



ANNUAL REPORT 2020



Pioneers in Providing
Premium Financial Services
For Over 5 Decades



COMPANY INTRODUCTION

BIPL Securities Limited (BIPLS) is a full service brokerage house listed on the Pakistan Stock Exchange (PSX). We trace our history back to 1962 when we were incorporated as Khadim Ali Shah Bukhari. We were corporatized in Oct, 1991. The current sponsors took over in May, 2015 and we eventually become BIPLS on Nov 03, 2016. Over the 5 decades of our existence one thing that is constant is the drive for excellence and the desire to do the very best for our clients.

Everything we do, the sole reason for our existence, is to serve our clients across our many product platforms and to help them achieve their investment objectives consistently and in a transparent and ethical manner.

Our efforts in service excellence has been consistently recognized, appreciated and awarded by local and international agencies. We believe that as long as we remain client focused and work for the long term benefit of our clients, the company will continue to grow and all stakeholders will benefit and prosper.



Table Of Contents

04

Vision & Mission

05

Core Values

06

Services Offered

07

Company Information

08

Business Ethics & Practices

17

CEO Message

18

Directors' Profile

20

Corporate Social Responsibility

21

Directors' Report To The Members

25

Financial Highlights

36

Statement of Financial Position

37

Statement Of Profit And Loss Account And Other Comprehensive Income

38

Cash Flow Statement

39

Statement Of Changes In Equity

40

Notes To The Financial Statements

70

Consolidated Cashflow Statement

71

Consolidated Statement Of Changes In Equity

72

Notes To The Consolidated Financial Statement

93

Pattern Of Shareholding

95

Urdu Translation - Directors' Report To The Members

09

Our Policies

10

Awards & Recognition

12

Company Milestones

14

Our Location & Branch Network

16

Chairman's Review Report

26

Notice Of Annual General Meeting

28

Independent Auditor's Review Report

29

Statement Of Compliance With The Code Of Corporate Governance

Standalone Financial Statements

32

Independent Auditor's Report To The Members

Consolidated Financial Statements

63

Directors' Report On The Consolidated Financial Statements

64

Independent Auditor's Report To The Members

68

Consolidated Statement Of Financial Position

69

Consolidated Statement Of Profit And Loss Account And Other Comprehensive Income

104

Urdu Translation - Consolidated Directors' Report To The Members

105

Urdu Translation - Chairman's Review Report

Form of Proxy - English

Form of Proxy - Urdu

Vision & Mission



Our Vision

To be the leading financial services company generating consistent value for its stakeholders.



Our Mission

To be the preferred advisor across various business platforms providing leadership in market and product development.



Core Values



INTEGRITY

Acting with honesty and transparency in the best interest of our clients and other stakeholders



EXCELLENCE

Working diligently to deliver the very best in terms of products and service to our clients on a consistent basis.



LEADERSHIP

Innovate and be the change agent that exceeds client expectations by providing new, diverse and complete range of products and services



Services Offered



EQUITIES

- TREC Holder of Pakistan Stock Exchange.
- BIPL Direct: Pakistan's largest online equities platform.
- Nationwide retail branch network.
- One of the largest institutional brokerage platform.
- Relationship with global investors and broker dealers.



MONEY MARKET

- One of the top brokers in the market.
- Actively advice diverse clients such as banks, corporates, insurance companies, mutual funds, DFIs, NBFCs etc.
- Active across multiple products such as sukuks, T-Bills, commercial papers, promisory notes, overnight, term funding etc.



FOREX

- Actively catering to FX needs of bank treasuries.
- Research backed investment advice based on macro economic fundamentals.



COMMODITIES

- One of the leading brokers on the Pakistan Mercantile Exchange.
- Amongst the largest team in the business.
- Night desk facility for investors.
- Professional investment advice based on research and technicals.



CORPORATE FINANCE & ADVISORY

- Mergers & acquisitions / divestitures and privatizations.
- IPOs, bookbuilding, block transactions and private placements.
- Corporate & financial restructuring.



RESEARCH

- Award winning research recognized locally and internatioally.
- Industry wide coverage supported by macro economic research.
- Detailed company insights supplemented by strategy reports.

Company Information

Board of Directors

Kamal Uddin Tipu – Chairman
Abdul Aziz Anis, CFA – Chief Executive Officer
Sohail Sikandar
Sikander Kasim
Muhammad Hafeezuddin Asif
Khurram Jamil
Muhammad Uzair Sipra
Mudassar Aslam

Audit Committee

Sikander Kasim - Chairman
Sohail Sikandar
Khurram Jamil

HR & R Committee

Kamal Uddin Tipu - Chairman
Muhammad Uzair Sipra
Mudassar Aslam

Chief Executive Officer

Abdul Aziz Anis, CFA

Company Secretary

Arsalan Farooq

Chief Financial Officer

Zafar Ahmed Khan

Statutory / NCB Auditors

RSM Avais Hyder Liaquat Nauman
Chartered Accountants
407, Progressive Plaza, Beaumont Road
Karachi, Pakistan

Credit Rating

JCR-VIS Credit Rating Company Limited

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
Bank Al-Falah Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited

Legal Advisors

Bawaney and partners
Advocates and Investment and Corporate Advisor
3rd & 4th Floors, 68-C, Lane 13,
Bokhari Commercial Area,
Phase-VI, DHA, Karachi, Pakistan
Phones: (92-21) 35156191-92-93-94
Fax: (92-21) 351-56195
Email: bawaney@cyber.net.pk

Tax Advisor

Grant Thornton Anjum Rahman
Chartered Accountants
1st & 3rd Floor, Modern Motor House, Beaumont
Road, Karachi, Pakistan.
Phone: (+92-21) 111-000-322
Fax: (+92-21) 34168271

Registered Office

5th Floor, Trade Centre, I.I.Chundrigar Road, Karachi.
Phone: (+92-21) 111-222-000
Fax: (+92-21)326-30202
Email: info@biplsec.com
Web: www.biplsec.com

Share Registrar

THK Associates (Private) Limited Plot No.32-C,
Jami Commercial Street 2, D.H.A Phase VII,
Karachi 75500, Pakistan.
Phone: +92 (021) 35310191-6
Direct: +92 (021) 35310185
Email: secretariat@thk.com.pk

Business Ethics & Practices

BIPLS is a strong supporter of corporate decorum and ensures that its employees endeavor to maintain highest ethical standards during the discharge of their duties. The Company has adopted a Code of Ethics and Business Practices applicable to all its employees which is regularly circulated within the Company. A summary of the Code is as follows:

Code of Conduct

Employees must act at all times in the Company's best interests and are expected to avoid situations in which their financial or other personal interests or dealings are in conflict with the interests of the Company. Matters involving conflict of interest are prohibited as a matter of policy and any conflict that arises in a specific situation or transaction must be disclosed and resolved.

Gifts or Entertainment

Offering or acceptance of money, gifts, entertainment, loans or any other benefit or preferential treatment is not acceptable from any existing or potential customer, supplier or business associate of the Company, other than occasional gifts of a modest value and entertainment on a modest scale as part of customary business practice.

Bribery

The making or receiving of facilitation payments or inducements such as bribes and similar acts in cash or kind are prohibited and the resources of the Company are not utilized for any such purpose.

Accounting Standards

Compliance with applicable accounting standards and procedures is always necessary. The information supplied to the external auditors, shareholders and other third parties must be complete and not misleading.

Human Resources

Human Resource policies are consistent, transparent and fair and staff members are encouraged to make suggestions or raise business concerns. Selection for employment and promotion is based on objective assessment of ability, qualification and experience, free from discrimination on any grounds. Discrimination on the basis of caste, culture, religion, disability or sex is intolerable.

Compliance with Regulatory Requirements

BIPLS transacts its business in accordance with the applicable laws, rules and regulations and cooperates fully with the government and regulatory bodies.

Confidentiality

Employees are bound to protect the confidentiality of information and are obliged to keep delicate information confidential. Use of Company information for personal gain is strictly prohibited. Confidential information must ONLY be used for the intended purpose.

Community Responsibility

BIPLS aims to operate as a responsible corporate citizen, supporting the communities locally and globally and recognizes its responsibilities towards these communities.

Environmental Responsibility

BIPLS is concerned with the conservation of the environment in its broadest sense, recognizing its role in this respect by maintaining responsibility for the building and land which it occupies and it aims to limit its use of all finite resources.

Our Policies

No Trading on Possession of Insider Information

No person in BIPLS is permitted to trade in any security, either in his own personal account or in the account of his spouse or dependent children, if he / she is in possession of any inside information and neither should they encourage others to do so including his / her relatives, spouse, dependent children or/and close associates.

Also they should refrain from communicating insider information to any outsider, customer or a third party.

All Dealers shall take extra care in sharing information from the trading desk to clients and should be careful not to disseminate any inside information, whether acquired directly or otherwise, or which may, if disseminated, be construed as a leakage of inside information.

Business Practices

Honesty and integrity are the hallmarks of BIPL Securities (BIPLS) and adherence is expected on part of each employee. BIPLS must compete for business on an honest and open basis – this is integral to ethical behavior.

A conflict occurs when an employee's private interest interfaces with the interest of the Company or its clients. No employee shall transact any business on behalf of himself or any person other than BIPLS with any supplier of goods or services to BIPLS in circumstances that could give rise to a conflict of interest or be prejudicial to the company.

In placing or accepting any business and in entering into contracts on behalf of BIPLS, employees are expected to observe the highest standards of integrity and to act in the best interests of the company. Business should not be placed or accepted, or contracts or arrangements entered into, for any improper motive.

No employee shall use the resources of BIPLS for any purpose other than to conduct BIPL's lawful and proper business. In particular, the company's resources must not be used for illegal purposes or for the gain of anyone other than BIPLS. Employees should endeavor to protect the assets of BIPL and its sponsors and customers and ensure efficient utilization in a transparent manner and as per applicable rules and regulations.

Awards & Recognitions

ASIAMONEY

- ★ Best Country Research
- ★ Best Bank Brokerage
- ★ Best Domestic Equities House
- ★ Best Strategy Analyst
- ★ Runner-up, Best Analyst

THE ASSET

- ★ Best Domestic Investment Bank
- ★ Best Corporate Finance House

CFA INSTITUTE

- ★ Pakistan's Best Equities House
- ★ Best Research Analyst

EUROMONEY

- ★ Pakistan's Best Equities House

WORLD FINANCE

- ★ Best Investment Bank, Pakistan

ASIAMONEY

- ★ Best Country Research
- ★ Best Bank Brokerage
- ★ Best Energy Coverage
- ★ Best Domestic Equities House
- ★ Best Strategy Analyst
- ★ Best Analyst

CFA INSTITUTE

- ★ Pakistan's Best Equities House
- ★ Best Research Analyst Runner-up, Corp. Finance House of the year, Equity & Advisory, Banks

WORLD FINANCE

- ★ Best Investment Bank, Pakistan

EUROMONEY

- ★ Pakistan's Best Equities House

2008

2007

2009

2010

2011

ASIAMONEY

- ★ Best Bank Brokerage
- ★ Best Energy Coverage
- ★ Best Strategy Analyst
- ★ Best Analyst
- ★ Runner-up, Best Country Research.

CFA INSTITUTE

- ★ Best Corporate Finance House of the Year

ASIAMONEY

- ★ Best Country Research
- ★ Best Energy Coverage
- ★ Best Domestic Equities House
- ★ Best Analyst

THE ASSET

- ★ Best Finance Deal

CFA INSTITUTE

- ★ Runner-up, Best Research Analyst

EUROMONEY

- ★ Pakistan's Best Equities House

WORLD FINANCE

- ★ Best Investment Bank, Pakistan

ASIAMONEY

- ★ Best Country Research
- ★ Best Domestic Equities House
- ★ Best Analyst

CFA INSTITUTE

- ★ Best Research Analyst
- ★ Best Corporate Finance House of the year, Equity & Advisory, Banks

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EY

Equities

ASIAMONEY

- ★ Best Brokerage House in Pakistan for the period 1990-2013 25th Anniversary Poll of Polls
- ★ Best Domestic Equities House
- ★ Best Strategy Analyst

WORLD FINANCE

- ★ Best Investment Bank, Pakistan

EUROMONEY

- ★ Pakistan's Best Equities House

EURO MONEY

- ★ Pakistan's Best Equities House

WORLD FINANCE

- ★ Best Investment Bank, Pakistan

2013

2014

2015

2012

ASIAMONEY

- ★ Best Domestic Equities House

CFA INSTITUTE

- ★ Best Research Analyst
- ★ Best Corporate Finance House of the year, Equity & Advisory, Banks

WORLD FINANCE

- ★ Best Investment Bank, Pakista

EUROMONEY

- ★ Pakistan's Best Equities House

EUROMONEY

- ★ Pakistan's Best Equities House

WORLD FINANCE

- ★ Best Investment Bank, Pakistan

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Finance
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WORLD FINANCE

- ★ Best Investment Bank, Pakistan

EUROMONEY

- ★ Pakistan's Best Equities House

11



Company Milestones

DEBT CAPITAL MARKETS

2009

USD 9.5 millions



Nishat Chunian Limited

Advisors for the Initial Public Offering of Nishat Chunian Power Ltd.

2008

USD 3.25 millions



Descon Oxychem Limited

Advisors for the Initial Public Offering of Descon Oxychem Ltd.

2008

USD 109 millions GDRs



Lucky Cement

Advisors for the GDR Offering listed on the London Stock Exchange for Lucky Cement

2007

USD 650.3 millions GDRs



United Bank Limited

Advisor to GoP on GDR Offering, Listed on the London Stock Exchange.

2006

USD 150 millions GDRs



MCB Bank Limited

Advisors for the Add-on GDR Offering Listed on the London Stock Exchange for MCB Bank.

2006

USD 25 millions



World Call Telecommunication

Advisors for the Convertible Note Offering of WorldCall Telecommunication Companies.

2004

USD 13 millions



Pakistan International Airlines

Advisors for the Sale of 5% of Pakistan International Airlines through a Secondary Offering.

2003

USD 6.88 millions




Oil & Gas Development Corporation

Lead Manager for the Initial Public Offering of Oil and Gas Development Corporation.



M&A / ADVISORY / RESTRUCTURING




2005
 USD 20 millions

United Bank Limited
 Advisors & Arrangers for the Issuance of Tier II capital for United Bank Limited.


2002
 USD 1.5 millions

Saudi Pak Leasing
 Advisors and Arrangers for the TFC Issue of Saudi Pak Leasing.

2002
 USD 1.5 millions


Engro Chemicals
 Advisors & Arrangers for the TFC Issue of Engro Chemicals.


2010
 USD 5 millions

Nishat Chunian Limited
 Advisors for the Privately Placed Term Finance Certificate Issuance of Nishat Chunian Ltd.

2008
 USD 50 billions 10 year bond

Unity Group
 Co- Advisors and Arrangers to Allied Bank Limited Term Finance Certificate Issue.


2007
 USD 175 millions

Fauji Cement Company
 Advisors on expansion of Fauji Cement Company

2006
 USD 20 millions bridging facility

Mobilink
 Advisors and Arrangers for a 6-month bridging facility .

2006
 USD 33 millions 7 year bond

Mobilink
 Advisors and Arrangers 7 year Corporate bond.

EQUITY CAPITAL MARKETS


2008
 USD 926

MCB Bank Limited
 20% Strategic Sale to Maybank


2007
 USD 460 millions

China Mobile Limited
 Advisor to China Mobile for the Acquisition of 100% of Paktel Limited.


2005
 USD 200 millions

Karachi Electric Supply Corporation
 Advisors for the Acquisition of 73% of Karachi Electric Supply Corporation.

2004
 USD 56 millions

Allied Bank Limited
 Advisors for the Financial Restructuring and Sale of 75.3% of Allied Bank Limited.


2004
 USD 200 millions

Army Welfare Trust
 Joint Advisor to the AWT on the Acquisition of Wah Cement.



2017
 Not Disclosed

Unity Group
 Advisors and Managers for the Acquisition of 70.1% Shares of TAHA SPINNING MILLS by Unity Group

2011
 USD 28 millions

IBL Group
 Advisors for the Restructuring of IBL Group.

2010
 Not Disclosed

Nishat Mills Limited
 Advisor to Nishat Group for the Acquisition of AES Power's Assets in Pakistan.

Our Location & Branch Network

Corporate Office

5th Floor, Trade Center, I. I. Chundrigar Road, Karachi-74200, Pakistan.
UAN : 0092-21-111-222-000
Email : info@biplsec.com

Branch Offices

Gulshan-e-Iqbal - Karachi

Mr. Ziyad Bin Zubair

Friends Paradise, 1st Floor, SB-36, Block No. 13-D, KDA Scheme-24, Main University Road, Karachi
TEL: +92 21-34980763-4 & 66
FAX: (+92-21) 34980761

PSX - Karachi

Ahsan ul Haq

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Rahim Yar Khan

Mr. Adnan Saleem

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Mr. Junaid Ali

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FAX: (+92-51)2272841

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Multan

Mr. Muhammad Sajid

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TEL: +92 51-111-222-000
FAX: (+92-61) 4500272

Gujranwala

Mr. Muariff Hussain

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TEL: +92 55-3822501-04
FAX: (+92-55) 3822505

Sialkot

Mr. Manzoor Elahi

Ground Floor, City Tower, Shahab Pura Road, Sialkot
TEL: +92 52-3256035-37
FAX: (+92-52) 3256038

Faisalabad

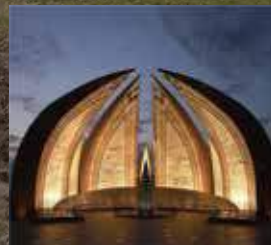
Mr. Sohail Akhtar

Room # 509 & 510, 5th Floor, State Life Building, Liaquat Road, Faisalabad
TEL: +92 41-2614408-10

Peshawar

Mr. M.Ilyas Khan

1st Floor, State Life Building, 34-The Mall, Peshawar Cantt, Peshawar
TEL: +92 91-5276025-27
FAX: (+92-92) 5273683



Serving YOU, Where YOU are...

A robust network of 11 branches and further expanding to better assist you with your investment needs.



Chairman's Review Report



Kamal Uddin Tipu Chairman

A handwritten signature in black ink that reads "Kamal Uddin Tipu".

It gives me immense pleasure to present this review report to the stakeholders of BIPL Securities Limited on the overall performance of the Board and effectiveness of the role played by the Board in achieving the company's objectives.

Like the other Countries, Pakistan experienced an unprecedented situation in the year 2020 when the COVID-19 affected the whole Country. Your company took immediate and pro-active steps to protect the employees and clients, while ensuring smooth operational continuity.

The composition of the Board of Directors reflects mix of varied backgrounds and highly experienced individuals in the fields of Finance, Audit, Business and Banking. As required under the Code of Corporate Governance, the Board evaluates its own performance through a mechanism developed by it. The Board is fully involved in company's progress and provides strategic direction to the management and will continue to play its role in ensuring high standards of governance.

The Board of Directors received agendas along with supporting materials in sufficient time prior to the Board and its Committee meetings. The Board has met frequently enough to adequately discharge its responsibilities, duly assisted by its Committees. All the Directors were equally and actively involved in important decisions.

I would like to acknowledge the contribution of the Board of Directors and all the employees of BIPL Securities Limited for their hard work, dedication and commitment towards achieving organizational goals.

CEO Message



Abdul Aziz Anis

CEO

A handwritten signature in black ink, appearing to read 'Aziz', with a stylized flourish above it.

The PSX average daily trading volumes rebounded strongly in 2020 and was up by approx. 84% YoY. This helped the company to post strong top line growth which eventually flowed to the bottom line in terms of highest net earnings in last six years.

Our focus on building our retail business in terms of Online clients and local branch network has worked well in our favor as retail investors continued to account for the bulk of investors and traders in the market.

For 2021 we remain optimistic of further increasing our retail penetration through our Online platform and targeted digital campaigns.

Last but not least, we are thankful for the active guidance given to us by all our stakeholders, starting from company directors, employees, shareholders, regulators all the way to our clients etc. We thank them profusely and look forward to their continued support going forward.

Directors' Profile

Kamal Uddin Tipu Chairman

Kamal Uddin Tipu is a PhD scholar in International Relations & Politics, Masters in Conflict Transformation from Eastern Mennonite University, VA USA, a Fulbright scholar, diploma in Human Rights Law from Human Rights Center Peshawar and MSc in Civil Engineering from Wayne State University Detroit MI USA having over 30 years of experience of law enforcement operations, management and planning, International Peacekeeping, electronic media regulation, project management, training and research administration.

His experience includes member of National Counter Terrorism Authority (NACTA), Executive Member and Chairman PEMRA, Police Planning Advisor at United Nations Office to the African Union UNOAU Addis Ababa Ethiopia, Deputy Inspector general of Police, Islamabad, Sector Commander and Director Planning National Highways & Motorway Police, Islamabad and many other command and staff assignments in Police Service of Pakistan.

He has written various papers on the subjects of Conflict Analysis, Nonviolence, Negotiations, Dialogue, Peace building, Community Policing, and Restorative Justice as requirement of the Masters Degree in the field of Conflict Transformation under the Fulbright program at Eastern Mennonite University Virginia, USA. He was a Visiting speaker National Institute of Public Administration, National Police Academy and Pakistan Institute of Manpower Islamabad. He also works on the Executive Body of Association of Former Inspectors General of Police AFIGP



Abdul Aziz Anis, CFA Chief Executive Officer

Abdul Aziz is an investment management and capital markets specialist with multifaceted plus 24 years of successful track record spread over brokerage, asset management, investment advisory, wealth management and investment banking. His in-depth "C" level experience has led to strong leadership and expertise in establishing, running and growing business not only across product lines but also regionally and globally.

He has previously worked as Managing Director Investment Strategist in Asset Management at NCB Capital, Saudi Arabia, which managed close to USD 16bn in AUMS across diverse asset classes. He has actively worked in structuring and launching the largest employee's savings plans in the MENA region worth approx. USD 3.3bn. He has been the founding Chief Executive Officer of Alfalah GHP Investment Management Ltd, an asset management and investment advisory firm, and the Founding Executive Director of Alfalah Securities Ltd, a full service brokerage house. Earlier, he was the Chief Executive Officer of Elixir Securities (formerly Indosuez W.I. Carr Securities) which was the largest foreign brokerage in the country at the time.



Sohail Sikandar Director

Sohail Sikandar is the Chief Financial Officer for BankIslami Pakistan Limited and has been associated with them since May 2016. A Chartered Accountant by qualification, he has more than 9 years of experience in the field of finance, fund management, business process re-engineering, strategic planning and compliance/governance structures in banking industry. He has rich experience of setting up a robust MIS system for senior management to assist in decision making. He has also worked as CFO in Burj Bank Ltd. and Dawood Family Takaful Limited. He has also led due diligence projects for proposed mergers with potential targets, delivering critical insight, valuation, potential synergies and advisory to the board.



Sikander Kasim Director

Sikander Kasim is a fellow member of Institute of Chartered Accountants of Pakistan with over 30 years of experience in cross sector of listed companies. He joined Ford Rhodes Robson Morrow to pursue Accounting Certification after his B.Com from University of Karachi. He was admitted as an Associate Member of ICAP in the year 1991. His work experience revolves around financial and corporate affairs, including the office of Chief Financial Officer. He has major insight of public offerings, treasury functions and mobilization of funds for enterprise. Majority of his experience pertains to refinery sector.



Muhammad Hafeezuddin Asif

Director

Mr. Asif brings in over 50 years of experience in various positions. He joined Sui Northern Gas Company Limited as a Senior Middle level officer and retired as Senior General Manager / Member of Executive Committee. He has also contributed significantly as a Member Finance in Oil & Gas Regulatory Authority.

Some of his honorary positions includes:

- Director, Karachi Stock Exchange (Guarantee) limited for the Years 1998 & 99.
- Director Pakistan Tourism Development Corporation (2001-04).
- President/Secretary/Council member, ICMAP (Institute of Cost and Management Accountants of Pakistan) having over 10,000 students.



Khurram Jamil

Director

Mr. Khurram Jamil has got Over 14 years of local and international experience in business & risk advisory and assurance services. He is a Chartered Accountant by qualification and is a certified internal controls auditor from Institute of Internal Controls.

His experience venture conveys a background marked by different and significantly esteemed projects and assignments completed with numerous respectable and renowned organizations. He has done key internal audit related projects with Deutsche Bank and Habib Bank Limited/National Bank of Pakistan A.G. His experience likewise incorporates the internal controls advisory, process implementations and expense rationalization for organizations like Habib Bank Limited, National Bank of Pakistan and JS Bank Limited.

He has performed audits and reviews of numerous areas such as: taxation, revenue, expenses, assets, liabilities and so forth. The most noteworthy engagements that have added to his expert development include: commercial banks, manufacturing, port and shipping, pharmaceuticals and brokerage house.



Uzair Sipra

Director

Mr. Uzair Sipra brings over 27 years of experience in the field of Legal Advisory, Corporate Legal Affairs and Litigation. He is currently performing his duties as Head of Legal in BankIslami Pakistan Limited.

His prior experience includes working in KASB Bank, MCB Bank Ltd and Bank of Punjab.

By qualification he holds a Post Graduate Degree in Law (LLB) and is also a Master of Arts. He has also attended trainings in General Banking and Foreign Trade at the Training Institute of Bank of Punjab.



Mudassar Aslam

Director

Ms. Mudassar Aslam has diverse 18 years plus experience spread over Finance and Fraud & Risk Management. She is currently performing her duties as Head of Enterprise Risk Management in BankIslami Pakistan Limited.

Her prior experience includes working in KASB Bank, MCB Bank Ltd, Union Bank Ltd and Emirates Bank Ltd

By qualification she holds an E-MBA degree from LUMS along with courses on Management Communication, Financial Accounting, Quantitative Methods from Harvard University. She also has attended Berkley and Stanford university US through LUMs Boot Camp. She has also completed MSC (Chemistry), LLB, PGD & BSC degrees.



Corporate Social Responsibility (CSR)

BIPLS continues to be a good corporate citizen, supporting the communities from which it derives its business and recognizing its responsibilities towards all such communities. BIPLS will be supportive of community initiatives across the organization, targeting those most appropriate for each individual community.

The company has integrated CSR into its ethics and business practices. In this context, community and stakeholder needs are carefully assessed and support is extended in line with the company's policies, code of ethics and business objectives. Some of the key CSR activities undertaken by the company include:

Health, Safety and Environment

BIPLS ensures that all its present and future activities are conducted safely without endangering the health and safety of its employees, customers, the public and the environment in which we operate. Our aim is to minimize negative environmental impact and promote green and clean energy as is economically and practically possible.

The Citizens Foundation (TCF) and Support for Education

A TCF delegation was invited to the BIPLS office to give an overview about the work being carried out by the Foundation in the education of underprivileged children across Pakistan.

Impressed by the work done by TCF, the company sponsored the education of one complete classroom for six months. Also, a few senior management personnel in their individual capacities agreed to support individual child's education on monthly basis.

Indus Hospital and Blood Drive

Every day blood transfusions take place that saves lives of many people all over the world. Donating blood is good for the health of donors as well as those who need it.

With this in mind, a team from the Indus Hospital was invited to the office of BIPLS to give a briefing about the activities that the hospital was carrying out in this regard. Also, a blood drive was launched in the company and we are happy to report that a large number of employees actively participated in voluntary blood donation.

Tax Contribution

Taxation is essential for the economic and social development of a country and BIPL Securities takes pride in being a tax compliant company. The company and its employees contributed an amount of PKR 29.873 million to the National Exchequer in the form of taxes.

Directors' Report To The Members

On behalf of the Board of Directors of BIPL Securities Limited (BIPLS), we are pleased to present the audited standalone financial statements of the Company and commentary for the year ended December 31, 2020.

Economic Review

CY20 proved to be a difficult year for the entire world owing to a pandemic breakout resulting in massive economic downturn. Consequently, the world GDP is estimated to shrink by 4% - 5%. Pandemic induced lockdowns across the globe disrupted international trade which shrunk by 7% - 9%. Governments all over world rushed to slash interest rates within their domain in order to stimulate demand and announced various stimulus packages to combat the unprecedented situation.

Pakistan announced its first COVID-19 case in late February after which the government took necessary steps to contain the spread. However, unlike most of the other economies, which resorted to outright closure of economic and social activities, Pakistan implemented smart lockdowns in affected areas this wise policy restricted the negative consequences of the pandemic. This strategy was appreciated by global institutions and the governments around the world. The economic activity that was hit during 2QCY20 gradually started recovering in 3QCY20 and most sectors were able to reach the pre-COVID-19 levels by mid of 4QCY20.

Due to the pandemic, the prices of global commodities declined significantly which alleviated pressure on the country's external account. At the same time, export oriented sectors, resisted the downturn mainly because the Government gave timely and generous economic packages, resultantly, the country posted a current account surplus in 2HCY20 which clocked in at USD1.1bn, the highest in over a decade.

The fiscal side remained under pressure as the government ramped up social spending whereas the revenue collection, though improved, was unable to keep pace. The debt servicing cost remained elevated, jumping 38%YoY despite a massive drop in interest rates and continued to eat up the fiscal space. Consequently, in order to bridge funding gaps, we may see government coming up with revenue enhancing and subsidy reducing measures in early CY21 in order to meet the official fiscal deficit target of 8.1% in FY21.

Equity Market Review

Though the year started off on a negative note amid pandemic breakout, the local equity market quickly pared its losses as GoP and SBP announced various relief packages. To this end, the GoP announced a support package of PKR1.1trn while the Central Bank aggressively eased interest rates by 625bps which improved stock valuations and brought investors back into the market. Consequently, the market which had fallen below 30,000 points back in Mar'20 rebounded strongly and became one of the best performing markets in the world during 2HCY20 and returned 7% on the closing bases. The market participation also increased significantly during 2HCY20 as reflected by ADT and ADTV which clocked in at 329mn (up 107%YoY) and USD76mn (up 95%YoY).

Despite the rally, current market PE multiple is 7.1x only and is at a discount of 25% and 45% to the MSCI FM and MSCI EM indexes. Going forward, as (1) economic indicators improve, (2) country emerges out from COVID-19 and (3) exits FATF's grey list, the performance of the stock market is expected to further improve. However the major downside risks are posed by (1) increasing interest rates, (2) imposition of new revenue measures from government and (3) hike in utility tariffs.

Debt and Currency Market Review

The USD 6.0bn IMF program, which started in CY19 was put on backburner as the govt. enhanced fiscal and monetary stimulus to help support economic and business activity during CY20. However, since much needed stabilization has been achieved, we expect the govt. to reactive the IMF program in CY21. This in turn is expected to shore up foreign exchange reserves which are needed for upcoming debt repayments.

Earlier, the country had already agreed to avail the debt restructuring plan of G-20 countries which resulted in debt repayments of ~USD1.8bn getting deferred and restructured. Simultaneously, a strong performance on external trade and remittances front had also served to shore up the country's foreign exchange reserves. As a result, the total liquid reserves of the country crossed USD20bn mark by end CY20, providing an import cover of ~4.0 months.

On the local front, yields on government papers have declined amid a massive decline in interest rates where the current yields on 6M T-bill is 7.1% and 3Y PIB is 11.7%. Going forward, we do not expect the yields to change much during 1QCY21 as we expect interest rates to remain low. Nonetheless, we may see the yields moving up again in 2QCY21 when SBP may start increasing benchmark interest rates again.

Operating and Financial Performance

During the year ended December 31, 2020 the financial performance of the company is as follows:

	2020	2019
	------(Rupees in '000)-----	
Profit / (loss) before taxation	137,996	(14,876)
Taxation	(43,996)	2,935
Profit / (loss) after taxation	94,000	(11,941)
Dividend paid during the year	-	-
Accumulated (loss) brought forward	(408,763)	(445,791)
Accumulated (loss) carried forward	(314,763)	(408,763)
	------(Rupees)-----	
Earnings / (loss) per share	0.94	(0.12)

The company managed to generate an approx. 83% increase in Operating Revenues which helped substantially improve overall income for the year. Primary drivers for the growth in brokerage revenue was our retail business, i.e., Online platform and branch network. Given our strict controls on costs, the company saw only an approx. 11% increase in total expenses for the year.

Corporate Governance

The directors confirm compliance with the Corporate & Financial Reporting Framework of the Securities and Exchange Commission of Pakistan (SECP's) Code of Corporate Governance in respect of the following:

- Proper books of account of the Company have been maintained;
- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and the changes in equity;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;
- Approved Accounting Standards, as applicable in Pakistan, Companies Act, 2017 and the directives issued by the Commission have been followed in the preparation of the financial statements;
- The system of internal control, which is sound in design has been effectively implemented and is being continuously reviewed and monitored;
- The Company is financially sound and is a going concern and that there are no doubts about its ability to continue as a going concern;
- There has not been any material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- The composition of Board of Directors is as per the best practices of Code of Corporate Governance;
- Executive Directors do not number more than one third of the elected directors. Details of the composition of the Board of Directors have been provided below;
The Board of Directors has ensured that all regulations concerning responsibilities, powers and functions of the Directors have been carefully considered and acted upon. In addition, Company Secretary, CFO and Head of Internal Audit who meet the requirements laid out in the Code have been appointed;
- Key operating and financial data of the preceding years is disclosed in the financial statements.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2020 except for those disclosed in the financial statements;
- Related-party transactions have been placed before the Audit Committee and their recommendations placed before the BOD.
- The Company operates an approved contributory provident fund for its eligible employees. The value of investments as per the un-audited financial statements for the year ended December 31, 2020 amounts to approximately PKR 48.979 million;
- No material changes and commitments affecting the financial position of your Company have occurred between the balance sheet date and the date of the Directors' Report.

Corporate Social Responsibility

Responsibility towards the Community: BIPLS continues to be a good corporate citizen, supporting the communities from which it derives its business and recognizing its responsibilities towards all such communities. BIPLS will be supportive of community initiatives across the organization, targeting those most appropriate for each individual community.

Responsibility towards the Environment: BIPLS is concerned with conservation of the environment in its broadest sense, recognizing its role in this respect by maintaining responsibility for the building and land which it occupies and aims to limit its use of all finite resources, with specific focus on usage of energy.

BIPLS has integrated Corporate Social Responsibility (CSR) into its ethics and business practices. In this context, community and stakeholder needs are carefully assessed and support is extended in line with the company's policies, code of ethics and business objectives.

Summary of CSR activities during 2020 is as follows:

- **Adherence to regulatory requirements:** The Company and its employees contributed an amount of PKR 29.873 million to the national exchequer in the form of taxes.
- **People/Human Resources:** The Company follows a policy of contributing to employees' professional development and promoting physical, mental and emotional health.

The Board

The total number of directors are Eight (8) (including CEO who is deemed director) as per the following:

Male	7
Female	1

Composition

Independent Directors	3
Non-Executive Directors	4
Executive Directors	1

The positions of the Chairman and the Chief Executive Officer are kept separate in line with the best governance practices and the Chairman has been elected from among the Independent Directors. The Board has established a separate Audit Committee and Human Resource & Remuneration Committee to assist the Board in the performance of its functions. The Chairman of Board and Audit Committee are Independent Directors and are not same person, in line with best practices. Further, none of the Directors is elected or nominated in more than seven listed companies.

Six meetings of the Board of Directors were held during the year 2020. As per the requirements of the Code of Corporate Governance, written notices were circulated at least 7 days in advance except for emergent meetings and significant issues as detailed in the Code were placed for the information, consideration and decision of the Board and the Audit Committee. Minutes were appropriately recorded, including dissenting views, if any.

The attendance of Directors at the Board meetings was as follows:

Name of Directors	Invited for Meetings held during 2020	Meetings attended during 2020
Kamal Uddin Tipu – Chairman	6	6
Sikander Kasim	6	6
Muhammad Hafeezuddin Asif	6	6
Sohail Sikandar	6	6
Khurram Jamil	6	6
Muhammad Uzair Sipra	6	6
Mudassar Aslam	6	6
Abdul Aziz Anis-Chief Executive Officer	6	6

Audit Committee

As per the requirements of the Code of Corporate Governance, the Audit Committee consists entirely of non-executive directors with Chairman being an Independent Director. The attendance of Directors at the Committee's meetings was as follows:

Name of Committee Members	Meetings held during 2020	Meetings attended during 2020
Mr. Sikandar Kasim	4	4
Mr. Sohail Sikandar	4	4
Mr. Khurram Jamil	4	4

Human Resource & Remuneration Committee

The Human Resource & Remuneration Committee consists entirely of non-executive directors with Chairman being an Independent Director. The attendance of Directors at the Committee's meetings was as follows:

Name of Committee Members	Invited for Meetings held during 2020	Meetings attended during 2020
Kamal Uddin Tipu - Chairman	1	1
Muhammad Uzair Sipra	1	1
Mudassar Aslam	1	1

Remuneration of Directors

The Company does not pay any remuneration to its non-executive Directors. The Independent Directors are entitled for meeting fee for attending the Board and its Committee meetings. The Independent Directors are also provided or reimbursed for travelling, boarding and lodging expenses incurred, if any, for attending the meetings.

Financial Responsibility

The management of the Company is responsible for the preparation of financial statements and the related notes contained therein. These financial statements are reviewed by the Audit Committee before being approved by the Board of Directors.

The Audit Committee assists the Board in monitoring and managing risks associated with the business and the internal controls put in place to mitigate these risks. The Committee operates in accordance with the requirements laid down in the Code of Corporate Governance and the terms of reference approved by the Board. The Committee comprises of three Non-Executive Directors with Chairman being an Independent Director and held four meetings during the year.

The Human Resource & Remuneration committee assists the Board in the Human Resources management including selection, evaluation and compensation of key management personnel. The Committee operates in accordance with the requirements laid down in the Code of Corporate Governance. The Committee comprises of three Non-Executive Directors with Chairman being an Independent Director and held one meeting during the year.

Appointment of External Auditors

The external auditors Messrs. RSM Avais Hyder Liaquat Nauman, Chartered Accountants stand retired following expiry of their tenure. As per the recommendations of the Audit Committee, the Board endorses the re-appointment of Messrs. RSM Avais Hyder Liaquat Nauman, Chartered Accountants as external auditors for the financial year 2021.

Shareholding

The pattern of shareholding as on December 31, 2020 is annexed with the report.

Dividends

In order to accumulate liquidity for expansion and growth prospects, no dividend has been paid during the year.

Future Outlook

The business outlook for CY21 is positive as (1) the various economic indicators have started showing impressive improvements, (2) administration of vaccines for COVID-19 has started and (3) as the incumbent government enters the final two and half years of its tenure the focus will remain on growth- inducing policies which will be a major positive for the capital markets. Hence, we expect the stock market to generate attractive returns in the new year and as such volumes and value traded should remain high, which, in turn, will be positive for the company's earnings.

Acknowledgement

The Board of Directors of your company **BIPL Securities Limited** wishes to recognize the efforts of all the stakeholders and employees of the company who contributed towards the betterment of the company.

On behalf of the Board of Directors



Director



Chief Executive Officer

Karachi

Dated: February 09, 2021

Financial Highlights

Year ended December 31,

	2020	2019	2018	2017	2016
Operating Performance					
(Rupees in '000)					
Revenue	501,703	322,362	271,588	372,322	328,845
Operating and administrative expenses	(344,149)	(311,822)	(299,019)	(358,080)	(299,309)
Reversal of provision / (provision) / impairment	4,255	(681)	(3,504)	23,289	(207)
Finance cost	(25,381)	(26,521)	(15,426)	(14,181)	(14,771)
Other income	1,568	1,786	4,840	59,288	2,846
Profit / (loss) before taxation	137,996	(14,876)	(41,521)	82,638	17,404
Profit / (loss) after taxation	94,000	(11,941)	(26,959)	38,043	19,115
Per Ordinary Share					
(Rupees)					
Earning / (loss) per share	0.94	(0.12)	(0.27)	0.38	0.19
Break-up value per share	7.82	7.53	8.75	9.25	10.81
Dividends (Percentage)					
Cash	-	-	-	-	-
Assets and Liabilities					
(Rupees in '000)					
Total assets	2,680,713	1,895,960	1,825,951	1,915,858	2,377,337
Current assets	2,264,099	1,385,195	1,203,967	1,304,494	1,552,186
Current liabilities	1,744,282	982,676	801,686	840,873	1,146,579
Financial Position					
(Rupees in '000)					
Shareholders equity	782,199	753,395	874,265	924,985	1,080,758
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserves	(217,801)	(246,605)	(125,735)	(75,015)	80,758
Share outstanding (Number in '000)	100,000	100,000	100,000	100,000	100,000
Return on capital employed - (%)	17.64	(1.97)	(4.75)	8.93	1.61
Return on total assets - (%)	6.09	0.61	(1.43)	5.05	1.35
Current ratio-times	1.30	1.41	1.50	1.55	1.35
Interest cover ratio-times	6.44	0.44	(1.69)	6.83	2.18

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting ("AGM") of BIPL Securities Limited (the "Company") will be held on Wednesday, April 21, 2021 at 9:30 a.m. at "Coronet Hall " Regent Plaza, main Shahrah-e-Faisal, Karachi and also through video link arrangements to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on May 29, 2020.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2020 together with the Directors' Report and Auditors' Report thereon.
3. To appoint Auditors of the Company and fix their remuneration for the year ending December 31, 2021.

DETAILS RELATED TO THE MEETING

In light of the threat by the evolving Coronavirus (COVID-19), Securities & Exchange Commission of Pakistan vide their Circular no. 4 of 2021 dated February 15, 2021 has advised listed companies to hold general meetings through video link arrangements as well as by making necessary arrangements at a physical venue. Consequently, it has been decided to hold the AGM at the above mentioned address of Regent Plaza for members who intend to participate physically by following all the COVID-19 SOPs and also video link arrangements are made for members who intend to attend the AGM electronically.

In order to attend the AGM through electronic facility, the shareholders are requested to get themselves registered at the following email address before the close of business hours on April 19, 2021:

Email address: agm@biplsec.com

The members who are willing to attend and participate in the AGM electronically can do so through video-link via smart phones, computers, tablets etc. The shareholders are requested to provide the information as per below format for registration. The details of the electronic facility will be sent to the shareholders on the email address provided in the below table:

S. No.	Name of the shareholder	CNIC Number and Copy*	Folio Number	Cell Number	Email Address

*along with snapshot of CNIC (both side)

Login credentials will be shared before the meeting with those shareholders whose emails containing all the required particulars are received at our email address. The Shareholders can also email us their questions and suggestions on the agenda items of AGM on our email address provided above.

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.

By order of the Board



Arsalan Farooq
Company Secretary

Karachi: February 18, 2021

Notes:

1. The Share Transfer Books of the Company will be closed from April 15, 2021 to April 21, 2021 (both days inclusive). Transfers received by the Share Registrar of the Company, M/s THK Associates (Private) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi at the close of business on April 14, 2021 will be treated in time for the purpose of attending the Annual General Meeting.
2. A member entitled to attend and vote at the above meeting may appoint a person/ representative as proxy to attend and vote on his behalf at the Meeting. The annexed instrument of proxy duly executed in accordance with the Articles of Association of the Company must be received at the Registered Office of the Company not less than 48 hours before the time of holding of the meeting.

3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
4. 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.
5. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
6. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
7. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
8. Beneficial owners of physical shares and the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies are required to produce their original Computerized National Identity Cards (CNICs) or Passports for identification purpose at the time of attending the meeting. The Proxy Form(s) must be submitted with the Company within the time stipulated (mentioned in note no.2 above), duly signed and witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the Proxy Form(s), along with attested copy(ies) of the CNICs or the Passport(s) of the beneficial owners and the proxy(ies). In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the Proxy(ies) Form(s) to the Company.
9. Shareholders are requested to notify any changes in their registered address immediately to the Company's Share Registrar, M/s. THK Associates (Private) Limited.

10. Notice to Shareholders who have not yet provided CNIC:

The shareholders who have not yet provided copies of their CNICs are once again advised to provide at earliest the attested copies of their CNICs (if not already provided) directly to our Independent Share Registrar at the address given in note no.1 above.

11. Placement of Financial Statements:

The Company has placed the Audited Financial Statements for the year ended December 31, 2020 along with the Auditors and Directors Reports thereon on its website www.biplsec.com, and can be accessed via the following link:

www.biplsec.com/InvestorRelations/AnnualAccounts.

12. Electronic Transmission of Financial Statements and Notices:

Pursuant to Notification vide SRO 787 (1)/2014 dated September 08, 2014; SECP has directed all companies to facilitate their members receiving Annual Financial Statements and Notice of Annual General Meeting (Notice) through electronic mail system (e-mail). The Company is pleased to offer this facility to our valued members who desire to receive Annual Financial Statements and Notices through email in future. In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company website. Please ensure that your email account has sufficient rights and space available to receive such email. 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 above.

Independent Auditor's Review Report

To The Members



RSM Avals Hyder Liaquat Nauman
Chartered Accountants

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Gulberg II, Lahore, Pakistan

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BIPL SECURITIES LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of BIPL Securities Limited for the year ended December 31, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

Further, we highlight below instance of non-compliance with a requirement of the Regulations as reflected in the paragraph reference where the same is stated in the Statement of Compliance:

Paragraph reference: Description:

15	The head of internal audit resigned in the month of November 2019, and the position of head of internal audit is vacant till the date of our report.
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Chartered Accountants
Karachi.

Date: 09 FEB 2021

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Statement Of Compliance

With The Code Of Corporate Governance

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

For the year ended December 31, 2020

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

1. The total number of directors are Eight (8) (including CEO who is deemed director) as per the following:
 - a. Male: Seven (7)
 - b. Female: One (1)
2. The composition of board is as follows:

Category	Names
Independent Directors	Mr. Kamal Uddin Tipu Mr. Sikander Kasim Mr. Muhammad Hafeezuddin Asif
Non-Executive Directors	Mr. Sohail Sikandar Mr. Khurram Jamil Mr. Muhammad Uzair Sipra Ms. Mudassar Aslam
Female Director	Ms. Mudassar Aslam
Executive Director / Chief Executive Officer	Abdul Aziz Anis

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 Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The following four (4) directors from the Board has attended the Directors' Training Program:
 - Mr. Kamal Uddin Tipu
 - Mr. Muhammad Hafeezuddin Asif
 - Mr. Sohail Sikandar
 - Mr. Khurram Jamil
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:

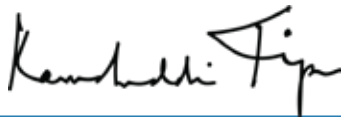
Audit Committee

Mr. Sikander Kasim – Chairman
 Mr. Sohail Sikandar – Member
 Mr. Khurram Jamil – Member

HR and Remuneration Committee

Mr. Kamal Uddin Tipu – Chairman
 Mr. Muhammad Uzair Sipra - Member
 Ms. Mudassar Aslam – Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the committee were as per following;
- a) Audit Committee - Quarterly
 b) HR and Remuneration Committee - Yearly
15. The Board has set up an internal audit function, comprising of personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company. The head of internal audit resigned in the month of November 2019 and the company is in the process of appointing new head of internal audit;
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.
19. We confirm that the company has complied with all other material requirements of the regulations.



Chairman



Chief Executive Officer

Karachi: February 09, 2021



Standalone Financial Statements

- ▶ Independent Auditor's Report to the Members
- ▶ Statement of Financial Position
- ▶ Statement of Profit and Loss Account and Other Comprehensive Income
- ▶ Cashflow Statement
- ▶ Statement of Changes in Equity
- ▶ Notes to the Financial Statement

Independent Auditor's Report

To The Members



RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIPL SECURITIES LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of BIPL Securities Limited (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Recognition and realization of deferred tax asset:</p> <p>As disclosed in note 12, the Company has recognized deferred tax asset amounting to Rs 51.253 million.</p> <p>In order to ascertain that sufficient future taxable profit will be available, the management has prepared future projections of taxable profit by taking into account various assumptions mainly comprising of expected future revenues, business and operational assumptions and timing of reversals.</p> <p>The analysis of the recognition and recoverability of the deferred tax asset was significant to our audit because of the material value of deferred tax asset and because the assessment of future taxable income involves significant management judgment about future business and economic factors.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>We obtained working of the deferred taxation and re-performed calculations.</p> <p>We checked and verified components of deferred taxation from relevant tax records.</p> <p>We checked the realization of deductible temporary differences and unused tax losses during the year against current taxation.</p> <p>We tested and documented the process used by management to assess the likelihood of realizing the deferred tax asset.</p> <p>We determined whether any subsequent events or transactions have occurred up to the date of our report that could affect the likelihood of realizing the deferred tax assets.</p> <p>We also assessed the adequacy of the Company's disclosures pertaining to deferred taxation in accordance with applicable financial reporting framework.</p>
2	<p>Valuation of Al Jomaih Power Limited (AJPL).</p> <p>The company's financial statements include investment at Fair value through Other Comprehensive Income in unquoted foreign company AJPL.</p> <p>The valuation of investment in AJPL was significant to the audit due to foreign currency risk involved in the investment and the categorization of the investment is level 3 of the Fair Value hierarchy which uses input other than the observable market date.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>We obtained confirmation of AJPL in respect of shareholding of the company in AJPL and net assets value per share as at year end, as per books and records of AJPL.</p> <p>We checked that the investment at the year-end has been translated using appropriate exchange rate.</p> <p>We confirmed that at the year end, the investment is adjusted for changes in the net assets value on the basis of information received from AJPL.</p> <p>We checked that basis of valuation of investment is adequately disclosed in the financial statements of the company.</p>

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's reports thereon.

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

(b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns:

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

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

The engagement partner on the audit resulting in this independent auditor's report is Inam ul Haque.


Chartered Accountants
Karachi

Dated: 09 February 2021

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	Note	2020	2019
---(Rupees in '000)---			
ASSETS			
Non-current assets			
Property and equipment	7	43,346	52,409
Intangible assets	8	4,091	4,179
Long-term investments	9	296,017	361,377
Long-term loans and advances	10	645	568
Long-term deposits and prepayments	11	21,260	22,073
Deferred tax asset - net	12	51,253	70,159
		<u>416,612</u>	<u>510,765</u>
Current assets			
Short-term investments	13	-	-
Trade debts	14	362,828	150,756
Advances, deposits, prepayments and other receivables	15	874,037	872,120
Taxation - net		118,028	123,494
Cash and bank balances	16	909,207	238,825
		<u>2,264,099</u>	<u>1,385,195</u>
TOTAL ASSETS		<u><u>2,680,713</u></u>	<u><u>1,895,960</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised Capital :			
200,000,000 Ordinary shares of Rs. 10 each		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital	17	1,000,000	1,000,000
Fair value reserve		78,210	143,406
Revenue reserve:			
General reserve		18,752	18,752
Accumulated loss		(314,763)	(408,763)
		<u>782,199</u>	<u>753,395</u>
Non-current liabilities			
Long-term loan-secured	18	150,000	150,000
Lease liability	19	4,233	9,889
		<u>154,233</u>	<u>159,889</u>
Current liabilities			
Trade and other payables	20	1,695,070	974,789
Short term financing-secured	21	40,000	-
Current portion of Lease liability	19	7,768	6,416
Unclaimed dividend		1,402	1,402
Accrued mark-up	22	42	69
		<u>1,744,282</u>	<u>982,676</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,680,713</u></u>	<u><u>1,895,960</u></u>
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive Officer



Director

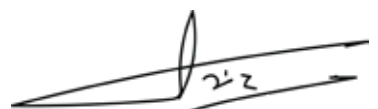


Chief Financial Officer

STATEMENT OF PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

		2020	2019
		----(Rupees in '000)----	
Operating revenue	24	389,821	213,466
Gain on sale of shortterm investments - net	25	11,064	11,432
Reversal of impairment on 'held for trading' investments	13.1	-	5,000
Mark-up / profit on bank deposits and other receivables	26	100,818	92,464
		<u>501,703</u>	<u>322,362</u>
Operating and administrative expenses	27	(344,149)	(311,822)
Impairment on long-term investment - subsidiary	9.2	(164)	(640)
Reversal / (provision) against doubtful debts-net	14.1	4,419	(41)
		<u>(339,894)</u>	<u>(312,503)</u>
Operating profit		161,809	9,859
Finance cost	28	(25,381)	(26,521)
		<u>136,428</u>	<u>(16,662)</u>
Other income	29	1,568	1,786
Profit / (loss) before taxation for the year		137,996	(14,876)
Taxation	30	(43,996)	2,935
Profit / (loss) for the year		<u>94,000</u>	<u>(11,941)</u>
Other comprehensive (loss) for the year			
Unrealized loss arising on re-measurement of long term investment at fair value through other comprehensive income	9	(65,196)	(126,269)
Total comprehensive income / (loss) for the year		<u><u>28,804</u></u>	<u><u>(138,210)</u></u>
Earnings / (loss) per share - basic and diluted	31	<u>0.94</u>	<u>(0.12)</u>

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	-----(Rupees in '000)----	
CASH FLOW FOR THE YEAR FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	137,995	(14,876)
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation	17,154	14,735
Amortization	319	1,080
Gain on sale of 'at fair value through profit and loss' investments - net	(11,064)	(11,432)
Gain on sale of property and equipment	(1,200)	(1,603)
Reversal of impairment at fair value through profit or loss	-	(5,000)
Impairment on long-term investment - subsidiary	164	640
(Reversal) / provision of doubtful debts-net	(4,419)	41
Provision for long term deposits	-	136
Finance cost	25,381	26,521
	<u>26,334</u>	<u>25,118</u>
	164,330	10,242
Working capital adjustments:		
(Increase) in current assets		
Trade debts	(207,652)	(1,269)
Advances, deposits, prepayments and other receivables	(1,917)	(451,171)
	<u>(209,569)</u>	<u>(452,439)</u>
Increase in current liabilities		
Trade and other payables	720,584	273,799
	<u>675,344</u>	<u>(168,397)</u>
Finance cost paid	(25,711)	(25,746)
Income tax paid	(19,623)	(19,710)
	<u>(45,334)</u>	<u>(45,456)</u>
Net cash flows generated from / (used in) operating activities	630,010	(213,853)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	11,064	16,432
Purchase of property and equipment	(5,374)	(7,731)
Purchase of intangible assets	(231)	(484)
Proceeds from disposal of property and equipment	1,200	6,630
Net cash flows generated from investing activities	6,659	14,847
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	(77)	(410)
Lease liability	(7,024)	(8,663)
Long-term deposits and prepayments	813	766
Net cash flows used in financing activities	<u>(6,288)</u>	<u>(8,307)</u>
Net increase / (decrease) in cash and cash equivalents	630,381	(207,313)
Cash and cash equivalents at the beginning of the year	238,825	446,138
Cash and cash equivalents at the end of the year	<u>869,207</u>	<u>238,825</u>
Cash and cash equivalents comprises of:		
Cash and bank balances	16 909,207	238,825
Short term financing-secured	21 (40,000)	-
	<u>869,207</u>	<u>238,825</u>

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive Officer



Director

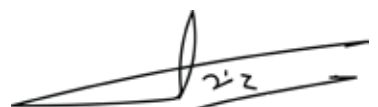


Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Revenue reserves		Fair value reserve	Total	
	Share capital	General reserve			Accumulated loss
----- (Rupees in '000) -----					
Balance as at January 01, 2019	1,000,000	18,752	(396,822)	269,675	891,605
(Loss) for the year	-	-	(11,941)	-	(11,941)
Other comprehensive (loss) for the year	-	-	-	(126,269)	(126,269)
Balance as at December 31, 2019	1,000,000	18,752	(408,763)	143,406	753,395
Profit for the year	-	-	94,000	-	94,000
Other comprehensive (loss) for the year	-	-	-	(65,196)	(65,196)
Balance as at December 31, 2020	1,000,000	18,752	(314,763)	78,210	782,199

The annexed notes 1 to 44 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

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

1 STATUS AND NATURE OF BUSINESS

- 1.1 BIPL Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 repealed Companies Act, 2017 and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a Scheme of Arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Pakistan Stock Exchange Limited (PSX). The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The detail of immovable fixed assets / owned property are given below :

- Room No 501 to 508, 5th floor, Trade Centre, I.I. Chundrigar Road, Karachi. Covered Area 6,000 Sq.Ft.
- Room No 601 to 608, 6th floor, Trade Centre, I.I. Chundrigar Road, Karachi. Covered Area 6,500 Sq.Ft.
- Room No 1005 to 1008, 10th floor, Trade Centre, I.I. Chundrigar Road, Karachi. Covered Area 3,081 Sq.Ft.
- Room No 93 to 95, 2nd floor, PSX Building, Stock Exchange Road, Covered Area 690 Sq.Ft.
- Booth No. 25, 30 & 54, located in the Trading Hall of the Pakistan Stock Exchange.

The branch offices are situated at;

- 90-91, Razia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad.
- Office # 313, ISE Tower, Jinnah Avenue, Blue Area, Islamabad.
- 2nd Floor Fountain Avenue Building, 64-A, Main Boulevard, Main Gulberg, Lahore.
- 1st Floor, State Life Building, 34-The Mall, Peshawar Cantt, Peshawar.
- Friends Paradise, 1st Floor, SB-36, Block No. 13D, KDA Scheme 24, Main University Road, Karachi.
- Room No 93-95, 2nd floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi.
- Room # 509 & 510, 5th Floor, State Life Building, Liaquat Road, Faisalabad.
- 81, Ground Floor, GDA Trust Plaza, Gujranwala.
- Ground Floor, City Tower, Shahab Pura Road, Sialkot.
- Ground Floor, State Life Building, Abdali Road, Multan.
- Plot # 24, City Park Chowk, Model Town, Rahim Yar Khan.

- 1.2 The Company is a subsidiary of BankIslami Pakistan Limited (the Parent), who holds 77.12% (2019: 77.12%) shares of the Company.

The parent company has released public information on April 24, 2019 pertaining to BIPL Securities Limited, (in which board of parent had authorized the bank to explore and evaluate the strategic option including divestment of shares held in BIPL Securities Limited.

Further the BankIslami Pakistan Limited ("BIPL") the parent company has approved the final bid of AKD Securities Limited ("AKD") for the purchase of BIPL's entire shareholding of 77,117,500 shares in BIPL Securities Limited at a price of PKR 8.60 per share and for this purpose BIPL and AKD Securities Limited have entered into Sale Purchase Agreement dated November 25, 2020.

- 1.3 The Company is a TREC holder of the Pakistan Stock Exchange Limited (PSX) and Corporate member of Pakistan Mercantile Exchange Limited (PMEX) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services, consultancy and corporate finance.
- 1.4 These are separate Financial Statements of the Company in which investment in subsidiary is reported on the basis of cost

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements of the Company for the year ended December 31, 2020 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 are notified under the Companies Act, 2017 (the Act); 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.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain assets and liabilities as specified in the relevant notes

3 Functional and presentation currency.

These financial statements are presented in Pakistani Rupees, which is Company's functional and presentation currency.

4 NEW ACCOUNTING PRONOUNCEMENTS

4.1 Application of new and revised International Financial Reporting Standards (IFRSs)

4.1.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after January 01, 2020 and therefore, have been applied in preparing these financial statements.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The application of amendments has no material impact on the financial statements of the company.

Amendments to IAS 19 Employee Benefits on plan amendment, curtailment or settlement,

These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The change in the effect of the asset ceiling that may result from the plan amendment is determined in a second step and is recognised in the normal manner in comprehensive income.

The standard requires to use updated assumptions from re-measurement to determine current service cash and net interest from the remainder of the reporting period after the change in the plan.

The application of amendments has no material impact on the financial statements of the company.

IFRIC 23 Uncertainty over Income Tax Treatments:

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires to:

- Determine whether uncertain tax positions are assessed separately or as a group; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, determine accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, reflect the effect of uncertainty in determining accounting tax position using either the most likely amount or the expected value method.

The application of IFRIC has no material impact on the financial statements of the company.

Annual improvements to IFRS - Standard 2015-2017 Cycle

The Annual Improvements include amendments to the following Standards:

- IAS 12 Income Taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits.

The application of amendments has no material impact on the financial statements of the company

4.1.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2019 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements

4.1.3 Standards, amendments to standards and interpretations becoming effective in future periods

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- Amendments to IAS 1 and IAS 8 - Definition of Material

The amendments are made to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The concept of "observing" material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from "Could influence" to "Could reasonably be expected to influence".

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments are effective for accounting period beginning on or after 1 January, 2020.

The application of amendments is not expected to have a significant impact on the company's financial statements.

- Amendments to IFRS 3 - Definition of a Business

The amendments relate to the definition of a "business" in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not.

The amendments clarify that to be considered a "business", an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and asset is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in single identifiable asset or group of similar assets.

The amendments are applicable to transactions that are either business combinations or asset acquisitions. The amendments are effective for reporting periods beginning on or after 1 January 2020.

The application of amendments is not expected to have any effect on the company's financial statements.

- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

The amendments are effective for reporting periods starting on or after 01 January 2020.

The application of amendments is not expected to have any material impact on the company's financial statements.

The Amendments to References to the Conceptual Framework for Financial Reporting

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts

IASB has also issued amendments to References to the conceptual framework in IFRS. The amendments are intended to replace reference to a previous version of the IASB conceptual framework with a reference to the current version.

The amendments are effective for accounting periods beginning on or after 1 January 2020.

The application of amendments is not expected to have any material impact on the company's financial statements.

4.1.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of property and equipment when that cost is incurred. Maintenance and normal repairs are charged to income as and when incurred. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

Property and equipment are assessed for impairment whenever there is an indication that the same are impaired. Depreciation is charged from the day of purchase and no depreciation is charged from the day of disposal.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The asset's residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposals, if any, of assets are included in income currently.

5.2 Intangible assets

Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 8 to the financial statements.

Intangible assets with indefinite useful lives are not amortised. These are annually tested for impairment to assess whether these are in excess of their recoverable amounts, and where the carrying amounts exceeds the estimated recoverable amounts, the carrying amounts are written down to the estimated recoverable amounts.

Intangible assets are assessed for impairment whenever there is an indication that the same are impaired. Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred. Gains and losses on disposals, if any, of assets are included in income currently.

5.3 Investment properties

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged at the rate specified in note 9. Subsequent expenditures, depreciation and gains or losses on disposals are accounted for in the same manner as property and equipment.

5.4 Financial assets

5.4.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

5.5 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognized in the profit and loss account.

5.6 Financial instruments

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

5.7 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

5.8 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer.

- Brokerage income is recognised as and when such services are rendered.
- Financial advisory fees and other income is recognised on an accrual basis.
- Underwriting commission is recognised on accrual basis in accordance with the terms of the agreement.
- Capital gains and losses on sale of securities is recognised as and when transaction occurred.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

5.9 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and tax exemptions available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus arising on revaluation.

5.10 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

5.11 Employees' benefits

Defined contribution plan

The Company operates a defined contribution plan i.e. recognized provident fund ("the Fund") for all of its eligible employees in accordance with trust deed and rules made there under. Monthly contributions at the rate of 5% of basic salary are made to the Fund by the Company and the employees.

Employee compensated absences

The Company allows its management and non-management employees' to avail 30 days annual earned leave. The unutilized portion of the earned leave is accumulated but not encashable.

5.12 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances. For the purposes of statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short term and form an integral part of the Company's cash management.

5.13 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gains and losses on translation are taken into income currently. Non monetary-items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

5.14 Provisions

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

5.15 Trade and other receivables

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

5.16 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at carrying value.

5.17 Ijarah

An agreement under islamic mode in which a significant portion of the risks and rewards of ownership is retained by the Muj'ir is classified as Ijarah. Payments made under Ijarah are charged to profit or loss on a straight-line basis over the period of Ijarah.

5.18 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the statement of profit or loss directly.

5.19 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 includes 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 asset 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.

5.20 Lease liabilities

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

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

5.21 Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of property 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.

5.22 Related Party Transactions

Related party transactions are carried out on an arm's length basis. Pricing of these transactions are determined on the basis of comparable uncontrolled price methods, which sets the price by reference to the comparable goods and services sold in an economical comparable market to the buyer unrelated to the seller.

6 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

	<u>Note</u>
Useful lives of assets and methods of depreciation and impairment	5.1 to 5.3 ,7 & 8
Classification of investments	9 & 13
Provision for doubtful debts	5.14 & 14.1
Deferred taxation and taxation	5.9, 12 & 30

7 PROPERTY AND EQUIPMENT

		2020	2019
		(Rupees in '000)	
Property and equipment	7.1	31,081	34,247
Right to use asset under IFRS 16	7.2	12,265	18,162
		<u>43,346</u>	<u>52,409</u>

7.1 PROPERTY AND EQUIPMENT

	2020				
	Office premises- lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
	(Rupees in '000)				
As at January 01, 2020					
Cost	46,095	25,854	106,023	2,736	180,708
Accumulated depreciation	(31,634)	(22,924)	(89,714)	(2,189)	(146,461)
Net book value at the beginning of the year	<u>14,461</u>	<u>2,930</u>	<u>16,309</u>	<u>547</u>	<u>34,247</u>

Changes during the year

Additions during the year	2,444	-	2,929.54	-	5,374
Disposals during the year					
-Cost	(607)	-	-	-	(607)
-Depreciation	607	-	-	-	607
	-	-	-	-	-
Depreciation charge for the year	(1,983)	(532)	(6,022)	-	(8,537)
	461	(532)	(3,092)	-	(3,164)
Net book value at the end of the year	<u>14,922</u>	<u>2,397</u>	<u>13,216</u>	<u>547</u>	<u>31,081</u>

Analysis of net book value

As at December 31, 2020

Cost	47,932	25,854	108,953	2,736	185,475
Accumulated depreciation	(33,011)	(23,456)	(95,736)	(2,189)	(154,393)
Net book value	<u>14,922</u>	<u>2,397</u>	<u>13,216</u>	<u>547</u>	<u>31,081</u>
Depreciation rate (% per annum)	<u>5</u>	<u>10</u>	<u>20 - 45</u>	<u>20</u>	

	2019				
	Office premises- lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
	(Rupees in '000)				
As at January 01, 2019					
Cost	46,095	25,436	105,296	2,736	179,563
Accumulated depreciation	(29,751)	(22,191)	(85,960)	(2,189)	(140,091)
Net book value at the beginning of the year	<u>16,344</u>	<u>3,245</u>	<u>19,336</u>	<u>547</u>	<u>39,474</u>

Changes during the year

Additions during the year	-	418	1,992	5,321	7,730
Disposals during the year					
-Cost	-	-	(1,265)	(5,321)	(6,586)
-Depreciation	-	-	1,265	294	1,559
	-	0	-	(5,027)	(5,027)
Depreciation charge for the year	(1,883)	(733)	(5,019)	(294)	(7,929)
	(1,883)	(315)	(3,027)	-	(5,227)
Net book value at the end of the year	<u>14,461</u>	<u>2,930</u>	<u>16,309</u>	<u>547</u>	<u>34,247</u>

As at December 31, 2019

Cost	46,095	25,854	106,023	2,736	180,708
Accumulated depreciation	(31,634)	(22,924)	(89,714)	(2,189)	(146,461)
Net book value	<u>14,461</u>	<u>2,930</u>	<u>16,309</u>	<u>547</u>	<u>34,247</u>
Depreciation rate (% per annum)	<u>5</u>	<u>10</u>	<u>20 - 45</u>	<u>20</u>	

7.1.1 Net book value of assets disposed off during the current and prior year was less than the threshold of Rs. 5 million

7.2 RIGHT-OF-USE ASSETS

	2020	2019
	(Rupees in '000)	
Opening balance		
Additions during the year-net	18,162	-
Depreciation for the year	2,720	24,968
Closing balance	<u>(8,616)</u>	<u>(6,806)</u>
	<u>12,265</u>	<u>18,162</u>

8 INTANGIBLE ASSETS

	2020					Total
	Computer software	Membership of PMEX	Booths at PSX	License and trademark	TREC -PSX (Note 8.1 & 8.2)	
	(Rupees in '000)					
As at January 01, 2020						
Cost	12,650	750	950	1,223	1,350	16,923
Accumulated amortization	(12,221)	-	-	(523)	-	(12,744)
Net book value at the beginning of the year	429	750	950	700	1,350	4,179
Addition during the year	231	-	-	-	-	231
Amortization for the year	(319)	-	-	-	-	(319)
Net book value at the end of the year	341	750	950	700	1,350	4,091
Analysis of Net Book Value						
Cost	12,881	750	950	1,223	1,350	17,154
Accumulated amortization	(12,540)	-	-	(523)	-	(13,063)
Net book value as at December 31, 2020	341	750	950	700	1,350	4,091
Amortization rate (% per annum)	33.33	-	-	0 - 33.33	-	
	2019					
	Computer software and others	Membership of PMEX	Booths at PSX	License and trademark	TREC -PSX (Note 8.1 & 8.2)	Total
	(Rupees in '000)					
As at January 01, 2019						
Cost	12,517	750	950	872	1,350	16,439
Accumulated amortization	(11,664)	-	-	-	-	(11,664)
Net book value at the beginning of the year	853	750	950	872	1,350	4,775
Addition during the year	133	-	-	351	-	484
Amortization for the year	(557)	-	-	(523)	-	(1,080)
Net book value at the end of the year	429	750	950	700	1,350	4,179
Analysis of Net Book Value						
Cost	12,650	750	950	1,223	1,350	16,923
Accumulated amortization	(12,221)	-	-	(523)	-	(12,744)
Net book value as at December 31, 2019	429	750	950	700	1,350	4,179
Amortization rate (% per annum)	33.33	-	-	0-33.33	-	

- 8.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from right to trade on the exchange. Accordingly, the Company has received equity shares of PSX and a Trading Right Entitlement Certificate (TREC) in lieu of its membership card of PSX. The Company's entitlement in respect of PSX's shares is determined on the basis of valuation of assets and liabilities of PSX as approved by the SECP and the Company has been allotted 4,007,383 shares of the face value of Rs 10/- each, out of which 2,404,430 shares are kept in the blocked account and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of Demutualization.

On December 29, 2016, the divestment committee of PSX formed for the purpose has confirmed the sale of 40% equity stake of PSX shares.

The cost / book value of the PSX membership card amounts to Rs. 4.95 million as at December 31, 2012. In absence of an active market of the shares of PSX and TREC, the allocation of the carrying value of the membership card between the shares (financial asset) and TREC (an intangible asset) was made by the Company on the basis of the face of ordinary shares and the TREC value assigned by the PSX for minimum capital requirement purpose applicable to the stock exchange brokers.

- 8.2 The Company has pledged / hypothecated its TREC in favor of PSX to meet the requirement of Base Minimum Capital (BMC) under clause 19.2 of the Risk Management Regulation of PSX Rule Book.

9	LONG TERM INVESTMENTS			
	Subsidiary company -Structured Venture (Private) Limited (SVPL)	9.2	543	707
	At fair value through Other Comprehensive Income	9.3	295,474	360,670
			<u>296,017</u>	<u>361,377</u>

9.1 Structured Venture (Private) Limited (SVPL) is a subsidiary of the company. The total amount of investment approved by the shareholders of the Company in the extraordinary general meeting held on June 22, 2010 was Rs. 625 million. As of the balance sheet date, the Company has invested a total sum of Rs. 488.581 million.

9.2	Subsidiary Company			
	Cost		488,581	488,581
	Less: Provision for impairment		(488,039)	(487,874)
			<u>543</u>	<u>707</u>

The net assets of the subsidiary company have reduced due to full impairment of investment of Rs. 81.567 million in an associated company New Horizon Exploration and Production Limited (NHEPL), and provision against advance for purchase of land of Rs. 375 million.

Structured Venture (Private) Limited (SVPL) had given advance against purchase of property Rs. 375 million which was being developed as a Housing Scheme (the 'Project') by M/s. Noor Developer (Private) Limited (the 'Developer'), the majority shareholder of which is Mr. Arif Ali Shah Bukhari. This amount includes development charges of Rs. 75 million paid to the Developer. The Developer had communicated in the previous years that the Project was pending final approval from the Cantonment Board Korangi Creek (CBKC) for last few years due to modification and revision required by the CBKC in the Project.

During the year 2015, the Developer cancelled provisional booking vide its letter dated June 15, 2015 and in response, SVPL has filed legal suit for specific performance, declaration, injunction, partition and damages in the Sindh High Court.

In addition to the above, as per CBKC letter to Military Lands & Cantonments dated July 04, 2011, the land on which provisional booking was made is not eligible for the type of allotment made to SVPL as per sale agreement dated November 10, 2010 between SVPL and the Developer. Further, the development work on the Project, as communicated by the Developer vide their letter dated December 28, 2013, has also not been undertaken.

Moreover, verification from the Registrar of Housing Society has revealed that no record exists for the said Project, namely Noor Town, situated at survey number 288, 289 and 290 at Deh Korangi Township Karachi. Prima facie a fraud was committed with the Company against which, criminal and civil proceedings have already been initiated.

Considering the facts stated above, the history of this transaction and legal implications, SVPL as a matter of prudence, has fully provided this amount. Hence, the Company's investment in SVPL stands impaired.

On request of the Company for complaints against Criminal Acts of M/s. Noor Developers (Private) Limited, SECP vide its letter dated September 27, 2017, has informed that appropriate steps have been taken as to referring the matter to National Accountability Bureau (NAB) under Section 41-B of Securities and Exchange Commission of Pakistan (Amendment) Act, 2016. On the recommendation/ approval of SECP, NAB has initiated enquiry into the matter.

During the year, the Company has recognized further impairment as the net assets of SVPL has decreased due to operating losses.

9.3 Investment 'at fair value through Other Comprehensive Income

2020	2019	Note	2020		2019		
Number of shares	Name of the Investee Company		Cost	Carrying value	Cost	Carrying value	
------(Rupees in '000)-----							
	Quoted shares						
1,602,953	1,602,953	Pakistan Stock Exchange Limited	9.2.1, & 9.2.4	1,438	23,756	1,438	20,005
	Unquoted shares						
3,370	3,370	Al Jomaih Power Limited	9.2.2 & 9.2.4	184,197	271,718	184,197	340,665
14,760,000	14,760,000	New Horizon Exploration and Production Limited (Related Party) - Class 'A' ordinary shares	9.2.3	31,629	-	31,629	-
	Less: impairment		(31,629)	-	(31,629)	-	-
			<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u>185,635</u>	<u>295,474</u>	<u>185,635</u>	<u>360,670</u>	

9.3.1 Fair value of the investment as the year end was Rs. 14.82 per share (2019: 12.48 per share) determined on the basis of information / unaudited financial statement from investee

9.3.2 The Company's investment in unquoted shares of Al Jomaih Power Limited (AJPL) incorporated in Cayman Island are valued at its fair value based on the net assets value of the investee Company as at December 31, 2020. The above figures are based on unaudited financial statements. The company holds 1.55% of total issued certificates of AJPL. To date company has received a return of Rs 72mn in forms of dividends and the total cost of investment is Rs 184.19mn (2019: 184.19mn).

9.2.3 In year 2015, the management recorded impairment of its investment in New Horizon Exploration and Production Limited (NHEPL) in accordance with IAS-36 which was again tested for impairment as required by IFRS 9 adopted by the company on January 01, 2019. The recoverable amount of investment was estimated using "Value in use" approach. In considering the impairment, various business assumptions for estimating cash flows were used, which includes but are not limited to, historical performance of the investment, development and production activity in NHEPL's working interests, recoverability of future cash flows from the investment etc. Based on such analysis, the Company fully impaired its investment in NHEPL and an impairment loss of Rs. 31.63 million was recognised upto year 2016. As of reporting date there is no change in management assumption of recoverability of this investment, accordingly no impairment loss has been reversed.

9.2.4	Unrealized (loss) on investment 'at fair value through Other Comprehensive Income	Note	2020	2019
			------(Rupees in '000)-----	
	Pakistan Stock Exchange Limited		3,751	(1,747)
	Al Jomaih Power Limited		(68,947)	(124,522)
			<u>(65,196)</u>	<u>(126,269)</u>

14.1 Reconciliation of provisions against trade debts

Opening balance		69,119	96,618
Provision for the year		244	1,106
Impact of IFRS 9		-	(27,540)
Reversal during the year		(4,663)	(1,065)
		(4,419)	(27,499)
		<u>64,701</u>	<u>69,119</u>

15 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to:			
Current portion of long-term loans and advances to employees and executives	10	973	1,495
Deposits:			
Exposure deposit with -NCCPL		626,380	771,751
Exposure deposit with -PMEX		6,080	3,128
Others	15.1	3,562	2,100
-Impact of expected credited loss		(2,100)	(2,100)
		<u>633,922</u>	<u>774,879</u>
Prepayments:			
Insurance		1,581	1,581
Software development and maintenance		200	376
Others		2,472	2,222
		<u>4,253</u>	<u>4,179</u>
Other receivables:			
Profit on bank deposits		5,009	4,843
Profit on exposure deposit with -NCCPL		2,280	5,797
Receivable against margin finance		222,330	76,221
Others	15.2	6,584	6,021
-Impact of expected credited loss		(1,315)	(1,315)
		<u>234,888</u>	<u>91,567</u>
		<u>874,037</u>	<u>872,120</u>

15.1 This includes amounts deposited with the Honorable District and Sessions Court Karachi South in the form of Defense Saving Certificates (DSCs) having face value Rs. 2.1 million and cash Rs. of 0.1 million. These DSCs carry yield of 7.34% per annum and will mature in August 2026 (December 31, 2019:7.34%).

15.2 This includes an amount of Rs. 1.3mn paid against an award made by PSX.

16 CASH AND BANK BALANCES

Company accounts			
Current accounts		1,536	1,339
Saving accounts	16.1	123,443	130,838
		<u>124,979</u>	<u>132,177</u>
Client accounts			
Current accounts		209	1
Saving accounts	16.1	784,014	106,641
		<u>784,223</u>	<u>106,642</u>
	16.2	909,202	238,819
Cash in hand		-	-
Stamps in hand		5	6
		<u>909,207</u>	<u>238,825</u>

16.1 These carry profit at rates ranging from 2.33% to 12.5% (2019: 3% to 12.75%) per annum.

16.2 This includes Rs 625.15 million (December 31, 2019: Rs 213.14 million) with BankIslami Pakistan Limited (the Parent Company).

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

89,867,900	89,867,900	Ordinary shares of Rs. 10 each fully paid-up in cash	898,679	898,679
<u>10,132,100</u>	<u>10,132,100</u>	Ordinary shares of Rs. 10 each fully paid-up as part of the scheme of arrangement	<u>101,321</u>	<u>101,321</u>
<u>100,000,000</u>	<u>100,000,000</u>		<u>1,000,000</u>	<u>1,000,000</u>

18 LONG-TERM LOAN - SECURED

Loan from Parent		<u>150,000</u>	<u>150,000</u>
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18.1 This represents long-term financing obtained from the Parent Company (BIPL) on December 31, 2015. The financing is secured by way of Exclusive Charge over DM Assets along with equitable mortgage over all other commercial properties of the Company as disclosed in note 7. The financing was payable as a bullet payment in December 2020. BIPL is entitled to rental payments for use of musharakah assets. Rental payments are calculated to provide return equal to 3 months KIBOR + 3% per annum payable on quarterly basis from March 2016 till the date of bullet payment. The said financing has been rescheduled according to which company will pay off the financing as a bullet payment in December 2023, keeping other terms and conditions same.

	Note	2020	2019
19		--(Rupees in '000)--	
Opening		16,305	-
Additions during the year		2,447	24,968
Payments made during the year		(6,751)	(8,663)
		<u>12,001</u>	<u>16,305</u>
Transferred to current maturity		(7,768)	(6,416)
		<u>4,233</u>	<u>9,889</u>
19.1	The future minimum lease payments to which the company is committed to is as follows:		
		Not later than one year	Later than one year not later than five years
As at December 31, 2020			
Principal		7,768	4,233
Finance charges allocated to future years		1,170	195
		<u>8,938</u>	<u>4,428</u>
As at December 31, 2019			
Principal		6,416	9,889
Finance charges allocated to future years		2,010	1,020
		<u>8,426</u>	<u>10,909</u>
	Note	2020	2019
		------(Rupees in '000)-----	
20			
TRADE AND OTHER PAYABLES			
Trade creditors		1,658,271	929,209
Payable to National Clearing Company of Pakistan Ltd.		-	168
Accrued liabilities		31,980	39,012
Withholding tax		1,897	2,754
Unwinding part of Finance lease		513	816
Others		2,410	2,830
		<u>1,695,070</u>	<u>974,789</u>
21			
SHORT TERM FINANCING- SECURED			
Loan from Parent		<u>40,000</u>	<u>-</u>
		This represents charge musharkah facility obtained from the Parent Company which is secured by way of Hypothecation charge over shares / receivables equivalent to amount of financing obtained. This facility carries markup at the rate of 1 week KIBOR plus 1% per annum. The payment frequency is maximum 30 days from the date of financing obtained.	
22			
ACCRUED MARK-UP:			
Payable to parent			
Mark-up accrued on:			
- BankIslami Pakistan Limited -the Parent Company		<u>42</u>	<u>69</u>

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies:

23.1.1 The income tax authorities substitute Section 5A of Income Tax Ordinance 2001 through Finance Act 2017 which requires company to be subjected to additional tax of 7.5% of the accounting profit before tax if it fails to distribute at least 40% of profit after tax within six months of the end of tax year through cash or bonus. However, the company has filed an appeal before the Honorable High Court of Sindh at Karachi dated September 29, 2017. The Honorable High Court of Sindh has granted Stay orders in favor of the company and the proceedings thereof are pending till date. The management is confident that the eventual outcome of the matters will be decided in favor of the company. Accordingly, no provisions has been made in these financial statements.

23.1.2 For tax year 2013, an amended assessment order has been passed under section 122(5A) of the Income Tax Ordinance, 2001 by the Additional Commissioner Inland Revenue (ACIR), raised a demand of Rs 17.39 million dated June 28, 2019. In pursuance of such order, Company filed an appeal before CIR-A, Upon Appeal filed, CIR-Appeal maintained the order of ACIR's order vide its order No. 97 dated October 23, 2020. In pursuance of the order of CIR-A, the Company has filed appeal before ATIR which is pending for hearing.

23.1.3 In response to SVPL's Suit filed against Noor Developers (NDPL) & others, as referred in Note 9.2 of the financial statements, Arif Ali Shah Bukhari & Noor Developers filed Suit No.714/2018 against the Company & others. This Suit is basically a counterblast to the criminal and civil proceedings initiated by the Subsidiary Company against Mr. Bukhari and NDPL. The said Suit is inter-alia for cancellation of the Sale Agreement referred in Note 9.2 of the financial statements and for recovery of Rs.275 million along with special damages of Rs.4.355 billion and general damages of Rs.4 billion. In addition, Mr. Arif Ali Shah has filed another Suit (1829/2019) against the Company & others, stating amongst other things that his claim alleged in Suit No.714/2018 is a contingent liability. As per management's view, the claim of Mr. Bukhari is baseless, therefore, it does not required to be disclosed as contingent liability, however, as a matter of abundant caution, the subject case has been disclosed in the financial statements.

As per the opinion of the Company's legal counsel, the assertions made by Mr Bukhari in the suits are not likely to be upheld by the Court and the management based on the opinion of its legal counsel is confident that these Suits are likely to be dismissed by the Honorable Court.

23.2 Commitments:

The Company has entered into Ijarah arrangements for vehicles with Bankislami Pakistan Limited amounting to Rs 15 million. The aggregate amount of commitments against these arrangements are as follows:

	2020	2019
	------(Rupees in '000)-----	
Not later than one year	2,114	2,587
Later than one year but not later than 5 years	-	2,114
	<u>2,114</u>	<u>4,701</u>
24 OPERATING REVENUE		
Brokerage	434,806	236,994
Subscription research income	615	467
Custody services	5,076	3,756
Less: sales tax on services	(50,677)	(27,751)
	<u>389,821</u>	<u>213,466</u>
25 GAIN ON SALE OF SHORTTERM INVESTMENTS - NET		
Listed shares	10,674	11,149
Debt securities	390	283
	<u>11,064</u>	<u>11,433</u>
26 MARK-UP / PROFIT ON BANK DEPOSITS AND OTHER RECEIVABLES		
Profit on bank deposits	83,314	79,316
Margin finance income	17,308	12,966
Others	196	182
	<u>100,818</u>	<u>92,463</u>

		2020	2019
		------(Rupees in '000)-----	
27	OPERATING AND ADMINISTRATIVE EXPENSES		
	Salaries, allowances and other benefits	27.1	208,035
	Staff training and development-Directors		40
	Rent, rates and taxes		4,616
	Insurance charges		914
	Depreciation	27.2	17,154
	Amortization of intangible assets		319
	Repairs and maintenance		8,834
	Power and utilities		10,569
	Communication		16,455
	Trading costs		23,551
	Information technology related cost		9,408
	Fees and subscription		7,132
	Director fee		1,380
	Printing and stationery		1,724
	Papers and periodicals		111
	Advertisement and business promotion		192
	Sales and marketing		1,685
	Travelling and conveyance		1,325
	Entertainment		784
	Legal and professional charges		5,105
	Auditor's remuneration	27.3	1,608
	Stamp charges		10
	Donations		50
	Workers' welfare fund		2,817
	Kitchen expenses		1,348
	Profit -paid to clients	27.4	16,374
	Ijara rental		2,587
	Long term deposits impairment		-
	Others		66
			<u>344,149</u>
			<u>311,822</u>
27.1	Salaries, allowances and benefits include company's contribution to provident fund amount to Rs 4.09 million (2019: Rs 4.9 million).		
27.2	Depreciation		
	Property and equipment		8,537
	Right-of-use assets		7,929
			<u>8,616</u>
			<u>17,154</u>
27.3	Auditor's Remuneration		
	Statutory audit fee		649
	Half-yearly review fee and other certifications		760
	Out of pocket expenses		198
			<u>1,608</u>
			<u>1,055</u>
27.4	This relates to share of client in mark-up income earned against their unutilised fund balances in pls bank accounts of the Company as per the notice no. KSE/N-1479 dated March 17, 2015 of Pakistan Stock Exchange Limited .The gross markup earned is recorded as profit on bank deposits and client share is charged as expense.		

	Note	2020	2019
		---(Rupees in '000)---	
28	FINANCE COST		
	Mark-up on:		
	Long-term loan	19,182	22,675
	Short-term loan-RF	3,351	2,110
	Lease liabilities	2,222	1,423
	Bank charges	626	313
		<u>25,381</u>	<u>26,521</u>
29	OTHER INCOME		
	Gain on disposal of property and equipment	1,200	1,603
	Staff loan	202	183
	Others	166	-
		<u>1,568</u>	<u>1,786</u>
30	TAXATION		
	Current		
	for the year	24,700	6,669
	for prior year	390	1,022
	Deferred	18,906	(10,626)
		<u>43,996</u>	<u>(2,935)</u>
30.1	Income tax assessments of the Company have been finalized up to and including the tax year 2020. Tax returns filed with the revenue authority are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001 unless a return is selected for re-assessment by the revenue authority. The Commissioner of Inland Revenue may, at any time during a period of five years from the date of filing of return, select a deemed assessment order for the purpose of issuing an amended assessment order.		
30.2	Relationship between tax expense and accounting profit / (loss)		
	For the year	24,700	6,669
	Prior year	390	1,022
	Deferred tax	18,906	(10,626)
		<u>43,996</u>	<u>(2,935)</u>
	Profit/(Loss) before tax	<u>137,996</u>	<u>(14,876)</u>
	Tax at the applicable rate of 29% (2019: 29%)	40,019	-
	Tax effect of non-deductible expenses	(5,189)	(9,444)
	Tax effect of Income at reduced rate	(3,095)	919
	Tax effect of Minimum Tax and Alternative Corporate Tax (ACT)	12,456	1,939
	Tax effect of prior year charges	390	1,022
	Tax effect of Income under final tax regime	-	2,187
	Others	(585)	442
		<u>43,996</u>	<u>(2,935)</u>
31	EARNINGS / (LOSS) PER SHARE-BASIC AND DILUTED		
31.1	Basic earnings / (loss) per share		
	Profit / (loss) for the year attributable to ordinary shareholders (Rs in '000')	<u>94,000</u>	<u>(11,941)</u>
	Weighted average number of ordinary shares ('000')	<u>100,000</u>	<u>100,000</u>
	Earnings / (Loss) per share - Basic and diluted	<u>0.94</u>	<u>(0.12)</u>
31.1.1	Diluted earnings / (loss) per share		
	Diluted earnings / (loss) per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2020 and December 31, 2019 which could have any effect on the earnings / (loss) per share.		

32 REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	-----(Rupees in '000)-----			-----(Rupees in '000)-----		
Managerial remuneration	13,477	-	42,920	12,815	-	53,118
Fee (note 32.2)	-	1,380	-	-	960	-
Contribution to provident fund	355	-	1,027	408	-	1,189
	<u>13,832</u>	<u>1,380</u>	<u>43,947</u>	<u>13,223</u>	<u>960</u>	<u>54,307</u>
Number of persons	1	3	12	1	3	13

- 32.1 Certain executives of the Company are provided Company owned and maintained cellular phones.
- 32.2 The fee was paid to the independent Directors for attending the Board of Directors, Audit Committee and HR&R committee meetings of the Company.
- 32.3 The change in Directors' offices during the year has been disclosed in the Statement of Compliance with the Code of Corporate Governance.
- 32.4 As per the requirement under Regulation 5(4) of Research Analyst Regulation 2015, following are the details of Research Analyst employed by the Company;

	2020	2019
	--(Rupees in '000)--	
Managerial remuneration	7,742	12,101

All Research Analyst reports to Head of Research who in turn reports to the Chief Executive Officer of the company.

33 RELATED PARTY TRANSACTIONS

33.1 The related parties of the Company comprise of BankIslami Pakistan Limited (the Parent company), associated undertakings including companies under common directorship), employee benefit plans and its key management personnel. The balances with related parties as at December 31, 2020 and December 31, 2019 and transactions with related parties during the year ended December 31, 2020 and December 31, 2019 are as follows:

Name of the related party, relationship with company & Nature of Transaction

PARENT COMPANY	2020	2019
	----- (Rupees in '000) -----	
BankIslami Pakistan Limited (77.12% holding)		
Transaction during the year		
Income		
Brokerage earned	468	898
Custody services	5	5
Profit on bank deposits	28,383	22,708
Expenses		
Mark-up expenses	22,533	24,785
Ijarah expenses	2,587	2,587
Bank charges	437	34
Maintenance paid	3,080	-
Other transactions		
Short term loan obtained	665,000	512,000
Short term loan repaid	625,000	612,000
Rent paid	1,351	1,350
Purchase of fixed assets	-	3,262
Balances at the year end		
Accrued mark-up	42	69
Bank balances	627,692	213,148
Ijara deposits	1,462	1,462
Ijara rental payable	675	595
Long-term loan	150,000	150,000
Short-term loan	40,000	-
Profit receivable on bank deposit	3,719	1,976
Lease liability	1,842	2,780
Prepaid rent	116	-
Trade debts	197	253
KEY MANAGEMENT PERSONNEL		
Kamal Uddin Tipu (Chairman)		
Transaction during the year		
Meeting fee paid	420	360
Balances at the year end		
Trade debts	-	29
Trade payable	277	-
Abdul Aziz Anis (CEO)		
Transaction during the year		
Brokerage earned	17	-
Remuneration	13,477	12,815
Charge in respect of contribution plan	355	408
Balances at the year end		
Trade payable	605	1,000
Sikander Kasim (Director)		
Transaction during the year		
Meeting fee paid	600	360

	2020	2019
	----- (Rupees in '000) -----	
Muhammad Hafeezudin Asif (Director)		
Transaction during the year		
Meeting fee paid	360	240
Balances at the year end		
Trade debts	2	-
Sohail Sikandar (Director)		
Balances at the year end		
Trade debts	1	-
Zafar Ahmed Khan (CFO)		
Transaction during the year		
Brokerage earned	89	17
Custody services	-	1
Remuneration	3,898	3,584
Charge in respect of contribution plan	90	100
Balances at the year end		
Trade payable	-	15
Charge in respect of contribution plan		
Others Employees Provident Fund	3,646	4,420

Particulars relating to remuneration of Chief Executive Officer, Directors and Executives who are key management personnel are disclosed in note 32.

34 PROVIDENT FUND RELATED DISCLOSURE

The following information is based on latest un-audited financial statements of the Fund:

	Note	2020	2019
		----- (Rupees in '000) -----	
Size of the fund-Net assets		54,189	48,513
Cost of investments made		48,979	44,508
Percentage of investments made		90.80%	88.56%
Fair value of investments	34.1	49,205	42,964

34.1 Break-up value of fair value of investments is:

	2020		2019	
	(Rs. in '000)	%	(Rs. in '000)	%
Government securities	45,226	91.91%	38,456	89.51%
Term deposits/ saving accounts	3,979	8.09%	4,508	10.49%
	49,205	100.00%	42,964	100.00%

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The above figures are unaudited.

35 NUMBER OF EMPLOYEES

	2020	2019
Average number of employees during the year	170	145
Total number of employees as at year end	168	145

36 FINANCIAL INSTRUMENTS

Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (interest/mark-up rate risk, foreign currency and price risk), liquidity risk and credit risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

36.1 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risk: interest/markup rate risk, foreign exchange or currency risk and equity price risk. The market risks associated with the Company's business activities are discussed as under:

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. As of the balance sheet date, the Company is exposed to such risk mainly in respect of bank balances, short term and long term loan. Effective interest rates on such instruments are disclosed in respective notes to the financial statements.

With 1% increase / (decrease) in the market interest rate, with all other factors remaining constant, would increase the Company's total comprehensive income would have increased / (decreased) by Rs. 7.17 million (2019: Rs. 0.87 million).

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of change in foreign exchange rates relates only to the investment in Al Jomaih Power Limited maintained in US dollars amounting to Rs.271.7 million (2019: Rs. 340.6 million) [US dollars 1.7 million (2019: US dollars 2.2million)].

With 10% increase / (decrease) in the exchange rate between US dollars and Pak Rupees, comprehensive income of the Company would have increased / (decreased) by Rs. 27.17 million (2019: Rs. 34.06 million).

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Company is exposed to price risk in respect of investment at fair value through other comprehensive income. with 10% increase / (decrease) in equity price, the total comprehensive income would have increased / decreased by Rs. 2.375 million (2019: Rs. 2.01 million).

36.2 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity risk by following internal guidelines of the company executive committee such as monitoring maturities of financial assets and financial liabilities and investing in liquid financial assets.

On the reporting date, the Company has liquid asset of Rs. 909.2 million (2019:Rs. 238.82 million) unutilized credit lines Rs. 385 million to manage the liquidity issues and liquid assets in the form of short term securities Rs. Nil (2019: NIL).

The following are the contractual maturities of financial liabilities, including estimated interest payments:

The table below summaries the maturity profile of the Company's financial liabilities:

	2020				Total
	On Demand	Upto three months	More than three months and upto one year	More than one year	
	------(Rupees in '000)-----				
Long-term loan	-	-	-	150,000	150,000
Trade and other payables	1,693,173	-	-	-	1,693,173
Accrued mark-up	42	-	-	-	42
Short term loan	-	40,000	-	-	40,000
	<u>1,693,215</u>	<u>40,000</u>	<u>-</u>	<u>150,000</u>	<u>1,883,215</u>
	2019				Total
	On Demand	Upto three months	More than three months and upto one year	More than one year	
	------(Rupees in '000)-----				
Long-term loan	-	-	-	150,000	150,000
Trade and other payables	972,017	-	-	-	972,017
Accrued mark-up	69	-	-	-	69
Short term loan	-	-	-	-	-
	<u>972,086</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>1,122,086</u>

36.3 Credit risk

Credit risk is the risk that a 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 continuously assessing the credit worthiness of counter parties. The Company seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The table below analyses the Company's maximum exposure to credit risk:

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Trade debts	36.3.1	427,528	219,875
Bank balances	36.3.2	909,202	238,819
Long-term loans and advances		645	568
Long-term deposits and prepayments		21,242	22,233
Advances, deposits, prepayments and other receivables		869,784	867,941
		<u>2,228,402</u>	<u>1,349,435</u>

36.3.1 The aging analysis of trade debts are as follows:

	2020 ------(Rupees in '000)-----		2019 ------(Rupees in '000)-----	
	Gross	Impairment	Gross	Impairment
Past due 1 - 30 days	279,230	4	72,243	1
Past due 31 - 180 days	3,656	70	4,961	101
Past due 181 days - 1 year	1,910	120	1,462	107
More than one year	142,734	64,507	141,209	68,910
	<u>427,528</u>	<u>64,701</u>	<u>219,875</u>	<u>69,119</u>

36.3.2 The analysis below summarises the credit quality of the Company's bank balances with banks / financial institutions:

Rating (short-term) of Banks and Financial Institutions*		
A-1		625,862
A-1+		283,340
		<u>909,202</u>
		<u>238,819</u>

*Rating of banks performed by PACRA and VIS.

36.4 Financial instruments by categories

As at December 31, 2020 Financial assets as per balance sheet	Asset at fair value through profit and loss	Loans and receivables	Asset at fair value through OCI	Other Financial Assets	Total
	Rupees in '000				
Long term investment	543	-	295,474	-	296,017
Long term deposits	-	-	-	21,242	21,242
Long term loans an advances	-	645	-	-	645
Trade debts	-	362,828	-	-	362,828
Advances, deposits and other receivables	-	869,784	-	-	869,784
Cash and bank balances	-	-	-	909,202	909,202
	<u>543</u>	<u>1,233,256</u>	<u>295,474</u>	<u>930,444</u>	<u>2,459,717</u>

As at December 31, 2020 Financial liabilities as per balance sheet	Financial liabilities at Rupees in '000				
Long-term loan-secured					150,000
Short-term loan-secured					40,000
Lease liability					12,001
Trade and other payables					1,693,173
Accrued mark-up					42
					<u>1,895,216</u>

As at December 31, 2019 Financial assets as per balance sheet	Asset at fair value through profit and loss	Loans and receivables	Asset at fair value through OCI	Other Financial Assets	Total
	Rupees in '000				
Long term investment	707	-	360,670	-	361,377
Long term deposits	-	-	-	22,233	22,233
Long term loans an advances	-	568	-	-	568
Trade debts	-	150,756	-	-	150,756
Advances, deposits and other receivables	-	867,941	-	-	867,941
Cash and bank balances	-	-	-	238,825	238,825
	<u>707</u>	<u>1,019,265</u>	<u>360,670</u>	<u>261,057</u>	<u>1,641,699</u>

As at December 31, 2019 Financial liabilities	Financial liabilities at Rupees in '000
Long-term loan-secured	150,000
Lease liability	16,305
Trade and other payables	972,017
Accrued mark-up	69
	<u>1,138,391</u>

37 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital include :

- Reinforcing Company's ability to continue as a going concern in order to provide returns to all its stakeholders with their corresponding risk profiles;
- Maintaining a strong capital base - resulting in enhancement of Company's business operations.

In order to maintain the balance of its capital structure, the Company may consider adjusting its dividend payouts, controlling non-developmental cash outflows and issuing fresh debt or capital instruments.

The Company monitors capital on the basis of the gearing ratio and its related profitability ratios. Gearing is calculated as debt divided by debt plus equity. Debt represents redeemable capital and other long-term borrowings, if any, as shown in the balance sheet. Equity represents paid-up capital of the Company, general reserve and unappropriated profit and loss.

Net capital requirements of the Company are set and regulated by PSX. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

38 FAIR VALUE OF FINANCIAL INSTRUMENT

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying value and fair value estimates. The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values.

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

38.1 Financial Assets Fair Value Hierarchy

All financial instruments carried at fair value are categorised in three categories defined as follows:

Level 1 - quoted prices in active markets for identical assets.

Level 2 - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at year end, the Company held the following financial instruments measured at fair value:

	2020			
	Total	Level 1	Level 2	Level 3
	------(Rupees in '000)-----			
Investment 'at fair value through other comprehensive income	295,474	23,756	-	271,718

	2019			
	Total	Level 1	Level 2	Level 3
	------(Rupees in '000)-----			
Investment 'at fair value through other comprehensive income	360,670	20,005	-	340,665

38.1.1 The reconciliation from the beginning to ending balances for assets measured at fair value using level 3 valuation technique is given below:

	2020	2019
	------(Rupees in '000)-----	
Opening balance	340,665	465,187
Unrealised gain on 'available-for-sale' investments	(68,947)	(124,522)
Closing balance	<u>271,718</u>	<u>340,665</u>

39 OTHER DISCLOSURES UNDER REGULATION 34(2) OF THE SECURITIES BROKER (LICENSING AND OPERATIONS) REGULATION 2016:

The disclosures under the regulation 34(2), other than disclosed elsewhere in these annual financial statements are as follows:

39.1 Person holding more than 5% of shares

	2020	2019	2020	2019
	% of holding		No. of shares	
M/s. BankIslami Pakistan Limited	77.12%	77.12%	77,117,500	77,117,500
Mrs. Noor Jehan Bano	6.54%	6.54%	6,535,500	6,535,500
Mr. Mohammad Aslam Motiwala	8.34%	7.45%	8,342,000	7,452,500

39.2 During the year, Mr. Mohammed Aslam Motiwala acquired 889,500/- shares of the company.

39.3 As at December 31, 2020, the value of customer shares maintained with the company pledged with financial institution is Rs.1,434 million (December 31, 2019: Rs. 206.56 million).

39.4 As at December 31, 2020, the value of customer shares maintained with the company sub-Accounts held in the Central Depository Company of Pakistan Limited is Rs.19,125 million (December 31, 2019: Rs. 14,269 million).

40 CAPITAL ADEQUACY LEVEL

Following is the Level of Capital Adequacy as required under clause 6.8.3 of CDC Regulations:

	Note	2020	2019
		----- (Rupees in '000) -----	
Total Assets		2,680,713	1,895,960
Add : Notional value increase of TRE Certificate	40.1	1,150	1,150
Less: Total Liabilities		(1,898,515)	(1,142,565)
Less: Revaluation Reserves (created upon Revaluation of fixed assets)		-	-
		<u>783,348</u>	<u>754,545</u>

40.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the company as at year ended December 31, 2020 as determined by Pakistan Stock Exchange has been considered.

41 NET CAPITAL BALANCE

Following is the net capital balance of the company:

Balance	<u>336,897</u>	<u>214,038</u>
---------	----------------	----------------

42 IMPACTS OF COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan.

The management has carried out its assessment in respect of COVID-19 and is of the view that there is no material impact due to COVID-19 on the financial statements of the Company.

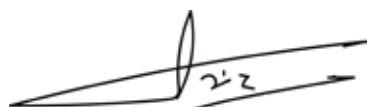
43 DATE OF AUTHORISATION

These financial statements have been authorised for issue by the Board of Directors of the Company on _____.

44 GENERAL

44.1 Corresponding figures have been rearranged and reclassified, wherever necessary.

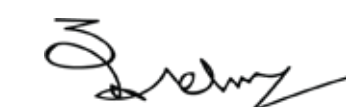
44.2 Figures have been rounded off to the nearest thousand.



Chief Executive Officer



Director



Chief Financial Officer



Consolidated Financial Statements

- ▶ Directors' Report on the Consolidated Financial Statements
- ▶ Independent Auditor's Report to the Members
- ▶ Consolidated Statement of Financial Position
- ▶ Consolidated Statement of Profit and Loss Account and Other Comprehensive Income
- ▶ Consolidated Cashflow Statement
- ▶ Consolidated Statement of Changes in Equity
- ▶ Notes to the Consolidated Financial Statement

Directors' Report

On The Consolidated Financial Statements

The Board of Directors present the report on consolidated financial statements of BIPL Securities Limited and its wholly owned subsidiary namely Structured Venture (Private) Limited, for the year ended December 31, 2020.

The consolidated financial results of the group for the year ended December 31, 2020, under review, are summarized as follows:

	2020	2019
	----- (Rupees in '000) -----	
Profit / (loss) before taxation	137,996	(14,876)
Taxation	(43,996)	2,935
Profit / (loss) after taxation	94,000	(11,941)
Dividend paid during the year	-	-
Accumulated (loss) brought forward	(365,392)	(445,791)
Accumulated (loss) carried forward	(271,392)	(365,392)
	----- (Rupees) -----	
Earnings / (loss) per share	0.94	(0.12)

Summary of changes in equity

The Group's profit after tax was PKR 94 Million, EPS 0.94 in CY20 as compare to loss after tax PKR (11.941) million, LPS 0.12 in CY19

Summary of changes in the nature of group business interests

BIPL Securities Limited and Structured Venture (Private) Limited continue in their stated nature of business and have made no changes to the nature of business interests, nor to the class of business interests in which the Company has an interest.

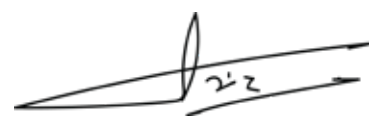
Pattern of Shareholding

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

On behalf of the Board of Directors



Director



Chief Executive Officer

Karachi: February 09, 2021

Independent Auditor's Report

To The Members



RSM Avasi Hyder Liaquat Nauman
Chartered Accountants

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Gulberg II, Lahore, Pakistan

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

Opinion

We have audited the annexed consolidated financial statements of BIPL Securities Limited (the Company) and its subsidiary, namely Structured Venture Private Limited, (the Group), which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of change 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, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p>Recognition and realization of deferred tax asset:</p> <p>As disclosed in note 12, the Group has recognized deferred tax asset amounting to Rs. 51.253 million.</p> <p>In order to ascertain that sufficient future taxable profit will be available, the management has prepared future projections of taxable profit by taking into account various assumptions mainly comprising of expected future revenues, business</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>We obtained working of the deferred taxation and re-performed calculations.</p> <p>We checked and verified components of deferred taxation from relevant tax records.</p> <p>We checked the realization of deductible temporary differences and unused tax losses during the year against current taxation.</p>

	<p>and operational assumptions and timing of reversals.</p> <p>The analysis of the recognition and recoverability of the deferred tax asset was significant to our audit because of the material value of deferred tax asset and because the assessment of future taxable income involves significant management judgment about future business and economic factors.</p>	<p>We tested and documented the process used by management to assess the likelihood of realizing the deferred tax asset.</p> <p>We determined whether any subsequent events or transactions have occurred up to the date of our report that could affect the likelihood of realizing the deferred tax assets.</p> <p>We also assessed the adequacy of the Group's disclosures pertaining to deferred taxation in accordance with applicable financial reporting framework.</p>
2.	<p>Valuation of Al Jomaih Power Limited (AJPL).</p> <p>The Group's financial statements include investment at Fair value through Other Comprehensive Income in unquoted foreign Group AJPL.</p> <p>The valuation of investment in AJPL was significant to the audit due to foreign currency risk involved in the investment and the categorization of the investment is level 3 of the Fair Value hierarchy which uses input other than the observable market date.</p>	<p>Our audit procedures, amongst others, included the following:</p> <p>We obtained confirmation of AJPL in respect of shareholding of the Group in AJPL and net assets value per share as at year end, as per books and records of AJPL.</p> <p>We checked that the investment at the year-end has been translated using appropriate exchange rate.</p> <p>We confirmed that at the year end, the investment is adjusted for changes in the net assets value on the basis of information received from AJPL.</p> <p>We checked that basis of valuation of investment is adequately disclosed in the financial statements of the Group.</p>

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

Management is responsible for other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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



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

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

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

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

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

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

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

We also provide the Board of Directors with the 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 statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations 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 benefits of such communications.

The engagement partner on the audit resulting in this independent auditor's report is Inam ul Haque.


Chartered Accountants
Karachi

Dated: 09 February 2021

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

	Note	2020	2019
---(Rupees in '000)---			
ASSETS			
Non-current assets			
Property and equipment	7	43,346	52,409
Intangible assets	8	4,091	4,179
Long-term investments	9	295,474	360,670
Long-term loans and advances	10	645	568
Long-term deposits and prepayments	11	21,260	22,073
Deferred tax asset - net	12	51,253	70,159
		416,070	510,057
Current assets			
Short-term investments	13	-	-
Trade debts	14	362,828	150,756
Advances, deposits, prepayments and other receivables	15	874,078	872,173
Taxation - net		118,251	123,716
Cash and bank balances	16	909,966	239,702
		2,265,123	1,386,347
TOTAL ASSETS		2,681,193	1,896,404
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised Capital :			
200,000,000 (2019:200,000,000) Ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up capital			
	17	1,000,000	1,000,000
Fair value reserve		34,839	100,035
Revenue reserve:			
General reserve		18,752	18,752
Accumulated loss		(271,392)	(365,392)
		782,199	753,395
Non-current liabilities			
Long-term loan-secured	18	150,000	150,000
Lease liability	19	4,233	9,889
		154,233	159,889
Current liabilities			
Trade and other payables	20	1,695,550	975,233
Short term financing-secured	21	40,000	-
Current portion of lease liability	19	7,768	6,416
Unclaimed dividend		1,402	1,402
Accrued mark-up	22	42	69
		1,744,762	983,120
TOTAL EQUITY AND LIABILITIES		2,681,193	1,896,404
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive Officer



Director

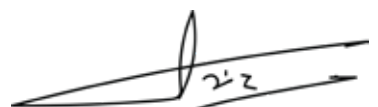


Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

		2020	2019
----(Rupees in '000)----			
Operating revenue	24	389,821	213,466
Gain on sale of shortterm investments - net	25	11,064	11,432
Reversal of impairment on 'held for trading' investments	13.1	-	5,000
Mark-up / profit on bank deposits and other receivables	26	100,839	92,497
		<u>501,724</u>	<u>322,395</u>
Operating and administrative expenses	27	(344,335)	(312,495)
Reversal / (provision) against doubtful debts-net	14.1	4,419	(41)
		<u>(339,915)</u>	<u>(312,536)</u>
Operating profit		161,809	9,859
Finance cost	28	(25,381)	(26,521)
		136,428	(16,662)
Other income	29	1,568	1,786
Profit / (Loss) before taxation		137,996	(14,876)
Taxation	30	(43,996)	2,935
Profit / (Loss) after taxation		94,000	(11,941)
Other comprehensive loss for the year			
Unrealized loss arising on re-measurement of long term investment at fair value through other comprehensive income	9.1.4	(65,196)	(126,269)
Total comprehensive Income / (Loss) for the year		<u>28,804</u>	<u>(138,210)</u>
Earnings / (Loss) per share - basic and diluted	31	0.94	(0.12)

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	-----(Rupees in '000)----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	137,996	(14,876)
Non-cash adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation	17,154	14,735
Amortization	319	1,080
Gain on sale of 'at fair value through profit or loss' investments - net	(11,064)	(11,432)
Gain on sale of property and equipment	(1,200)	(1,603)
Reversal of impairment at fair value through profit or loss	-	(5,000)
(Reversal) / provision of doubtful debts-net	(4,419)	41
Provision for long term deposits	-	136
Finance cost	25,381	26,521
	26,170	24,478
	164,166	9,602
Working capital adjustments:		
(Increase) in current assets		
Trade debts	(207,652)	(1,268)
Advances, deposits, prepayments and other receivables	(1,905)	(451,219)
	(209,558)	(452,488)
Increase in current liabilities		
Trade and other payables	720,620	273,985
	675,228	(168,901)
Finance cost paid	(25,712)	(25,746)
Income tax paid	(19,624)	(19,713)
	(19,624)	(19,713)
Net cash flows generated from / (used in) operating activities	629,893	(214,360)
CASH FLOW FROM INVESTING ACTIVITIES		
Investments 'at fair value through profit or loss' - net	11,064	16,432
Purchase of property and equipment	(5,374)	(7,731)
Purchase of intangible assets	(231)	(484)
Proceeds from disposal of property and equipment	1,200	6,630
Net cash flows generated from investing activities	6,659	14,847
CASH FLOW FROM FINANCING ACTIVITIES		
Long-term loans and advances	(77)	(410)
Liability against asset subject to finance lease	(7,024)	(8,663)
Long-term deposits and prepayments	813	766
Net cash flows used in financing activities	(6,288)	(8,307)
Net increase / (decrease) in cash and cash equivalents	630,264	(207,820)
Cash and cash equivalents at the beginning of the year	239,702	447,522
Cash and cash equivalents at the end of the year	869,966	239,702
Cash and cash equivalents comprises of:		
Cash and bank balances	909,966	239,702
Short term financing-secured	(40,000)	-
	869,966	239,702

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Revenue reserves		Fair value reserve	Total	
	Share capital	General reserve			Accumulated loss
------(Rupees in '000)-----					
Balance as at January 01, 2019	1,000,000	18,752	(353,451)	226,304	891,605
(Loss) for the year			(11,941)		(11,941)
Other comprehensive (loss) for the year	-	-		(126,269)	(126,269)
Balance as at December 31, 2019	1,000,000	18,752	(365,392)	100,035	753,395
Profit for the year			94,000		94,000
Other comprehensive (loss) for the year	-	-		(65,196)	(65,196)
Balance as at December 31, 2020	1,000,000	18,752	(271,392)	34,839	782,199

The annexed notes from 1 to 44 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

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

1 STATUS AND NATURE OF BUSINESS

The Group comprises of:

- Holding Company - BIPL Securities Limited (BIPLS)
- Subsidiary Company - Structured Venture (Private) Limited (SVPL)

- 1.1 BIPL Securities Limited (the Company) was incorporated in Pakistan on October 24, 2000 under the Companies Ordinance, 1984 repealed Companies Act, 2017 and commenced its operations effective January 1, 2003, on the transfer of assets and liabilities of the securities segment of the then Khadim Ali Shah Bukhari and Company Limited under a Scheme of Arrangement approved by the High Court of Sindh. The shares of the Company are listed on the Pakistan Stock Exchange Limited (PSX). The registered office of the Group Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

The detail of immovable fixed assets / owned property are given below :

- Room No 501 to 508, 5th floor, Trade Centre, I.I. Chundrigar Road, Karachi. Covered Area 6,000 Sq.Ft.
- Room No 601 to 608, 6th floor, Trade Centre, I.I. Chundrigar Road, Karachi. Covered Area 6,500 Sq.Ft.
- Room No 1005 to 1008, 10th floor, Trade Centre, I.I. Chundrigar Road, Karachi. Covered Area 3,081 Sq.Ft.
- Room No 93 to 95, 2nd floor, PSX Building, Stock Exchange Road, Covered Area 690 Sq.Ft.
- Booth No. 25, 30 & 54, located in the Trading Hall of the Pakistan Stock Exchange.

The branch offices are situated at;

- 90-91, Razia Sharif Plaza, Jinnah Avenue, Blue Area, Islamabad.
- Office # 313, ISE Tower, Jinnah Avenue, Blue Area, Islamabad.
- 2nd Floor Fountain Avenue Building, 64-A, Main Boulevard, Main Gulberg, Lahore.
- 1st Floor, State Life Building, 34-The Mall, Peshawar Cantt, Peshawar.
- Friends Paradise, 1st Floor, SB-36, Block No. 13D, KDA Scheme 24, Main University Road, Karachi.
- Room No 93-95, 2nd floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi.
- Room # 509 & 510, 5th Floor, State Life Building, Liaquat Road, Faisalabad.
- 81, Ground Floor, GDA Trust Plaza, Gujranwala.
- Ground Floor, City Tower, Shahab Pura Road, Sialkot.
- Ground Floor, State Life Building, Abdali Road, Multan.
- Plot # 24, City Park Chowk, Model Town, Rahim Yar Khan.

The Group is a subsidiary of BankIslami Pakistan Limited (the Parent), who holds 77.12% (2019: 77.12%) shares of the Company.

- 1.2 The ultimate parent company has released public information on April 24, 2019 pertaining to BIPL Securities Limited, (in which board of parent had authorized the bank to explore and evaluate the strategic option including divestment of shares held in BIPL Securities Limited.

Further the BankIslami Pakistan Limited ("BIPL") the parent company has approved the final bid of AKD Securities Limited ("AKD") for the purchase of BIPLS's entire shareholding of 77,117,500 shares in BIPL Securities Limited at a price of PKR 8.60 per share and for this purpose BIPL and AKD Securities Limited have entered into Sale Purchase Agreement dated November 25, 2020.

- 1.3 The Holding Company is a TREC holder of the Pakistan Stock Exchange Limited (PSX) and Corporate member of Pakistan Mercantile Exchange Limited (PMEX) and is principally engaged in the business of stocks, money market, foreign exchange and commodity broking. Other activities include investment in a mix of listed and unlisted equity and debt securities, economic research and advisory services, consultancy and corporate finance.

Subsidiary company was incorporated in Pakistan on June 25, 2010 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 5th Floor, Trade Centre, I.I. Chundrigar Road, Karachi.

Subsidiary is wholly owned by BIPL Securities Limited.

Subsidiary's core objective is to capitalize opportunities across different asset classes, including but not limited to, commodities, structured products, real estate etc. In addition, the company can, subject to regulatory approvals, invest / participate in selected local and foreign business ventures.

The following additional disclosures was made in the subsidiary's financial statements which has no material impact on these consolidated financial statements.

At present, the subsidiary has no operational activities, except to pursue the legal case against M/s. Noor Developer (Private) Limited (the Developer) for the purchase of investment property of Rs 375 million due to the following reason:

The Developer had communicated in the previous years that the Project was pending final approval from the Cantonment Board Korangi Creek (CBKC) for last few years due to modification and revision required by the CBKC in the Project. During the year 2015, the Developer canceled provisional booking vide its letter dated June 15, 2015 and in response, the subsidiary has filed legal suit for specific performance, declaration, injunction, petition and damages in the Sindh High Court.

In addition to the above, as per CBKC letter to Military Lands & Cantonments dated July 04, 2011, the land on which provisional booking was made is not eligible for the type of allotment made to the subsidiary as per sale agreement dated November 10, 2010 between the subsidiary and the Developer. Further, the development work on the Project, as communicated by the Developer vide their letter dated December 28, 2013, has also not been undertaken.

Moreover, verification from the Registrar of Housing Society has revealed that no record exists for the said Project, namely Noor Town, situated at survey number 288, 289 and 290 at Deh Korangi Township Karachi. Prima facie a fraud was committed with the subsidiary against which, criminal and civil proceedings have already been initiated.

Considering the facts stated above, the history of this transaction and legal implications, the subsidiary as a matter of prudence, has decided to fully provide this amount.

On request of the Company for complaints against Criminal Acts of M/s. Noor Developers (Private) Limited, SECP vide its letter dated September 27, 2017, has informed that appropriate steps have been taken as to referring the matter to National Accountability Bureau (NAB) under Section 41-B of Securities and Exchange Commission of Pakistan (Amendment) Act, 2016. On the recommendation/ approval of SECP, NAB has initiated enquiry into the matter.

Further, the subsidiary's management made its investment in New Horizon Exploration and Production Limited (NHEPL), which was fully impaired in 2015 due to the fact that the subsidiary will not be able to recover cash flows from such investment.

The above said amounts of investment property and long term investment were the substantial assets of the subsidiary which constituted more than 99% of the total assets of the subsidiary. The subsidiary does not have sufficient cash flows, equity and other means to operate the company, therefore the board of directors of subsidiary have decided to prepare subsidiary's financial statements on other than going concern basis (net realisable basis).

The Carrying value of assets and liabilities of the Group Company as at December 31, 2020 is equivalent to the realizable value.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements of the Group for the year ended December 31, 2020 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 are notified under the Companies Act, 2017 (the Act); 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.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain assets and liabilities as specified in the relevant notes.

2.3 Basis of consolidation

The Financial Statements of the subsidiary are included in the consolidated financial statements from the date of the control commences until the date control ceases. In preparing consolidated financial statements, the financial statements of the group company and the subsidiary are consolidated on a line by line basis by adding together the items of assets, liabilities, income and expenses. All intercompany transactions have been eliminated.

3 Functional and presentation currency.

These consolidated financial statements are presented in Pakistani Rupees, which is Group's functional and presentation currency.

4 NEW ACCOUNTING PRONOUNCEMENTS

4.1 Application of new and revised International Financial Reporting Standards (IFRSs)

4.1.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for consolidated financial statements of the Group for the periods beginning on or after January 01, 2020 and therefore, have been applied in preparing these consolidated financial statements.

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The application of amendments has no material impact on the consolidated financial statements of the Group.

Amendments to IAS 19 Employee Benefits on plan amendment, curtailment or settlement,

These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The change in the effect of the asset ceiling that may result from the plan amendment is determined in a second step and is recognised in the normal manner in comprehensive income.

The standard requires to use updated assumptions from re-measurement to determine current service cash and net interest from the remainder of the reporting period after the change in the plan.

The application of amendments has no material impact on the Group's financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments:

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires to:

- Determine whether uncertain tax positions are assessed separately or as a group; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, determine accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, reflect the effect of uncertainty in determining accounting tax position using either the most likely amount or the expected value method.

The application of IFRIC has no material impact on the Group's financial statements.

Annual improvements to IFRS - Standard 2015-2017 Cycle

The Annual Improvements include amendments to the following Standards:

- IAS 12 Income Taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits.

The application of amendments has no material impact on the Group's financial statements.

4.1.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the companies beginning on or after July 01, 2019 but are considered not to be relevant to the Group's operations and are, therefore, not disclosed in these Group's financial statements.

4.1.3 Standards, amendments to standards and interpretations becoming effective in future periods

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these financial statements, except for the following:

- Amendments to IAS 1 and IAS 8 - Definition of Material

The amendments are made to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The concept of “observing” material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from “Could influence” to “Could reasonably be expected to influence”.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An Group will need to assess whether the information, either individually or in combination with other information, is material in the context of the Group's financial statements.

The amendments are effective for accounting period beginning on or after 1 January, 2020.

The application of amendments is not expected to have a significant impact on the Group's financial statements.

- Amendments to IFRS 3 - Definition of a Business

The amendments relates to the definition of a “business” in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not.

The amendments clarify that to be considered a “business”, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and asset is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in single identifiable asset or group of similar assets.

The amendments are applicable to transactions that are either business combinations or asset acquisitions. The amendments are effective for reporting periods beginning on or after 1 January 2020.

The application of amendments is not expected to have any effect on the Group's financial statements.

- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

The amendments are effective for reporting periods starting on or after 01 January 2020.

The application of amendments is not expected to have any material impact on the Group's financial statements.

The Amendments to References to the Conceptual Framework for Financial Reporting

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts

IASB has also issued amendments to References to the conceptual framework in IFRS. The amendments are intended to replace reference to a previous version of the IASB conceptual framework with a reference to the current version.

The amendments are effective for accounting periods beginning on or after 1 January 2020.

The application of amendments is not expected to have any material impact on the Group's financial statements.

4.1.4 Standards, amendments to standards and interpretations becoming effective in future period but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Group's operations, therefore, not disclosed in these Group's financial statements.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of property and equipment when that cost is incurred. Maintenance and normal repairs are charged to income as and when incurred. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

Property and equipment are assessed for impairment whenever there is an indication that the same are impaired. Depreciation is charged from the day of purchase and no depreciation is charged from the day of disposal.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The asset's residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Gains and losses on disposals, if any, of assets are included in income currently.

5.2 Intangible assets

Intangible assets with definite useful lives are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged over the useful life of the asset on a systematic basis to income applying the straight line method at the rate specified in note 8 to the financial statements.

Intangible assets with indefinite useful lives are not amortised. These are annually tested for impairment to assess whether these are in excess of their recoverable amounts, and where the carrying amounts exceeds the estimated recoverable amounts, the carrying amounts are written down to the estimated recoverable amounts.

Intangible assets are assessed for impairment whenever there is an indication that the same are impaired. Costs associated with maintaining assets are recognized as an expense in the period in which these are incurred. Gains and losses on disposals, if any, of assets are included in income currently.

5.3 Investment properties

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. The depreciated is charged at applicable rate. Subsequent expenditures, depreciation and gains or losses on disposals are accounted for in the same manner as property and equipment.

5.4 Financial assets

5.4.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets.

5.5 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognized in the profit and loss account.

5.6 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when these are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

5.7 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses arising from such assets and liabilities are also accordingly offset.

5.8 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer.

- Brokerage income is recognised as and when such services are rendered.
- Financial advisory fees and other income is recognised on an accrual basis.
- Underwriting commission is recognised on accrual basis in accordance with the terms of the agreement.
- Capital gains and losses on sale of securities is recognised as and when transaction occurred.
- Mark-up income, return on bank deposits and balances are recognized on accrual basis.
- Dividend income is recorded when the right to receive the dividend is established.

5.9 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and tax exemptions available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus arising on revaluation.

5.10 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

5.11 Employees' benefits

Defined contribution plan

The Company operates a defined contribution plan i.e. recognized provident fund ("the Fund") for all of its eligible employees in accordance with trust deed and rules made there under. Monthly contributions at the rate of 5% of basic salary are made to the Fund by the Company and the employees.

Employee compensated absences

The Company allows its management and non-management employees' to avail 30 days annual earned leave. The unutilized portion of the earned leave is accumulated but not encashable.

5.12 Cash and cash equivalents

Cash in hand and at banks is carried at cost. For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and bank balances. For the purposes of statement of cash flows, cash and cash equivalents are presented net of short term borrowings which are repayable on demand or in the short term and form an integral part of the Company's cash management.

5.13 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Gains and losses on translation are taken into income currently. Non-monetary-items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

5.14 Provisions

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

5.15 Trade and other receivables

Trade and other receivables are recognised and carried at transaction price less an allowance for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of profit or loss. Bad debts are written-off in the statement of profit or loss on identification.

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

5.16 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at carrying value.

5.17 Ijarah

Ijarah in which a significant portion of the risks and rewards of ownership is retained by the Muj'ir and Ijarah agreement has been entered into are classified as Ijarah. Payments made under Ijarah are charged to profit and loss on a straight-line basis over the period of Ijarah.

5.18 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for intended use. All other mark-up, interest and other related charges are taken to the statement of profit or loss directly.

5.19 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 includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group Company is reasonably certain to obtain ownership of the leased asset 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.

5.20 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.

5.21 Short term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property 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.

5.22 Related Party Transactions

Related party transactions are carried out on an arm's length basis. Pricing of these transactions are determined on the basis of comparable uncontrolled price methods, which sets the price by reference to the comparable goods and services sold in an economical comparable market to the buyer unrelated to the seller.

6 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Consolidated Financial Statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates, judgments and assumptions that have significant effect on the financial statements are as follows:

	<u>Note</u>
Useful lives of assets and methods of depreciation and impairment	5.1 to 5.3, 7 & 8
Classification of investments	9 & 13
Provision for doubtful debts	5.14 & 14.1
Deferred taxation and taxation	5.9, 12 & 30

7 PROPERTY AND EQUIPMENT

		2020	2019
		(Rupees in '000)	
Operating fixed assets	7.1	31,081	34,247
Right-of-use assets	7.2	12,265	18,162
		<u>43,346</u>	<u>52,409</u>

7.1 OPERATING FIXED ASSETS

	2020				
	Office premises- lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
	(Rupees in '000)				
As at January 01, 2020					
Cost	46,095	25,854	106,023	2,736	180,708
Accumulated depreciation	(31,634)	(22,924)	(89,714)	(2,189)	(146,461)
Net book value at the beginning of the year	14,461	2,930	16,309	547	34,247

Changes during the year

Additions during the year	2,444	-	2,930	-	5,374
Disposals during the year					
-Cost	(607)	-	-	-	(607)
-Depreciation	607	-	-	-	607
Depreciation charge for the year	(1,983)	(532)	(6,022)	-	(8,537)
	461	(532)	(3,092)	-	(3,164)
Net book value at the end of the year	14,922	2,398	13,216	547	31,081

Analysis of net book value

Cost	47,932	25,854	108,953	2,736	185,475
Accumulated depreciation	(33,011)	(23,456)	(95,736)	(2,189)	(154,393)
Net book value as at December 31, 2020	14,922	2,398	13,216	547	31,081
Depreciation rate (% per annum)	5	10	20-45	20	

	2019				
	Office premises- lease hold	Furniture and fixtures	Computers and office equipment	Motor vehicles	Total
	(Rupees in '000)				
As at January 01, 2019					
Cost	46,095	25,436	105,296	2,736	179,563
Accumulated depreciation	(29,751)	(22,191)	(85,960)	(2,189)	(140,091)
Net book value at the beginning of the year	16,344	3,245	19,336	547	39,472

Changes during the year

Additions during the year	-	418	1,992	5,321	7,731
Disposals during the year					
-Cost	-	-	(1,265)	(5,321)	(6,586)
-Depreciation	-	-	1,265	294	1,559
Depreciation charge for the year	(1,883)	(733)	(5,019)	(294)	(7,929)
	(1,883)	(315)	(3,027)	-	(5,225)
Net book value at the end of the year	14,461	2,930	16,309	547	34,247

Analysis of net book value

Cost	46,095	25,854	106,023	2,736	180,708
Accumulated depreciation	(31,634)	(22,924)	(89,714)	(2,189)	(146,461)
Net book value as at December 31, 2019	14,461	2,930	16,309	547	34,247
Depreciation rate (% per annum)	5	10	20 - 45	20	

7.1.1 Net book value of assets disposed off during the current and prior year was less than the threshold of Rs. 5 million

7.2 RIGHT-OF-USE ASSETS

	2020	2019
	(Rupees in '000)	
Opening balance		
Additions during the year-net	18,162	-
Depreciation for the year	2,720	24,968
Closing balance	<u>12,265</u>	<u>18,162</u>

8 INTANGIBLE ASSETS

	2020					Total
	Computer software	Membership of PMEX	Booths at PSX	License and trademark	TREC -PSX (Note 8.1 & 8.2)	
------(Rupees in '000)-----						
As at January 01, 2020						
Cost	12,650	750	950	1,223	1,350	16,923
Accumulated amortization	(12,221)	-	-	(523)	-	(12,744)
Net book value at the beginning of the year	429	750	950	700	1,350	4,179
Addition during the year	231	-	-	-	-	231
Amortization for the year	(319)	-	-	-	-	(319)
Net book value at the end of the year	341	750	950	700	1,350	4,091
Analysis of Net Book Value						
Cost	12,881	750	950	1,223	1,350	17,154
Accumulated amortization	(12,540)	-	-	(523)	-	(13,063)
Net book value as at December 31, 2020	341	750	950	700	1,350	4,091
Amortization rate (% per annum)	33.33	-	-	0-33.33	-	

	2019					Total
	Computer software and others	Membership of PMEX	Booths at PSX	License and trademark	TREC -PSX (Note 8.1 & 8.2)	
------(Rupees in '000)-----						
As at January 01, 2019						
Cost	12,517	750	950	872	1,350	16,439
Accumulated amortization	(11,664)	-	-	-	-	(11,664)
Net book value at the beginning of the year	853	750	950	872	1,350	4,775
Addition during the year	133	-	-	351	-	484
Amortization for the year	(557)	-	-	(523)	-	(1,080)
Net book value at the end of the year	429	750	950	700	1,350	4,179
Analysis of Net Book Value						
Cost	12,650	750	950	1,223	1,350	16,923
Accumulated amortization	(12,221)	-	-	(523)	-	(12,744)
Net book value as at December 31, 2019	429	750	950	700	1,350	4,179
Amortization rate (% per annum)	33.33	-	-	0-33.33	-	

8.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from right to trade on the exchange. Accordingly, the Company has received equity shares of PSX and a Trading Right Entitlement Certificate (TRECs) in lieu of its membership card of PSX. The Company's entitlement in respect of PSX's shares is determined on the basis of valuation of assets and liabilities of PSX as approved by the SECP and the Company has been allotted 4,007,383 shares of the face value of Rs 10/- each, out of which 2,404,430 shares are kept in the blocked account and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of Demutualization.

On December 29, 2016, the divestment committee of PSX formed for the purpose has confirmed the sale of 40% equity stake of PSX shares.

The cost / book value of the PSX membership card amounts to Rs. 4.95 million as at December 31, 2012. In absence of an active market of the shares of PSX and TREC, the allocation of the carrying value of the membership card between the shares (financial asset) and TREC (an intangible asset) was made by the Holding Company on the basis of the face of ordinary shares and the TREC value assigned by the PSX for minimum capital requirement purpose applicable to the stock exchange brokers.

8.2 The Holding Company has pledged / hypothecated its TREC in favor of PSX to meet the requirement of Base Minimum Capital (BMC) under clause 19.2 of the Risk Management Regulation of PSX Rule Book.

9 LONG TERM INVESTMENTS

At fair value through Other Comprehensive Income

9.1	295,474	360,670
	<u>295,474</u>	<u>360,670</u>

9.1 Description of investment 'at fair value through Other Comprehensive Income

2020	2019		Note	2020		2019	
Number of shares		Name of the Investee Company		Cost	Carrying value	Cost	Carrying value
		Quoted shares		----- (Rupees in '000) -----			
1,602,953	1,602,953	Pakistan Stock Exchange Limited	9.1.1 & 9.1.4	1,438	23,756	1,438	20,005
		Unquoted shares					
3,370	3,370	Al Jomaih Power Limited	9.1.2 & 9.1.4	184,197	271,718	184,197	340,665
		New Horizon Exploration and Production Limited (Related Party)					
25,000,000	25,000,000	- Class 'A' ordinary shares		25,000	-	25,000	-
10,000,000	10,000,000	- Class 'B' ordinary shares		50,000	-	50,000	-
				75,000	-	75,000	-
		Less: impairment	9.1.3	(75,000)	-	(75,000)	-
				-	-	-	-
				<u>185,635</u>	<u>295,474</u>	<u>185,635</u>	<u>360,670</u>

9.1.1 This represents 1,602,953 shares having a market value of Rs 14.82 per share as at December 31, 2020 (December 31, 2019: 12.48 per share).

9.1.2 The Group Company's investment in unquoted shares of Al Jomaih Power Limited (AJPL) incorporated in Cayman Island are valued at its fair value based on the net assets value of the investee Company as at December 31, 2020. The above figures are based on unaudited financial statements. The company holds 1.55% of total issued certificates of AJPL. To date company has received a return of Rs 72mn in forms of dividends and the total cost of investment is Rs 184.19mn (2019: 184.19mn).

9.1.3 In year 2015, the management recorded impairment of its investment in New Horizon Exploration and Production Limited (NHEPL) in accordance with IAS-36 which was again tested for impairment as required by IFRS 9 adopted by the Group Company on January 01, 2019. The recoverable amount of investment was estimated using "Value in use" approach. In considering the impairment, various business assumptions for estimating cash flows were used, which includes but are not limited to, historical performance of the investment, development and production activity in NHEPL's working interests, recoverability of future cash flows from the investment etc. Based on such analysis, the Company fully impaired its investment in NHEPL and an impairment loss of Rs. 31.63 million was recognised upto year 2016. As of reporting date there is no change in management assumption of recoverability of this investment, accordingly no impairment loss has been reversed.

	Note	2020	2019
		----- (Rupees in '000) -----	
9.1.4 Unrealized (loss) on investment 'at fair value through Other Comprehensive Income			
Pakistan Stock Exchange Limited	9.1.1	3,751	(1,747)
Al Jomaih Power Limited	9.1.2	(68,947)	(124,522)
		<u>(65,196)</u>	<u>(126,269)</u>

14.1	Reconciliation of provisions against trade debts				
	Opening balance		69,119	96,618	
	Provision for the year		244	1,106	
	debts written off during the year		-	-	
	Impact of IFRS 9		-	(27,540)	
	Reversal during the year		(4,663)	(1,065)	
			(4,419)	(27,499)	
			64,701	69,119	
15	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES				
	Advances to:				
	Current portion of long-term loans and advances to employees and executives	10	973	1,495	
	Deposits:				
	Exposure deposit with -NCCPL		626,380	771,751	
	Exposure deposit with -PMEX		6,080	3,128	
	Others	15.1	3,562	2,100	
	-Impact of expected credit loss		(2,100)	(2,100)	
			633,922	774,879	
	Prepayments:				
	Rent		-	-	
	Insurance		1,581	1,581	
	Software development and maintenance		200	376	
	Others		2,513	2,272	
			4,294	4,229	
	Other receivables:				
	Profit on bank deposits		5,009	4,846	
	Profit on exposure deposit with -NCCPL		2,280	5,797	
	Receivable against margin finance		222,330	76,221	
	Others	15.2	6,584	6,021	
	-Impact of expected credit loss		(1,315)	(1,315)	
			234,888	91,570	
			874,078	872,173	
15.1	This includes amounts deposited with the Honorable District and Sessions Court Karachi South in the form of Defense Saving Certificates (DSCs) having face value Rs. 2.1 million and cash Rs.0.1 million. These DSCs carry yield of 7.34% per annum and will mature in August 2026 (December 31, 2019: 7.34%).				
15.2	This includes an amount of Rs 1.3mn paid against an award made by PSX.				
16	CASH AND BANK BALANCES				
	Company accounts				
	Current accounts		1,536	1,339	
	Saving accounts	16.1	124,202	131,715	
			125,738	133,054	
	Client accounts				
	Current accounts		209	1	
	Saving accounts	16.1	784,014	106,641	
			784,223	106,642	
		16.2	909,961	239,696	
	Cash in hand		-	-	
	Stamps in hand		5	6	
			909,966	239,702	
16.1	These carry profit at rates ranging from 2.33% to 12.5% (2019: 3% to 12.75%) per annum.				
16.2	This includes Rs 625.15 million (December 31, 2019: Rs 213.14 million) with BankIslami Pakistan Limited (the Parent Company).				
17	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
	89,867,900	89,867,900	Ordinary shares of Rs. 10 each fully paid-up in cash	898,679	898,679
	10,132,100	10,132,100	Ordinary shares of Rs. 10 each fully paid-up as part of the scheme of arrangement	101,321	101,321
	100,000,000	100,000,000		1,000,000	1,000,000
18	LONG-TERM FINANCING - SECURED				
	Loan from Parent		150,000	150,000	
18.1	This represents long-term financing obtained by Holding Company from the Parent Company (BIPL) on December 31, 2015. The financing is secured by way of Exclusive Charge over DM Assets along with equitable mortgage over all other commercial properties of the Company as disclosed in note 7. The financing was payable as a bullet payment in December 2020. BIPL is entitled to rental payments for use of musharakah assets. Rental payments are calculated to provide return equal to 3 months KIBOR + 3% per annum payable on quarterly basis from March 2016 till the date of bullet payment. The said financing has been rescheduled according to which company will pay off the financing as a bullet payment in December 2023, keeping other terms and conditions same.				

19	LEASE LIABILITIES	Note	2020	2019
			--(Rupees in '000)--	
	Opening		16,305	-
	Additions during the year		2,447	24,968
	Payments made during the year		(6,751)	(8,663)
			12,001	16,305
	Transferred to current maturity		(7,768)	(6,416)
			4,233	9,889
19.1	The future minimum lease payments to which the Group Company is committed to is as follows:			
			Not later than one year	Later than one year not later than five
	As at December 31, 2020			
	Principal		7,768	4,233
	Finance charges allocated to future years		1,170	195
			8,938	4,428
	As at December 31, 2019			
	Principal		6,416	9,889
	Finance charges allocated to future years		2,010	1,020
			8,426	10,909
20	TRADE AND OTHER PAYABLES			
	Trade creditors		1,658,271	929,209
	Payable to National Clearing Company of Pakistan Ltd.		-	168
	Accrued expenses		32,460	39,456
	Withholding tax		1,897	2,754
	Unwinding part of lease liability		513	816
	Others		2,410	2,830
			1,695,550	975,233
21	SHORT TERM FINANCING-SECURED			
	Loan from Parent		40,000	-
	This represents running musharkah facility obtained by the Holding Company from the Parent Company (BIPL) which is secured by way of Hypothecation over shares / receivables equivalent to amount of financing obtained. This facility carries markup at the rate of 1 week KIBOR plus 1%.The payment frequency is maximum 30 days from the date of financing obtained.			
22	ACCRUED MARK-UP:			
	Mark-up accrued on:			
	- BankIslami Pakistan Limited -the Parent Company		42	69
23	CONTINGENCIES AND COMMITMENTS			
23.1	Contingencies:			
23.1.1	The income tax authorities substitute section 5A of income tax ordinance 2001 through finance act 2017 which requires company to be subjected to additional tax of 7.5% of the accounting profit before tax if it fails to distribute at least 40 % of profit after tax within six months of the end of tax year through cash or bonus. However, the company has filed an appeal before the Honorable High Court of Sindh at Karachi. The Honorable High Court of Sindh has granted Stay orders in favour of the company and the proceedings thereof are pending till date. The management is confident that the eventual outcome of the matters will be decided in favour of the company. Accordingly, no provisions has been made in these financial statements.			
23.1.2	For tax year 2013, an amended assessment order has been passed under section 122(5A) of the Income Tax Ordinance, 2001 by the Additional Commissioner Inland Revenue (ACIR), raised a demand of Rs 17.39 million dated June 28, 2019. In pursuance of such order, Company filed an appeal before CIR-A, Upon Appeal filed, CIR-Appeal maintained the order of ACIR's order vide its order No. 97 dated October 23, 2020. In pursuance of the order of CIR-A, the Company has filed appeal before ATIR which is pending for hearing.			
23.1.3	In response to SVPL's Suit filed against Noor Developers (NDPL) & others, as referred in Note 1.3 of the financial statements, Arif Ali Shah Bukhari & Noor Developers filed Suit No.714/2018 against the Company & others. This Suit is basically a counterblast to the criminal and civil proceedings initiated by the Group Company against Mr. Bukhari and NDPL. The said Suit is inter-alia for cancellation of the Sale Agreement referred in Note 1.3 of the financial statements and for recovery of Rs.275 million along with special damages of Rs.4.355 billion and general damages of Rs.4 billion. In addition, Mr. Arif Ali Shah has filed another Suit (1829/2019) against the Company & others, stating amongst other things that his claim alleged in Suit No.714/2018 is a contingent liability. As per management's view, the claim of Mr. Bukhari is baseless, therefore, it does not required to be disclosed as contingent liability, however, as a matter of abundant caution, the subject case has been disclosed in the financial statements.			
	As per the opinion of the Company's legal counsel, the assertions made by Mr Bukhari in the suits are not likely to be upheld by the Court and the management based on the opinion of its legal counsel is confident that these Suits are likely to be dismissed by the Honorable Court.			
23.2	Commitments:			
	The Holding Company has entered into Ijarah arrangements for vehicles with BankIslami Pakistan Limited amounting to Rs 15 million. The aggregate amount of commitments against these arrangements are as follows:			
	Not later than one year		2,114	2,587
	Later than one year but not later than 5 years		-	2,114
			2,114	4,701

24	OPERATING REVENUE			
	Gross revenue			
	Brokerage		434,806	236,994
	Subscription research income		615	467
	Custody services		5,076	3,756
	Less: sales tax on services		(50,677)	(27,751)
			<u>389,821</u>	<u>213,466</u>
25	GAIN ON SALE OF SHORTTERM INVESTMENTS - NET			
	Listed shares		10,674	11,149
	Debt securities		390	283
			<u>11,064</u>	<u>11,433</u>
26	MARK-UP / PROFIT ON BANK DEPOSITS AND OTHER RECEIVABLES			
	Profit on bank deposits		83,335	79,349
	Margin finance income		17,308	12,966
	Others		196	182
			<u>100,839</u>	<u>92,497</u>
27	OPERATING AND ADMINISTRATIVE EXPENSES			
	Salaries, allowances and other benefits	27.1	208,035	192,850
	Staff training and development-Directors		-	40
	Rent, rates and taxes		4,704	6,161
	Insurance charges		914	934
	Depreciation	27.2	17,154	14,735
	Amortization of intangible assets		319	1,080
	Repairs and maintenance		8,834	7,104
	Power and utilities		10,569	13,069
	Communication		16,455	14,402
	Trading costs		23,551	13,215
	Information technology related cost		9,408	8,859
	Fees and subscription		7,134	7,227
	Director fee		1,380	960
	Printing and stationery		1,724	1,961
	Papers and periodicals		111	122
	Advertisement and business promotion		192	302
	Sales and marketing		1,685	371
	Travelling and conveyance		1,325	1,366
	Entertainment		784	399
	Legal and professional charges		5,141	6,540
	Auditor's remuneration	27.3	1,667	1,114
	Stamp charges		10	13
	Donations		50	-
	Workers' welfare fund		2,817	-
	Kitchen expenses		1,347	1,950
	Profit -paid to clients	27.4	16,374	14,761
	Ijara rental		2,587	2,587
	Long term deposits impairment		-	136
	Others		67	237
			<u>344,335</u>	<u>312,495</u>
27.1	Salaries, allowances and benefits include company's contribution to provident fund amount to Rs 4.09 million (2019: Rs 4.9 million).			
27.2	Depreciation			
	Property and equipment	7.1	8,537	7,929
	Right-of-use assets	7.2	8,616	6,806
			<u>17,154</u>	<u>14,735</u>
27.3	Auditor's Remuneration			
	Statutory audit fee		649	672
	Half-yearly review fee and other certifications		819	364
	Out of pocket expenses		198	78
			<u>1,667</u>	<u>1,114</u>
27.4	This relates to share of client in mark-up income earned against their unutilised fund balances in pls bank accounts of BIPL Securities Limited- Client account as per the notice no. KSE/N-1479 dated March 17, 2015 of Pakistan Stock Exchange Limited .The gross markup earned is recorded as profit on bank deposits and client share is charged as expense.			

	Note	2020 ------(Rupees in '000)-----	2019
28			
FINANCE COST			
Mark-up on:			
Long-term loan (the Parent Company)		19,182	22,675
Short-term loan-RF (the Parent Company)		3,351	2,110
Asset subject to lease as per IFRS 16		2,222	1,423
Bank charges		626	313
		<u>25,381</u>	<u>26,521</u>
29			
OTHER INCOME			
Gain on disposal of property and equipment	7.1.1	1,200	1,603
Staff loan		202	183
UIN fee rebate -PMEX		166	-
		<u>1,568</u>	<u>1,786</u>
30			
TAXATION			
Current			
for the year		24,700	6,669
for prior year		390	1,022
Deferred		18,906	(10,626)
		<u>43,996</u>	<u>(2,935)</u>
30.1	Income tax assessments of the Company have been finalized up to and including the tax year 2020 (income year ended December 31, 2019). Tax returns filed with the revenue authority are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001 unless a return is selected for re-assessment by the revenue authority. The Commissioner of Inland Revenue may, at any time during a period of five years from the date of filing of return, select a deemed assessment order for the purpose of issuing an amended assessment order.		
30.2	Relationship between tax expense and accounting profit / (loss)		
		24,700	6,669
For the year			
Prior year		390	1,022
Deferred tax		18,906	(10,626)
		<u>43,996</u>	<u>(2,935)</u>
Profit/(Loss) before tax		<u>137,996</u>	<u>(14,876)</u>
Tax at the applicable rate of 29% (2019: 29%)		40,019	-
Tax effect of non-deductible expenses		(5,189)	(9,444)
Tax effect of Income at reduced rate		(3,095)	919
Tax effect of Minimum Tax and Alternative Corporate Tax (ACT)		12,456	1,939
Tax effect of prior year charges		390	1,022
Tax effect of Income under final tax regime		-	2,187
Others		(585)	442
		<u>43,996</u>	<u>(2,935)</u>
31	EARNINGS / (LOSS) PER SHARE-BASIC AND DILUTED		
31.1	Basic earnings / (loss) per share		
Profit / (loss) after taxation attributable to ordinary shareholders(Rs in '000')		<u>94,000</u>	<u>(11,941)</u>
Weighted average number of ordinary shares('000')		<u>100,000</u>	<u>100,000</u>
Earnings / (loss) per share		<u>0.94</u>	<u>(0.12)</u>
31.2	Diluted earnings / (loss) per share		

Diluted earnings / (loss) per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2020 and December 31, 2019 which could have any effect on the earnings / (loss) per share.

32 REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Managerial remuneration	13,477	-	42,920	12,815	-	53,118
Fee (note 32.2)	-	1,380	-	-	960	-
Travelling and boarding	-	-	-	-	-	-
Contribution to provident fund	355	-	1,027	408	-	1,189
	<u>13,832</u>	<u>1,380</u>	<u>43,947</u>	<u>13,223</u>	<u>960</u>	<u>54,307</u>
Number of persons	1	3	12	1	3	13

32.1 Certain executives of the Company are provided Company owned and maintained cellular phones.

32.2 The fee was paid to the independent Directors for attending the Board of Directors meeting, Audit Committee and HR&R committee meetings of the Company.

32.3 The change in Directors' offices during the year has been disclosed in the Statement of Compliance with the Code of Corporate Governance.

32.4 As per the requirement under Regulation 5(4) of Research Analyst Regulation 2015, following are the details of Research Analyst employed by the Company;

	2020	2019
	------(Rupees in '000)-----	
Managerial remuneration	<u>7,742</u>	<u>12,101</u>

All Research Analyst reports to Head of Research who in turn reports to the Chief Executive Officer.

33 RELATED PARTY TRANSACTIONS

33.1 The related parties of the Group Company comprise of BankIslami Pakistan Limited (the Parent company), associated undertakings including companies under common directorship), employee benefit plans and its key management personnel. The balances with related parties as at December 31, 2020 and December 31, 2019 and transactions with related parties during the year ended December 31, 2020 and December 31, 2019 are as follows:

Name of the related party, relationship with company &
Nature of Transaction

PARENT COMPANY

	2020	2019
	------(Rupees in '000)-----	
BankIslami Pakistan Limited (77.12% holding)		
Transaction during the year		
Income		
Brokerage earned	468	898
Custody services	5	5
Profit on bank deposits	28,404	22,741
Expenses		
Mark-up expenses	22,533	24,785
Ijarah expenses	2,587	2,587
Bank charges	437	34
Maintenance paid	3,080	-
Other transactions		
Short term loan obtained	665,000	512,000
Short term loan repaid	625,000	612,000
Rent paid	1,351	1,350
Purchase of fixed assets	-	3,262
Balances at the year end		
Accrued mark-up	42	69
Bank balances	628,451	214,025
Ijara deposits	1,462	1,462
Ijara rental payable	675	595
Long-term loan	150,000	150,000
Short-term loan	40,000	-
Profit receivable on bank deposit	3,721	1,979
Lease liability	1,842	2,780
Prepaid rent	116	-
Trade debts	197	253
Transaction during the year		
KEY MANAGEMENT PERSONNEL		
Kamal Uddin Tipu (Chairman)		
Transaction during the year		
Meeting fee paid	420	360
Balances at the year end		
Trade debts	-	29
Trade payable	277	-
Abdul Aziz Anis (CEO)		
Transaction during the year		
Brokerage earned	17	-
Remuneration	13,477	12,815
Charge in respect of contribution plan	355	408
Balances at the year end		
Trade payable	605	1,000
Sikander Kasim (Director)		
Transaction during the year		
Meeting fee paid	600	360
Muhammad Hafeezudin Asif (Director)		
Transaction during the year		
Meeting fee paid	360	240
Balances at the year end		
Trade debts	2	-
Sohail Sikandar (Director)		
Balances at the year end		
Trade debts	1	-

Zafar Ahmed Khan (CFO)		
Transaction during the year		
Brokerage earned	89	17
Custody services	-	1
Remuneration	3,898	3,584
Charge in respect of contribution plan	90	100
Balances at the year end		
Trade payable	-	15
Charge in respect of contribution plan		
Others Employees Provident Fund	3,646	4,420

Particulars relating to remuneration of Chief Executive Officer, Directors and Executives who are key management personnel are disclosed in note 32.

34 PROVIDENT FUND RELATED DISCLOSURE

The following information is based on latest un-audited financial statements of the Fund:

	Note	2020	2019
		-----{Rupees in '000}-----	
Size of the fund-Net assets		<u>54,189</u>	<u>48,513</u>
Cost of investments made		<u>48,979</u>	<u>44,508</u>
Percentage of investments made		<u>90.80%</u>	<u>88.56%</u>
Fair value of investments	34.1	<u>49,205</u>	<u>42,964</u>

34.1 Break-up value of fair value of investments is:

	2020		2019	
	(Rs. in '000)	%	(Rs. in '000)	%
Government securities	45,226	91.91%	38,456	89.51%
Term deposits/ saving accounts	<u>3,979</u>	<u>8.09%</u>	<u>4,508</u>	<u>10.49%</u>
	<u>49,205</u>	<u>100.00%</u>	<u>42,964</u>	<u>100.00%</u>

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules.

35 NUMBER OF EMPLOYEES

The average and total number of employees during the year end as at December 31, 2020 and December 31, 2019 respectively are as follows:

	2020	2019
	---(Number of employees)---	
Average number of employees during the year	<u>170</u>	<u>145</u>
Total number of employees as at year end	<u>168</u>	<u>145</u>

36 FINANCIAL INSTRUMENTS

Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (interest/mark-up rate risk, foreign currency and price risk), liquidity risk and credit risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the group's financial assets and liabilities are limited. The Group consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

36.1 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group Company's market risk comprises of three types of risk: interest/markup rate risk, foreign exchange or currency risk and equity price risk. The market risks associated with the Group Company's business activities are discussed as under:

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of the financial instruments. As of the balance sheet date, the Company is exposed to such risk mainly in respect of bank balances, short term and long term loan. Effective interest rates on such instruments are disclosed in respective notes to the financial statements.

With 1% increase / (decrease) in the market interest rate, with all other factors remaining constant, would increase the Group's total comprehensive income would have increased / (decreased) by Rs. 7.18 million (2019: Rs. 0.87 million).

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of change in foreign exchange rates relates only to the investment in Al Jomaih Power Limited maintained in US dollars amounting to Rs.271.7 million (2019: Rs. 340.6 million) [US dollars 1.7 million (2019: US dollars 2.2 million)].

With 10% increase / (decrease) in the exchange rate between US dollars and Pak Rupees, comprehensive income of the Group would have increased / (decreased) by Rs. 27.17 million (2019: Rs. 34.06 million).

(iii) Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Group is exposed to price risk in respect of investment at fair value through other comprehensive income. with 10% increase / (decrease) in equity price, the total comprehensive income would have increased / decreased by Rs. 2.375 million (2019: Rs. 2.01 million).

36.2 Liquidity risk

Liquidity risk is the risk that an enterprise may encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group manages liquidity risk by following internal guidelines of the company executive committee such as monitoring maturities of financial assets and financial liabilities and investing in liquid financial assets.

On the reporting date, the Group Company has cash and bank balance Rs. 909.96 million (2019:Rs. 239.69 million) unutilized credit lines Rs. 385 million (2019: Rs. 445.3 million) and liquid assets in the form of short term securities Rs. Nil (2019: NIL).

The following are the contractual maturities of financial liabilities, including estimated interest payments:

The table below summaries the maturity profile of the Group Company's financial liabilities:

	2020				Total
	On Demand	Upto three months	More than three months and upto one year	More than one year	
------(Rupees in '000)-----					
Long-term loan				150,000	150,000
Trade and other payables	1,693,653				1,693,653
Accrued mark-up	42				42
Short term loan		40,000			40,000
	<u>1,693,695</u>	<u>40,000</u>	<u>-</u>	<u>150,000</u>	<u>1,883,695</u>

	2019				Total
	On Demand	Upto three months	More than three months and upto one year	More than one year	
	------(Rupees in '000)-----				
Long-term loan	-	-	-	150,000	150,000
Trade and other payables	972,461	-	-	-	972,461
Accrued mark-up	69	-	-	-	69
Short term loan	-	-	-	-	-
	<u>972,530</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>1,122,530</u>

36.3 Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continuously assessing the credit worthiness of counter parties. The Group Company seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The table below analyses the Group Company's maximum exposure to credit risk:

	Note	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Trade debts	36.3.1	427,528	219,875
Bank balances	36.3.2	909,961	239,696
Long-term loans and advances		645	568
Long-term deposits and prepayments		21,242	22,233
Advances, deposits, prepayments and other receivables		869,784	867,944
		<u>2,229,161</u>	<u>1,350,316</u>

36.3.1 The aging analysis of trade debts are as follows:

	2020		2019	
	Gross Rs in'000 ------(Rupees in '000)-----	Impairment Rs in'000	Gross Rs in'000 ------(Rupees in '000)-----	Impairment Rs in'000
Past due 1 - 30 days	279,230	4	72,243	1
Past due 31 - 180 days	3,656	70	4,961	101
Past due 181 days - 1 year	1,910	120	1,462	107
More than one year	142,734	64,507	141,209	68,910
	<u>427,528</u>	<u>64,701</u>	<u>219,875</u>	<u>69,119</u>

36.3.2 The analysis below summarises the credit quality of the Group Company's bank balances with banks / financial institutions:

	2020 ------(Rupees in '000)-----	2019 ------(Rupees in '000)-----
Rating (short-term) of Banks and Financial Institutions*		
A-1	625,862	214,024
A-1+	284,099	25,672
	<u>909,961</u>	<u>239,696</u>

*Rating of banks performed by PACRA and VIS.

36.4 Financial instruments by categories

As at December 31, 2020	Asset at fair value through profit and loss	Loans and receivables	Asset at fair value through OCI	Other Financial Assets	Total
Financial assets as per balance sheet	------(Rupees in '000)-----				
Long term investment	-		295,474		295,474
Long term deposits				21,242	21,242
Long term loans an advances		645			645
Trade debts		362,828			362,828
Advances, deposits and other receivables		869,784			869,784
Cash and bank balances				909,966	909,966
	<u>-</u>	<u>1,233,257</u>	<u>295,474</u>	<u>931,208</u>	<u>2,459,939</u>

As at December 31, 2020

Financial liabilities as per balance sheet

	Financial liabilities at amortized cost Rupees in '000
Long-term loan-secured	150,000
Short term loan - secured	40,000
Lease liability	12,001
Trade and other payables	1,693,653
Accrued mark-up	42
	<u>1,895,696</u>

39 OTHER DISCLOSURES UNDER REGULATION 34(2) OF THE SECURITIES BROKER (LICENSING AND OPERATIONS) REGULATION 2016:

The disclosures under the regulation 34(2), other than disclosed elsewhere in these annual financial statements are as follows:

39.1 Person holding more than 5% of shares

	2020	2019	2020	2019
	% of holding		No. of shares	
M/s. BankIslami Pakistan Limited	77.12%	77.12%	77,117,500	77,117,500
Mrs. Noor Jehan Bano	6.54%	6.54%	6,535,500	6,535,500
Mr. Mohammad Aslam Motiwala	8.34%	7.45%	8,342,000	7,452,500

39.2 During the year, Mr. Mohammed Aslam Motiwala acquired 889,500/- shares of the Group Company.

39.3 As at December 31, 2020, the value of customer shares maintained with the company pledged with financial institution is Rs.1,434 million (December 31, 2019: Rs. 206.56 million).

39.4 As at December 31, 2020, the value of customer shares maintained with the company sub-Accounts held in the Central Depository Company of Pakistan Limited is Rs.19,125 million (December 31, 2019: Rs. 14,269 million).

40 CAPITAL ADEQUACY LEVEL

Following is the Level of Capital Adequacy of the Group Company as required under clause 6.8.3 of CDC Regulations:

	Note	2020	2019
		----- (Rupees in '000) -----	
Total Assets		2,680,713	1,895,960
Add : Notional value increase of TRE Certificate	40.1	1,150	1,150
Less: Total Liabilities		(1,898,515)	(1,142,565)
Less: Revaluation Reserves (created upon Revaluation of fixed assets)		-	-
		<u>783,348</u>	<u>754,545</u>

40.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the Holding Company as at year ended December 31, 2020 as determined by Pakistan Stock Exchange has been considered.

41 NET CAPITAL BALANCE

Following is the net capital balance of the Group Company:

Balance	<u>336,897</u>	<u>214,038</u>
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42 IMPACTS OF COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan.

The management has carried out its assessment in respect of COVID-19 and is of the view that there is no material impact due to COVID-19 on the financial statements of the Company.

43 DATE OF AUTHORISATION

These financial statements have been authorised for issue by the Board of Directors of the Group Company on 09 February 2021.

44 GENERAL

44.1 Corresponding figures have been rearranged and reclassified, wherever necessary.

44.2 Figures have been rounded off to the nearest thousand.



Chief Executive Officer



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING

As On 31/12/2020

No. Of Shareholders	Shareholding		Shares Held	Percentage
	From	To		
476	1	100	7127	0.0071
3361	101	500	734814	0.7348
215	501	1000	169097	0.1691
158	1001	5000	366062	0.3661
34	5001	10000	269541	0.2695
8	10001	15000	98400	0.0984
6	15001	20000	109700	0.1097
1	20001	25000	20500	0.0205
2	25001	30000	56000	0.0560
1	30001	35000	35000	0.0350
2	35001	40000	73500	0.0735
1	40001	45000	43000	0.0430
1	45001	50000	48000	0.0480
1	55001	60000	56500	0.0565
1	65001	70000	65232	0.0652
1	75001	80000	75918	0.0759
1	80001	85000	81109	0.0811
1	105001	110000	110000	0.1100
1	130001	135000	131000	0.1310
1	280001	285000	280500	0.2805
1	395001	400000	400000	0.4000
1	495001	500000	500000	0.5000
1	565001	570000	569000	0.5690
1	995001	1000000	1000000	1.0000
1	1120001	1125000	1121500	1.1215
1	1840001	1845000	1842000	1.8420
1	2740001	2745000	2740500	2.7405
2	6495001	6500000	13000000	13.0000
1	75995001	76000000	75996000	75.9960
4,283	Company Total		100000000	100.0000

PATTERN OF SHAREHOLDING

ADDITIONAL INFORMATION

Description	Number of Shareholders	Number of Shares Held
Associated Companies and Related Parties		
Bankislami Pakistan Limited	2	77,117,500
Bankislami Pakistan Limited-Employee Provident Fund Trust	1	400,000
KASB Funds PS -Employees Provident Fund Trust	1	3,000
	4	77,520,500
Directors		
Sikander Kasim	1	5,000
Kamal Uddin Tipu	1	500
Muhammad Hafeez uddin Asif	1	500
Sohail Sikandar	1	500
	4	6,500
Individuals	4,265	21,886,598
Others	10	586,402

شیئرز ہولڈروں کو ڈائریکٹری رپورٹس

BIPL سیکورٹیز لمیٹڈ (BIPL) کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم کمپنی کے آڈٹ شدہ اسٹینڈمالی اعداد و شمار اور 31 دسمبر 2020 کو ختم ہونے والے سال کے تبصرے پیش کرنے پر خوش ہیں۔

معاشی جائزہ:-

وسیع پیمانے پر معاشی بد حالی کے نتیجے میں وبائی امراض پھیل جانے کی وجہ سے CY20 پوری دنیا کے لئے ایک مشکل سال ثابت ہوا۔ اس کے نتیجے میں، عالمی GDP میں 5%-4% ہونے کا تخمینہ ہے۔ پوری دنیا میں وبائی امور سے منسلک لاک ڈاؤن نے بین الاقوامی تجارت کو خلل میں مبتلا کر دیا جو 9%-7% تک گر گیا۔ پوری دنیا کی حکومتیں مطالبہ کو تیز کرنے کے لئے اپنے ڈومین میں سود کی شرحوں میں کمی لاتی ہیں اور غیر معمولی صورتحال سے نمٹنے کے لئے مختلف محرک چیکوں کا اعلان کرتے ہیں۔

پاکستان نے فروری کے آخر میں اپنے پہلے COVID-19 کیس کا اعلان کیا جس کے بعد حکومت نے اس پھیلاؤ کو روکنے کے لئے ضروری اقدامات اٹھائے۔ تاہم، دوسری معیشتوں کے برعکس، جنہوں نے معاشی اور معاشرتی سرگرمیوں کو یکسر بند کرنے کا سہارا لیا، پاکستان متاثرہ علاقوں میں سمارٹ لاک ڈاؤن نافذ کیا، اس دانشمندانہ پالیسی نے وبائی بیماری کے منفی نتائج کو محدود کر دیا۔ اس حکمت عملی کو عالمی اداروں اور دنیا بھر کی حکومتوں نے سراہا۔ 2QCY20 کے دوران مارا جانے والی معاشی سرگرمی آہستہ آہستہ 3QCY20 میں صحت یاب ہونا شروع ہو گئی اور بیشتر شعبے 4QCY20 کے وسط تک COVID-19 سے پہلے کی سطح تک پہنچنے میں کامیاب ہو گئے۔

وبائی امراض کی وجہ سے، عالمی اجناس کی قیمتوں میں نمایاں کمی آئی جس نے ملک کے بیرونی کھاتے پر دباؤ کم کیا۔ ایک ہی وقت میں، برآمدی پر مبنی شعبوں نے اس بحران کی مزاحمت کی بنیادی وجہ یہ ہے کہ حکومت نے بروقت اور فراخ اقتصادی پیکیج دیا، اس کے نتیجے میں، ملک نے 2HCY20 میں کرنٹ کھاتوں کی زائد رقم جمع کرائی جو ایک دہائی میں سب سے زیادہ امریکی ڈالر 1.1bn پر رہ گئی۔

مالیاتی پہلو دباؤ کا شکار رہا کیونکہ حکومت نے معاشرتی اخراجات میں تیزی لائی ہے جبکہ محصول کی وصولی میں اگرچہ بہتری آئی ہے تاہم وہ اس کو برقرار رکھنے میں ناکام رہے۔ سود کی شرحوں میں بڑے پیمانے پر کمی کے باوجود قرض کی لاگت 38% YoY کو چھلانگ لگانے کے باوجود بلند مقام پر برقرار رہی، اور مالی جگہوں میں اضافہ کرتی رہی۔ اس کے نتیجے میں، مالی اعانت کو ختم کرنے کیلئے، ہم نے 8.1% کے سرکاری مالی خسارے کے سرکاری ہدف کو پورا کرنے

کے لئے حکومت مالی سال کے شروع میں محصولوں میں اضافے اور سبسڈی کو کم کرتی ہے۔

ایکویٹی مارکیٹ کا جائزہ

اگرچہ اس سال کے وبائی وقفے وقفے کے دوران ایک منفی نوٹ پر آغاز ہوا، لیکن مقامی ایکویٹی مارکیٹ نے اپنے نقصانات کو جلدی سے بچایا کیونکہ جی او پی اور اسٹیٹ بینک نے مختلف امدادی پیکیجوں کا اعلان کیا۔ اس مقصد کے لئے، جی او پی نے PKR 1.1trn کے سپورٹ پیکیج کا اعلان کیا جبکہ سینٹرل بینک نے جارحانہ طور پر سود کی شرحوں میں 625bps میں کمی کی جس سے اسٹاک مارکیٹ کی قیمتوں میں بہتری آئی اور سرمایہ کاروں کو دوبارہ مارکیٹ میں لایا گیا۔ اس کے نتیجے میں، مارکیٹ 20 مارچ میں 30,000 پوائنٹس سے نیچے گرنے والی مارکیٹ میں سختی سے آؤٹ ہوا اور 2HCY20 کے دوران دنیا کی بہترین کارکردگی کا مظاہرہ کرنے والا منڈی بن گیا اور 7% اختتام پر آیا۔ ADT اور ADTV کے ذریعہ 2HCY20 کے دوران مارکیٹ میں شراکت میں بھی نمایاں اضافہ ہوا جس نے 329mn (up107%YoY) اور USD76mn (up95%YoY) تک جا پہنچا۔

ریلی کے باوجود، موجودہ مارکیٹ PE ایک سے زیادہ صرف 7.1x ہے اور ایم ایس سی آئی ایف ایم اور ایم ایس سی آئی ای ایم انڈیکس کو 25% اور 45% کی چھوٹ پر ہے۔ آگے بڑھتے ہوئے، جیسے (1) معاشی اشارے بہتر ہوں گے، (2) ملک کو COVID-19 میں سے نکلا ہے اور (3) ایف اے ٹی ایف کی گرے لسٹ سے باہر ہے، توقع ہے کہ اسٹاک مارکیٹ کی کارکردگی میں مزید بہتری آئے گی۔ تاہم، سب سے اہم خطرہ (1) شرح سود میں اضافہ، (2) حکومت کی جانب سے محصولات کے نئے اقدامات اور (3) یوٹیلٹی ٹیرف میں اضافہ ہیں۔

قرض اور کرنسی مارکیٹ کا جائزہ

CY19 میں شروع ہونے والا 6.0bn امریکی ڈالر کا آئی ایم ایف پروگرام حکومت کی حیثیت سے بیک برنر پر ڈال دیا گیا تھا۔ مالی اور مالیاتی محرک کو بڑھایا تاکہ CY20 کے دوران معاشی اور کاروباری سرگرمیوں کی مدد کی جاسکے۔ تاہم، چونکہ ضرورت سے زیادہ استحکام حاصل ہو چکا ہے، لہذا ہم حکومت سے توقع کرتے ہیں۔ CY21 میں آئی ایم ایف پروگرام پر ردعمل ظاہر کرنا۔ توقع کی جاتی ہے کہ اس سے زرمبادلہ کے ذخائر تکمیل ہو جائیں گے جو آنے والے قرضوں کی ادائیگیوں کے لئے درکار ہیں۔

اس سے قبل، ملک نے G-20 ممالک کے قرض کی تنظیم نو کے منصوبے سے فائدہ اٹھانے پر پہلے ہی اتفاق کیا تھا جس کے نتیجے میں یو ایس ڈی 1.8bn کے قرض کی ادائیگی موخر اور تنظیم نو ہو گئی۔ اس کے ساتھ ہی بیرونی تجارت اور

ترسیلات زر کے محاذ پر بھی ایک مضبوط کارکردگی نے ملکی زرمبادلہ کے ذخائر کو کنارے بنانے میں مدد کی ہے۔ اس کے نتیجے میں، ملک کے مجموعی مائع ذخائر نے CY20 کے اختتام تک امریکی ڈالر 20bn کا ہندسہ عبور کر لیا، جس سے 4.0 ماہ کا درآمدی احاطہ ہوتا ہے۔

مقامی محاذ پر، سود کی شرحوں میں بڑے پیمانے پر کمی کے دوران سرکاری کاغذات کی پیداوار میں کمی آئی ہے جہاں 16 ایم ٹی بل پر موجودہ پیداوار 7.1 فیصد اور 3YPIB کی 11.7 فیصد ہے۔ آگے بڑھتے ہوئے، ہم توقع نہیں کرتے ہیں کہ 1QCY21 کے دوران پیداوار میں بہت زیادہ تبدیلی آئے گی کیونکہ ہم توقع کرتے ہیں کہ شرح سود کم رہے گا۔ بہر حال، ہم دیکھ سکتے ہیں کہ پیداوار 2QCY21 میں ایک بار پھر بڑھ رہی ہے جب اسٹیٹ بینک دوبارہ بیچ مارک سود کی شرحوں میں اضافہ کرنا شروع کر سکتا ہے۔

آپریٹنگ اور مالی کارکردگی

31 دسمبر، 2020 کو ختم ہونے والے سال کے دوران کمپنی کی مالی کارکردگی مندرجہ ذیل ہے۔

2019	2020	
(000 روپے)		
(14,876)	137,996	ٹیکس عائد کرنے سے پہلے منافع / (نقصان)
2,935	(43,996)	ٹیکسیشن
(11,941)	94,000	ٹیکس عائد کرنے کے بعد منافع / (نقصان)
-	-	سال کے دوران ڈیویڈنڈ ادا کیا جاتا ہے
(445,791)	(408,763)	جمع (نقصان) آگے لایا گیا
(408,763)	(314,763)	جمع (نقصان) آگے بڑھایا گیا
-----روپیہ-----		
(0.12)	0.94	منافع / (نقصان) فی شیئر

کمپنی تقریباً پیدا کرنے میں کامیاب رہی۔ آپریٹنگ ریونیو میں 83% کا اضافہ ہوا جس نے سال کے لئے مجموعی طور پر آمدنی میں خاطر خواہ اضافہ کرنے میں مدد کی۔ بروکریج کی آمدنی میں اضافے کے لئے بنیادی ڈرائیور ہمارا خوردہ کاروبار تھا، یعنی آن لائن پلیٹ فارم اور برانچ نیٹ ورک۔ لاگوں پر ہمارے سخت کنٹرول کو دیکھتے ہوئے، کمپنی نے صرف قریب ہی دیکھا۔ سال کے کل اخراجات میں 11% اضافہ ہوا۔

کارپوریٹ گورننس

ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP's) کوڈ کارپوریٹ گورننس کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں۔

- ☆ کمپنی کے اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- ☆ کمپنی کے انتظام کے ذریعہ تیار کردہ مالی بیانات، اس کی امور کی منصفانہ حیثیت، اس کے آپریشن، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کا نتیجہ پیش کرتے ہیں۔
- ☆ مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
- ☆ فنانشل بیانات کی تیاری کے سلسلے میں، منظور شدہ اکاؤنٹنگ معیارات، جیسے کہ پاکستان میں کمپنیز ایکٹ، 2017 اور کمیشن کی طرف سے جاری کردہ ہدایات پر عمل کیا گیا ہے۔
- ☆ اندرونی کنٹرول کا نظام، جوڈیزائن میں مستند ہے مؤثر طریقے سے نافذ کیا گیا ہے اور اس کا مسلسل جائزہ لیا جاتا ہے اور نگرانی کی جا رہی ہے۔
- ☆ کمپنی مالی طور پر مستحکم ہے اور ایک تشویشناک صورتحال ہے اور اس کی تشویش کی حیثیت سے جاری رکھنے کی صلاحیت کے بارے میں کوئی شبہات نہیں ہیں۔
- ☆ کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کا مراعات نہیں ہوا ہے، جیسا کہ لسٹنگ کے ضوابط میں تفصیل ہے۔
- ☆ بورڈ آف ڈائریکٹرز کی تشکیل کوڈ آف کارپوریٹ گورننس کے بہترین طریقہ کار کے مطابق ہے۔
- ☆ ایگزیکٹو ڈائریکٹرز منتخب ڈائریکٹرز میں ایک تہائی سے زیادہ کی تعداد نہیں رکھتے ہیں۔ بورڈ آف

ڈائریکٹرز کی تشکیل کی تفصیلات ذیل میں فراہم کی گئی ہیں۔

- ☆ بورڈ آف ڈائریکٹرز اس بات کو یقینی بنایا ہے کہ ڈائریکٹرز کی ذمہ داریوں، اختیارات اور فرائض سے متعلق تمام قواعد و ضوابط پر بغور کیا گیا ہے اور ان پر عمل کیا گیا ہے۔ اس کے علاوہ، کمپنی سکرٹری، سی ایف او اور اندرونی آڈٹ کے سربراہ جو ضابطہ اخلاق میں طے شدہ ضروریات کو پورا کرتے ہیں اس کو بھی مقرر کیا گیا ہے۔
- ☆ پچھلے سالوں کا کلیدی آپریٹنگ اور مالی اعداد و شمار صفحہ پر ظاہر ہو رہے ہیں۔
- ☆ ٹیکسوں، ڈیویڈنڈوں، محصولات کے حساب سے کوئی قانونی ادائیگیاں نہیں ہیں جو 31 دسمبر 2020 کو باقی ہیں، سوائے اس کے کہ مالی بیانات میں انکشاف کیا گیا ہو۔

- ☆ متعلقہ پارٹی لین دین آڈٹ کمیٹی اور ان کی سفارشات کو BOD کے سامنے رکھا گیا ہے۔
- ☆ کمپنی اپنے اہل ملازمین کے لئے ایک منظور شدہ شراکت دار مستقبل پر وڈ کٹ فنڈ چلاتی ہے۔ 31 دسمبر 2020 کو ختم ہوئے سال کے لئے غیر آڈٹ مالیاتی بیانات کے مطابق سرمایہ کاری کی قیمت تقریباً 48.979PKR ملین ہے۔
- ☆ بیلنس شیٹ کی تاریخ اور ڈائریکٹرز کی رپورٹ کی تاریخ کے مابین آپ کی کمپنی کی مالی حیثیت کو متاثر کرنے والی تبدیلیاں اور وعدے پورے نہیں ہوئے۔

کارپوریٹ اور سماجی ذمہ داری

کیونٹی کے لئے ذمہ داری: BIPLS ایک اچھا کارپوریٹ شہری ہے، جس نے ان برادریوں کی حمایت کی ہے جہاں سے وہ اپنے کاروبار کو حاصل کرتا ہے اور اس طرح کی تمام برادریوں کے لئے اپنی ذمہ داریوں کو تسلیم کرتا ہے۔ BIPLS تنظیم کے ہر ایک کیونٹی اقدام کی معاون ثابت ہوگا، اور ہر ایک فرد کے لئے سب سے موزوں افراد کو نشانہ بنائے گا۔

ماحولیات کے خلاف ذمہ داری: BIPLS کا تعلق اپنے وسیع تر معنوں میں ماحولیات کے تحفظ سے ہے، جس نے اس پر قبضہ کیا ہے اور اس کی تعمیر اور زمین کی ذمہ داری کو برقرار رکھتے ہوئے اس سلسلے میں اپنے کردار کو تسلیم کیا ہے اور اس کا مقصد تمام محدود وسائل کے استعمال کو محدود رکھنا ہے، جس پر توانائی کے استعمال پر خصوصی توجہ دی جا رہی ہے۔

BIPLS نے کارپوریٹ سماجی ذمہ داری (CSR) کو اپنی اخلاقیات اور کاروباری طریقوں میں مربوط کر دیا ہے۔ اس تناظر میں، معاشرہ اور اسٹیک ہولڈر کی ضروریات کا بغور جائزہ لیا جاتا ہے اور کمپنی کی پالیسیوں، اخلاق اور کاروباری مقاصد کے مطابق تعاون میں توسیع کی جاتی ہے۔

2020 کے دوران CSR کی سرگرمیوں کا خلاصہ اس طرح ہے:

☆ انضباطی تقاضوں پر عمل پیرا: کمپنی اور اس کے ملازمین نے ٹیکس کی شکل میں قومی خزانے میں 29.873 ملین پی کے آر کی رقم جمع کی۔

☆ افراد/ انسانی وسائل: کمپنی ملازمین کی پیشہ ورانہ ترقی میں شراکت اور جسمانی، ذہنی اور جذباتی صحت کو فروغ دینے کی پالیسی پر عمل پیرا ہے۔

بورڈ

مندرجہ ذیل کے مطابق کل ڈائریکٹروں کی تعداد آٹھ (8) ہے (بشمول سی ای او جو ڈائریکٹر سمجھا جاتا ہے):

مرد: 7

عورت: 1

ترتیب:

آزاد ڈائریکٹر: 3

غیر ایگزیکٹو ڈائریکٹر: 4

ایگزیکٹو ڈائریکٹر: 1

چیئر مین اور چیف ایگزیکٹو آفیسر کے عہدوں کو حکمرانی کے بہترین طریقوں کے مطابق الگ الگ رکھا جاتا ہے اور چیئر مین کو آزاد ڈائریکٹر میں سے منتخب کیا جاتا ہے۔ بورڈ اپنے فرائض کی انجام دہی میں معاونت کے لئے ایک علیحدہ آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی قائم کی ہے۔ بورڈ اور آڈٹ کمیٹی کے چیئر مین آزادانہ ڈائریکٹر ہوتے ہیں اور بہترین طرز عمل کے مطابق ایک ہی شخص نہیں ہوتے ہیں۔ مزید یہ کہ سات سے زیادہ درج کمپنیوں میں کوئی بھی ڈائریکٹر منتخب یا نامزد نہیں ہوتا ہے۔

سال 2020 کے دوران بورڈ آف ڈائریکٹرز کی 6 میٹنگیں منعقد ہوئیں۔ کوڈ آف کارپوریٹ گورننس کی تقاضوں کے مطابق، ہنگامی میٹنگوں کے علاوہ کم سے کم 7 دن پہلے تحریری نوٹس جاری کر دیئے گئے تھے اور اہم امور کو ضابطہ اخلاق میں بیان کیا گیا تھا۔ بورڈ اور آڈٹ کمیٹی کی معلومات، غور اور فیصلہ۔ منٹ مناسب طریقے سے ریکارڈ کیے گئے تھے۔

بورڈ کے اجلاسوں میں ڈائریکٹرز کی حاضری کچھ یوں تھی:

2020 کے دوران اجلاسوں میں شرکت کی	2020 کے دوران منعقدہ اجلاسوں میں شامل ہوئیں	ڈائریکٹروں کے نام
6	6	کمال الدین ٹیپو۔ چیئر مین
6	6	سکندر قاسم
6	6	محمد حفیظ الدین آصف
6	6	سہیل سکندر
6	6	خرم جمیل
6	6	محمد عزیز پیرا
6	6	مڈر اسلم
6	6	عبدالعزیز انیس۔ چیف ایگزیکٹو آفیسر

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کی ضروریات کے مطابق، آڈٹ کمیٹی مکمل طور پر نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہوتی ہے جس کے ساتھ چیئر مین آزاد ڈائریکٹر ہوتے ہیں۔ کمیٹی کے اجلاسوں میں ڈائریکٹرز کی حاضری کچھ یوں تھی:

2020 کے دوران اجلاسوں میں شرکت کی	2020 کے دوران منعقدہ اجلاسوں میں شامل ہوئیں	کمیٹی ممبرز کے نام
4	4	جناب سکندر قاسم
4	4	جناب سہیل سکندر
4	4	جناب خرم جمیل

ہیومن ریسورس اینڈ ریمونشن کمیٹی

ہیومن ریسورس اینڈ ریمونشن کمیٹی مکمل طور پر نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے جس کے چیئرمین آزاد ڈائریکٹر ہیں۔ کمیٹی کے اجلاسوں میں ڈائریکٹرز کی حاضری کچھ یوں تھی:

کمیٹی ممبرز کے نام	2020 کے دوران منعقدہ اجلاسوں میں شامل ہوئیں	2020 کے دوران اجلاسوں میں شرکت کی
کمال الدین ٹیپو۔ چیئرمین	1	1
محمد عزیز سپہرا	1	1
مدثر اسلم	1	1

ڈائریکٹرز کا معاوضہ

کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرتی ہے۔ آزاد ڈائریکٹر بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لئے فیس پورا کرنے کے حقدار ہیں۔ آزاد ڈائریکٹرز کو میٹنگوں میں شرکت کے لئے سفر، بورڈنگ اور رہائش کے اخراجات، اگر کوئی ہے تو، کے بھی مہیا یا معاوضہ دیا جاتا ہے۔

مالی ذمہ داری

کمپنی کی انتظامیہ مالی بیانات کی تیاری اور اس میں شامل متعلقہ نوٹوں کی ذمہ دار ہے۔ ان مالی بیانات کا بورڈ آف ڈائریکٹرز سے منظوری سے قبل آڈٹ کمیٹی کے ذریعہ جائزہ لیا جاتا ہے۔

آڈٹ کمیٹی ان خطرات کو کم کرنے کے لئے کاروبار اور اندرونی کنٹرول سے وابستہ خطرات کی نگرانی اور انتظام میں بورڈ کی مدد کرتی ہے۔ کمیٹی کارپوریٹ گورننس کے ضابطہ اخلاق میں طے شدہ ضروریات اور بورڈ کے ذریعہ منظور شدہ حوالہ کی شرائط کے مطابق کام کرتی ہے۔ کمیٹی میں تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے جس کے چیئرمین آزاد ڈائریکٹر ہونے کے ساتھ اور سال کے دوران چار اجلاس ہوئے۔

ہیومن ریسورس اور معاوضہ کمیٹی ہیومن ریسورس مینجمنٹ میں بورڈ کی مدد کرتی ہے جس میں کلیدی مینجمنٹ اہلکاروں کا انتخاب، تشخیص اور معاوضہ شامل ہے۔ کمیٹی کارپوریٹ گورننس کے ضابطہ اخلاق میں طے شدہ ضروریات کے مطابق کام کرتی ہے۔ کمیٹی میں تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے جس میں چیئرمین آزاد ڈائریکٹر ہیں اور سال کے دوران ایک میٹنگ ہوتی ہے۔

بیرونی آڈیٹرز کی تقرری

بیرونی آڈیٹرز میسرز۔ RSM اولیس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹ اپنی میعاد ختم ہونے کے بعد ریٹائرڈ ہیں۔ آڈٹ کمیٹی کی سفارشات کے مطابق، بورڈ میسرز کی دوبارہ تقرری کی حمایت کرتا ہے۔ RSM اولیس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹ برائے مالی سال 2021 کے بیرونی آڈیٹر کے طور پر ہے۔

شیئر ہولڈنگ

31 دسمبر 2020 تک حصص یافتگی کا انداز اس رپورٹ کے ساتھ منسلک ہے۔

منافع

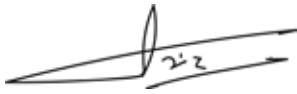
توسیع کے امکانات کے لئے لیکویڈیٹی جمع کرنے کے لئے، سال کے دوران کوئی منافع نہیں دیا گیا ہے۔

مستقبل کا منظر نامہ

ہم اپنے ملازمین کی لگن اور محنت، اور اپنے مؤکلین، کاروباری شراکت داران اور حصص یافتگان کا ان کی حمایت اور اعتماد کو پر خلوص طور پر سراہتے ہیں۔ یہ بورڈ BIPL سیکورٹیز لمیٹڈ کے تمام ملازمین کی انتھک کوششوں کیلئے شکریہ کا اظہار کرتا ہے۔

ہم سکیورٹیز اینڈ ایچینج کمیشن آف پاکستان، سینٹرل ڈپوزیٹری کمپنی آف پاکستان، نیشنل کلیئرنگ کمپنی لمیٹڈ اور پاکستان اسٹاک ایچینج لمیٹڈ کی جانب سے کیپٹل مارکیٹ کو مضبوط کرنے کی ان کی کوششوں اور سرمایہ کار کے حقوق کا تحفظ کرنے کیلئے ان کے اقدامات کو تسلیم کرتے ہیں۔

بورڈ کے ڈائریکٹرز



چیف ایگزیکٹو آفیسر



ڈائریکٹر

کراچی

تاریخ: 09 فروری 2021

مالی اعداد و شمار پر ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے، BIPL سیکورٹیز لمیٹڈ اور اس کی مکمل ملکیت میں اسٹرکچرڈ وینچر (پرائیویٹ) لمیٹڈ کے مجموعی مالی بیانات پر رپورٹ پیش کرتے ہیں۔

31 دسمبر 2020 کو ختم ہونے والے سال کے مجموعی مالی نتائج، جو زیر جائزہ ہیں، کا خلاصہ اس طرح ہے:

2019	2020	
(000 روپے)		
(14,876)	137,996	ٹیکس عائد کرنے سے پہلے منافع / (نقصان)
2,935	(43,996)	ٹیکسیشن
(11,941)	94,000	ٹیکس عائد کرنے کے بعد منافع / (نقصان)
-	-	سال کے دوران ڈیویڈنڈ ادا کیا جاتا ہے
(445,791)	(365,392)	جمع (نقصان) آگے لایا گیا
(365,392)	(217,392)	جمع (نقصان) آگے بڑھایا گیا
----- روپیہ -----		
(0.12)	0.94	منافع / (نقصان) فی شیئر

ایکویٹی میں تبدیلیوں کا خلاصہ

ٹیکس کے بعد اس گروپ کا منافع 94 PKR ملین، CY20 میں EPS 0.94 تھا جبکہ ٹیکس PKR کے بعد ہونے والے نقصان (11.941) ملین، CY19 میں 0.12 LPS تھا۔

گروپ کاروباری مفادات کی نوعیت میں تبدیلیوں کا خلاصہ

BIPL سیکورٹیز لمیٹڈ اور اسٹرکچرڈ وینچر (پرائیویٹ) لمیٹڈ نے اپنے بیان کردہ نوعیت کے کاروبار میں جاری رکھا ہے اور اس نے کاروباری مفادات کی نوعیت میں، اور نہ ہی کاروباری مفادات کے طبقے میں کوئی تبدیلی کی ہے جس میں کمپنی کو دلچسپی ہے۔

شیئر ہولڈنگ کا پیٹرن

کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت مطلوبہ انکشاف کے ساتھ 31 دسمبر 2020 تک حصص یافتگی کا انداز بھی اس رپورٹ سے منسلک ہے۔



چیف ایگزیکٹو آفیسر



ڈائریکٹر

کراچی

تاریخ: 09 فروری 2021

چیئر مین کی رپورٹ کا جائزہ

مجھے بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے کردار کی تاثیر پر BIPL سیکورٹیز لمیٹڈ کے اسٹیک ہولڈرز کو اس جائزہ رپورٹ کو پیش کرنے پر بے حد خوشی ہوئی ہے۔

دوسرے ممالک کی طرح، سال 2020 میں بھی پاکستان کو غیر معمولی صورتحال کا سامنا کرنا پڑا جب COVID-19 نے پورے ملک کو متاثر کیا۔ آپ کی کمپنی نے آپریشنل تسلسل کو یقینی بناتے ہوئے، ملازمین اور کلائنٹس کی حفاظت کے لئے فوری فعال اقدامات کیے۔

بورڈ آف ڈائریکٹرز کی تشکیل فنانس، آڈٹ، بزنس اور مینجنگ کے شعبوں میں مختلف پس منظر اور انتہائی تجربہ کار افراد کے مرکب کی عکاسی کرتی ہے۔ جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت مطلوب ہے، بورڈ اپنی تیار کردہ مپکانزم کے ذریعہ اپنی کارکردگی کا اندازہ کرتا ہے۔ بورڈ کمپنی کی پیشرفت میں پوری طرح شامل ہے اور انتظامیہ کو حکمت عملی سمت فراہم کرتا ہے اور حکمرانی کے اعلیٰ معیار کو یقینی بنانے میں اپنا کردار ادا کرتا رہے گا۔

بورڈ آف ڈائریکٹرز نے بورڈ اور اس کی کمیٹی کے اجلاسوں سے قبل مناسب وقت میں معاون مواد کے ساتھ ایجنڈا بھی حاصل کیا۔ بورڈ نے اپنی ذمہ داریوں کو مناسب طریقے سے نبھانے کے لئے کثرت سے ملاقات کی ہے، جس کی اپنی کمیٹیوں کے ذریعہ معاون مدد کی گئی ہے۔ تمام ڈائریکٹرز اہم فیصلوں میں یکساں اور فعال طور پر شامل تھے۔

میں بورڈ آف ڈائریکٹرز اور BIPL سیکورٹیز لمیٹڈ کے تمام ملازمین کی تنظیمی اہداف کے حصول کے لئے اپنی محنت، لگن اور عزم کے لئے شراکت کا اعتراف کرنا چاہتا ہوں۔

Kamaluddin Tipu

کمال الدین ٹیپو

چیئر مین

کراچی: 09 فروری 2021

FORM OF PROXY
TWENTY-FIRST ANNUAL GENERAL MEETING



The Company Secretary
BIPL Securities Limited
5th Floor, Trade Centre,
I.I. Chundrigar Road, Karachi,
Pakistan.

I / We _____ S/o, D/o, W/o _____ Holding CNIC #

Resident of _____

being member(s) of BIPL Securities Limited holding _____

ordinary shares hereby appoint Name _____ S/o, D/o, W/o _____

Holding CNIC # or failing him/her Name _____ S/o, D/o, W/o _____

who is/are also member(s) of BIPL Securities Limited as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Twenty-First Annual General Meeting of the Company to be held on Wednesday April 21, 2021 at 09:30 AM at "Coronet Hall" Regent Plaza, main Shahrah-e-Faisal, Karachi and also through "Webinar" arrangement via Video Link and/or any adjournment thereof;

Signed this _____ day of _____ 2021

Witnesses

1. _____

2. _____

Shareholder Folio No.

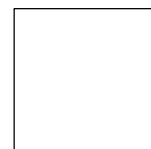
or

CDC Participant I.D.No.

&

Sub Account No.

Signature on
Ten Rupees
Revenue Stamp



The Signature should agree with the
specimen registered with the
Company's Registrar

NOTES

- The Member is requested:
 - to affix Revenue Stamp of Rs.10 at the place indicated above;
 - to sign across the Revenue Stamp in the same Style of Signature as is registered with the Company's Registrar; and
 - to write down his folio number.
- This proxy form, duly complete and signed, must be received at the office of our Registrar not later than 48 hours before time of the meeting
- No person shall act as a proxy unless he/she himself/herself is a member of the Company, except that a Corporate body may appoint a person who is not a member.
- CDC shareholders or their proxies should bring their original Computerised National Identity Card or Passport along with the Participant's ID Number and their Account number to facilitate their identification.

Your Trust, Our Strength

5th floor, Trade Centre,
I.I. Chundrigar Road, Karachi,

UAN: +92 21 111 222 000

Fax: +92 21 3263 0202

E Mail: info@biplsec.com

URL: www.biplsec.com

   **BIPLSecurities**
