

## ADVICE FOR INVESTORS

THE INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO READ THE CONTENTS OF THIS PROSPECTUS, CAREFULLY ESPECIALLY THE RISK FACTORS HIGHLIGHTED IN PARA 4.5, BEFORE MAKING ANY INVESTMENT DECISION

FICTITIOUS AND MULTIPLE (I.E. MORE THAN ONE APPLICATION BY A SINGLE APPLICANT) APPLICATIONS ARE PROHIBITED AND SUCH APPLICATIONS' MONEY SHALL BE LIABLE TO CONFISCATION UNDER SECTION 18-A OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969



# **INVEST AND FINANCE SECURITIES LIMITED**

(Incorporated in Pakistan under the Companies Ordinance, 1984)

## PROSPECTUS

For Issue of 12,000,000 Ordinary Shares at Par Value of Rs 10/- Per Share to the General Public out of a total capital of Rs. 600.496 Million divided into 60,049,600 Ordinary Shares of Rs. 10/- each.

### Subscription Dates

From February 11, 2008 to February 12, 2008

(both days inclusive)

**During Banking Hours**

### Financial Advisor and Arranger



**Allied Bank Limited**

### Underwritten By

Allied Bank Limited  
Saudi Pak Leasing Company Limited  
First Dawood Investment Bank Limited

### **DATE OF PUBLICATION OF PROSPECTUS**

**January 31, 2008**



**GLOSSARY OF TECHNICAL TERMS**

CDC	The Central Depository Company of Pakistan Limited
CDA	Central Depositories Act, 1997
CDS	Central Depository System
The Ordinance	The Companies Ordinance, 1984
ITO	Income Tax Ordinance, 2001
CNIC	Computerized National Identity Card
"SECP" or "the Commission"	The Securities and Exchange Commission of Pakistan
"IFSL" or "the Company"	Invest and Finance Securities Limited
CVT	Capital Value Tax
WHT	Withholding Tax
GoP	Government of Pakistan
IPO	Initial Public Offering
"KSE" or "the Stock Exchange"	Karachi Stock Exchange (Guarantee) Limited
PKR	Pakistani Rupee



**TABLE OF CONTENTS**

<b>1</b>	<b>APPROVALS AND LISTING ON THE STOCK EXCHANGE .....</b>	<b>1</b>
<b>2</b>	<b>SHARE CAPITAL AND RELATED MATTERS.....</b>	<b>2</b>
<b>3</b>	<b>UNDERWRITING, COMMISSION, BROKERAGE AND OTHER EXPENSES .....</b>	<b>8</b>
<b>4</b>	<b>HISTORY AND PROSPECTS .....</b>	<b>10</b>
<b>5</b>	<b>FINANCIAL INFORMATION.....</b>	<b>13</b>
<b>6</b>	<b>MANAGEMENT AND RELATED MATTERS .....</b>	<b>18</b>
<b>7</b>	<b>MISCELLANEOUS.....</b>	<b>22</b>
<b>8</b>	<b>APPLICATION AND ALLOTMENT INSTRUCTIONS .....</b>	<b>24</b>
<b>9</b>	<b>SIGNATORIES TO THE PROSPECTUS.....</b>	<b>28</b>
<b>10</b>	<b>MEMORANDUM OF ASSOCIATION .....</b>	<b>29</b>
<b>11</b>	<b>APPLICATION FORM</b>	

---



## PART - I

### 1 APPROVALS AND LISTING ON THE STOCK EXCHANGE

#### 1.1 APPROVAL OF THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Approval of the Securities and Exchange Commission of Pakistan ("SECP" or "the Commission") as required under Section 57(1) of the Companies Ordinance, 1984 ("the Ordinance") has been obtained by Invest and Finance Securities Limited ("the Company" or "IFSL") for the issuance, circulation and publication of this Prospectus.

**It must be distinctly understood that in giving this approval, the Commission does not take any responsibility for the financial soundness of any scheme stated herein or for the correctness of any of the statements made or opinions expressed with regard to them.**

**The Commission has not evaluated the quality of the issue, and its approval of the prospectus should not be construed as any commitment of the same. The public/investors should conduct their own independent investigation and analysis regarding the quality of the issue before subscribing.**

#### 1.2 CLEARANCE OF THE PROSPECTUS BY THE STOCK EXCHANGE

The Prospectus of the Company has been cleared by the Karachi Stock Exchange (Guarantee) Limited ("KSE" or "the Stock Exchange") in accordance with the requirements under its Listing Regulations. **While clearing this Prospectus, KSE neither guarantees the correctness of the contents of the Prospectus nor the viability of the Company.**

**The KSE has not evaluated the quality of the issue and its clearance of the prospectus should not be construed as any commitment of the same. The public/investors should conduct their own independent investigation and analysis regarding the quality of the offer before subscribing.**

#### 1.3 FILING OF THE PROSPECTUS AND OTHER DOCUMENTS WITH THE REGISTRAR OF COMPANIES

The Company has delivered to the Registrar of Companies, Company Registration Office, Karachi as required under Section 57(3) and 57(4) of the Companies Ordinance, 1984, a copy of this Prospectus signed by all the Directors of the Company together with the following documents attached thereto:

- a. Letter dated November 14, 2007 from Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, consenting to the issue of the Prospectus, which contains in its Part V certain statements and reports issued by them as auditors of the Company (which consent has not been withdrawn), as required under Section 57(5) of the Companies Ordinance, 1984.
- b. Copies of material contracts and agreements mentioned in Part VII of this Prospectus as required under Section 57(4) of the Companies Ordinance, 1984.
- c. Written confirmations of the Auditors, Legal Advisor and Bankers to the Issue, mentioned in this Prospectus consenting to act in their respective capacities, as required under Section 57(5) of the Companies Ordinance, 1984.
- d. Consent of Directors and Chief Executive of the Company to their respective appointments being made and their having been named or described as such Directors and Chief Executive in the Prospectus, as required under Section 57(3) of the Companies Ordinance, 1984 read with sub clause (1) of clause (4) of section 1 of part 1 of the Second Schedule to the Companies Ordinance, 1984.

#### 1.4 LISTING ON THE KARACHI STOCK EXCHANGE

Application has been made to KSE for permission to deal in and for quotation of shares of the Company.

The Company undertakes that if for any reason the application for formal listing is not accepted by the KSE, a notice to that effect will immediately be published in the press, and thereafter to refund subscription money to the applicants in pursuance of this Prospectus, as required under the provisions of Section 72 of the Companies Ordinance, 1984.



## PART - II

### 2 SHARE CAPITAL AND RELATED MATTERS

#### 2.1 SHARE CAPITAL

	No. of Ordinary Shares	Total (Pak Rupees)
<b>AUTHORIZED</b>		
Ordinary Shares of Rs 10/- each	100,000,000	1,000,000,000
<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
<b>DIRECTORS &amp; SPONSORS</b>		
Mr. Muhammad Sohail Dayala	11,996,000	119,960,000
Mrs. Halima Dayala	26,388,800	263,888,000
Mr. Javed Yousuf Ahmedjee	800	8,000
Mr. Bashir Ahmad Khanani	1,000	10,000
Syed Rashid Ali	1,000	10,000
Mr. Muhammad Amjad Nazir	1,000	10,000
Mr. Arsalan Aftab	1,000	10,000
Mr. Aryn Nasiruddin	2,500,000	25,000,000
Mrs. Ambreen Aryn	2,500,000	25,000,000
Mr. Ibrahim Ali Qureshi	4,660,000	46,600,000
<b>SUB- TOTAL</b>	<b>48,049,600</b>	<b>480,496,000</b>
<b>PRESENT ISSUE</b>		
Now offered 12 million ordinary shares of Rs. 10/- each at par:		
<b>Employees of the Company</b>	600,000	6,000,000
<b>General Public</b>		
Resident Pakistani Investors	9,120,000	91,200,000
Non-Resident Pakistani Investors	2,280,000	22,800,000
<b>TOTAL INITIAL PUBLIC OFFERING</b>	<b>12,000,000</b>	<b>120,000,000</b>
<b>GRAND TOTAL</b>	<b>60,049,600</b>	<b>600,496,000</b>

#### Notes:

- As per Para 3(II)(v) of the Companies (Issue of Capital) Rules, 1996, the sponsors shall, retain at least twenty five per cent (25%) of the capital of the Company for a period of five years from the date of public subscription.
- As per the Listing Regulation No. 6(A)(7)(i) of KSE, Sponsors' shareholding in excess of 25% shall not be saleable for a period of six months from the date of public subscription.
- As per Listing Regulation 6(A)(7)(ii) of KSE, shares subscribed by the employees of the Company shall not be saleable for a period of 6 months from the date of public subscription.
- In case of over/under subscription of shares by resident and/or non-resident Pakistani investors and/or employees of the Company, the investors of oversubscribed category will be allocated shares from the under subscribed category, provided that in case of employees of the Company and non-resident Pakistani investors the total number of shares allocated shall not exceed 600,000 and 2,280,000 respectively.
- The Commission vide letter dated January 15, 2008 has relaxed the requirements of regulation No. 6A(2) of the Listing Regulations of KSE enabling the Company to allocate 12 million shares (20% of its enhanced capital) to the general public instead of the minimum requirement of 25 million shares. This relaxation is, however, subject to the condition that the Company shall enhance free float to Rs. 250 million by June 30, 2010 by way of public offer of new shares, by way of disinvestment by the existing sponsor(s), by way of issuance of right/bonus shares or by way of any combination thereof.



## 2.2 OPENING AND CLOSING OF THE SUBSCRIPTION LIST

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON FEBRUARY 11, 2008 AND WILL CLOSE ON FEBRUARY 12, 2008 AT THE CLOSE OF BANKING HOURS.

## 2.3 INVESTOR ELIGIBILITY

The following categories of investors are eligible to subscribe the shares offered to the general public.

**Pakistani Investor** includes Pakistani citizens resident in Pakistan, Companies, bodies corporate or other legal entities incorporated or established in Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be); Provident/pension/gratuity funds/trusts (subject to the terms of their Trust Deed and existing regulations).

**Non Resident Pakistani Investor** includes Pakistani citizen resident outside Pakistan; and Persons holding two nationalities including Pakistani nationality.

## 2.4 FACILITIES AVAILABLE TO NON-RESIDENT PAKISTANI INVESTORS

Non Resident Pakistani Investors may subscribe through the following modes:

- a. Approval from the regulatory authority in United Arab Emirates ("UAE") has been obtained and non-resident Pakistani investors resident in UAE may subscribe through Habib Bank Limited ("HBL") in UAE.
- b. Non-resident Pakistani investors may subscribe using their Special Convertible Rupee Accounts ("SCRA"), as set out under Chapter 20 of the Foreign Exchange Manual of the State Bank of Pakistan.

## 2.5 MINIMUM AMOUNT OF APPLICATION AND BASIS OF ALLOTMENT OF SHARES

The basis and conditions of allotment to the general public shall be as follows:

- a. The minimum amount of application for subscription of 500 ordinary shares is Rs. 5,000/-.
- b. Fictitious and multiple (i.e. more than one application by a single applicant) applications are prohibited and such applications' money shall be liable to confiscation under Section 18-A of the Securities and Exchange Ordinance, 1969.**
- c. Application for shares below the total value of Rs. 5,000/- shall not be entertained.
- d. Application for shares must be made for 500 shares or in multiples of 500 shares only. Applications, which are neither for 500 shares nor for multiples of 500 shares, shall be rejected.
- e. 2,280,000 shares are reserved for non-resident Pakistani Investors, who may apply for shares through applications through overseas banker to the issue.
- f. 600,000 shares are reserved for employees of the Company to which they will subscribe on the days of public subscription.
- g. In case of over/under subscription of shares by resident and/or non-resident Pakistani investors and/or employees of the Company, the investors of oversubscribed category will be allocated shares from the under subscribed category, provided that in case of employees of the Company and non-resident Pakistani investors the total number of shares allocated shall not exceed 600,000 and 2,280,000 respectively.
- h. If the shares to be issued to the general public are sufficient for the purpose, all applications shall be accommodated.
- i. If the issue is oversubscribed in terms of number of applications and amount, the shares will be allotted by conducting computer balloting in the presence of representative(s) of KSE in the following manner:



- i. If all the applications for 500 shares can be accommodated, then all such applications shall be accommodated first. If all applications for 500 shares can not be accommodated, then balloting will be conducted among applications for 500 shares only.
- ii. If all applications for 500 shares have been accommodated and shares are still available for allotment, then all applications for 1,000 shares shall be accommodated. If all applications for 1,000 shares can not be accommodated, then balloting will be conducted among applications for 1,000 shares only.
- iii. If all the applications for 500 shares and 1,000 shares have been accommodated and shares are still available for allotment, then all applications for 1,500 shares shall be accommodated. If all applications for 1,500 shares cannot be accommodated, then balloting will be conducted among applications for 1,500 shares only.
- iv. If all applications for 500, 1,000 and 1,500 shares have been accommodated and shares are still available for allotment, then all applications for 2,000 shares shall be accommodated. If all applications for 2,000 shares cannot be accommodated, then balloting will be conducted among applications for 2,000 shares only.
- v. After the allotment in the above mentioned manner, the balance shares, if any, shall be allotted in the following manner:
  - A. If the remaining shares are sufficient to accommodate each application for over 2,000 shares, then 2,000 shares shall be allotted to each applicant and the remaining shares shall be allotted on a pro-rata basis.
  - B. If the remaining shares are not sufficient to accommodate all the remaining applications for at least 2,000 shares then balloting shall be conducted for allocation of 2,000 shares to the successful applicants.
- j. If the issue is oversubscribed in terms of amount only, then the allotment of shares shall be made on the following basis:
  - I. First preference will be given to the applicants who applied for 500 shares;
  - II. Next preference will be given to the applicants who applied for 1,000 shares;
  - III. Next preference will be given to the applicants who applied for 1,500 shares; and then;
  - IV. Next preference will be given to the applicants who applied for 2,000 shares.

After allotment of the above, the balance shares, if any, shall be allotted on a pro-rata basis to the applicants who applied for more than 2,000 shares.
- k. Allotment of shares will be subject to scrutiny of applications for subscription.
- l. Applications, which do not meet the above requirements, or applications which are incomplete, will be rejected.

## 2.6 REFUND OF SUBSCRIPTION MONEY TO UNSUCCESSFUL APPLICANTS

The Company shall take a decision within ten (10) days of the closure of the subscription list, as to which applications have been accepted or are successful and refund the money in cases of unaccepted or unsuccessful applications within ten (10) days of such decision as required under Section 71 of the Companies Ordinance, 1984.

As per Sub-Section (2) of Section 71 of the said Ordinance, if the refund as required under the Sub Section (1) of Section 71 of the Ordinance is not made within the time specified therein, the Directors of the Company shall be jointly and severally liable to repay the money with surcharge at the rate of one and a half percent, for every month or part thereof from the expiration of the 15th day and, in addition, to a fine not exceeding Rs. 5,000/- and in the case of continuing offence to a further fine not exceeding Rs. 100/- for every day after the said 15th day on which the default continues.

Provided that a Director shall not be liable if he proves that the default in making the refund was not due to any misconduct or negligence on his part.



## 2.7 MINIMUM SUBSCRIPTION FOR ALLOTMENT

The minimum subscription on which the Directors will proceed to allot shares is the full amount of the present issue of Rs. 120,000,000 (Rupees One Hundred Twenty Million) which has also been underwritten in full.

## 2.8 ISSUE AND DISPATCH OF SHARE CERTIFICATES

The Company will dispatch share certificates to the successful applicants through their Bankers to the Issue or credit to the respective Central Depository System ("CDS") accounts of the successful applicants based on the option exercised by the applicants within thirty (30) days from the date of closing of public subscription as per listing regulations of the KSE.

Shares will be issued either in scrip less form in the CDS or in the shape of physical scrips on the basis of option exercised by the successful applicants. Shares in the physical scrips shall be dispatched to the Bankers to the Issue, whereas, scrip less shares shall be credited through book entries in the respective CDS accounts maintained with the Central Depository Company of Pakistan Limited ("CDC").

The applicants who opt for issuance of shares in scrip less form in the CDS should fill in the relevant columns of the application form. In order to exercise the scrip less option, the applicant should also have a CDS account at the time of subscription.

If the Company makes a default in complying with the requirements of Listing Regulations, it shall pay to the Stock Exchange a penalty of Rs. 500/- per day during which the default continues. The Stock Exchange may also notify the fact of such default and the name of the Company by notice and also by publication in its ready-board quotation.

## 2.9 TRANSFER OF SHARES

### Physical Scrips:

The Directors of the Company shall not refuse to transfer any fully paid share unless the transfer deed for any reason is defective or invalid under Section 77 of the Companies Ordinance, 1984, provided that the Company shall within 30 days from the date on which the instrument of transfer was lodged with it, notify the defect or invalidity to the transferee who shall, after the removal of such defect or invalidity be entitled to re-lodge transfer deed with the Company.

### Transfer under Book Entry System:

The shares maintained with the CDS in the book entry form shall be transferred in accordance with the provisions of the Central Depositories Act, 1997 and the Central Depository Company of Pakistan Limited Regulations.

## 2.10 SHARES ISSUED DURING PRECEDING YEARS

The following are the details of shares issued by the Company in preceding years:

No. of Shares issued	Par Value/Share (Rupees)	Premium/Share (Rupees)	Consideration	Date of Issue
3,000	10	-	Cash (Initial Subscription)	27-09-1999
1,000,100	10	-	Cash	23-10-1999
1,000,000	10	-	Cash	15-07-2003
1,000,000	10	-	Cash	25-05-2004
9,009,300	10	-	Bonus	31-01-2006
12,012,400	10	5.21	Cash	17-03-2006
24,024,800	10	-	Bonus	01-10-2007
<b>48,049,600</b>	<b>Total</b>			

Other than the above-mentioned shares, there has been no other issue of shares during the preceding years. No shares have been issued or agreed to be issued for consideration other than cash.





## 2.11 PRINCIPAL PURPOSE OF THE ISSUE

The principal purpose of the issue is to meet working capital requirements of the Company and future expansion. Out of Rs. 120 million, the Company intends to allocate Rs. 80-100 million towards expansion phase and Rs. 20-30 million to meet the working capital requirements (to bridge the gap between the debtors and creditors). Further the management has decided to list the shares of the Company on the Stock Exchange to broaden the investor base and to invite general public to participate in the profits of the Company by providing them with an avenue of investment in the Company.

## 2.12 INTEREST OF SHAREHOLDERS

None of the holders of the issued shares of the Company have any special or other interest in the property or profits of the Company other than as holders of the Ordinary Shares in the capital of the Company.

## 2.13 DIVIDEND POLICY

The rights in respect of capital and dividends attached to each share would be the same. The Company in general meeting may declare dividends but no dividends shall exceed the amount recommended by the Directors.

The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividends shall be paid otherwise than out of profits of the Company for the year or any other undistributed profits. No unpaid dividends shall bear interest or mark-up against the Company.

The dividend shall be paid within the period laid down in the Companies Ordinance, 1984.

## 2.14 ELIGIBILITY FOR DIVIDEND

The Company in this matter will follow the provisions of Section 92(2) of the Companies Ordinance, 1984, which reads as under:

**"The new shares issued by a company shall rank pari-passu with the existing shares of the class to which the new shares belong in all matters, including the right to such bonus or right issue and dividend as may be declared by the Company subsequent to the date of issue of such new shares."**

## 2.15 DEDUCTION OF ZAKAT

Income distributed will be subject to deduction of Zakat at source pursuant to the provisions of Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

## 2.16 WITHHOLDING TAX ON DIVIDENDS

Profit distribution to the shareholders will be subject to withholding tax at source under Section 150 of the Income Tax Ordinance, 2001 at the rate of 10% as specified in Part I, Division III of the First Schedule to the said Ordinance. In terms of the provisions of Section 8 of the said Ordinance, said deduction at source, shall be deemed to be full and final liability in respect of such profits except in case of a company.

## 2.17 EXEMPTION FROM CAPITAL GAINS TAX

Capital gains derived from the sale of listed securities are presently not liable to income tax, pursuant to Clause (110) of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001. This exemption is presently available up to income year ending June 30, 2008.

## 2.18 DEFERRED TAXATION

The Company accounts for the deferred tax, using the balance sheet liability method in respect of all temporary timing differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred Tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible differences, unused tax losses and tax credits can be utilized.

The Company has made no provisions for deferred taxation up till June 30, 2007.



**2.19 CAPITAL VALUE TAX ("CVT") & WITHHOLDING TAX ("WHT") ON SALE/PURCHASE OF SHARES**

Pursuant to the provisions of Section 233(A) of the Income Tax Ordinance, 2001, and Capital Value Tax (Finance Act 1989), the following charges have been made on sale/purchase agreement:

- 0.02% CVT will be charged on purchase of all shares, modaraba certificates, and instruments of redeemable capital as defined in the Ordinance.
- 0.01% WHT will be charged on sale of all shares, modaraba certificates, and instruments of redeemable capital as defined in the Ordinance.



## PART - III

### 3 UNDERWRITING, COMMISSION, BROKERAGE AND OTHER EXPENSES

#### 3.1 UNDERWRITING

The present public issue of 12,000,000 ordinary shares of the face value of Rs. 10/- each, offered at par, of the total value of Rs. 120,000,000/- has been fully underwritten as follows:

<b>Names of Underwriters</b>	<b>No. of Shares Underwritten</b>	<b>Amount (Rs.)</b>
Allied Bank Limited	9,500,000	95,000,000
Saudi Pak Leasing Company Limited	2,000,000	20,000,000
First Dawood Investment Bank Limited	500,000	5,000,000
<b>Total</b>	<b>12,000,000</b>	<b>120,000,000</b>

If, and to the extent the shares hereby offered are not subscribed and paid for in cash in full by the closing of subscription list, the underwriters shall, within fifteen days of being duly called upon by the Company to do so, subscribe and pay or procure subscribers to subscribe and pay for in cash in full for those shares not so subscribed in proportion of their underwriting commitments.

In the opinion of the Directors, the resources of the underwriters are sufficient to discharge their underwriting commitments.

#### 3.2 BUY-BACK/ RE-PURCHASE AGREEMENT

**THE UNDERWRITERS HAVE NOT ENTERED INTO ANY BUY-BACK/RE-PURCHASE AGREEMENT WITH THE SPONSORS OR ANY OTHER PERSON IN RESPECT OF THIS PUBLIC ISSUE.**

#### 3.3 UNDERWRITING COMMISSION

The underwriters have been paid underwriting commission @ 1.00% on the amount of Public Offering underwritten by them. In addition, a take up commission @ 0.50% shall be paid on the amount of shares actually subscribed by the underwriters by virtue of their respective underwriting commitments.

#### 3.4 COMMISSION TO THE BANKERS TO THE ISSUE

A commission at the rate of 0.25% of the amount collected on allotment in respect of successful applicants will be paid by the Company to the Bankers to the Issue for services to be rendered by them in connection with this Public Issue, plus out-of-pocket expenses. No commission shall be paid to the Bankers in respect of shares taken up by the underwriters by virtue of their underwriting commitments.

#### 3.5 BROKERAGE

For the Public Issue the Company will pay brokerage at the rate of 1.00% of the value of shares, actually sold through the Members of the KSE. No brokerage shall be paid to the Members in respect of shares taken up by the underwriters by virtue of their underwriting commitments.

#### 3.6 EXPENSES OF THE ISSUE

All expenses incurred in connection with the public issue of shares of the Company and the distribution of such shares including charges payable to the underwriters, balloters, brokerage to members of the Stock Exchange, commission to Bankers to the Issue, etc. shall be borne by the Company and are estimated not to exceed Rs. 6.678 million.



The details of the estimated maximum expenses for the issue are as under:

Expense Category	Rate	Amount (Rs.)
Commission to the Bankers to the Issue*	0.25%	300,000
Brokerage to the Members of the Stock Exchange*	1.00%	1,200,000
Underwriting Commission	1.00%	1,200,000
Take Up Commission *	0.50%	600,000
KSE Fees and Charges		
Initial Listing Fee		600,496
Annual Listing Fee		60,000
Service Charges		25,000
Securities & Exchange Commission of Pakistan Processing Fee		50,000
CDC Fees and Deposit		142,500
Share Registrar & Computer Balloting		600,000
Stamp Duty		300,000
Printing & Publication of Prospectus		1,000,000
Legal Advisors Fee		100,000
Contingencies		500,000
<b>Total</b>		<b><u>6,677,996</u></b>

\* Represents maximum possible expenses related to the issue.



## PART - IV

### 4 HISTORY AND PROSPECTS

#### 4.1 HISTORY

The Company was incorporated under the Companies Ordinance, 1984 on September 27, 1999 as a Private Limited Company and converted into Public Limited Company on November 27, 2006. The Company started its operations in the year 1999 immediately after incorporation. The Registered Office of the Company is situated at 12th Floor, Corporate Tower, Technocity Building, Hasrat Mohani Road, Off: I.I. Chundrigar Road, Karachi, Pakistan.

The Company is a Corporate Member of the Karachi Stock Exchange (Guarantee) Limited ("KSE") and the Lahore Stock Exchange (Guarantee) Limited and is engaged in Financial Brokerage, Corporate Finance and Equity Research. In addition to its offices at Karachi and Lahore, the Company has also established its offices at Kohat, Peshawar, Abbottabad, Faisalabad and Gujranwala.

The Company has been assigned a medium to long term entity rating of 'BBB-' (Triple B Minus) and short term rating 'A-3' (A-Three), with a 'Stable' outlook, by JCR-VIS Credit Rating Company Limited in October 2006. For updation of rating the surveillance procedure of the Credit Rating Company is in process.

#### 4.2 COMPANY OVERVIEW

##### 4.2.1 Brokerage

IFSL's brokerage operations are among the prominent ones in the industry, supported by fully integrated state of the art software to ensure timely and accurate order execution. Our sales team comprises of experienced and qualified staff maintaining high grade of professional relationship with clients to understand their investment preferences, risk tolerance and to ensure timely feedback in a cost efficient manner. IFSL clients also have the online trading and portfolio management facilities to provide 24 hour access to their accounts and portfolios.

##### 4.2.2 Equity Research

Equity research forms an integral part of IFSL. Equity research decides the stance one would take while selecting investment options. The research department of the company comprises of competent and well-recognized personnel in capital markets, conducting independent and in-depth research on economy, key sectors and companies to help institutional and retail clients in taking informed equity investment decisions and build a healthy portfolio.

##### 4.2.3 Corporate Finance

IFSL is well-equipped to handle corporate finance services to corporate sector clients, government entities and private investors. The services include Arranging and Advising on Debt and Equity Issues (including Private Placements and Public Listing), Underwriting of Equity and Debt Issues, Lease and Debt Syndications, Corporate Restructuring, Mergers and Acquisitions and Divestitures.

#### 4.3 SECTOR REVIEW

Capital markets witnessed the sixth consecutive year of robust performance in 2006-07. The KSE 100 index marked consistent upward trend from 1366.4 points in year 2000-01 to 13772.5 points in 2006-07. It translates into the CAGR of 47.0% in past six years. The market capitalization surged to US\$66.4 billion (Rs. 4.018 trillion) in year 2006-07 from just US\$10.2 billion (Rs. 595.2 billion) at the end of year 2002.

The strong performance statistics of equity markets mainly represents the achievement of average real GDP growth rate of 7.0% in past five years, the effective progress on capital markets reforms, consistency of policies across various sectors and the high liquidity flow of capital from developed world to the developing world.

Capital flows to developing world formed the key part of economic recovery in past 3 years. The developing world received record cumulative foreign inflows of US\$571b in year 2006. The average growth of past 3 years reached 40% in year 2006. (Source: GDF 2007, World Bank)



	KSE-100 Index	KSE-100 Return	Market Capitalization (US\$ b)	Share Floatation, Listings*
FY'04	5,279.2	55.2%	24.45	11
FY'05	7,450.1	41.1%	34.24	16
FY'06	9,989.4	34.1%	46.19	18
FY'07	13,772.5	37.9%	66.41	18

\* Excluding Listings those arrived from mergers and preference shares.

#### 4.4 FUTURE PROSPECTS

IFSL is well-positioned to respond to the dynamic business environment. The company is in the process to expand and diversify its operations for generating sustainable long-term earnings growth. The company is implementing the plan to increase its branch network to geographically diversify its customer base and to create awareness among masses about capital market opportunities.

##### 4.4.1 EXPANSION PLAN

The Company plans to increase its branch network from current 6 branches to 20 branches through opening of country wide branches and provision of online trading facility to these branches. The Company further intends to strengthen and broaden the operations of its Research and Corporate Finance Department.

##### 4.4.2 IMPLEMENTATION SCHEDULE

It is expected that branch network may be increased from current 6 branches to 10 branches till June 2008, to 15 branches till December 2008 and to 20 branches till June 2009. The Company also plans to recruit professionals in its Corporate Finance and Research Department in the years 2008-2009, in order to further strengthen and diversify operations of these departments.

#### 4.5 RISK FACTORS

Before making an investment decisions the investors should take into consideration the following risk factors:

##### 4.5.1 Instrument Specific Risks

- **Capital Market Risk**

The shares of the Company will be listed on KSE and the shareholders of the Company will be able to sell or buy shares only through the Stock Exchange subsequent to the IPO. The sponsors, the Commission, Stock Exchange or any other party does not guarantee financial soundness or success of the business or to buy shares from the investors at any rate. Price of shares will depend on the performance of the stock market and the Company. Hence, price may rise or fall and result in increase or decrease in the value of shares to any extent. The investors may like to consult their legal advisors, financial advisors or stock brokers to understand the nature of investment, if they desire so, before making the investment.

The IFSL has shown strong financial performance in past and has earned a profit after tax of PKR 161.038 million in FY2007. The equity base of the Company as on June 30, 2007 was Rs. 486.653 million. The Company may perform well in future due to its expansion of brokerage and other services. Improvement in overall performance may result in higher returns to investors and a higher share price.

##### 4.5.2 Company Specific Risks

- **Regulatory Risk**

Changes in regulatory framework and new regulations by the Government of Pakistan, SECP, Stock Exchanges or other authorities may adversely affect the Company's operations and/or profitability.

The Company has in place strong internal financial and operational systems that monitor and pre-empt any violation of the regulatory parameters. Further, the Company has Compliance and Risk Management Department that monitors the compliance with the regulatory requirements. This minimizes risk and increases compliance with the regulatory framework.



- **Client Concentration Risk**

This is the risk of increasing price sensitivity of clients arising from growing competition. Historically, institutional clients are more price sensitive as compared to individual clients.

This risk to be mitigated by maintaining diversified client base. IFSL has institutional as well as individual clients and retains its clients by offering premium quality services.

- **Competition Risk**

Competition risk may be seen from brokerage firms in the form of a price war resulting in reduction in commission charged to the clients.

IFSL is geared to mitigate this impact by providing superior services to clients and by keeping its fixed costs low.

- **Political & Economic Risks**

Internal political instability and volatile geo-political situation of regional environment can pose challenges for Pakistan's economic growth, equity market and foreign portfolio investment, thus also affecting Company's business and profitability.

IFSL is well placed to manage such risks as far as possible due to effective risk management, diversified range of services, future expansion plans and strong historical performance irrespective of various economic phases and volatile political environment of Pakistan in the past.

- **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems or from external events.

The risk is evaluated by examining worst cases such as power losses, using incorrect financial models, failure of IT and related systems. The risk can be mitigated through periodic reviews of procedures, systems, contingency plans, segregation of duties, internal controls and other sound operating practices. The disaster recovery plans should help to mitigate the impact of risk arising from failure of information technology infrastructure. The Company also plans to develop a Business Continuity Plan which shall help to overcome this risk.

- **Market Fluctuation Risk**

The company is open to risks arising from fluctuations pertaining to the local bourse i.e., change in volumes and value of the market.

The stringent risk management measures taken by the regulators in streamlining the overall stock performance should help reduce market fluctuation in the long run.

- **Performance and Management Risk**

The risk includes the inability of the management and dependability on any single individual.

IFSL has a professional management team to look after the different areas of operations thus ensuring a robust management structure not dependent on any single individual. The responsibilities have been delegated between different levels and areas of management.

**Note: It is stated that all material risk factors have been disclosed and nothing has been concealed with respect to this Prospectus.**



## PART - V

### 5 FINANCIAL INFORMATION

#### 5.1 AUDITOR'S CERTIFICATE UNDER SECTION 53(1) READ WITH SUB-SECTION 28, SECTION 2, OF PART I OF THE SECOND SCHEDULE TO THE COMPANIES ORDINANCE, 1984

786/RASG/613  
November 01, 2007

The Board of Directors  
Invest and Finance Securities Limited  
12th Floor, Corporate Tower, Hasrat Mohani Road,  
Off: I. I. Chundrigar Road, Karachi.

Dear Sirs,

#### **Auditor's Certificate under Section 53(1) Read with Clause 28(1) of Section 2 of the Part I of Second Schedule to the Companies Ordinance, 1984.**

We have audited the financial statements of Invest and Finance Securities Limited for the five years ended June 30, 2003 to June 30, 2007 and in accordance with Section 53(1) read with Clause 28(1) of Section 2 of Part - I of the Second Schedule to the Companies Ordinance, 1984, we report that:

The summary of assets, liabilities and shareholders' equity of the Company as at June 30, 2007 were as follows:

#### **ASSETS**

##### **NON CURRENT ASSETS**

	<b>Rupees</b>
Fixed assets	165,867,078
Long term investments	22,720,000
Long term deposits	3,704,356
	<u>192,291,434</u>

##### **CURRENT ASSETS**

Trade debts	664,072,241
Receivable under CFS transactions	25,276,072
Short term investments	180,532,549
Advances, deposits, prepayments and other receivables	187,936,366
Cash and bank balances	4,196,958
	<u>1,062,014,186</u>
	<b><u>1,254,305,620</u></b>

#### **EQUITY AND LIABILITIES**

##### **CAPITAL AND RESERVES**

Authorized Share Capital 50,000,000 ordinary shares of Rupees.10 each	500,000,000
Issued, subscribed and paid-up capital	<u>240,248,000</u>

##### **RESERVES**

Share premium account	62,584,604
Unappropriated profit	183,820,712
	<u>486,653,316</u>

##### **SURPLUS ON REVALUATION OF MEMBERSHIP CARD**

61,921,400

##### **Non-Current Liabilities**

Long term loan	160,000,000
Liabilities against assets subject to finance lease	4,677,770
Long term deposit	1,504,336
	<u>166,182,106</u>

##### **Current Liabilities**

Current portion of long term loan	40,000,000
Current portion of liabilities against asset subject to finance lease	3,633,073
Short term running finance	323,751,358
Trade and other payables	172,164,367
	<u>539,548,798</u>
	<b><u>1,254,305,620</u></b>





The Profit and loss accounts of the Company for the years ended June 30, 2003 to June 30, 2007 were as follows:

	June 30, 2007 Rupees	June 30, 2006 Rupees	June 30, 2005 Rupees	June 30, 2004 Rupees	June 30, 2003 Rupees
<b>Revenue</b>					
Brokerage income	115,043,206	33,070,334	25,921,787	9,123,553	8,912,478
Dividend income	24,031,830	-	-	-	-
Fees and commission	8,660,718	7,945,561	-	-	-
Mark-up on margin financing	-	516,161	-	-	-
Gain on sale of investments-net	134,407,580	114,511,141	19,183,802	51,132,164	3,847,305
Other income/ (loss)	2,258,432	(110,571)	93,611	1,315,101	3,753,957
Income on CFS	18,265,101	-	-	-	-
Gain/ (loss) on revaluation of investments carried at fair value through profit and loss account-net	12,004,680	-	-	-	-
	314,671,547	155,932,626	45,199,200	61,570,818	16,513,740
<b>Expenditures</b>					
Administrative and general expenses	52,666,659	27,821,734	14,579,778	12,639,994	7,279,975
Financial charges	93,287,994	70,098,251	20,182,859	4,188,789	5,269,823
	(145,954,653)	(97,919,985)	(34,762,637)	(16,828,783)	(12,549,798)
	168,716,894	58,012,641	10,436,563	44,742,035	3,963,942
Provision for diminution in the value of investment	-	-	(43,950)	-	-
<b>Profit before taxation</b>	168,716,894	58,012,641	10,392,613	44,742,035	3,963,942
<b>Taxation</b>	(7,678,715)	(2,387,270)	(1,074,901)	(266,204)	(437,261)
<b>Profit after taxation</b>	161,038,179	55,625,371	9,317,712	44,475,831	3,526,681
Unappropriated profit brought forward	22,782,533	57,250,162	47,932,450	3,456,619	(70,062)
Profit available for appropriation	183,820,712	112,875,533	57,250,162	47,932,450	3,456,619
Issued bonus shares	-	(90,093,000)	-	-	-
Unappropriated profit carried forward	183,820,712	22,782,533	57,250,162	47,932,450	3,456,619
Weighted average number of ordinary shares	24,024,800	15,500,933	3,003,100	3,003,100	1,003,100
Earnings per share - basic and diluted	6.70	3.59	3.10	14.81	3.52

(Note: Items of the above profit & loss accounts were of recurring nature except dividend income and gain on revaluation of investment, which is subject to the maintenance of investment portfolio by the company)

We further report that:-

- During the year ended June 30, 2006 the company has declared and issued bonus shares of Rs. 90,093,000 @ 300%, which is the only stock dividend since the date of its incorporation to June 30, 2007.
- No accounts have been prepared by the company subsequent to June 30, 2007 for presentation to the shareholders.
- The above reporting is based on audited financial statements as on June 30, 2007, subsequent to the audit of financial statement the paid up capital of the company has been increased to Rupees 480,496,000 by issuing further bonus shares of Rupees 240,248,000 @ 100% to shareholders of the company. The effect of increase in capital has not been accounted for in this report.
- Subsequent to the audit of financial statements the authorized capital of the company has been increased to Rupees 1,000,000,000.
- Figures of office equipment & other income has been re-arranged and re-classified, in the accounts for the year ended June 30, 2007, for the purpose of comparison and better presentation.

Yours truly,

-Sd-

**Riaz Ahmad Saqib Gohar & Co.**  
Chartered Accountants

**MANAGEMENT NOTE:**

Subsequent to the audit of financial statements for the year ended June 30, 2007, the paid up capital of the company has been increased to Rupees 480,496,000 by issuing further bonus shares of Rupees 240,248,000 to shares holders of the company @ 100%. The Earnings per ordinary share of Rs. 10/- each on the basis of existing capital of Rs. 480.496 million is Rs. 3.35.



## 5.2 AUDITOR'S CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL OF COMPANY

786/RASG/612  
November 14, 2007

The Board of Directors  
Invest and Finance Securities Limited  
12th Floor, Corporate Tower, Hasrat Mohani Road,  
Off: I. I. Chundrigar Road, Karachi.

### AUDITOR'S CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL OF THE COMPANY

Dear Sirs,

We, the auditors of Invest and Finance Securities Limited have examined the books of accounts and related records and accordingly certify that the issued, subscribed and paid up share capital as on November 14, 2007 is Rupees 480,496,000 (Four hundred eighty million, four hundred ninety six thousand) divided into 48,049,600 ordinary shares of Rupees. 10 each. The break up of paid up capital is given as under:

Directors / Sponsors	Number of ordinary shares of Rs. 10 each	Amount (Rupees)
Mr. Muhammad Sohail Dayala	11,996,000	119,960,000
Mrs. Halima Dayala	26,388,800	263,888,000
Mr. Aryn Nasiruddin	2,500,000	25,000,000
Mrs. Ambreen Aryn	2,500,000	25,000,000
Mr. Javed Yusuf Ahmedjee	800	8,000
Mr. Syed Rashid Ali	1,000	10,000
Mr. Bashir Ahmed Khanani	1,000	10,000
Mr. Muhammad Amjad Nazir	1,000	10,000
Mr. Arsalan Aftab	1,000	10,000
Mr. Ibrahim Ali Qureshi	4,660,000	46,600,000
<b>Total:</b>	<b>48,049,600</b>	<b>480,496,000</b>

Yours truly,

-Sd-

**Riaz Ahmad Saqib Gohar & Co.**  
Chartered Accountants



### 5.3 AUDITOR'S CERTIFICATE FOR BREAK UP VALUE OF ORDINARY SHARES

786/RASG/611  
November 01, 2007

#### SHARE BREAK-UP VALUE CERTIFICATE

The Board of Directors  
Invest and Finance Securities Limited  
12th Floor, Corporate Tower, Hasrat Mohani Road,  
Off: I. I. Chundrigar Road, Karachi.

Dear Sirs,

We hereby certify that the break-up value of one ordinary share of Rupees 10/- each of Invest and Finance Securities Limited as on June 30, 2007 is as follows:

#### SHARE BREAK-UP VALUE EXCLUDING SURPLUS ON REVALUATION OF MEMBERSHIP CARD; RS. 20.26 WHICH IS WORKED OUT AS FOLLOWS:

	Rupees
Issued, subscribed and paid-up share capital	240,248,000
<b>Reserves</b>	
Share premium account	62,584,604
Unappropriated profit	183,820,712
	<u>486,653,316</u>
No. of shares as at June 30, 2007	24,024,800
Break-up value per share as at June 30, 2007	20.26

#### SHARE BREAK-UP VALUE INCLUDING SURPLUS ON REVALUATION OF MEMBERSHIP CARD; RS. 22.83 WHICH IS WORKED OUT AS FOLLOWS:

	Rupees
Issued, subscribed and paid-up share capital	240,248,000
<b>Reserves</b>	
Share premium account	62,584,604
Unappropriated profit	183,820,712
Surplus on revaluation of membership card	61,921,400
	<u>548,574,716</u>
No. of shares as at June 30, 2007	24,024,800
Break-up value per share as at June 30, 2007	22.83

We further certify that the authorized capital of the company is Rupees 1,000,000,000, divided into 100,000,000 ordinary shares of Rupees 10 each.

Subsequent to the audit of financial statements the paid up capital of the company has been increased to Rupees. 480,496,000 by issuing further bonus shares of Rupees. 240,248,000 to shares holders of the company @ 100%. The break up value after further issue could not be determined due to activities taking place after June 30, 2007.

(Note: The above data has been extracted from the audited financial statements of the company for the year ended June 30, 2007.)

Yours truly,

-Sd-  
**Riaz Ahmad Saqib Gohar & Co.**  
Chartered Accountants



**MANAGEMENT NOTE:**

Subsequent to the audit of financial statements for the year ended June 30, 2007, the paid up capital of the company has been increased to Rupees 480,496,000 by issuing further bonus shares of Rupees 240,248,000 to shares holders of the company @ 100%. The Break Up value per ordinary share of Rs. 10/- each on the basis of existing capital of Rs. 480.496 million is calculated below:

	<b>Rupees</b>
Issued, subscribed and paid-up share capital	<b>480,496,000</b>
Unappropriated profit	<b>6,157,316</b>
	<b><u>486,653,316</u></b>
No. of shares	<b>48,049,600</b>
Break-up value per share	<b>10.13</b>



## PART - VI

### 6 MANAGEMENT AND RELATED MATTERS

#### 6.1 BOARD OF DIRECTORS OF THE COMPANY

S. No.	Name & Address	Designation	Directorship in Other Companies
1.	<b>Mr. Muhammad Sohail Dayala</b> D-152, Block-B, North Nazimabad, Karachi.	Chairman & Chief Executive Officer	None
2.	<b>Mrs. Halima Dayala</b> D-152, Block-B, North Nazimabad, Karachi.	Director	None
3.	<b>Mr. Javed Yusuf Ahmedjee</b> 306, President Apart., Plot # 16, CL-8, F11/32, 9 Sunny Side Road, Civil Lines, Karachi.	Director	None
4.	<b>Syed Rashid Ali</b> Flat # D-4/5, Street # 33, Phase V, DHA, Karachi.	Director	None
5.	<b>Mr. Bashir Ahmed Khanani</b> P. O. Box, 32002, Dubai, UAE.	Director	None
6.	<b>Mr. Muhammad Amjad Nazir</b> Shamsi Society, Malir Halt, H. # B-55, Karachi.	Director	None
7.	<b>Mr. Arsalan Aftab</b> H. # 87, Rohail Khand Society, Karachi.	Director	None

#### 6.2 DIVIDEND RECORD OF OTHER LISTED COMPANIES IN WHICH DIRECTORS ARE HOLDING DIRECTORSHIPS

The directors of the Company do not serve as director in any other listed company.

#### 6.3 OVERDUE LOANS

There are no overdue loans on the Company, its Directors or its associated/subsidiary companies.

#### 6.4 MANAGEMENT PROFILE

##### 6.4.1 MR. MUHAMMAD SOHAIL DAYALA, CHAIRMAN & CHIEF EXECUTIVE OFFICER

Mr. Muhammad Sohail Dayala, a well conversant professional, has over twelve years of experience in the field of Finance and Pakistan Equity Market. His expertise includes corporate sales strategy, optimization of return, portfolio management, business turnaround and growth management. He has been engaged with Invest Capital Group for six years as Financial Controller and Director and with Dewan Mushtaq Group as Financial Controller of Dewan Sugar Mills Limited. He has also served as Director of Lahore Stock Exchange (Guarantee) Limited (LSE) and National Clearing Company of Pakistan Limited (NCCPL) and Honorary Secretary of the Mutual Funds Association of Pakistan. He has been on the Demutualization Committee of LSE and the Internal Audit & Human Resource Committee of NCCPL. Mr. Sohail is also acting as member of Company Affairs Committee of Karachi Stock Exchange (Guarantee) Limited for the year 2007.



#### **6.4.2 MR. JAVED YUSUF AHMEDJEE, DIRECTOR**

Javed Yusuf Ahmedjee is a fellow member of the Institute of Chartered Accountants of Pakistan. He completed his four years article ship from A. F. Ferguson and thereafter has over eleven years of experience in the industry. Currently he is working as the Financial Controller of Glaxo Smithkline. Mr. Javed also has over five years of experience in brokerage and banking sector. He has served Invest Capital & Securities Limited as Financial Controller & Head of Operations and Citibank N.A Karachi for three years as Manager of Subsidiaries and Taxation Unit.

#### **6.4.3 SYED RASHID ALI, DIRECTOR**

Syed Rashid Ali is a Certified Information Systems Auditor. He also holds Bachelor Degrees in Mathematics, Economics and Statistics. He has vast experience of IT related fields, Integrated Audits, Strategic Planning and Internal Audit & Advisory Services. He has served KPMG Toronto, Canada as Senior Consultant, IT Risk and Advisory Services, TD Bank Toronto, Canada as IT Audit Consultant and State Bank of Pakistan as Junior Joint Director IT Audit. Mr. Rashid is presently working with Ernst & Young Toronto, Canada as Manager Technology & Security Risk Services.

#### **6.4.4 MR. BASHIR AHMED KHANANI, DIRECTOR**

Mr. Bashir Ahmed Khanani, a highly motivated professional having over 16 years of experience in the field of banking, audit and pharmaceutical industry. He is a Certified Public Accountant (CPA) from Oregon, USA, Executive Master of Business Administration (EMBA) from SZABIST, Dubai Campus and has obtained Banking Diploma from Institute of Bankers of Pakistan, Karachi. He is a member of American Institute of Certified Public Accountants, USA, Institute of Chartered Accountant of Ontario, Canada and Life Member of Institute of Bankers of Pakistan, Karachi. He worked for Faysal Islamic Bank of Bahrain, Karachi, Pakistan, Industrial Credit and Investment Corporation, Karachi, Arther Andersen & Co., Saudi Arabia and currently working as Head of Treasury Operations in Abbott Laboratories, S.A, Gulf/Levant, based in Dubai, UAE.

#### **6.4.5 MR. MUHAMMAD AMJAD NAZIR, DIRECTOR RETAIL DIVISION**

Muhammad Amjad Nazir has over eleven years of experience in the field of Equity and Capital Market. During his Career in equity market he was associated with some of the Leading Brokerage Houses of the Stock Market. Before joining Invest and Finance Securities Limited, he was associated with BMA Capital Management Limited as Head BMA Trade and was responsible for smooth functioning of the whole online trading system, developing marketing strategies, risk management functions and contingency planning. He has also served as the Chief Executive Officer of ECL Trade. He was the faculty member of Pre Budget Seminars of Central Board of Revenue. He has also served as Sub Project Leader and Member of a Project Conducted by Resource Mobilization Commission and Tariff Reforms Committee in negotiation with World Bank and IMF. He is also Director of the Company.

#### **6.4.6 MR. ARSALAN AFTAB, COMPANY SECRETARY**

Arsalan Aftab is an Associate Member of Institute of Chartered Accountants of Pakistan. He has completed four years of training from KPMG Taseer Hadi Khalid & Company. His expertise includes Corporate Finance, Corporate Governance and Risk Management. Before joining Invest and Finance Securities Limited, he was engaged with Karachi Stock Exchange in the Company Affairs Department. He was associated with the team involved in the introduction of New Index (KSE 30 Index) based on Free Float. He was also involved in calculation of free float shares of companies for monitoring of members' exposure in futures contract. He is also Director of the Company.



#### **6.5 NUMBER OF DIRECTORS**

Pursuant to Section 174 of the Companies Ordinance, 1984 the number of Directors of the Company shall not be less than seven. At present the Board consists of seven (7) directors.

#### **6.6 QUALIFICATION OF DIRECTORS**

A Director must be a member of the Company unless he is a person representing the Government or an institution or authority which is a member, or a whole-time director who is an employee of the company, or a Chief Executive of the Company or a person representing a creditor.

#### **6.7 REMUNERATION OF DIRECTORS**

The remuneration of a director for performing extra services, including holding of the office of the Chairman, and the remuneration to be paid to any director for attending the meetings of the directors or a committee of directors shall from time to time be determined by the Board of Directors in accordance with the law.

#### **6.8 BENEFITS TO PROMOTERS AND OFFICERS**

No amount or benefit has been paid or given or is intended to be paid or given to any promoter or to any officer of the Company otherwise than as remuneration for services rendered as whole time executives of the Company.

#### **6.9 INTEREST OF DIRECTORS**

The directors may be deemed to be interested to the extent of fees payable to them for attending the Board Meetings. The directors performing whole time service to the Company may also be deemed interested in the remuneration payable to them from the Company. The Directors may also be deemed to be interested, to the extent of any shares held by each of them in the Company, the dividends to be declared on their shareholding in the Company.

#### **6.10 INTEREST OF DIRECTORS IN PROPERTY ACQUIRED BY THE COMPANY**

None of the Directors of the Company had or have any interest in any property acquired by the Company.

#### **6.11 ELECTION OF DIRECTORS**

The Directors shall comply with the provisions of section 174 to 178, 180 and 184 of the Ordinance, relating to the elections of the Directors and matters ancillary thereto. The next election of Directors is due on 29-03-2009.

#### **6.12 VOTING RIGHTS**

On a show of hands every member present in person shall have one vote except for election of directors in which case the provisions of Section 178 of the Companies Ordinance, 1984 shall apply. On a poll every member present in person or by proxy shall have voting rights as laid down in Section 160 of the Companies Ordinance, 1984.

#### **6.13 BORROWING POWERS**

The Directors may from time to time at their discretion borrow and secure the payment of any sum or sums of money for the purposes of the Company and may themselves lend to the Company on security or otherwise subject to the provisions of the Companies Ordinance, 1984.

#### **6.14 POWERS OF DIRECTORS**

The business of the Company shall be managed by the Directors, who may exercise all such powers of the company as are not by the Companies Ordinance, 1984, or by the Articles of Association or by special resolution of the Company required to be exercised by the Company in a general meeting.



#### **6.15 INTERNAL AUDIT**

The Board has set up an effective internal audit function managed by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

#### **6.16 AUDIT COMMITTEE / CONSTITUTION OF AUDIT COMMITTEE**

Audit Committee of the Board has been formed to comply with the Code of Corporate Governance, which comprises of the three directors, majority of which are non-executive.

The Audit Committee meetings shall be held after the Company is listed on the Karachi Stock Exchange, as per provisions of the Code of the Corporate Governance.

The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

#### **6.17 INDEMNITY**

Clause 109 of the Articles of Association of the Company reads as under:

"Every officer or agent for the time being of the company may be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal arising out of his dealing in relation to the affairs of the company, except those brought by the company against, him, in which judgment is given in his favour or in which he is acquitted, or in connection with any application under section 488 in which relief is granted to him by the court."

#### **6.18 INVESTMENT IN ASSOCIATED COMPANIES**

The Company has made an investment of Rs. 6,720,000 by acquiring 672,000 (48%) ordinary shares of Rs. 10/- each of Saiban (Private) Limited.

#### **6.19 INVESTMENT IN SUBSIDIARY COMPANIES**

The Company has not sponsored nor acquired any subsidiaries nor has any resolution been passed for sponsoring or acquiring any subsidiaries.





## PART - VII

<b>7 MISCELLANEOUS</b>	
<b>REGISTERED &amp; HEAD OFFICE</b>	12th Floor, Corporate Tower, Technocity Building, Hasrat Mohani Road, Off: I. I. Chundrigar Road, Karachi, Pakistan.
<b>BANKERS OF THE COMPANY</b>	<ul style="list-style-type: none"> <li>• MCB Bank Limited</li> <li>• Standard Chartered Bank (Pakistan) Limited</li> <li>• Bank Alfalah Limited</li> <li>• Mybank Limited</li> <li>• PICIC Commercial Bank Limited</li> <li>• KASB Bank Limited</li> <li>• United Bank Limited</li> <li>• Bank AL Habib Limited</li> <li>• Habib Metropolitan Bank Limited</li> <li>• The Bank of Khyber</li> <li>• Arif Habib Bank Limited</li> <li>• Bank Islami Pakistan Limited</li> <li>• Habib Bank Limited</li> <li>• JS Bank Limited</li> </ul>
<b>AUDITORS</b>	Riaz Ahmad, Saqib, Gohar & Company Chartered Accountants 5 - Nasim, C.H.S. Major Nazir Bhatti Road, Off: Shaheed-e-Millat Road, Karachi, Pakistan.
<b>LEGAL ADVISORS OF THE COMPANY</b>	K. D. Rajani & Company Suit No. E-42, Executive Floor, Glass Tower, Teen Talwar, Clifton, Karachi, Pakistan.
<b>COMPUTER BALLOTTERS/ SHARE REGISTRAR</b>	Technology Trade (Private) Limited Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahrah-e-Quaideen, Karachi, Pakistan.
<b>FINANCIAL ADVISOR AND ARRANGER</b>	Allied Bank Limited 8-Kashmir/Egerton Road, Lahore, Pakistan.
<b>UNDERWRITERS TO THE ISSUE</b>	<ul style="list-style-type: none"> <li>• Allied Bank Limited</li> <li>• Saudi Pak Leasing Company Limited</li> <li>• First Dawood Investment Bank Limited</li> </ul>
<b>BANKERS TO THE ISSUE</b>	<ul style="list-style-type: none"> <li>• Habib Bank Limited</li> <li>• MCB Bank Limited</li> <li>• United Bank Limited</li> <li>• Soneri Bank Limited</li> <li>• JS Bank Limited</li> <li>• Arif Habib Bank Limited</li> <li>• KASB Bank Limited</li> <li>• Habib Metropolitan Bank Limited</li> </ul>
<b>OVERSEAS BANKER TO THE ISSUE</b>	Habib Bank Limited (UAE)
<b>LEGAL ADVISOR TO THE ISSUE</b>	Ijaz Ahmed & Associates Advocates & Legal Consultants House No. 7, 11th Zamzama Street, Phase V, DHA, Karachi, Pakistan.



## 7.1 MATERIAL CONTRACTS

Equity Underwriting Agreements between the Company and the following:

Institutions	Dates	Amount (Rupees)
• Allied Bank Limited	November 2, 2007	95,000,000
• Saudi Pak Leasing Company Limited	November 2, 2007	20,000,000
• First Dawood Investment Bank Limited	November 2, 2007	5,000,000

## 7.2 INSPECTION OF DOCUMENTS AND CONTRACTS

Copies of the Memorandum and Articles of Association, Audited Financial Statements of the Company, Auditors' Certificates, and Agreements/Material Contracts referred to in this Prospectus and related information may be inspected during the usual business hours on any working day at the Registered Office of the Company, from the date of publication of this Prospectus till the closing of subscription list.

## 7.3 LEGAL PROCEEDINGS

There are no legal proceedings pending against the Company and the Company has also not filed any material legal proceedings against anyone.

## 7.4 MEMORANDUM OF ASSOCIATION

The Memorandum of Association, inter alia, sets forth the objects for which the Company was incorporated and the business, which the Company is authorized to undertake. A copy of the Memorandum of Association is annexed to this Prospectus and is being published with all issues thereof except those released as newspaper advertisements.

## 7.5 VENDORS

There are no vendors in terms of Clause 12 of Part 1 of the Second Schedule to the Companies Ordinance, 1984.

## 7.6 REVALUATION OF ASSETS

The Company has revalued its membership cards during the year 2005-2006 resulting in a revaluation surplus of Rs. 61,921,400 over and above the cost of Rs. 43,078,600.

## 7.7 CAPITALIZATION OF RESERVE

The Company has capitalized profits of Rs. 330,341,000 (Rupees three hundred thirty million three hundred forty one thousand only) by issue of bonus shares, the details of which are as follows:

S. No.	Date of Allotment	Bonus Shares of Rs. 10/- each	Amount (Rupees)
1.	31-01-2006	9,009,300	90,093,000
2.	01-10-2007	24,024,800	240,248,000

## 7.8 FINANCIAL YEAR OF THE COMPANY

The financial year of the Company commences from 1st day of July and end on 30th day of June every year.

**PART - VIII****8 APPLICATION AND ALLOTMENT INSTRUCTIONS FOR RESIDENT AND NON-RESIDENT PAKISTANI INVESTORS**

**8.1 Pakistani Investor** includes Pakistani citizens resident in Pakistan, companies, bodies corporate or other legal entities incorporated or established in Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be); provident/pension/gratuity funds/trusts (subject to the terms of their trust deed and existing regulations).

**Non Resident Pakistani Investor** includes Pakistani citizens resident outside Pakistan; and Persons holding two nationalities including Pakistani nationality.

**8.2** Copies of the Prospectus and application forms can be obtained from members of the Karachi Stock Exchange (Guarantee) Limited, the Advisors and Arrangers to the Issue, the Bankers to the Issue and their designated branches and the Registered Office of the Company. The Prospectus and the Application Forms can also be downloaded from the following website:  
[www.investfinance.com.pk](http://www.investfinance.com.pk)

**8.3 APPLICATION MUST BE MADE ON THE PRINTED FORM OF INVEST AND FINANCE SECURITIES LIMITED OR A LEGIBLE PHOTOCOPY THEREOF.**

**8.4** The applicants opting for scrip less form of security are required to complete the relevant sections of the application. In accordance with the provisions of the Central Depositories Act, 1997 and the CDC regulations credit of such securities in book entry form is allowed only in the applicant's own CDC account. In case of discrepancy between the information provided in the application form and the information already held by CDS, the company reserves the right to issue the share certificates in physical form.

**8.5** Name(s) and address(es) must be written in full, in block letters, in English and should not be abbreviated. All applications must bear the signature(s) and address(es) corresponding with that recorded with the bank in that account. For Resident Pakistani Investors, in case of difference of signature with the bank and the Computerized National Identity Card (CNIC), both the signatures should be affixed on the application form. For Non Resident Pakistani Investors, in case of difference of signature with the bank and the Computerized National Identity Card (CNIC) / National Identity Card for Overseas Pakistanis (NICOP), both the signatures should be affixed on the application form.

**8.6** For Resident Pakistani Investors, an Attested copy of National Identity Card should invariably be enclosed and the number indicated against the name(s) of applicant(s). Copy of the National Identity Card can be attested by any Federal/Provincial Government gazetted officer, Councilor, Bank Manager, Oath Commissioner or Head-Master of High School etc. Original National Identity Card, along with one attested photocopy, must be produced for verification to the bank at the time of presenting an application. The attested photocopy will, after verification, be retained by the bank branch along with the application. For Non Resident Pakistani Investors, an attested copy of applicant's CNIC, NICOP and the foreign resident visa or permit should be enclosed and the passport and CNIC/NICOP number indicated against the name of the applicant. The Bank Manager in the country of applicant's residence can attest copies of these documents.

**8.7** Applications made by companies or corporate bodies must be accompanied by a copy of their Memorandum and Articles of Association or equivalent instrument. Where applications are made by virtue of Power of Attorney, the instrument of Power of Attorney must be lodged with the application.

**8.8** Only one application will be accepted against each account. In case of joint accounts, one application will be accepted in the name of each of the joint account holders. No application will be accepted in the name of a person shown as minor in the records of the bank.

**8.9** Subscription money must be paid by a cheque drawn on applicant's own account or bank draft/pay order payable to one of the Bankers to the Issue "A/C Invest and Finance Securities Limited-IPO Subscription" and crossed, "A/C Payee Only" and must be drawn on a bank in the same town as the bank to which the application form has been sent.



- 8.10 Applications are not to be made by minors and persons of unsound mind.
- 8.11 A) Approval from the regulatory authority in United Arab Emirates ("UAE") has been obtained and non-resident Pakistani investors resident in UAE may subscribe through Habib Bank Limited in UAE.
- B) Non-resident Pakistani investors may subscribe using their special convertible rupee accounts ("SCRA"), as set out under chapter 20 of the foreign exchange manual of the State Bank of Pakistan.
- 8.12 Joint applications from more than four persons will not be accepted. In case of joint application, each party must sign the application form and submit copies of attested National Identity Cards (for Resident Pakistani Investors) and CNIC or NICOP (in case of Non-Resident Pakistani Investors). The share certificates will be dispatched to the person whose name appears first on the application form while in case of CDS, it will be credited to the respective CDS account and where any amount is refundable, in whole or in part, the same will be refunded by cheque and by post, or through the bank where the application was lodged, to the person named first on the application form, without interest profit or return.
- 8.13 No receipt will be issued for the payment made with the application but an acknowledgment will be forwarded in due course either by issue of share certificate(s) in whole or in part or by return of the money paid with the applications lodged with them. The Bankers to the Issue will issue provisional acknowledgement for applications lodged with them. No interest of profit will be payable in respect of the refunded amount.
- 8.14 It would be permissible for a bank to refund subscription money to unsuccessful applicants having an account in that bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should therefore, not fail to give their bank account numbers.
- 8.15 Allotment shall be made in accordance with the instructions of the Securities & Exchange Commission of Pakistan.
- 8.16 Applications shall be subject to pre-ballot as well as post-ballot scrutiny. Applications, which do not meet with the above requirements or applications which are incomplete, will be rejected. Subscription money in respect of rejected applications shall not be refunded without the approval of the Securities & Exchange Commission of Pakistan.
- 8.17 Making of any false statement in the application or willfully embodying incorrect information therein will make the applicant or the bank liable to legal action.
- 8.18 The basis and conditions of allotment shall be as follows:
- a. The minimum amount of application for subscription of 500 ordinary shares is Rs. 5,000/-.
  - b. **Fictitious and multiple (more than one application by a single applicant) applications are prohibited and such applications' money shall be liable to confiscation under Section 18-A of the Securities and Exchange Ordinance, 1969.**
  - c. 2,280,000 shares are reserved for non-resident Pakistani Investors, who may apply for shares through applications through overseas banker to the issue.
  - d. 600,000 shares are reserved for employees of the Company to which they will subscribe on the day of public subscription.
  - e. In case of over/under subscription of shares by resident and/or non-resident Pakistani investors and/or employees of the Company, the investors of oversubscribed category will be allocated shares from the under subscribed category, provided that in case of employees of the Company and non-resident Pakistani investors the total number of shares allocated shall not exceed 600,000 and 2,280,000 respectively.
  - f. Application for shares below the total value of Rs. 5,000/- shall not be entertained.



- g. Application for shares must be made for 500 shares or in multiples of 500 shares only. Applications, which are neither for 500 shares nor for multiples of 500 shares, shall be rejected.
- h. If the shares to be issued to the general public are sufficient for the purpose, all applications shall be accommodated.
- i. If the issue is oversubscribed in terms of number of applications and amount, the shares will be allotted by conducting computer balloting in the presence of representative(s) of KSE in the following manner:
  - i. If all the applications for 500 shares can be accommodated, then all such applications shall be accommodated first. If all applications for 500 shares can not be accommodated, then balloting will be conducted among applications for 500 shares only.
  - ii. If all applications for 500 shares have been accommodated and shares are still available for allotment, then all applications for 1,000 shares shall be accommodated. If all applications for 1,000 shares can not be accommodated, then balloting will be conducted among applications for 1,000 shares only.
  - iii. If all the applications for 500 shares and 1,000 shares have been accommodated and shares are still available for allotment, then all applications for 1,500 shares shall be accommodated. If all applications for 1,500 shares cannot be accommodated, then balloting will be conducted among applications for 1,500 shares only.
  - iv. If all applications for 500, 1,000 and 1,500 shares have been accommodated and shares are still available for allotment, then all applications for 2,000 shares shall be accommodated. If all applications for 2,000 shares cannot be accommodated, then balloting will be conducted among applications for 2,000 shares only.
  - v. After the allotment in the above mentioned manner, the balance shares, if any, shall be allotted in the following manner:
    - A. If the remaining shares are sufficient to accommodate each application for over 2,000 shares, then 2,000 shares shall be allotted to each applicant and the remaining shares shall be allotted on a pro-rata basis.
    - B. If the remaining shares are not sufficient to accommodate all the remaining applications for at least 2,000 shares then balloting shall be conducted for allocation of 2,000 shares to the successful applicants.
- j. If the issue is oversubscribed in terms of amount only, then the allotment of shares shall be made on the following basis:
  - I. First preference will be given to the applicants who applied for 500 shares;
  - II. Next preference will be given to the applicants who applied for 1,000 shares;
  - III. Next preference will be given to the applicants who applied for 1,500 shares; and then;
  - IV. Next preference will be given to the applicants who applied for 2,000 shares.

After allotment of the above, the balance shares, if any, shall be allotted on a pro-rata basis to the applicants who applied for more than 2,000 shares.
- k. Allotment of shares will be subject to scrutiny of applications for subscription.
- l. Applications, which do not meet the above requirements, or applications which are incomplete, will be rejected.

**8.19 BANKERS TO THE ISSUE**

Code No.	Bank
01	Arif Habib Bank Limited
02	Habib Bank Limited
03	Habib Metropolitan Bank Limited
04	JS Bank Limited
05	KASB Bank Limited
06	MCB Bank Limited
07	Soneri Bank Limited
08	United Bank Limited

**8.20 OVERSEAS BANKER TO THE ISSUE**

Code No.	Bank
09	Habib Bank Limited (UAE)

**8.21 CODE OF OCCUPATION**

Code No.	Occupation	Code No.	Occupation
01	BUSINESS	02	BUSINESS EXECUTIVE
03	SERVICE	04	HOUSEWIFE
05	HOUSEHOLD	06	PROFESSIONAL
07	STUDENT	08	AGRICULTURIST
09	INDUSTRIALIST	10	OTHERS



## PART - IX

### 9 SIGNATORIES TO THE PROSPECTUS

Muhammad Sohail Dayala	-Sd-
Mrs. Halima Dayala	-Sd-
Javed Yousuf Ahmedjee	-Sd-
Bashir Ahmed Khanani	-Sd-
Syed Rashid Ali	-Sd-
Muhammad Amjad Nazir	-Sd-
Arsalan Aftab	-Sd-

Dated: 20-11-2007

Place: Karachi

**Witness 1:**

Signature: -Sd-

Name: Muhammad Awais

Address: H. No. 187-B, Sector 2, Metrovill,  
S.I.T.E., Karachi.

NIC No.: 33301-2780567-1

**Witness 2:**

Signature: -Sd-

Name: Faraz Zaidi

Address: 78/1, 5th Commercial Street,  
DHA Phase IV, Karachi.

NIC No.: 42201-0489111-5



**PART - X**

**10 MEMORANDUM OF ASSOCIATION**

**THE COMPANIES ORDINANCE, 1984**

**(A COMPANY LIMITED BY SHARES)**

**MEMORANDUM OF ASSOCIATION**

**OF**

**INVEST AND FINANCE SECURITIES LIMITED**

- I. The name of the company is **INVEST AND FINANCE SECURITIES LIMITED**.
- II. The registered office of the company will be situated in the province of Sindh.
- III. The objects for which the company is established are as follows:
  1. To act as a member of stock exchange(s) and to carry on the business of broker in stocks, shares, securities, commercial papers, modaraba certificates, bonds, obligations, debentures, debenture-stocks, foreign exchange bearer certificates, treasury bills and or any financial instrument under licence or with the permission or approval of any recognised association, authority, stock exchange or other market whether in Pakistan or abroad.
  2. To act as brokers for call money and foreign exchange of any or all scheduled banks, both local and foreign operating in Pakistan.
  3. To underwrite, manage and distribute the issue of stocks, shares, bonds, debentures, debenture-stocks and other securities either directly or through jointly with one or more of its constituents, institutions or other investment or financial institutions.
  4. To provide safe custody services for stocks, shares, securities, commercial papers, modaraba certificates, bonds, debentures, treasury bills, and or any financial instruments etc., in Pakistan and abroad.
  5. To buy, sell, hold or otherwise acquire or invest in securities as defined in the Securities and Exchange Ordinance, 1969.
  6. To make advances for purchase of shares and investments in such other securities and providing facilities for margin trading clients under the regulation(s) of the stock exchange.
  7. To establish branches and arrange for the Company to be registered or recognized to carry on business in any part or parts of the world.
  8. To manage and act as consultants and advisors to the business of other stock brokers on fees, commission or such other basis, or to enter into partnership, joint venture agreement on profit and loss sharing basis.
  9. To acquire and secure membership, seats or privileges either in the name of the Company or its nominee or nominees in and of any association, stock exchanges, market, club or other institutions in Pakistan or any part of the world for furtherance of the business of the Company.
  10. To publish for sale or otherwise business reports on the general economy and various sectors or industries.
  11. To act as consultants and advisors to individuals, corporations, financial institutions, Government bodies and departments, municipal corporations and other entities, in managing their funds and also to act as intermediary in financial transactions and to receive fees, commissions, profit or other remuneration thereon.





12. To obtain or borrow money in local or in any foreign currency from any person or persons, corporations, companies, banks, financiers and other entities for carrying on the business of the Company including leverage holding on Company's account or on account of other constituents.
13. To enter into partnership or into any agreements for sharing profits, union of interests, reciprocal concession, amalgamation or co-operation with any person or persons, corporation or company, carrying on or about to carry on or engage in any business, or transaction which this Company is authorised to carry on or engage in any business transaction capable of being conducted so as, directly or indirectly, to benefit this Company, and to take subsidies or otherwise assist any such company, and to sell, hold, reissue, with or without guarantee or otherwise deal in such shares or securities and to form, constitute, or promote any other company or companies for the purpose of acquiring all or any of the property, rights and liabilities of the company or calculated to the benefit of the company.
14. To advance money or give credit to such persons or companies on such terms as may seem expedient and in particular to customers in accordance with the regulations of the stock exchange(s).
15. Subject to the provisions of the Companies Ordinance, 1984, to distribute among the members in specie any property of the Company or any proceeds of the sale or disposal of any property of the Company, in the event of winding up.
16. To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any person who are or were at any time in the employment of service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company or who are or were at any time directors or officers of the Company or of any such other company as aforesaid and the wives, widows, families and dependents of any such persons, and also establish and subsidize and subscribe to any institutions, including in particular any cafeterias, canteens or clubs, funds calculated to be for the benefit of or to advance the interests and well-being of the Company or any other company as aforesaid and make payments to or towards the insurance of any such person or persons as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid.
17. To subscribe or contribute or otherwise assist or to grant money to charitable, benevolent, religious, scientific, national, public, institutions, objects or purposes or for any exhibition.
18. To open accounts with bank or banks, draw, make, accept, endorse, discount, execute and issue promissory notes, cheques, bills of exchange, bills of lading, warrants, debentures, and other negotiable or transferable instruments.
19. To sell or dispose off the undertakings of the Company or any part thereof for such consideration as the Company may deem fit, and in particular for shares, debentures or securities of any company purchasing the same or having objects altogether or in part similar to those of this Company.
20. To amalgamate with any other company whose objects are or include objects similar to those of this Company whether by sale or purchase.
21. To appoint any person or company as agent of this Company and to grant power of attorney to any person or company.
22. The Company shall not engage in banking business or business of an investment company or any unlawful business and that nothing in object clauses shall be construed to entitle it to engage in such business or to undertake the business of banking company, investment, leasing, insurance business directly or indirectly.



23. To undertake the business of custodial services in respect of securities and to become an account holder / participant, eligible pledgee, DVP account holder with a central depository company."

**LIABILITIES OF THE MEMBERS**

- IV) The liability of the members is limited.

**CAPITAL**

- V) The authorized share capital of the Company is Rs. 1,000,000,000 (Rupees one billion) divided into 100,000,000 (one hundred million) ordinary shares of Rs.10 each with power to increase, reduce or reorganize the capital and to divide the shares in the capital for the time being into several classes, provided however, that rights as between various classes of ordinary shares, if any, as to profits, votes and other benefits shall be strictly proportionate to the paid up value of the shares.