profile

46.7.1 Expected maturity analysis of undiscounted defined benefit obligation (benefit payments) for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2- 5 years	Over 6-10 years	Over 10 and above years	Total
	----- (Rupees in '000) -----					
<b>Balance as at</b>						
December 31, 2021	40,130	42,200	200,323	1,068,414	11,996,311	13,347,378
December 31, 2020	45,445	71,699	268,697	1,245,714	11,997,565	13,629,120

### 46.8 Sensitivity analysis

46.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	Rate	Present value of defined benefit obligation	Fair value of any plan assets	Net defined benefit liability
		----- (Rupees in '000) -----		
<b>Current results</b>	-	811,689	1,130,008	(318,319)
<b>Discount rate</b>				
1% Increase	12.75%	741,666	1,130,008	(388,342)
1% Decrease	10.75%	891,924	1,130,008	(238,084)
<b>Salary Rate</b>				
1% Increase	10.75%	892,877	1,130,008	(237,131)
1% Decrease	8.75%	739,558	1,130,008	(390,450)
<b>Withdrawal rate</b>				
10% Increase	Moderate + one year	800,202	1,130,008	(329,806)
10% Decrease	Moderate - one year	823,938	1,130,008	(306,070)
<b>Mortality rate</b>				
One year age set back	Adjusted SLIC 2001-05 - one year	811,915	1,130,008	(318,093)
One year age set forward	Adjusted SLIC 2001-05 + one year	811,427	1,130,008	(318,581)

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.

### 46.9 Maturity profile

The weighted average duration of the defined benefit obligation works out to 10 years.

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## 46.10 Experience Adjustments

The remeasurement gains / (losses) arise due to actual experience varying from the actuarial assumptions for the year:

Particulars	2021	2020	2019	2018	2017
	(Rupees in '000)				
Defined benefit obligation	811,689	1,078,998	844,212	649,062	550,729
Fair value of plan assets	(1,130,008)	(1,391,879)	(692,331)	(546,568)	(375,611)
Net defined benefit liability	(318,319)	(312,881)	151,881	102,494	175,118
Remeasurement gain / (loss) on obligation	(107,521)	13,553	(836)	(52,391)	75,269
Remeasurement gain / (loss) on plan assets	317,777	(490,776)	18,005	25,329	10,273
Other comprehensive income	210,256	(477,223)	17,169	(27,062)	85,542

46.11 The average duration of the benefit obligation at December 31, 2021 is within one year.

46.12 The Subsidiary Bank contributes to the gratuity fund as per actuarial's valuation of the year i.e. Nil for the next year.

46.13 Based on actuarial advice and management estimates, profit and loss account charge in respect of defined benefit obligation for the next one year works out to be Rs. 92.702 million. The amount of re-measurements to be recognised in other comprehensive income for year ending December 31, 2022 will be worked out as at the next valuation.

## 47. FINANCIAL INSTRUMENTS BY CATEGORY

	2021			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>	34,082,316	-	29,776,592	63,858,908
Long term investments	253,863,260	-	-	253,863,260
Loans, advances, deposits and other receivables	8,935,428	-	-	8,935,428
Net investment in finance lease	24,579,508	6,788,629	159,584,552	190,952,689
Short term investments	1,761,366	-	-	1,761,366
Trade debts	31,939,044	-	-	31,939,044
Fund placements	7,275,957	-	-	7,275,957
Accrued mark-up	35,502,442	-	-	35,502,442
Cash and bank balances	397,939,321	6,788,629	189,361,144	594,089,094
		Fair value through profit or loss	At Amortized Cost / Held to maturity	Total
(Rupees in '000)				
<b>LIABILITIES</b>		-	7,829,265	7,829,265
Financing liabilities		-	3,558,918	3,558,918
Liabilities against assets subject to finance lease		-	460,750,749	460,750,749
Deposits and other accounts		-	19,034,540	19,034,540
Trade and other payables		-	71,612,976	71,612,976
Borrowings		-	562,786,448	562,786,448

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	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>	22,717,922	-	26,109,786	48,827,708
Long term investments	246,146,922	-	-	246,146,922
Loans, advances, deposits and other receivables	11,279,742	-	-	11,279,742
Net investment in finance lease	13,754,748	28,457,633	134,658,167	176,870,548
Short term investments	1,544,570	-	-	1,544,570
Trade debts	23,239,672	-	-	23,239,672
Fund placements	6,970,349	-	-	6,970,349
Accrued mark-up	31,769,714	-	-	31,769,714
Cash and bank balances	<u>357,423,639</u>	<u>28,457,633</u>	<u>160,767,953</u>	<u>546,649,225</u>
		Fair value through profit or loss	At Amortized Cost / Held to maturity	Total
		----- (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		-	19,983,299	19,983,299
Borrowings		-	48,531,412	48,531,412
		-	<u>516,112,394</u>	<u>516,112,394</u>

### 48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

The Executive Committee, ultimately responsible for the management of risk associated with the Group's activities, has established Statement of Investment and Operating Policy (SIOP), risk management guidelines and other internal guidelines for the management and assessment of the aforesaid financial risks.

#### 48.1 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments at fair value through profit and loss / held for trading, at fair value through other comprehensive income / available for sale investments, fund placements and derivative financial instruments.

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, 2021 and December 31, 2020 respectively using the amounts of financial assets and liabilities held as at those dates of statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 48.1.1 Interest rate risk exposure

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

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

The Group's interest rate exposure on financial instruments is disclosed as follows.

### Sensitivity analysis for variable rate instruments

Presently, the Group holds interest rate bearing bank deposits, government securities, term finance certificates, loans and advances to customers and financial institutions and sukuks that expose the Group to cash flow interest rate risk. In case of 100 basis points increase / decrease in KIBOR on December 31, 2021, 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 ----- (Rupees in '000) -----	Effect on other comprehensive income -----
<b>2021</b>			
Assets	100 (100)	2,017,896 (2,017,896)	- -
Liabilities	100 (100)	381,343 (381,343)	- -
<b>2020</b>			
Assets	100 (100)	484,592 (484,592)	- -
Liabilities	100 (100)	410,745 (410,745)	- -

### Sensitivity analysis for fixed rate instruments

As at December 31, 2021 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, 2021, with all other variables held constant, the comprehensive income of the Group for the year would change as follows:

	Increase / (decrease) in basis points	Effect on profit before tax ----- (Rupees in '000) -----	Effect on other comprehensive income -----
<b>December 31, 2021</b>			
Assets	100 (100)	3,042,617 (3,042,617)	- -
Liabilities	100 (100)	3,736,773 (3,736,773)	- -
<b>December 31, 2020</b>			
Assets	100 (100)	4,619,784 (4,619,784)	- -
Liabilities	100 (100)	3,611,370 (3,611,370)	- -

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 48.1.2 Foreign currency risk

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

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group's profit after tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of foreign subsidiary).

	Change in foreign currency rate	Effect on profit before tax	Effect on other comprehensive income
	(Rupees in '000)		
December 31, 2021	2.50% (2.50%)	2,412 (2,412)	- -
December 31, 2020	2.50% (2.50%)	231 (231)	- -

### 48.1.3 Equity price risk

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

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

The following table summarizes the Group's equity price risk as of December 31, 2021 and December 31, 2020. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would effect profit and equity of the Group in a similar but opposite manner.

	Fair Value	Price change	Effect on profit before tax	Effect on other comprehensive income
	(Rupees in '000)			
December 31, 2021	28,645,870	5% increase	277,419	1,154,874
December 31, 2020	30,071,311	5% increase	166,021	1,337,545

### 48.2 Liquidity risk

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

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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.

	2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years or more
	(Rupees in '000)					
<b>Financial liabilities</b>						
Long term financing	1,966,665	1,987,500	400,000	400,000	1,125,000	62,500
Liability component of preference shares	516,185	711,273	51,795	-	109,913	549,565
Lease liability	3,558,918	3,613,463	597,010	512,173	740,659	1,763,621
Deposits and other accounts	457,969,643	459,350,047	386,342,823	60,802,004	6,769,307	5,435,913
Trade and other payables	19,034,540	18,806,111	16,529,690	351,061	924,206	1,001,154
Sub-ordinated loans	4,496,800	4,496,800	900	900	1,800	4,493,200
Accrued interest / mark-up	3,301,137	3,304,832	3,304,832	-	-	-
Borrowings	70,474,310	70,474,310	48,483,473	15,724,911	425,894	5,840,032
	<b>561,318,198</b>	<b>562,744,336</b>	<b>455,710,523</b>	<b>77,791,049</b>	<b>10,096,779</b>	<b>19,145,985</b>

	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
Liability component of preference shares	-	-	-	-	-	-
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
	<b>516,112,394</b>	<b>516,155,247</b>	<b>209,742,318</b>	<b>81,469,937</b>	<b>26,726,465</b>	<b>198,216,527</b>

## 48.3 Credit Risk

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

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### 48.3.1 Analysis of credit quality

The table below shows the credit quality by class of asset for all financial assets exposed to credit risk. Government debt securities have been excluded as these carry zero percent credit risk.

December 31, 2021	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	34,316,656	-	-	-	-	34,316,656
Due from banks	1,185,786	-	-	-	-	1,185,786
Cash collateral on securities borrowed and reverse repurchase agreements	31,939,044	-	-	-	-	31,939,044
Financial assets at fair value through profit or loss / held for trading	1,109,404	5,679,225	-	-	-	6,788,629
<b>Loans and advances:</b>						
Corporate lending	4,450,633	135,654,697	13,258,607	791,197	4,351,314	158,506,448
Agriculture	1,596,185	1,912,589	1,676,900	-	588,345	5,774,019
Medium Enterprise Lending	1,249,628	28,202,756	2,153,958	71,787	1,181,275	32,859,404
Small business lending	8,971,554	13,229,770	504,789	11,560	697,130	23,414,803
Banks	1,623,688	4,760,948	49,084	-	-	6,433,720
Consumer lending	1,651,732	4,860,262	530,296	18,520	106,871	7,167,681
Residential mortgages	1,462,119	11,213,732	1,574,530	95,430	431,385	14,777,196
Employees and contractors	5,311,791	-	-	-	-	5,311,791
Trade debts	453,313	898,767	-	409,286	-	1,761,366
Accrued mark-up	1,844,222	5,431,735	-	-	-	7,275,957
<b>Financial investments available for sale:</b>						
Government securities	159,315,888	-	-	-	-	159,315,888
Quoted - other debt securities	372,685	-	1,616,155	-	-	1,988,840
Unquoted - debt securities	351,587	2,144,088	-	-	(239,744)	2,255,931
Equity investments	-	4,296,321	-	-	(136,589)	4,159,732
<b>Financial assets at fair value through OCI</b>						
Equity investments	-	18,951,158	-	-	-	18,951,158
<b>Financial investments held to maturity / at amortised cost:</b>						
Government securities	58,632,547	-	-	-	-	58,632,547
	<u>315,838,462</u>	<u>237,236,048</u>	<u>21,364,319</u>	<u>1,397,780</u>	<u>6,979,987</u>	<u>582,816,596</u>



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December 31, 2020	Neither past due nor impaired					Total
	High grade	Standard grade	Sub-standard grade	Past due but not impaired	Individually impaired	
	(Rupees in '000)					
Cash and bank balances	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
	<u>112,937,574</u>	<u>217,852,673</u>	<u>32,048,414</u>	<u>5,026,841</u>	<u>6,906,302</u>	<u>374,771,805</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 48.3.2 Concentration of credit risk

The Group monitors concentration of credit risk by sector and geographic locations. An analysis of concentration of credit risk from loans and advances, funds placements and investments is given below:

	Loans & advances and Funds placements		Trade debts		Investment debt securities	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
<b>Segment by class of business</b>						
Mining and quarrying	184,613	137,220	-	-	-	-
Agri finance	8,027,954	7,797,960	-	-	-	-
Brokerage	6,074,435	8,866,882	-	-	-	-
Cement	2,810,958	2,236,379	-	-	-	-
Textile and glass	27,229,137	23,292,904	-	-	-	-
Chemical and pharmaceuticals	4,898,797	6,722,199	-	-	75,000	100,000
Fertilizer and pesticides	3,440,575	3,484,915	-	-	-	-
Automobile and transportation equipment	5,177,551	3,912,821	-	-	-	-
Tyre, rubber and plastic	2,556,141	2,229,627	-	-	-	-
Electronics and electrical appliances	901,207	823,973	-	-	-	-
Construction and real estate	5,179,966	4,559,284	-	-	11	11
Power and water, oil and gas	23,155,650	28,319,646	-	-	222,310	380,050
Metal and steel	10,485,379	9,966,050	-	-	-	-
Paper / board / furniture	1,683,452	1,674,874	-	-	-	-
Food / confectionery / beverages	33,802,746	34,253,338	-	-	-	-
Trust and non-profit organisations	64,874	56,043	-	-	-	-
Transport, storage and shipping	32,460,013	35,629,199	-	-	244,800	555,733
Financial	32,484,924	24,681,974	482,277	63,493	597,864	540,910
Insurance and security	4,115	10,451	348,564	71,952	-	-
Engineering, IT and other services	11,486,096	12,292,279	-	-	-	-
Sugar	1,028,786	2,042,589	-	-	-	-
Individuals	41,685,045	33,169,525	930,509	1,398,208	-	-
Wholesale and retail trade	12,575,049	12,161,474	-	-	-	-
Bank	35,502,442	31,769,714	-	-	-	-
Others	25,381,665	18,482,160	16	10,917	1,642,908	1,265,081
	<u>328,281,570</u>	<u>308,573,480</u>	<u>1,761,366</u>	<u>1,544,570</u>	<u>2,782,893</u>	<u>2,841,785</u>
<b>Segment by geographic location</b>						
In Pakistan	319,475,456	304,162,925	1,761,366	1,544,570	1,071,639	2,841,785
Outside Pakistan	8,806,114	4,410,555	-	-	1,711,254	-
	<u>328,281,570</u>	<u>308,573,480</u>	<u>1,761,366</u>	<u>1,544,570</u>	<u>2,782,893</u>	<u>2,841,785</u>

### 48.3.3 Trading assets

The table below sets out the credit quality of trading debt securities. The analysis is based on PACRA and VIS ratings where applicable:

	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
<b>Mutual Funds</b>		
Rated AA- to AA+	3,430,273	1,526,927
<b>Debt Securities</b>		
Term Finance Certificates-listed	526,962	677,549
Rated AA- to AA+	1,903,780	2,164,571
	<u>2,430,742</u>	<u>2,842,120</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

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

The group holds collateral against its certain exposures. The table below sets out the principal type of collateral held against different types of financial assets:

Type of credit exposure	Percentage of exposure that is subject to collateral requirements		Principle type of collateral held
	2021	2020	
<b>Loans and advances to banks</b>			
Call money lendings	-	-	None
Lending to financial institutions	100%	100%	Property / Stock
Repurchase agreement lendings	100%	100%	Government Securities
<b>Loans and advances to retail customers</b>			
Running, cash, etc. finances	100%	100%	Cash / Property / Stock / Gold
Term loan	100%	100%	Cash / Property / Stock / Gold
Trade loans	100%	100%	Cash / Stock
House and personal loans	100%	100%	Property
Auto loans	100%	100%	Mortgage of vehicles
<b>Loans and advances to corporate customers</b>			
Advances to corporate customers	100%	100%	Mortgage on fixed assets and lien on liquid assets

## 49. CAPITAL RISK MANAGEMENT

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

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

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

During the year ended December 31, 2021, the Group's strategy was to maintain leveraged gearing. The gearing ratios as at December 31, 2021 were as follows:

	2021	2020 (Restated)
	----- (Rupees in '000) -----	
Long term financing	7,309,234	10,161,094
Lease liabilities	3,558,918	3,079,421
Deposits and other accounts	457,969,643	431,220,191
Trade and other payables	19,417,247	20,281,505
Accrued interest / mark-up on borrowings	3,301,137	3,136,977
Short term borrowings	70,474,310	48,531,412
<b>Total debt</b>	<b>562,030,489</b>	<b>516,410,600</b>
Cash and bank balances	35,502,442	31,769,714
Fund placements	31,939,044	23,239,672
	<b>67,441,486</b>	<b>55,009,386</b>
<b>Net debt</b>	<b>494,589,003</b>	<b>461,401,214</b>
Share capital	9,159,424	9,159,424
Reserves	30,074,852	30,150,149
Equity	39,234,276	39,309,573
<b>Capital</b>	<b>533,823,279</b>	<b>500,710,787</b>
<b>Gearing ratio</b>	<b>93%</b>	<b>92%</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.

### 50. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

In respect of investments in quoted equity securities, fair value is determined by reference to stock exchange quoted market price at the close of business day. For term finance certificates, fair value is determined by reference to average broker rates.

#### 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:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) and;
- Level 3** Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

50.1 The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	2021			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>On balance sheet financial instruments</b>				
<b>At fair value through profit or loss</b>				
Open end Mutual funds	-	3,436,112	-	3,436,112
Term finance certificates	-	125,000	-	125,000
Listed equity securities	2,118,113	-	-	2,118,113
Government Securities	-	1,109,404	-	1,109,404
<b>At fair value through OCI</b>				
Listed equity securities	21,196,351	-	-	21,196,351
Unlisted equity investments	-	-	473,679	473,679
<b>Available-for-sale investments</b>				
Listed equity securities	4,146,326	-	-	4,146,326
Sukuk and term finance certificates	-	2,628,616	-	2,628,616
Government securities	-	159,315,888	-	159,315,888
Foreign currency bond (US\$)	-	1,616,155	-	1,616,155
	<b>27,460,790</b>	<b>168,231,175</b>	<b>473,679</b>	<b>196,165,644</b>
<b>Off balance sheet financial instruments</b>				
<b>Forward foreign exchange contracts</b>				
Purchase	-	18,064,443	-	18,064,443
Sale	-	9,079,267	-	9,079,267
<b>Interest rate swaps</b>				
Purchase	-	402,137	-	402,137
Sale	-	403,955	-	403,955
<b>Options</b>				
Purchase	-	1,363,325	-	1,363,325
Sale	-	1,329,959	-	1,329,959

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	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	-	-	19,731,412
Unlisted equity investments	-	-	463,186	435,376
<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
	<u>28,081,198</u>	<u>160,709,496</u>	<u>463,186</u>	<u>187,009,601</u>
<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
<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

### 50.2 Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV, PKFRV & PKISRV rates (Reuters page).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

Item	Valuation approach and input used
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.

**50.3** As at December 31, 2021, 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.

**50.4** During the year ended December 31, 2021, there were no transfers between level 1 and 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

## 51. RELATED PARTY TRANSACTIONS

**51.1** Following are the names of associated companies, related parties and associated undertakings with whom the group had entered into transactions or had agreements in place during the year:

Name of Related parties	Percentage of shareholding	Relationship
EFU General Insurance Limited	29.56%	Common Directorship
EFU Life Assurance Limited	21.82%	Common Directorship
EFU Services (Private) Limited	37.50%	Others
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
JS 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Name of Related parties	Percentage of shareholding	Relationship
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
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
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	4.63%	Controlling Person of the group
Jahangir Siddiqui Securities Services Limited	43.89%	Common Substantial Shareholder
Jahangir Siddiqui & Sons Limited	23.52%	Common Substantial Shareholder
Mr. Ali Raza Siddiqui	0.00%	Key Management Person of the group
Mr. Suleman Lalani	0.04%	Key Management Person of the group
Chief Justice (R) Mahboob Ahmed	0.04%	Key Management Person of the group
Mr. Shahid Hussain Jatoi	0.00%	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
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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Name of Related parties	Percentage of shareholding	Relationship
Mr. Ashraf Shahzad Ahmed	0.00%	Key Management Person of the group
Mr. 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
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

51.2 Related parties comprise of subsidiaries, companies with common directors, associated companies, directors and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amount due from and to these related parties are shown under receivables and payables, reverse repos are shown under fund placements and the remuneration of chief executive and executives are disclosed in note 51. The relationship and transactions with the related parties are given below:

	2021	2020
	----- (Rupees in '000) -----	
<b>TRANSACTIONS</b>		
<b>Common Directorship:</b>		
Remuneration paid	350,710	428,512
Dividend income	1,026,669	936,403
Rent Income	-	5,409
Brokerage / commission / service income	206,557	267,361
Insurance claim received / Refund / Cancelled	18,528	10,476
Insurance premium paid	618,172	411,624
Expenses incurred on behalf of related parties	1,263	1,899
Reimbursement of expenses by related parties	107	32,105
Proceeds from sale of property & equipment	-	1,056
Security deposit repaid	-	468
Interest / mark-up expense	988,981	1,135,043
Donation paid during the year	-	121,841
Letter of credit and letter of guarantee	222,665	115,597
Loans and advances disbursed	4,358,649	7,635,699

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	2021	2020
	----- (Rupees in '000) -----	
Loans and advances repaid	3,193,931	5,488,750
Deposits in banks accounts	295,980,141	160,958,572
Withdrawals from bank accounts	291,943,860	159,215,607
Interest / mark-up earned	261,535	178,695
Rent expense	-	195
Security deposit Received	-	492
Borrowings received from related parties	-	11,105,705
Borrowings repaid to related parties	-	11,105,705
<b>Fund managed by Subsidiary Company:</b>		
Purchase of shares / units	3,322,704	4,283,694
Redemption of units	3,673,342	3,452,201
Remuneration of management fee	154,828	172,975
Dividend income	8,200	22,438
Reimbursement of expenses from funds	84,409	67,861
Other expenses incurred on behalf of funds	84,781	67,872
Commercial papers	143,398	-
Commission income	465	4,096
(Loss) / gain on sale of securities - net	(56,901)	242,439
<b>Post-employment Benefit Fund:</b>		
Contribution to staff provident fund trust	66,973	416,241
Expenses incurred on behalf of related parties	64	300
Reimbursement of expenses by related parties	377	300
<b>Controlling Person:</b>		
Short term loan received and repaid	-	180,000
Interest / mark-up paid	-	4,520
Royalty paid	47,083	45,000
Advisory fee paid	6,000	6,000
<b>Common Substantial Shareholder:</b>		
Rent expense	58,407	48,881
Rent income	16,412	11,585
Refund of Security deposit	-	3,035
Purchase of property and equipment	-	748,845
Reimbursement of expenses by the Company	8,892	9,264
Reimbursement of expenses to the Company	20,173	18,173
<b>Key Management Personnel:</b>		
Reimbursement of expenses to directors, CEO and other executives	5,035	6,739
Reimbursement of expenses from directors	333	-
Interest on long term loans to executives	36,242	45,906
Interest / mark-up expense	21,035	6,694
Deposits in banks accounts	1,948,583	1,485,993
Withdrawals from bank accounts	1,806,522	1,281,458
Commission income	306	795
Brokerage income	16,685	3,773
Loans and advances disbursed	301,934	464,137
Loans and advances repaid	228,096	158,617

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2021	2020
	----- (Rupees in '000) -----	
<b>Other Related Parties:</b>		
Donation paid during the year	35,510	-
Long-term financing received	330,885	-
Advisory fee	7,420	-
Rental income	6,196	-
Reimbursement of expenses to the Company	2,204	-
<b>BALANCES</b>		
<b>Common Directorship:</b>		
Advances	5,258,148	4,093,430
Deposits	14,401,447	10,365,166
Prepaid insurance	202	135
Rent Receivable	380	-
Security deposit	-	492
Receivable against expenses incurred on behalf of companies	131	1,017
Donation payable	-	14,500
Subordinated loans	500,000	789,552
Interest payable on deposits	40,440	153,374
Interest payable on subordinated loans	680	1,236
Interest receivable	79,466	52,998
Receivable against bancassurance / bancatakaful	28,578	28,051
<b>Common Substantial Shareholder:</b>		
Receivable against expenses incurred on behalf of companies	1,851	2,274
Security deposit	1,003	1,003
Rent payable	20	-
Rent receivable	3,512	3,417
Unearned rent	3,087	-
Payable against expenses incurred by companies	3,534	1,233
<b>Post-Employment Benefit Fund:</b>		
Subordinated loans	139,776	99,880
Interest payable on subordinated loans	107	72
Receivable against expenses incurred on behalf of companies	240	-
<b>Other Related Parties:</b>		
Principal outstanding on TFC's	20,080	20,005
Donation payable	43,442	-
Trade debts	3,627	27,348
Trade payable	254,964	783
Other receivables	62	1,334
Security deposit	492	-
Receivable against expenses incurred on behalf of companies	378	177
Rent receivable	-	380
Provision against other assets	379	379
Prepaid insurance	-	-
(Reversal of) / provision for diminution in value of investments	(215,305)	277,456
Investments	2,476,890	2,720,901
Interest payable on long term financing	3,974	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	2021	2020
	----- (Rupees in '000) -----	
<b>Fund managed by Subsidiary Company:</b>		
Payable to funds under management	-	338
Receivable from funds under management	126,934	131,242
Markup on Commercial paper	1,560	-
<b>Key management personnel:</b>		
Advances	640,212	901,761
Deposits	430,633	288,572
Loans and advances payable	13,626	11,373
Trade debts	14	80
Trade payable	130,337	6,314
Payable to directors for attending director / committee meetings	100	-
Interest mark-up accrued	4,165	2,807
Interest payable on deposits	-	85

### 52. REMUNERATION OF DIRECTORS, CHIEF EXECUTIVES AND EXECUTIVES

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

	Directors		Chief Executives		Executives	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----					
Managerial remuneration	-	-	109,145	101,975	2,468,535	2,176,300
House rent allowance	-	-	1,823	1,268	3,216	2,747
Utilities allowance	-	-	203	141	422	9,459
Car allowance	-	-	575	300	416,710	373,455
Sub-brokerage, commission and performance bonus	-	-	16,500	37,000	240,399	370,380
Advisory and consultancy fee	-	-	-	-	-	-
Retirement benefits	-	-	10,100	9,427	286,311	253,553
Medical	-	-	7,953	7,492	242,994	194,900
Reimbursable expenses	-	191	748	353	48,178	132,831
Fee for attending meetings	24,450	27,550	-	-	-	-
	<b>24,450</b>	<b>27,741</b>	<b>147,047</b>	<b>157,956</b>	<b>3,706,765</b>	<b>3,513,625</b>
Number of persons	<b>24</b>	<b>25</b>	<b>6</b>	<b>5</b>	<b>761</b>	<b>760</b>

52.1 The Group also provides certain Chief Executives and Executives with Group maintained cars.

### 53. OPERATING SEGMENT INFORMATION

For management purposes the Group is organised into following major business segments:

**Capital market and brokerage** 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

<b>Banking</b>	Principally engaged in providing investment and commercial banking.
<b>Investment advisor / assets manager</b>	Principally providing investment advisory and asset management services to different mutual funds and unit trusts.
<b>Energy infrastructure and petroleum</b>	Principally engaged in investment in oil marketing sector and storage of petroleum, LPG and allied products.
<b>Others</b>	Other operations of the Group comprise of telecommunication, media and information technology, underwriting and consultancy services, research and corporate finance and power generation.

The following tables present revenue and profit information for the Group's operating segments for the year ended December 31, 2021 and 2020 respectively.

Year ended December 31, 2021	Capital market and brokerage	Banking	Investment advisor / assets manager	Energy infrastructure and petroleum *	Others	Total segments	Adjustments and eliminations	Consolidated
	(Rupees in '000)							
<b>Revenue</b>								
Segment revenues	3,272,827	44,429,155	77,493	415,767	114,056	48,309,298	(665,614)	47,643,684
Inter-segment revenues	(187,859)	(406,794)	(1,841)	(52,701)	(16,419)	(665,614)	665,614	-
<b>Total revenue</b>	<b>3,084,968</b>	<b>44,022,361</b>	<b>75,652</b>	<b>363,066</b>	<b>97,637</b>	<b>47,643,684</b>	<b>-</b>	<b>47,643,684</b>
Operating and administrative expenses	957,121	12,696,585	338,264	317,748	5,575	14,315,293	(31,650)	14,283,643
Financial charges	295,635	27,230,687	34,400	235,736	-	27,796,458	(244,167)	27,552,291
Provision for impairment against Intangibles	-	-	-	-	-	-	-	-
Workers' welfare fund	31,345	44,178	-	-	-	75,523	-	75,523
Provision for impairment -Investments	(338)	(297,382)	-	281	(182)	(297,621)	(20,028)	(317,649)
Impairment on asset held for sale	-	-	-	753,530	-	753,530	(578,119)	175,411
Provision for doubtful debts, loans and advances	-	2,478,001	296	(22,509)	3,556	2,459,344	19,888	2,479,232
Taxation	340,369	856,105	11,340	68,737	106,140	1,382,691	-	1,382,691
<b>Results</b>								
Profit for the year	1,460,836	1,014,187	(308,648)	(990,457)	(17,452)	1,158,466	854,076	2,012,542

\* These figures are inclusive of disposal group classified as held for sale during the year.

Year ended December 31, 2020	Capital market and brokerage	Banking	Investment advisor / assets manager	Energy infrastructure and petroleum	Others	Total segments	Adjustments and eliminations	Consolidated
	(Rupees in '000)							
<b>Revenue</b>								
Segment revenues	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>
Operating and administrative expenses	775,415	13,383,406	343,189	232,562	3,555	14,738,127	(20,177)	14,717,950
Financial charges	471,667	33,321,699	35,002	260,210	10	34,088,588	(233,551)	33,855,037
Provision for impairment against Intangibles	-	-	-	-	-	-	-	-
Workers' welfare fund	33,263	40,460	-	-	102	73,825	-	73,825
Provision for impairment -Investments	(1,081,536)	275,366	-	(264)	(671)	(807,105)	1,054,631	247,526
Provision for doubtful debts, loans and advances	-	680,729	-	-	-	680,729	-	680,729
Taxation	216,064	931,575	16,809	52,986	3,874	1,221,308	-	1,221,308
<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

The following tables present assets and liabilities information for the Group's operating segments for the year ended December 31, 2021 and 2020 respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

	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, 2021	41,450,830	582,732,970	1,394,424	6,037,501	2,630,478	634,246,203	(19,325,751)	614,920,452
December 31, 2020	40,368,043	530,900,812	1,721,582	8,600,755	2,078,840	583,670,032	(21,068,012)	562,602,020
<b>Liabilities</b>								
December 31, 2021	8,010,561	561,951,741	403,635	1,921,478	94,430	572,381,845	(4,508,211)	567,873,634
December 31, 2020	6,399,306	511,331,774	453,522	2,907,683	7,259	521,099,544	(4,110,132)	516,989,412

\* These figures are inclusive of disposal group classified as held for sale during the year.

54. GEOGRAPHIC INFORMATION	2021	2020 (Restated)
	(Rupees in '000)	
<b>Revenues from external customers</b>		
Pakistan	47,034,727	52,022,091
<b>Non-current assets</b>		
Pakistan	12,102,072	11,249,509

Non-current assets consist of property and equipment, investment properties, intangible assets and membership cards and rooms.

### 55. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on March 10, 2022 by the Board of Directors of the Holding Company.

### 56. GENERAL

#### 56.1 Subsequent event

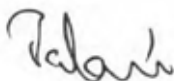
Subsequent to the year end, the Board of Directors of the Holding Company in its meeting held on March 10, 2022, has recommended a preferential cash dividend on Class A Preference Shares at 6% per annum, i.e. in line with its terms and conditions, amounting to Rs. 51.79 million i.e. Rs. 0.28 per preference share. This appropriation will be subject to the shareholders' approval in the Annual General Meeting of the Holding Company to be held on April 27, 2022.

56.2 Comparative figures have been re-arranged and reclassified wherever necessary for the purpose of comparison and better presentation, in the current year.

56.3 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

# Annexure I

Details of disposal of fixed assets having written down value equal to or exceeding Rs. 500,000 each

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship with Bank (if any)
<b>Vehicles</b>							
Mercedes Benz	7,870	5,115	2,755	8,900	6,145	Third party via bid	Victory Cars
Honda Civic	2,424	1,606	818	2,925	2,107	Third party via bid	Wasin Nazar Ali
Honda Civic	2,424	1,636	788	2,925	2,137	Third party via bid	Muneer Associates
Honda City	2,219	868	1,351	2,175	824	Third party via bid	Syed Anwar Ali
Honda City	1,932	1,111	821	2,300	1,479	Third party via bid	Noman Usman
Honda City	1,929	747	1,182	2,415	1,233	Third party via bid	Syed Najaf Hussain Jaffri
Toyota Corolla	1,887	1,297	590	2,400	1,810	Third party via bid	Syed Ali Abbas
Suzuki Cultus	1,855	315	1,540	1,756	216	Third party via bid	Adnan Ahmed Bhatti
Building Renovation Civil, Electrical work	1,662	1,094	568	116	(452)	Third party via bid	Brother Auction
UPS 60 KVA	1,600	767	833	502	(331)	Insurance	EFU General Insurance Limited - Common Directorship
UPS 60 KVA	1,600	833	767	1,100	333	Insurance	EFU General Insurance Limited - Common Directorship
Building Renovation Glass Doors	1,596	638	958	1,097	139	Insurance	EFU General Insurance Limited - Common Directorship
Suzuki Cultus	1,551	295	1,256	1,719	463	Third party via bid	Khurram Ayub
Suzuki Cultus	1,531	337	1,194	1,785	591	Third party via bid	Jamal Rashid
Suzuki Cultus	1,531	352	1,179	1,765	586	Third party via bid	Shafqat Ullah
Building Renovation Cabinets	1,462	585	877	1,005	128	Insurance	EFU General Insurance Limited - Common Directorship
Building Renovation Partion	1,461	657	804	1,067	263	Third party via bid	Naveen Enterprise
30 KVA DG Set	1,430	834	596	530	(66)	Insurance	EFU General Insurance Limited - Common Directorship
30 KVA SDMO	1,375	473	902	187	(715)	Third party via bid	Naveen Enterprises
40 KVA Genset	1,300	704	596	211	(385)	Third party via bid	Naveen Enterprises
Siemens PABX System	1,270	648	622	873	251	Insurance	EFU General Insurance Limited - Common Directorship
30 KVA DG Set	1,260	709	551	229	(322)	Third party via bid	Hashim and Sons
30 KVA Genset	1,246	363	883	217	(666)	Third party via bid	Naveen Enterprises
30 KVA Genset	1,246	376	870	295	(575)	Third party via bid	Maqsood Hussain
40 KVA Genset	1,187	655	532	216	(316)	Third party via bid	Naveen Enterprises
40 KVA SDMO	1,187	655	532	203	(329)	Third party via bid	Naveen Enterprises
Building Renovation Partion	949	427	522	693	171	Third party via bid	Naveen Enterprise
Furniture and Fixture	746	208	538	132	(406)	Third party via bid	Tip Top Dry Cleaner
	<b>49,730</b>	<b>24,305</b>	<b>25,425</b>	<b>39,738</b>	<b>14,313</b>		
Aggregate of other items of fixed assets in own use with individual book value not exceeding Rs. 500,000	222,494	152,616	69,878	68,888	(990)	Negotiation	Various
<b>Total</b>	<b>272,224</b>	<b>176,921</b>	<b>95,303</b>	<b>108,626</b>	<b>13,323</b>		

## Annexure II

The branch network of the Group is disclosed hereunder:

### JS Bank Limited:

#### SINDH

##### Karachi

Shaheen Complex Branch  
Tel: 111 - 572 - 265  
021-32272569-80

Karachi Stock Exchange Branch  
Tel: 021 - 3246 2851 - 4

S.I.T.E. Branch  
Tel: 021 - 3255 0080 - 4

Park Towers Clifton Branch  
Tel: 021 - 35832011 - 9

Teen Talwar Branch  
Tel: 021-35836974

Gulshan-e-Iqbal Branch  
Tel: 021 - 34829055 - 60

Shahrah-e-Faisal Branch  
Tel: 021 - 34373240

North Nazimabad Branch  
Tel: 021 - 36721010 - 4

Gulistan-e-Jauhar Branch  
Tel: 021 - 34662002 - 4 & 6

Safoora Goth Branch  
Tel: 021 - 34661805 - 15

Jheel Park Branch  
Tel: 021 - 34544831 - 5

Nazimabad Branch  
Tel: 021 - 36612325

Korangi Industrial Area Branch  
Tel: 021 - 35055826  
021-35052773

Zamzama Branch  
Tel: 021 - 35295224 - 5

Khy-e-Shahbaz, DHA Phase VI Branch  
Tel: 021 - 35243415 - 6

Gulshan Chowranghi Branch  
Tel: 021 - 34833290 - 5

Shah Faisal Colony Branch  
Tel: 021 - 34686191 - 4

Lucky Star Branch  
Tel: 021 - 35622434 - 9

Gulshan-e-Hadeed Branch  
Tel: 021 - 34715201 - 3

Cloth Market Branch  
Tel: 021 - 3246 4042 - 8

Hawks Bay Branch  
Tel: 021 - 3237 3030 - 3

Timber Market Branch  
Tel: 021 - 32763079

Soldier Bazar, Branch  
Tel: 021-32244531-33

Garden East Branch  
Tel: 021-32244281- 82 - 83

Jodia Bazar Branch  
Tel: 021 - 3243 5304 -6

New Challi Branch  
Tel: 021 - 3260 2100

North Napier Branch  
Tel: 021- 32467791 - 94

Electronic Market Branch  
Tel: 021 - 32700430 - 33

Bahadarabad Branch  
Tel: 021 - 3492 2802 - 05

North Karachi Industrial Area Branch  
Tel: 021 - 36962911 - 12

Orangi Town Branch Karachi  
Tel: 021 - 3669 7925 - 30

26th Street DHA Phase V Branch  
Tel: 021 - 35304685

Progressive Centre,  
Shahrah-e-Faisal Branch  
Tel: 021 - 34324682 - 5

Korangi Road, DHA Phase I Branch  
Tel: 021 - 35803541 - 6

Ocean Tower Branch  
Tel: 021-3669 7925 - 30

DHA Phase 8 Branch  
Tel: 021- 3517 1731

Khadda Market DHA Phase V Branch  
Tel: 021-35242401-4

Boat Basin Branch  
Tel: 021- 3517 7901-4

New Sabzi Mandi Branch  
Tel: 0345-8211641-43

Chase Shaheed-e-Millat Road Branch  
Tel: 021-34370270-71

Fishries Branch Karachi  
Tel: 021-32384011-14

Soldier Bazar Branch  
Tel: 021 - 32244531-3

Ibrahim Hyderi  
Tel: 0346-1012281

Bahria Town Branch

Kh-E-Ittehad DHA Phase II Ext Branch  
Tel: 021-35313811-4

Hyderabad

Saddar Branch  
Tel: 022 - 2730925 - 6

Latifabad Branch  
Tel: 022 - 3817984

Latifabad No: 6 Branch  
Tel: 022-3411521-6

Cloth Market Branch  
Tel: 022 - 26182700 - 13

Qasimabad Branch  
Tel: 022 - 2652190 - 2

Citizen Colony Branch  
Tel: 022 - 2100891 - 3

SITE Branch  
Tel: 022 - 388519 - 3

DHA Branch  
Tel: 022-2108078

Anaj Mandi Branch  
Tel: 022-2638802

Kohsar Society Branch  
Tel: 022-3400914



Sukkur

Society Branch  
Tel: 071 - 5815210

Military Road Branch  
Tel: 071 - 5630825 - 32

Other Cities

Sanghar Branch  
Tel: 0235 - 800160

Jamshoro Branch  
Tel: 022 - 3878103

Mirpurkhas Branch  
Tel: 0233 - 876001-4

Kot Ghulam Muhammad Branch  
Tel: 0233 866242-4

Pano Aqil Branch  
Tel: 071 - 5809304

Larkana Branch  
Tel: 074 - 405 8603

Khairpur Branch  
Tel: 024 - 3715316 - 8

Badin Branch  
Tel: 029 - 7861203

Nawabshah Branch  
Tel: 024 - 4330 564

Sultanabad Branch  
Tel: 022 - 3404106 - 7

Tando Allahyar Branch  
Tel: 0223 - 892001 - 4

Chambar Branch  
Tel: 022 - 3897032 - 5

Moro Branch  
Tel: 024 - 2413200

Kunri Branch  
Tel: 023 - 8558163 - 6

Tando Mohammad Khan Branch  
Tel: 022 - 3340617 - 8

Digri Branch  
Tel: 023 - 3870245

Sehwan Sharif Branch  
Tel: 025 - 4620305 - 7

Ghotki Branch  
Tel: 072 - 3600484

Kandhkot Branch Kashmore  
Tel: 072 - 2573048

Shikarpur Branch  
Tel: 0726540374-75

Shahdadkot Branch  
Tel: 074 - 4013169

Shahdadpur Branch  
Tel: 023 - 5581523

Mithi Branch  
Tel: 0232 - 261650

Mehar Branch  
Tel: 025 - 4730307 - 8

Umerkot Branch  
Tel: 0238 - 570157 - 59

Sheikh Berkiyo Branch  
Tel: 0335 - 2929824 - 23

Naushehro Feroz Branch  
Tel: 022-2448415-6

Thatta Branch  
Tel: 029 - 8550934

Tando Jam Branch  
Tel: 022 - 2765612 - 14

Halani Branch  
Tel: 024- 2460184

Kashmore Branch Kandhkot  
Tel: 072-257770 - 07

Mirpur Mathelo  
Tel: 072-3663315

## BALUCHISTAN

M.A. Jinnah Road Branch  
Tel: 081 - 286 5503 - 4

Zarghoon Road Branch  
Tel: 081 - 2472981-2

Gawadar Branch  
Tel: 086-4210246

Muslim Bagh Qilla Saifullah  
Balochistan, Zhob  
Tel: 082-3669335 - 36

Loralai Branch  
Tel: 082-4410104

Khuzdar Branch  
Tel: 084- 8550336

Ormara Branch  
Tel: 086- 3310140 - 2

Zhob Branch  
Tel: 082 - 2412201 - 4

Turbat Branch  
Tel: 085 - 2414201 - 4

Pasni Branch

## PUNJAB

Lahore

Upper Mall Branch  
Tel: 042 - 35776515

Allama Iqbal Town Branch  
Tel: 042 - 37805026

Azam Cloth Market Branch  
Tel: 042 - 37671195 - 6

Shadman Branch  
Tel: 042 - 37503712

College Road Township Branch  
Tel: 042 - 35117491 - 93

Devine Mega Mall Branch  
Tel: 042 - 35700081 - 84

Bhagbanpura Branch  
Tel: 042 - 36858873 - 74

Choubergy Branch  
Tel: 042 - 37362981 - 8

Wapda Town Branch  
Tel: 042 - 35182871 - 5

M.M. Alam Road Branch  
Tel: 042 - 35778721 - 24

Model Town Branch  
Tel: 042 - 35915613 - 4

Circular Road Branch  
Tel: 042 -37667921-4

Brandreth Road Branch  
Tel: 042 - 37381316 - 9

DHA T Block Branch  
Tel: 042 - 35707651 - 6

Shah Alam Market Branch  
Tel: 042 - 37375734 - 7

Cavalry Branch  
Tel: 042 - 366 10282 - 4

Raiwind Road Branch  
Tel: 042 - 529 1247

Urdu Bazar Branch  
Tel: 042 - 37115918

Badami Bagh Branch  
Tel: 042 - 37946853

Bahria Town Branch  
Tel: 042 - 35976212

Shahdara Branch  
Tel: 0423 - 7931903-5

Shadbagh Branch  
Tel: 042 - 37604549-51

DHA Phase VI Branch  
Tel: 042 - 37180745

Johar Town Branch  
Tel: 042 - 35241088-9

Zarar Shaheed Raod Branch  
Tel: 042 - 36639902-05

Ferozepur Road Branch  
Tel: 042 - 35402151-3

The Mall Branch  
Tel: 042 - 36285673 - 5

Gulberg Branch  
Tel: 042-35771036-38

Mughalpura Branch  
Tel: 042-36533818-822

Gulshan Ravi Branch  
Tel: 042-35464541- 5

New Garden Town Branch  
Tel: 042-35940463-7

DHA Y-Block Branch  
Tel: 042 - 3598010 - 1

PECO Road Branch  
Tel: 042 35203013 - 4

Mcleod Road  
Tel: 042-36311176

Sunder Industrial Estate  
Tel: 0311-0013425 - 6

Valancia Society  
Tel: 042-35226045

Daroghawala  
Tel: 042-36530311-5

Gujranwala

G.T. Road Branch  
Tel: 055 - 3257363  
055-3257365

Bank Square Branch  
Tel: 055 - 4234401 - 3

Wapda Town Branch  
Tel: 055-4285571

Muridke Branch  
Tel: 042 - 37951054 - 7

Sheikhupura Road Branch  
Tel: 055 -4233854 - 57

Kamoki Branch  
Tel: 055-6810282-83-85

Ghakkhar Mandi Branch  
Tel: 055-3882556-59  
055-3882561

Wazirabad Branch  
Tel: 055 - 6605841 - 4

Faisalabad

Grain Market Branch  
Tel: 041 - 2633382 - 84

Karkhana Bazar Branch  
Tel: 041 - 2624501 - 3

Liaqat Road Branch  
Tel: 041 - 241 2263 - 65

Gulistan Colony Branch  
Tel: 041-8785791-5

Ghulam Mohammadabad Branch  
Tel: 041-2692192-94

Jaranwala  
Tel: 041-4313037

Multan

Abdali Road Branch  
Tel: 061 - 4574496

Vehari Road Branch  
Tel: 061 - 6241101 - 02

Bosan Road Branch  
Tel: 061 - 6223416

Wapda Town Phase 1 Branch  
Tel: 061-6524733-38

Sialkot

Aziz Shaheed Road Branch  
Tel: 052 - 427 2351 - 4

Shahab Pura Branch  
Tel: 052 - 4242681

Paris Road Sialkot  
Tel: 052-4269535 - 8

Kashmir Road Branch  
Tel: 052-4272703-04-05

Nekapura Branch  
Tel: 052-3543582-4

Ugoki Branch  
Tel: 052 - 3513952

## Other Cities

Kasur Branch  
Tel: 049 - 276158 - 4

Pattoki Branch  
Tel: 049-4424053 - 4

Sheikhupura Branch  
Tel: 056 - 3810273 - 6

Sahiwal Branch  
Tel: 040 - 422 2733 - 5

Chichawatni Branch  
Tel: 040 - 5481792

Chak No. 89 Branch  
Tel: 040-4550409-10-11-16

Pak Pattan Branch  
Tel: 0457- 352591 - 4

Qaboola Branch  
Tel: 0457-851248-51

Dinga Branch  
Tel: 0537 - 401368

Gulyana Branch  
Tel: 0537-588460-64

Kharian Branch  
Tel: 0537 - 534211

Lala Musa Branch  
Tel: 0537 - 519656 - 8

Dipalpur Branch  
Tel: 044 - 454 2246 - 9

Okara Branch  
Tel: 044 - 252872 - 30

Gojra Branch  
Tel: 046 - 3513637

Toba Tek Singh Branch  
Tel: 046 - 2512052 - 5

Layyah Branch  
Tel: 060 - 6415045

Haroonabad Branch  
Tel: 063 - 2250614 - 15

Chishtian Branch  
Tel: 063 - 2023490

Rahimyar Khan Branch  
Tel: 068 - 5879511 - 14

Chak 72 NP Rahim Yar Khan  
Tel: 068-5708069-74

Sadiqabad Branch  
Tel: 068 - 5803933 - 38

Mouza Kachi Jamal  
Branch Khanpur  
Tel: 0685577190-195

Jehlum Branch  
Tel: 054 - 4611840 - 3

Chakwal Branch  
Tel: 054 - 3554317

Rabwa Branch  
Tel: 047 - 6214042 - 5

Chiniot Branch  
Tel: 047 - 6332713 - 14

Hasilpur Branch  
Tel: 062 - 2441305 - 8

Bhawalpur Branch  
Tel: 062 - 2889176 - 78

Kacheri Chowk Branch  
Tel: 053 - 3600583

GT Road Gujrat Branch  
Tel: 053-3729479-76

Khanewal Branch  
Tel: 065 - 2557491 - 3

Mian Chunnoo Branch  
Tel: 065 - 2661282 - 85

Mouza parhar Sharqi  
Kot Addu Branch  
Tel: 066-2240146-49

Vehari Branch  
Tel: 067-3360715 - 8

Ludan Road,  
Burewala Branch  
Tel: 067 - 3351359

Burewala Branch  
Tel: 067-3770363 - 65

Sargodha Branch  
Tel: 048 - 3768286 - 90

DG Khan Branch  
Tel: 064 - 2470954

Hafizabad Branch  
Tel: 0547 - 526407 - 10

Sambrial Branch  
Tel: 0526 - 524105

Bhakkar Branch  
Tel: 0453 - 510407- 409

Arifwala Branch  
Tel: 0457- 835 477 - 81

Mandi Bahauddin Branch  
Tel: 0546 - 509452 -3

Lodhran Branch  
Tel: 0608 - 361892 - 93

Bhawalnagar Branch  
Tel: 063 - 2279434 - 38

Gohad Pur Branch  
Tel: 0524 - 265499 - 98

Tounsa Sharif Branch

Dahranwala Branch

Attock Branch  
Tel: 057-2610500,057-2610480  
057-2610780

Daska Branch  
Tel: 052-6610461 - 63

Ferozepur Road Branch  
Tel: 042-35402151-53

Wah Cantt Branch  
Tel: 051 - 4256022

Muzaffargarh Branch  
Tel: 066 - 2424691 - 92

Rawalpindi

Satellite Town Branch  
Tel: 051 - 4842984 - 6

Bank Road Branch  
Tel: 051 - 5120731 - 5

Bahria Town Branch  
Tel: 051 - 5731351 - 4

Saidpur Road Branch  
Tel: 051 - 5768049

Peshawar Road Branch  
Tel: 051 - 5492873 - 4

Bahria Town Phase VII Branch  
Tel: 051 - 5154891-4

AECHS  
Tel: 051 - 5497012 - 15

Chakri Road Branch  
Tel: 051-5129024

Range Road Branch  
Tel: 051-5128871  
051-5128875

Jinnah Road Branch  
Tel: 051 - 5778560 - 62 - 64

GHQ Rawalpindi  
Tel: 051-5202344

Chaklala Scheme III Branch  
Tel: 051-5766277 / 278 / 279

Islamabad

Blue Area Branch  
Tel: 051 - 111 - 572 - 265

Barakahu Branch  
Tel: 051-2165032-7

DHA Phase II Branch  
Tel: 051 - 4358882

F-10 Markaz  
Tel: 051 - 2112957 - 58

F-11 Markaz  
Tel: 051-2103404-6

F-7 Markaz Branch  
Tel: 051 - 2608402 - 5

F-8 Markaz Branch  
Tel: 051 - 2818296 - 8

G-11 Markaz Branch  
Tel: 051 - 2830601

G - 15 Markaz Branch  
Tel: 051-2160240-41

G-8 Islamabad Branch  
Tel: 051-2340537-8

Gulberg Geen Islamabad Road Branch  
Tel: 0310-5998931

I-8 Markaz Branch  
Tel: 051 - 4864523 - 6

I-9 Markaz Branch  
Tel: 051 - 4431296 - 8

Islamabad Stock Exchange Branch  
Tel: 051 - 2894407 - 10

NPF O-9 Pwd Road Branch  
Tel: 051 - 5170584 - 5

Serena Hotel Branch

Tarlai Branch  
Tel: 051-2241860-4-66

**KHYBER  
PAKHTOON KHWA**

Peshawar

University Road Branch  
Tel: 091 - 5711572 - 5

Naz Cinema  
Tel: 091-2211024-26

Ring Road Peshawer Branch  
Tel: 0310-5998903-01

Fakhar e Alam Road Branch  
Tel: 091 5279981-84

Namak Mandi Branch  
Tel: 091-2591424-25-26

Abbottabad Branch  
Tel: 099 - 233 1491 - 4

Bannu Branch  
Tel: 0928-6601673

Chahkdarah Branch  
Tel: 094-5703335 - 336 - 337

Charsadda Branch  
Tel:

Chitral Branch  
Tel: 0943-413027-29

D I Khan Branch  
Tel: 0966 - 733216 -19

Dara Adam Khel  
Tel: 092-22810187

Ghallanai Branch

Haripur Branch  
Tel: 0995 - 627370

Mansehra Branch  
Tel: 0997-301882-84

Mardan Branch  
Tel: 0937 - 873445 - 873452

Mingora Branch  
Tel: 0946 - 711740 - 43

Nowshera Branch  
Tel: 092-3612004

Parachinar Branch

Saleh Khana Branch  
Tel: 0923 - 651113 - 17

Shaidu Branch  
Tel: 0923-510013-14

Shakas Branch  
Tel: 091-5602382/83/85

Timergara Branch  
Tel: 0945 - 821921

Topi Branch  
Tel: 0938 - 272003 - 4

## **AZAD JAMMU & KASHMIR (AJK)**

Chaksawari Branch  
Tel: 05827 - 454790

Bagh Branch  
Tel: 0346-5449449

Charroi Branch  
05826-415474-76

Dadyal Branch  
Tel: 0586 - 3044668 - 70

Jatlan Branch  
Tel: 05827 - 404388

Khui Ratta Branch  
Tel: 05826 - 414906 -7

Kotli Branch  
Tel: 05826 - 448228 -30

Seri Branch  
Tel: 058-26 -432731-4

Mirpur Branch  
Tel: 05827 - 437281 - 4

Muzafarabad Branch  
Tel: 05822 - 929765 - 7

Naarr Branch  
Tel: 05826 - 420784 - 85

Sehensa Branch  
Tel: 05826 - 422779 - 422300

## **GILGIT BALTISTAN**

Gilgit Branch  
Tel: 0581-150615 - 7

Chilas Branch  
Tel: 05812-450658

Skardu  
Tel: 0581-5457306/306

International Branch

Bahrain Branch  
Tel: 00973 - 17104603

## **JS Investments Limited**

Karachi (Branch Office)  
Plot No. 16-C, Phase-I, Near Nadra Mega Centre, DHA, Karachi

Lahore (Branch Office)  
Ground Floor, No 25, Block 13, Plot No.1-4, Usman Block, New Garden Town, Lahore

Islamabad (Branch Office)  
Office # 414, 4th Floor, PSX Building, Jinnah Avenue, Islamabad

## **JS Global Capital Limited**

Karachi (Branch Offices)  
Stock Exchange Branch  
Room No. 634, 6th Floor, Stock Exchange Building, Stock Exchange Road.

Gulshan-e-Iqbal Branch  
Suite No. 607-A, 6th Floor, Al Ameen Towers, Plot No E-2, Block 10, Gulshan-e-Iqbal, Main NIPA.

Hyderabad (Branch Office)  
Address: Shop No. 20, Ground Floor, Auto Bhan Towers, Auto Bhan Road, Unit No. 3, Latifabad.

Islamabad (Branch Office)  
Room No. 413, 4th Floor, ISE Towers, 55-B, Jinnah Avenue.

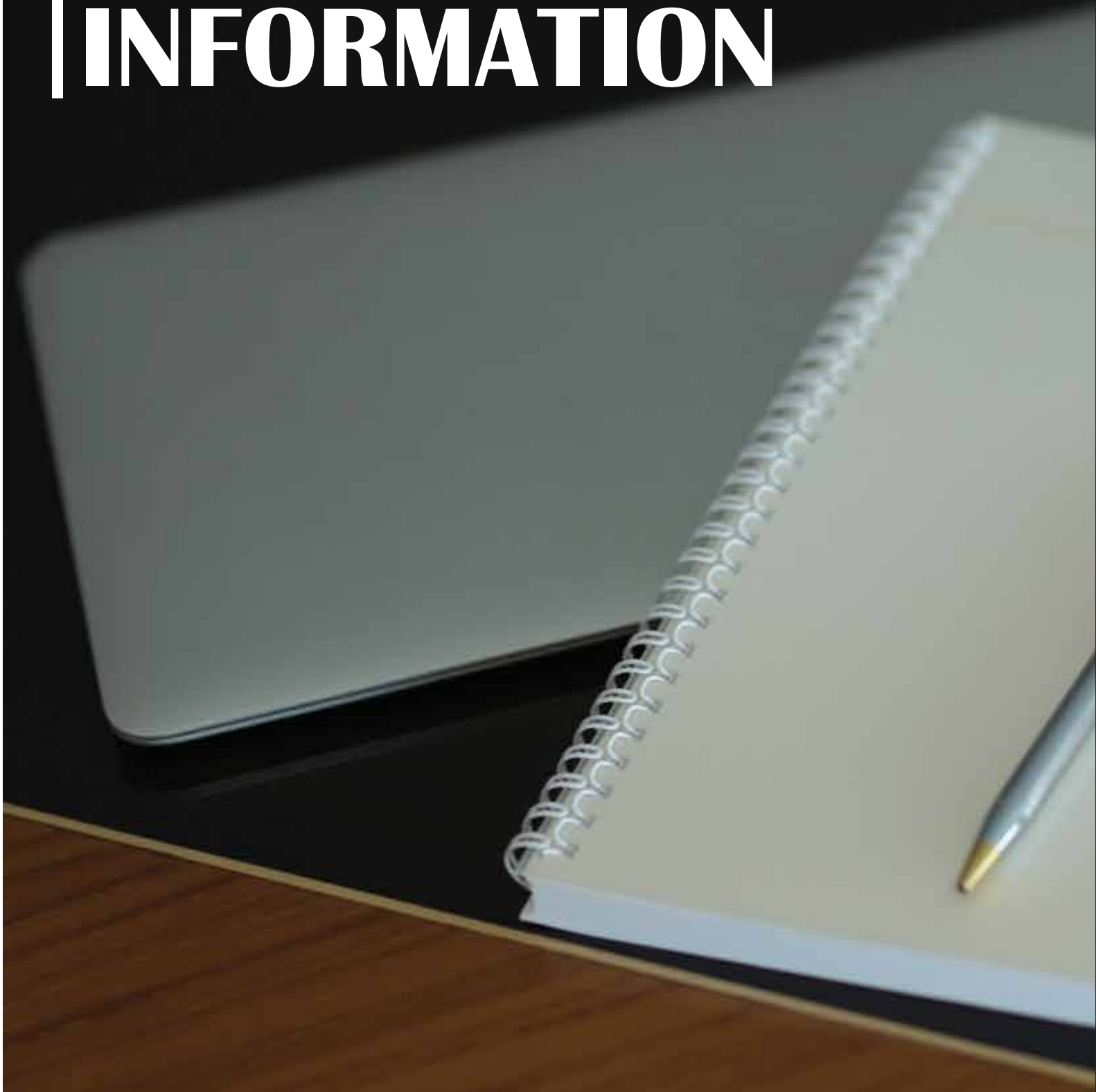
Faisalabad (Branch Office)  
Office no G-04, Ground Floor, Mezan Executive Tower, Plot No 4, Liaquat Road.

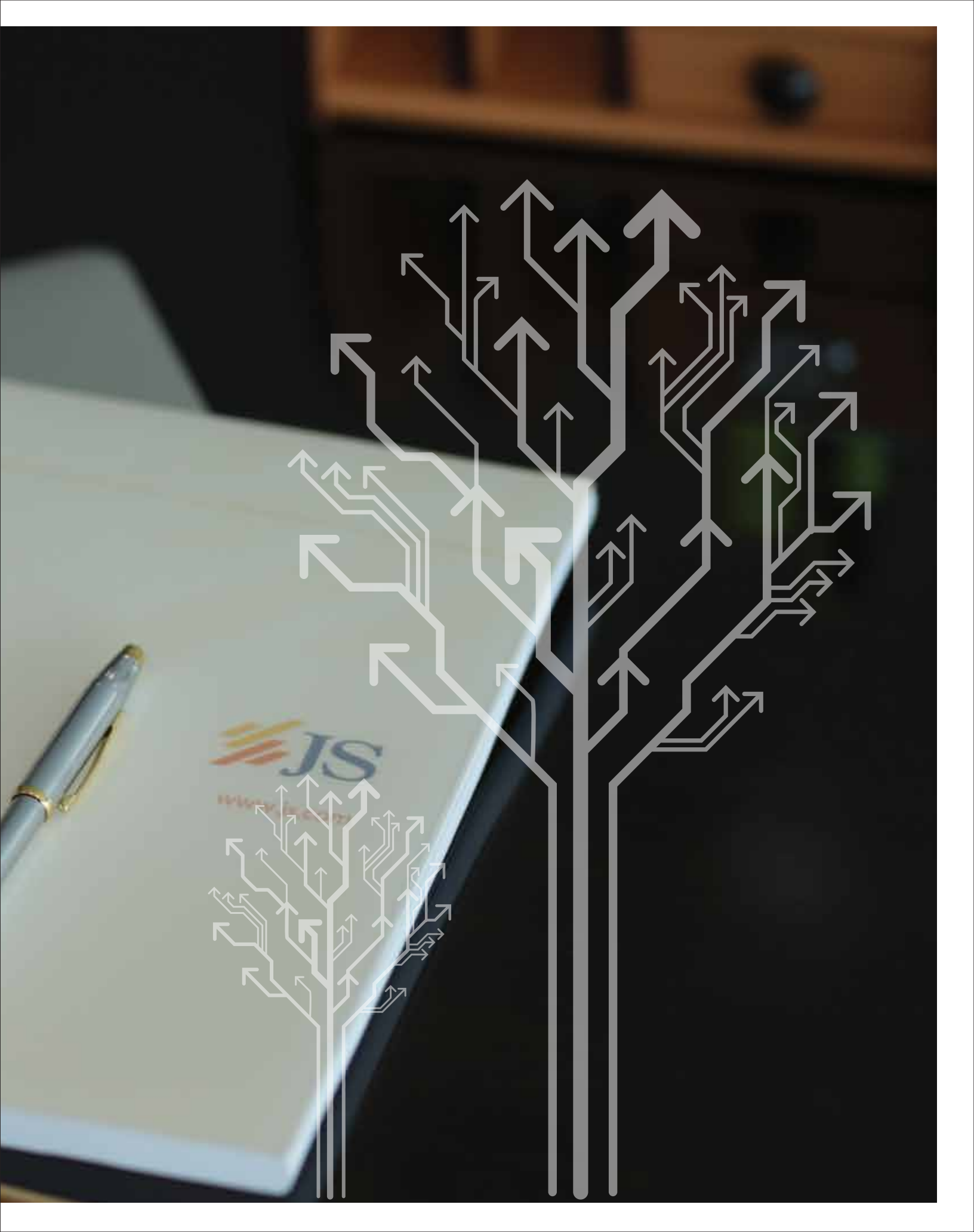
Lahore (Branch Office)  
Plot No. 434-G/1, M A Johar Town.

Multan (Branch Office)  
Office No. 608-A, Sixth Floor, The United Mall, Plot No. 74, Abdali Road.

Peshawar (Branch Office)  
First Floor, State life Building No. 34, The Mall Road, Peshawar Cantt.

# **ADDITIONAL INFORMATION**





 JS  
www.js.com

## Pattern of Shareholding - Ordinary Shares

As at December 31, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors, Chief Executive Officer and their spouse(s) and minor children</b>			
MR. ALI RAZA SIDDIQUI	1	16,496	0.00
MR. 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
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
<b>Associated Companies, undertakings and related parties</b>			
MR. JAHANGIR SIDDIQUI	2	42,445,500	4.63
JAHANGIR SIDDIQUI & SONS LIMITED	2	215,467,046	23.52
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED	1	402,006,784	43.89
EFU GENERAL INSURANCE LIMITED	1	19,711,876	2.15
EFU SERVICES (PRIVATE) LTD.	1	113,446	0.01
EFU LIFE ASSURANCE LIMITED	1	8,564,242	0.94
ALLIANZ EFU HEALTH INSURANCE LIMITED	1	178,614	0.02
Executives	4	512	0.00
NIT and ICP	1	4,324	0.00
<b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b>	4	380,131	0.04
<b>Insurance Companies</b>	3	4,348,673	0.47
<b>Modarabas and Mutual Funds</b>			
M/S. FIRST UDL MODARABA	1	3,427	0.00
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	63,000	0.01
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	4,891,000	0.53
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	840,000	0.09
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	575,441	0.06
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1	3,474,500	0.38
<b>General Public</b>			
a. Local	7,565	93,488,905	10.21
b. Foreign	33	622,758	0.07
<b>Foreign Companies</b>	4	52,329,503	5.71
<b>Others</b>	121	65,393,470	7.14
<b>Totals</b>	<b>7,758</b>	<b>915,942,388</b>	<b>100.00</b>

Share holders holding 5% or more	Shares Held	Percentage
JAHANGIR SIDDIQUI & SONS LIMITED	215,467,046	23.52
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED	402,006,784	43.89
SAJ CAPITAL MANAGEMENT LTD	52,005,500	5.68



# Pattern of Shareholding - Ordinary Shares

As at December 31, 2021

No of Shareholders	Shareholdings' Slab			Total Shares Held
988	1	to	100	26,638
1310	101	to	500	508,697
1092	501	to	1000	998,884
2314	1001	to	5000	6,360,300
823	5001	to	10000	6,526,093
271	10001	to	15000	3,525,641
176	15001	to	20000	3,231,849
164	20001	to	25000	3,857,982
72	25001	to	30000	2,058,409
43	30001	to	35000	1,432,820
56	35001	to	40000	2,160,605
42	40001	to	45000	1,825,864
63	45001	to	50000	3,112,164
18	50001	to	55000	943,393
25	55001	to	60000	1,462,175
22	60001	to	65000	1,389,753
9	65001	to	70000	607,000
12	70001	to	75000	874,343
9	75001	to	80000	694,579
5	80001	to	85000	416,506
8	85001	to	90000	710,461
7	90001	to	95000	647,971
34	95001	to	100000	3,386,500
4	100001	to	105000	411,125
15	105001	to	110000	1,634,252
9	110001	to	115000	1,020,198
7	115001	to	120000	832,250
4	120001	to	125000	494,130
2	125001	to	130000	257,860
5	130001	to	135000	673,402
1	135001	to	140000	137,000
3	140001	to	145000	428,500
9	145001	to	150000	1,346,500
4	150001	to	155000	606,356
4	155001	to	160000	637,220
1	160001	to	165000	160,432
3	165001	to	170000	504,000
3	170001	to	175000	520,500
6	175001	to	180000	1,069,483
1	185001	to	190000	190,000
2	190001	to	195000	385,100

## Pattern of Shareholding - Ordinary Shares

As at December 31, 2021

No of Shareholders	Shareholdings' Slab			Total Shares Held
8	195001	to	200000	1,599,000
2	200001	to	205000	401,989
3	205001	to	210000	628,400
1	210001	to	215000	214,303
1	220001	to	225000	225,000
3	225001	to	230000	682,014
2	235001	to	240000	476,000
1	240001	to	245000	240,500
5	245001	to	250000	1,242,433
1	250001	to	255000	255,000
2	255001	to	260000	517,974
3	265001	to	270000	801,878
4	280001	to	285000	1,133,130
3	295001	to	300000	900,000
2	320001	to	325000	646,800
1	330001	to	335000	335,000
1	335001	to	340000	336,000
1	340001	to	345000	343,660
1	345001	to	350000	347,000
3	355001	to	360000	1,076,486
1	360001	to	365000	362,400
1	365001	to	370000	366,000
1	370001	to	375000	375,000
1	375001	to	380000	378,926
4	395001	to	400000	1,600,000
1	410001	to	415000	414,500
1	415001	to	420000	420,000
2	420001	to	425000	847,000
1	425001	to	430000	428,496
1	440001	to	445000	442,532
1	475001	to	480000	480,000
1	490001	to	495000	491,367
4	495001	to	500000	2,000,000
1	500001	to	505000	500,500
1	505001	to	510000	510,000
1	520001	to	525000	525,000
1	545001	to	550000	550,000
1	555001	to	560000	559,210
1	575001	to	580000	575,441
1	580001	to	585000	580,022
1	595001	to	600000	600,000
1	620001	to	625000	625,000
1	645001	to	650000	650,000
1	655001	to	660000	660,000



## Pattern of Shareholding - Ordinary Shares

As at December 31, 2021

No of Shareholders	Shareholdings' Slab			Total Shares Held
1	665001	to	670000	668,600
1	740001	to	745000	745,000
1	795001	to	800000	800,000
1	835001	to	840000	840,000
1	1000001	to	1005000	1,001,838
1	1085001	to	1090000	1,087,000
1	1245001	to	1250000	1,250,000
1	1325001	to	1330000	1,329,596
1	1395001	to	1400000	1,400,000
1	1455001	to	1460000	1,459,500
1	1460001	to	1465000	1,461,500
1	1495001	to	1500000	1,500,000
1	1745001	to	1750000	1,745,950
1	1895001	to	1900000	1,900,000
1	1930001	to	1935000	1,934,560
1	2295001	to	2300000	2,300,000
1	2315001	to	2320000	2,316,000
1	2410001	to	2415000	2,410,500
1	3470001	to	3475000	3,474,500
1	4160001	to	4165000	4,165,000
1	4890001	to	4895000	4,891,000
1	5450001	to	5455000	5,453,000
1	6370001	to	6375000	6,371,500
1	7145001	to	7150000	7,149,000
1	8560001	to	8565000	8,564,242
1	18895001	to	18900000	18,900,000
1	19710001	to	19715000	19,711,876
1	20415001	to	20420000	20,416,000
1	20925001	to	20930000	20,925,500
1	22025001	to	22030000	22,029,500
1	52005001	to	52010000	52,005,500
1	208315001	to	208320000	208,318,046
1	402005001	to	402010000	402,006,784
<b>7,758</b>				<b>915,942,388</b>

## Pattern of Shareholding - Preference Shares

As at December 31, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors, Chief Executive Officer and their spouse(s) and minor children</b>			
MR. ALI RAZA SIDDIQUI	1	3,299	0.00
MR. SAUD AHMED	1	24	0.00
MR. SULEMAN LALANI	1	71,863	0.04
MR. MAHBOOB AHMED	1	75,785	0.04
MS. AMBREEN JATOI	1	18,000	0.01
MR. SHAHID HUSSAIN JATOI	1	200	0.00
MR. JAVED MAHMOOD BUKHARI	1	100	0.00
<b>Associated Companies, undertakings and related parties</b>			
MR. JAHANGIR SIDDIQUI	2	7,031,900	3.84
JAHANGIR SIDDIQUI & SONS LIMITED	1	57,373,261	31.32
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED	1	80,401,356	43.89
JS LANDS (PRIVATE) LIMITED	1	7,251,500	3.96
Executives	-	-	-
NIT and ICP	-	-	-
<b>Banks Development Financial Institutions, Non-Banking Financial Institutions</b>			
	-	-	-
<b>Insurance Companies</b>			
	-	-	-
<b>Modarabas and Mutual Funds</b>			
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	978,200	0.53
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1	694,900	0.38
<b>General Public</b>			
a. Local	1,352	19,469,775	10.63
b. Foreign	12	283,200	0.15
<b>Foreign Companies</b>			
	2	364,800	0.20
<b>Others</b>			
	18	9,170,314	5.01
<b>Totals</b>	<b>1,398</b>	<b>183,188,477</b>	<b>100.00</b>

Share holders holding 5% or more	Shares Held	Percentage
JAHANGIR SIDDIQUI & SONS LIMITED	57,373,261	31.32
JAHANGIR SIDDIQUI SECURITIES SERVICES LIMITED	80,401,356	43.89

# Pattern of Shareholding - Preference Shares

As at December 31, 2021

No of Shareholders	Shareholdings' Slab			Total Shares Held
144	1	to	100	9,494
333	101	to	500	113,521
169	501	to	1000	140,986
377	1001	to	5000	993,529
138	5001	to	10000	1,097,128
44	10001	to	15000	570,316
34	15001	to	20000	623,244
29	20001	to	25000	692,268
14	25001	to	30000	394,532
6	30001	to	35000	204,500
10	35001	to	40000	392,573
6	40001	to	45000	251,280
16	45001	to	50000	783,647
4	50001	to	55000	209,994
6	55001	to	60000	350,394
4	60001	to	65000	252,707
4	65001	to	70000	273,600
3	70001	to	75000	215,843
2	75001	to	80000	155,785
1	80001	to	85000	84,400
1	85001	to	90000	86,500
13	95001	to	100000	1,293,873
1	100001	to	105000	105,000
2	110001	to	115000	225,842
1	125001	to	130000	128,420
2	130001	to	135000	265,086
1	135001	to	140000	140,000
1	180001	to	185000	182,500
1	195001	to	200000	200,000
1	205001	to	210000	210,000
1	245001	to	250000	247,000
1	250001	to	255000	255,000
1	270001	to	275000	271,000
1	275001	to	280000	280,000
1	290001	to	295000	292,300
2	295001	to	300000	600,000
1	310001	to	315000	312,000
1	350001	to	355000	350,098
1	375001	to	380000	377,500
1	410001	to	415000	412,500
1	460001	to	465000	465,000
2	495001	to	500000	1,000,000
1	500001	to	505000	500,700

## Pattern of Shareholding - Preference Shares

As at December 31, 2021

No of Shareholders	Shareholdings' Slab			Total Shares Held
1	505001	to	510000	505,700
1	545001	to	550000	547,000
2	595001	to	600000	1,200,000
1	690001	to	695000	694,900
1	880001	to	885000	881,500
1	975001	to	980000	978,200
1	1195001	to	1200000	1,196,000
1	2345001	to	2350000	2,348,000
1	3775001	to	3780000	3,780,000
1	4185001	to	4190000	4,185,100
1	5835001	to	5840000	5,835,900
1	7250001	to	7255000	7,251,500
1	57370001	to	57375000	57,373,261
1	80400001		80405000	80,401,356
<b>1398</b>				<b>183,188,477</b>

# Notice Of 30<sup>th</sup> Annual General Meeting

Notice is hereby given that the 30th Annual General Meeting of Jahangir Siddiqui & Co. Ltd. ("the Company") will be held at Ramada Hotel, Zulfiqar Street No. 1, Phase VIII, Defence Housing Authority, Karachi on Wednesday, April 27, 2022 at 10:00 a.m., to transact the following businesses:

## Ordinary Business

1. To receive, consider and adopt the audited unconsolidated and consolidated financial statements of the Company for the year ended December 31, 2021, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.
2. To appoint Company's Auditors and fix their remuneration. The Audit Committee and the Board of Directors have recommended the appointment of the retiring auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, who being eligible have offered themselves for re-appointment.
3. To consider and approve the payment of preferred cash dividend @ 6% p.a. to the Preference Shareholders for the year ended December 31, 2021, as recommended by the Board of Directors. It will amount to PKR 51,794,660/- for the year ended December 31, 2021, i.e. PKR 0.282739726 per preference share.

The notice of meeting has also been placed on company's website: ([www.js.com](http://www.js.com))

By Order of the Board

  
**Syed Ali Hasham**  
Company Secretary

Karachi: April 05, 2022

## NOTES

(i) The Company has placed the Annual Report comprising *inter alia* Audited Financial Statements along with Chairman's Review Report, Directors' and Auditors' Reports for the year ended December 31, 2021, on its website: [www.js.com](http://www.js.com).

### ii) Share Transfer Book Closure Dates:

#### (a) For Ordinary Shareholders:

The Share Transfer Books of the Company shall remain closed from April 20, 2022, to April 27, 2022, (both days inclusive) for determining the entitlement of shareholders for attending and voting at the meeting.

Physical transfers and deposit requests under Central Depository System received at the close of business on April 19, 2022, by the Company's Registrar i.e. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., main Shahrah-e-Faisal, Karachi will be treated as being in time for the purpose of attending and voting at the meeting.

#### (b) For Preference Shareholders:

The Share Transfer Books of the Company shall remain closed from April 20, 2022, to April 27, 2022, (both days inclusive) for determining the entitlement of preference shareholders for cash dividend (subject to approval in the general meeting).

Physical transfers and deposit requests under Central Depository System received at the close of business on April 19, 2022, by the Company's Registrar i.e. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., main Shahrah-e-Faisal, Karachi will be treated as being in time for the purpose of payment of the cash dividend (subject to approval in the general meeting).

- iii) A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company. Form of proxy is enclosed in English and Urdu languages.
- iv) 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.
- v) 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 continuing COVID-19 pandemic, the Company has also provided the facility for attending the meeting via video-link to protect the well-being of its shareholders/general public. The members are encouraged to participate in the meeting online by following the below guidelines.
- b. The members who intend to attend and participate in the 30th AGM of the Company through video link arrangement are requested to complete identification and verification formalities i.e. to provide following required information at the **email: shareholder@js.com on or before April 25, 2022.**

Name of Shareholder:	CNIC No:	Folio No:	Cell Phone No:	Email Address:

The video link of meeting will be sent to the members on their email addresses.

Further, the members can also provide their comments / suggestions for discussion on the agenda items of the AGM through following means:

WhatsApp	SMS	Email
+92 307 3277163	+92 307 3277163	shareholder@js.com

- c. The Members who intend to attend and participate physically in the 30th AGM of the Company will be allowed to participate keeping in view the COVID-19 related SOP's issued by the Provincial and / or the Federal Government.

The Company will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measures are in place for well-being of its Members.

- d. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the account number at the time of attending the Meeting.
- e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.



## **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.
- (vi) 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 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>

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

### **Deduction of Withholding Tax on Dividend (as applicable)**

In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001, withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, CDC Share Registrar Services Limited, of the Company by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, CDC Share Registrar Services Limited, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

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

Pursuant to Section 223(7) of the Companies Act, 2017 the Company is allowed to send financial statements and reports to its members electronically. In this regard, members are hereby requested to convey their respective information on the Form which is available at the Company website i.e. at <http://www.js.com/index.php/investors/shareholders-information> to ensure compliance with the above referred provision.

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 Shakra-e-Faisal  
Karachi-74400.  
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)  
Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

# Dividend Mandate Form

## The Share Registrar

CDC Share Registrar Services Limited  
CDC House, 99 - B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi - 74400

I Mr/Ms. \_\_\_\_\_ S/O,D/O,W/O \_\_\_\_\_ hereby authorize Jahangir Siddiqui & Co. Ltd. to directly credit cash dividend by it, if any, in the below mentioned bank account.

### (i) Shareholders' Details

Name of Shareholder	
Folio No. / CDC Participant ID A/C No	
CNIC No.PassportNo (In case of foreign shareholder)	
Land Line Phone Number	
Cell Number	

### (ii) Shareholders' Bank Details

Name of Shareholder	
Title of the Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	



# FORM OF PROXY

30th Annual General Meeting

## The Company Secretary

Jahangir Siddiqui & Co. Ltd.  
20th Floor, The Centre, Plot No. 28, SB-5,  
Abdullah Haroon Road, Saddar,  
Karachi- 74400, Pakistan

I/We \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Jahangir Siddiqui & Co. Ltd. holding \_\_\_\_\_ ordinary shares as per Registered Folio No /CDC A/c. No. (for members who have shares in CDS) \_\_\_\_\_ hereby appoint Mr. / Mrs. / Ms. \_\_\_\_\_ of \_\_\_\_\_ (Folio. No. CDC A/c No.) \_\_\_\_\_ or failing him/her Mr. / Mrs. / Ms. \_\_\_\_\_ of \_\_\_\_\_ Folio. No. CDC A/c No.) \_\_\_\_\_ being a member of the Company, as my / our proxy to attend, act and vote for me / us and on my /our behalf at the 30th Annual General Meeting of the Company to be held on Wednesday, April 27, 2022, and /or any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of April, 2022.

Signed by \_\_\_\_\_

In the presence of \_\_\_\_\_

### Witness:

- Name:** \_\_\_\_\_  
**Signature:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**CNIC or Passport No.:** \_\_\_\_\_
- Name:** \_\_\_\_\_  
**Signature:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**CNIC or Passport No.:** \_\_\_\_\_

Signature

The Signature should agree with the specimen registered with Company.

### Important:

- 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.
- This proxy form, duly completed and signed (along with attested copy of the valid CNIC or Passport of the beneficial owner and the proxy), must be received at the Office of the Company situated at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi, not less than 48 hours before the time of holding meeting.
- The proxy must be a member of the Company. A non-natural person being a member of the Company may appoint any of its official or any other person as its representative through a resolution of its board of directors to attend and vote at the meeting.
- If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
- The proxy shall produce his original CNIC or original passport as may be applicable at the time of the meeting.
- 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 duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the passport of the beneficial owner and the proxy. In case of corporate entity, the Board of Directors' Resolution / power of attorney with specimen signature shall be submitted.



Affix  
Correct  
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The Company Secretary  
**Jahangir Siddiqui & Co. Ltd.**  
20th Floor, The Centre  
Plot No. 28, SB-5  
Abdullah Haroon Road  
Saddar, Karachi- 74400  
Pakistan.

# پراکسی فارم

تیسواں سالانہ اجلاس عام

کمپنی سیکریٹری

جہانگیر صدیقی اینڈ کمپنی لمیٹڈ

29, SB-5، پلاٹ نمبر 5، فلور، دی سینٹر، پلاٹ نمبر 5-29،

عبداللہ ہارون روڈ، صدر

کراچی-74000، پاکستان

میں/ہم \_\_\_\_\_ ساکن \_\_\_\_\_

بحیثیت رکن (ارکان) جہانگیر صدیقی اینڈ کمپنی لمیٹڈ \_\_\_\_\_ عمومی حصص کے بذریعہ رجسٹرڈ فولیو نمبر/ CDC اکاؤنٹ نمبر (ان ارکان کے جن کے

حصص CDS) \_\_\_\_\_ حامل ہیں، محترم/محترمہ \_\_\_\_\_

ساکن \_\_\_\_\_ حامل فولیو نمبر/ CDC اکاؤنٹ نمبر \_\_\_\_\_، ان کے دستیاب نہ ہونے

پر محترم/محترمہ \_\_\_\_\_، ساکن \_\_\_\_\_ حامل فولیو نمبر/ CDC اکاؤنٹ

نمبر \_\_\_\_\_ جو کہ کمپنی کے رکن ہیں، انہیں اپنی طرف سے کمپنی کے تیسواں سالانہ اجلاس عام منعقدہ بدھ 27 اپریل 2022 میں حاضر ہونے، عمل

کرنے اور ووٹ کے لئے پراکسی مقرر کرتا/کرتی/کرتے ہیں اور اجلاس ملتوی ہونے کی صورت میں بھی یہی میرے مختار (پروکسی) ہوں گے۔

مورخہ \_\_\_\_\_ 2022 کو روبرو گواہان میں/ہم نے دستخط کئے۔

گواہ نمبر 1- \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

\_\_\_\_\_

CNIC نمبر: \_\_\_\_\_

دستخط: \_\_\_\_\_

گواہ نمبر 2- \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

\_\_\_\_\_

CNIC نمبر: \_\_\_\_\_

دستخط: \_\_\_\_\_

دستخط

دستخط کمپنی میں موجود نمونے کے

دستخط کے مطابق ہونا چاہئے

## اہم نوٹ:

- (۱) کمپنی کا ممبر جو حاضر ہونے اور ووٹ دینے کا حق رکھتا ہے وہ کسی دوسرے ممبر کو اپنی جگہ اجلاس میں حاضر ہونے اور ووٹ دینے کے لئے پراکسی مقرر کر سکتا ہے/ کر سکتی ہے۔
- (۲) باضابطہ پر شدہ اور دستخط شدہ پراکسی فارم (جمع بینیفیشل مالکان اور پراکسی کے درست CNIC یا پاسپورٹ کی مصدقہ نقول) کمپنی کے دفتر واقع 20th فلور، دی سینٹر، پلاٹ نمبر 5، SB-5، عبداللہ ہارون روڈ، صدر، کراچی پراجیکٹ سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہئے۔
- (۳) پراکسی کے لئے کمپنی کا ممبر ہونا لازمی ہے۔ ایک ادارہ جو کہ کمپنی کا ممبر ہے وہ اپنی طرف سے اپنے کسی عہدیدار یا کسی دیگر فرد کو بطور نمائندہ بذریعہ اپنے بورڈ آف ڈائریکٹرز کی قرارداد حاضر ہونے اور ووٹ دینے کے لئے مقرر کر سکتا ہے۔
- (۴) اگر ایک ممبر ایک سے زیادہ پراکسی مقرر کرتا ہے اور کمپنی کا ممبر ایک سے زیادہ پراکسی فارم جمع کراتا ہے تو اس قسم کے تمام پراکسی فارم منسوخ ہو جائیں گے۔
- (۵) اجلاس میں حاضری کے وقت پراکسی اپنا اصل پاسپورٹ یا اصل CNIC پیش کرے گا۔
- (۶) فزیکل حصص اور سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (CDC) کے بینیفیشل مالکان اور/یا ان کے پراکسی کے لئے ضروری ہوگا کہ اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ شناختی مقاصد کے لئے اجلاس میں حاضری کے وقت پیش کریں گے۔
- (۷) پراکسی فارم پر دو گواہان کے دستخط کے ساتھ ان کے نام، پتے اور CNIC نمبر لازمی طور پر موجود ہونے چاہئیں جس کے ساتھ بینیفیشل مالکان کے پاسپورٹ یا CNIC کی مصدقہ نقول پیش کی جائے گی۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختیار نامہ جمع نمونہ دستخط پیش کرنے ہوں گے۔

درست ملٹ چیک کریں

کمپنی سیکریٹری  
جہانگیر صدیقی اینڈ کمپنی لمیٹڈ  
۲۰ فلور، دی سینٹر، پلاٹ نمبر ۵، SB-۵،  
عبداللہ ہارون روڈ، صدر، کراچی۔ ۷۴۲۰۰، پاکستان














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# Annual Report 2021



20<sup>th</sup> Floor, The Centre  
Plot No. 28, SB-5  
Abdullah Haroon Road  
Saddar, Karachi-74400  
Pakistan  
[www.js.com](http://www.js.com)  
UAN: (+92-21) 111 574 111