

Invest Capital Investment Bank Limited

Corporate Briefing Session at Head Office,
131-A, Zahidjee House, Scotch Corner,
Upper Mall, Lahore at 11.00 am on
November 24, 2023



Outline

1. Introduction
2. Company Overview
3. Latest Financial Position
4. Achievements of new management
5. Challenges Ahead
6. Future Plan
7. Question & Answer session

Introduction

- In 2007, “Invest Capital Securities” was merged into “Asset Investment Bank Limited” and subsequently name of the company was changed to “Invest Capital Investment Bank Limited” (ICIBL).
- In 2009, “Al-Zamin Leasing Corporation Limited (AZLCL)” and Al-Zamin Leasing Modaraba (AZLM)” were merged with and into “ICIBL”.

Introduction

- ▶ After the merger, ICIBL continued facing financial and operational difficulties therefore, on July 6, 2011 SECP granted permission to Zahidjee Group to acquire 26% shares from Investcap Group with transfer of management to Zahidjee Group.
- ▶ Zahidjee Group took the control of the management of the company and injected Rs. 150 million into the company.

Company Overview

- ▶ The NBFIs sector was badly hit in the aftermath of financial meltdown which affected the entire financial sector in 2008. The result was sharp rise in discount rate coupled with liquidity shortage forced the companies to utilize the available cash flows from recoveries to repay borrowings leaving no room for new business which affected the company badly.
- ▶ By the grace of Almighty Allah, Company's financial and operational position has been stable for quite some time. The non-availability of funds remained the reason for not increasing business volumes substantially. The non performing loan portfolio of the company is down to its most chronic market defaulters. However, the management is confident that the trend for the year's profits shall improve in coming years.

Financial Position Comparison

Invest Capital Investment Bank Limited
Statement of Financial Position
As at June 30, 2023

	2023 Rupees	2022 Rupees	2021 Rupees
ASSETS			
Non-current assets			
Property and equipment	75,171,895	80,852,746	65,798,617
Intangible assets	806,266	163,594	233,705
Investment accounted for using equity method	132,604,237	129,861,113	134,774,868
Financial assets at fair value through other comprehensive income	18,142,675	24,372,136	29,434,623
Net investment in finance lease	104,593,404	174,706,254	217,620,005
Long term loans	217,034,229	162,266,245	28,747,608
Long term security deposits	2,330,225	2,330,225	2,280,225
	550,682,931	574,552,313	478,889,651
Current assets			
Short term musharakah finances	28,027,984	29,651,443	42,853,443
Short term finances	50,944	6,561,370	14,650,000
Ijarah rentals receivables	1,241,277	1,265,639	1,301,386
Current portion of non-current assets	405,938,753	388,359,879	365,408,448
Advances, deposits, prepayments and other receivables	25,719,776	20,776,004	12,808,349
Investment in Treasury Bills	48,292,187	-	-
Financial assets at fair value through profit or loss	14,982,056	24,418,400	16,822,305
Bank balances	13,359,351	11,847,075	9,676,974
	537,612,328	482,879,810	463,520,905
TOTAL ASSETS	1,088,295,259	1,057,432,123	942,410,556

Financial Position Comparison

EQUITY AND LIABILITIES

Share Capital and Reserves

Authorized capital

485,000,000 ordinary shares of Rs. 10 each

4,850,000,000

4,850,000,000

4,850,000,000

Issued, subscribed and paid-up capital

2,848,668,960

2,848,668,960

2,848,668,960

Loan from directors

126,000,000

126,000,000

126,000,000

Capital reserve on amalgamation

(2,022,075,992)

(2,022,075,992)

(2,022,075,992)

General reserve

102,976,444

102,976,444

102,976,444

Accumulated loss

(509,391,449)

(599,151,411)

(694,424,922)

Fair value reserve

10,351,875

16,581,336

21,643,823

556,529,838

472,999,337

382,788,313

Non-current liabilities

Loan from sponsor

-

16,392,473

66,392,473

Long term loan from directors

-

65,000,000

-

Security deposits from lessees

123,618,406

68,699,785

73,277,390

Redeemable capital

-

1,500,000

5,100,000

Liability related to outgoing group

16,200,000

19,440,000

22,680,000

139,818,406

171,032,258

167,449,863

Current liabilities

Current portion of non-current liabilities

46,506,960

45,680,615

38,374,709

Accrued and other liabilities

135,718,288

147,795,038

142,052,107

Profit / mark up payable

187,364,347

187,094,451

189,752,015

Unclaimed dividend

6,053,456

6,053,456

6,053,456

Provision for taxation - income tax

16,303,964

26,776,968

15,940,093

391,947,015

413,400,528

392,172,380

TOTAL EQUITY AND LIABILITIES

1,088,295,259

1,057,432,123

942,410,556

Profit or Loss Comparison

Invest Capital Investment Bank Limited
Statement of Profit or Loss
For the Year Ended June 30, 2023

	2023 Rupees	2022 Rupees	2021 Rupees
Income	123,152,781	110,216,971	65,597,647
Expenses			
Administrative and operating expenses	(34,951,160)	(27,281,528)	(23,877,183)
Financial charges	(12,041,208)	(4,939,020)	(9,851,468)
Mark up waived off on settlement of loans	-	5,734,636	18,662,365
	<u>(46,992,368)</u>	<u>(26,485,912)</u>	<u>(15,066,286)</u>
Gross Profit	76,160,413	83,731,059	50,531,361
Other income	7,643,087	5,118,135	3,969,991
Operating Profit	83,803,500	88,849,194	54,501,352
Provision reversed / (charged)	15,429,543	32,693,531	36,579,355
Profit before taxation	99,233,043	121,542,725	91,080,707
Provision for taxation	(9,473,081)	(26,269,214)	(7,222,858)
Profit for the year	<u>89,759,962</u>	<u>95,273,511</u>	<u>83,857,849</u>
Earnings per share - Basic and Diluted	<u>0.315</u>	<u>0.334</u>	<u>0.294</u>

Latest Financial Position

- The reduction in operating assets of Rs. 5.68 million is due to depreciation for the year.
- The Increase in Intangible Assets of Rs.0.643 million is due to purchase of new module in MIS software system and up-dation of company's website.
- During the year lease disbursements were Rs. 362.79 million as compared to FY-2022 amount of Rs. 441.34 million.
- Rs.47.96 million were invested in short term Treasury Bills for a period of three months where ICIBL earned profit at the rate of 21.92%.
- As on June 30, 2023 the share investment portfolio stands at Rs. 14.98 million as compared to Rs. 24.42 million of previous year.
- Net recovery during the financial year amounted to Rs.353.39 as compared to Rs.434.01 million of previous year.

Latest Financial Position

- The equity showed a rise of Rs. 83.53 million due to profits for the year. The equity stood at Rs.556.53 million as on June 30, 2023.
- The directors/sponsor loans were fully paid back during the financial year.
- The gross revenue for the period under review amounted to Rs. 123.15 million as compared to Rs. 110.22 million of the year ending 30th June 2022.
- The operating expenses increased by Rs.7.67 million as at June 30, 2023. The main cause of increase in operating expenses was legal expenses, staff salaries and overall inflation.

Latest Financial Position

- ▶ During current financial year the company earned an after tax profit of Rs. 89.76 as compared to previous year's profit of Rs. 95.27 million.
- These results were achieved due to better recoveries which helped to improve profitability as a result of reversal of provision and income suspension created in earlier years due to defaults.

Achievements

- ▶ The new lease business undertaken by the Company has negligible infection level and most of the assets leased are motor vehicles, therefore, recovery is almost 100% of the billed amount. This has provided the most valuable support in repayment of the liabilities on timely basis. During the year financing facilities amounting to Rs.362.79 million were disbursed as against Rs. 441.34 million in the year 2022. Whereas Rs. 48.29 million were invested in Treasury Bills.

Achievements

- ▶ Managing the recoveries from Non performing loans and leases was a difficult task to achieve due to over all depressing economic conditions but the management is determined to continue its best efforts, energy and experience. During the period a handsome amount was recovered from two old stuck-up clients in addition to many smaller clients.

Achievements

- ▶ As on June 30, 2023 all loans and TFCs liabilities were fully repaid except a Bank Islami loan payable with a balance of Rs.18.63 Million that will be paid in 23 equal quarterly installments (27 Sept, 27 Dec, 27 Mar, 27 June), the last installment will be paid on 27 June 2029.

Challenges Ahead

- ▶ IMF projects Pakistan GDP to grow by 2.50% in 2024 (Global GDP 2.90%) as compared to previous year real GDP 0.29%.
- ▶ The implication is that there will be a quantum jump in the magnitude of debt servicing. The IMF projects it to increase from Rs. 5,407 billion in 2022–23 to as much as Rs. 8,557 billion in 2023–24, an unbelievable increase of over 58% in one year. This clearly implies that the IMF expects the SBP policy rate to remain at a very high level of 22% or even more.

Future Plan

- ▶ Reduction of Capital U/S 89 (a) of Companies Act 2017 to cancel out accumulated losses
- ▶ Tapping further avenues of funds generation

Question & Answer

- ▶ Questions please

**Corporate Briefing session
concluded**

Thank you