

# Prudential Investment Bank Limited

(7th Annual Report 1996)

## Contents

Corporate and Investors' Information	2
Notice of Meeting	3
Director's Report	4
Auditors' Report to the Members	7
Balance Sheet	8
Profit & Loss Account	10
Statement of Changes in Financial Position	11
Notes to the Accounts	12
Pattern of Shares Holdings	25
Proxy Form	

## Corporate & Investors Information

### Board of Directors

Rashidullah Yacoob (Chairman)  
Sanober Akhtar Yacoob  
Mohammad Naseemuddin Mirza  
Saleha Rashid Umoodi  
Muhammad Asif Dar  
Syed Haider Javed  
Mohammad Yakoob Admaney

### Corporate Profile

The Prudential Investment Bank Ltd. (PIBL) was incorporated in 1988 under the Government of Pakistan's SRO No. 585/(1)87. The Bank is regulated by State Bank of Pakistan. PIBL has geographically diversified branch offices in all the provinces of Pakistan.

### Chief Executive Officer

Humayun Sadiq

### Stock Exchange Listing

Prudential Investment Bank Ltd., is listed on all the Stock Exchanges in Pakistan. Daily quotations on the Stock Exchanges can be obtained from leading newspapers, it is listed under "Investment Companies & Banks".

### Secretary

Muhammad Tahir Siddiqui

### Public Information

Prospective investors, financial analysts, stock brokers and financial media desiring information about the Prudential Investment Bank Ltd., should contact the Central Office Karachi.  
Tel: 021-2628833-40  
Fax: 021-2630875

### Bankers

Prudential Commercial Bank Ltd.  
Muslim Commercial Bank Ltd.  
United Bank Limited

### Auditors

Taseer Hadi Khalid & Co.  
Chartered Accountants

### Legal Advisors

- Liaquat Merchant & Co. Advocates  
- Abraham & Sarwana Advocates

### Share Holders Information

Enquiry covering lost share certificates, dividend payments, change of address, verification of transfer deeds and shares transfer should be directed to the Registrar of Prudential Investment Bank Ltd., i.e. Shares & Corporate Services (Pvt) Ltd., 1/119 R.Y, Opp: Schon Bank Ltd., I.I. Chundrigar Road, Karachi.  
Tel-021-2627599.

### Registered Office

Firdausi Building  
Jinnah Road, Quetta, Balochistan  
Tel: 081-111-22-3000, 824061  
Fax: 081-62369

## Notice of Meeting

Notice is hereby given that the 7th Annual General Meeting, of Prudential Investment Bank Limited will be held on Monday the December 30, 1996 at 11.30 AM, at Firdausi Building, Jinnah Road, Quetta to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting held on June 13, 1996.
2. To receive, consider and adopt the audited financial statements of the company together with

the Directors' and Auditors' Report thereon for the eighteen months, ended June 30, 1996.

3. To appoint auditors and fix their remuneration. The present Auditors M/s Taseer Hadi Khalid & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

4. To transact any other business with the permission of the Chair.

#### **SPECIAL BUSINESS**

5. To approve the remuneration of a Working Director of the Bank and of the Chief Executive, as recommended by the Board.

(A statement under section 160 of the Companies Ordinance, 1984, pertaining to the special business, is being sent to the shareholders with the Notice.)

Karachi  
December 08, 1996

By order of the Board  
MUHAMMAD TAHIR SIDDIQUI  
Company Secretary

#### **Notes:**

1. The Share Transfer 'Books of the Company will remain closed from December 30,1996 to January 9,1997 (both days inclusive).

2. A member entitled to attend and vote at this meeting is entitled to appoint another person as a proxy to attend and vote on his/her behalf. Proxy in order to be effective must be received at the registered office of the Company duly stamped and signed not less than 48 hours before the meeting.

3. Members are requested to promptly communicate to the company any changes in their addresses.

#### **DIRECTORS' REPORT**

Consequent upon the change in the financial year from December to June brought about by the Finance Bill 1995, an interim half yearly report as on June 30, 1995 was presented in November 1995 after Annual balance sheet as on December 31, 1994.

The Directors are pleased to present Annual Report to the shareholders together with audited accounts of the Bank for the period of 18 months ended June 30, 1996.

#### **REVIEW OF OPERATIONS**

Due to uncertain conditions on the Stock Exchanges, the investment portfolio was adversely effected. Your bank, following prudent policy, showed a diminution in value of Rs. 17,214,601/- and also made provision of Rs. 10,076,793/- in doubtful receivables although we are sure to recover those receivables as we have in one case obtained decree from the court in Bank's favour and in another case recovery of installments has started. In spite of total provisions of Rs. 27,291,394/- your bank could show better profit before taxation (Rs.22,611,436/- against Rs. 16,930,264/-); however due to higher taxation figure of Rs. 19,905,827/- the profit after taxation was reduced to Rs. 2,705,609/-.

Due to change in SBP policy requiring foreign currency deposits of minimum one years tenor matching with equivalent rupee deposits and restrictions on Forward cover and adverse business conditions resulting in non availability and withdrawal of foreign currency bank deposits, the foreign currency deposits fell from Rs. 510.544 Million to Rs.443.116 Million and the total assets from Rs. 1/023 Million to Rs.958 Million.

#### **INVESTMENTS & COMMERCIAL PAPERS**

Long term investments were reduced by Rs.7.097 Million from Rs.54.851 Million to Rs.47.754 Million and investments were substantially reduced by Rs. 150.604 Million from Rs. 185.991 Million to 35.387 Million, at the same time increasing the commercial paper portfolio by Rs.84.424 Million from Rs.451.041 Million to Rs.535.465 Million and cash with Banks by Rs.74.656 Million. The reduction of RS. 150.604 Million in investments is thus nearly matched by an increase of Rs. 159.080 Million in commercial papers and cash.

#### **INCOME AND EXPENDITURE**

Income increased by Rs.63.931 Million while expenditure increased by Rs.37.546 Million thus giving a net increase in income of Rs.26.385 Million. Return on bank deposits, investments and commercial papers aggregated Rs. 210.849 Million while expense on deposits and financial charges amounted to Rs. 144.886

Million. Administrative and operating charges reduced by Rs. 0.742 Million to Rs.26.071 Million.

#### FINANCIAL SECTOR DEEPENING AND INTERMEDIATION PROJECT (FISDIP)

##### WORLD BANK PROGRAMME

The Shareholders will be pleased to know that your Bank has been selected by the World Bank to participate in FISDIP for an umbrella line of Credit for U.S. Dollar 200 Million for Private Sector Industrial Development. The World Bank has selected six foreign and local Financial Institutions and your bank is one of these six.

##### FUTURE PROSPECTS

The period under review January 1, 1995 to June 30, 1996 has been difficult as the economy has been slow, Stock Market depressed and restrictions on operations very heavy. It is hoped that with the recent change in Government restrictions shall be removed which will make the working easier and more profitable.

##### FINANCIAL RESULTS

During the period (eighteen months) your bank earned an operating profit of Rs.49.903 Million.

Operating Profit and appropriation thereof is as follows.

	(Rupees)
PROFIT FOR THE PERIOD ENDED JUNE 30, 1996	49,902,830
PROVISION AGAINST:	
Diminution in the value of quoted shares	(17,214,601)
Doubtful receivables	( 10, 076, 793)
	-----
	(27,291,394)
	-----
PROFIT BEFORE TAXATION	22,611,436
PROVISION FOR TAXATION	9,905,827
	-----
PROFIT AFTER TAXATION	2,705,609
UN-APPROPRIATED PROFIT BROUGHT FORWARD	7,470,427
	-----
PROFIT AVAILABLE FOR APPROPRIATION	10,176,036
APPROPRIATIONS	
TRANSFER TO STATUTORY RESERVE	542,000
	-----
UN-APPROPRIATED PROFIT CARRIED FORWARD	9,634,036
	=====

##### AUDITORS

The Auditors M/s. Taseer Hadi Khalid Co. Chartered Accountants, retire and offer themselves for re-election.

##### APPRECIATION & THANKS

We wish to place on record our gratitude to the Ministry of Finance, Corporate Law Authority and the State Bank of Pakistan for their continued assistance and guidance.

In the end, the Directors appreciate the dedication and hard work put in by the officers and staff of the Bank.

For and on behalf of the Board of Directors.

Karachi  
December 08, 1996

RASHIDULLAH YACOOB  
Chairman

##### Auditors' Report To The Members

We have audited the annexed balance sheet of ' Prudential Investment Bank Limited as at 30 June 1996 and the related profit and loss account and statement of ' changes in financial position, together with the notes forming part thereof, 'for the eighteen months period then ended in which are incorporated the audited returns of Karachi Branch and unaudited certified

returns from the other branches 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 our audit and after due verification thereof, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion; the balance sheet and the profit and loss account, together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the period was for the purpose of the company's business; and

iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the company;

(c) In our opinion and to the best of our information and according to the explanations given to us the balance sheet, profit and loss account and the statement of changes in financial position, together with the notes forming part thereof give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 1996 and of the profit and the changes in financial position for the period then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

KARACHI  
December 08, 1996

TASEER HADI KHALID & CO.  
CHARTERED ACCOUNTANTS

**Balance Sheet As At June 30, 1996**

	NOTE	1996 Rupees	1994 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
5,000,000 ordinary shares of			
Rs. 10/- each		500,000,000	500,000,000
		=====	=====
Issued, Subscribed and Paid-up Capital			
1,000,000 ordinary shares of			
Rs.10/-each fully paid up in cash		100,000,000	100,000,000
Special reserve	3	982,000	982,000
Other reserves	4	48,142,000	47,600,000
Unappropriated profit		9,634,036	7,470,427
		58,758,036	56,052,427
		-----	-----
		158,758,036	156,052,427
<b>DEPOSITS OF FIXED MATURITIES</b>	5	21,210,773	28,655,106
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Deposits of fixed maturities	5	682,262,312	761,113,498
Accrued expenses and other liabilities	6	20,380,496	27,133,374
Running finance under mark-up arrangements	7	45,010,640	38,487,228
Taxation	8	31,119,000	11,740,000
		-----	-----
		778,772,448	838,474,100
<b>CONTINGENT LIABILITIES AND COMMITMENTS</b>	9		





CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(1,222,481)	(2,627,850)
Proceeds from sale of fixed assets	6,695,986	10,000
	-----	-----
Net increase in balances with banks and in hand	5,473,505	(2,617,850)
	-----	-----
	74,655,943	18,823,980
	=====	=====
Balances with banks and in hand at beginning of the year	193,940,183	175,116,203
Balances with banks and in hand at end of the year	268,596,126	193,940,183
	-----	-----
Net increase in balances with banks and in hand	74,655,943	18,823,980
	=====	=====

**Notes to the Accounts**

For the Eighteen Months Ended June 30, 1996

**1. STATUS AND NATLIRE OF BUSINESS**

Prudential Investment Bank Limited is a public limited company quoted on Stock Exchanges in Pakistan. The company has been registered as an "Investment Bank" to carry on investment finance business in accordance with the objects and functions contained in S.R.O.585(1)87 dated 13 July 1987.

**2. SUMMARY OF SIGNIFICANT ACCOLINTING POLICIES**

**2.1 Accounting convention**

These accounts have been prepared under the historical cost convention.

**2.2 Provision for contingencies**

Provision for financing against commercial papers, investments and contingencies, if any, are made annually after review of outstanding portfolio at the year end.

**2.3 Taxation**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax rebates and credits, if any.

The company accounts for deferred taxation, if any, on all major timing differences using the liability method. However, deferred tax debits are not accounted for.

**2.4 Investments**

Quoted- Trading

These are valued at lower of average cost and market value on an aggregate portfolio basis. Market value has been taken from Karachi Stock Exchange quotation sheets on last working day of the income year.

**Long Term Investments**

These are stated at cost. The carrying amount is reduced to recognize any decline other than temporary in value of these investments.

Capital gain/loss arising on sale of investments is accounted for in the year in which it arises.

**2.5 Securities under repurchase/resale agreements**

Transactions of repurchase/resale of Government Securities are entered into at contracted rates for specified period of time. The securities under repurchase obligation are deleted from investments and are reinstated upon maturity of the respective repurchase obligation. The Securities under resale obligation are recognised as investments and deleted upon resale. The differential between the initial and maturity value of the contracts is accrued and recorded under income from investments.

**2.6 Tangible fixed assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation. Depreciation on fixed assets is charged to income on a straight line basis at the rates specified in Note- 16.

A full month's depreciation is charged in the month of acquisition, while no depreciation is charged in the month of disposal.

Normal renewals, replacements, maintenance, repairs and gain or loss on disposal of fixed assets are included in income currently.

#### 2.7 Deferred costs

The expenditure incurred on public issue have been deferred and are being amortized over a period of sixty months commencing from the month in which these expenses were incurred.

#### 2.8 Revenue recognition

Income on discounted commercial paper is recognized on a time proportion basis over the life of the instruments. Where recovery is considered doubtful, income is recognized on receipt basis.

Dividend on equity investments is recognized at the time of closure of share transfer book of the company declaring dividend.

Return on treasury bills is recognised on a time proportion basis over the life of the bill.

Commission is recorded on actual receipt basis except guarantee commission received in advance which is deferred over the guarantee period.

#### 2.9 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates prevailing on the balance sheet date, except for deposits of fixed maturities (for which bank has obtained forward exchange cover) which are translated at rate applicable on the transaction dates. Gains and losses on translations are taken to income currently.

### 3. SPECIAL RESERVE

This reserve has been created to avail the benefit under the provisions of Income Tax Ordinance, 1979 subject to the approval of Central Board of Revenue.

### 4. OTHER RESERVES

	1996 Rupees	1994 Rupees
<b>STATUTORY RESERVE (NOTE 4.1)</b>		
Balance as at 1 January	12,600,000	9,310,000
Transferred during the period	542,000	3,290,000
	-----	-----
	13,142,000	12,600,000
<b>GENERAL RESERVE</b>		
Balance as at I January	35,000,000	28,000,000
Transferred during the period	-	7,000,000
	-----	-----
	35,000,000	35,000,000
	-----	-----
	48,142,000	47,600,000
	=====	=====

4.1 This reserve has been created as required under Circular No. 1 of Non-Banking Financial Institutions dated 15 December 1991.

### 5. DEPOSITS OF FIXED MATURITIE

Balance as at 30 June / 31 December	703,473,085	789,768,604
-------------------------------------	-------------	-------------

Due within one year	(682,262,312	(761,113,498)
	-----	-----
	21,210,773	28,655,106
	=====	=====
These can be reclassified as under:		
Deposits from bank	98,500,000	10,990,880
Deposits from corporate and other clients	604,973,085	778,777,724
	-----	-----
	703,473,085	789,768,604
	=====	=====

Expected rates of return payable on these deposits range from approximately 6.0625 To per annum to 17% per annum. These deposits include cash management deposits of Rs.139.103 million (1994: Rs. 196.425 million).

**6. ACCRUED EXPENSES AND OTHER**

<b>LIABILITIES</b>	1996	1994
	Rupees	Rupees
Due to an associated undertaking	-	500,000
Central Excise duty	1,467,566	4,184,349
Accrued return on deposits	10,076,772	12,811,840
Unearned guarantee commission	4,140,473	2,750
Unclaimed dividend	60,619	60,619
Others	4,635,066	9,573,816
	-----	-----
	20,380,496	27,133,374
	=====	=====

**7. RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS**

The company has obtained running finance facility under mark-up arrangements from Muslim Commercial Bank Limited amounting to Rs. 40 million temporarily exceeded (1994:Rs.40 million) which carries mark-up @ 54 paisas per thousand, per day and is secured against marketable securities.

**8. TAXATION**

The income tax assessments of the bank have been finalised upto assessment year 1995-95. However, appeals for the assessment years 1992-93; 1993-94, 1994-95 and 1995-96 are pending before the Commissioner of Income Tax (Appeals) against certain disallowances and assessment at the rate applicable to banking companies. The Management expect decision in their favour. Accordingly, no provision has been made against any liability that may arise.

**9. CONTINGENT LIABILITIES AND COMMITMENTS**

Contingency in respect of guarantees issued [including guarantee issued to an associated. undertaking amounting to Rs. 16.65 million (1994: Rs.32.625 million)]

208,787,331	34,895,800
=====	=====

9.2 Commitments to underwrite issue of shares

-	20,000,000
=====	=====

**9.3 Commitments for rental under**

operating lease agreements in respect of vehicles are payable as follows:

YEARS

1995	-	1,284,190
1996	42,280	42,280
	-----	-----
	42,280	1,326,470
	=====	=====

**10. BALANCES WITH BANKS AND IN HAND**

1996	1994
------	------

	Rupees	Rupees
Cash with banks:		
- On profit and loss accounts	-	2,658,626
- On current accounts	128,696,600	4,178,674
- On deposit accounts	58,905,398	602,695
- Placement with banks / non banking financial institutions	80,745,191	186,500,000
	-----	-----
	268,347,189	193,939,995
	248,937	188
	-----	-----
Cash in hand	268,596,126	193,940,183
	=====	=====

**11. TRADING INVESTMENTS**

Govt. Securities-Treasury bills	-	66,183,540
-Federal Investment Bonds	-	61,000,000
Quoted shares (11.1)	35,387,328	58,807,607
	-----	-----
	35,387,328	185,991,147
	=====	=====

**11.1 Investment in quoted shares**

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

No. of shares/Certificate 1996	Name of Companies / Modarabas 1994	1996 Rupees	1994 Rupees
<b>MUTUAL FUNDS</b>			
20,400	20,400 Twenty Third ICP	204,000	204,000
24,000	-Confidence Mutual Fund Ltd.	240,000	-
<b>MODARABAS</b>			
36,400	36,400 Trust Modaraba	409,800	409,800
25,854	25,854 First Interfund Modaraba	632,618	632,618
6,500	120,000 LTV Capital Modaraba (Rs.5/-each)	48,053	1,066,738
94,050	94,050 First Pak Modaraba	570,050	570,050
52,800	48,000 First Confidence Modaraba	859,840	852,280
<b>LEASING COMPANIES</b>			
22,060	25,500 Trust Leasing Corp. Ltd.	598,430	774,775
44,300	10,000 National Development Leasing Corp. Limited (Rs. 5/-each)	1,013,355	515,500
12,500	2,500 Askari Leasing Ltd.	621,750	172,500
500	-Ghemini Leasing Co. Ltd.	24,230	-
<b>INVESTMENT COMPANIES &amp; BANK</b>			
8	42,086 Muslim Commercial Bank Ltd.	552	2,846,942
-	Pakistan Industrial Credit and Investment Corporation	-	717,356
16,999	8,750 Jahangir Siddiqui & Co. Ltd.	922,848	571,100
23,000	23,000 Bankers Equity Ltd.	973,400	973,400
-	10,000 Askari Commercial Bank Ltd.	-	635,705
30,093	10,000 Union Bank Ltd.	791,458	522,700
-	10,000 Bank Al Habib Ltd.	-	538,700
-	25,000 Fidelity Investment Bank Ltd.	-	1,341,875
16,000	30,000 Bank of Punjab	742,170	2,184,750
-	10,000 Soneri Bank Ltd.	-	571,750
11,500	10,000 Prime Commercial Bank Ltd.	456,000	456,000
66,480	10,500 Crescent Investment Bank Ltd.	2,925,560	708,750
-	5,000 Al Towfeek Investment Bank Ltd.	-	196,250
100	500 Faysal Bank Ltd.	2,470	15.00
19,500	-Al-Faysal Investment Bank Ltd.	398,900	-

14,000	-Orix Investment Bank Pakistan Ltd.	167,520	-
<b>INSURANCE</b>			
6,620	6,000 International General Ins Co. Ltd.	604,711	604,711
<b>TEXTILE SPINNING AND WEAVING</b>			
60,700	60,700 Kohinoor Spinning Mills Ltd.	2,736,285	2,736,285
470,804	470,804 Awan Textile Mills Ltd.	4,708,040	4,708,040
12,375	12,375 Brother Textile Mills Ltd.	270,555	270,555
7,833	7,833 Raza Textile Mills Ltd.	94,358	94,358
36,086	36,086 Mohib Textile Mills Ltd.	1,106,274	1,106,274
8,100	8,100 Dewan Khalid Textile Mills Ltd.	4,21,370	421,370
19,110	19,110 Umer Fabrics Ltd.	296,719	296,719
1,500	1,500 Dewan Mushtaq Textile Mills Ltd.	80,874	80,874
14,300	14,300 Elahi Spinning Mills Ltd.	186,675	186,675
19,000	19,000 Taj Textile Mills Ltd.	339,505	339,505
5,000	5,000 Kohinoor Weaving Mills Ltd.	110,650	110,650
4,000	-Gadoon Textile Mills Ltd.	159,870	-
<b>TEXTILE COMPOSITE</b>			
50,000	50,000 Zahoor Textile Mills Ltd.	2,927,050	2,927,050
22,250	22,250 Mohib Exports Ltd.	484,238	484,238
<b>SYNTHETIC AND RAYON</b>			
33,000	25,000 Pak Synthetics Ltd.	1,695,196	1,380,196
260	31,050 Dewan Salman Fibres Ltd.	33,200	4,479,520
<b>SUGAR AND ALLIED INDUSTRIES</b>			
27,076	22,176 Shakarganj Sugar Mills Ltd.	1,057,575	1,020,990
20,000	20,000 Hasib Waqas Sugar Mills Ltd.	302,200	302,200
65,500	65,500 Al Abbas Sugar Mills Ltd.	694,625	694,625
6,000	5,000 Ansari Sugar Mills Ltd.	76,450	75,650
10,000	10,000 Tandlianwala Sugar Mills Ltd.	92,900	92,900
<b>CEMENT</b>			
243	8,243 Pioneer Cement Ltd.	2,430	82,430
36,050	20,500 D.G. Khan Cement Company Ltd.	1,644,200	1,221,775
28,500	12,000 Cherat Cement Company Ltd.	1,337,375	1,230,575
11,000	11,000 Fecto Cement Industries Ltd.	638,375	638,375
-	151,000 Maple Leaf Cement Factory Ltd.	-	8,566,515
51,000	-Lucky Cement Ltd.	875,330	-
<b>FUEL AND ENERGY</b>			
415,488	81,040 Sui Northern Gas Pipelines Ltd.	11,862,680	2,711,598
6,343	98,460 Sui Southern Gas Company Ltd.	195,676	4,748,986
690	1,300 Pakistan State Oil Company Ltd.	145,010	355,160
-	500 Hub Power Co. Ltd.	-	6,630
32,000	-Japan Power Co. Ltd.	355,200	-
<b>CHEMICALS &amp; PHARMACEUTICAL</b>			
1,580	-ICI Pakistan Ltd.	111,229	-
-	20,000 Fauji Fertilizer Company Ltd.	-	2,089,508
2,880	-Engro Chemicals Ltd.	406,316	-
99,000	-FFC Jordan Fertilizer Co. Ltd.	1,566,994	-
<b>AUTO &amp; ALLIED ENGINEERING</b>			
7,000	7,000 Indus Motor Company Ltd.	336,970	336,970
19,500	19,500 Ghandhara Nissan Ltd.	667,900	667,900
3,625	3,125 Baluchistan Wheels Ltd.	170,250	159,150
5,000	5,000 Pak Suzuki Motor Company Ltd.	303,300	302,500
<b>FOOD AND ALLIED</b>			
13,775	13,775 Rafhan Maize Products Company Ltd.	1,703,621	1,703,621
7,761	5,544 Brooke Bond (Pakistan) Ltd.	577,339	577,339
<b>TRANSPORT &amp; COMMUNICATION</b>			

5,866	5,775	Pakistan International Airlines Corp.	103,950	103,950
<b>TOBACCO</b>				
5,000		-Pakistan Tobacco Co. Ltd.	184,750	-
			-----	-----
			54,271,219	65,394,906
		Less: Provision for diminution in the value of quoted investments	18,883,891	6,587,298
			-----	-----
			35,387,328	58,807,607
<b>12. ADVANCES, PRE-PAYMENTS AND OTHER RECEIVABLES</b>				
			1996	1994
			Rupees	Rupees
Advances:				
- For expenses			1,159,110	116,379
- Income tax			20,325,062	15,495,342
			-----	-----
			21,484,172	15,611,721
Prepayments			5,225,857	8,671,574
Profit accrued on:				
- Investments			291,652	4,425,903
- Deposit accounts			4,493,524	329,821
- Commercial papers, etc.			31,404,372	74,733,036
			36,189,548	79,488,760
Underwriting and guarantee commission			-	750,000
Accounts receivable- Central Excise duty			916,402	4,182,549
Due from associated undertakings	(12.1)		3,365,080	-
Due from stock broker against sale of investment			-	6,218,540
Others			117,148	4,691,618
			-----	-----
			67,298,207	119,614,762
			=====	=====
12.1 The maximum aggregate balance due from associated undertakings at the end of any month during the period was Rs. 13.367 million (1994:Rs.2.560 million).				
<b>13. DEFERRED COSTS</b>				
Preliminary expenses			823,535	823,535
Commission on issue of shares			1,000,000	1,000,000
Expenses to the issue			2,663,556	2,663,556
			-----	-----
			4,487,091	4,487,091
Less: Amortised to date			4,487,091	3,646,010
			-----	-----
			-	841,081
			=====	=====
<b>14. LONG TERM LOANS AND ADVANCES - CONSIDERED GOOD</b>				
Advance to an associated company against equity			-	6,407,309
Loans due from employees	(14.1)		1,995,123	2,630,850
Less: Receivable within one year			701,970	810,239
			-----	-----
			1,293,153	1,820,611
			-----	-----
			1,293,153	8,227,920
			=====	=====
Outstanding for period:				
Exceeding three years			-	560,611
Less than three years			1,293,153	1,260,000
			-----	-----
			1,293,153	1,820,611
			=====	=====

14.1 This includes house building advance given to working director as per terms of employment and is recoverable in monthly instalments.

The maximum aggregate amount due from working director at the end of any month during the year was Rs.2.29 million (1994:Rs.2.64 million)

**15. LONG TERM INVESTMENTS**

	1996 Rupees	1994 Rupees
Certificates - Quoted		
First Equity Modaraba [73,825 (1994: 72,280) certificates of Rs. 10/-each; Market value Rs.276,844]	482,734	482,734
Shares - Quoted		
Lease Pak Limited [1,500 (1994: 5,000) shares of Rs. 10/- each; Market value Rs.6,225]	15,013	50,083
Paramount Leasing Limited [500,000 (1994 : 500,000) shares of Rs.10/- each; Market value Rs.3,500,000]	5,000,000	5,000,000
Pakistan Industrial Credit & Investment Corporation ([26,173 shares of Rs. 10/- each; Market value Rs.682,491)	366,638	-
Fidelity Investment Bank Limited (35,500 share of Rs. 10/- each; Market value Rs.239,625)	576,875	-
Ibrahim Fibres Limited [150,000 (1994: 150,000) shares of Rs. 10/- each; Market value Rs.975,000]	2,640,000	2,640,000
Kohinoor Genertech Limited [50,000 (1994: 50,000) shares of Rs.10/- each; Market value Rs.475,000]	1,250,000	1,250,000
Sui Northern Gas Pipe Lines Ltd. [ NIL (1994: 405,200) shares of Rs.10/- each. ]	-	13,557,182
Dadabhoy Cement Ltd [51,000 (1994 : 50,000) shares of Rs. 10/- each; Market value Rs.420,750]	2,951,590	2,915,390
Maple Leaf Cement Limited (41,625 shares of Rs.10/- each; Market value Rs.920,312)	1,082,250	-
PTC Vouchers [ NIL (1994: 65,000) vouchers of Rs. 30/- each.]	-	3,008,025
Maple Leaf Electric Limited [50,000 (1994: 50,000) shares of Rs.10/- each; Market value Rs.462,500/-]	1,448,093	1,448,093
Prudential Commercial Bank Limited, an associated undertaking (1,742,000 shares of Rs. 10/- each; Market value Rs. 13,936,000)	17,541,002 - -----	-----
	33,354,195	30,351,507
Shares- Unquoted		
Prudential Securities Limited		

990,000 shares of Rs. 10/-each. 9,900,000 -  
 (Chief Executive: Mr. Muhammad Tahir Siddiqui)  
 Percentage holding 19.8 %. The first accounts of the company have not yet been prepared.

**Government Securities**

Federal Investment Bonds  
 [ NIL (1994:200,000 scrips of Rs. 100/-each) - 20,000,000

**WAPDA Bearer Bonds**

[45 scrips (1994: 45) scrips of (15.1) 4,500,000 4,500,000  
 Rs. 100,000/- each.]  
 -----  
47,754,195 54,851,507  
 =====

15.1 These are ten years bonds maturing in 2000 which carry a rate of profit @ 12.5 % per annum receivable biannually.

15.2 The market value of quoted investment at 30 June 1996 amounted to Rs.21,894,797  
 However, the carrying value has not been adjusted as in opinion of Directors the decline is temporary.

**16. TANGIBLE FIXED ASSETS - (At cost less accumulated depreciation)**

	COST		As at 30 June 1996	RATE %	As at 01 January 1995	DEPRECIATION		As at 30 June 1996	BOOK VALUE
	As at 01 January 1995	Additions/ (Disposals)				For the Year	On (Disposals)		As at 30 June 1996
Furniture and Fixtures	3,513,719	690,926 (2,641,849)	1,562,796	10 & 20	894,965	302,985	(638,307)	608,205	954.59
Equipment	3,873,353	465,085 (2,590,247)	1,748,191	10& 20	1,250,776	219,076	(816,491)	653,361	1,094,830
Vehicles	1,314,760	66,470 (1,377,870)	3,360	10 & 20	81.84	70.48	(150.291)	2.03	1,329
Improvement to lease premises	1,258,917	(1,056,991)	201,926	20	644,500	60,578	(549,979)	106,537	95,389
	RUPEES	9,960,749	1,222,481 (7,666,957)	3,516,273	2,872,082	653,120	(2,155,068)	1,370,134	2,146,139
	1994 RUPEES	7,345,549	2,627,850 (12,650)	9,960,749	1,610,613	1,265,566	(4,097)	2,872.08	7,088,667
		=====	=====	=====	=====	=====	=====	=====	=====

**16.1 Details of assets sold during the year are as follows:**

Particulars	Cost	Accumulated depreciation	Written down value
Furniture & Fixture	2,641,849	638,307	2,003,542
Equipment	2,590,247	816,491	1,773,756
Vehicles	1,377,870	150,291	1,227,579
Improvement to leased premises	1,056,991	549,979	507,012
		-----	
Total written down value			5,511,889
			-----
Less: Sale proceeds			6,695,986
			-----
Gain on sale of assets			1,184,097
			=====

These assets were sold to M/s. Nadeem Iqbal Associates through negotiations.

**17. INCOME FROM INVESTMENTS**

	18 months ended 30 June 1996	Year ended 31 December 1994
	Rupees	Rupees
Capital (loss)/gain on sale of shares	(5,440,472)	21,688,403

Return on Government Securities	56,068,945	22,128,334
Dividend income	1,300,692	1,518,881
	-----	-----
	51,929,165	45,335,618
	=====	=====
<b>18. FEE AND COMMISSION</b>		
On underwriting of shares	420,640	100,000
On guarantees issued	2,841,153	528,051
Others	675,188	2,825,628
	3,936,981	3,453,679
<b>19. OTHER INCOME</b>		
Consultancy and commission	1,051,247	-
Gain on sale of fixed assets	1,184,097	1,447
Interest due from associated undertaking	2,005,830	-
Others	1,832,498	681,911
	-----	-----
	6,073,672	683,358
	=====	=====
<b>20. FINANCIAL CHARGES</b>		
Mark-up on running finance	11,418,999	1,841,846
Mark-up on borrowing	2,300,000	
Bank charges and others	1,065,243	828,268
Mark-up on repo transactions	26,108,258	11,604,318
	-----	-----
	40,892,500	14,274,432
	=====	=====
<b>21. ADMINISTRATIVE AND OTHER OPERATING EXPENSES</b>		
Directors' fee	4,000	5,500
Salaries, wages and other benefits	12,885,087	9,393,716
Rent, rates and taxes	2,540,494	3,069,687
Rentals of leased vehicles	1,673,215	2,755,371
Stationery and supplies	387,832	532,875
Telephone, telegram and postage	1,148,042	1,579,253
Advertisement	35,571	407,030
Travelling and conveyance	1,097,318	1,434,967
Insurance	299,385	160,784
Repairs and maintenance	1,141,847	2,342,338
Legal and professional	3,704	306,502
Deferred costs amortised	841,081	897,420
Auditors' remuneration (21.1)	262,855	47,655
Depreciation	653,120	1,265,566
Fees and subscription	1,588,054	1,372,131
Entertainment	207,052	369,641
Gas & Electricity	407,100	713,037
Donation (21.2)	17,980	6,883
Miscellaneous	877,867	153,352
	-----	-----
	26,071,604	26,813,708
	=====	=====
	18 months	Year ended
	ended 30 June	31 December
	1996	1994
	Rupees	Rupees
<b>21.1 Auditors' Remuneration</b>		
Audit fee	100,000	40,000
Other services	156,900	-
Out of pocket expenses	5,955	7,655
	-----	-----
	262,855	47,655

21.2 The recipients do not include any donee in whom directors or their spouses have any interest.

## 22. REMUNERATION OF CHIEF EXECUTIVE

**AND OTHER EXECUTIVES**

	CHIEF EXECUTIVE		EXECUTIVES	
	1996	1994	1996	1994
	RUPEES			
Managerial remuneration	2,203,632	909,096	765,288	2,585,492
Housing	66,500	420,000	344,376	1,163,484
U till ties	18,364	90,900	76,536	258,571
Reimbursement	-	-	-	259,933
Others	360,000	-	184,000	133,341
	-----	-----	-----	-----
	2,648,496	1,419,996	1,370,200	4,400,821
	=====	=====	=====	=====
Number of persons	1	1	4	14
	=====	=====	=====	=====

During the year Mr. Rashidullah Yacoob was replaced by Mr. Humayun Sadiq as Chief Executive of the Bank.

In additions, the Chief Executive is provided with company maintained car and free telephone.

Certain executives are also provided with free use of company cars.

**23. TRANSACTIONS WITH ASSOCIATED****UNDERTAKINGS**

The aggregate amounts of transactions with associated undertakings during the year were:

	(Rupees in Million)	
	1996	1994
Guarantee issued on behalf of an associated undertaking	38.852	32.625
Commission earned on guarantee issue	0.060	0.013
Expenses incurred	15.628	2.560
Consultancy and Commission earned	0.995	-
Interest accrued	1.475	-

**24. GENERAL**

24.1 Figures have been rounded off to the nearest rupee.

24.2 Previous year's figures have been re-arranged, wherever necessary, for the purpose of comparison.

**Pattern of Share Holdings as at 30 June 1996**

NUMBER OF SHARES	HOLDERS	S H A R E H O L D I N G S		
160	1	-	100	16,000
511	101	-	500	202,000
85	501	-	1000	77,100
65	1001	-	5000	190,300
27	5001	-	10000	250,800
10	10001	-	15000	131,500
12	15001	-	20000	232,800
22	20001	-	25000	532,100
9	25001	-	30000	254,200
4	30001	-	35000	132,500
1	40001	-	45000	40,700
9	45001	-	50000	446,200
4	50001	-	55000	220,000
3	55001	-	60000	177,000
2	60001	-	65000	129,000
1	70001	-	75000	73,000
1	75001	-	80000	80,000
1	80001	-	85000	83,000
2	85001	-	90000	174,100

11	95001	-	100000	1,097,400
1	100001	-	105000	100,700
7	115001	-	120000	830,000
1	120001	-	125000	122,800
2	125001	-	130000	258,500
1	135001	-	140000	140,000
1	140001	-	145000	141,100
1	145001	-	150000	150,000
2	150001	-	155000	302,600
1	170001	-	175000	175,000
1	195001	-	200000	200,000
1	205001	-	210000	210,000
2	220001	-	225000	443,300
1	240001	-	245000	244,800
1	405001	-	410000	410,000
1	445001	-	450000	445,300
1	495001	-	500000	499,100
1	785001	-	790000	787,100
-----				-----
966				10,000,000
=====				=====

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAG
INDIVIDUALS	950	7,820,200	78.20
INVESTMENT COMPANIES	2	17,400	0.17
INSURANCE COMPANIES	1	11,500	0.12
JOINT-STOCK COMPANIES	5	854,800	8.55
FINANCIAL INSTITUTIONS	1	787,100	7.87
MODARABA COMPANIES	7	509,000	5.09
OTHER (TO BE SPECIFIED)	-	-	-
-----			
	966	10,000,000	100.00
=====			

**List of Branches**

**1. Quetta**

Firdausi Building,  
Jinnah Road,  
Tel No.: 081 111-22-3000, 824061  
Fax No.: 081-62369

**2. Karachi**

Prudential House,  
Hasan Ali Street Off:  
I.I. Chundrigar Road,  
Tel No.: 021-111-22-3000  
021-2628833-40  
Fax No.: 021-2630875

**3. Lahore**

Al Malik Building  
Davis Road,  
Tel No.: 042-6308063  
Fax No.: 042-6279272

**4. Islamabad**

1st Floor, Bilal Plaza,  
89, Blue Area, Jinnah Avenue  
Tel No.: 051-824226  
Fax No.: 051-824226

**5. Peshawar**

Bilour Plaza, Saddar,  
Tel No.: 0521-111-22-3000, 276937-38  
Fax No.: 0521-278122

**6. Mardan**

Opposite G.P.O. The Mall Road,  
Tel No.: 0531-65568, 65586  
Fax No.: 0531-65569

**7. Faisalabad**

Regency Shopping Arcade,  
The Mall Road,  
Tel No.: 0411-619973  
Fax No.: 0411-619984

**8. Gawadar**

Gawadar Medical Centre  
Airport Road,  
Tel No.: 0204-2764

**9. Hub**

Brohi Baluch Market

Hub Chowki  
Tel No. : 0202-33328



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