

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 22, 2024



Outline

1. Introduction
2. Company Overview
3. Latest Financial Position
4. Challenges Ahead
5. Future Plan
6. 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, 2024

	2024 Rupees	2023 Rupees	2022 Rupees
ASSETS			
Non-current assets			
Property and equipment	70,100,747	75,171,895	80,852,746
Intangible assets	564,386	806,266	163,594
Investment accounted for using equity method	138,764,415	132,604,237	129,861,113
Financial assets at fair value through other comprehensive income		18,142,675	24,372,136
Net investment in finance lease	52,507,920	104,593,404	174,706,254
Long term loans	275,819,290	217,034,229	162,266,245
Long term security deposits	2,330,225	2,330,225	2,330,225
	540,086,983	550,682,931	574,552,313
Current assets			
Short term musharakah finances	28,027,984	28,027,984	29,651,443
Short term finances	122,906	50,944	6,561,370
Ijarah rentals receivables	1,241,277	1,241,277	1,265,639
Current portion of non-current assets	397,069,245	405,938,753	388,359,879
Advances, deposits, prepayments and other receivables	37,853,497	25,719,776	20,776,004
Investment in Treasury Bills	238,712,934	48,292,187	-
Financial assets at fair value through profit or loss	8,191,032	14,982,056	24,418,400
Bank balances	47,288,304	13,359,351	11,847,075
	758,507,179	537,612,328	482,879,810
TOTAL ASSETS	1,298,594,162	1,088,295,259	1,057,432,123

Financial Position Comparison

EQUITY AND LIABILITIES

Share Capital and Reserves

Authorized capital 485,000,000 ordinary shares of Rs. 10 each	<u>4,850,000,000</u>	<u>4,850,000,000</u>	<u>4,850,000,000</u>
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	(355,069,817)	(509,391,449)	(599,151,411)
Fair value reserve	-	10,351,875	16,581,336
	700,499,595	556,529,838	472,999,337
Non-current liabilities			
Loan from sponsor	-	-	16,392,473
Long term loan from directors	-	-	65,000,000
Security deposits from lessees	173,133,962	123,618,406	68,699,785
Redeemable capital	-	-	1,500,000
Liability related to outgoing group	12,960,000	16,200,000	19,440,000
	186,093,962	139,818,406	171,032,258
Current liabilities			
Current portion of non-current liabilities	43,575,305	46,506,960	45,680,615
Accrued and other liabilities	150,344,210	135,718,288	147,795,038
Profit / mark up payable	187,364,347	187,364,347	187,094,451
Unclaimed dividend	6,855,990	6,053,456	6,053,456
Provision for taxation - income tax	23,860,753	16,303,964	26,776,968
	<u>412,000,605</u>	<u>391,947,015</u>	<u>413,400,528</u>
TOTAL EQUITY AND LIABILITIES	<u>1,298,594,162</u>	<u>1,088,295,259</u>	<u>1,057,432,123</u>

Profit or Loss Comparison

Invest Capital Investment Bank Limited
Statement of Profit or Loss
For the Year Ended June 30, 2024

	2024 Rupees	2023 Rupees	2022 Rupees
Income	150,415,077	123,152,781	110,216,971
Expenses			
Administrative and operating expenses	(37,294,368)	(34,951,160)	(27,281,528)
Financial charges	(3,437)	(12,041,208)	(4,939,020)
Mark up waived off on settlement of loans	-	-	5,734,636
	<u>(37,297,805)</u>	<u>(46,992,368)</u>	<u>(26,485,912)</u>
Gross Profit	113,117,272	76,160,413	83,731,059
Other income	5,160,506	7,643,087	5,118,135
Operating Profit	<u>118,277,778</u>	<u>83,803,500</u>	<u>88,849,194</u>
Provision reversed / (charged)	<u>30,202,443</u>	<u>15,429,543</u>	<u>32,693,531</u>
Profit before taxation	148,480,221	99,233,043	121,542,725
Provision for taxation	<u>(23,860,753)</u>	<u>(9,473,081)</u>	<u>(26,269,214)</u>
Profit for the year	<u><u>124,619,468</u></u>	<u><u>89,759,962</u></u>	<u><u>95,273,511</u></u>
Earnings per share - Basic and Diluted	<u>0.437</u>	<u>0.315</u>	<u>0.334</u>

Latest Financial Position

- Fresh financing of Rs. 258.27 million was made during the year (June 2023 Rs. 362.79 million) whereas Rs. 190.42 million were invested in Government Treasury Bills which give a good return of about 22% p.a. (June 2023 Rs. 48.29 million). This was the result of better recoveries during the year.
- The total financing portfolio now stands at Rs. 753.56 million as against Rs. 755.64 million of the previous year.
- The equity showed an increase of Rs. 143.97 million due to profits for the year. The Equity for the year stood at Rs. 700.50 million as at the year-end.
- The gross revenue for the period amounted to Rs. 155.57 million as compared to Rs. 130.79 million of the year ending 30th June 2023 showing an increase of Rs. 24.78 million

Latest Financial Position

- The operating expenses increased by just Rs. 2.34 million mainly due to inflation and stood at Rs. 37.29 million as compared to Rs. 34.95 million at June 30, 2023.
- There were no financial charges during the year as all markup based facilities have been paid off.
- The reversal of provisioning was Rs. 30.20 million as against reversal of Rs. 19.65 million in the last year.
- The write offs were NIL during the year as against a sum of Rs. 4.22 million of the previous year.
- The company earned after tax profit of Rs. 124.62 million against a profit of Rs. 89.76 million of the previous year and the EPS stood at 0.437.
- 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.

Challenges Ahead

- ▶ The State Bank of Pakistan has cut down its policy rate multiple times in recent past and lately brought it down to 15% whereas it was 22% during the Financial Year 2023. This has a similar impact on the KIBOR rate. The KIBOR rate has also now gone down from 20.14% to 13.33% . This will have an impact on the overall growth of the Company.

Future Plan

- ▶ After approval of the shareholders in the EOGM held on 26th September 2024 for Reduction of Capital of the Company U/S 89 (a) of Companies Act 2017 the Company has filed petition with Honorable Sindh High Court. After the approval of High Court the formalities for reduction shall be carried out.
- ▶ Tapping further avenues of fund generation

Question & Answer

- ▶ Questions please

Corporate Briefing session
concluded

Thank you