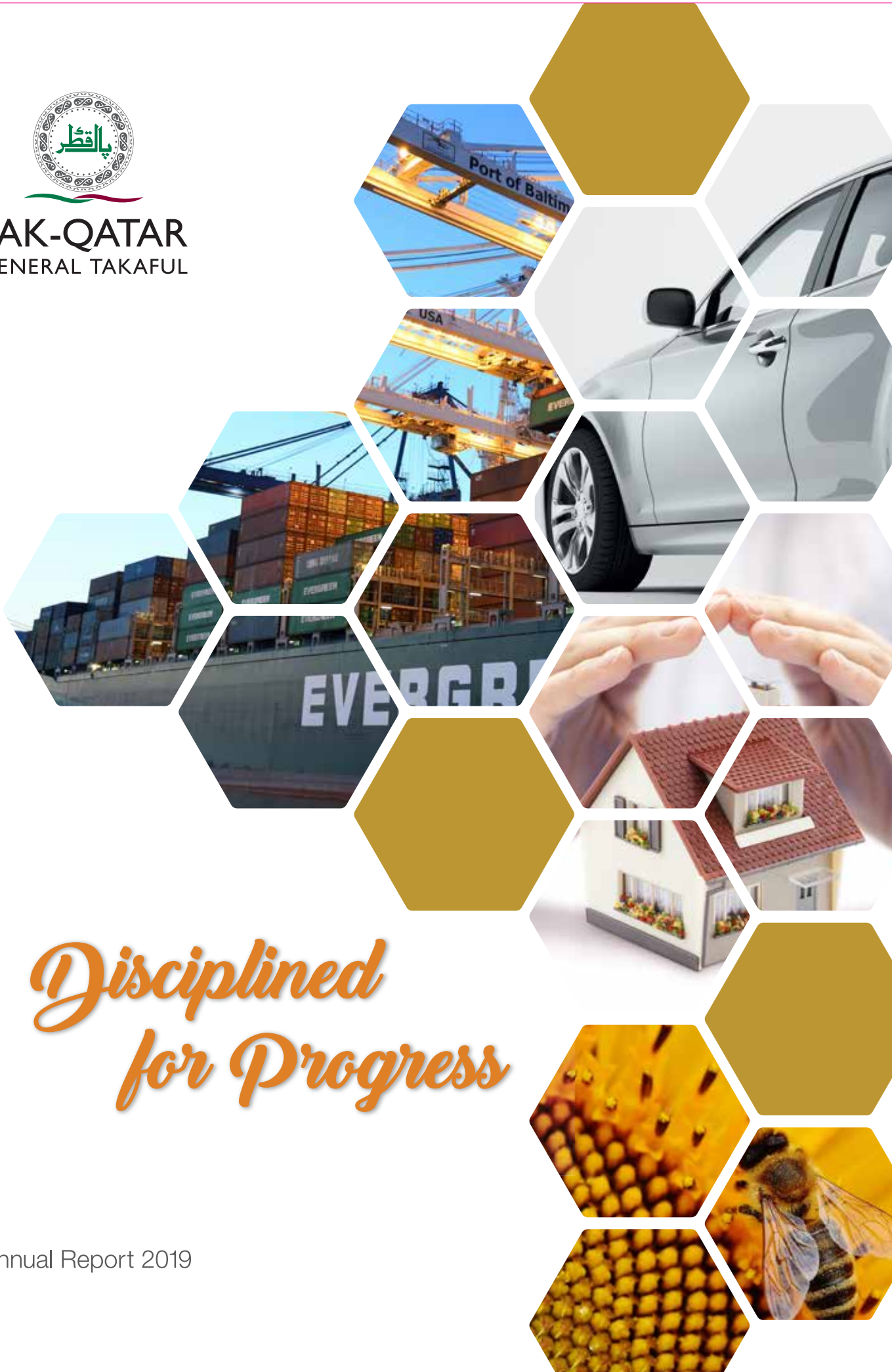




**PAK-QATAR**  
GENERAL TAKAFUL



*Disciplined  
for Progress*

Annual Report 2019

THE ROBUST IFS\* RATED

# “GENERAL TAKAFUL COMPANY”

OF PAKISTAN BY LOCAL RATING AGENCIES.

\*INSURER FINANCIAL STRENGTH

## “A”

with Stable Outlook  
by PACRA

## “A-”

with Stable Outlook  
by VIS



OUR RESOURCES, EXPERIENCE &  
KNOWLEDGE TO CATER ALL  
YOUR TAKAFUL NEEDS

DEDICATED TAKAFUL  
COMPANY

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## Introduction

Pak-Qatar General Takaful Limited (PQGTL) is one of the leading General Takaful companies in Pakistan. The company commenced its operations in 2007. Pak-Qatar General Takaful Limited offers comprehensive General Takaful (Non-Life insurance) products' portfolio for corporate customers as well as individual clients. Incorporated in 2006, and beginning operations in 2007, the company is registered with, and supervised by, the Securities and Exchange Commission of Pakistan (SECP). An independent Shari'ah Advisory Board chaired by Mufti Muhammad Hassaan Kaleem certifies all products and operations for Shari'ah compliance. Mufti Muhammad Taqi Usmani was the founding Chairman of the group's Shari'ah Advisory Board since inception and named Mufti Hassaan Kaleem as his successor in 2019.

The company is rated "A" (Single A) with Stable Outlook by PACRA and 'A-' (Single A Minus) with 'Stable' Outlook by the VIS Credit Rating Company Limited.

PQGTL has a vision of providing financial protection through Takaful to everyone. The company's shareholders include some of the strongest financial institutions in the state of Qatar such as Qatar Islamic Insurance Company (QIIC), and Qatar International Islamic Bank (QIIB). The company is further strengthened by its Re-Takaful arrangements with Kuwait Re, Saudi Re, Arab Re, GIC and Pak Re.

Pak-Qatar General Takaful Limited has presence in major cities of the country. Pak-Qatar General Takaful Limited by adhering to the best practices set down in the Islamic Shariah and Pakistani law is engaged in providing risk mitigation services to its participants throughout Pakistan.

The company believes in technological advancement and has presence on all digital mediums thus enabling the customers to keep in touch 24/7 via modern web portals and mobile applications. The company has been recipient of several domestic and international awards.





## Our Vision

Providing financial protection through Takaful, to everyone

## Our Mission

Promote Takaful amongst the masses, encompassing education and awareness, and present an image that is consistent with our ideological values.

Adhere to best ethical practices in all aspects of our operations, while abiding by the Shariah and the law of the land.

Empower our employees by inspiring, guiding, enabling, and supporting them.

Ensure our support to the community and the environment with excellence.

Ensure customer satisfaction by offering quality products and services driven by their needs.

Ensure optimum returns to shareholders.

## Core Value

Doing things in a manner that in available resources cannot be done better

## Sponsors

Pak-Qatar General Takaful is sponsored by some of the most prominent and leading financial institutions from the State of Qatar.



### **Qatar International Islamic Bank (QIIB)**

is one of the most successful Islamic banks in the State of Qatar.



### **Qatar Islamic Insurance Company (QIIC)**

is a pioneer Takaful Company in the State of Qatar.



### **Pak-Qatar Investment**

is an investment firm dealing in private equities, asset management and other investment advisory services



### **Fawad Yousuf Securities (Pvt.) Limited**

Established in 1992, and one of the best-reputed brokerage houses in Karachi Stock Exchange.



## Our Products

The hallmark of the Company's activities is its heavy investment in technology and the adoption of the latest business systems, all of which are geared towards extending unmatched services. We continue to develop measures in order to streamline and make transparent all practices so as to continue serving our patrons to the best of our ability.





## Our Company

### What Is Takaful?

A Shari'ah compliant alternative to insurance.

#### Definition

Takaful is a community-pooling system based on the principle of brotherhood and mutual help wherein participants contribute in a fund to help those who need it most in times of financial difficulties.

Example of Takaful may be found in the early Islamic History when the muslim merchants took Takaful protection for safeguarding caravans from travel risk like storms or pirates

### Our Shari'ah Credibility

Pak-Qatar Takaful Group of companies have an independent Shari'ah Advisory board chaired by Mufti Hassaan Kaleem, that certifies all products and operations for Shari'ah Complainece.

Mufti Muhammad Taqi Usmani was the founding Chairman of the group's Shari'ah Advisory Board since inception and named Mufti Hassaan Kaleem as his successor in 2019.

Mufti Taqi Usmani, is the world's most renowned Shari'ah scholar also considered the founding father of Islamic Finance globally.

### General Takaful - Individual Coverages

Pak-Qatar General Takaful has had a pioneering role in providing Individual Based Takaful product propositions across Pakistan.

Our Pioneering offering include Motor Takaful, Fire Takaful, Ashiyana Takaful, Personal Accident Takaful, Money Takaful, Mobile Phone all Risk Takaful, ETC.





## Branch Presence Nationwide

The Pak-Qatar Takaful Group has one of the Largest Takaful Branch network Across Pakistan; (over 100 Branches in 90+ Cities)

These branches serve more than 700,000 individual members nationwide. in addition, the Takaful Group also serves more than 1,100 corporate covered members across Pakistan

## Technology & Innovation

In line with strategic objectives, the company has one of the most technologically advance capabilities for product delivery.

The company has established an industry benchmark by providing integrated information at various marketing touchpoints that include 24/7 Telephone Helpline, smart phone based apps and cyberspace connectivity through various digital media platforms.

## Timeline

2007

Started our first year of operations after receiving a Certificate of Registration. With paid-up capital worth Rs. 307.8 million, we begin our journey with the revolutionary Penta Takaful Business system.

2008

In our first full year of business, we posted a gross contribution of Rs. 86.4 million, supported an expansion to 5 cities across Pakistan and a record-breaking live implementation of Penta Takaful within just 8 months.

2009

We escalated our efforts and reaped the results in the form of 100 percent growth in Gross Contribution, reaching to just over Rs. 171 million.

2010

We emerge as the first Takaful operator to implement ERP software such as SAP, and bolster our presence to 8 cities across the country, all the while heralding a BBB+ with stable outlook credit rating from JCR-VIS.

2011

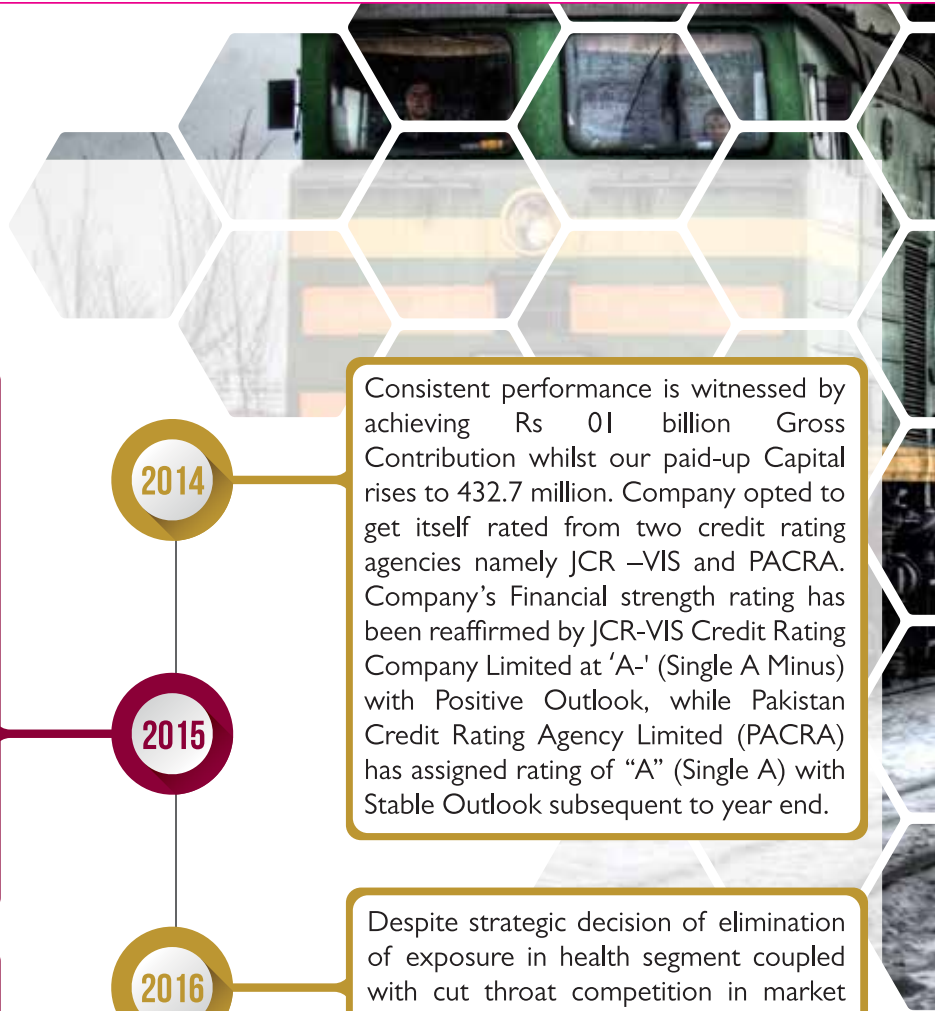
As we entered into the Banca Takaful agreements, the year saw us bring in substantial gains with an after tax profit in SHF of Rs 8.5 million.

2012

We launched Health Takaful products while strengthening our core with an increase of paid-up-capital to Rs. 337.4 million and the resulting after tax profit of Rs. 18.7 million in SHF.

2013

Our gross contribution nearly doubled, reaching Rs. 1 billion whilst our paid-up capital rises to Rs. 407 million. As a result, we achieved an after tax profit in SHF of Rs. 33.2 million and improve our ranking to 'A-' (Single A Minus) with stable outlook at JCR-VIS.



The year under review was a year of remarkable achievement in terms of surplus results in PTF. It's a great pleasure to declare that the participant Takaful Fund has shown a surplus of Rs. 15 million whilst the Shareholder Fund has shown 7.7 million profit before tax. Company's financial strength rating has been reaffirmed by JCR-VIS & PACRA at 'A-' & 'A' with stable outlook respectively. Further, beside Internal Sharia Advisor's Report, Company started to get itself audited by Independent Auditors in respect of its Compliance with Takaful Rules.

2014

Consistent performance is witnessed by achieving Rs 01 billion Gross Contribution whilst our paid-up Capital rises to 432.7 million. Company opted to get itself rated from two credit rating agencies namely JCR –VIS and PACRA. Company's Financial strength rating has been reaffirmed by JCR-VIS Credit Rating Company Limited at 'A-' (Single A Minus) with Positive Outlook, while Pakistan Credit Rating Agency Limited (PACRA) has assigned rating of "A" (Single A) with Stable Outlook subsequent to year end.

2015

With the strong support and commitment from our shareholders, Company's paid up capital has reached to Rs 509 million as at year end 2017 and both the funds (PTF & SHF) has posted a profit of 7.7m & 3m respectively. Both the rating agencies of Pakistan, JCR-VIS and PACRA has reaffirmed the Company's financial strength rating at 'A-' with stable outlook and 'A' with stable outlook respectively.

2016

Despite strategic decision of elimination of exposure in health segment coupled with cut throat competition in market due to advent of Window Takaful by Conventional insurers, our company continued to maintain business positioning in Non-health segment & posted profit in both the funds. Company's financial strength rating has been reaffirmed by JCR-VIS & PACRA at 'A-' & 'A' with stable outlook respectively.

2017

Another good year for shareholders to hear that Aggregate profit before tax of both the funds has surpassed the previous year's results.

Successful adoption of 'IFRS 16 Leases' by bringing on-balance sheet to all previously kept off-balance sheet assets & financing, and pleased to announce absorption of its impacts without effecting key performance indicators.

2018

Good results in both the funds enabled the Board to recommend cash dividend to shareholders. The Company adopted Insurance Rules, 2017 and Accounting Regulations 2017 and succeeded in presenting its first set of financials on New Format with necessary modification to keep abreast the fundamentals of Takaful. Both the rating agencies of Pakistan, JCR-VIS and PACRA has also reaffirmed the Company's financial strength rating at 'A-' with stable outlook and 'A' with stable outlook respectively.

2019

Financial ratings that matter, has been reaffirmed by both the rating agencies, VIS and PACRA at 'A-' with stable outlook and 'A' with stable outlook respectively.

## CORPORATE INFORMATION

### Board of Directors

H. E. Sheikh Ali Bin Abdullah Al-Thani  
Abdul Basit Ahmed Al-Shaibei  
Ali Ibrahim Al Abdul Ghani  
Said Gul  
Zahid Hussain Awan  
Owais Ahmed Yusuf  
Farrukh Viqaruddin Junaidy  
Sameera Usman

Chairman  
Director  
Director  
Director  
Director  
Director  
Director  
Director

### Audit Committee

Farrukh Viqaruddin Junaidy  
Said Gul  
Zahid Hussain Awan  
Muhammad Shoaib Akhter

Chairman  
Member  
Member  
Secretary

### Investment Committee

Zahid Hussain Awan  
Owais Ahmad Yusuf  
Muhammad Nasir Ali Syed  
Muhammad Kamran Saleem  
Muhammad Saleem

Chairman  
Member  
Member  
Member  
Member & Secretary

### Ethics, Human Resources & Remuneration Committee

Ali Ibrahim Al Abdul Ghani  
Said Gul  
Zahid Hussain Awan  
Muhammad Kamran Saleem

Chairman  
Member  
Member  
Secretary

### Nomination Committee

Abdul Basit Ahmed Al-Shaibei  
Said Gul  
Ali Ibrahim Al Abdul Ghani  
Muhammad Kamran Saleem

Chairman  
Member  
Member  
Secretary

### Sharia Advisory Board

Mufti Muhammad Hassan Kaleem  
Mufti Ismatullah  
Mufti Shakir Siddiqui

Chairman  
Member  
Member

### Chief Executive Officer

Muhammad Nasir Ali Syed

### Director Finance & Company Secretary

Muhammad Kamran Saleem

### Chief Financial Officer

Muhammad Saleem



# Pak-Qatar General Takaful

## Head of Internal Audit

Muhammad Shoaib Akhter

## Head of Investment

Farhan Shaukat

## Statutory Auditors & External Shariah Compliance Auditors

EY Ford Rhodes, Chartered Accountants

## Shariah Advisor

Mufti Shakir Siddiqui

## Shariah Compliance Officer

Mufti Junaid Ahmed

## Legal Advisor

AHM & Co, Advocates & Corporate Counsel

## Tax Advisors

EY Ford Rhodes, Chartered Accountants

## Rating Agency

VIS Credit Rating Company Limited

The Pakistan Credit Rating Agency Limited

## BANKERS

Islamic Banks

Al Baraka Bank (Pakistan) Ltd

Bank Islami Pakistan Limited

Dubai Islamic Bank Pakistan Limited

Meezan Bank Limited

## Islamic Banking Divisions of Conventional Banks

Bank Al Habib Limited

Faysal Bank Limited

Habib Metropolitan Bank Limited

Soneri Bank Limited

United Bank Limited

Bank Alfalah Limited

Habib Bank Limited

MCB Bank Limited

Silk Bank Limited

## Retakaful Operators

Saudi Retakaful

Arab Retakaful

Pakistan Reinsurance - PRCL

Kuwait Retakaful

GLC - Dubai

Cobalt Retakaful

## Retakaful Brokers

AON and JB Boda

## Head Office

402-404, 4th Floor, Business Arcade, Plot 27A, Block 6, P.E.C.H.S, Shahra-e-Faisal, Karachi, 75400.

Ph: (92 21) 34380357-61 Fax: (92 21) 34386453

E-mail: general.takaful@pakqatar.com.pk www.pakqatar.com.pk

UAN: (021) 111-TAKAFUL (825-238)

## Branch Offices

Faisalabad  
Sukkur  
Islamabad

Karachi  
Lahore  
Multan

Peshawar  
Sialkot

## Management Committee

Muhammad Nasir Ali Syed  
Muhammad Kamran Saleem  
Muhammad Saleem  
Mehmood Arshad  
Muhammad Raza  
Furrukh Adnan  
Qaiser Zarif  
Muhammad Shahzad Khan Ghilzae  
Imran Ahmed Nafees  
Saifuddin Shaikh  
Muhammad Umair  
Muhammad Shoaib Akhter  
Kamran Ali Khan  
Muhammad Waqas Durrani  
Jehanzaib Ahmed  
Muhammad Shakir Siddiqui

Chief Executive Officer  
Director Finance & Company Secretary  
Chief Financial Officer  
Head of Sales & Marketing  
Acting Head of Operations  
Head of Motor & Misc. Underwriting  
Head of Fire Underwriting  
Head of Marine Underwriting, Non-Motor Claims/RM  
Head of Motor Claims  
Head of Admin & Procurement  
Head of IT&S  
Head of Internal Audit  
Head of Training & Human Resources  
Head of Corporate Communications  
Head of Legal & Compliance Officer  
Head of Shariah Compliance

## Underwriting and Re-takaful & Co-Takaful Committee

Zahid Hussain Awan  
Muhammad Nasir Ali Syed  
Mehmood Arshad  
Muhammad Raza  
Farrukh Adnan  
Muhammad Rizwan

Chairman  
Member  
Member  
Member & Secretary  
Member  
Member

## Claim Committee

Said Gul  
Muhammad Nasir Ali Syed  
Muhammad Saleem  
Imran Ahmed Nafees  
Shahzad M Khan Ghilzai  
Jehanzaib Ahmed

Chairman  
Member  
Member  
Member  
Member & Secretary  
Member

## Risk Management & Compliance Committee

Zahid Hussain Awan  
Muhammad Nasir Ali Syed  
Muhammad Raza  
Shahzad M Khan Ghilzai  
Farrukh Adnan  
Muhammad Shoaib Akhter  
Saifuddin Shaikh  
Mufti Shakir Siddiqui  
Danish Wasim  
Jehanzaib Ahmed

Chairman  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member  
Member & Secretary

## CHAIRMAN'S MESSAGE

With multiple economic challenges during the year 2019, Pak-Qatar Takaful Group was able to deliver consistent results through strong operational execution and decisive actions to adjust to changes around the country.

Our long-term vision of providing financial protection to everyone, through Takaful is built upon the strong foundation we have in place: our industry-leading brand portfolio and robust product innovation, supported by our state-of-art IT infrastructure and executed by our exceptional team throughout the country.

As we have done consistently, we prioritized offering financial protection during the year despite changes in the external environment. We continued to invest in product innovation and offer convenience to our customers. Our ongoing commitment to fully invest in both Family and General businesses helped us grow further by strengthening our group's branch network to 100+ branches in 90+ cities across Pakistan.

We also made significant progress through our strategic alliances with business partners, advanced our integration, including investing in digitalization and offering products online to support our growth strategy in order to offer convenience to our customers.

Our industry-leading brand portfolio remains unmatched in the Takaful industry. The passion and commitment of our people are key enablers of our success. The strength of our Group is magnified by the experience of our leadership teams and execution of our strategic plans.

The combined excellence of our people and our transparent operational procedures enables us to fully invest in product innovation. The resulting combination of brand strength, product innovation and best cost structure is a winning formula which has helped us deliver consistent financial results.

As we look to 2020 and beyond, we continue to see multiple avenues for profitable growth and margin expansion. There are significant opportunities for growth in all parts of our business and we remain committed to being the best branded Takaful service provider company in every home all over the country. We will continue to leverage our operating platform, consumer-relevant innovations and unmatched brand portfolio.



**Sheikh Ali Bin Abdullah Al-Thani**

Chairman of the Board of Directors  
Pak-Qatar Family Takaful Limited  
Pak-Qatar General Takaful Limited

## DIRECTORS' REPORT

### Dear Shareholders

The Board of Directors of Pak-Qatar General Takaful Limited (hereinafter referred to as "the Company" or "PQGTL") is pleased to present its Fourteenth Annual Report and Audited Financial Statements of the Company for the year ended 31st December, 2019.

### 1. Overview of the Economy

After slowing sharply in the last three quarters of 2019, the pace of global economic activity remains weak. Momentum in manufacturing activity, in particular, has weakened substantially, to levels not seen since the global financial crisis. Rising trade and geopolitical tensions have increased uncertainty about the future of the global trading system and international cooperation more generally, taking a toll on business confidence, investment decisions, and global trade. A notable shift toward increased monetary policy accommodation through both action and communication has cushioned the impact of these tensions on financial market sentiment and activity, while a generally resilient service sector has supported employment growth. That said, the outlook remains precarious.

In Pakistan, the Gross Domestic Product (GDP) growth slowed as economic policies to address the twin deficits took effect. Growth slowed to 3.3 percent in FY19, a 2.2 percent decline compared to the previous year, due to the stabilization measures undertaken by the authorities. Over the past year, the exchange rate was allowed to depreciate, with a cumulative depreciation of 25.5 percent, the development budget was cut, energy prices were increased, and the policy rate was raised by 575 bps. As a result, private consumption growth decelerated from 6.8 percent in FY18 to 4.1 percent in FY19 while investment contracted by 8.9 percent. On the supply side, the industrial sector growth slowed to 1.4 percent in FY19 compared to 4.9 percent in FY18. The services sector grew at 4.7 percent, 1.5 percent lower than in FY18. Adverse weather conditions have dampened agricultural performance and reduced growth to 0.8 percent in FY19, significantly lower than the targeted growth of 3.8 percent. Average

headline inflation increased to 7.3 percent in FY19 compared with 3.9 percent in FY18, primarily because of the exchange rate pass through.

The Current Account Deficit (CAD) declined. The CAD narrowed to US\$13.5 billion (4.8 percent of GDP) in FY19 compared to US\$19.9 billion (6.3 percent of GDP) in FY18. The decline was primarily driven by lower import growth (goods imports declined by 7.4 percent while services imports fell by 14.9 percent). The largest decline in imports was for transport and machineries, because of the slowdown in investment and industrial growth, followed by food items and metals. However, petroleum related imports continued to grow (5.0 percent), albeit at a lower rate than last year (25 percent). Exports, on the other hand, did not respond to the exchange rate depreciation, as regaining competitiveness after an extended period of an overvalued exchange rate will take time.

### 2. Industry review

The share of Takaful industry globally has been 1.26 percent of the total assets of \$2.2 Trillion, with the GCC (Gulf Cooperation Council) contributing 44.81 percent of the total share. Other significant market contributors include; Iran, Saudi Arabia, and Malaysia. Thomson Reuters (2018) projected the Islamic finance industry to grow more than US\$ 3.8 trillion in assets by 2023 considering the performance of each market of the Islamic finance industry and the development of its surrounding ecosystem.

Undoubtedly, the Takaful market has gained a high momentum, although Takaful contribution is small compared to other markets in the Islamic finance industry. Modern trends in Takaful can be viewed from three main perspectives: regulation and governance, products, and Shariah compliance. First, from the regulatory and governance perspective, there have been significant developments in different jurisdictions, which led to the emergence of different governance models. The international regulatory landscape remains dominated by the IFSB and AAOIFI through soft regulatory standards.



## Pak-Qatar General Takaful

In Pakistan, the potential of Takaful remains positive and the industry needs to tailor its services according to business and household needs.

### 3. Business Challenges Ahead

Takaful is an important emerging sector in the Islamic financial services industry that has exhibited persistent and exciting growth globally. The major issues identified in the Takaful industry relate to operational, regulatory, legal and Shariah matters, as well as market competitiveness. Most of the issues are meant to raise questions that should provoke policymakers to focus on their efforts towards improving and developing the Takaful sector.

Islamic finance is a specialist area that presents exciting growth opportunities. The industry's increasing importance for Islamic products and other investors around the world is evidenced by its steady growth in recent years. Potential future growth prospects are robust, supported by demographic trends all over the world.

The government, regulators and our industry should continue to work together, not just to grow the sector and maintain Pakistan's position in promoting Islamic finance, but also to become a leading player in setting Shariah compliant standards.

Takaful in most markets is still in the infancy stage, and its potential to replace conventional insurance in leading Islamic finance markets is largely untapped. The major challenges that the global Takaful industry faces include intense competition with conventional insurance providers, low profit margins, low customer awareness, need for skilled professionals, as well as an enhanced regulatory framework.

FinTech is another area that is actively changing the dynamics of the industry. FinTech in Islamic finance is still in the early stages of development, but the future outlook is bright, driven by growing awareness among the stakeholders, encouragement from monetary authorities and facilitative regulatory environments in key Islamic financial markets, customer demands and largely untapped potential market.

With Islamic finance markets projected to post high

growth rates in the coming years, and with the development of supporting regulatory infrastructure in key markets, the Takaful industry has significant opportunities for growth.

### 4. Future Outlook

The emerging industrial revolution of digitalization is now also transforming the service sector. It has now become quite obvious to serve customers on this platform. With research, knowledge and expertise, the Takaful industry need to offer its clients added value that helps them succeed. Also, interaction with the customers on the digital front is need-of-the-hour.

The industry must take a longer view in its human capital strategies. It must invest to develop talent. The other part of the solution is in building skills and competencies. The industry needs to take this seriously if it wants to break new ground in realizing the potential of Takaful.

The awareness about the importance of coverage itself is lacking among the community in Pakistan. There are still many individuals that are not covered by either Takaful or conventional insurance and this segment can be a focus for the Takaful industry for market penetration, and there is certainly more to come for Takaful companies in terms of Fintech in order to better connect with customers, develop competitive and diverse Takaful products, offer customized pricing and reach out to untapped potential customers through innovative mobile solutions.

The industry needs to invest in new products, new technology, improved branch network and enhanced digital capabilities with a clear focus of providing real value to customers.

### 5. Economic Climate

#### Pre Covid-19

Equity Market: CY19 remained a very volatile year for the country's equity market as market mostly traded in negative territory in the first eight months but after touching its bottom (down by 27 percent on CYTD basis) in mid-August, market not only recovered

its previous losses but also managed to close in positive territory by posting a return of 7.9 percent for CY19. The bourse recovered and rallied at in the closing month on the back of index heavy weights whereby E&P sector outshined others due to expectation of new discovery in the province of Baluchistan, cheap valuations and expectations of rise in international oil prices. Banking sector also remained in the limelight as expectations of handsome earning growth in the results of CY20 on the back of improved Net Interest Margins (NIMs). Calendar Year saw individuals taking initiative and aggressively taking position in the market while other market players i.e. mutual Funds, banks and insurance companies along with foreign investors took a conservative stance on market. PSX has remained vibrant indicator of economic glitches during the recent past as indicated by the benchmark index performances. Considering that right measures are continued, market has again signaled positive vibes for vigilant investors. PSX trades at attractive Price to Earnings (P/E) multiples which can again invigorate interest of foreign investors with risk appetite and long-term valuations in focus.

Going ahead, we expect that market has still room to offer after a robust rebound from its lows as market is still trading at an attractive forward P/E multiple of around 7 times. We also expect that due to economic reforms, there are chances that foreign investors would start taking interest in country's equity market. But on the back of heightened volatility on our border and in Middle East, first half of this calendar year could check investors' nerves.

**Money Market:** Pakistan's economy came back to its track of recovery after two years of painful yet necessary stabilization measures. Economic pulse now shows some signs of improvements in shape of reduction in CAD to US\$ 13.8 billion in FY19 as compared to US\$ 19.9 billion in FY18; and the trend continues as CAD plunged by 73 percent YoY to US\$ 319 million in November as compared to US\$ 1.17 billion in the same month last year. This has taken five months FY20 CAD to US\$ 1.8 billion (or 1.6 percent of GDP) as compared to US\$ 6.7 billion (or 5.3% of GDP) in the same period last year due to 21 percent decline in imports and 5 percent growth in exports.

Foreign exchange reserves of the country improved from US\$ 7.3 billion at the end of CY18 to US\$ 10.7 billion at the end of CY19 due to start of new IMF program, resumption of flows from multilateral agencies, foreign investment in local government securities and reduction in CAD. Central bank is focused on a goal of keeping a market-based exchange rate regime which will continue to play a vital role in stabilization of foreign exchange reserves position.

### **Covid-19 Pandemic Outbreak**

While making our new year resolutions, none of us ever imagined that in three months' time, we would be living in a new world with unknown fears and apprehensions. Covid-19 took the world by surprise and while we have seen the Ebola and the Sars epidemics, both were limited in scale and geographical spread and were controlled in a couple of years with a decent global response. We have also heard of the more disastrous pandemics like the Spanish flu of 1918 or the 14th century Black Death pandemic in Europe. Hopefully, Covid-19 will be far less damaging, but it will surely change the way people and countries interact with each other in a post Corona world.

No government in the world had a primer to deal with this unprecedented pandemic which plunged countries into unmapped territory. Not the sanctions following the nuclear detonations of 1998, or the earthquake of 2005 or the Great Financial Crisis of 2008 or the floods of 2010 carry many lessons to help us see and prepare for what might be coming.

Nobody in the business and industrial community can remember a time like this. Never before have we seen the wheels of the economy grind so comprehensively to a halt. We may described the virus as "the most serious threat we have faced in living memory." What could be the contours of the even more difficult days ahead?. Perhaps the only thing we know for sure is that nobody exactly knows what is coming, as there are few models or projections to help us understand how far this will go.

### **Post Covid-19 Economic Response**

As the fear of Covid-19 shuts down the world on a

scale unprecedented in modern times, Pakistan's economy already reeling from a crippling recession faces near existential threat. Due to prevailing situation, economist are predicting Pakistan's growth & revenues collection to hover lower than earlier projections. With Covid-19, hope cannot be a strategy!! To curb this worst case scenario, it was required to 'reset and reboot' the economy. Therefore, Government has taken some bold steps, to jumpstart the economy.

On the stimulus front, key centers of decision-making in the federal and provincial government announced stimulus package exceeding Rupees one trillion for the economy, which makes it the largest such package ever announced in the country's history.

On the fuel prices front, it is very much expected that the government will reduce its prices to pass on the benefit of decreasing oil prices in international markets. If the same would have been done for utilities which have fuel costs as a major input, then this measures would have a double impact in boosting the economy.

On the monetary policy front, the State Bank announced further cuts in interest rates in extraordinary monetary policy statements that were hastily organized out of schedule, to boost investments and it is expected that interest rates would further go down to single digit. Yes, it may lead to some cash outflows as well as some inflation but it may substantially ease the pressure on businesses.

On the fiscal front, in short-term to answer the question where all the money for these relief measures would come from? The Government has approached IMF, World Bank & others, and in long term, it is achievable via value addition, diversification of our exports, and fixing up of our low tax to GDP ratio.

Lastly, the government is expected to take bold steps to boost construction industry through providing tax breaks and subsidies as construction industry is known to impact many subsidiary industries besides providing substantial low-end employment opportunities.

Nothing is rocket science except rocket science and it's the clarity of plans that eventually matters. It is never too late for a government to change course even in the midst of an uncharted and evolving crisis, especially as more evidence emerges about how best to tackle it. We can hope that due to climate, demography, cross immunization, & lock down measures, we survive this pandemic better than others; however, we need to remain vigilant & be prepared for less than the best outcomes. In the end, we believe that Pakistan's strong and decisive policy measures will soon yield positive results in reversing Covid -19 effects.

## 6. Performance Review of the Company

### a. Gross Contribution Written (GCW)

Since the past few years, PQGTL has adopted a consolidation strategy to underwrite businesses that are profitable at the bottom line. Based on review of segment performance on periodic basis, some loss making clients were shed-off from portfolio in each segment. Given the prevailing competition in the insurance market, the company also faced significant pressure on contribution rates. These factors have resulted in lower growth of business volumes on a timeline basis in the year 2019 vs 2018. In that situation, we knew well that to do's were never as easy as to know what were good to do.

Nonetheless, the Company did continue to strive hard for a prudent growth strategy with a focus at all classes instead of increasing its volume of business in any particular class. By the grace of Almighty Allah, the CY 2019 business figures and its portfolio mix percentage has witnessed an overall growth of three & half percent alongside a balanced and profitable portfolio mix, whereby at present, motor segment continued to be a major contributor to the overall business volume. This growth has been secured despite being intimated from highly competitive business conditions, downwards pressure on pricing and aggressive competition by window takaful of strong conventional players.

In the current year 2019, the company has experienced a growth in the top line as compared to the last year. GCW increased by 3.5% with Motor

Class	Growth 2019 %	Contribution 2019 Rs	Portfolio mix 2019 %	Contribution 2018 Rs	Portfolio mix 2018 %
Fire	4.4	144,922,302	20.7	138,786,078	20.4
Marine	16.5	50,798,689	7.3	43,596,605	6.4
Motor	0.4	392,972,540	56	391,293,306	57.7
Miscellaneous	8	112,352,294	16	104,038,263	15.5
Total	3.5	701,045,825	100	677,714,252	100

business being the highest contributor (56%). Segment growing the most is Marine (7.3%) followed by Miscellaneous (16%), as compared to figures of last year.

Going forward, the company envisages prudent

growth strategy and expects a reasonable growth at end 2020 and in furtherance the company will emphasize on bottom centric approach to continue and improve profitability with a gradual growth of top line targets having more focus on non-motor class.

#### b. Claims

Class of Business	Gross Claims	Re-takaful recovery	2019 Net Claims	2018 Net Claims
----- Rupees -----				
Fire	75,238,731	65,914,615	9,324,116	8,294,597
Marine	20,828,701	11,175,301	9,653,400	3,604,616
Motor	213,832,428	12,534,322	201,298,106	194,282,114
Misc	50,968,571	19,606,722	31,361,849	25,450,384
Total	360,868,431	109,230,960	251,637,471	231,631,711

The risk under any takaful contract is the possibility of its occurrence and there is an uncertainty of the amount of claim resulting from occurrence of the event. The risk exposure of the PTF is managed through adequate retakaful arrangements. During the year under review, gross claims shows significant increase on account of one-off large claims in Fire class, whereas there net-off retakaful effect in net claims expense is not material due to less retention of risk with the company and consequent high retakaful recovery.

Adequate retakaful helped in mitigating the effect of the potential loss from large or catastrophic events covered under takaful contracts. The effect of adequate retakaful arrangements has established the fact that Company has not suffered ultimate net takaful losses beyond the Company's risk appetite in any one year. The management is committed to establish strong controls by implementing effective risk management and efficient claim settlement policies.



### c. Investment Income

The management follows a conservative stance (high liquid and low risk) for its investment books. Hence, stable, though relatively low, investment income supplements profit. The volatility in stock market has affected the capital gains, whereas the sharp increase in profit rates helped to change the landscape of total investment income as significant funds have been placed in bank saving accounts, bank term deposits and sukuks. Sources of income includes income generated from Islamic bank saving accounts, term deposits, sukuks and capital gains on mutual funds. Aggregate of bank saving profits & investment income before deduction of Modarib fee is follows:

	2019	2018
Participants Takaful		
Fund (PTF)	<b>16,172,233</b>	11,042,600
Shareholders		
Fund (SHF)	<b>23,765,958</b>	11,457,221
Total	<b>39,938,191</b>	22,499,821

At year end, the market value of investments in sukuks and mutual funds weremarginally higher than its carrying value, which has resulted in unrealized gains andnet change in values as at balance sheet date is recognized in the other comprehensive income.

### d. Overall Review

Our commitment to high service quality & standards, rigorous efforts and farsighted decisions in manifold areas has enabled us to sustain our performance and business positioning, in spite of market pressure on contribution rates, and rising competition due to window takaful operations by leading conventional insurers. Pak-Qatar General Takaful Limited (PQGTL) successfully reinforced business relations with existing clients and channel partners which include some of the top Islamic Financial institutions of Pakistan. Through concentrated efforts, company maintained business growth, stability in business mix and continue to reaffirm Bank limits with some expansion. The Re-takaful treaty arrangements for the year 2020 have been finalized; whereby, there is no change in retakaful panel. Further, VIS & PACRA have reaffirmed Company's financial strength credit rating at 'A-' with stable outlook and 'A' with stable outlook respectively.

## Pak-Qatar General Takaful

Financial highlights of the company are enumerated below:

	2019 Rupees	2018 Rupees
<b>Participants' Takaful Fund (PTF):</b>		
Gross Contribution Written - GCW	<b>701,045,825</b>	677,714,252
Net contribution	<b>211,091,838</b>	192,481,462
Net claims	<b>(251,637,471)</b>	(231,631,711)
Contribution deficiency	<b>(2,600,000)</b>	-
Direct expenses	<b>(7,760,022)</b>	(14,565,168)
Retakaful rebate	<b>51,237,323</b>	59,076,599
<b>Underwriting results</b>	<b>331,668</b>	5,361,182
Investment Income & bank profits, net-off modarib share	<b>9,703,339</b>	6,625,559
<b>Surplus for the year</b>	<b>10,035,007</b>	11,986,741
<b>Shareholders' Fund (SHF):</b>		
Wakala Income	<b>266,257,465</b>	258,267,329
Commission expense	<b>(62,736,660)</b>	(56,834,826)
Management expenses	<b>(210,059,059)</b>	(191,027,197)
	<b>(6,538,254)</b>	10,405,306
Other general & administrative expenses	<b>(5,616,385)</b>	(8,665,820)
Investment Income & other income	<b>27,147,405</b>	12,511,772
Modarib Share of PTF Investment Income	<b>6,468,894</b>	4,417,041
<b>Profit before tax</b>	<b>21,461,660</b>	18,668,299
Provision for taxation	<b>(7,671,500)</b>	(6,323,034)
<b>Profit after tax</b>	<b>13,790,160</b>	12,345,265
<b>Earnings per share of SHF</b>		
Basic & diluted earnings per share - (in Rupees)	<b>0.27</b>	0.24

Extracts from statement of Comprehensive Income are enumerated below:

### Participants' Takaful Fund (PTF):

Surplus for the year	<b>10,035,007</b>	11,986,741
OCI - net change in unrealized gain/(loss) on AFS investments	<b>11,018,859</b>	(11,038,910)
<b>Total Comprehensive income for the year</b>	<b>21,053,866</b>	947,831

### Shareholders' Fund (SHF):

Profit after tax	<b>13,790,160</b>	12,345,265
OCI - net change in unrealized gain/(loss) on AFS investments	<b>7,810,488</b>	(4,231,064)
<b>Total Comprehensive income for the year</b>	<b>21,600,648</b>	8,114,201

## Pak-Qatar General Takaful

Your Company, completing its twelfth full year of operations, has achieved sizable growth in Gross Contribution Written (GCW); though market share is very low in the overall general insurance pie of the country. Traditionally, general insurance market in the country is captured by strong conventional companies operating for more than half a century now. The competition has stiffened for dedicated takaful operators with the advent of Window takaful by large conventional insurers, coupled with large conventional players have already been holding lion's share of insurance industry since many decades. The management has made concerted efforts to establish PQGTL's business positioning which will continue in the wake of intensive competition.

The better results and profits are reported in both the funds (PTF & SHF) in the year under review. The company, rather than focusing on aggressive growth targets, has followed a conservative growth strategy for top line (GCW) and successfully managed to achieve better positive bottom line target. Adoption of this conservative strategy was need of the hour at the start of year 2019, in the wake of prevailing market factors including decline in contribution rates pushing competition to cut throat level for small dedicated takaful companies. Prudent approach was emphasized both in underwriting, and investments that contributed in improvement of results. This was further supplemented by cost saving measures to ensure execution of the work programme is viable in current price and business scenario. Cost efficiencies were achieved mainly as a result of effective use of in house resources, Information Technology utilization enhancement, reducing Operational expenditure at Head office & branches including optimization of head count. The Company has shown positive result for the year under review that continues to maintain its business positioning and lead position as dedicated takaful company. The Participant Takaful Fund has shown a surplus of Rs. 10.03million (2018:11.98 million) whilst the Shareholder Fund has shown Rs 21.46 million (2018:18.6 million) profit before tax and Rs 13.79 million (2018:12.34 million) profits after tax.

In the year 2019, Company's strategy for market penetration was tagged with innovation, creativity, rational products & timely customer service that

provide genuine benefit to the end customer and strengthen the faith of customer on Takaful. Our business development strategy will remain our prime focus and efforts for the strategic alliances have been initiated that will InshaAllah yield the desired results during 2020 by the grace of Allah Almighty. Our dedication to Shariah compliance remains our crown for successful delivery of Takaful services for our participants and strategic partners. In a changing & competitive business environment, future strategy will continue to attain sustainable growth & profits with optimization of overhead cost. Market & customer segments where we have better proposition and competitive edge will remain our prime focus for business growth.

To keep our business on the cutting edge, serve our customers in the way they require and to maximize returns for our esteemed shareholders; we always have in our mind that 'there is always room for improvement' and this enthuse us to brainstorm & work harder that 'how can we further improve?'. For us, customers' requirements, suggestions & complaints are the medium from where we learn. With a firm faith on blessings of Almighty Allah, continued support from sponsors and concerted efforts of our executive management and other team members in a right direction to establish PQGTL's business positioning, we will see our overall business performance & quality to levels higher than ever before.

### 7. Prospects for 2020

The general insurance sector's performance is strongly correlated to economic growth. Pakistan's general insurance industry is poised to undergo growth phase, given the favorable demographics, increasing urbanization and more importantly, the emerging industrial sector. Aggregate results of dedicated takaful companies and window takaful has witnessed that demand for Takaful products has increased.

On the economic front, as the Pakistan's economy was on the adjustment path with the initiation of the IMF's Extended Fund Facility program and so far, the policy mix by Central bank coupled with system of a market-based exchange rate, appears to push the

economy towards growth, though at a slower rate. A new era of industrialization and growth was being anticipated to commence in Pakistan as energy and infrastructure projects under the China-Pakistan Economic Corridor (CPEC) are set to complete in the near term. Anticipating the demand outlook, investments in sectors such as textile, food processing, fertilizer, steel, automobile, chemicals, plastic and electronics could find their way into Pakistan.

As explained earlier, while making our new year resolutions, none of us ever imagined that in three months' time, we would be living in a new world with unknown fears and apprehensions and the Corona virus pandemic (Covid-19) would have adversely effected the businesses on a scale unprecedented at all. In this respect, pre and post Covid-19 economic responses have already been discussed in supra para.

All these effects are supposed to reinforce the economic slowdown, including the decreasing trend in motor vehicles' leasing/Ijara from Banks, whilst the motor business is dominant portion of our total business portfolio. This would increase the competition by large conventional insurance players (alongside their Window takaful setups) and they may follow bullish approach on fundamentals, by dominating the network of agents, business channels or corporate clients. Considering all these developments coupled with tapering motor demand in short-term; we opted cautious behavior and revisited our strategy, targets and opted to refrain from taking a long term view with an aggressive strategy that might have an adverse effect on bottom line results.

The Company believes its strength lies in customer trust, satisfaction, quality of service, and employees' motivation. Being dedicated takaful company, objective for 2020 is to maintain sustainable, profitable growth in a changing and competitive business environment and therefore, the focus will remain on the maximization of customer satisfaction, portfolio of clients, non-motor business mix, improvement in underwriting results, and controlling overhead costs. Persistent execution of our strategic plan will play pivotal role in our stability and continuous success.

### 8. Fund wise Reporting

As required by the Takaful Rules, 2012, annexed financial statements reflect the financial position and results of operations of both SHF and PTF in manner that the assets, liabilities, income and expenses remain separately identifiable.

### 9. Qard-e-Hasna

Takaful Rules, 2012 require that Qard-e-Hasna (interest free loan) is to be provided by SHF to PTF, if there is deficit in admissible assets of PTF over its liabilities. SHF is allowed to recover this qard without charging profit in the event of surplus of admissible assets over liabilities in PTF. Accordingly, in line with the requirements, SHF recovered Rs 10 million (2018: Rs 40 million) from PTF as at year end; whereby, Rs 190 million Qard-e-Hasna is still receivable from PTF as at year ended 2019.

### 10. Appropriations

Another good year as the Shareholders' fund profit after tax Rs 13.7 million has surpassed the last year profit after tax of Rs 12.3 million. However, considering the post Covid-19 economic situation, dividend has not been recommended (2018: 5 %). This decision is meant to boost the equity and to enhance asset quality and liquidity. Enhanced liquidity will assist in continuous flow of business & ability to provide credit facility to customers within ambit of relevant policy & provisions.

### 11. Post Balance Sheet Adjusting Event

No material adjusting event and changes or commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Directors' Report.

### 12. Remuneration & Appointment

Subsequent to year end 2019, following changes took place as part of the Change Management process;

## Pak-Qatar General Takaful

- a. Mr. Zahid Hussain Awan (Director & CEO) relinquished from the position of CEO. Consequent to this, BOD approved the appointment of Mr. Nasir Ali Syed along with terms of appointment as Chief Executive Officer. New CEO took charge of his office after obtaining approval from SECP under Sound and Prudent Management Regulations, 2012.
- b. Mr. M. Kamran Saleem (Company Secretary, CFO & Head of risk management) relinquished from the position of CFO & Head of Risk Management. Consequently to this, BOD approved the appointment of Mr. Muhammad Saleem as CFO, and
- c. Board also approved the elevation of Mr. Kamran Saleem as board member subject to compliance with requirements of Companies Act, 2017 and Sound & Prudent Management Regulations, 2012.

In furtherance, following changes in senior management have occurred subsequent to year end 2019:

- Mr. Danish Wasim - ACA was elevated as Head of Risk Management.
- Mr. M. Raza was elevated as Acting Head of operation in consequent to resignation of Mr. Altaf Ahmed (Head of operation)

### 13. Transaction in shares

During the year 2019, no material transaction in shares occurred which could attract the provisions of section 67 of Insurance Ordinance, 2000. However, in year 2018, M/s Masraf Al Rayan had disinvested its entire holding and the same were purchased by our prominent shareholder & director. Subject transaction invoked section 67 of the Insurance Ordinance; therefore, same was executed with the approval from the SECP.

### 14. Credit Rating

As a part of risk management system, the Company gets itself rated from VIS and PACRA. Both the rating

agencies of Pakistan, VIS Credit Rating Company Limited and Pakistan Credit Rating Agency Limited (PACRA) have reaffirmed the Company's financial strength rating at 'A-' with stable outlook and 'A' with stable outlook respectively.

### 15. Related Party Transactions

At board meeting, the Board of Directors approves Company's transactions with Associated Companies/Related parties. All transactions executed with related parties are on arm's length basis. Accordingly, transactions pertaining to sharing of expense are carried at actual cost, sales/purchase of investments, if any are carried out at fair value and transactions related to claims or contributions were carried out at commercial terms.

In the case of related party transactions with Pak-Qatar Family Takaful Limited, majority of the Directors are common due to common ownership structure, and accordingly may be deemed as interested in accordance with the provisions of Section 208 of the Companies Act, 2017. In order to avoid actual or perceived conflict of interest, such material transactions, therefore, are also placed before the shareholders for approval in the annual general meeting.

### 16. Capital Management & Liquidity

The Company maintains good financial base. Your company carefully administers its liquidity to ensure its ability to meet its obligations efficiently. The company operates and honours its obligations through cash flow generated from its core business as well as investment and other income. As a part of liquidity management, Company also gets auditors certification annually on its solvency position prepared as per requirements of Insurance Ordinance, 2000. S.R.O 828(I)/2015 requires minimum paid-up capital of Rs 500 million for the non-life insurance companies/ takaful operators as at year end December 31, 2017. We are pleased to inform that with the strong financial support and commitment from our shareholders, Company's paid up capital Rs 509 million has already been in compliance with said SRO since 2017.



### 17. Contribution to National Exchequer

Your Company contributes to the national economy in terms of taxes and duties and the contribution is increasing as the Company is growing. This year the Company, in the capacity of a tax payer and as a withholding agent, has deposited Rs 109 million to the National Exchequer. Further your Company's employees, being a responsible citizens, has participated in blood donation drive conducted in collaboration with the Indus Hospital.

### 18. Adoption of IFRS 16 Leases

The party is over with the adoption of IFRS 16 Leases which abandoned IAS 17 Leases; whereby operating leases previously kept as off-balance sheet assets & liabilities have now been brought in as on-balance sheet Right of Use asset & Lease liability. This could have significantly affect the companies' key performance indicators, loan covenants and solvency requirements. We are pleased to announce absorption of its impacts without significantly effecting key performance indicators. These are the first set of financial statements with change in accounting policy as per modified retrospective approach for IFRS 16, accordingly, comparative figures have not been restated.

### 19. General Takaful Accounting Regulation

The SECP on 20 November 2019 vide its notifications S.R.O 1416(I)/2019 issued "General Takaful Accounting Regulations, 2019", which are applicable for financial statement for the periods commencing on or after 01 January 2020. The aforesaid notifications mainly prescribe presentation and disclosure requirements for financial statements and significant change in accounting treatments of wakala income.

The Company is in the process of evaluating the impact of adopting the aforesaid regulations on its current period financial statements, particularly in wake of Covid-19. If deemed necessary then Company will proceed to seek relaxation from the SECP on this regulation to be followed for the preparation of the financial statements for the current year.

### 20. Compliance with Sharia principles

The requirements set out by the Takaful Rules, 2012, Shariah Governance Regulations, 2018 (SGR) read with letter ID/PRDD/MISC/2018/17474 dated 12 December 2018, and directives issued by our respected Sharia Advisor have been complied with. The Sharia advisor in discharging his responsibilities ensures the adherence to conditions specified by Takaful rules, SGR and Sharia principles. In this regard, independent Sharia compliance review report & our Sharia Advisor's report are annexed with the annual report.

Since inception, Pak-Qatar Takaful Group of companies have an independent Shari'ah Advisory Board (SAB), to oversee all products and operations for Shari'ah compliance. Justice (Retd.) Mufti Muhammad Taqi Usmani was the founding Chairman of the group's Shari'ah Board since inception and named Mufti Hassaan Kaleem as his successor in 2019. This privilege supervision has enabled us to have distinction in implementing sharia governance practices exceeding statutory requirements. Pak-Qatar Takaful Group also has the distinction of being the 'first takaful group', licensed by the SECP to operate dedicated General Takaful and Family Takaful companies. Thus, a complete Sharia compliant suite with wide range of financial planning & protection products for all walk of life.

### 21. Human Resources

During the year 2019, Human Resources focused on strengthening our performance management area and our overall organizational structure - as this we feel holds the key to maintaining a strong, performance-oriented culture in an industry that lacks significant investment in developing quality human talent. Additional changes were made to the performance management function where the company moved toward quarterly performance reviews to promote meaningful conversations.

Our recruitment strategy at the initial levels continues to be to induct fresh talent from renowned institutions of learning to foster new ideas and perspectives and molding this talent based on the company's core values. Recruitment focus is to ensure

cultural fit. We made further significant investments in targeted employee development initiatives with a support to employees toward acquiring professional certifications and memberships in globally recognized institutions of learning. Internal training programs and workshops focused on customer services and organizational development were organized. We are now introducing a flatter, more responsive organizational hierarchy along with a title structure that will be a first for the industry in Pakistan. The company strongly believes that motivated & good quality employees are its real strength. That's why, we foster the culture of giving people wings to fly, roots to come back and reasons to stay.

### 22. Risk and uncertainties

The Company conducts business in a complex and challenging environment and is therefore exposed to number of external and internal risks that may present threats to its success and profitability. Some of the major risks facing the Company include regulatory risk, operational risks, underwriting risks, market risk, credit risks, retakaful risks, liquidity risk & economic / political risks etc.

The management is committed to putting risk management at the center of the strategic decision-making process and to this end runs a robust risk management process that traverses through all functions of the Company. This puts the Company at such advantageous position that provides safeguarding its business & stakeholders. The business decision taken is based on weighing the associated risks against rewarding opportunities, as we strive to seize business opportunities that are compatible with our long-term vision. The company has set up a risk management function/department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.

### 23. Relationship with other Stakeholders

Your Company continues to maintain good relationship with:

- Its employees by providing a positive work environment

- Its clients through building trust and providing quality service
- The business community through honest and fair dealing
- The Government & regulators through promoting free enterprise along with competitive market system and complying with all applicable laws; and
- Society in general through providing safe and healthy workplace and provide employees the opportunity to improve their skills.

### 24. Compliance with Code of Corporate Governance

In November 2016, the Securities & Exchange Commission of Pakistan implemented 'the Code of Corporate Governance for Insurers, 2016', applicable to all insurance/takaful companies. The requirements of the Code of Corporate Governance set out by the regulatory authorities have been duly complied with. A Statement to this effect is annexed with the report.

### 25. Corporate and Financial Reporting Frame Work

- a. The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- b. Proper books of accounts have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment; except for change in accounting policy as disclosed in note 6.2 to the notes to the financial statements.
- d. The International Accounting Standards, International Financial Reporting Standards or any other regulation or law (including but not limited to the Shariah guidelines / principles) as

applicable in Pakistan, have been followed in preparation of financial statements, and any departure there from has been adequately disclosed.

- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of Corporate Governance.
- h. The key operating and financial data for the last six years is attached.
- i. There is no significant change in objective & strategies from last year, and there is no plan to discontinue any operations.
- j. The value of investments of provident fund based on unaudited accounts as at the year-end was Rupees 26.3 million.
- k. The number of board meeting & attendance by director(s) is given below under heading 'Board of Directors'
- l. The pattern of shareholding of the company is attached.
- m. No trading in shares has been made by the Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children, except for transfer of 01 share from Mr. Said Gul to Mr. Farrukh Junaidy.
- n. The earning per share & breakup value are Rs 0.27 and 10.9 respectively.

## 26. Board of Directors

**Significant Change in BOD:** During the year, there is no casual vacancy and significant change in the Board of directors of the Company, except for the election of directors as presented below.

**Directors' Election:** PQGTL is a Public Interest Company as per the criteria defined in Third Schedule of Companies Act, 2017. Accordingly, requirement of female director under section 154(1) of Companies Act, 2017 have been complied with, in election of directors held in last AGM on 30th April 2019. The name of the Directors elected in last AGM for the term of three years are as follows:

- 1 H.E Sheikh Ali Bin Abdullah Al-Thani  
Non executive director
- 2 Mr. Abdul Basit Ahmed Al-Shaibei  
Non executive director
- 3 Mr. Ali Ibrahim Al Abdul Ghani  
Non executive director
- 4 Mr. Said Gul  
Non executive director
- 5 Mr. Zahid Hussain Awan  
Non executive director
- 6 Mrs. Sameera Usman  
Non executive director
- 7 Mr. Owais Ahmed Yusuf  
Independent director
- 8 Mr. Farrukh Vigaruddin Junaidy  
Independent director

**Directors' Orientation Course:** Our respected Board of Directors are experienced and seasoned professionals with decades of experience. Many of our directors are holding director position in the Company for a decade or more than one tenure, and accordingly have gone through orientation courses several times.

In year 2019, the six directors have been re-appointed alongside with two additions and approval process for appointment of directors by the apex regulator 'the SECP' was completed in the month of July 2019. Accordingly, fresh orientation course to acquaint them with their responsibilities along with recent developments in relevant rules & regulations is

## Pak-Qatar General Takaful

conducted in 2020, whereby, presentation was delivered by Company Secretary along with booklet material.

In furtherance, three key management personnel from the position of CEO, Company Secretary & Head of Internal Audit have acquired certification under the Directors training program from Pakistan Institute of Corporate Governance during 2019.

Directors' Meeting Attendance: During the year 2019, six meetings of the Board of Directors were held and attended as follows:

Directors	Number of meetings attended
1 Sheikh Ali Bin Abdullah Al-Thani	2
2 Abdul Basit Ahmed Al-Shaibei	3
3 Ali Ibrahim Al Abdul Ghani	2
4 Said Gul	6
5 Zahid Hussain Awan	5
6 Mrs. Sameera Usman	1
7 Mr. Owais Ahmed Yusuf	3
8 Mr. Farrukh Viqaruddin Junaidy	2
9 Mr. Abdullah	2

Leave of absence was granted to directors, who could not attend the Board Meetings.

Board and Management Committees: As part of Corporate Governance, Board maintains Board level committees and Management committees, whose latest composition is presented in annual report under heading Corporate information.

### 27. Internal Audit function

Audit Committee: It oversees the effective implementation of a sound internal control system including compliance with control procedures. The committee is Chaired by an independent director, who is a Fellow Member of the Institute of Chartered Accountants of Pakistan (ICAP) with over thirty years of experience. He has served as the Vice President and Council Member of the ICAP, & has also has served on the board of directors of Karachi Stock

Exchange and National Clearing Company of Pakistan as a nominee of the Securities & Exchange Commission and Karachi Stock Exchange.

The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance.

Internal Auditor: For appraisal of internal controls and monitoring compliance, the Company has in place and appropriately staffed, Internal Audit department headed by suitably qualified and experienced Chartered Accountant. Internal auditor has full access to the Chairman of the Board Audit Committee. Further, the internal auditor meets senior management to discuss internal audit reports and is fully independent to access the management at any time to discuss audit issues in order to make the audit process transparent and effective.

The scope and authority of Internal Audit Department is defined in the approved Internal Audit Charter. The Internal Audit Department has adopted a risk based approach to conduct internal audits, and monitors and evaluates the efficacy and adequacy of internal controls, consistency in application of policies and procedures and compliance with laws and regulations. Based on the report of the internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. To maintain its objectivity and independence, the Internal Audit Department reports functionally to the Board Audit Committee and administratively to the CEO.

### 28. Auditors

The present auditors, M/s. Ernst & Young Ford Rhodes, Chartered Accountants, retire and are eligible for re-appointment for the ensuing year. On recommendation of the Audit Committee, the Board of Directors of the company has proposed their name for re-appointment as auditors of the company for the year ending on the 31st December 2020.



### 29. Anti Money Laundering (AML) & Counter Terrorism Financing (CFT)

Various resolutions passed in United Nation Security Council (UNSC) and conventions held globally which aimed at handling Money Laundering and Terrorism financing issues across the globe. Pakistan is also complying with these resolutions and particularly the recommendations of Financial Action Task Force on Money Laundering (FATF). State Bank of Pakistan and SECP being regulator of the banking and non-banking institutions respectively have also introduced the guidelines & regulations in this regard.

In this regard, the Securities and Exchange Commission of Pakistan (SECP), has also notified Anti Money Laundering Regulations, 2018 vide S.R.O. 770 (1)/2018 dated 13 June 2018 ["Regulations"] and subsequently amended vide S.R.O. 1170(1)/2018 dated 1st October 2018. The Objective of these Regulations is to identify, prevent, report and investigate money laundering (ML) and Terrorism Financing (TF) activities and take precautions to curb the risk of ML and TF. These Regulations came into force at once that is to say from the date of its promulgation viz. 13 June 2018.

Additionally, in September 2018, the SECP issued Guidelines on Implementation of AML/CFT Framework under the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2018 ["Guidelines"] designed to assist RPs in complying with the Regulations. It clarifies and explains the general requirements of the legislation to help RPs in applying AML/CFT measures, developing an effective AML/CFT risk assessment and compliance framework suitable to their business, and in detecting and reporting suspicious activities. The Regulations and Guidelines lay emphasis on evaluation, identification, assessment and mitigation of risk vis-à-vis money laundering and terrorism financing.

Generally, non-life insurance companies' nature of business does not completely attract these regulations as the estimated risk assessment is "low", however, the Company is keen to implement & adhere the requirements of the SECP to cater the relevant risk and exposure. In this connection, the

management has implemented the AML & CTF Policy through the utilization of relevant modern tools, techniques and by amending the procedures accordingly. The Company has also conducted / arranged trainings of its staff with regards to AML and CTF.

### 30. Working in the Age of Lockdown

In view of the Covid 19 pandemic, Government adopted strict measures to curtail the spread of coronavirus by suspending public gathering and a complete lock down. This created chaos and put the companies in dilemma situation with respect to business continuity, customer services and compliance with different provisions of Companies Act, 2017 in respect of holding of board meeting, general meetings, quarterly accounts and filing of various statutory returns/documents.

On Business Continuity front: These unforeseen & beyond control lockdown circumstances emerged as a potential threat to business and can have possible devastating impact, if organizations were not able to take counter measures on war footing basis. Every business needs to prepare for the worst, and should ensure that proper technology is in place to protect operations when disaster strikes. Since our Company is a technology-oriented company, therefore we coped issues like downtime and data unavailability during lockdown. We opted the model of 'Work from home' (WFH) and managed to overcome the situation into a tolerable level by availing business systems & their functionalities, which were established & tested as part of our Business Continuation & Disaster Recovery Plan. We assure that our team is capable to find the solution that works best to counter difficult circumstances.

On Customer Service front: In view of Covid -19 pandemic lockdown situation, we at Pak-Qatar monitored the situation and took necessary steps to ensure continuity of our business operations without compromising the safety of our clients and employees. We are committedly providing support & services to customer through all channels. Whether they need to deposit contribution, initiate service request, lodge a claim, or seek any details. Our whatsapp, mobile, and online portals/solutions are



available to any time and from anywhere. Customer can also reach us at call centre numbers or via email. We look forward to provide exceptional value to our customer and pray for their wellbeing in such challenging times.

On Statutory Compliance front: We wish to record our appreciation and sincere gratitude to the SECP for cognizing the gravity of worsening situation on very initial stage and taking immediate measures by issuing back to back instructions for the safety and wellbeing of shareholders & employees of the Company and providing relaxation & ease of doing business to the companies in such a difficult time vide different press releases, circulars & SRO's, which includes following;

- Press release dated 11 March 2020 having subject 'contingency planning for general meetings of shareholders'.
- Circular 5 of 2020 dated 17 March 2020 having subject 'contingency planning for annual general meetings'.
- Circular 6 of 2020 dated 22 March 2020 having subject 'Relaxation of certain provisions of Companies Act'.
- Circular 10 of 2020 dated 1 April 2020 having subject 'Regulatory relief to dilute impact of Covid-19 for corporate sector'.

### 31. Appreciation & Acknowledgement

Your company's performance during the year would not have been possible without passion, commitment and hard work of both the employees and the management. On behalf of the Board of Directors, we wish to place our thanks and sincere appreciation for the continued support from all the stakeholders.

We also acknowledge the support of the Securities and Exchange Commission of Pakistan. On behalf of the Board of Directors, we thank our policyholders, intermediaries and reinsurers for reposing their unstinted faith in the company, and we are sure of continuing to share our success with all of them.

### Conclusion

In conclusion, we bow, beg and pray to Almighty Allah, Ar-Rahman-Ar-Rahim, for the continued showering of His blessings, guidance, strength, health, and prosperity upon us, our company, country and all other stakeholders. Ameen, Summa Ameen.

By Order of the Board



Chief Executive Officer



Director

Date: 01 April, 2020

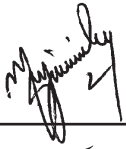
سراہتے ہیں۔

ہم SECP کے تعاون کا بھی اعتراف کرتے ہیں۔ بورڈ آف ڈائریکٹرز کی طرف سے ہم اپنے پالیسی ہولڈرز، انٹر میڈیٹرز اور ری انشوررز کا کمپنی پر اعتماد کرنے پر شکریہ ادا کرتے ہیں۔ اور یقین دلاتے ہیں کہ ہم ان سب کے ساتھ اپنی کامیابی کا سفر جاری رکھیں گے۔

### اختتامیہ

اختتام پر ہم اللہ سبحانہ و تعالیٰ جو کہ رحمن و رحیم ہے کے سامنے سر جھکاتے ہوئے سوال کرتے ہیں کہ وہ ہمیں، ہماری کمپنی، ہمارے ملک اور تمام اسٹیک ہولڈرز کو اپنی مسلسل رحمت، ہدایت، طاقت، صحت اور کامیابیوں سے ہمکنار رکھے۔ آمین ثم آمین

بورڈ آف ڈائریکٹرز کی طرف سے



ڈائریکٹرز



چیف ایگزیکٹو آفیسر

تاریخ: 1 اپریل، 2020

کسٹمر سروس کے محاذ پر: کووڈ - 19 لاحقہ لاک ڈاؤن کی صورتحال کے پیش نظر، ہم نے پاک قطر کمپنی کی صورتحال پر نظر رکھی اور اپنے کسٹمرز اور ملازمین کی حفاظت پر سمجھوتہ کیے بغیر اپنے کاروباری کاموں کے تسلسل کو یقینی بنانے کے لئے ضروری اقدامات اٹھائے۔ ہم ہر میدان میں گاہک کو معاونت اور خدمات فراہم کر رہے ہیں۔ چاہے انہیں کسٹمر پیوشن جمع کروانے، سروس کی درخواست، کلیم دائر کرنے یا کسی اور قسم کی تفصیل کی ضرورت ہو۔ ہمارے واٹس ایپ، موبائل، اور آن لائن پورٹل / حل کسی بھی وقت اور کہیں سے بھی دستیاب ہیں۔ کسٹمرز کال سینٹر نمبر پر یا ای میل کے ذریعہ بھی ہم سے رابطہ کر سکتے ہیں۔ ہم اپنے صارفین کو غیر معمولی اہمیت فراہم کرنے کے منتظر ہیں اور اس طرح کے مشکل وقت میں ان کی خیریت کے لئے دعا گو ہیں۔

قانونی تقبیل کے محاذ پر: ہم ایس ای سی پی کا جس نے بہت ہی ابتدائی مرحلے میں بگڑتی ہوئی صورتحال پر قابو پانے اور کمپنی کی شخصیات یا فنانس اور ملازمین کی حفاظت اور بحالی کے لئے مختلف پریس ریلیز، سرکلرز اور ایس آر اوز کے تحت، ایسے مشکل وقت میں کمپنیوں کو رعایت دینے اور کاروبار کرنے میں آسانی فراہم کر تیکی خاطر بیک ٹو بیک بیک ہدایات جاری کر کے فوری اقدامات کرنے پر تہہ دل سے مشکور ہیں، جس میں مندرجہ ذیل شامل ہیں:

- پریس ریلیز مورخہ 11 مارچ 2020 کو بعنوان "حصص یافتگان کی عام میٹنگوں کے لئے ہنگامی منصوبہ بندی"۔

2020 - کے سرکلر 5 مورخہ 17 مارچ 2020 کو بعنوان "سالانہ عام اجلاسوں کے لئے ہنگامی منصوبہ بندی"۔

2020 - کے سرکلر 6 مورخہ 22 مارچ 2020 کو بعنوان کمپنیوں کیا ایکٹ کے کچھ دفعات میں نرمی"۔

2020 کیسرکلر 10 مورخہ 1 اپریل 2020 کو بعنوان "کارپوریٹ سیکٹر کے لئے کووڈ 19 کے اثر کو کم کرنے کے لئے باقاعدہ ریلیف"۔

### 31. قدردانی اور اعتراف

سال کے دوران آپ کی کمپنی کی کارکردگی مینجمنٹ اور ملازمین دونوں کی سخت محنت، عزم اور جذبہ کے بغیر ممکن نہیں تھی۔ بورڈ آف ڈائریکٹرز کی جانب سے ہم تمام اسٹیک ہولڈرز کا مسلسل تعاون پر تہہ دل سے شکریہ ادا کرتے ہیں اور ان کی کوششوں کو

## 28. آڈیٹرز

رپورٹنگ میں قانون سازی کے عمومی تقاضوں کی وضاحت کرتا ہے۔ ضابطے اور رہنما خطوط منی لانڈرنگ اور دہشت گردی کی مالی اعانت سے متعلق خطرے کے جائزہ، شناخت، تشخیص اور تخفیف پر زور دیتے ہیں۔

عام طور پر، نان لائف انشورنس کمپنیوں کے کاروبار کی نوعیت ان ضوابط کو مکمل طور پر راعب نہیں کرتی ہے، کیونکہ تخمینہ شدہ رسک کا تخمینہ "کم" ہے، تاہم، کمپنی متعلقہ خطرے اور اس کے نمایاں ہونے کے لئے ایس ای سی پی کی ضروریات کو نافذ کرنے اور ان پر عمل پیرا ہونے کے خواہاں ہے۔ اس سلسلے میں، انتظامیہ نے متعلقہ جدید آلات، تراکیب کے استعمال کے ذریعے اور اس کے مطابق طریقہ کار میں ترمیم کر کے، AML اور CTF پالیسی کو نافذ کیا ہے۔ کمپنی نے اے ایم ایل اور سی ٹی ایف کے حوالے سے اپنے عملے کی تربیت کا بھی اہتمام کیا ہے۔

## 30. لاک ڈاؤن کے زمانے میں کام

کووڈ 19 وبائی مرض کے پیش نظر، حکومت نے عوامی اجتماع کو معطل کر کے اور مکمل طور پر لاک ڈاؤن کے ذریعہ کورونا وائرس کے پھیلاؤ کو روکنے کے لئے سخت اقدامات اپنائے۔ اس نے کاروباری تسلسل، کسٹمر سروسز اور کمپنیز ایکٹ 2017 کی مختلف شقوں کی تعمیل کے سلسلے میں بورڈ میٹنگ کے انعقاد، عام اجلاسوں، سہ ماہی اکائٹس اور مختلف قانونی ریٹرن / دستاویزات جمع کروانے کے سلسلے میں کمپنیوں میں افراتفری پیدا کردی اور کمپنیوں کو منہوش صورتحال میں ڈال دیا۔

کاروباری تسلسل کے محاذ پر: غیر متوقع اور بے قابو حالات کاروبار کے لئے ایک ممکنہ خطرہ کے طور پر ابھر کر تباہ کن اثرات مرتب کر سکتے ہیں، اگر تنظیموں نے وقت پر ان حالات سے لڑنے کے لیے موزوں اقدامات نہ اٹھائے۔ ہر کاروبار کو بدترین صورتحال سے نمٹنے کے لئے تیاری کرنے کی ضرورت ہے، اور اس بات کو یقینی بنانا چاہئے کہ تباہی پڑنے پر کاروباری سرگرمیوں کی حفاظت کے لئے مناسب ٹیکنالوجی موجود ہو۔ چونکہ ہماری کمپنی ایک ٹیکنالوجی پر مبنی کمپنی ہے، لہذا ہم نے لاک ڈاؤن کے دوران بیکار وقت اور ڈیٹا کی عدم دستیابی جیسے مسائل کا مقابلہ کیا۔ ہم نے گھر سے کام (WFH) کے ماڈل کا انتخاب کیا اور کاروباری نظام اور ان کی افادیت سے فائدہ اٹھا کر صورتحال پر قابو پانے میں کامیاب ہو گئے، جو ہمارے بزنس تسلسل کو قائم رکھنے اور ڈیزاسٹر ریکوری پلان کے حصے کے طور پر قائم اور تجربہ کیے گئے تھے۔ ہم یقین دہانی کراتے ہیں کہ ہماری ٹیم مشکل حالات کا مقابلہ کرنے کیلئے ایسا حل تلاش کرنے کی اہل ہے جو بہترین کام کرتی ہے۔

موجودہ آڈیٹرز ای وائے فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس اپنی ذمہ داری سے سیکدوش ہو گئے تھے، البتہ اگلے سال ری اپائٹمنٹ کے اہل ہیں۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی کی سفارش پر 31 دسمبر 2020 میں ختم ہونے والے سال کیلئے دوبارہ انہیں کمپنی کا آڈیٹر مقرر کرنے کی تجویز دی ہے۔

## 29. اینٹی منی لانڈرنگ (AML) اور انسداد دہشت گردی کی مالی اعانت (CFT)

اقوام متحدہ کی سلامتی کونسل (UNSC) اور عالمی سطح پر منعقدہ کنونشنوں میں متعدد قراردادیں منظور کی گئیں جن کا مقصد پوری دنیا میں منی لانڈرنگ اور دہشت گردی سے متعلق مالی معاملات سے نمٹنا ہے۔ پاکستان ان قراردادوں اور خاص طور پر منی لانڈرنگ (FATF) پرفنانشل ایکشن ٹاسک فورس کی سفارشات کی بھی تعمیل کر رہا ہے۔ اسٹیٹ بینک آف پاکستان اور ایس ای سی پی نے بالترتیب بینکاری اور غیر بینکاری (کمپنیاں) اداروں کے ریگولیٹری حیثیت سے بھی اس سلسلے میں رہنما اصول و ضوابط متعارف کرائے ہیں۔

اس سلسلے میں، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے، ایس آر اے 2018 / (1) 770 کے ذریعہ اینٹی منی لانڈرنگ ریگولیشنز، 2018 کو بھی متعارف کیا ہے۔ مورخہ 13 جون 2018 (قواعد و ضوابط) اور بعد میں ایس آر اے 2018 / (1) 1170 کے ذریعہ بتاریخ یکم اکتوبر 2018 ترمیم کی گئی۔ ان ضوابط کا مقصد منی لانڈرنگ (AML) اور دہشت گردی کی مالی اعانت (ٹی ایف) کی سرگرمیوں کی نشاندہی، روک تھام، اطلاع دینا اور ان کی تحقیقات کرنا ہے اور ایم ایل اور ٹی ایف کے خطرے سے نمٹنے کے لئے احتیاطی تدابیر اختیار کرنا ہے۔ یہ قواعد و ضوابط ایک ساتھ نافذ العمل ہو چکے ہیں، اس کے اعلان کی تاریخ 13 جون 2018 ہے۔

مزید برآں، ستمبر 2018 میں، ایس ای سی پی نے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (اینٹی منی لانڈرنگ اور دہشت گردی سے متعلق مالی معاونت) ریگولیشنز، 2018 ("ہدایات") کے تحت اے ایم ایل / سی ایف ٹی فریم ورک کے نفاذ کے بارے میں رہنما اصول جاری کیے۔ یہ اصول آر پی ایس کو اے ایم ایل / سی ایف ٹی اقدامات کو لاگو کرنے، ان کے کاروبار کے لئے موثر AML / CFT رسک کی تشخیص اور تعمیل کا فریم ورک تیار کرنے، اور مشکوک سرگرمیوں کا پتہ لگانے اور ان کی

واقفیت کورس سے گزر چکے ہیں۔

## 27. انٹرنل آڈٹ فنکشن

آڈٹ کمیٹی: یہ انٹرنل کنٹرول سسٹم کے مؤثر نفاذ کی نگرانی کرتی ہے جس میں کنٹرول کے طریقہ کار کی تعمیل بھی شامل ہے۔ اس کمیٹی کی سربراہی ایک آزاد ڈائریکٹر کرتے ہیں، جو تیس سال سے زیادہ کے تجربے کے ساتھ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے فیلو ممبر ہیں۔ وہ آئی سی اے پی کے نائب صدر اور کونسل ممبر کی حیثیت سے خدمات انجام دے چکے ہیں، اور انہوں نے کراچی اسٹاک ایکسچینج اور نیشنل کلیئرنگ کمپنی آف پاکستان کے بورڈ آف ڈائریکٹرز میں اور سکیورٹیز اینڈ ایکسچینج کمیشن اور کراچی اسٹاک ایکسچینج کے نامزد امیدوار کی حیثیت سے خدمات انجام دی ہیں۔

آڈٹ کمیٹی کو انٹرنل آڈیٹر کے ذریعے یقینی دہانی فراہم کرنے کے لئے آپریشنل کنٹرولز کا جائزہ لینے اور ممکنہ خطرات کی نگرانی اور ان کا انتظام کرنے میں معاونت حاصل کی جاتی ہے کہ اس طرح کا نظام کمپنی میں اطمینان بخش اور مؤثر طریقے سے چل رہا ہے اور کمپنی کی کاروائیاں بہتر بنانے کیلئے آزادانہ اور معقول یقینی دہانی فراہم کرتی ہے۔

انٹرنل آڈیٹر: انٹرنل کنٹرول اور نگرانی کی تعمیل کے بارے میں اندازہ لگانے کے لئے، کمپنی کے پاس مناسب اور قابل تجربہ کار چارٹرڈ اکاؤنٹنٹ کی سربراہی میں، انٹرنل آڈٹ کا شعبہ موجود ہے۔ انٹرنل آڈٹ کو بورڈ آڈٹ کمیٹی کے چیئرمین تک مکمل رسائی حاصل ہے۔ مزید برآں، انٹرنل آڈیٹر اندرونی آڈٹ رپورٹس پر تبادلہ خیال کرنے کے لئے سینئر مینجمنٹ سے ملاقات کرتا ہے اور آڈٹ کے عمل کو شفاف اور مؤثر بنانے کے لئے آڈٹ کے امور پر تبادلہ خیال کرنے کے لئے کسی بھی وقت انتظامیہ تک رسائی کے لئے مکمل طور پر آزاد ہے۔

انٹرنل آڈٹ کا دائرہ کار اور اختیار منظور شدہ انٹرنل آڈٹ چارٹر میں بیان کیا گیا ہے۔ انٹرنل آڈٹ ڈیپارٹمنٹ نے انٹرنل آڈٹ کے انعقاد کے لئے رسک پر مبنی طرز عمل اپنایا ہے، تاکہ انٹرنل آڈٹ کی کارکردگی اور اہلیت، پالیسیوں اور طریقہ کار کے اطلاق میں مستقل مزاجی اور قوانین اور قواعد و ضوابط کی تعمیل کی نگرانی کرتا ہے اور اس کا جائزہ لیتے ہیں۔ انٹرنل آڈٹ فنکشن کی رپورٹ کی بنیاد پر، متعلقہ شعبوں کے سربراہان اپنے اپنے دائرہ اختیار میں اصلاحات کرتے ہیں اور اس طرح کنٹرول کو مضبوط کرتے ہیں۔ اپنی بالادستی اور آزادی کو برقرار رکھنے کے لئے، انٹرنل آڈٹ ڈیپارٹمنٹ واجبی طور پر بورڈ کی آڈٹ کمیٹی کو اور انتظامی طور پر سی ای او کو رپورٹ کرتا ہے۔

سال 2019 میں، چھ ڈائریکٹروں کو مزید دو اضافوں کے ساتھ تقرریاں بھی کی گئی ہیں اور ریگولیٹر ایس ای سی پی سے ڈائریکٹرز کی تقرری کیلئے منظوری کے عمل کو جولائی 2019 میں مکمل کیا گیا تھا۔ اس کے مطابق، ان کی واقفیت کیلئے تازہ ترین اور مینٹیننس کورس 2020 میں متعلقہ قواعد و ضوابط میں حالیہ پیشرفت کے ساتھ ذمہ داریاں انجام دی گئیں، جس کے تحت کمپنی سکرپٹری نے کمپنی کے کتابچے کے مواد کے ساتھ ساتھ پیش کیا۔

مزید یہ کہ سی ای او، کمپنی سکرپٹری اور ہیڈ آف انٹرنل آڈٹ کی حیثیت سے انتظامیہ کے تین اہم اہلکاروں نے 2019 کے دوران کارپوریٹ گورننس انسٹی ٹیوٹ آف ڈائریکٹرز کے تحت ڈائریکٹرز ٹریننگ پروگرام کی سند حاصل کر چکے ہیں۔

دوران سال بورڈ آف ڈائریکٹرز کی چھ مینٹنگز منعقد ہوئیں اور ان میں درج ذیل افراد نے شرکت کی:

نمبر شمار	ڈائریکٹر	مینٹنگز کی تعداد جن میں وہ شریک ہوئے
1	شیخ علی بن عبداللہ الثانی	2
2	عید الباسط احمد الشیبی	3
3	علی ابراہیم العبدالعزیز	2
4	سید گل	6
5	زاہد حسین اعوان	5
6	مس سیرا	1
7	اولیس احمد یوسف	3
8	عبداللہ	2
9	جناب فرخ وقار الدین جنیدی	2

مینٹنگز میں شریک نہ ہونے والے ڈائریکٹرز کو غیر حاضری کی رخصت دی گئی۔

بورڈ اور مینجمنٹ کمیٹیاں: کارپوریٹ گورننس کے حصے کے طور پر، بورڈ، بورڈ کی سطح کی کمیٹیوں اور مینجمنٹ کمیٹیوں کو برقرار رکھتا ہے، جن کی تازہ ترین تشکیل کارپوریٹ انفارمیشن کے عنوان سے سالانہ رپورٹ میں پیش کی گئی ہے۔

ج۔ مناسب اکاؤنٹنگ پالیسیز کو فائنل اسٹیٹمنٹ بنانے میں استعمال کیا گیا اور  
 اکاؤنٹنگ کے اندازے ایک مناسب اور معقول توجیہ پر مبنی ہیں، ماسوائے  
 میں کوئی عارضی خالی جگہ اور قابل ذکر تبدیلی نظر نہیں آئی، سوائے ذیل میں پیش کردہ  
 ڈائریکٹرز کے انتخاب کے۔

د۔ فائینانشل اسٹیمٹ کی تیاری میں پاکستان میں رائج انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز کی پیروی کی گئی ہے اور کسی بھی قسم کے ڈیپارچر کو مناسب طریقہ سے ظاہر کیا گیا ہے۔

(1) 154 کی شرائط لاگو ہیں، جس میں پبلک انٹرسٹ کمپنی کے بورڈ پر کسی خاتون کی نمائندگی بھی ضروری ہے، جو 30 اپریل سال 2019 کو بورڈ آف ڈائریکٹر کے الیکشن کے دوران پورا کیا گیا۔

و۔ کمپنی کے گونگ کسٹرن ہونے میں کوئی خاطر خواہ شک نہیں ہے۔

ز۔ ریگولیشنز میں بتائے گئے کارپوریٹ گورنس کی پریکٹسز سے کوئی بڑا فرق نہیں # ڈائریکٹر کیٹیگری

ح۔ گذشتہ چھ سالوں کا اہم آپریٹنگ اور فنانشل ڈیٹا منسلک ہے۔ 2 جناب عبدالباسط احمد الشیبی نان ایگزیکٹو ڈائریکٹر

اور نہ ہی آپریشن بند کرنے کا کوئی ارادہ ہے۔ 4 جناب سید گل نان ایگزیکٹو ڈائریکٹر

کے اختتام پر 26.3 ملین روپے تھی۔

ڈائریکٹرز کے تعاون کے تحت دی گئی ہے۔ 8 جناب فرخ وقار الدین جنیدی آزاد ڈائریکٹر

م۔ چیف ایگزیکٹو، ڈائریکٹر، چیف فائنانشل آفیسر، کمپنی سیکریٹری ان کے ڈائریکٹرز کا اور میٹینسٹن کورس: ہمارے معزز بورڈ آف ڈائریکٹرز تجربہ کار اور پیشہ ور افراد

سوائے 01 شیر کے جو جناب سعید گل کی طرف سے جناب فرخ جنیدی کو اس سے زیادہ عرصے سے ڈائریکٹر کے عہدے پر فائز ہیں، اور اس کے مطابق متعدد بار



## 21. ہیومن ریسورسز

سال 2019 کے ہیومن ریسورسز نے ہماری پرفارمنس منجمنٹ ایریا کو اور مجموعی طور پر ہماری تنظیمی ساخت کو مضبوط بنانے پر توجہ دی ہے، جیسا کہ ہم یہ محسوس کرتے ہیں کہ یہ ایک بنیاد ہے، جس سے آپ ایسی بہترین پرفارمنس کو بحال رکھ سکتے ہیں جو انڈسٹری میں کلچر کی نمائندگی کرے اور اس کی بنیادی وجہ اچھے انسانی وسائل پر بہت کم سرمایہ کاری کی جاتی ہے۔

پرفارمنس منجمنٹ فنکشن میں اضافی تبدیلیاں کی گئی تھیں، جہاں کمپنی نے سودمند بات چیت کو فروغ دینے کے لئے سہ ماہی کارکردگی کے تجزیہ کی طرف قدم بڑھایا ہے۔

ابتدائی سطح پر ہماری ریکروٹمنٹ کی حکمت عملی یہ ہے کہ ہم معروف تعلیمی اداروں سے آنے والے تازہ باصلاحیت افراد کو شامل کریں تاکہ نئے خیالات اور نقطہ نظر کو فروغ دیا جائے، اور ان صلاحیتوں کو کمپنی کے بنیادی اقدار کے مطابق ڈھالا جائے۔ ریکروٹمنٹ میں اس بات کی طرف پوری توجہ ہے کہ وہ کلچر کے اعتبار سے بھی فٹ ہوں۔

ہم نے کچھ ملازمین کو ٹارگٹ بنا کر ان کی ترقی پر مزید اہم سرمایہ کاری کی ہے جس کے ساتھ ساتھ بہت سے ملازمین کو عالمی طور پر تسلیم شدہ تعلیمی اداروں میں پروفیشنل ٹیٹھلیٹ اور رکنیت حاصل کرنے میں مدد ملی ہے۔ داخلی تربیتی پروگرامز اور ورکشاپ میں کسٹمر سروسز اور تنظیمی ترقی پر توجہ دی جاتی ہے۔

ہم ٹائٹل اسٹرکچر کے ساتھ ایک ہموار اور زیادہ ذمہ دار ادارتی ہر ایک کی پیش کرنے جارہے ہیں، یہ پاکستان میں انڈسٹری کے اندر نیا قدم ہوگا۔

کمپنی کو اس پر مضبوط یقین ہے کہ متحرک اور اچھے معیار کے ملازمین اس کی حقیقی قوت ہیں۔ لہذا، ہم لوگوں کو اوڑان بھرنے کے لئے جڑیں فراہم کرنے، بنیادوں کی طرف لوٹنے اور رکنے کی وجوہات دینے کی ثقافت کو فروغ دیتے ہیں۔

## 22. رسک اور غیر یقینی کیفیات

کمپنی پیچیدہ اور مشکل ماحول میں بزنس چلاتی ہے جس میں اندرونی اور بیرونی خطرات کا خدشہ رہتا ہے جو کمپنی کی کامیابی اور منافع کو نقصان پہنچا سکتے ہیں۔ ریگولیٹری رسک، انتظامی رسک، انڈر رائٹنگ رسک، کریڈٹ رسک، ری انشورنس رسک، لیکویڈٹی رسک اور معاشی/سیاسی رسک، یہ وہ بڑے رسک ہیں جن کا کمپنی کو سامنا

کرنا پڑ رہا ہے۔

منجمنٹ نے اس بات کا عزم کیا ہے کہ وہ فیصلہ سازی کے عمل میں رسک منجمنٹ کو مرکزی حیثیت دیں گے، جس سے رسک منجمنٹ کا عمل مضبوط ہوگا اور کمپنی کے ہر فنکشن میں سے ہوتا ہوا گزرے گا۔ یہ عمل کمپنی کو مفید اور اس کے بزنس اور اسٹیک ہولڈرز کو محفوظ پوزیشن میں لا کر کھڑا کر دے گا۔ بزنس کے حوالے سے جو فیصلے لیے گئے وہ حاصل ہونے والے مواقع کے مقابلے میں پیش آنے والے رسک کو جانچنے کی بنیاد پر ہے، کیونکہ ہم نے اپنے ان بزنسز کو قابو میں رکھنے کی بہت کوشش کی ہے جو ہمارے طویل المیعاد وژن سے مطابقت رکھتے ہیں۔ کمپنی نے اپنا ایک رسک منجمنٹ فنکشن / ڈپارٹمنٹ بنایا ہے جو اپنی ذمہ داریوں کو کوڈ آف کارپوریٹ گورننس فار انشوررز 2016 کے تحت انجام دیتا ہے۔

## 23. دوسرے اسٹیک ہولڈرز کے ساتھ تعلقات

آپ کی کمپنی درج ذیل لوگوں کے ساتھ اچھے تعلقات برقرار رکھنا چاہتی ہے:

- اپنے ملازمین کیساتھ، ایک مثبت کام کا ماحول فراہم کر کے
- پالیسی ممبران کیساتھ، اعتماد پیدا کرنے اور معیاری خدمات کی فراہمی کے ذریعہ
- کاروباری طبقہ کیساتھ، ایماندارانہ اور منصفانہ سلوک کے ذریعہ
- حکومت، ریگولیٹرز اور مسابقتی مارکیٹ سسٹم کے ساتھ، مفت انٹر پرائز کو فروغ دینے، تمام قابل اطلاق قوانین کی تعمیل کے ذریعہ اور
- عام طور پر معاشرے کو محفوظ اور صحت مند کام کی جگہ فراہم کرنے اور ملازمین کو اپنی صلاحیتوں کو بہتر بنانے کا موقع فراہم کرنے کے ذریعہ۔

## 24. کارپوریٹ گورننس کے کوڈ کی تعمیل

نومبر 2016 میں، سکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان نے انشوررز کے لئے کارپوریٹ گورننس کوڈ 2016 لاگو کیا۔ جو کہ تمام انشورنس ٹکافل کمپنیوں پر لاگو ہے۔ ریگولیٹری حکام کی طرف سے مقرر کردہ کارپوریٹ گورننس کی ضروریات کو صحیح طریقے سے عمل لایا گیا ہے۔ اس کے اثر کی وضاحت کے لئے ایک رپورٹ کو شامل کیا گیا ہے۔

2019 (I)/ 1416 کو "جنرل تکافل اکاؤنٹنگ ریگولیشنز 2019" جاری کیا، جو 01 جنوری 2020 کو یا اس کے بعد شروع ہونے والے ادوار کے لئے مالی گوشواروں کے لئے لاگو ہیں۔ مذکورہ بالا نوٹیفیکیشن بنیادی طور پر پریزنٹیشن کے ساتھ، مالیاتی گوشواروں کو منظر عام پر لانے کے تقاضے اور وکالہ آمدنی کے اکاؤنٹنگ میں نمایاں تبدیلی کے بارے میں ہے۔

کمپنی اپنے موجودہ وقت کے مالی بیانات بالخصوص کووڈ-19 کے تناظر میں مذکورہ ضوابط کو اپنانے اور قبول کرنے کے اثرات کا جائزہ لینے کے عمل میں ہے۔ اگر ضروری سمجھا گیا تو کمپنی رواں سال کے مالی اعداد و شمار کی تیاری کے لئے ان ضوابط پر ایس ای سی پی سے نرمی حاصل کر نیکی درخواست کرے گی۔

## 20. شرعی اصولوں کی تعمیل

تکافل رولز، 2012، شریعہ گورننس ریگولیشنز (SGR 2018) کے ذریعہ طے شدہ تقاضوں کو 12 دسمبر کو جاری ہونے والے لیٹر نمبر / PRDD / 2018 ID / 17474 MISC کے ساتھ پڑھا جائے، اور ہمارے قابل احترام شریعہ ایڈوائزر کی جاری کردہ ہدایات پر عمل کیا گیا ہے۔ شریعہ ایڈوائزر اپنی ذمہ داریوں کو نبھاتے ہوئے تکافل رولز، ایس جی آر اور شرعی اصولوں کے ذریعہ مخصوص شرائط کی پابندی کو یقینی بناتا ہے۔ اس سلسلے میں، ایک آزاد شریعہ کمپلائنس جائزہ رپورٹ اور ہمارے شریعہ ایڈوائزر کی رپورٹ کو سالانہ رپورٹ کیساتھ جوڑ دیا گیا ہے۔

ابتداء سے ہی، پاک قطر تکافل گروپ آف کمپنیز کے پاس شرعی اصولوں کی تعمیل کیلئے موجود تمام پالیسیاں اور آپریشن کی نگرانی کے لئے ایک آزاد شریعہ مشاورتی بورڈ (SAB) موجود ہے۔ جسٹس (ریٹائرڈ) مفتی محمد تقی عثمانی صاحب شروع سے ہی گروپ کے شریعہ بورڈ کے بانی چیئرمین تھے اور بعد میں انہوں نے مفتی حسان کلیم کو 2019 میں اپنا جانشین نامزد کیا۔

اس استحقاق کی نگرانی نے ہمیں شرعی حکمرانی کو عملی طور پر قانونی تقاضوں سے زیادہ کے نفاذ میں امتیاز حاصل کرنے کے قابل بنایا ہے۔ پاک قطر تکافل گروپ کو یہ اعزاز بھی حاصل ہے کہ وہ سب سے پہلا تکافل گروپ ہے، جو ایس ای سی پی کے ذریعہ جنرل تکافل اور فیملی تکافل کمپنیوں کو چلانے کے لئے لائسنس یافتہ ہے۔ اس طرح، زندگی کے تمام شعبوں کے لئے مالی منصوبہ بندی اور تحفظ کی پالیسیاں بڑے پیمانہ پر مکمل شرعی نگرانی میں خدمات فراہم کرنے کیلئے کوشاں ہے۔

ہونا چاہئے۔ ہمیں یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ ہمارے شیئر ہولڈرز کے بھرپور مالی تعاون سے گزشتہ سال کے اختتام تک ہمارا 509 ملین ادا شدہ سرمایہ، سال 2017 کے بعد سے مذکورہ SRO کے مطابق ہے۔

## 17. قومی خزانہ اور قومی مفاد کے لئے کئے جانے والے عطیات میں شرکت

آپ کی کمپنی ٹیکس وغیرہ کی صورت میں ایک معتد بہ رقم قومی خزانے میں جمع کرواتی ہے۔ اس سال ٹیکس دہندہ اور وڈ ہولڈنگ ٹیکس ایجنٹ ہونے کے ناطے 109 ملین کی خطیر رقم قومی خزانے میں جمع کروائی گئی۔

اس کے علاوہ آپ کی کمپنی کے ملازمین نے ذمہ دار شہری ہونے کی حیثیت سے انڈس ہسپتال کے تحت ہونیوالے خون کے عطیات میں بھرپور حصہ لیا۔

## 18. IFRS 16 لیز کو اپنانا

IFRS 16 لیز کو اپنانے کے ساتھ (انسورس / تکافل کمپنیز میں آف دی ریکارڈ اثاثہ جات اور ادائیگیاں) ختم ہو گئی ہے، جس سے IAS 17 لیز کو ترک کر دیا گیا ہے۔ اس معیار کے تحت پہلے آپ کو بیلنس شیٹ پر آپریٹنگ لیز کی صورت میں اثاثوں اور واجبات کو نہیں دکھانا پڑتا تھا جبکہ اب (فائنانشنگ لیز کیساتھ) آپریٹنگ لیز کو بیلنس شیٹ پر رائٹ آف یوز اور لیز کے واجبات کی صورت میں اثاثہ جات اور واجبات کے طور پر لایا گیا ہے۔ اس سے کمپنیوں کی اہم کارکردگی کے اشارے، قرض کے معاہدوں اور سالوینسی کی ضروریات کو نمایاں طور پر متاثر کیا جاسکتا ہے۔

مذکورہ معیار کو اپنانے کے بعد کلیدی کارکردگی کے اشارے پر نمایاں اثر ڈالے بغیر اس کو اپنانے کا اعلان کرتے ہوئے خوشی محسوس ہو رہی ہے۔ یہ مالی بیانات کا پہلا مجموعہ ہے جس میں اکاؤنٹنگ پالیسی میں تبدیلی آئی ایف آر ایس 16 کے لئے ترمیم شدہ ما قبل نقطہ نظر کے مطابق ہے، اس معیار کے مطابق تقابلی اعداد و شمار کو بیان نہیں کیا گیا ہے۔

## 19. عمومی تکافل اکاؤنٹنگ ضابطہ

ایس ای سی پی نے 20 نومبر 2019 کو اپنی اطلاعات کے تحت ایس آر او

#### 14. کریڈٹ ریٹنگ

رئس مینجمنٹ کا حصہ ہونے کی وجہ سے کمپنی نے بذات خود VIS اور PACRA سے ریٹنگ حاصل کی۔ دونوں مشہور کریڈٹ ریٹنگ ایجنسیوں VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ اور پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی طرف سے بالترتیب "A" اور "A" کی مضبوط کریڈٹ ریٹنگ کے ساتھ قائم ہے۔

#### 15. متعلقہ پارٹی کے لین دین

بورڈ کے اجلاس میں بورڈ آف ڈائریکٹرز نے کمپنی سے وابستہ کمپنیوں / متعلقہ پارٹیز کے معاملات کی منظوری دیدی ہے۔ متعلقہ پارٹیز کے ساتھ کئے گئے معاملات ان کی حیثیت کی بنیاد پر ہیں۔ اسی طرح اخراجات کو شیئر کرنے کے لئے کیے جانے والے معاملات اصل لاگت پر، خرید و فروخت کی سرمایہ کے معاملات منصفانہ قدر اور ویلیو پروپراؤٹیکمز یا کنٹریبیوشن سے متعلق معاملات کو تجارتی بنیادوں پر کیا گیا ہے۔ پاک فنانس فیملی مکافل لمیٹڈ سے متعلق فریقین کے لین دین کے معاملے میں، ملکیت میں شراکت داری کی وجہ سے زیادہ تر ڈائریکٹرز مشترک ہیں، اور اسی کے مطابق کمپنیز ایکٹ 2017 کے سیکشن 208 کی دفعات کے مطابق سب کی دلچسپی سمجھی جاسکتی ہے۔ مفادات کے بارے میں واقعی یا ممکنہ تنازعہ سے بچنے کے لئے، اس نوعیت کے حامل لین دین کو حصص داروں کے سامنے سالانہ عام اجلاس میں بھی منظوری کیلئے رکھے جاتے ہیں۔

#### 16. کمپیٹل اور سیال کا انتظام

کمپنی اچھی مالیاتی بنیاد برقرار رکھتی ہے۔ آپ کی کمپنی احتیاط سے اپنی ذمہ داریوں کو مؤثر طریقے سے پورا کرنے کی صلاحیت کو یقینی بناتی ہے۔ کمپنی اپنے بنیادی برنس اسی طرح انوسٹمنٹ اور دیگر آمدنی سے حاصل شدہ کیش کے بہاؤ سے اپنی ذمہ داریاں نبھاتی ہے۔ لیکویڈیٹی مینجمنٹ کے ایک لازمی حصے کے طور پر، کمپنی کو انشورنس آرڈیننس، 2000 کے تقاضوں کے مطابق تیار کردہ سالوینسی پوزیشن پر سالانہ آڈیٹرز کا سرٹیفیکیشن بھی ملتا ہے۔

ایس آر او 2015/828(1) کے تحت 31 دسمبر، سال 2017 کے اختتام پر نان لائف انشورنس کمپنیوں / مکافل آپریٹرز کا دا شدہ سرمایہ 500 ملین روپے

الف - جناب زاہد حسین اعوان (ڈائریکٹر اور سی ای او) سی ای او کے عہدے سے دستبردار ہو گئے۔ جس کے نتیجے میں، بی او ڈی نے چیف ایگزیکٹو آفیسر کی تقرری کی شرائط کے ساتھ جناب ناصر علی سید کی تقرری کی منظوری دی۔ واضح اور محتاط مینجمنٹ ریگولیشنز 2012 کے تحت ایس ای سی پی سے منظوری حاصل کرنے کے بعد نئے سی ای او نے اپنے عہدے کا چارج سنبھال لیا۔

ب - جناب ایم کامران سلیم (کمپنی سکریٹری، سی ایف او اور رئس مینجمنٹ کے ہیڈ) نے سی ایف او اور رئس مینجمنٹ کے ہیڈ کے عہدے سے دستبردار ہو گئے۔ اس کے نتیجے میں، بورڈ آف ڈائریکٹرز نے جناب محمد سلیم کی بطور سی ایف او تقرری کی منظوری دی، اور

ج - بورڈ نے جناب کامران سلیم کی بورڈ ممبر کی حیثیت سے کمپنی ایکٹ 2017، واضح اور محتاط مینجمنٹ ریگولیشنز، 2012 کی ضروریات کی تعمیل سے منظوری دی۔

سال 2019 کے اختتام تک سینئر مینجمنٹ میں درج ذیل تبدیلیاں رونما ہوئیں:

الف - جناب دانش وسیم ACA - کو رئس مینجمنٹ کے ہیڈ کے عہدے پر فائز کر دیا گیا۔

ب - جناب ایم رضا کو جناب الطاف احمد (ہیڈ آف آپریشن) کے استعفی کے نتیجے میں موجودہ ہیڈ آف آپریشن کے عہدے پر فائز کر دیا گیا۔

#### 13. شیئر میں لین دین

سال 2019 کے دوران حصص میں کوئی خاص لین دین نہیں ہوا جس سے انشورنس آرڈیننس 2000 کے دفعہ 67 کی شقیں متوجہ ہو سکے۔ البتہ سال 2018 میں مصرف البریان نے اپنی پوری ہولڈنگ کو واپس لیا اور وہ تمام حصص ہمارے ممتاز شیئرز ہولڈرز اور ڈائریکٹرز نے خرید لیے۔ اس معاملہ کے نتیجے میں انشورنس آرڈیننس 2000 کا سیکشن 67 متوجہ ہوا، لہذا اس پر ایس ای سی پی کی منظوری کے ساتھ عملدرآمد کیا گیا۔

ٹیکسٹائل، فوڈ پروسیسنگ، کھاد، سٹیل، آٹو موٹائل، کیمیکل، پلاسٹک اور الیکٹرانکس جیسے سیکٹر میں سرمایہ کاری پاکستان میں اپنا راستہ ہموار کر سکتی ہیں۔

## 9. قرض حسنہ

ہیکافل روڈ 2012 کے تحت یہ ضروری ہے کہ اگر PTF کا خسارہ اس کے قابل قبول اثاثہ جات سے زیادہ ہے تو SHF فنڈ سے PTF کو قرض حسنہ (غیر سودی قرض) فراہم کیا جائے گا۔ SHF کو PTF میں موجود ذمہ داریوں سے زائد قابل اثاثہ جات کے سرپلس سے کسی نفع کے بغیر یہ قرض وصول کرنے کی اجازت ہوگی۔ ضروریات کے مطابق SHF نے سال کے اختتام تک PTF سے 10 ملین روپے (2018: 40 ملین) وصول کر لیے ہیں، جبکہ ابھی بھی سال 2019 کے اختتام تک 190 ملین قرض حسنہ PTF کے ذمہ قابل ادا ہیں۔

## 10. تخصیصات

ایک اور خوش آئند سال جس میں شیئرز ہولڈرز فنڈ کا منافع ٹیکس ادا کرنے کے بعد 13.7 ملین روپے رہا، جس نے گزشتہ سال کے ٹیکس کی ادائیگی کے بعد باقی ماندہ منافع 12.3 ملین روپے کو پیچھے چھوڑ دیا ہے۔ تاہم، کووڈ - 19 کی وجہ سے اقتصادی صورتحال پر غور کرتے ہوئے، منافع کی تقسیم کی سفارش نہیں کی گئی ہے (2018: 5%)۔ اس فیصلے کا مقصد ایکویٹی اور اثاثوں کے معیار اور لیکویڈیٹی کو بڑھانا ہے۔ بڑھی ہوئی لیکویڈیٹی کاروبار کے مستقل بہاؤ اور متعلقہ پالیسی اور دفعات کے تناظر میں پالیسی ممبران کو کریڈٹ کی سہولت فراہم کرنے کی صلاحیت میں معاون ثابت ہوگی۔

## 11. پوسٹ بیلنس شیٹ ایڈجسٹنگ ایونٹ

مالی سال کے اختتام، جس سے متعلق یہ بیلنس شیٹ ہے سے لے کر ڈائریکٹر رپورٹ کے اجراء کی تاریخ کے دوران کسی بھی قسم کے ایڈجسٹمنٹ کا کوئی واقعہ یا ایسی کوئی خاطر خواہ تبدیلی اور وعدے نہیں کئے گئے جو کمپنی کی مالی حیثیت پر اثر انداز ہو سکے۔

## 12. معاوضہ اور تقرری

سال 2019 کے اختتام تک، انتظامی امور کی تبدیلی کے تحت مندرجہ ذیل تبدیلیاں رونما ہوئیں:

جیسا کہ پہلے بیان کیا گیا ہے اپنے نئے سال کے عزائم طے کرتے وقت ہم میں سے کسی نے کبھی سوچا بھی نہیں تھا کہ تین ماہ کے عرصے میں ہم ایک نئی دنیا میں نامعلوم خوف اور خدشات کے ساتھ زندگی گزاریں گے اور کورونا وائرس وبائی مرض (کووڈ-19) کو بری طرح بڑے پیمانے پر مکمل طور پر کاروبار کو متاثر کرے گا۔ اس سلسلے میں، کووڈ-19 سے پہلے اور بعد کے معاشی ردعمل پر اوپر پہلے ہی بحث کی جا چکی ہے۔

یہ سارے اثرات معاشی سست روی کو تقویت بخشیں گے، جس میں بینکوں سے موٹر گاڑیاں لیز / اجارہ میں کمی کے رجحانات بھی شامل ہیں، حالانکہ موٹر کاروبار ہمارے کل کاروباری پورٹ فولیو کا ایک اہم حصہ ہے۔ اس سے بڑے روایتی انشورنس پلیئرز (اپنے ونڈو تکافل سیٹ اپ کے ساتھ) مسابقت میں آئیں گے اور وہ ایجنٹس، برنس چینلز یا کارپوریٹ کلائنٹس کے نیٹ ورک پر غلبہ حاصل کرنے کے لئے بنیادی اصولوں کو ترک کر دیں گے۔ ان تمام پیشرفت پر غور کرنا جن میں مختصر مدت میں موٹر کی طلب کو بہتر بنایا جائے، ہم نے محتاط سلوک کا انتخاب کیا اور حکمت عملی، اہداف پر نظر ثانی کی اور کسی جارحانہ حکمت عملی کے ساتھ طویل المیعاد نظریہ اختیار کرنے سے باز رہنے کا انتخاب کیا جس سے نچلے حصے کے نتائج پر متفی اثر پڑ سکتا ہے۔

کمپنی کا یقین ہے کہ اس کی قوت کسٹمر کے اعتماد، اطمینان، سروس کے معیار، اور ملازمین کی حوصلہ افزائی میں ہے۔ مستقل تکافل کمپنی ہونے کے ناطے 2020 کا ہدف یہ تھا کہ بدلنے مسابقتی کاروباری حالات میں پائیدار، منافع بخش ترقی کو برقرار رکھا جائے، اس وجہ سے توجہ کا مرکز کسٹمرز کا اطمینان، کسٹمرز کا پورٹ فولیو، نان موٹر برنس مکس، انڈر رائٹنگ کے نتائج میں بہتری اور اور ہیڈ اخراجات کو کنٹرول رہے ہیں۔ ہماری اسٹریٹجک منصوبہ کی مسلسل عملدرآمد ہمارے استحکام اور مسلسل کامیابی میں اہم کردار ادا کرے گی۔

## 8. فنڈ کے اعتبار سے رپورٹنگ

ہیکافل روڈ کے مقتضی کے مطابق منسلک مالیاتی اسٹیٹمنٹ جو کہ مالی حیثیت اور ایس ایچ ایف اور پی ٹی ایف کے آپریشن کے نتائج جو کہ ان دونوں فنڈز کے اثاثہ جات، ذمہ داریوں، آمدنی اور اخراجات جو کہ الگ الگ بیان کئے گئے ہیں کی عکاسی کرتی



فائدہ دیا اور کسٹمر کے اعتماد کو مضبوط کیا۔ ہماری پوری توجہ کاروباری ترقی کی حکمت عملی ہوگی اور اسٹریٹجک اتحاد کے لئے کوششیں شروع کی جا چکی ہیں، جو کہ اللہ تعالیٰ کے فضل سے 2020 کے دوران ان شاء اللہ مطلوبہ نتائج حاصل کروائے گا۔ ہماری شریعہ کمپلائنس کی لگن اپنے شرکاء، کفائل کو سروسز فراہم کرنے میں اور اسٹریٹجک پارٹنرز کے لئے قابل فخر ہے۔ ان مسابقتی اور بدلتے ہوئے کاروباری حالات میں مستقبل کی حکمت عملی پائیدار ترقی اور منافع کو حاصل کرنے اور اضافی اخراجات کی کمی کے ساتھ ساتھ جاری رہے گی۔ مارکیٹ اور کسٹمر کیچن شعبوں میں ہمیں بہتر تجربہ اور مسابقتی استعداد حاصل ہے پر کاروباری ترقی کے لئے خوب توجہ دیں گے۔

کاروبار کو کٹنگ ایج پر رکھتے ہوئے، کسٹمر کو ان کی ضرورت کے مطابق سروسز دیتے ہوئے اور محترم شیئرز ہولڈرز کو زیادہ سے زیادہ نفع پہنچانے کے لئے ہمیشہ ہمارے دماغ میں یہ بات رہتی ہے کہ ہمیشہ مزید بہتری کی گنجائش موجود رہتی ہے، اور یہ ذہنی جلا اور سخت کام کرنے میں حوصلہ افزائی کرتی ہے کہ ہم کس طرح مزید بہتری لاسکیں؟ ہمارے لئے کسٹمر کی ضروریات، تجاویز اور شکایات سیکھنے کا ذریعہ ہیں۔

اللہ تعالیٰ کی برکتوں پر مضبوط اعتماد کے ساتھ، PQGTL کی کاروباری پوزیشن کو قائم کرنے کے لئے سپورنسر کے تعاون اور ہمارے ایگزیکٹو مینجمنٹ اور دیگر ٹیم کے ارکان کی صحیح جہت میں مسلسل کوششوں سے ہم اپنے مجموعی کاروباری کارکردگی اور معیار کو پہلے سے بہتر سطح پر دیکھتے ہیں۔

## 7. 2020 کے امکانات

جنرل انشورنس کے شعبے کی کارکردگی اقتصادی ترقی سے مربوط ہے۔ پاکستان کی جنرل انشورنس انڈسٹری شہریوں میں اضافہ اور خاص کر ابھرتے ہوئے صنعتی شعبے کی حمایت کی وجہ سے ترقی کرنے کے لئے مستعد ہے۔ مجموعی طور پر مستقل کفائل کمپنیاں اور ونڈ و کفائل کے نتائج کفائل پروڈکٹس کی ڈیمانڈ کی بڑھوتری دکھا رہے ہیں۔

معاشی محاذ پر چونکہ پاکستان کی معیشت آئی ایم ایف کے توسیعی فنڈ سہولت پروگرام کے آغاز کے ساتھ ایڈجسٹمنٹ کی راہ پر گامزن تھی اور اب تک مارکیٹ پر مبنی ایکسیجین ریٹ کے نظام کے ساتھ مرکزی بینک کی پالیسی کس یہ معیشت کو ترقی کی طرف دھکیلتی ہوئی دکھا رہی ہیں، اگرچہ یہ ایک سست شرح ہے۔ چین پاکستان اقتصادی کوریڈور (CPEC) کے تحت توانائی اور انفراسٹرکچر کے منصوبوں کے قریبی مدت میں مکمل ہونے سے صنعتی اور ترقی کے ایک نیا دور کا آغاز ہونے جا رہا ہے۔ ڈیمانڈ آؤٹ لک کی توقع،

آپ کی کمپنی اپنے آپریشنز کے بارہ سال پورے کرتے ہوئے تحریر کردہ گروس کسٹری بیوٹن میں ایک بڑے اضافہ کو حاصل کرنے میں کامیاب ہوئی ہے، اگرچہ ملک کے مجموعی طور پر جنرل انشورنس کی پائی میں مارکیٹ شیئر بہت کم ہے۔ روایتی طور پر، ملک میں جنرل انشورنس مارکیٹ پر ابھی تک نصف صدی سے زیادہ کام کرنے والی روایتی مضبوط انشورنس کمپنیاں قابض ہیں۔ کفائل کے لئے مخصوص آپریشنز کے لئے روایتی انشورنس کمپنیوں کی کفائل ونڈو کی آمد کی وجہ سے مقابلہ بہت سخت ہو گیا ہے، اس کے ساتھ ساتھ بڑے روایتی کھلاڑی باقاعدہ کئی دہائیوں سے انشورنس انڈسٹری کا ایک بہت بڑا حصہ سنبھالے ہوئے ہیں۔ انتظامیہ نے PQGTL کی کاروباری پوزیشن جس کو مسلسل بڑھتے ہوئے شدید مقابلہ کا سامنا رہے گا کو قائم کرنے کے لئے مدبرانہ کوششیں کی ہیں۔

PTF اور SHF دونوں فنڈز میں زیر غور سال میں بہتر نتائج اور منافع نوٹ کیا گیا۔ کمپنی نے جارحانہ ترقی کے اہداف پر توجہ مرکوز کرنے کے بجائے اوپر لائن (GCW) کے لئے محتاط ترقی کی حکمت عملی کو اپنایا ہے اور کامیابی کے ساتھ بہتر مثبت نچلے لائن کے ہدف کو حاصل کرنے میں کامیابی حاصل کی ہے بڑھتے ہوئے موجودہ مارکیٹ عوامل جن میں کسٹری بیوٹن ریٹس میں کمی جو کہ چھوٹی کفائل کے لئے وقف کمپنیوں کے لئے مقابلاتی سطح کو ملحق تک لے گیا ہے کو مد نظر رکھتے ہوئے اس محتاط حکمت عملی کو اختیار کرنا سال 2019 کے آغاز میں وقت کی ضرورت تھی۔ دانشمندانہ نقطہ نظر نے انڈر رائٹنگ اور انوسٹمنٹ دونوں پر زور دیا جس نے نتائج کی بہتری میں حصہ لیا۔ اس میں مزید اضافہ اخراجات کی بچت کے اقدامات کے ذریعہ کیا گیا تاکہ ورک پروگرام کی تنفیذ کو موجودہ قیمت اور بزنس کے حالات میں قابل عمل بنایا جاسکے۔ اخراجات کی کارکردگی کو بنیادی طور پر میسر وسائل کو بروئے کار لاتے ہوئے، انفارمیشن ٹیکنالوجی کے استعمال میں اضافہ، ہیڈ آفس اور برانچوں میں ہیڈ کوانٹ میں بہتر کارکردگی سمیت آپریشنل اخراجات کو کم کرنے کے نتیجے میں حاصل کئے گئے تھے۔ کمپنی نے زیر نظر سال میں مثبت نتائج دکھائے ہیں جس سے اس کے کاروبار کی پوزیشن کو برقرار رکھنے اور پرلگن کفائل کمپنی کے طور پر قیادت کی حیثیت جاری رہے گی۔ شرکا کفائل فنڈ میں 10.03 ملین روپے (2018 میں 11.98 ملین روپے) کا سرپلس دیکھنے میں آیا، جبکہ شیئرز ہولڈر فنڈ میں قبل از ٹیکس منافع 21.46 ملین روپے (2018 میں 18.6 ملین روپے) اور بعد از ٹیکس 13.79 ملین روپے (2018 میں 12.3 ملین) منافع ہوا۔

سال 2019 میں، کمپنی کی مارکیٹ تک رسائی کی حکمت عملی کو جدید، تخلیقی اور معقول پروڈکٹس اور کسٹمر کو بروقت سروس دینے سے جوڑا، جس نے اینڈ کسٹمر کو حقیقی



2018	2019
روپے	روپے
258,267,329	266,257,465
(56,834,826)	(62,736,660)
(191,027,197)	(210,059,059)
10,405,306	(6,538,254)
(8,665,820)	(5,616,385)
12,511,772)	27,147,405
4,417,041	6,468,894
18,668,299	21,461,660
(6,323,034)	(7,671,500)
12,345,265	13,790,160

شیر ہولڈرز فنڈ (SHF):

وکالہ آمدنی  
کمیشن کے اخراجات  
انتظامی اخراجات

دیگر جنرل اور ایڈمنسٹریٹو اخراجات

انوٹسمنٹ اور دیگر آمدنی

PTF انوٹسمنٹ آمدنی میں سے مضارب شیر

منافع قبل از ٹیکس

ٹیکس کی فراہمی

منافع بعد از ٹیکس

SHF کے ہر شیر پر آمدنی

0.24

0.27

فی شیر بنیادی اور کم سے کم آمدنی (روپے میں)

مجموعی آمدن کی اسٹیٹمنٹ سے حاصل کردہ اعداد و شمار ذیل میں دئے گئے ہیں:

شرکاء مکافل فنڈ (PTF):

11,986,741	10,035,007
(11,038,910)	11,018,859
947,831	21,053,866

اس سال کا سرپلس

اوسی آئی: اے ایف ایس انوٹسمنٹ پر غیر حقیقی فائدہ (نقصان) میں خالص تبدیلی

اس سال کی مجموعی آمدن

شیر ہولڈرز فنڈ (SHF):

نفع بعد از ٹیکس

اوسی آئی: اے ایف ایس انوٹسمنٹ پر غیر حقیقی فائدہ (نقصان) میں خالص تبدیلی

اس سال کی مجموعی آمدن

12,345,265	13,790,160
(4,231,064)	7,810,488
8,114,201	21,606,648

2018	2019	
11,042,600	<b>16,172,233</b>	شرکاء تکافل فنڈ (PTF)
11,457,221	<b>23,765,958</b>	شیر ہولڈرز فنڈ (SHF)
<u>22,499,821</u>	<u><b>39,938,191</b></u>	ٹوٹل

ہمیں اس قابل بنایا کہ ہم اپنی کارکردگی اور بزنس کی پوزیشن کو برقرار رکھ سکیں۔ پاک قطر جرنل تکافل لمیٹڈ (PQGTL) موجودہ کسٹمرز اور چینل پارٹنرز جن میں کچھ پاکستان کے سب سے اعلیٰ اسلامی مالیاتی ادارے بھی شامل ہیں، کے ساتھ کاروباری تعلقات کی بحالی کو کامیابی سے فروغ دیا ہے۔ کمپنی نے مرکوز کوششوں کے ذریعے کاروباری ترقی اور بزنس کمزوری میں استحکام کو برقرار رکھتے ہوئے کچھ توسیع کے ساتھ بینک کی لمٹس کو بھی بحال رکھا۔ 2020 کے ری تکافل کی ٹریڈ کے انتظامات کو پینل میں بغیر کسی تبدیلی کے حتمی شکل دی گئی۔ اس کے علاوہ VIS اور PACRA نے کمپنی کی مالیاتی قوت کو کریڈٹ ریٹنگ A- مستحکم آؤٹ لک اور A مستقل مستحکم آؤٹ لک پر برقرار رکھا۔

سال کے اختتام پر، صلوک اور میوچل فنڈز میں سرمایہ کاری کی مارکیٹ ویلیو اس کی دفتری ویلیو سے زیادہ تھی، جس کے نتیجے میں غیر حقیقی نفع ہوا اور بیلنس شیٹ کی تاریخ کے مطابق ویلیوز میں صافی تبدیلی دوسری جامع آمدنی میں بھی تسلیم کی گئی۔

### د۔ مجموعی جائزہ

کنٹری بیوشن ریٹ کے سلسلہ میں مارکیٹ کے دباؤ اور روایتی انشورنس کی سہارا ہی میں ونڈو تکافل آپریشنز کے بڑھتے ہوئے مقابلہ کے باوجود ہمارے اعلیٰ معیار اور اعلیٰ سروس کے عزم، انتھک کوششوں، اور مختلف میدانوں میں دوراندیش فیصلوں نے

نفع و نقصان کی اسٹیٹمنٹ سے حاصل کردہ اعداد و شمار ذیل میں دئے گئے ہیں:

2018 روپے	2019 روپے
<u>677,714,252</u>	<u><b>701,045,825</b></u>
192,481,462	<b>211,091,838</b>
(231,631,711)	<b>(251,637,471)</b>
-	<b>(2,600,000)</b>
(14,565,168)	<b>(7,760,022)</b>
59,076,599	<b>51,237,323</b>
5,361,182	<b>331,668</b>
6,625,559	<b>9,703,339</b>
<u>11,986,741</u>	<u><b>10,035,007</b></u>

### شرکاء تکافل فنڈ (PTF) :

تحریر کردہ گروس کنٹری بیوشن (GCW)

صافی کنٹری بیوشن

صافی کلیمز

کنٹری بیوشن کی کمی

بلا واسطہ اخراجات

ری تکافل ری بیٹ

انڈر رائٹنگ نتائج

انوسٹمنٹ آمدنی اور بینک منافع۔ مضارب شیر کے علاوہ

رواں سال کا سرپلس

مزید یہ کہ کمپنی دانشمندانہ ترقی پر غور کر رہی ہے، اور 2020 کے آخر میں رہنے پر زور دے گی تاکہ ٹاپ لائن مقاصد میں بتدریج اضافہ کیساتھ نان موٹر کلاس پر مناسب ترقی کی توقع کی جاتی ہے اور اس کے علاوہ کمپنی آگے بڑھتے ہوئے بوٹم سینٹرک زیادہ توجہ دیتے ہوئے منافع بخشی کو جاری رکھے اور اس میں بہتری لائے۔

## ب۔ کلیمز

2018	2019	ری تکافل ریکوری	مجموعی کلیمز	کلاس
صافی کلیمز	صافی کلیمز			
		Rupees		
8,294,597	<b>9,324,116</b>	65,914,615	75,238,731	فائر
3,604,616	<b>9,653,400</b>	11,175,301	20,828,701	میرین
194,282,114	<b>201,298,106</b>	12,534,322	213,832,428	موٹر
25,450,384	<b>31,361,849</b>	19,606,722	50,968,571	متفرق
<u>231,631,711</u>	<u><b>251,637,471</b></u>	<u>109,230,960</u>	<u>360,868,431</u>	ٹوٹل

کسی بھی تکافل کنٹریکٹ کے تحت رسک وقوع پذیر ہونے کا امکان ہے اور کلیم کی مالیت جو کہ واقع کے وقوع پذیر ہونے کے نتیجے میں ہوتی ہے غیر یقینی ہوتی ہے۔ پی ٹی ایف کے ظہور پذیر ہونے والے رسک کو مناسب ری تکافل کے انتظامات سے منظم کیا جاتا ہے۔ زیر نظر سال کے درمیان مجموعی کلیمز فائر کی کلاس میں ایک دفعہ بڑے کلیمز کی وجہ سے نمایاں اضافہ دکھاتے ہیں۔ جبکہ موجودہ ری تکافل کا صافی کلیمز کے اخراجات پر اثر کمپنی کے اپنے پاس رسک کو کم برقرار رکھنے اور اعلیٰ سطح پر ری تکافل کی ریکوری کی وجہ سے زیادہ نہیں رہا۔

## ج۔ انوسٹمنٹ انکم

انوسٹمنٹ بکس کے لئے انتظامیہ (اعلیٰ قابل سیال اور کم رسک کے محتاط موقف کی پیروی کر رہی ہے۔ اس طرح مستحکم سرمایہ کاری کی آمدنی مستحکم نفع کی تکمیل کرتی ہے، اگرچہ نسبتاً کم ہے۔ جہاں اسٹاک مارکیٹ میں عدم استحکام نے سرمایہ کاری کو متاثر کیا ہے، وہاں منافع کی شرح میں تیزی سے اضافہ نے کل انوسٹمنٹ کی آمدنی کے نقشہ کو تبدیل کرنے میں مدد فراہم کی ہے، لہذا فنڈ کے بڑے حصہ کو بینک سیونگ اکاؤنٹس، بینک ٹرم ڈیپازٹس اور صکوک میں رکھا گیا ہے۔ آمدنی کے ذرائع میں بینک کے سیونگ اکاؤنٹس، بینک ٹرم ڈیپازٹس اور صکوک سے حاصل شدہ انکم اور میوچل فنڈ سے حاصل شدہ نفع شامل ہیں۔

موزوں ری تکافل نے تکافل کے کنٹریکٹ کے تحت کور کئے جانے والے بڑے اور ناگہانی واقعات سے ہونے والے نقصان کے اثر کو کم کرنے میں مدد کی۔ مناسب ری تکافل انتظامات نے اس حقیقت کو ثابت کیا کہ کمپنی کو کسی بھی سال اس کے رجحان سے زیادہ رسک کے حتمی اور صافی تکافل نقصانات نہیں برداشت کرنے پڑے۔ انتظامیہ موثر رسک مینجمنٹ اور موثر کلیم کے سٹلمنٹ کی پالیسیوں کی تنفیذ کے

## 6. کمپنی کی کارکردگی کا جائزہ

### الف: مجموعی تحریر کردہ کنٹری بیوشن

گزشتہ چند سالوں سے PQGTL نے نیچے کی لائن میں منافع بخش کاروبار کی انڈر رائٹنگ کے لئے ٹھوس حکمت عملی اختیار کی ہے۔ سیگمنٹ کی کارکردگی کے معیادی جائزہ کی بنا پر کچھ نقصان دہ کلائنٹس کو ہر سیگمنٹ میں سے نکال دیا گیا ہے۔ انشورنس مارکیٹ میں موجود مقابلاتی حالات کی وجہ سے کمپنی کو کنٹری بیوشن ریش میں کافی دباؤ کا سامنا رہا ہے۔ ان عوامل کے نتیجے میں ٹائم لائن کی بنیاد پر سال 2018 کے مقابلہ میں سال 2019 میں کاروباری حجم میں کم بڑھوتری ہوئی ہے۔ اس صورت حال میں ہم جانتے تھے کہ جو کرنا ہے وہ کبھی بھی اتنا آسان نہیں تھا جتنا کہ یہ جاننا آسان ہے کہ کیا کرنا اچھا ہے؟۔

اس کے باوجود کمپنی نے کسی خاص کلاس میں کاروباری حجم کو بڑھانے کے بجائے تمام کلاسز پر توجہ مرکوز کرتے ہوئے پرجوش ترقی کی حکمت عملی کو اپنایا اور بھرپور کوشش کی۔ اللہ تعالیٰ کے فضل سے سال 2019 کے کاروبار کے اعداد و شمار اور اس کے پورٹ فولیو کمزوری پر سٹیج جمع متوازن اور منافع بخش پورٹ فولیو کے مجموعی طور پر ساڑھے تین فیصد کے اضافہ کی شاہد ہیں۔ اس کے ساتھ ساتھ موٹر سیگمنٹ ابھی بھی مجموعی کاروباری حجم میں ایک بڑا حصہ دار رہا ہے۔ انتہائی مسابقتی کاروباری حالات، پرائسنگ پر مائل بہ پستی پریشور اور روایتی مضبوط کھلاڑیوں کا تکفل ونڈو کے ذریعہ جارحانہ مقابلہ کے باوجود یہ اضافہ حاصل کیا گیا۔

موجودہ سال 2019 میں کمپنی کو گزشتہ سال کے مقابلہ میں ٹاپ لائن میں بڑھوتری کا تجربہ ہوا۔ GCW میں 3.5 فیصد کے حساب سے اضافہ ہوا جس میں موٹر بزنس کا سب سے زیادہ حصہ (56 فیصد) رہا۔ پچھلے سال کے اعداد و شمار کے مقابلے میں سب سے زیادہ بڑھنے والا سیگمنٹ میرین (7.3 فیصد) ہے جس کے بعد متفرق (16 فیصد) ہے۔

مالی محاذ پر، مختصر الفاظ میں اس سوال کا جواب دینے کے لئے کہ ان امدادی اقدامات کے لئے تمام رقم کہاں سے آئے گی؟ حکومت نے آئی ایم ایف، ورلڈ بینک اور دیگر سے رجوع کیا ہے، اور طویل مدت میں اسے قیمت میں اضافے، ہماری برآمدات میں تنوع اور ہمارے کم ٹیکس کو جی ڈی پی تناسب میں فکس کرنے سے حاصل کیا جاسکتا ہے۔

آخر میں حکومت سے توقع کی جاتی ہے کہ ٹیکس بریکس اور سبسڈی فراہم کر کے تعمیراتی صنعت کو فروغ دینے کے لئے جرات مندانہ اقدامات اٹھائے گی، کیونکہ تعمیراتی صنعت بہت سی ذیلی صنعتوں کو متاثر کرتی ہے اور اس کے علاوہ کافی حد تک کم خرچ پروڈیوگار کے مواقع فراہم کرتی ہے۔

راکٹ سائنس کے علاوہ کچھ بھی راکٹ سائنس نہیں اور یہ ان منصوبوں کی وضاحت ہے جو آخر کار اہمیت کے حامل ہیں۔ کسی غیر متعین بڑھتے ہوئے بحران کے بیچ میں بھی حکومت کو اپنا راستہ تبدیل کرنے میں کبھی بھی دیر نہیں ہوتی اور خاص طور پر جب اس سے نمٹنے کے لئے بہترین شواہد سامنے آجائیں۔ ہم امید کر سکتے ہیں کہ آب و ہوا، آباد کاری، کراس امیونائزیشن اور لاک ڈاؤن کے اقدامات کی وجہ سے ہم اس وبائی مرض سے دوسروں کے مقابلہ میں بہتر طریقہ سے بچ سکتے ہیں۔ تاہم ہمیں چوکس رہنے کی ضرورت ہے اور بہترین نتائج سے کم کے لئے تیار رہنا چاہئے۔ آخر میں ہم سمجھتے ہیں کہ پاکستان کے مضبوط اور فیصلہ کن پالیسی اقدامات سے کووڈ-19 اثرات کو الٹ دینے میں جلد ہی مثبت نتائج برآمد ہوں گے۔

کلاس	اضافہ 2019 فیصد	کنٹری بیوشن 2019 روپے	پورٹ فولیو کمزوری 2019 فیصد	کنٹری بیوشن 2018 روپے	پورٹ فولیو کمزوری 2018 فیصد
فائر	4.4	144,922,302	20.7	138,786,078	20.4
میرین	16.5	50,798,689	7.3	43,596,605	6.4
موٹر	0.4	392,972,540	56	391,293,306	57.7
متفرق	8	112,352,294	16	104,038,263	15.5
ٹوٹل	3.5	701,045,825	100	677,714,252	100

کاروباری اور صنعتی برادری میں سے کسی کی بھی یادداشت میں اس طرح کا وقت نہیں۔ معیشت کے پہلے کو اتنے وسیع پیمانے پر اس سے پہلے کبھی بھی ہم نے رکے ہوئے نہیں دیکھا۔ ہم وائرس کو زندہ یادوں میں سب سے زیادہ سنگین خطرہ کے طور پر بیان کر سکتے ہیں۔ اس سے بھی زیادہ مشکل ایام کی اور کیا شکل ہو سکتی ہے؟ شاید صرف ایک ہی چیز جس کے بارے میں ہم یقینی طور پر جانتے ہو وہ یہ ہے کہ کوئی بھی ٹھیک طور پر نہیں جانتا ہے کہ کیا ہونے جا رہا ہے؟ کیونکہ ہمارے پاس یہ سمجھنے میں مددگار بہت کم ماڈل یا تخمینے ہیں کہ یہ کس حد تک آگے جائے گا۔

### کووڈ-19 کے بعد اقتصادی ردعمل

چونکہ جدید دور میں کووڈ 19 کا خوف غیر معمولی پیمانے پر دنیا کو بند کئے ہوئے ہے، پاکستان کی معیشت پہلے ہی کساد بازاری کا شکار ہے اور معیشت کو خطرات لاحق ہے۔ موجودہ صورتحال کی وجہ سے معیشت دان پیش گوئی کر رہے ہیں کہ پاکستان کی نمو اور محصولات کی وصولی پہلے کے تخمینے سے کم ہوگی۔ کووڈ-19 کے ساتھ امید ایک حکمت عملی نہیں بن سکتی!! اس بدترین صورتحال کو روکنے کے لئے معیشت کو ری سیٹ اور ریوٹ کرنے کی ضرورت تھی۔ لہذا حکومت نے معیشت کو دھکا لگانے کے لئے کچھ جرات مندانہ اقدامات لئے ہیں۔

محرم محاذ پر وفاقی اور صوبائی حکومت میں فیصلہ سازی کے اہم مراکز نے معیشت کے لئے ایک کھرب روپے سے زیادہ کے محرک پیکیج کا اعلان کیا، جواب تک اعلان کردہ ملکی تاریخ کا سب سے بڑا پیکیج ہے۔

فیول کی قیمتوں کے محاذ پر بہت زیادہ توقع کی جاتی ہے کہ حکومت بین الاقوامی منڈیوں میں تیل کی قیمتوں میں کمی کی وجہ سے اپنی قیمتوں کو بھی کم کرے گی۔ اگر یہی کام ایسی یوٹیلیٹیز جن میں فیول کے اخراجات ایک اہم ان پٹ کی حیثیت رکھتے ہیں کے ساتھ کیا گیا تو پھر ان اقدامات سے معیشت کو فروغ دینے میں دوگنا اثر پڑے گا۔

مالیاتی پالیسی کے محاذ پر اسٹیٹ بینک نے سرمایہ کاری کو بڑھانے کے لئے تیزی سے جلد ترتیب دیئے گئے غیر معمولی مالیاتی پالیسی بیانات میں سود کی شرحوں میں مزید کٹوتی کا اعلان کیا اور توقع کی جاتی ہے کہ سود کی شرح مزید کم ہو کر سنگل ڈیجٹ پر آجائے گی۔ ہاں، یہ کچھ کیش کے اخراج کے ساتھ ساتھ کچھ مہنگائی کا باعث بھی بن سکتے ہیں، لیکن اس کے باعث کاروباری اداروں سے دباؤ کافی حد تک کم ہو سکتا ہے۔

شرح میں مزید کمی پر غور کرنا ممکن ہے۔ عالمی وبائی بیماری کے اثرات نے پہلے ہی مرکزی بینکوں کو اس نازک بین الاقوامی تجارت کو بچانے کے لئے متحرک کر دیا ہے، جو معاشی دیو یعنی امریکہ اور چین کے مابین تنازعہ کی وجہ سے شدید تناؤ کا شکار تھی۔ امریکہ نے بڑی بڑی چینی کمپنیوں پر محصولات عائد کیے اور تجارت میں رکاوٹیں کھڑی کیں جس نے مجموعی نظام کا گلا گھونٹ کر رکھ دیا۔ چین اور امریکہ کے تجارتی معاہدے کے عوامل اور دنیا کے مختلف خطوں میں امن کے اہم اقدامات کے خطرات کے سبب بین الاقوامی تجارتی نقطہ نظر دباؤ میں رہے گا۔

آئی ایم ایف کے نئے پروگرام کے آغاز، کثیرالجہتی ایجنسیوں کی جانب سے بہاؤ کی بحالی، مقامی حکومت کی سکیورٹیز میں غیر ملکی سرمایہ کاری اور سی اے ڈی میں کمی کی وجہ سے کینیڈا رسال 18 کے آخر میں ملکی زرمبادلہ کے ذخائر 7.3 بلین امریکی ڈالر سے بہتر ہو کر کینیڈا رسال 19 کے اختتام تک 10.7 بلین امریکی ڈالر ہو گئے ہیں۔ سنٹرل بینک مارکیٹ پر مبنی آپیکس ریٹ کو برقرار رکھنے کے ہدف پر توجہ دے رہا ہے جو زرمبادلہ کے ذخائر کی پوزیشن کو مستحکم کرنے میں اہم کردار ادا کرے گا۔

### کووڈ-19 وبائی مرض کا آغاز

اپنے نئے سال کے عزائم بناتے وقت ہم میں سے کسی نے کبھی سوچا بھی نہیں تھا کہ تین ماہ کے عرصے میں ہم ایک نئی دنیا میں نامعلوم خوف اور خدشات کے ساتھ زندگی گزاریں گے۔ کوویڈ-19 نے دنیا کو حیران کن انداز میں اپنی پلٹ میں لیا، جب کہ ہم نے ایبولا اور سارس کی وبا کو دیکھا ہے، دونوں سکیل اور جغرافیائی پھیلاؤ میں محدود تھے اور مہذب عالمی ردعمل کے ساتھ ایک دوسروں میں ان پر قابو پالیا گیا تھا۔ ہم نے 1918 کے ہسپانوی فلو یا یورپ میں 14 ویں صدی کے بلیک ڈیٹھ و باجیسی تباہ کن وبائی بیماریوں کے بارے میں بھی سنا ہے۔ امید ہے کہ کوویڈ-19 بہت کم نقصان دہ ثابت ہوگا، لیکن اس سے یقیناً کووڈنا کے بعد کی دنیا میں لوگ اور ممالک ایک دوسرے کے ساتھ میل جول کرنے کے انداز کو ضرور بدل دیں گے۔

دنیا کی کسی بھی حکومت کے پاس اس بے مثال وبائی بیماری سے نمٹنے کے لئے اب تک کوئی انتظام نہیں ہے، جس نے ملکوں کو بے لاگ علاقہ کی طرح چکڑا ہوا ہے۔ 1998 کے جوہری دھماکوں، یا 2005 کے زلزلے یا 2008 کے عظیم مالیاتی بحران یا 2010 کے سیلاب کے بعد عائد پابندیاں ہمیں آنے والے حالات کو دیکھنے اور اس کی تیاری میں مدد کرنے کے لئے بہت سبق دے رہی ہے!



توقع کرتے ہیں کہ معاشی اصلاحات کی وجہ سے ایسے امکانات موجود ہیں کہ غیر ملکی سرمایہ کار ملک کی ایکویٹی مارکیٹ میں دلچسپی لینا شروع کر دیں گے۔ لیکن ہماری سرحد اور مشرق وسطیٰ میں تیز اتار چڑھاؤ کے تناظر میں اس کیلنڈر سال کا پہلا نصف سرمایہ کاروں کے اعصاب کو آزماسکتا ہے۔

### منی مارکیٹ

پاکستانی معیشت دو سال تک ضروری تکلیف دہ اقدامات کے بعد دوبارہ اپنی راہ پر گامزن ہو گئی ہے۔ اقتصادی نبض CAD میں مالی سال 19 میں 13.8 بلین امریکی ڈالر تک کمی، میں جو کہ مالی سال 18 میں 19.9 بلین امریکی ڈالر تھا، کی صورت میں بہتری کے کچھ اشارے ظاہر کر رہی ہے۔ اور یہی رجحان جاری ہے کیونکہ نومبر میں اے ڈی 73 فیصد سے گھٹ کر 319 بلین امریکی ڈالر ہو گئی ہے، جبکہ پچھلے سال اسی مہینے میں 1.17 بلین امریکی ڈالر تھا۔ درآمدات میں 21 فیصد کمی اور برآمدات میں 5 فیصد اضافہ کی وجہ سے گزشتہ سال کی اسی مدت میں 6.7 بلین امریکی ڈالر (یا جی ڈی پی کا 5.3 فیصد) کے مقابلے میں مالی سال 20 میں 1.8 بلین امریکی ڈالر (یا جی ڈی پی کا 1.6 فیصد) تک پہنچنے میں پانچ ماہ لگ گئے ہیں۔

مالی سال کی پہلی ششماہی میں اوسط کنزیومر پرائس انڈیکس (CPI) گزشتہ مالی سال کے اسی عرصے میں 5.96 فیصد کے مقابلے میں 11.11 فیصد پر طے پایا تھا۔ مالی سال 2020 میں اسٹیٹ بینک آف پاکستان کے مطابق سپلائی سائیڈ رسک کے ساتھ ساتھ کرنسی کی قدر میں کمی کے اثرات کی وجہ سے افراط زر 10 فیصد سے 11 فیصد سالانہ کی حد میں طے ہو گا۔ توقع کی جاتی ہے کہ اعلیٰ بیس اثر، عالمی نمومیں سست روی اور پاکستانی روپے کا امریکی ڈالر کے مقابلے میں استحکام کی وجہ سے مہنگائی کا اصل اعلامیہ سی پی آئی تیزی سے آگے بڑھے گا۔ افراط زر کے اعداد و شمار کو

سرد کرنے کی خوش آئند توقع سے منیٹری زمری کے لئے گنجائش کا اشارہ ملتا ہے، جو کرونا وائرس وبائی مرض کے عالمی پھیلاؤ اور اس کے بین الاقوامی تجارت پر اثر انگیز اثرات کے سبب مالی سال 20 کے تیسرے چوتھائی کے اختتام تک شروع ہوئی تھی۔ پاکستان کی جی ڈی پی کی نمو کو عالمی اور ملکی شٹ ڈاؤن کے اثرات کا سامنا کرنا پڑے گا جو فی الحال دنیا بھر کی حکومتوں نے ویکسین کی عدم دستیابی کے باعث اس مصیبت سے نمٹنے کے لئے نافذ کیا ہے۔ مقامی مرکزی بینک اس صورتحال سے چونکا رہا ہے گا اور تجارتی نقطہ نظر اور داخلی معاشی حالات دونوں کو مد نظر رکھتے ہوئے مالی سال کے آخر تک انٹر سٹ کی

اس انڈسٹری کو اگلے چند سالوں میں نئی پروڈکٹس، نئی ٹیکنالوجی، بہتر براؤنج نیٹ ورک اور ڈیجیٹل صلاحیتوں میں اضافے کے لئے سرمایہ کاری کرنے کی ضرورت ہے۔

### 5. معاشی حالات

#### کووڈ-19 سے پہلے

#### ایکویٹی مارکیٹ

سال 2019 ملک کی ایکویٹی مارکیٹ کے لیے ایک بہت ہی غیر مستحکم سال رہا، کیونکہ ابتدائی آٹھ مہینوں میں مارکیٹ زیادہ تر منفی خطوں میں تجارت کرتی رہی۔ لیکن اگست کے وسط میں اس کے نچلے حصے (27DTYC فیصد کمی) کو چھو لینے کے بعد مارکیٹ نے ناصرف اپنے پچھلے نقصانات کی پورا کیا، بلکہ کیلنڈر سال 19 کے لئے 7.9 فیصد ریٹرن پوسٹ کر کے مثبت ایریا میں بند ہونے میں بھی کامیاب رہی۔ بھاری انڈیکس کے پس منظر میں اسٹاک مارکیٹ میں اختتامی مہینے میں بحالی اور بہتری آئی، جس کے تحت صوبہ بلوچستان میں نئی دریافت کی توقع، سستی قیمتوں اور تیل کی بین الاقوامی قیمتوں میں اضافے کی توقع کی وجہ سے P&E کے شعبے نے دوسروں کو پیچھے چھوڑ دیا۔ بینکنگ سیکٹر کیلنڈر سال 20 کے نتائج میں مناسب کمائی کی توقعات، بہتر نیٹ انٹرسٹ مارجن (NIMs) کے پس منظر میں توجہات کا مرکز رہا۔ کیلنڈر سال نے افراد کو مارکیٹ میں پہل کرتے اور جارحانہ انداز میں پوزیشن لیتے دیکھا، جبکہ مارکیٹ کے دیگر کھلاڑی یعنی میوچل فنڈز، بینک اور انشورنس کمپنیوں کے ساتھ غیر ملکی سرمایہ کاروں نے بھی مارکیٹ میں محتاط رویہ اپنایا۔

پاکستان اسٹاک ایکسچینج ماضی قریب کے دوران معاشی خرابیوں کو واضح طور پر عیاں کرتی رہی، جیسا کہ بیچ مارک انڈیکس کی پرفارمنس سے ظاہر ہوتا ہے۔ اس بات کو مد نظر رکھتے ہوئے کہ درست اقدامات جاری رہیں گے مارکیٹ نے ایک بار پھر چونکنا انوسٹر کو مثبت اشارے دیئے ہیں۔ پاکستان اسٹاک ایکسچینج کئی گناہ آمدنی کے لئے ایک پرکشش پرائس پر لین دین کر رہی ہے، جو غیر ملکی انوسٹر کے مفاد کو رسک کے میلان اور طویل مدتی تخمینہ پروفوکس کے باوجود متحرک کر سکتی ہے۔

آگے بڑھتے ہوئے ہم توقع کرتے ہیں کہ مارکیٹ اپنی نچلی سطح سے 45 فیصد اوپر آنے کے بعد ابھی بھی پیش کش کی گنجائش رکھتی ہے، کیونکہ مارکیٹ ابھی بھی سات گناہ زیادہ آمدنی کے لئے ایک پرکشش پرائس پر لین دین کر رہی ہے۔ ہم یہ بھی

کرنے والوں کے ساتھ سخت مقابلہ، منافع میں کم مارجن، کسٹمرز کی کم آگاہی، ہنرمند پیشہ ورافراد کی ضرورت کے ساتھ ساتھ ایک بہترین ریگولیٹری فریم ورک شامل ہیں۔

فن ٹک ایک اور ایسا ایریا ہے جو انڈسٹری کو فعال طور پر تبدیل کر رہا ہے۔ اسلامک فائننس میں فن ٹک ابھی بھی ترقی کے ابتدائی مراحل میں ہے، لیکن اس کا فیوچر آؤٹ لک روشن ہے، جس کی وجہ اسٹیک ہولڈرز کے درمیان بڑھتی ہوئی بیداری، مونیٹری اتھارٹیز کی حوصلہ افزائی اور کلیدی اسلامک فائننشل مارکیٹس میں سہولت کار ریگولیٹری ماحول، کسٹمرز کی طلب اور بڑے پیمانے پر غیر استعمال شدہ مکنہ مارکیٹ کی استعداد ہے۔

اسلامک فائننشل مارکیٹس کی آئندہ سالوں میں متوقع اعلیٰ شرح نمو اور کلیدی مارکیٹس میں ریگولیٹری انفراسٹرکچر کی حمایت سے ٹکافل انڈسٹری کو ترقی کے نمایاں مواقع میسر ہیں۔

#### 4. مستقبل کا منظر نامہ

ڈیجیٹلائزیشن کا ابھرتا ہوا انڈسٹریل انقلاب اب سروسز سیکٹر کو بھی تبدیل کر رہا ہے۔ اس پلیٹ فارم پر کسٹمرز کو سروسز فراہم کرنا اب بالکل یقینی ہو گیا ہے۔ تحقیق، علم اور مہارت کے ساتھ ٹکافل انڈسٹری کو اپنے کلائنٹس کو اضافی خدمات پیش کرنے کی ضرورت ہے جو انہیں کامیاب ہونے میں مدد دیں گی۔ نیز، ڈیجیٹل محاذ پر کسٹمرز کے ساتھ میل جول وقت کی اہم ضرورت بھی ہے۔

انڈسٹری کو اپنے انسانی سرمایہ کی حکمت عملیوں میں دوراندیشی سے کام لینا چاہئے۔ ٹیلنٹ کی ترقی کے لئے اسے سرمایہ کاری کرنی چاہئے۔ مشکلات کے حل کا ایک حصہ مہارت اور صلاحیتوں کی تعمیر بھی ہے۔ اگر انڈسٹری ٹکافل کی صلاحیتوں کے لئے نئی راہیں ہموار کرنا چاہتی ہے تو اسے سنجیدگی سے لینے کی ضرورت ہے۔

پاکستانی معاشرہ میں بذات خود کوریج کی اہمیت کے بارے میں آگاہی کی بھی کمی ہے۔ ابھی بھی بہت سارے افراد ایسے ہیں جنہیں ٹکافل یا روایتی انشورنس کی کوریج حاصل نہیں اور مارکیٹ میں داخلہ کے لئے یہ طبقہ ٹکافل انڈسٹری کی توجہ کا مرکز بن سکتا ہے، اور فن ٹک کے معاملے میں ٹکافل کمپنیوں کے لئے بہتر طور پر آگے بڑھنے کی ضرورت ہے تاکہ اس سے کسٹمرز کے ساتھ بہتر رابطہ قائم کیا جاسکے، مسابقتی اور متنوع ٹکافل پروڈکٹس تیار کی جائیں، مناسب قیمتوں کی پیش کش کی جائے اور موبائل کی جدت کے ذریعے ایسے کسٹمرز تک رسائی حاصل کی جائے جن کو ابھی تک موضوع نہیں بنایا گیا۔

کے اثاثوں کی ترقی کی پیش گوئی کی ہے۔

بلاشبہ ٹکافل مارکیٹ نے ایک تیز رفتار حاصل کر لی ہے، اگرچہ اسلامک فائننس انڈسٹری کی دیگر مارکیٹس کے مقابلہ میں ٹکافل کسٹریکشن بہت کم ہے۔ ٹکافل میں جدید رجحانات کو تین اہم نقطہ نظر ریگولیشن اینڈ گورننس، پروڈکٹس اور سٹریٹجی کمپلائنس سے دیکھا جاسکتا ہے۔ پہلا ریگولیٹری اور گورننس کے نقطہ نظر سے مختلف دائرہ اختیار میں اہم پیشرفت ہوئی ہیں، جس کی وجہ سے حکومت کے مختلف ماڈلز سامنے آئے۔ بین الاقوامی ریگولیٹری منظر نامہ پر IFSB اور AAOIFI کے نرم ریگولیٹری اسٹینڈرڈز کو غلبہ حاصل رہا ہے۔

پاکستان میں ٹکافل کا امکان اور صلاحیت مثبت ہے اور انڈسٹری کو کاروباری اور گھریلو ضروریات کے مطابق اپنی خدمات کو تیار کرنے کی ضرورت ہے۔

#### 3. بزنس کو درپیش چیلنجز

ٹکافل اسلامی مالیاتی سروسز کی انڈسٹری میں ابھرتا ہوا ایک اہم شعبہ ہے جس نے عالمی سطح پر مستقل اور دلچسپ ترقی کا مظاہرہ کیا ہے۔ ٹکافل انڈسٹری میں جن اہم ایجنٹوں کی نشاندہی کی گئی ہے وہ آپریشنل، ریگولیٹری، قانونی اور شرعی امور کے ساتھ ساتھ مارکیٹ میں مسابقت سے متعلق ہیں۔ زیادہ تر ایجنٹوں کا مقصد ایسے سوالات پیدا کرنا ہے جن سے پالیسی بنانے والوں کو ٹکافل سیکٹر کی بہتری اور ترقی کے لئے اپنی کوششوں پر توجہ مرکوز کرنے پر اکسایا ہے۔

اسلامی فائننس ایک ایسا خصوصی ایریا ہے جو بڑھوتی کے دلچسپ مواقع پیش کرتا ہے۔ اسلامی مصنوعات اور دنیا بھر کے دیگر سرمایہ کاروں کے لئے اس صنعت کی بڑھتی ہوئی اہمیت کا ثبوت حالیہ برسوں میں اس کی مستقل نمو سے ہوتا ہے۔ مستقبل میں ترقی کے مکنہ امکانات مضبوط ہیں، جن کی تائید پوری دنیا میں آبادیاتی رجحانات نے کی ہے۔

حکومت، ریگولیٹرز اور ہماری انڈسٹری کو مل جل کر کام کرنا چاہئے، نہ صرف اس سیکٹر کو بڑھانے اور اسلامک فائننس کے فروغ میں پاکستان کی پوزیشن برقرار رکھنے میں، بلکہ شریعت کے مطابق معیارات طے کرنے میں بھی ایک نمایاں کردار ادا کرنا ہے۔ زیادہ تر مارکیٹس میں ٹکافل ابھی بھی ابتدائی مرحلہ میں ہے، اور اسلامک فائننس مارکیٹس میں روایتی انشورنس کی جگہ لینے کی صلاحیت بڑی حد تک استعمال نہیں ہوئی۔ عالمی ٹکافل انڈسٹری کو جن بڑے چیلنجز کا سامنا ہے ان میں روایتی انشورنس فراہم

## ڈائریکٹرز کی رپورٹ

محترم شیئر ہولڈرز

الحمد للہ! ہمیں پاک قطر جرنل ٹکافل لمیٹڈ (جسے یہاں کمپنی یا PQGTL کہا جائے گا) کی 31 دسمبر 2019 میں ختم ہونے والے سال کی آڈٹ رپورٹ کے ساتھ سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے۔

### 1. معیشت کا جائزہ

جونمو کے 3.8 فیصد کے مطلوبہ ہدف سے بہت کم ہے۔ مالی سال 19 میں اوسط افراط زر ہیڈ لائن بڑھ کر 7.3 فیصد ہوئی جبکہ مالی سال 18 میں یہ 3.9 فیصد تھی، جس کی بنیادی وجہ زرمبادلہ کی شرح کا گرنا ہے۔

کرنٹ اکاؤنٹ کا خسارہ (CAD) تنزل پذیر ہوا۔ مالی سال 18 میں 19.9 CAD بلین امریکی ڈالر (جی ڈی پی کا 6.3 فیصد) کے مقابلہ میں سکڑ کر مالی سال 19 میں 13.5 بلین امریکی ڈالر (جی ڈی پی کا 4.8 فیصد) تک پہنچ گیا ہے۔ یہ کمی بنیادی طور پر کم درآمدی نمو کی وجہ سے آئی (سامان کی درآمد میں 7.4 فیصد اور سروسز کی درآمد میں 14.9 فیصد کی کمی واقع ہوئی)۔ سرمایہ کاری اور صنعتی نمو میں سست روی کی وجہ سے درآمدات میں سب سے زیادہ کمی ٹرانسپورٹ اور مشینری کی وجہ سے ہوئی، اس کے بعد اشیائے خورد و نوش اور دھاتوں میں آئی۔ تاہم، پٹرولیم سے متعلقہ درآمدات میں 0.5 فیصد تک اضافہ ہوا، حالانکہ یہ پچھلے سال کے مقابلے میں کم شرح (25 فیصد) ہے۔ دوسری طرف برآمدات کی وجہ سے زرمبادلہ کی شرح میں کوئی کمی واقع نہیں ہوئی، کیونکہ مبادلہ کی ویلیو سے زائد شرح میں توسیع کی مدت کے بعد مسابقت کو دوبارہ حاصل کرنے میں وقت لگے گا۔

### 2. انڈسٹری کا جائزہ

عالمی سطح پر ٹکافل انڈسٹری کا حصہ 2.2 ٹریلین ڈالر کے مجموعی اثاثوں کا 1.26 فیصد رہا ہے، جس کے ساتھ GCC (گلف کارپوریشن کونسل) نے مجموعی طور پر 44.81 فیصد حصہ ڈالا۔ مارکیٹ میں دیگر اہم حصہ داروں میں ایران، سعودیہ عربیہ اور ملائیشیا شامل ہیں۔ تھامسن رائٹرز (2018) نے اسلامک فنانس انڈسٹری کی ہر مارکیٹ کی کارکردگی اور اس کے آس پاس کے ماحولیاتی نظام کی ترقی کو مد نظر رکھتے ہوئے 2023 تک اسلامک فنانس انڈسٹری میں 3.8 ٹریلین امریکی ڈالر سے زائد

2018 کے آخری تین سہ ماہیوں میں عالمی معاشی سرگرمی انتہائی کمزور رہی۔ خاص طور پر مینوفیکچرنگ کی سرگرمی کی رفتار اس حد تک کمزور ہو چکی ہے جو عالمی معاشی بحران کے بعد سے دیکھنے کو نہیں ملی۔ بڑھتے ہوئے تجارتی اور جغرافیائی سیاسی تناؤ نے عالمی تجارتی نظام کے مستقبل اور عوامانٹرینٹل کارپوریشن کے متعلق غیر یقینی صورتحال کو بڑھایا ہے، جس کا اثر کاروباری اعتماد، انوسٹمنٹ کے فیصلوں اور عالمی تجارت پر ہوا ہے۔ ایکشن اور کمیونیکیشن کے ذریعہ مناسب مونیٹری پالیسی کے اضافہ میں قابل ذکر تبدیلی نے فائنانشل مارکیٹ کے حالات اور سرگرمیوں کو سہارا دیا ہے، جبکہ عمومی طور پر ابھرتے ہوئے سروس سیکٹرز روزگار میں اضافہ کے لئے معاون ثابت ہوئے ہیں۔ اسی وجہ سے کہا گیا کہ منظر نامہ غیر یقینی رہا۔

پاکستان میں، پے در پے خسارے کو دور کرنے کے لئے معاشی پالیسیوں پر عمل درآمد کے ساتھ گروس ڈومسٹک پروڈکٹ (GDP) کی نمو سست رہی۔ حکام کی جانب سے استحکام کے اقدامات کی وجہ سے مالی سال 19 میں نمو 3.3 فیصد رہی جو گذشتہ سال کے مقابلہ میں 2.2 فیصد کم ہے۔ گزشتہ ایک سال کے دوران شرح تبادلہ میں 25.5 فیصد کی مجموعی فرسودگی کے ساتھ کمی کی چھوٹ دی گئی، ترقیاتی بجٹ میں کمی، توانائی کی قیمتوں میں اضافہ اور پالیسی کی شرح میں 575 بی پی ایس کا اضافہ کیا گیا۔ جس کے نتیجے میں نجی کھپت کی نمو مالی سال 18 میں 6.8 فیصد سے کم ہو کر مالی سال 19 میں 4.1 فیصد ہو گئی، جبکہ سرمایہ کاری میں 8.9 فیصد کمی واقع ہوئی ہے۔ سپلائی کی سطح پر صنعتی شعبہ کی نمو مالی سال 18 کی 4.9 فیصد سے کم ہو کر مالی سال 19 میں 1.4 فیصد ہو گئی ہے۔ سروسز کے شعبے میں 4.7 فیصد اضافہ ہوا، جو مالی سال 18 کے مقابلہ میں 1.5 فیصد کم ہے۔ ناموافق موسمی حالات کی وجہ سے زریعی کارکردگی میں کمی واقع ہوئی اور مالی سال 19 میں اس کی نمو کو 0.8 فیصد تک کم کر دیا،

## KEY FINANCIAL DATA

*Rupees in Thousand*

	FY19	FY18	FY17	FY16	FY15	FY14
Gross Contribution written	701,046	677,714	614,990	652,736	701,709	1,002,402
<b>Consolidated Profit &amp; Loss (PTF &amp; SHF)</b>						
Net Contribution Earned	211,092	192,481	168,463	217,849	373,518	506,242
Wakala Income	266,257	258,267	233,379	256,124	276,834	344,919
Net Claims including IBNR	(251,637)	(231,631)	(211,234)	(249,206)	(409,054)	(543,036)
Commission expense net-off Rebate	(11,500)	2,242	9,939	(3,470)	(9,428)	(20,289)
Investment Income including bank profits	39,938	22,499	22,512	23,983	35,174	44,277
Management, admin. & other expense	(223,435)	(214,257)	(210,634)	(238,458)	(257,026)	(318,458)
Other Income/(loss)	3,381	1,054	1,530	2,199	3,198	2,783
Other provisions including CDR	(2,600)	-	-	(435)	9,666	2,589
Consolidate Result before Tax - PTF & SHF	31,496	30,655	13,955	8,587	22,883	19,027
Taxation - Net	(7,671)	(6,323)	(3,200)	(1,785)	(4,945)	(13,642)
Consolidate Result after Tax - PTF & SHF	23,825	24,332	10,754	6,802	17,938	5,385
<b>Consolidated Balance Sheet (PTF &amp; SHF)</b>						
Investments excluding TDRs	350,277	235,232	297,681	220,083	224,555	264,175
Cash & Bank Deposits including TDRs	247,233	278,266	159,522	168,952	259,723	179,177
Other Assets	516,318	554,421	744,940	564,714	378,176	629,807
Fixed Assets - including RoU	98,806	69,043	71,212	80,654	42,675	42,262
Paid-up Capital	509,226	509,226	509,226	471,343	471,343	432,748
Advance against future issue of share capital	-	-	-	25,106	25,106	34
Accumulated surplus/(loss)	(51,107)	(49,471)	(74,303)	(85,057)	(91,859)	(109,797)
Revaluation reserve on AFS investments	603	(18,224)	-	-	-	-
Underwriting reserves/liabilities	495,203	449,319	698,260	443,025	333,854	546,761
Other Liabilities	258,708	246,114	140,170	179,986	166,685	245,674
<b>Qard-e-hasna receivable from PTF</b>	190,000	200,000	240,000	127,976	-	-
<b>Dividend distributed</b>	25,461	-	-	-	-	-

## KEY FINANCIAL RATIOS

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
<b>Variance from prior year:</b>						
Gross Contribution written	3%	10%	-6%	-7%	-30%	-3%
Net Contribution Earned	10%	14%	-23%	-42%	-26%	19%
Wakala Income	3%	11%	-9%	-7%	-20%	7%
Net Claims	9%	10%	-15%	-39%	-25%	17%
Commission, Management & other Expenses	11%	6%	-17%	-9%	-21%	22%
Investment Income	78%	0%	-6%	-32%	-21%	24%
<b>Other ratios:</b>						
Current Ratio (times)	1.51	1.56	1.45	1.56	1.80	1.43
Fixed assets turnover (times)	8.35	9.66	8.10	10.59	16.52	22.49
Gross Contribution per share (Rs.)	13.77	13.31	12.08	13.85	14.89	23.16
Earning per shares (Rs.) - SHF	0.27	0.24	0.06	0.04	0.06	0.43
Net Claim to Gross Contribution less Retakaful	54%	51%	52%	58%	74%	64%
Net Claim to Net Contribution Earned including Wakala	53%	51%	53%	53%	63%	64%
Management, other Expenses to Gross Contribution	32%	32%	34%	37%	37%	32%
Management, other Expenses to Wakala income	84%	83%	90%	93%	93%	92%
Commission Expense net-off Rebate to Gross Contribution	1.6%	-0.3%	-2%	1%	1%	2%
Wakala income to Gross Contribution	38%	38%	38%	39%	39%	34%
Gross Retakaful Ceded to Gross Contribution	33%	33%	34%	34%	21%	15%
<b>REVENUE DISTRIBUTION (PTF)</b>						
Claims	119%	120%	125%	114%	110%	107%
Other Reserve	1%	0%	0%	0%	-3%	-1%
Direct expenses	4%	8%	6%	3%	1%	5%
Rebate commission	-24%	-31%	-35%	-19%	-9%	-8%
Net Investment income	-5%	-3%	-1%	-1%	-2%	-1%
Surplus / (Deficit)	5%	6%	5%	2%	4%	-3%
	100%	100%	100%	100%	100%	100%
<b>REVENUE DISTRIBUTION (SHF)</b>						
Commission expense	24%	22%	21%	17%	16%	18%
Management, General Admin expenses	81%	77%	86%	91%	92%	84%
Modarib fee	-2.4%	-1.7%	-0.4%	-0.3%	-2%	-1%
Net investment income	-9%	-4%	-9%	-9%	-8%	-9%
Other (Loss) / Gain	-1.3%	-0.4%	-1%	-1%	-1%	-1%
Taxation	3%	2%	1%	1%	2%	4%
Profit / (Loss) after Taxation	5%	5%	1%	1%	1%	5%
	100%	100%	100%	100%	100%	100%



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended December 31, 2019

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

The Pak-Qatar General Takaful Limited (PQGTL) has applied the principles contained in the Code in the following manner:

1. PQGTL encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors. At present, the Board includes:

Category	Names
Independent Directors	Mr. Farrukh Viqaruddin Junaidy Mr. Owais Ahmed Yusuf
Executive Directors	Mr. Zahid Hussain Awan
Non-Executive Directors	H.E. Sheikh Ali Bin Abdullah Al Thani Mr. Said Gul Mr. Abdul Basit Ahmad Al-Shaibei Mr. Ali Ibrahim Al Abdul Ghani Ms. Sameera Usman

The independent director meets the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including PQGTL.
3. All the resident directors of PQGTL are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy arose on the Board of Directors during the year.
5. PQGTL has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and key officers, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. PQGTL has adopted and complied with all the necessary aspects of internal controls given in the code.
10. The orientation course was arranged for the directors in the form of booklet to apprise them of their duties and responsibilities and also about changes in Laws and Regulations.
11. No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit has been made during the year.
12. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.
13. The financial statements of PQGTL were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
14. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of PQGTL other than disclosed in the pattern of shareholding.
15. PQGTL has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
16. The Board has formed the following Management Committees:

*Underwriting and Re-Takaful & Co-Takaful Committee:*

<b>Name of the Member</b>	<b>Category</b>
Mr. Zahid Hussain Awan	Chairman
Mr. Altaf Ahmed Siddiqi	Member
Mr. Muhammad Raza	Member & Secretary
Mr. Farrukh Adnan	Member

*Claims Settlement Committee:*

<b>Name of the Member</b>	<b>Category</b>
Mr. Zahid Hussain Awan	Chairman
Mr. Azeem Iqbal Pirani	Member
Mr. Muhammad Kamran Saleem	Member
Mr. Shahzad M Khan Ghilzai	Member & Secretary
Mr. Muhammad Saleem	Member
Mr. Jehanzaib Ahmad	Member

## Pak-Qatar General Takaful

### *Risk Management & Compliance Committee*

#### **Name of the Member**

#### **Category**

Mr. Zahid Hussain Awan	Chairman
Mr. Azeem Iqbal Pirani	Member
Mr. Muhammad Kamran Saleem	Member
Mr. Altaf Ahmed Siddiqi	Member
Mr. Muhammad Shoaib Akhter	Member
Mr. Saifuddin Shaikh	Member
Mr. Shahzad M Khan Ghilzai	Member
Mr. Farrukh Adnan	Member
Mufti Shakir Siddiqui	Member
Mr. Jehanzaib Ahmad	Member & Secretary

### 17. The Board has formed the following Board Committee

#### *Ethics, Human Resource & Remuneration Committee:*

#### **Name of the Member**

#### **Category**

Mr. Ali Ibrahim Al Abdul Ghani	Chairman
Mr. Said Gul	Member
Mr. Zahid Hussain Awan	Member
Mr. Muhammad Kamran Saleem	Secretary

#### *Nominations Committee:*

#### **Name of the Member**

#### **Category**

Mr. Abdul Basit Ahmad Al-Shaibei	Chairman
Mr. Said Gul	Member
Mr. Ali Ibrahim Al Abdul Ghani	Member
Mr. Muhammad Kamran Saleem	Secretary

#### *Investment Committee:*

#### **Name of the Member**

#### **Category**

Mr. Zahid Hussain Awan	Chairman
Mr. Owais Ahmed Yusuf	Member
Mr. Abdul Basit Ahmad Al-Shaibei	Member
Mr. Muhammad Kamran Saleem	Member & Secretary

18. The Board has formed an audit committee. It comprises of three members, whom are non-executive directors including the chairman of the committee. The composition of the audit committee is as follows:

*Audit Committee:*

Name of the Member	Category
Mr. Farrukh Vigaruddin Junaidy	Chairman
Mr. Said Gul	Member
Mr. Abdul Basit Ahmad Al-Shaibei	Member
Mr. Muhammad Shoaib Akhter	Secretary

19. The meeting of the committees, except Ethics, Human Resource & Remuneration Committee and Nominations Committee, were held at least once every quarter prior to approval of interim and final results of PQGTL and as required by the Code of Corporate Governance for Insurers, 2016. The term of reference of the committees have been formed and advised to the committees for compliance.
20. The Board has set up an effective internal audit function.
21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as required under the Code of Corporate Governance for Insurers, 2016. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions/ departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000);

Name of the Person	Designation
Mr. Zahid Hussain Awan	Chief Executive Officer
Mr. Muhammad Kamran Saleem	CFO & Company Secretary
	Head of Risk Management
	Head of Grievance Department
Mr. Altaf Ahmed Siddiqi	Head of Underwriting
Mr. Shahzad M Khan Ghilzai	Head of Claims
Mr. Muhammad Raza	Head of Re-Takaful
Mr. Jehanzaib Ahmad	Compliance Officer
Mr. Muhammad Shoaib Akhter	Head of Internal Audit

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

## Pak-Qatar General Takaful

24. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.
25. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
26. The Company has set up a risk management function / department, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that as part of the risk management system, the PQGTL gets itself rated from The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited (VIS) which are being used by its risk management function/ department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on 28th August 2019 and 01st November 2019 are A (maintain) and A- (reaffirmed) with 'Stable' outlook respectively.
28. The Board has set up a grievance department, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.
29. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with. The insurer has not obtained exemption from the Securities & Exchange Commission of Pakistan in respect of the requirements Code of Corporate Governance for Insurers, 2016.

*By Order of the Board*



Chief Executive Officer



Director

Date: 01 April 2020



## SHARIAH REVIEW REPORT TO THE BOARD OF DIRECTORS

for the year ended 31 December 2019

الحمد لله رب العلمين والصلاة والسلام على سيد الأنبياء والمرسلين  
محمد النبي الأمي وعلى آله وصحابه أجمعين ، وبعد؛

We have reviewed the accompanying financial statements of Pak-Qatar General Takaful Limited (hereafter referred to as "the Company") for the year ended 31 December 2019.

The core scope of Shariah Review is to review the Company's compliance as per Shariah Guidelines, and includes the analysis of the appropriate evidence of transactions undertaken by the Company during the year 2019. It is the responsibility of the Shariah Advisory Board to express its viewpoint on the submitted financial statements.

During this year Shariah Advisory Board conduct several meetings on various issues which was referred to them by the management, like wise we have reviewed all types of products, documents, MOU's and business concerns of the Company and in our opinion, and to the best of our understanding based on the provided information and explanations, below are our findings:

- o Financial transactions and relevant documentations & procedures, undertaken by the Company for the year ended 31 December 2019 were in accordance with guidelines issued by Shariah Advisory Board as well as the requirements of Takaful Rules 2012.
- o The given Shariah Screening Criteria has been fulfilled properly in all kind of investment & financial transactions.
- o We have realized the amount 00.00 as non Shariah Compliant income.
- o In the year 2019, more than 100 courses were held successfully across Pakistan on awareness of Takaful. These courses proved fruitful and helped a lot in spreading the concept of Takaful including corporate sector, Ulama&Muftian e kaaram, educational institutions and public sector.
- o The company performed its duties to its level best by following Shariah guidelines. Few cases which were required to be consulted in accordance with the Shariah rules and market practices have been discussed and duly resolved.

## Pak-Qatar General Takaful

- o Consequently, we have found that the Company is in accordance with the Shariah principles with respect to all transactions.

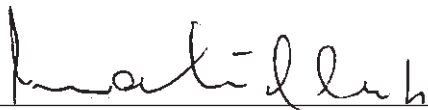
**"And Allah knows best "**



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**Mufti Muhammad Hassaan Kaleem**

Chairman Shariah Advisory Board



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**Dr. Mufti Ismatullah**

Member Shariah Advisory Board



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**Mufti Muhammad Shakir Siddiqui**

Shariah Advisor & Shariah Advisory Board Member



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## **INDEPENDENT REASONABLE ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH THE TAKAFUL RULES, 2012**

### **1. Introduction**

We were engaged by the Board of Directors of Pak Qatar General Takaful Limited (the Company) to report on the management's assessment of compliance, as set out in the annexed Statement of Compliance (the Statement) prepared by the management for the year ended 31 December 2019, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance with the Takaful Rules, 2012, in all material respects.

### **2. Applicable Criteria**

The criteria against which the subject matter information (the Statement) is assessed is the Takaful Rules, 2012.

### **3. Responsibilities of Management**

The management of the Company is responsible for preparation of the annexed Statement that is free from material misstatement. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation of the annexed Statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance with the Takaful Rules, 2012.

### **4. Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

This engagement was conducted by a multidisciplinary team including assurance practitioners and Shari'ah expert.

### 5. Our Responsibility and Summary of Work Performed

Our responsibility is to carry out an independent reasonable assurance engagement to express a conclusion as to whether the Statement is prepared in accordance with the applicable criteria, based on our work performed and the evidences obtained.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements' (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. ISAE 3000 (Revised) requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement presents fairly the status of compliance with the Takaful Rules 2012, in all material respects.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the, risks of the Company's material non-compliance with the Takaful Rules 2012, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances but not for the purpose of expressing a conclusion as to the effectiveness of the Company's internal control over the compliance with the Takaful Rules, 2012. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the Takaful Rules, 2012 will be met. Further, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

We have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with Takaful Rules, 2012.

In performing our audit procedures necessary guidance on Shari'ah matters was provided by the Shari'ah expert referred above.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 6. Conclusion

In our opinion, the Statement for the year ended 31 December 2019 present fairly the status of compliance of the Company with the Takaful Rules, 2012, in all material respects.

Date: 28 April 2020  
Karachi

Chartered Accountants



**Shaikh Ahmed Salman**  
Assurance Engagement Partner



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **TO THE MEMBERS OF PAK-QATAR GENERAL TAKAFUL LIMITED (THE COMPANY)**

#### **REVIEW REPORT ON THE STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance prepared by the Board of Directors of Pak-Qatar General Takaful Limited for the year ended 31 December 2019 in accordance with the requirements of the Code of Corporate Governance for Insurers, 2016 (the Code).

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code as applicable to the Company for the year ended 31 December 2019.

*EY Ford Rhodes*

**Chartered Accountants**

Place: Karachi

Date: 27 April 2020





EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

### **INDEPENDENT AUDITOR'S REPORT**

#### **TO THE MEMBERS OF PAK-QATAR GENERAL TAKAFUL LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

##### **Opinion**

We have audited the annexed financial statements of **Pak-Qatar General Takaful Limited** (the Company), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2019 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

##### **Basis for Opinion**

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

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

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



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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



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

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

### Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Omer Chughtai.

*EY Ford Rhodin*

**Chartered Accountants**

Karachi

Date: 27 April 2020

# STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

		2019		2018	
	Notes	Shareholders' Fund	Participants' Takaful Fund	Aggregate	
		----- (Rupees) -----			
Property and equipment	8	61,203,469	-	61,203,469	25,348,755
Intangible assets	9	37,602,801	-	37,602,801	43,694,920
		98,806,270	-	98,806,270	69,043,675
Investments	10				
Equity securities - mutual funds		91,206,561	63,278,848	154,485,409	104,698,963
Debt securities - sukuks		139,928,358	55,862,918	195,791,276	130,533,900
Term deposits		-	-	-	75,000,000
		231,134,919	119,141,766	350,276,685	310,232,863
Qard-e-Hasna provided to PTF	11	190,000,000	-	190,000,000	200,000,000
Loans and other receivables	12	15,704,545	4,456,595	20,161,140	12,670,434
Takaful / retakaful receivables	13	-	211,538,878	211,538,878	277,780,953
Retakaful recoveries against outstanding claims	23	-	161,910,528	161,910,528	131,238,805
Deferred commission expense	25	27,910,886	-	27,910,886	23,728,501
Taxation - payment less provisions		4,487,101	4,239,797	8,726,898	8,670,351
Prepayments	14	2,890,243	75,550,231	78,440,474	76,347,783
Wakala & modarib receivable	15	7,629,040	-	7,629,040	23,984,412
Cash and Bank	16	92,560,801	154,671,834	247,232,635	203,266,777

# STATEMENT OF FINANCIAL POSITION

As at December 31, 2019

		2019		2018
Notes	Shareholders' Fund	Participants' Takaful Fund	Aggregate	Aggregate
	(Rupees)			
EQUITY AND LIABILITIES				
Shareholders' Fund (SHF) EQUITY				
Capital and Reserves	17			
Ordinary share capital		509,226,010	-	509,226,010
Unappropriated Profit		46,636,774	-	58,307,915
Revaluation reserve		220,535	-	(7,589,953)
Total Equity		556,083,319	-	559,943,972
WAQF/PARTICIPANTS' TAKAFUL FUND (PTF)				
Participants' Equity				
Cede money		-	500,000	500,000
Accumulated deficit		-	(98,243,421)	(108,278,428)
Revaluation reserve		-	383,043	(10,635,816)
		-	(97,360,378)	(118,414,244)
Qard-e-Hasna contributed from SHF	11	-	190,000,000	200,000,000
Liabilities				
Underwriting Provisions - PTF				
Outstanding claims including IBNR	23	-	287,141,721	231,746,780
Unearned contribution reserve	22	-	184,703,719	192,508,493
Contribution deficiency reserve		-	5,000,000	2,400,000
Unearned retakaful rebate	24	-	18,357,180	22,664,030
		-	495,202,620	449,319,303
Deferred tax liability	18	6,636,469	-	1,144,567
Takaful / retakaful payables	19	-	112,375,325	125,540,757
Other creditors & accruals	20	108,404,017	23,663,022	95,445,787
Wakala & modarib payable	15	-	7,629,040	23,984,412
Total Liabilities		115,040,486	828,870,007	895,434,826
Total Equity and Liabilities		671,123,805	731,509,629	1,336,964,554

## Contingencies and Commitments

21

The annexed notes from 1 to 45 form an integral part of these financial statements

  
Chief Executive Officer

  
Director

  
Director

  
Chairman



# PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2019

	Note	2019 ----- (Rupees) -----	2018
<b>PARTICIPANTS' TAKAFUL FUND (PTF)</b>			
Net takaful contribution	22	211,091,838	192,481,462
Net takaful claims	23	(251,637,471)	(231,631,711)
Contribution deficiency expense		(2,600,000)	-
Direct expenses	26	(7,760,022)	(14,565,168)
Retakaful rebate	24	51,237,323	59,076,599
<b>Underwriting result</b>		<b>331,668</b>	<b>5,361,182</b>
Investment income	27	5,345,744	7,359,796
Other income	28	10,826,489	3,682,804
Less: Modarib's share	29	(6,468,894)	(4,417,041)
<b>Surplus for the year</b>		<b>10,035,007</b>	<b>11,986,741</b>
<b>SHAREHOLDERS' FUND (SHF)</b>			
Wakala fee income	30	266,257,465	258,267,329
Commission expense	25	(62,736,660)	(56,834,826)
Management expenses	31	(210,059,059)	(191,027,197)
		(6,538,254)	10,405,306
Other expenses	32	(5,616,385)	(8,665,820)
Investment income	27	20,323,310	7,700,676
Other income	28	6,824,095	4,811,096
Modarib share from PTF	29	6,468,894	4,417,041
<b>Profit before tax</b>		<b>21,461,660</b>	<b>18,668,299</b>
Provision for taxation	33	(7,671,500)	(6,323,034)
<b>Profit after tax</b>		<b>13,790,160</b>	<b>12,345,265</b>
<b>Earnings per share - Rupees</b>	34	<b>0.27</b>	<b>0.24</b>

The annexed notes from 1 to 45 form an integral part of these financial statements

  
Chief Executive Officer

  
Director

  
Director

  
Chairman

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2019

	2019	2018
	(Rupees)	
<b>PARTICIPANTS' TAKAFUL FUND (PTF)</b>		
<b>Surplus for the year</b>	<b>10,035,007</b>	11,986,741
<b>Other comprehensive income</b>		
- Change in unrealized gain/(loss) on available for sale investments	11,018,859	(11,038,910)
<b>Total comprehensive income for the year</b>	<b>21,053,866</b>	947,831
<b>SHAREHOLDERS' FUND (SHF)</b>		
<b>Profit after taxation</b>	<b>13,790,160</b>	12,345,265
<b>Other comprehensive income</b>		
- Change in unrealized gain/(loss) on available for sale investments	11,000,687	(5,959,246)
- Related tax effect	(3,190,199)	1,728,182
	<b>7,810,488</b>	(4,231,064)
<b>Total comprehensive income for the year</b>	<b>21,600,648</b>	8,114,201

The annexed notes from 1 to 45 form an integral part of these financial statements

  
Chief Executive Officer

  
Director

  
Director

  
Chairman

# STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2019

	Shareholders Fund (SHF)			
	Issued, subscribed and paid-up capital	Revenue Reserve		Total
		Unappropriated profit	Revaluation reserve	
	----- (Rupees) -----			
Balance as at December 31, 2017	509,226,010	45,962,650	(3,358,889)	551,829,771
Total comprehensive income for the year ended December 31, 2018				
Profit for the year	-	12,345,265	-	12,345,265
Other comprehensive income for the year	-	-	(4,231,064)	(4,231,064)
Total comprehensive income for the year	-	12,345,265	(4,231,064)	8,114,201
Balance as at December 31, 2018	509,226,010	58,307,915	(7,589,953)	559,943,972
Total comprehensive income for the year ended December 31, 2019				
Profit for the year	-	13,790,160	-	13,790,160
Other comprehensive income for the year	-	-	7,810,488	7,810,488
Total comprehensive income for the year	-	13,790,160	7,810,488	21,600,648
Transaction with the shareholders				
Dividend for the year 2018	-	(25,461,301)	-	(25,461,301)
Balance as at December 31, 2019	509,226,010	46,636,774	220,535	556,083,319

	Participants Takaful Fund (PTF)			
	Cede money	Revenue Reserve		Total
		Accumulated deficit	Revaluation reserve	
	----- (Rupees) -----			
Balance as at December 31, 2017	500,000	(120,265,169)	403,094	(119,362,075)
Total comprehensive income for the year ended December 31, 2018				
Surplus for the year	-	11,986,741	-	11,986,741
Other comprehensive income for the year	-	-	(11,038,910)	(11,038,910)
Total comprehensive income for the year	-	11,986,741	(11,038,910)	947,831
Balance as at December 31, 2018	500,000	(108,278,428)	(10,635,816)	(118,414,244)
Total comprehensive income for the year ended December 31, 2019				
Surplus for the year	-	10,035,007	-	10,035,007
Other comprehensive income for the year	-	-	11,018,859	11,018,859
Total comprehensive income for the year	-	10,035,007	11,018,859	21,053,866
Balance as at December 31, 2019	500,000	(98,243,421)	383,043	(97,360,378)

The annexed notes from 1 to 45 form an integral part of these financial statements

  
Chief Executive Officer

  
Director

  
Director

  
Chairman

# STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

Note	2019	2018
	(Rupees)	
<b>Operating Cash Flows</b>		
<b>(a) Takaful activities</b>		
Contributions received	688,814,702	741,900,300
Claims paid	(305,473,490)	(636,224,965)
Proceed from / (payment to) takaful/retakaful operators	(93,649,410)	133,035,592
Commission net-off retakaful rebate received/(paid)	(13,321,006)	12,775,384
Other takaful payments	(5,238,901)	(4,962,697)
Net cash flow from takaful activities	271,131,895	246,523,614
<b>(b) Other Operating activities</b>		
Income tax paid	(5,426,344)	(3,620,288)
Management and other expenses paid	(212,087,766)	(177,125,567)
Advances and deposits	(4,175,067)	(2,356,623)
Net cash flow from other operating activities	(221,689,177)	(183,102,478)
<b>Total cash flow from all operating activities</b>	<b>49,442,718</b>	<b>63,421,136</b>
<b>Investment activities</b>		
Profit / return received	36,622,552	22,756,351
Payment for investments	(1,131,035,039)	(711,351,733)
Proceeds from investments	1,113,010,763	752,473,634
Receipt on disposal of fixed assets	4,327,110	1,278,398
Fixed capital expenditure	(8,082,147)	(9,832,565)
<b>Total cash flow from all investing activities</b>	<b>14,843,239</b>	<b>55,324,085</b>
<b>Financing activities</b>		
Dividend paid	(20,320,099)	-
<b>Total cash inflow from financing activities</b>	<b>(20,320,099)</b>	<b>-</b>
<b>Net cash flows from all activities</b>	<b>43,965,858</b>	<b>118,745,221</b>
<b>Cash at beginning of the year</b>	<b>203,266,777</b>	<b>84,521,556</b>
<b>Cash at end of the year</b>	<b>247,232,635</b>	<b>203,266,777</b>

..... Continued .....

# STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

## Reconciliation to profit and loss account

Operating cash flows
Depreciation and amortisation expenses
Exchange gain/(loss)
Gain on disposal of fixed assets
Provision for doubtful contribution
Investment income including bank profits
Increase in liabilities
Increase in assets
Income tax paid
Profit before taxation
Surplus in PTF
Profit before tax in SHF

2019  
----- (Rupees) -----

2018

<b>49,442,718</b>	63,421,136
<b>(12,121,213)</b>	(11,608,805)
<b>105,062</b>	168,382
<b>3,276,385</b>	886,169
<b>(3,602,851)</b>	(13,535,319)
<b>39,938,191</b>	22,499,821
<b>(9,459,837)</b>	142,435,172
<b>(41,508,132)</b>	(177,231,804)
<b>5,426,344</b>	3,620,288
<b>31,496,667</b>	30,655,040
<b>10,035,007</b>	11,986,741
<b>21,461,660</b>	18,668,299
<b>31,496,667</b>	30,655,040

The annexed notes from 1 to 45 form an integral part of these financial statements

  
Chief Executive Officer

  
Director

  
Director

  
Chairman



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

## 1. STATUS AND NATURE OF BUSINESS

Pak-Qatar General Takaful Limited (the Company) was incorporated in Pakistan as an unquoted public company limited by shares on March 15, 2006 under the Companies Ordinance, 1984. The Company received Certificate of Registration on August 16, 2007 under Section 6 of the Insurance Ordinance, 2000. The registered office of the Company is situated at Suite # 402-403, Business Arcade, Block 6, P.E.C.H.S., Sharae Faisal, Karachi. The main activity of the Company is to undertake general takaful business. The Company operates with 08 (2018: 08) branches in Pakistan.

For the purpose of carrying on the takaful business, the Company has formed a Waqf for Participants' Equity. The Waqf namely Pak-Qatar General Takaful Limited Waqf [hereafter referred to as the Participant Takaful Fund (PTF)] was formed on August 17, 2007 under a trust deed executed by the Company with a cede money of Rs. 500,000. Waqf deed also governs the relationship of Shareholders Fund (SHF) and participants of PTF for management of takaful operations & investment of funds Approved by Shariah Advisor.

## 2. BASIS OF PREPARATION

These financial statements have been prepared in line with the format issued by the Securities and Exchange Commission of Pakistan (SECP) through Insurance Rules, 2017 (the Rules) vide SRO 89(I)/2017 and Insurance Accounting Regulations, 2017 (the Regulations) vide SRO 88(I)/2017 of even dated 09 February 2017, with appropriate modifications based on the advice of Shariah Adviser of the Company.

As required by the Takaful Rules, 2012 these financial statements reflect the financial position and results of operations of both SHF and PTF in a manner that the assets, liabilities, income and expenses of the SHF and the PTF remains separately identifiable.

## 3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB), as are notified under the Companies Act, 2017, and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), the requirements of Companies Act, 2017, the Insurance Ordinance 2000, the Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and directives issued by the SECP. Wherever the requirements of Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and directives issued by the SECP differ with the requirement of IFRS/IFAS, the requirements of Companies Act, 2017, the Insurance Ordinance 2000, the Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 or said directives shall prevail.

The company has prepared its financial statements on the format prescribed by Insurance Rules, 2017 with appropriate necessary modifications in the light of Takaful Rules, 2012 and based on the advice of Shariah Adviser of the Company. In this regard, the Company has sought approval from the SECP vide email dated 29 April 2019.

## 4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for the available-for-sale investments that have been measured at fair value.

## 5. FUNCTIONAL AND PRESENTATION CURRENCY

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

## 6. Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2019 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements, except as disclosed below:

### 6.1 IFRS 15 Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers which replaces all existing revenue requirements and related interpretations and is effective for annual periods beginning on or after 1 July 2018. IFRS 15 redefined the principles for recognising revenue and is applicable to all contracts with customers other than contracts in the scope of other standards (such as interest and fee income integral to financial instruments which would be in the scope of IFRS 9 and lease income). Certain requirements in IFRS 15 are also relevant for the recognition and measurement of gains or losses on disposal of non-financial assets that are not in the ordinary course of business.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company's main revenue streams are contribution income, retakaful commission income and wakala income, which are not within the scope of IFRS 15. Accordingly, the application of this standard did not have any material impact on these financial statements.

### 6.2 IFRS 16 Leases

International Accounting Standards Board (IASB) has issued IFRS 16 'Leases' in January 2016 which supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The new standard sets out the principles for:

- Lessees to account for all leases under a single on-balance sheet model and governs recognition, measurement, presentation and disclosure of leases; and
- Lessor accounting which is substantially unchanged. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17."

## Pak-Qatar General Takaful

The Company has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application as January 01, 2019. Under this method, the standard has been applied retrospectively, with the cumulative effect of initially applying the standard, recognised at the date of initial application. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

Upon adoption of IFRS 16, the lessees are required to recognise a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. Under IAS 17, leased assets, under operating lease mode, were not recognised on company's balance sheets and it only required lessees to recognise a periodic lease expense (rent) on a straight-line basis over the term for leases tenure and relevant lease commitments were disclosed.

During the year, the Company evaluated the impact of adopting the IFRS 16, on its financial transaction carried out under Islamic mode of financing Ijara. In this regard, the Company vide its letter dated 02 September 2019 has sought guidance from the SECP on the applicability of Islamic Financial Accounting Standards IFAS - 2 Ijara. The SEP vide letter ID/OSM/PQGTL/2018/378 dated 19 September 2019 has granted to follow IFAS-2 Ijara for accounting of Ijara transactions. Accordingly, transactions carried out under Ijara mode are classified under IFAS-2 Ijara; whereas, IFRS 16 has been applied on other lease transactions.

The effect of adoption of IFRS 16 as at January 1, 2019 (increase/ (decrease)) is as follows:

	<b>January 1, 2019</b> —————(Rupees)—————
<b>Assets</b>	
Fixed assets - Right-of-use (RoU) asset	44,064,304
Prepayments	(193,857)
Total Assets	<u>43,870,447</u>
<b>Liabilities</b>	
Other creditors & accruals	<u>43,870,447</u>

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

Operating lease commitments as at December 31, 2018	54,885,524
Weighted average incremental borrowing rate as at January 1, 2019	13%
Discounted operating lease commitments as at January 1, 2019	43,870,447

The carrying amounts of the Company's right-of-use assets, lease liabilities and the movements during the year is as below:

	<b>RoU asset</b> —————(Rupees)—————	<b>Lease liability</b> —————(Rupees)—————
As at January 1, 2019	44,064,304	43,870,447
Addition	4,005,638	4,005,638
Depreciation	(13,217,556)	-
Borrowing cost	-	5,217,892
Payments	-	(14,711,251)
As at December 31, 2019	<u>34,852,386</u>	<u>38,382,726</u>

Had this standard not been applied, assets and liabilities would have been lower by Rs. 34,852,386 and Rs. 38,382,726 respectively. Rent expense would have been higher by Rs. 14,711,251 and depreciation charge and mark-up expense would have been lower by Rs 13,217,556 and Rs. 5,217,892 respectively.

### 6.3 IFRIC 23 - Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The interpretation did not have any material impact on the financial statements of the Company.

### 6.4 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.
- IFRS 14 'Regulatory Deferral Accounts' permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous reporting framework, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and profit and loss account and statement of other comprehensive income, and specific disclosures are required. IFRS 14 was originally issued by IASB in January 2014 with Initial application date for a period beginning on or after 01 January 2016. During November 2019, the SECP modified the effective date for applicability of IFRS 14 for the annual reporting periods beginning on or after 01 July 2019.

- The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.
- IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts.

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement. As notified by the SECP, IFRS 9 is applicable for annual periods beginning on or after 01 July 2018.

In September 2016, the IASB issued amendments to IFRS 4 '**Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts**' to address issues arising from the different effective dates of IFRS 9 and the new insurance contracts standard (IFRS 17).

The amendments introduce two alternative options of applying IFRS 9 for entities issuing contracts within the scope of IFRS 4: a temporary exemption; and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before 1 January 2021 and continue to apply IAS 39 to financial assets and liabilities.

In May 2017, the IASB issued **IFRS 17 Insurance Contracts**, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts. IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021, however, IFRS 17 is yet to be notified by SECP for adoption in Pakistan.

The Company considers itself eligible for the temporary exemption and therefore, expects to adopt IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) and therefore, continue to apply IAS 39 to its financial assets and liabilities in its reporting period starting on 1 January 2019.

- 6.5** Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 – First time adoption of IFRSs	January 01, 2014
IFRS 17 – Insurance Contracts	January 01, 2021

## 7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND JUDGEMENTS AND ESTIMATES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 31 December 2018, except for changes in accounting policies resulting from application of the IFRS 16 as disclosed in note 6.2.



## 7.1 Significant Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods. The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

	Note
- Determination of the lease term for lease contracts with renewal and termination options	7.2.3
- Estimating the incremental borrowing rate	7.2.4
- Useful lives of assets, residual value & method of depreciation/ amortization	7.3
- Classification of investments	7.4
- Classification of takaful contracts	7.7
- Provision for doubtful contribution receivable	7.8
- Contribution deficiency reserve	7.10
- Provision for outstanding claims including IBNR	7.13
- Provision for retakaful recoveries against outstanding claims	7.17
- Allocation of expenses	7.21
- Segment reporting	7.22
- Impairment	7.23
- Taxation	7.27

## 7.2 Leases

### 7.2.1 Leases (Policy applicable before 1 January 2019)

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

### **Company as a lessee**

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

### **7.2.2 Leases (Policy applicable from 1 January 2019)**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### **Right-of-use assets**

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

### **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

### **7.2.3 Determination of the lease term for lease contracts with renewal and termination options (Company as a lessee)**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

#### **7.2.4 Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments (such as stand-alone credit rating, or to reflect the terms and conditions of the lease).

### **7.3 Tangible and Intangible fixed assets**

#### **Tangible assets - Property & equipment**

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged using reducing balance method at the rates specified in note 8 to the financial statements. Depreciation on additions is charged from the month of addition while no depreciation is charged in the month of disposal.

Residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end.

An item of fixed assets is derecognised upon disposal or when no future economic benefit is expected from its use or disposal.

Maintenance and normal repairs are charged to income as and when incurred, whereas major renewals or replacement are capitalised.

Gain or loss on disposal of the assets is recognised in the profit and loss account in the period of disposal.

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably.

#### **Intangible assets**

These are stated at cost less accumulated amortization and any provision for impairment loss. Amortisation on intangible assets is charged to income applying the reducing balance method at the rates specified in note 9 to the financial statements after taking into account residual value, if any. However, ERP software is amortized on straight line method.

Full month's amortisation is calculated from the month the assets are available for use, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life, residual value and amortisation method is reviewed, and adjusted if appropriate, at each financial year.

#### **Capital work-in-progress**

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. It also includes advances to suppliers in respect of tangible and intangible assets. These are transferred to specific assets as and when assets are available for use. Capital work-in-progress is stated at cost less any impairment in value, if any.

### 7.4 Investments

It includes investments in equity securities (shares & mutual funds), in debt securities (sukuks) and in term deposits.

#### Classification

Investments with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold to maturity, are classified as Held to Maturity. Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or change in mark-up / interest rates are classified as Available for Sale. Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as Held for Trading.

#### Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

#### Initial recognition

All investments are initially recognised at cost being the fair value of the consideration given and include transaction costs, except for held for trading investments in which case transaction costs are charged to profit and loss account.

#### Subsequent measurement

**Held to maturity:** subsequently, these are measured at amortized cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is amortised uniformly over the date of acquisition and date of maturity.

**Available for sale:** subsequently, these are measured at fair value. Any unrealised gain or loss arising on re-measurement of available-for-sale investments are taken to revaluation reserve through other comprehensive income. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to profit and loss account for the period.

**Held for trading:** subsequently, these are measured at fair value. Any unrealised gain or loss arising on re-measurement of held-for-trading investments are taken directly to profit & loss account.

#### Fair / market value measurement

For investment in Sukuks, fair / market value is determined by reference to quotations obtained from brokers. The fair / market value of mutual fund units is determined as per the rates announced by the Mutual Funds Association of Pakistan (MUFAP). The fair value of listed equities are determined by reference to quoted market prices.

#### Impairment

Impairment loss in respect of investments categorized as available-for-sale is recognized based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. When such impairment arises, the cumulative loss that has been recognized directly in equity is transferred to statement of profit and loss account. For listed securities, a significant or prolonged decline in fair value below cost is also considered to be an objective evidence of impairment.

### 7.5 Qard-e-Hasna

Qard-e-Hasna is provided by SHF to PTF, if there is deficit in admissible assets of PTF over its liabilities. SHF is allowed to recover this qard without charging profit in the event of surplus of admissible assets over liabilities in PTF.

### 7.6 Cash and cash equivalents

Cash and cash equivalents consist of cash, cheque and stamps in hand, cash at bank, deposits readily convertible to cash, and are used in the cash management function on a day to day basis and which are subject to insignificant risk of change in value. Term deposits with banks are classified as investments.

### 7.7 Takaful contracts

In all takaful models, the takaful contracts so agreed inspire concept of Tabarru' (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty, and the model adopted by the company is Wakala Waqf model.

Contracts under which the Participant Takaful Fund (PTF) accepts significant Takaful risk from another party (the policyholder) by agreeing to compensate the policyholder, if a specified uncertain future event (the takaful event) adversely affects the policyholder, are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its period of takaful, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The non-life takaful contracts are underwritten in PTF, that can be categorised into Fire and Property, Marine, Aviation and Transport, Motor and Miscellaneous contracts. Contracts may be concluded for a fixed term of one year, and in some cases for less than one year or for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the PTF under which the contract holder is another takaful operator (inward retakaful of a facultative nature) are included within the individual category of takaful contracts, other than those which fall under the Treaty. Takaful contracts issued by PTF do not include investment contracts or Discretionary Participation Features.

Fire & property takaful provides coverage against damages suffered to property caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damages occurred in between the points of origin and final destination and other related perils.

Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.

Miscellaneous takaful provides cover against all other risk like burglary, loss of cash in safe and cash in transit, engineering losses, travel, health, crop, live stock, professional indemnity, workers compensation and other coverage.



### 7.8 Contributions

Contributions including administrative surcharge received / receivable under a takaful policy are recognised as written from date of attachment of risk to the policy / cover note. Where contributions for a policy are payable in installments, full contribution for the duration of policy is recognised as written from date of attachment of risk to the policy. Contributions are stated gross of commission or wakala payable to intermediaries and exclusive of taxes and duties levied on contributions. For contribution earned, contribution written after deducting wakala & admin surcharge is spread over the period of takaful contract and earned contribution amount is calculated according to the ratio of the expired period of the policy and the total period, both measured to the nearest day. Administrative surcharge & wakala is recognised on upfront basis.

Contribution Receivables (contribution due but unpaid) represents the amount due from participants on account of takaful contracts. These are recognised at cost, which is the fair value of the consideration to be received less provision for doubtful debts, if any. Provision for doubtful debts in contribution receivable is estimated on a systematic basis after analysing the receivables as per their ageing. Provision for impairment in contribution receivable is established when there is an objective evidence that company will not be able to collect all amounts due according to original terms of the takaful contracts. Significant financial difficulties of the debtor, probability that debtor will enter financial reorganization, and default of delinquency in payments is considered indicators that contribution receivable is doubtful. The provision for doubtful debts is charged to profit & loss for the year. When the contribution receivable is uncollectable, it is written-off against the provision. Wakala associated with provision for doubtful balances on contribution due but unpaid, is also set aside as provision for doubtful wakala balances.

### 7.9 Provision for unearned contribution

The unearned portion of contribution written net-off wakala & admin surcharge is set aside as a reserve and is recognized as a liability. This relates to the business in force at balance sheet date. Unearned contribution is calculated according to the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

### 7.10 Contribution deficiency reserve

According to the requirements of the Insurance Rules 2017, a contribution deficiency reserve (liability adequacy) needs to be created for each class of business, where the unearned contribution & related income for any class of business is not adequate to meet the expected liability (after re-takaful recovery) from claims, and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. Any deficiency is recognized by establishing a provision for contribution deficiency to meet the deficit. Movement in the reserve is to be charged to the profit and loss account. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off significant claims which are not expected to recur.

For this purpose, loss ratios for each class are estimated based on historical claim development, and the expected future liability is estimated with reference to the experience during the expired periods of contracts, adjusted for one-off & significant individual losses. The expected net-off retakaful claim ratios against net contribution earned gross up of wakala for the unexpired periods of policies in force at balance sheet date for each class of business is disclosed in note 40.5.

## 7.11 Commission

Commission expense incurred in obtaining and recording takaful business are deferred and recognised as an expense in accordance with the pattern of recognition of contribution revenue.

## 7.12 Claims

Claims expense include all claims incurred during the year, whether reported or not, based on estimated liability for compensation under takaful contract, related claim handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

## 7.13 Provision for outstanding claims

PTF maintains provision in respect of outstanding claims against losses incurred up to the balance sheet date which is measured at the undiscounted value of expected future claim settlement cost. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract. The provision for outstanding claims also includes amounts in relation to claims reported but not settled and claims incurred but not reported (IBNR).

### - Provision for claims reported but not settled

Provision for liability in respect of claims reported but not settled at the balance sheet date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

### - Provision for claims incurred but not reported (IBNR)

The provision for claims incurred but not reported (IBNR) is estimated annually at the balance sheet date. Estimation may be effected by past reporting trends, expected future pattern of reporting of claims and the claims actually reported subsequent to the balance sheet date. In accordance with the SECP Circular no. 9 of 2016, IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the expected extent of future development of claims to reach their ultimate level.

## 7.14 Retakaful contracts

Retakaful contract are classified as contracts entered into by the PTF with retakaful operators under which the PTF cedes takaful risk assumed during the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks, and accordingly the PTF is compensated for losses on takaful contracts issued by it. Assets, liabilities and income and expense arising from ceded retakaful contracts are presented separately from the assets, liabilities, income and expense from the related takaful contracts because the retakaful arrangements do not relieve the PTF from its direct obligations to its policyholders. These retakaful contracts include both facultative and treaty arrangements contracts and are classified in same categories of takaful contracts for the purpose of these financial statements.

### **7.15 Prepaid retakaful**

Retakaful contribution ceded is recognised as expense evenly in the period of indemnity of policy to which it relates. The portion of retakaful contribution not recognised as an expense is shown as a prepayment.

### **7.16 Rebate from retakaful**

At the time of retakaful contribution ceding, rebate from retakaful operators under the terms of retakaful arrangements is recognised when the PTF's right to receive the same is established. Rebate commission from retakaful is deferred and recognised as an income in accordance with the pattern of recognition of retakaful contribution ceded to which it relates.

### **7.17 Retakaful recoveries against outstanding claims**

Retakaful recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the retakaful contracts. Receivable against claims from the retakaful operators are recognised as an asset at the same time as the claims which gives rise to the right of recovery are recognised as a liability and are measured at the amount expected to be recovered.

### **7.18 Receivable and payables related to takaful contracts**

Amounts due to / from other takaful and retakaful operators are recognised when due at cost less provision for impairment, if any. Cost represents the fair value of the consideration to be received / paid in the future for services rendered. Retakaful assets or liabilities are derecognized when the contractual rights are extinguished or expired. Provision for doubtful balance in contribution receivable from policyholders is estimated on a systematic basis after analysing the receivables as per their ageing.

Receivable & payable related to takaful contracts pertains to customers, agents, brokers, other takaful operators, and retakaful operators. Retakaful assets primarily represent retakaful recoveries against claims & rebate commission, and retakaful liabilities primarily represent retakaful contribution ceded. Amount due to and due from other takaful operators is primarily on account of co-takaful business, whereby receivable and payable are recognised against claims, rebate commission, & contribution.

An impairment review of retakaful assets is performed at each balance sheet date. If there is objective evidence that the asset is impaired as a result of one or more events having negative effects, occurred after the initial recognition, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account.

### **7.19 Takaful surplus**

Takaful surplus attributable to the participants is assessed after charging all direct cost, setting aside various provisions, reserves, charity, qard-e-hasna and evaluating the assets and liabilities of PTF. Distribution of surplus to participants, if applicable, is made with the approval of the Operator and is recognized in the period in which it is approved.

### **7.20 Revenue recognition**

#### **PTF**

- The revenue recognition of Contribution is given under note 7.8
- The revenue recognition of Rebate from retakaful operators is given under note 7.16

### SHF

- The Takaful operator (SHF) manages the general takaful operations for the participants takaful fund (PTF). Wakala fee is charged from PTF as a percentage of the gross contribution written net of administrative surcharge. It is recognized upfront on the issuance of takaful policy.
- The Takaful operator (SHF) also manages the PTF's bank balances & investments as Modarib. Modarib fee is charged as percentage on aggregate of income on bank balances and investment income earned by the PTF. It is recognized on the same basis on which related revenue is recognised.

### PTF and SHF

- Profit on sukuks and bank deposits are recognised on accrual basis.
- Dividend income and entitlement of bonus shares is recognised when the right to receive such dividend or bonus shares is established.
- Gain / loss on sale of investments are included in profit and loss account in the period of sale.

## 7.21 Expenses

### PTF

- Direct expenses allocated to PTF represents directly attributable expenses and these are allocated to various classes of business on the basis of gross contribution written during the year. Expenses not directly allocable to PTF are charged to SHF.

### SHF

- Expenses not directly allocable to PTF are charged to SHF. Allocation between management expenses and other expenses are performed by management as deemed equitable. For segment reporting, management expenses are allocated to class of business on the basis of gross contribution written during the year.

## 7.22 Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expense that relate to transaction with any of the Company's other component. The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and Insurance Rules, 2017.

The Company's operating businesses are recognised and managed separately according to the nature of services provided with each segment representing a strategic business unit that serves different market needs. All the company's business segment operate in Pakistan only. The Company has four primary business segments for reporting purposes namely fire & property, marine, aviation & transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 7.7

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities, which can not be allocated to a particular segment on a reasonable basis, are aggregated as unallocated corporate assets and liabilities.

### 7.23 Impairment

The carrying amounts of the non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to profit and loss account.

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

### 7.24 Financial instruments

Financial assets and financial liabilities other than those arising out of takaful contracts are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition, financial assets and liabilities are measured at fair values which is the cost of consideration given or received for it. Financial assets are derecognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are derecognized when obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of the financial assets and liabilities are recognized in the profit and loss account of the current period.

Financial instruments include cash and bank balances, loans to employees, investments, contribution due but unpaid, amount due from other takaful / retakaful operators, accrued investment income, retakaful recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other takaful / retakaful, accrued expenses, agents balances, other creditors, and deposits.

### 7.25 Offsetting

A financial asset and financial liability is offset and the net amount is reported in the financial statements when the Company has a legally enforceable right to set-off the recognised amounts and it intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

### 7.26 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is fair value of the consideration to be paid in future for goods and / or services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.



## 7.27 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity. For this purpose, the profit of Shareholders fund is taxed as part of total profit of the Company.

### Current

Provision for current taxation is based on taxability of certain income streams of the company under final tax regime at the applicable tax rates and the remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability on turnover, whichever is applicable, after taking into account tax credits and rebates available. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

### Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

## 7.28 Ijarah

Ijarah rentals are recognised as an expense on accrual basis as and when the rentals become due.

## 7.29 Appropriations

Appropriations of profit, if any, are recognised in the year in which these are approved.

## 7.30 Staff retirement benefits

### Defined contribution plan

The Company operates an approved contributory provident fund for all its permanent employees. Contributions are made by both the Company and the employees to the fund at the rate of 10% of basic salary. Contribution made by the Company is recognised as an expense.

### 7.31 Foreign currency transaction and translation

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

### 7.32 Earning per share

The company presents basic & diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss of Shareholders fund attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the profit or loss of Shareholders fund attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares.

### 7.33 Dividend and bonus shares

Dividend to shareholders is recognized as liability in the period in which it is approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

	Note	2019 ————(Rupees) ————	2018
<b>8. PROPERTY AND EQUIPMENT</b>			
- Tangible assets	8.1	<b>23,890,417</b>	24,328,741
- Capital work in progress	8.2	<b>2,460,666</b>	1,020,014
- Right of use asset (RoU)	6.2	<b>34,852,386</b>	-
		<b><u>61,203,469</u></b>	<u>25,348,755</u>

## 8.1 TANGIBLE

Particulars				2019			Carrying value at December 31, 2019	Depreciation rate	
	Cost			Accumulated depreciation					
	As at January 01, 2019	Additions / (disposals)	As at December 31, 2019	As at January 01, 2019	For the year / (adjustment for disposals)	As at December 31, 2019			
	(Rupees)								%
Office improvements	15,424,323	-	15,424,323	10,222,913	780,213	11,003,126	4,421,197	15	
Furniture and fixtures	10,127,633	256,200	10,383,833	6,122,038	610,447	6,732,485	3,651,348	15	
Office equipment	14,468,714	969,035 (390,000)	15,047,749	8,704,935	895,903 (229,933)	9,370,905	5,676,844	15	
Motor vehicles	4,315,257	331,691 (2,105,902)	2,541,046	3,196,591	165,141 (1,215,244)	2,146,488	394,558	20	
Computer equipment	35,350,952	4,742,569	40,093,521	27,111,661	3,235,390	30,347,051	9,746,470	30	
	79,686,879	6,299,495 (2,495,902)	83,490,472	55,358,138	5,687,094 (1,445,177)	59,600,055	23,890,417		
Particulars				2018			Carrying value at December 31, 2018	Depreciation rate	
	Cost			Accumulated depreciation					
	As at January 01, 2018	Additions / (disposals)	As at December 31, 2018	As at January 01, 2018	For the year / (adjustment for disposals)	As at December 31, 2018			
	(Rupees)								%
Office improvements	14,749,323	675,000	15,424,323	9,354,651	868,262	10,222,913	5,201,410	15	
Furniture and fixtures	9,923,033	204,600	10,127,633	5,446,942	675,096	6,122,038	4,005,595	15	
Office equipment	13,838,866	662,348 (32,500)	14,468,714	7,760,994	958,702 (14,761)	8,704,935	5,763,779	15	
Motor vehicles	5,825,357	238,900 (1,749,000)	4,315,257	4,296,795	274,306 (1,374,510)	3,196,591	1,118,666	20	
Computer equipment	31,849,977	3,500,975	35,350,952	24,255,413	2,856,248	27,111,661	8,239,291	30	
	76,186,556	5,281,823 (1,781,500)	79,686,879	51,114,795	5,632,614 (1,389,271)	55,358,138	24,328,741		

## 8.2 Capital work in progress

This represents various advances paid against acquisition / development of tangible assets and software applications for the operational use of the Company.

## 8.3 Details of tangible assets disposed off during the year are as follows:

Category of assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Sold to
Office equipment	390,000	229,933	160,067	35,000	negotiation	M/s. Arbour Trading Corporation
Vehicle	238,900	39,220	199,680	1,600,000	tender	Mr. Asim
Vehicle	732,790	445,770	287,020	877,000	company policy	Mr. Bashair - employee
Vehicle	331,692	11,056	320,636	1,286,110	company policy	Mr. Altaf - employee
Vehicle	802,520	719,198	83,322	529,000	tender	Mr. Amir
	<u>2,495,902</u>	<u>1,445,177</u>	<u>1,050,725</u>	<u>4,327,110</u>		

## 9. INTANGIBLE

Particulars	2019							
	Cost			Accumulated Amortisation				
	As at January 01, 2019	Additions/ transfer	As at December 31, 2019	As at January 01, 2019	For the year	As at December 31, 2019	Carrying value at December 31, 2019	Amortization rate
	(Rupees)							%
Computer softwares	<u>72,551,186</u>	<u>342,000</u>	<u>72,893,186</u>	<u>28,856,266</u>	<u>6,434,119</u>	<u>35,290,385</u>	<u>37,602,801</u>	<u>10-20</u>

Particulars	2018							
	Cost			Accumulated Amortisation				
	As at January 01, 2018	Additions/ transfer	As at December 31, 2018	As at January 01, 2018	For the year	As at December 31, 2018	Carrying value at December 31, 2018	Amortization rate
	(Rupees)							%
Computer softwares	<u>66,177,719</u>	<u>6,373,467</u>	<u>72,551,186</u>	<u>22,880,076</u>	<u>5,976,190</u>	<u>28,856,266</u>	<u>43,694,920</u>	<u>10-20</u>

## 10. INVESTMENTS

		2019			2018			
Note		SHF	PTF	Total	SHF	PTF	Total	
		Carrying Value						
		(Rupees)						
10.1	Available for sale							
	Investment in:							
	Equity securities							
	- mutual funds	10.4	91,206,561	63,278,848	154,485,409	52,181,810	52,517,153	104,698,963
	Debt securities							
	- sukuks	10.4	139,928,358	55,862,918	195,791,276	103,376,650	27,157,250	130,533,900
			231,134,919	119,141,766	350,276,685	155,558,460	79,674,403	235,232,863
10.2	Held to maturity							
	Investment in:							
	Term deposits maturing							
	within 12 months		-	-	-	25,000,000	50,000,000	75,000,000
			-	-	-	25,000,000	50,000,000	75,000,000
	Total		231,134,919	119,141,766	350,276,685	180,558,460	129,674,403	310,232,863

**10.3** GOP Ijara XIX sukuk amounting to Rs. 60,000,000/- face value (2018: GoP XVIII sukuk: Rs. 55,000,000) are held under lien with the State Bank of Pakistan in compliance with the requirements of Section 29 of the Insurance Ordinance, 2000.

#### 10.4 Available-for-sale (AFS) Investments

Note	2019				2018			
	Cost	Impairment / provision	Revaluation surplus / (deficit)	Carrying value	Cost	Impairment / provision	Revaluation surplus / (deficit)	Carrying value
	----- Rupees -----				----- Rupees -----			
<b>Equity securities (Mutual fund units)</b>								
- Shareholders Fund	91,169,993	-	36,568	91,206,561	62,910,113	-	(10,728,303)	52,181,810
- Participant Takaful Fund	63,231,792	-	47,056	63,278,848	63,093,791	-	(10,576,638)	52,517,153
10.4.1	154,401,785	-	83,624	154,485,409	126,003,904	-	(21,304,941)	104,698,963
<b>Debt securities (Sukuk certificates)</b>								
- Shareholders Fund	139,654,314	-	274,044	139,928,358	103,338,422	-	38,228	103,376,650
- Participant Takaful Fund	55,526,931	-	335,987	55,862,918	27,216,428	-	(59,178)	27,157,250
10.4.2	195,181,245	-	610,031	195,791,276	130,554,850	-	(20,950)	130,533,900
<b>TOTAL</b>	<b>349,583,030</b>	<b>-</b>	<b>693,655</b>	<b>350,276,685</b>	<b>256,558,754</b>	<b>-</b>	<b>(21,325,891)</b>	<b>235,232,863</b>

##### 10.4.1 Details of investments in Equity securities (Mutual funds)

Name of Investment	Face value per unit	2019 Number of certificates	2018	2019			2018		
				SHF	PTF	Total	SHF	PTF	Total
				----- Carrying value in Rupees-----					
Meezan Islamic Fund	50	-	379,227	-	-	-	13,659,966	7,379,149	21,039,115
Al Ameen Shariah Stock Fund	100	-	32,968	-	-	-	4,051,469	-	4,051,469
ABL Islamic Stock Fund	10	3,347,186	3,007,448	-	-	-	21,021,623	18,465,273	39,486,896
NAFA Islamic Stock Fund	10	4,726,047	2,804,284	-	-	-	11,390,868	17,331,167	28,722,035
Meezan Energy Fund	50	-	290,149	-	-	-	2,057,884	9,341,564	11,399,448
HBL Islamic Money Market Fund	100	354,739	-	16,220,848	19,944,125	36,164,973	-	-	-
ABL Islamic Income Fund	10	4,156,584	-	24,528,552	20,559,997	45,088,549	-	-	-
NAFA Riba Free Saving Fund	10	1,809,664	-	14,805,356	4,768,882	19,574,238	-	-	-
Alfalah Islamic Income fund	10	101,261	-	10,651,805	-	10,651,805	-	-	-
NBP Islamic Money Market Fund	10	3,753,402	-	25,000,000	15,000,000	40,000,000	-	-	-
Army Welfare Trust Islamic Income fund	100	27,827	-	-	3,005,844	3,005,844	-	-	-
-				91,206,561	63,278,848	154,485,409	52,181,810	52,517,153	104,698,963

# Pak-Qatar General Takaful

## 10.4.2 Details of investments in Debt securities (Sukuks)

Name of Investment	Profit rate	Maturity Year	Face value per certificate	2019	2018	2019			2018		
						SHF	PTF	Total	SHF	PTF	Total
----- Carrying value in Rupees-----											
GoP Ijarah sukuk - XVII	6.10%	2019	100,000	-	644	-	-	-	64,400,000	-	64,400,000
GoP Ijarah sukuk - XIX	5.24%	2020	1,000,000	60	-	59,850,000	-	59,850,000	-	-	-
K-Electric AZM - 3	3 month Kibor plus 2.7%	2019	5,000	-	3,080	-	-	-	15,492,400	-	15,492,400
K-Electric 7	3 month Kibor plus 1%	2022	2,500	1,500	1,500	3,806,250	-	3,806,250	5,334,000	-	5,334,000
Al Baraka sukuk - T2	6 month Kibor plus 1.25%	2021	1,000,000	25	-	15,075,000	10,050,000	25,125,000	-	-	-
Fatima Fertilizer sukuk	6 month Kibor plus 1.1%	2021	3,000	3,800	5,700	5,728,358	5,757,040	11,485,398	8,656,500	8,700,000	17,356,500
AGPL sukuk	6 month Kibor plus 1.3%	2022	50,000	180	180	3,156,250	5,933,750	9,090,000	4,418,750	8,307,250	12,726,000
DIB Tier II capital sukuk	6 month Kibor plus 0.5%	2027	1,000,000	15	15	5,100,000	10,200,000	15,300,000	5,075,000	10,150,000	15,225,000
Aspin pharma sukuk	3 month Kibor plus 1.5%	2023	80,000	150	-	12,150,000	-	12,150,000	-	-	-
BIPL Ehad Sukuk	3 month Kibor plus 2.75%	2026	5,000	4,000	-	10,000,000	10,000,000	20,000,000	-	-	-
Byco Petroleum sukuk	3 month Kibor plus 1.05%	2022	75,000	250	-	5,062,500	13,922,128	18,984,628	-	-	-
MBL Tier 1 sukuk	3 month Kibor plus 1.75%	perpetual	1,000,000	20	-	20,000,000	-	20,000,000	-	-	-
						139,928,358	55,862,918	195,791,276	103,376,650	27,157,250	130,533,900
						Note	2019	2018			
						----- SHF -----					
						----- (Rupees) -----					

## 11. QARD-E-HASNA RECEIVABLE FROM PTF

Balance as at the beginning of the year	200,000,000	240,000,000
Qard-e-Hasna refunded to SHF during the year	(10,000,000)	(40,000,000)
Balance as at the end of the year	<u>190,000,000</u>	<u>200,000,000</u>

## 12. LOANS AND OTHER RECEIVABLES - considered good

	2019			2018		
	SHF	PTF	Total	SHF	PTF	Total
----- (Rupees) -----						
<b>Accrued income</b>						
on sukuk & term deposits	3,266,995	2,135,106	5,402,101	1,889,323	1,234,525	3,123,848
on bank balances	430,014	2,066,966	2,496,980	567,566	892,028	1,459,594
	<u>3,697,009</u>	<u>4,202,072</u>	<u>7,899,081</u>	<u>2,456,889</u>	<u>2,126,553</u>	<u>4,583,442</u>
<b>Sundry receivable</b>						
Security deposits	3,977,200	254,523	4,231,723	4,378,381	254,523	4,632,904
Advance to employees	2,837,224	-	2,837,224	1,509,676	-	1,509,676
Tender deposit	642,931	-	642,931	642,931	-	642,931
Sales tax	1,168,507	-	1,168,507	272,731	-	272,731
Advance to vendors	3,361,674	-	3,361,674	1,008,750	-	1,008,750
Others	20,000	-	20,000	20,000	-	20,000
	<u>12,007,536</u>	<u>254,523</u>	<u>12,262,059</u>	<u>7,832,469</u>	<u>254,523</u>	<u>8,086,992</u>
	<u>15,704,545</u>	<u>4,456,595</u>	<u>20,161,140</u>	<u>10,289,358</u>	<u>2,381,076</u>	<u>12,670,434</u>



## Pak-Qatar General Takaful

	Note	2019 —————(Rupees)—————	2018
<b>13. TAKAFUL AND RETAKAFUL RECEIVABLES - unsecured and considered good</b>			
<b>13.1 Due from takaful contract holders</b>			
Related party		107,412	-
Others		268,854,414	256,730,703
		<u>268,961,826</u>	<u>256,730,703</u>
Provision for doubtful balances	13.3	(87,433,338)	(83,830,487)
Considered good		<u>181,528,488</u>	<u>172,900,216</u>
<b>13.2 Due from other takaful/ retakaful - Considered good</b>		<u>30,010,390</u>	<u>104,880,737</u>
		<u>211,538,878</u>	<u>277,780,953</u>
<b>13.3 Provision for doubtful balances</b>			
At beginning of the year		83,830,487	70,295,168
Provision made during the period		3,602,851	13,535,319
At end of the year		<u>87,433,338</u>	<u>83,830,487</u>

### 14. PREPAYMENTS

	2019			2018		
	SHF	PTF	Total	SHF	PTF	Total
	—————(Rupees)—————					
Prepaid retakaful ceded	-	75,550,231	75,550,231	-	73,137,965	73,137,965
Prepaid rent	-	-	-	553,857	-	553,857
Prepayment - services contract	2,690,835	-	2,690,835	2,458,307	-	2,458,307
Prepaid takaful contribution	199,408	-	199,408	197,654	-	197,654
	<u>2,890,243</u>	<u>75,550,231</u>	<u>78,440,474</u>	<u>3,209,818</u>	<u>73,137,965</u>	<u>76,347,783</u>

	Note	2019 —————SHF————— —————(Rupees)—————	2018
<b>15. WAKALA AND MODARIB RECEIVABLE FROM PTF</b>			
Wakala fee receivable		31,977,336	43,719,872
Modarib fee receivable		2,595,115	6,126,221
		<u>34,572,451</u>	<u>49,846,093</u>
Less: provision for refund of wakala against doubtful balances	15.1	(26,943,411)	(25,861,681)
		<u>7,629,040</u>	<u>23,984,412</u>
<b>15.1 Provision for refund of wakala against doubtful balances</b>			
At beginning of the year		25,861,681	21,928,833
Provision made during the period		1,081,730	3,932,848
At end of the year		<u>26,943,411</u>	<u>25,861,681</u>

# Pak-Qatar General Takaful

## 16. CASH AND BANK

Note	2019			2018		
	SHF	PTF	Total	SHF	PTF	Total
	----- Carrying Value -----					
	----- (Rupees) -----					
<b>Cash and other equivalents</b>						
- Cash in hand	954,640	-	954,640	872,168	-	872,168
- Stamps in hand	-	399,523	399,523	-	623,795	623,795
	<u>954,640</u>	<u>399,523</u>	<u>1,354,163</u>	<u>872,168</u>	<u>623,795</u>	<u>1,495,963</u>
<b>Cash at bank</b>						
- Current accounts	643,262	609,082	1,252,344	675,304	466,389	1,141,693
- Saving accounts	90,962,899	153,663,229	244,626,128	95,076,772	105,552,349	200,629,121
	<u>91,606,161</u>	<u>154,272,311</u>	<u>245,878,472</u>	<u>95,752,076</u>	<u>106,018,738</u>	<u>201,770,814</u>
	<u>92,560,801</u>	<u>154,671,834</u>	<u>247,232,635</u>	<u>96,624,244</u>	<u>106,642,533</u>	<u>203,266,777</u>

**16.1** The expected rate of return on saving accounts ranges from 5% to 10% per annum (2018: 4% to 7.5% per annum).

**16.2** For the purpose of statement of cash flows, cash and cash equivalent comprises of cash and bank only.

## 17. SHARE CAPITAL AND RESERVES

			2019	2018
			----- (Rupees) -----	
<b>17.1 Authorised capital</b>				
Ordinary share of Rs. 10 /- each			<u>600,000,000</u>	<u>600,000,000</u>
<b>17.2 Issued, subscribed and paid-up share capital</b>				
	2019	2018		
	Number of shares			
50,922,601	50,922,601	At beginning of the year	509,226,010	509,226,010
-	-	Add : Issued during the year as right shares	-	-
<u>50,922,601</u>	<u>50,922,601</u>	At end of the year	<u>509,226,010</u>	<u>509,226,010</u>

**17.3 Major share holders of the Company are:**

	2019		2018	
	Number of shares	Percentage	Number of shares	Percentage
Fawad Yousuf Securities (Private) Limited	<b>3,077,999</b>	<b>6.04</b>	3,077,999	6.04
Qatar Islamic Insurance Company	<b>5,923,946</b>	<b>11.63</b>	5,923,946	11.63
H.E. Sheikh Ali bin Abdullah	<b>7,969,556</b>	<b>15.65</b>	7,969,556	15.65
Qatar International Islamic Bank	<b>7,370,474</b>	<b>14.47</b>	7,370,474	14.47
Pak-Qatar Investment (Private) Limited	<b>21,633,944</b>	<b>42.48</b>	21,633,944	42.48

**18. DEFERRED TAX LIABILITY - NET**

**Deductible temporary difference arising in respect of**

Minimum tax on turnover	-	(1,229,397)
Unrealized loss on AFS (available for sale) investments	<b>90,077</b>	(3,100,122)

Available tax losses	-	-
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**Taxable temporary difference arising in respect of**

Accelerated depreciation	<b>6,546,392</b>	5,474,086
	<b>6,636,469</b>	<b>1,144,567</b>

**18.1 Reconciliation of deferred tax**

	Balance at December 31, 2018	Recognized in profit and loss	Recognized in OCI	Balance at December 31, 2019
<b>Deductible temporary difference</b>				
Minimum turnover taxes	(1,229,397)	1,229,397	-	-
Unrealized loss on AFS investment	(3,100,122)	3,190,199	90,077	
<b>Taxable temporary difference</b>				
Accelerated depreciation allowance	5,474,086	1,072,306	-	6,546,392
	<b>1,144,567</b>	<b>2,301,703</b>	<b>3,190,199</b>	<b>6,636,469</b>

## Pak-Qatar General Takaful

### 19. TAKAFUL / RETAKAFUL PAYABLE

These amounts represent amount payable to other takaful and retakaful operators.

### 20. OTHER CREDITORS AND ACCRUALS

Note	2019			2018		
	SHF	PTF	Total	SHF	PTF	Total
(Rupees)						
<b>Other Creditors</b>						
Agent Commission payable	52,739,641	-	52,739,641	46,072,075	-	46,072,075
Trakker charges	-	11,446,608	11,446,608	-	27,571,837	27,571,837
FED & sales tax	-	9,785,186	9,785,186	30,804	10,928,951	10,959,755
Stale cheques	20.1 339,982	1,070,816	1,410,798	339,982	1,075,266	1,415,248
Car ijarah	290,982	-	290,982	174,274	-	174,274
Charity	589	-	589	545	-	545
EOBI	16,500	-	16,500	18,420	-	18,420
Tax deducted at source	352,559	25,416	377,975	40,658	177,594	218,252
Margin deposit	-	-	-	-	4,341,115	4,341,115
Federal insurance fee	-	834,996	834,996	-	714,935	714,935
Payable to vendors	1,929,326	-	1,929,326	1,115,053	-	1,115,053
Dividend payable	5,141,202	-	5,141,202	-	-	-
Accrued salaries	5,923,535	-	5,923,535	-	-	-
Staff retirement benefit	991,656	-	991,656	-	-	-
Lease liability	6.2 38,382,726	-	38,382,726	-	-	-
Others	185,031	500,000	685,031	28,051	500,000	528,051
	<b>106,293,729</b>	<b>23,663,022</b>	<b>129,956,751</b>	<b>47,819,862</b>	<b>45,309,698</b>	<b>93,129,560</b>
<b>Accrued expenses</b>						
Rent, rates and electricity	179,010	-	179,010	-	-	-
Communication	235,448	-	235,448	409,227	-	409,227
Auditors' remuneration	1,604,000	-	1,604,000	1,320,000	-	1,320,000
Consultancy	67,500	-	67,500	480,000	-	480,000
Printing and stationery	-	-	-	107,000	-	107,000
Others	24,330	-	24,330	-	-	-
	<b>2,110,288</b>	<b>-</b>	<b>2,110,288</b>	<b>2,316,227</b>	<b>-</b>	<b>2,316,227</b>
	<b>108,404,017</b>	<b>23,663,022</b>	<b>132,067,039</b>	<b>50,136,089</b>	<b>45,309,698</b>	<b>95,445,787</b>

**20.1** This includes cheques issued by PTF aggregating to Rs 0.66 million against claims settlement, which have not been encashed by claimants and have become over due six months. The following is the ageing as required by SECP circular 11 of 2014 dated 19 May 2014.

PTF	Total Amount	Age wise breakup (in months)				
		1 to 6	7 to 12	13 to 24	25 to 36	over 36
Claims not encashed	669,313	-	-	45,767	591,605	31,941

## 21. CONTINGENCIES AND COMMITMENTS

**21.1** In 2015, the Additional Commissioner Inland Revenue (ACIR) issued an Order under Section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance) and raised demand of Rs. 31,009,647 by making certain disallowances. The Company has filed appeal against the said Order before the Commissioner Inland Revenue (Appeals) which is pending adjudication. Based on the opinion of tax advisors of the Company, the management is confident that the matter will ultimately be decided in its favor and accordingly no provision is required to be made in these financial statements.

**21.2** There are no commitments under Ijarah arrangements as at year end (31 December 2018: Rs. nil).

## 22. Net Takaful Contribution - PTF

	Note	2019 ————(Rupees)————	2018 ————
Written gross contribution		<b>701,045,825</b>	677,714,252
Wakala fee	30	<b>(266,257,465)</b>	(258,267,329)
Net written contribution		<b>434,788,360</b>	419,446,923
Unearned contribution reserve - opening		<b>192,508,493</b>	193,032,467
Unearned contribution reserve - closing		<b>(184,703,719)</b>	(192,508,493)
Contribution earned		<b>442,593,134</b>	419,970,897
Less:			
Retakaful contribution ceded		<b>233,913,562</b>	224,420,041
Prepaid retakaful ceded - opening		<b>73,137,965</b>	76,207,359
Prepaid retakaful ceded - closing		<b>(75,550,231)</b>	(73,137,965)
Retakaful expense		<b>231,501,296</b>	227,489,435
		<b>211,091,838</b>	192,481,462

## 23. Net Takaful Claims Expense - PTF

Claims paid		<b>305,473,490</b>	636,224,965
Outstanding claims including IBNR - opening		<b>(231,746,780)</b>	(479,864,111)
Outstanding claims including IBNR - closing	23.1	<b>287,141,721</b>	231,746,780
Claims expense		<b>360,868,431</b>	388,107,634
Less:			
Retakaful & other recoveries received		<b>78,559,237</b>	386,555,568
Retakaful & other recoveries in respect of outstanding claims - opening		<b>(131,238,805)</b>	(361,318,450)
Retakaful & other recoveries in respect of outstanding claims - closing		<b>161,910,528</b>	131,238,805
Retakaful & other recoveries revenue		<b>109,230,960</b>	156,475,923
		<b>251,637,471</b>	231,631,711

## Pak-Qatar General Takaful

**23.1** The Claim Development table is included in note 40.7 to the financial statements. It includes claim payable to related party Rs. 92,000 (2018: 138,442)

	Note	2019 —————(Rupees)—————	2018
<b>24. Retakaful Rebate - PTF</b>			
Rebate/commission received or recoverable		<b>46,930,473</b>	59,276,610
Unearned retakaful rebate/commission - opening		<b>22,664,030</b>	22,464,019
Unearned retakaful rebate/commission - closing		<b>(18,357,180)</b>	(22,664,030)
Rebate/commission from retakaful		<b>51,237,323</b>	59,076,599
<b>25. Commission Expense - SHF</b>			
Commission expense paid or payable		<b>66,919,045</b>	59,072,082
Deferred commission expense - opening		<b>23,728,501</b>	21,491,245
Deferred commission expense - closing		<b>(27,910,886)</b>	(23,728,501)
Commission expense		<b>62,736,660</b>	56,834,826
<b>26. DIRECT EXPENSES - PTF</b>			
Bank charges		<b>188,908</b>	593,212
Survey & inspection fee		<b>1,784,505</b>	1,175,328
Policy related expense & service charges		<b>1,228,787</b>	1,400,530
Retakaful brokerage & third party service fee		<b>2,036,701</b>	1,790,362
Provision for doubtful balances net-off wakala refund	26.1	<b>2,521,121</b>	9,602,471
Others		-	3,265
		<b>7,760,022</b>	14,565,168
<b>26.1 Provision for doubtful balances net-off wakala</b>			
Provision for doubtful balances	13.3	<b>3,602,851</b>	13,535,319
Less: provision for refund of wakala fee	15.1	<b>(1,081,730)</b>	(3,932,848)
		<b>2,521,121</b>	9,602,471



## 27. Investment Income

	PTF		SHF	
	2019	2018	2019	2018
	(Rupees)			
Profit from bank placements - on term deposits	-	4,996,566	7,903,520	41,810
Profit from debt securities - available for sale - on sukus	9,712,928	2,192,603	12,776,765	7,438,492
Net Realised gain / (loss) - available for sale				
Realized gains on:				
- debt securities (sukus)	137,500	-	-	175,000
- equity securities (mutual funds)	2,764,733	2,192,934	6,638,947	4,873,914
Realized loss on:				
- equity securities (mutual funds)	(7,269,417)	(2,022,307)	(6,995,922)	(4,828,540)
	(4,367,184)	170,627	(356,975)	220,374
Total investment income	5,345,744	7,359,796	20,323,310	7,700,676
Less:				
Impairment in securities - available for sale - in equity securities (mutual funds)	-	-	-	-
Net investment income	5,345,744	7,359,796	20,323,310	7,700,676

## 28. Other Income

<b>28.1 Profit from bank placements</b> - on bank balances	10,826,489	3,682,804	3,442,648	3,756,545
<b>28.2 Miscellaneous income</b> - gain on disposal of fixed assets	-	-	3,276,385	886,169
- exchange gain / (loss)	-	-	105,062	168,382
	-	-	3,381,447	1,054,551
	10,826,489	3,682,804	6,824,095	4,811,096

## Pak-Qatar General Takaful

### 29. MODARIB FEE

The takaful operator (SHF) also manages the PTF's bank balances & investments as Modarib. Modarib fee is charged at 40% (2018: 40%) on aggregate of income on bank balances and investment income earned by the PTF.

	Note	PTF		SHF	
		2019	2018	2019	2018
		(Rupees)			
Modarib fee (expense) / income		<b>(6,468,894)</b>	(4,417,041)	<b>6,468,894</b>	4,417,041
Modarib fee is charged on aggregate of:					
- investment income	27	<b>5,345,744</b>	7,359,796		
- profit from bank balances	28.1	<b>10,826,489</b>	3,682,804		
		<b>16,172,233</b>	11,042,600		

### 30. WAKALA FEE

The Takaful operator (SHF) manages the general takaful operations for the PTF and charge 30% (2018: 30%) for fire and property, 30% (2018: 30%) for marine, aviation and transport, 41% (2018: 41%) for motor, 35% (2018: 35%) for engineering, 60% (2018: 60%) for cash withdrawal, and 45% (2018: 45%) for other miscellaneous, of 'the gross contribution written net-off administrative surcharge' as wakala fee against the services.

	Note	2019	2018
		(Rupees)	
<b>31. MANAGEMENT EXPENSES - SHF</b>			
Employees salaries & benefits cost	31.1	<b>134,073,927</b>	118,591,107
Shariah advisors' fee		<b>1,291,000</b>	1,770,000
Consultancy fee		<b>2,052,348</b>	1,689,269
Rent, rates and taxes		<b>4,295,188</b>	15,984,756
Utilities - electricity, gas & water		<b>6,577,611</b>	5,638,187
Communication - postage, internet & telephone		<b>4,205,454</b>	5,031,489
Printing and stationery		<b>2,416,850</b>	3,353,082
Traveling and entertainment		<b>3,187,102</b>	4,154,888
Depreciation	8.1	<b>5,687,094</b>	5,632,616
Amortisation	9	<b>6,434,119</b>	5,976,189
Repairs and maintenance		<b>1,306,813</b>	2,018,228
Vehicles running		<b>4,013,499</b>	4,625,413
Car ijarah		<b>1,659,222</b>	1,050,728
Advertisement and sales promotion		<b>964,099</b>	1,484,109
Takaful contribution		<b>3,439,966</b>	3,566,867
Training		<b>35,788</b>	314,372
SECP annual supervision fee		<b>1,230,007</b>	1,305,497
Bank charges and brokerage		<b>25,315</b>	9,167
Office expenses		<b>128,347</b>	260,709
Conference and seminar		<b>60,000</b>	7,000
Janitorial services		<b>211,073</b>	191,226
Staff welfare		<b>846,861</b>	1,539,904
Computer expenses		<b>7,231,456</b>	6,319,710
Others		<b>250,472</b>	512,684
Amortization of right of use assets (RoU)	6.2	<b>13,217,556</b>	-
Finance cost on lease liability against RoU	6.2	<b>5,217,892</b>	-
		<b>210,059,059</b>	191,027,197

## Pak-Qatar General Takaful

	Note	2019 ————(Rupees)————	2018 ————(Rupees)————
<b>31.1 Employee benefits cost</b>			
Salaries allowances and other benefits		<b>129,906,605</b>	114,472,339
Contribution to employee provident fund		<b>4,167,322</b>	4,118,768
		<b>134,073,927</b>	118,591,107
<b>32. OTHER EXPENSES - SHF</b>			
Legal and professional		<b>1,984,709</b>	2,442,570
Fees and subscription		<b>541,150</b>	507,906
Auditors' remuneration	32.1	<b>2,008,796</b>	1,782,496
Provision for wakala refund	26.1	<b>1,081,730</b>	3,932,848
		<b>5,616,385</b>	8,665,820
<b>32.1 Auditors' remuneration</b>			
Audit fee		<b>450,000</b>	400,000
Interim review fee		<b>225,000</b>	200,000
Shariah Audit		<b>150,000</b>	150,000
Other certifications, reports & advisory service		<b>932,763</b>	761,200
Out of pocket expenses		<b>251,033</b>	271,296
		<b>2,008,796</b>	1,782,496
<b>33. TAXATION</b>			
Current		<b>6,562,568</b>	3,283,555
Prior		<b>(1,192,771)</b>	-
Deferred	33.1	<b>2,301,703</b>	3,039,479
		<b>7,671,500</b>	6,323,034
<b>33.1</b>	The Company has filed returns upto and including tax year 2019 which are deemed to have been assessed under Section 120 of the Income Tax Ordinance, 2001, unless selected for audit.		
<b>33.2</b>	The relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the Company is subject to tax under section 113 of Income Tax Ordinance, 2001.		
		<b>2019</b>	<b>2018</b>
		————(Rupees)————	————(Rupees)————
<b>34. EARNINGS PER SHARE</b>			
<b>34.1 Basic earnings per share</b>			
Profit after tax - SHF	(Rupees)	<b>13,790,160</b>	12,345,265
Weighted average number of ordinary shares	(Numbers)	<b>50,922,601</b>	50,922,601
Earnings per share	(Rupees)	<b>0.27</b>	0.24

## 34.2 Diluted earnings per share

No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

## 35. REMUNERATION OF EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration including benefits, to the CEO & executives of the Company are as follows:

	2019		2018	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
	(Rupees)			
Managerial remuneration	1,560,000	26,107,602	1,170,000	26,575,851
House rent	702,000	11,748,421	526,500	11,959,133
Utilities	138,000	2,309,519	103,500	2,350,941
Medical expenses	7,719	1,080,277	-	700,647
Conveyance & vehicle allowance	-	8,099,464	-	8,904,385
Staff retirement benefit (contribution plan)	156,000	3,017,534	117,000	1,958,969
Others	1,224,000	4,989,775	918,000	3,633,636
	<b>3,787,719</b>	<b>57,352,592</b>	<b>2,835,000</b>	<b>56,083,561</b>
Number of persons	1	27	1	28

**35.1** Chief Executive Officer and some executives are provided free use of Company maintained cars, takaful cover and certain benefits in accordance with their entitlements.

**35.2** Certain directors including CEO have been provided boarding and lodging amounting to Rs. 179,850 (2018: Rs. 245,712) to attend meetings of the Company as per the Company's policy. Independent director was paid Rs 1,125,000 as meeting attending fee.

**35.3** Executives mean employees other than Chief Executive and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

## 36. PROVIDENT FUND

The Company operates approved contributory provident fund (the Fund) for its permanent employees. Following information is based on unaudited financial statements of the fund.

## Pak-Qatar General Takaful

Size of the fund - Total assets  
Cost of the investments made  
Percentage of the investments made  
Fair value of the investments

2019 —————(Rupees)————— un-audited	2018 audited
<b>26,851,230</b>	24,544,434
<b>26,366,012</b>	24,201,992
<b>98%</b>	99%
<b>26,366,012</b>	24,201,992

The break up of fair value of the investments is :

	2019 Rupees	%	2018 Rupees	%
Bank balances	<b>17,935,625</b>	<b>68</b>	5,849,359	24
Government securities - sukuku	-	-	9,500,000	39
Mutual funds units	<b>8,430,387</b>	<b>32</b>	8,852,633	37
	<b><u>26,366,012</u></b>		<b><u>24,201,992</u></b>	

The investments have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

### 37. RELATED PARTIES DISCLOSURES

Related parties comprise of related group companies/companies with common directorship, associated companies, directors, key management personnel and staff retirement benefit fund. The Company carries out transactions with various related parties in the normal course of business. Details of material transactions with related parties, other than balances and remuneration to key management personnel under the terms of employment which have been specifically disclosed elsewhere in the financial statements, are given below:

#### Transactions for the period

Relationship	Nature of transactions	2019 ————— (Rupees) —————	2018
Entity with common directorship	Net shared expenses paid	<b>36,086,728</b>	16,235,505
	Claims paid against general takaful	-	330,257
	Claims received against group takaful	<b>2,158,525</b>	1,732,967
	Contribution paid against group takaful	<b>3,062,694</b>	2,823,404
	Contribution received against general takaful	<b>2,583,099</b>	2,877,661
Key management personnels	Claims paid	<b>271,226</b>	106,390
	Contribution received	<b>14,845</b>	65,777
Employees provident fund	Contribution paid	<b>4,167,322</b>	4,130,469

## Pak-Qatar General Takaful

### Balances

Relationship	Nature of transactions	2019	2018
		(Rupees)	
Entity with common directorship	Claim payable against general takaful	92,000	138,442
	Claim receivable against group takaful	76,500	31,958
	Contribution receivable against general takaful	-	-
Key management personnels	Claims payable	-	-
	Contribution receivable	107,412	6,412

### 38. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Total
	(Rupees)		
At beginning of previous year - cost	75,000,000	297,680,655	372,680,655
Addition	100,000,000	611,351,733	711,351,733
Disposal (sale & redemption)	(100,000,000)	(652,473,634)	(752,473,634)
Impairment loss	-	-	-
At end of previous year - cost	75,000,000	256,558,754	331,558,754
Fair value gain / (loss)	-	(21,325,891)	(21,325,891)
At end of previous year - carrying value	75,000,000	235,232,863	310,232,863
At beginning of current year - cost	75,000,000	256,558,754	331,558,754
Addition	50,000,000	1,081,035,039	1,131,035,039
Disposal (sale & redemption)	(125,000,000)	(988,010,763)	(1,113,010,763)
Impairment loss	-	-	-
At end of current year - cost	-	349,583,030	349,583,030
Fair value gain / (loss)	-	693,655	693,655
At end of current year - carrying value	-	350,276,685	350,276,685



### 39. SEGMENT INFORMATION

#### 39.1 Year 2019

	Fire and Property	Marine, Aviation and Transport	Motor	Miscellaneous	Total
	-----Rupees-----				
<b>PARTICIPANTS' TAKAFUL FUND (PTF)</b>					
Contribution receivable (inclusive of FED, FIF & admin surcharge)	163,693,908	59,311,487	447,129,223	126,257,161	<b>796,391,779</b>
Less: Federal excise duty - FED	(17,303,415)	(6,459,235)	(49,835,117)	(12,299,970)	<b>(85,897,737)</b>
Federal insurance fee - FIF	(1,337,058)	(499,134)	(3,832,092)	(1,020,661)	<b>(6,688,945)</b>
Stamp duty	(68,250)	(2,411,102)	(206,480)	(73,440)	<b>(2,759,272)</b>
Gross written Contribution (inclusive of admin surcharge)	<u>144,922,302</u>	<u>50,798,689</u>	<u>392,972,540</u>	<u>112,352,294</u>	<b><u>701,045,825</u></b>
Gross direct contribution	133,494,122	49,868,786	383,376,804	101,974,699	<b>668,714,411</b>
Facultative inward contribution	11,167,116	868,943	9,574,716	10,313,566	<b>31,924,341</b>
Administrative surcharge	261,064	60,960	21,020	64,029	<b>407,073</b>
Gross written Contribution (inclusive of admin surcharge)	144,922,302	50,798,689	392,972,540	112,352,294	<b>701,045,825</b>
Less: Wakala fee	(43,398,372)	(15,221,319)	(161,110,123)	(46,527,651)	<b>(266,257,465)</b>
Contribution net-off wakala	<u>101,523,930</u>	<u>35,577,370</u>	<u>231,862,417</u>	<u>65,824,643</u>	<b><u>434,788,360</u></b>
Unearned contribution - opening	41,161,252	2,548,931	122,865,810	25,932,500	<b>192,508,493</b>
Unearned contribution - closing	(45,258,398)	(4,172,176)	(113,063,380)	(22,209,765)	<b>(184,703,719)</b>
Contribution earned	<u>97,426,784</u>	<u>33,954,125</u>	<u>241,664,847</u>	<u>69,547,378</u>	<b><u>442,593,134</u></b>
Retakaful ceded	(110,231,606)	(32,652,461)	(49,520,101)	(41,509,394)	<b>(233,913,562)</b>
Prepaid retakaful - opening	(48,016,699)	(1,628,663)	-	(23,492,603)	<b>(73,137,965)</b>
Prepaid retakaful - closing	50,738,780	3,439,691	2,444,360	18,927,400	<b>75,550,231</b>
Retakaful expense	<u>(107,509,525)</u>	<u>(30,841,433)</u>	<u>(47,075,741)</u>	<u>(46,074,597)</u>	<b><u>(231,501,296)</u></b>
Net Contribution earned	<u>(10,082,741)</u>	<u>3,112,692</u>	<u>194,589,106</u>	<u>23,472,781</u>	<b><u>211,091,838</u></b>
Retakaful rebate received or receivable	26,924,123	9,796,170	537,581	9,672,599	<b>46,930,473</b>
Unearned rebate - opening	15,217,363	488,621	-	6,958,046	<b>22,664,030</b>
Unearned rebate - closing	(12,395,932)	(1,031,931)	(303,240)	(4,626,077)	<b>(18,357,180)</b>
Retakaful rebate/income	<u>29,745,554</u>	<u>9,252,860</u>	<u>234,341</u>	<u>12,004,568</u>	<b><u>51,237,323</u></b>
Net Underwriting income	<u>19,662,813</u>	<u>12,365,552</u>	<u>194,823,447</u>	<u>35,477,349</u>	<b><u>262,329,161</u></b>
Takaful claims expense	(75,238,731)	(20,828,701)	(213,832,428)	(50,968,571)	<b>(360,868,431)</b>
Retakaful recovery on claims	65,914,615	11,175,301	12,534,322	19,606,722	<b>109,230,960</b>
Net calims expense	(9,324,116)	(9,653,400)	(201,298,106)	(31,361,849)	<b>(251,637,471)</b>
Contribution deficiency expense	(2,600,000)	-	-	-	<b>(2,600,000)</b>
Direct expenses	(1,604,175)	(562,301)	(4,349,895)	(1,243,651)	<b>(7,760,022)</b>
Net takaful claims and expense	<u>(13,528,291)</u>	<u>(10,215,701)</u>	<u>(205,648,001)</u>	<u>(32,605,500)</u>	<b><u>(261,997,493)</u></b>
Underwriting result	<u>6,134,522</u>	<u>2,149,851</u>	<u>(10,824,554)</u>	<u>2,871,849</u>	<b><u>331,668</u></b>

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## Pak-Qatar General Takaful

	Fire and Property	Marine, Aviation and Transport	Motor	Miscellaneous	Total
	-----Rupees-----				
Investment income & other income					16,172,233
Less: Modarib's Share					(6,468,894)
Net investment income					9,703,339
Surplus for the year					10,035,007
Segment assets	223,198,406	26,893,643	71,020,724	97,876,478	418,989,252
Unallocated assets					312,520,377
					731,509,629
Segment liabilities	173,420,072	25,403,916	188,917,993	107,460,639	495,202,620
Unallocated liabilities					333,667,387
					828,870,007
<b>SHAREHOLDERS' FUND (SHF)</b>					
Wakala income	43,398,372	15,221,319	161,110,123	46,527,651	266,257,465
Commission paid or payable	(26,539,473)	(6,636,353)	(20,688,213)	(13,055,006)	(66,919,045)
Deferred commission - opening	(10,366,051)	(538,597)	(7,273,182)	(5,550,671)	(23,728,501)
Deferred commission - closing	11,924,015	897,193	10,326,745	4,762,933	27,910,886
Commission expense	(24,981,509)	(6,277,757)	(17,634,650)	(13,842,744)	(62,736,660)
Management expenses	(43,424,041)	(15,221,152)	(117,748,996)	(33,664,871)	(210,059,059)
	(25,007,178)	(6,277,590)	25,726,477	(979,964)	(6,538,254)
Other expenses					(5,616,385)
Investment income					20,323,310
Modarib share of PTF investment income					6,468,894
Other income					6,824,095
Profit before tax					21,461,660
Provision for Taxation					(7,671,500)
Profit after tax					13,790,160
Segment assets					-
Unallocated assets					671,123,805
					671,123,805
Segment liabilities					-
Unallocated liabilities					115,040,486
					115,040,486

39.2 Year 2018

	Fire and Property	Marine, Aviation and Transport	Motor	Miscellaneous	Total
	-----Rupees-----				
<b>PARTICIPANTS' TAKAFUL FUND (PTF)</b>					
Contribution receivable (inclusive of FED, FIF & admin surcharge)	158,025,387	51,656,944	446,865,726	116,880,624	773,428,681
Less: Federal excise duty - FED	(17,859,917)	(5,298,870)	(51,506,513)	(11,921,236)	(86,586,536)
Federal insurance fee - FIF	(1,246,872)	(416,322)	(3,850,267)	(892,030)	(6,405,491)
Stamp duty	(132,520)	(2,345,147)	(215,640)	(29,095)	(2,722,402)
Gross written Contribution (inclusive of admin surcharge)	138,786,078	43,596,605	391,293,306	104,038,263	677,714,252
Gross direct contribution	121,974,089	41,559,840	378,590,428	88,881,094	631,005,451
Facultative inward contribution	16,369,141	1,996,812	12,677,830	15,090,640	46,134,423
Administrative surcharge	442,848	39,953	25,048	66,529	574,378
Gross written Contribution (inclusive of admin surcharge)	138,786,078	43,596,605	391,293,306	104,038,263	677,714,252
Less: Wakala fee	(41,502,969)	(13,066,996)	(160,419,986)	(43,277,378)	(258,267,329)
Contribution net-off wakala	97,283,109	30,529,609	230,873,320	60,760,885	419,446,923
Unearned contribution - opening	47,679,379	2,187,556	109,986,669	33,178,863	193,032,467
Unearned contribution - closing	(41,161,252)	(2,548,931)	(122,865,810)	(25,932,500)	(192,508,493)
Contribution earned	103,801,236	30,168,234	217,994,179	68,007,248	419,970,897
Retakaful ceded	(113,075,870)	(25,911,001)	(33,828,065)	(51,605,105)	(224,420,041)
Prepaid retakaful - opening	(54,513,130)	(1,777,370)	-	(19,916,859)	(76,207,359)
Prepaid retakaful - closing	48,016,699	1,628,663	-	23,492,603	73,137,965
Retakaful expense	(119,572,301)	(26,059,708)	(33,828,065)	(48,029,361)	(227,489,435)
Net Contribution earned	(15,771,065)	4,108,526	184,166,114	19,977,887	192,481,462
Retakaful rebate received or receivable	35,868,063	7,771,533	-	15,637,014	59,276,610
Unearned rebate - opening	16,910,547	533,252	-	5,020,220	22,464,019
Unearned rebate - closing	(15,217,363)	(488,621)	-	(6,958,046)	(22,664,030)
Retakaful rebate/income	37,561,247	7,816,164	-	13,699,188	59,076,599
Net Underwriting income	21,790,182	11,924,690	184,166,114	33,677,075	251,558,061
Takaful claims expense	(109,701,228)	(7,363,216)	(221,224,654)	(49,818,536)	(388,107,634)
Retakaful recovery on claims	101,406,631	3,758,600	26,942,540	24,368,152	156,475,923
Net calims expense	(8,294,597)	(3,604,616)	(194,282,114)	(25,450,384)	(231,631,711)
Contribution deficiency expense	-	-	-	-	-
Direct expenses	(2,982,736)	(936,961)	(8,409,522)	(2,235,949)	(14,565,168)
Net takaful claims and expense	(11,277,333)	(4,541,577)	(202,691,636)	(27,686,333)	(246,196,879)
Underwriting result	10,512,849	7,383,113	(18,525,522)	5,990,742	5,361,182

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## Pak-Qatar General Takaful

	Fire and Property	Marine, Aviation and Transport	Motor	Miscellaneous	Total
	-----Rupees-----				
Investment income & other income					11,042,600
Less: Modarib's Share					(4,417,041)
Net investment income					6,625,559
Surplus for the year					11,986,741
Segment assets	261,363,112	23,258,220	82,354,290	115,436,630	482,412,252
Unallocated assets					243,327,674
					725,739,926
Segment liabilities	263,522,800	18,427,084	246,911,002	108,104,905	636,965,790
Unallocated liabilities					207,188,379
					844,154,170
SHAREHOLDERS' FUND (SHF)					
Wakala income	41,502,969	13,066,996	160,419,986	43,277,378	258,267,329
Commission paid or payable	(24,348,148)	(6,343,404)	(14,505,082)	(13,875,448)	(59,072,082)
Deferred commission - opening	(11,705,260)	(472,488)	(5,670,365)	(3,643,132)	(21,491,245)
Deferred commission - closing	10,366,051	538,597	7,273,182	5,550,671	23,728,501
Commission expense	(25,687,357)	(6,277,295)	(12,902,265)	(11,967,909)	(56,834,826)
Management expenses	(39,119,607)	(12,288,567)	(110,293,776)	(29,325,247)	(191,027,197)
	(23,303,995)	(5,498,866)	37,223,945	1,984,222	10,405,306
Other expenses					(8,665,820)
Investment income					7,700,676
Modarib share of PTF investment income					4,417,041
Other income					4,811,096
Profit before tax					18,668,299
Provision for Taxation					(6,323,034)
Profit after tax					12,345,265
Segment assets					-
Unallocated assets					611,224,628
					611,224,628
Segment liabilities					-
Unallocated liabilities					51,280,656
					51,280,656

### 39.3 Fund wise segregation of cash flow statement

	2019		
	SHF	PTF	Total
	Rupees		
<b>Operating Cash flows</b>			
<b>(a) Takaful activities</b>			
Contributions received	-	688,814,702	688,814,702
Claims paid	-	(305,473,490)	(305,473,490)
Proceed from / (payment to) takaful/ retakaful operators	-	(93,649,410)	(93,649,410)
Retakaful rebate received & commission (paid)	(60,251,479)	46,930,473	(13,321,006)
Other takaful payments	-	(26,885,577)	(26,885,577)
<b>Net cash flow from takaful activities</b>	<b>(60,251,479)</b>	<b>309,736,698</b>	<b>249,485,219</b>
<b>(b) Other operating activities</b>			
Income tax paid	(6,070,738)	644,394	(5,426,344)
Management & other expenses paid	(190,441,090)	-	(190,441,090)
Advances and deposits	(4,175,067)	-	(4,175,067)
Wakala & modarib fee (paid)/received	288,000,001	(288,000,001)	-
<b>Net cash flow in other operating activities</b>	<b>87,313,106</b>	<b>(287,355,607)</b>	<b>(200,042,501)</b>
<b>Total cash flow from all operating activities</b>	<b>27,061,627</b>	<b>22,381,091</b>	<b>49,442,718</b>
<b>Investment activities</b>			
Profit / return received	22,525,839	14,096,713	36,622,552
Payment for investments	(655,264,121)	(475,770,918)	(1,131,035,039)
Proceeds from disposal of investments	615,688,348	497,322,415	1,113,010,763
Receipt on disposal of fixed assets	4,327,110	-	4,327,110
Fixed capital expenditure	(8,082,147)	-	(8,082,147)
Qard-hasna (paid)/received	10,000,000	(10,000,000)	-
<b>Total cash flow from all investing activities</b>	<b>(10,804,971)</b>	<b>25,648,210</b>	<b>14,843,239</b>
<b>Financing activities</b>			
Dividend distributed	(20,320,099)	-	(20,320,099)
<b>Total cash flow from financing activities</b>	<b>(20,320,099)</b>	<b>-</b>	<b>(20,320,099)</b>
<b>Net cash flows from all activities</b>	<b>(4,063,443)</b>	<b>48,029,301</b>	<b>43,965,858</b>
<b>Cash at beginning of the year</b>	<b>96,624,244</b>	<b>106,642,533</b>	<b>203,266,777</b>
<b>Cash at end of the year</b>	<b>92,560,801</b>	<b>154,671,834</b>	<b>247,232,635</b>

### 40. TAKAFUL RISK MANAGEMENT

#### 40.1 Takaful risk

The Participant Takaful Fund (PTF) issues general takaful contracts which can be classified in following segments:

- Fire and property
- Marine, aviation and transport
- Motor
- Miscellaneous

The risk under any takaful contract is the possibility of occurrence of takaful event and there is an uncertainty of the amount of claim resulting from occurrence of the event. PTF also faces a risk under takaful contracts that the actual claims payments or timing thereof differs from expectations. This is influenced by frequency of claims, severity of claims, actual claim paid, litigation and subsequent adverse development of long-term claims. In general takaful contracts, the most significant risks arise from climate changes, natural disasters, terrorism and other catastrophes. By the vary nature of a takaful contract, this risk is random and therefore unpredictable. The objective is to ensure that sufficient reserves are available to cover these liabilities.

Board recognises the critical importance of having efficient and effective risk management systems in place. For this, underwriting, claim, retakaful, cotakaful, and risk management & compliance committees are formed to monitor the core business activities. This is further supplemented with a clear organisational structure which has delegated authorities and responsibilities from the Board to executive management. The Audit Committee is assisted in its oversight role by an Internal Audit function. Internal Audit undertakes review of risk management controls and procedures, the results of which are reported to the Audit Committee.

The PTF manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy aims to minimise takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. Factors that aggravate takaful risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered. The PTF underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of takaful are generally regarded as short-term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate insurance risk.

The PTF's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage, diversify, and monitoring of risk. PTF has limited its exposure by imposing limits to the maximum risk exposure in a single takaful contract in each class of business and also by limiting maximum risk exposure for particular segment / industry. This framework includes implementation of underwriting strategies which aim to ensure the careful selection of takaful contracts and the diversification in terms of portfolio, type and amount of the risk. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level. Adequate retakaful is arranged to mitigate the effect of the potential loss from individual and large or catastrophic events covered under takaful contracts.



Retakaful arrangements in place include facultative and treaty arrangements, on proportional and non-proportional basis and also include catastrophe & terrorism cover. The effect of such retakaful arrangements is that the Company may not suffer ultimate net takaful losses beyond the Company's risk appetite in any one year. The Company's arrangement of retakaful is diversified such that it is neither dependent on a single retakaful operator nor the operations of the Company are substantially dependent upon any single retakaful contract. The Company obtains retakaful cover from companies with good financial health. Further, in order to reduce the risk exposure of the PTF, the Company adopts proactive claim handling procedures and strict claim review policies including active management and prompt pursuing of the claims, periodic detailed review of claim handling procedures and frequent investigation of possible false claims.

The company amortizes the retakaful ceded and rebate as disclosed in respective statements & notes. However, the gross result of retakaful buying is summarized as follows:

	2019	2018
	—————(Rupees)—————	
Gross retakaful ceded	(233,913,562)	(224,420,041)
Add:		
Retakaful recovery in claims	109,230,960	386,555,568
Gross rebate on ceding	46,930,473	59,276,610
Gross (loss)/gain	<u>(77,752,129)</u>	<u>221,412,137</u>

## 40.2 Concentration of takaful risk

Concentration of risk may arise from a significant single takaful risk coverage of a particular participant within a same geographical location or may arise from multiple risk covered in same geographical locations or may also arise from multiple risk coverage of significant amount pertaining to same industry. In order to minimize the financial exposure arising from large claims, the Company, in the normal course of business, enters into agreement with other re-takaful operators, who are dispersed over several geographical regions.

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk, a particular building and neighboring buildings, which could be affected by a single claim incident may create concentration due to single location. For earthquake risk, a complete city may be classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage may be considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its retakaful cover to reduce such exposures to levels acceptable to the Company.

The table below sets out the concentration & severity of the outstanding claims liabilities (in percentage terms) by class of business at balance sheet date:

Class	2019		2018	
	Gross claim liability	Net claim liability	Gross claim liability	Net claim liability
	Percentage (%)	Percentage (%)	Percentage (%)	Percentage (%)
Fire and property	39	10	35	9
Marine	7	7	4	4
Motor	26	53	39	68
Miscellaneous	28	30	22	19
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

## 40.3 Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot, violence, strike, explosion, earthquake, atmospheric damage, hurricanes / cyclone, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example, subsidence claims). The tables in above para prescribe severity & concentration with respect to class of business and the Company risk management measures have also been described above.

Takaful contracts which is divided into direct and facultative arrangements are further subdivided into segments; fire and property, marine, aviation and transport, motor and miscellaneous. The takaful risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of covered properties / assets. The Company underwrites takaful contracts in Pakistan.

The PTF's class wise major risk exposure within a single policy is as follows:

	2019			2018		
	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention	Maximum Gross Risk Exposure	Maximum Retakaful Cover	Highest Net Risk Retention
	Rupees			Rupees		
<b>Class</b>						
Fire and property	1,000,000,000	985,000,000	15,000,000	1,000,000,000	985,000,000	15,000,000
Marine	324,048,271	316,048,271	8,000,000	235,261,515	227,261,515	8,000,000
Motor	30,000,000	29,250,000	750,000	30,000,000	29,250,000	750,000
Miscellaneous	150,000,000	146,250,000	3,750,000	192,650,000	187,650,000	5,000,000

The Company manages these risks through its underwriting strategy, adequate re-takaful arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Takaful contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claims payments are limited to the extent of sum covered on occurrence of the covered event.

The Company has entered into re-takaful cover / arrangements, with foreign re-takaful operators having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional treaty and facultative re-takaful arrangements are in place to protect the net account in case of a major catastrophe.

The effect of such re-takaful arrangements is that the Company recovers the share of claims from re-takaful companies thereby reducing its exposure to risk. Apart from the adequate event limit which is as per the treaty capacity or the primary recovery from the proportional re-takaful arrangements, any loss over and above the said limit would be recovered under non-proportional treaty and facultative retakaful which is very much in line with the risk management philosophy of the Company.

The Company has a claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department examines and settles all claims based on survey report / assessment. The unsettled claims are reviewed individually and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

#### **40.4 Sources of uncertainty in the estimation of future claims payment**

The key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under takaful contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. In particular, estimates have to be made for the expected ultimate cost of claims reported & claims incurred but not enough reported (IBNER) at the balance sheet date, and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated. In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are based on management professional judgements, preliminary survey assessments, loss-ratio-based estimates and information of claims with similar characteristics related to previous periods. Reported claims and development of large losses / catastrophes and disputed claims are analyzed separately. The shorter settlement period for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims. The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, re-takaful and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting period.

#### **40.5 Process used to decide on assumptions**

The risks associated with takaful contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. This risk exposure is geographically concentrated in Pakistan only. The Company uses assumptions based on a mixture of internal and market data to measure its related claims liabilities. Internal data is derived mostly from the Company's claims reports, surveyor's report for particular claim and screening of the actual takaful contracts carried out to derive data for the contracts held.

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The principle assumptions underlying the liability estimation of IBNR and deficiency reserve is that the PTF's future claim developments will follow current pattern for occurrence and reporting. This includes assumptions in respect of loss ratio, expense of claim settlement and provision for IBNR. The management uses judgements to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgements includes external factor for example treatment of one off claim, changes in market factor and economic condition. The internal factor such as portfolio mix, policy conditions and claim handling procedure are also considered in this regard. However, uncertainty prevails with estimated deficiency reserve, claim liability including IBNR and it is likely that final settlement of these liabilities may be different from initial recognized amount. As the PTF enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. The Company does not assume significant change in assumptions for the takaful contracts.

The expected net claim (to net contribution gross up of wakala) ratio, for unexpired period of policy at balance sheet date for each class of business is as follows:

Class	2019 %	2018 %
Fire and property	4	3
Marine	53	21
Motor	57	56
Miscellaneous	45	40

### 40.6 Sensitivity analysis

The analysis of risk exposure, concentration and severity of outstanding claim liability described in supra paras is also used to test the sensitivity of the selected assumptions to changes in the key underlying factors. Assumptions of different levels have been used to assess the relative severity of subsidence claims given past experience. The key material factor in the Company's exposure to subsidence claims is the risk of more permanent changes in geographical location in which Company is exposed.

The risks associated with the takaful contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company considers that the liability for takaful claims recognized in the balance sheet is adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements.

The estimated results of sensitivity testing, assuming 10% change in the gross outstanding claim liability as at balance sheet date, on gross underwriting results is set out below:

	Effect on Underwriting Results	
	2019	2018
	—————(Rupees)—————	
10% increase in gross outstanding claims liability	<u>28,714,172</u>	<u>23,174,678</u>
10% decrease in gross outstanding claims liability	<u>(28,714,172)</u>	<u>(23,174,678)</u>

#### 40.7 Claim development table - 2019

The Company maintains adequate reserves in respect of its takaful business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. Claims which involve litigation and, in the case of marine, general average adjustments take longer for the final amounts to be determined which may exceed one year. All amounts are presented in gross numbers before retakaful.

The following table shows the development of gross claims over a period of time. The disclosure goes back to the period when the outstanding claim arose for which there was uncertainty about the amount and timing of the claims payments.

Accident year	2012	2013	2014	2015	2016	2017	2018	2019
	(Rupees)							
Estimate of ultimate claim cost								
At the end of:								
Accident year	251,812,157	556,369,336	645,191,655	365,107,578	389,120,624	614,784,231	448,263,297	396,674,059
One year later	242,572,781	550,138,621	691,246,296	362,565,240	376,034,975	573,550,119	414,840,252	
Two years later	235,869,401	552,680,947	691,180,103	368,303,117	368,597,230	571,561,504		
Three years later	236,259,962	551,908,604	686,275,848	364,125,975	366,886,412			
Four years later	234,356,583	550,322,284	683,935,441	365,175,459				
Five years later	234,270,123	549,113,388	684,101,807					
Six years later	233,815,017	549,668,388						
Seven years later	233,361,017							
Current estimate of cumulative claims	233,361,017	549,668,388	684,101,807	365,175,459	366,886,412	571,561,504	414,840,252	396,674,059
Cumulative payments to date	(233,361,017)	(549,668,388)	(684,077,732)	(362,047,262)	(318,926,582)	(564,045,630)	(383,489,804)	(199,510,762)
Liability recognized in balance sheet	-	-	24,075	3,128,197	47,959,830	7,515,874	31,350,448	197,163,297

#### Claim development table - 2018

Accident year	2010	2011	2012	2013	2014	2015	2016	2017	2018
	(Rupees)								
Estimate of ultimate claim cost									
At the end of:									
Accident year	162,400,594	187,397,677	251,812,157	556,369,336	645,191,655	365,107,578	389,120,624	614,784,231	448,263,297
One year later	160,113,370	172,935,642	242,572,781	550,138,621	691,246,296	362,565,240	376,034,975	573,550,119	
Two years later	153,590,939	168,024,293	235,869,401	552,680,947	691,180,103	368,303,117	368,597,230		
Three years later	152,130,882	169,148,723	236,259,962	551,908,604	686,275,848	364,125,975			
Four years later	151,995,482	168,764,919	234,356,583	550,322,284	683,935,441				
Five years later	156,067,877	168,764,919	234,270,123	549,113,388					
Six years later	156,067,877	168,764,919	233,815,017						
Seven years later	154,983,877	165,558,556							
Eight years later	154,887,985								
Current estimate of cumulative claims	154,887,985	165,558,556	233,815,017	549,113,388	683,935,441	364,125,975	368,597,230	573,550,119	448,263,297
Cumulative payments to date	(154,887,985)	(165,558,556)	(233,361,017)	(549,113,388)	(683,485,032)	(360,927,295)	(316,094,130)	(562,186,215)	(284,486,610)
Liability recognized in balance sheet	-	-	454,000	-	450,409	3,198,680	52,503,100	11,363,904	163,776,687

## 40.8 Retakaful risk

In order to minimize the financial exposure arising from claims, the Company, in the normal course of business, enters into agreement with other parties for retakaful purposes. Retakaful ceded does not relieve the PTF from its obligation to takaful contract holders and as a result the PTF remains liable for the portion of outstanding claims covered under retakaful to the extent that retakaful company fails to meet the obligation under the retakaful agreements.

The credit quality of amount due from other takaful and retakaful including recovery from retakaful against outstanding claims is presented in credit risk note 41.5.

## 41. FINANCIAL RISK MANAGEMENT

### 41.1 Financial risk

The Company has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Credit risk
- Market risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, interest rate risk and other price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### 41.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out flows and expected reinsurance recoveries. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis. The diversified funding sources and assets of the Company are managed, maintaining a sufficient balance of cash and cash equivalents, readily marketable securities and financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.



## Pak-Qatar General Takaful

### Non-derivative financial liabilities

Provision for outstanding claims including IBNR

Amount due to other takaful/retakaful operators

Other creditors & accruals

	2019		2018	
	Carrying Amount	Contractual cash flows upto one year	Carrying Amount	Contractual cash flows upto one year
----- (Rupees) -----				
Provision for outstanding claims including IBNR	287,141,721	287,141,721	231,746,780	231,746,780
Amount due to other takaful/retakaful operators	112,375,325	112,375,325	125,540,757	125,540,757
Other creditors & accruals	132,067,039	132,067,039	95,445,787	95,445,787
	<b>531,584,085</b>	<b>531,584,085</b>	<b>452,733,324</b>	<b>452,733,324</b>

The maturity profile of financial assets and liabilities is presented as follows:

### Maturity Profile of Financial Assets and Liabilities

2019						
Profit bearing			Non-Profit bearing			Total
Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub Total	
(Rupees)						

#### Financial Assets

Cash and bank balances	244,626,128	-	244,626,128	2,606,507	-	2,606,507	<b>247,232,635</b>
Investments	59,850,000	135,941,276	195,791,276	154,485,409	-	154,485,409	<b>350,276,685</b>
Amount due from Takaful contract holders	-	-	-	181,528,488	-	181,528,488	<b>181,528,488</b>
Amount due from other takaful / retakaful	-	-	-	30,010,390	-	30,010,390	<b>30,010,390</b>
Retakaful recoveries against outstanding claims	-	-	-	161,910,528	-	161,910,528	<b>161,910,528</b>
Loans and other receivables	-	-	-	20,161,140	-	20,161,140	<b>20,161,140</b>
	<b>304,476,128</b>	<b>135,941,276</b>	<b>440,417,404</b>	<b>550,702,462</b>	<b>-</b>	<b>550,702,462</b>	<b>991,119,866</b>

#### Financial Liabilities

Provision for outstanding claims including IBNR	-	-	-	287,141,721	-	287,141,721	<b>287,141,721</b>
Amount due to other takaful / retakaful	-	-	-	112,375,325	-	112,375,325	<b>112,375,325</b>
Other creditors & accruals	-	-	-	132,067,039	-	132,067,039	<b>132,067,039</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>531,584,085</b>	<b>-</b>	<b>531,584,085</b>	<b>531,584,085</b>

## Pak-Qatar General Takaful

	2018					
	Profit bearing			Non-Profit bearing		
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub Total
	(Rupees)					
<b>Financial Assets</b>						
Cash and bank balances	200,629,121	-	200,629,121	2,637,656	-	2,637,656
Investments	75,000,000	130,533,900	205,533,900	104,698,963	-	104,698,963
Amount due from takaful contract holders	-	-	-	172,900,216	-	172,900,216
Amount due from other takaful / retakaful	-	-	-	104,880,737	-	104,880,737
Retakaful recoveries against outstanding claims	-	-	-	131,238,805	-	131,238,805
Loans and other receivables	-	-	-	12,670,434	-	12,670,434
	<u>275,629,121</u>	<u>130,533,900</u>	<u>406,163,021</u>	<u>529,026,811</u>	<u>-</u>	<u>529,026,811</u>
						<u>935,189,832</u>
<b>Financial Liabilities</b>						
Provision for outstanding claims including IBNR	-	-	-	231,746,780	-	231,746,780
Amount due to other takaful / retakaful	-	-	-	125,540,757	-	125,540,757
Other creditors & accruals	-	-	-	95,445,787	-	95,445,787
	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,733,324</u>	<u>-</u>	<u>452,733,324</u>

### 41.3 Profit / mark-up / yield rate risk

Profit / mark-up / yield rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Majority of the profit rate exposure arises from balances held in profit and loss sharing accounts, term deposits with reputable banks and investment in Sukuks. The Company limits interest rate risk by monitoring changes in interest rates .

At the balance sheet date, the expected profit rate profile of the Company's significant profit-bearing financial instrument is as follows:

	Cost		Tentative profit rate	
	2019	2018	2019	2018
	(Rupees)		(in Percent)	
<b>Variable rate financial assets</b>				
- Term deposits	-	75,000,000	-	5.9 - 9
- Savings accounts	<b>244,626,128</b>	200,629,121	<b>5 - 10</b>	4 - 7.5
- Sukuk certificates	<b>195,791,276</b>	130,554,850	<b>5.24 - 13</b>	6.1 - 13
	<u><b>440,417,404</b></u>	<u>406,183,971</u>		

Sensitivity to a reasonable change in interest rates (with all other variables held constant) on the Company's profit before tax based upon above mentioned closing balances of profit bearing financial assets, if balance maintained for whole year, is presented below:

	2019 ————(Rupees)————	2018 ————
1 % Increase in profit rate	<u><b>4,404,174</b></u>	<u>4,061,840</u>
1 % decrease in profit rate	<u><b>(4,404,174)</b></u>	<u>(4,061,840)</u>

The information about Company's exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

## Mismatch of Rate of Profit Sensitivity of Assets and Liabilities

	Tentative profit % per annum	2019							Non profit bearing	Total
		Profit bearing								
		Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to five years	Over five years	Sub Total		
		(Rupees)								
Financial Assets										
Cash and bank balances	4 - 7.5	244,626,128	-	-	-	-	-	244,626,128	2,606,507	247,232,635
Investments	5.24 -13	-	-	59,850,000	-	135,941,276	-	195,791,276	154,485,409	350,276,685
Amount due from Takaful contract holders		-	-	-	-	-	-	-	181,528,488	181,528,488
Amount due from other takaful /retakaful		-	30,010,390	30,010,390						
Retakaful recoveries against outstanding claims		-	-	-	-	-	-	-	161,910,528	161,910,528
Loans and other receivables		-	-	-	-	-	-	-	20,161,140	20,161,140
a		244,626,128	-	59,850,000	-	135,941,276	-	440,417,404	550,702,462	991,119,866
Financial Liabilities										
Provision for outstanding claims including IBNR		-	-	-	-	-	-	-	287,141,721	287,141,721
Amount due to other takaful /retakaful		-	-	-	-	-	-	-	112,375,325	112,375,325
Other creditors & accruals		-	-	-	-	-	-	-	132,067,039	132,067,039
b		-	-	-	-	-	-	-	531,584,085	531,584,085
Profit rate sensitivity gap	a-b	244,626,128	-	59,850,000	-	135,941,276	-	440,417,404	19,118,377	459,535,781

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2018										
Profit bearing								Non profit bearing	Total	
Tentative profit % per annum	Upto one month	Over one month to three months	Over three months to six months	Over six months to one year	Over one year to five years	Over five years	Sub Total			
----- (Rupees) -----										
Financial Assets										
Cash and bank balances	5.9 - 9	200,629,121	-	-	-	-	-	200,629,121	2,637,656	203,266,777
Investments	6.1 - 13	-	75,000,000	-	-	130,533,900	-	205,533,900	104,698,963	310,232,863
Amount due from Takaful contract holders		-	-	-	-	-	-	-	172,900,216	172,900,216
Amount due from other takaful /retakaful		-	-	-	-	-	-	-	104,880,737	104,880,737
Retakaful recoveries against outstanding claims		-	-	-	-	-	-	-	131,238,805	131,238,805
Loans and other receivables		-	-	-	-	-	-	-	12,670,434	12,670,434
a		200,629,121	75,000,000	-	-	130,533,900	-	406,163,021	529,026,811	935,189,832
Financial Liabilities										
Provision for outstanding claims including IBNR		-	-	-	-	-	-	-	231,746,780	231,746,780
Amount due to other takaful /retakaful		-	-	-	-	-	-	-	125,540,757	125,540,757
Other creditors & accruals		-	-	-	-	-	-	-	95,445,787	95,445,787
b		-	-	-	-	-	-	-	452,733,324	452,733,324
Profit rate sensitivity gap	a-b	200,629,121	75,000,000	-	-	130,533,900	-	406,163,021	76,293,487	482,456,508

### 41.4 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company manages its exposure to such risks by maintaining a diversified portfolio comprising of sukuk and Islamic mutual funds.

### 41.5 Credit risk and concentration of credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss and investments. The Company is mainly exposed to credit risk on contribution due but unpaid, amount due from other takaful/ retakaful and bank balances. The Company attempts to control credit risk by monitoring credit exposures with counterparties and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Company believes it is not exposed to any major concentration of credit risk.

### Exposure to credit risk

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counter party, or groups of counterparties, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk in investments and bank deposits are approved by the Investment Committee.

Re-takaful is used to manage takaful risk. This does not, however, discharge the Company's liability as primary takaful operator. If a Re-takaful operator fails to pay a claim for any reason, the Company remains liable for the payment to the participant. The creditworthiness of Re-takaful operators is considered on an annual basis by reviewing their financial strength.

Exposures to individual participants and groups of participants are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual participants, or homogenous groups of participants, a financial analysis is similar to that conducted for Re-takaful operators is carried out by the Company's risk department.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	2019	2018
	—————(Rupees)—————	
<b>Financial assets</b>		
Cash and bank balances	245,878,472	201,770,814
Investments	350,276,685	310,232,863
Amount due from takaful contract holders	181,528,488	172,900,216
Amount due from other takaful /retakaful	30,010,390	104,880,737
Retakaful recoveries against outstanding claims	161,910,528	131,238,805
Loans and other receivables	20,161,140	12,670,434
	<u>989,765,703</u>	<u>933,693,869</u>

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2019, the contribution due but unpaid (net-off provision for doubtful debts) includes amount receivable within one year and above one year amounting to Rs. 154 million (2018: Rs. 136 million) and Rs. 27 million (2018: Rs. 36 million) respectively.

The credit quality of the Company's bank balances including term deposits can be assessed with reference to external credit ratings as follows:

	2019	2018
	—————(Rupees)—————	
<b>Rating</b>		
AAA	493,933	5,143,834
AA+	91,125,808	90,850,674
AA-	77,350,380	3,770,454
AA	57,257	21,788
A+	1,232,470	76,605,731
A-	75,592,597	100,353,338
A	26,027	24,995
	<u>245,878,471</u>	<u>276,770,814</u>

The credit quality of amounts due from other takaful/retakaful and claim recoveries from retakaful against outstanding claims can be assessed with reference to external credit ratings as follows:

	2019			2018		
Rating	Retakaful recoveries against outstanding claims	Amount due from other takaful / retakaful operators	Prepaid retakaful	Retakaful recoveries against outstanding claims	Amount due from other takaful / retakaful operators	Prepaid retakaful
A-	145,719,475	29,125,472	67,995,208	91,867,164	25,499,478	51,196,576
BBB+	16,191,053	884,918	7,555,023	39,371,642	79,381,259	21,941,390
	<b>161,910,528</b>	<b>30,010,390</b>	<b>75,550,231</b>	<b>131,238,806</b>	<b>104,880,737</b>	<b>73,137,966</b>

As at 31 December 2019, the aggregate of retakaful recoveries against outstanding claims and amounts due from other takaful/retakaful include amount receivable within one year and above one year amounting to Rs. 162 million (2018: Rs. 170 million) and Rs. 30 million (2018: Rs. 66 million) respectively.

### 41.6 Foreign exchange risk / currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As the Company had no material assets or liabilities in foreign currencies at the year end, the Company is not materially exposed to foreign exchange risk.

### 41.7 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stake holders.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risk faced and the adequacy of controls and procedures to address the risk identified;
- ethical and business standards;
- risk mitigation, including takaful where this is effective.

Management ensures that the company's staff have adequate training and experience and fosters effective communication related to operational risk management.



## 41.8 Fair value of financial instruments

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

The fair values of all the financial instruments are estimated to be not significantly different from their carrying values except for available for sale investments whose fair values have been disclosed in note 16 to the financial statements.

### Fair Value Hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Assets which are measured at fair values hierarchy are as follows:

### Following are the assets measured at fair value

	Carrying amount					Fair value			
December 31, 2019	Available for Sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees								
Financial Assets (FA)									
FA - measured at fair value									
Investments - Sukuks	195,791,276	-	-	-	195,791,276	-	195,791,276	-	195,791,276
Investments - Open-end mutual fund units	154,485,409	-	-	-	154,485,409	154,485,409	-	-	154,485,409
FA - not measured at fair value									
Investments - TDRs*	-	-	-	-	-	-	-	-	-
Cash and bank balances*	-	-	247,232,635	-	247,232,635	-	-	-	-
Amount due from Takaful contract holders*	-	181,528,488	-	-	181,528,488	-	-	-	-
Amount due from other takaful/retakaful*	-	30,010,390	-	-	30,010,390	-	-	-	-
Retakaful recoveries against outstanding claims*	-	161,910,528	-	-	161,910,528	-	-	-	-
Loans and other receivables	-	20,161,140	-	-	20,161,140	-	-	-	-
	350,276,685	393,610,546	247,232,635	-	991,119,866	154,485,409	195,791,276	-	350,276,685
Financial liabilities - not measured at fair value									
Provision for outstanding claims including IBNR*	-	-	-	287,141,721	287,141,721	-	-	-	-
Amount due from other takaful/retakaful*	-	-	-	112,375,325	112,375,325	-	-	-	-
Other creditors & accruals	-	-	-	132,067,039	132,067,039	-	-	-	-
	-	-	-	531,584,085	531,584,085	-	-	-	-

\* The Company has not disclosed the fair value of these items because their carrying amounts are at reasonable approximation of fair value.

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	Carrying amount					Fair value			
December 31, 2018	Available for Sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees								
<b>Financial Assets (FA)</b>									
<b>FA - measured at fair value</b>									
Investments - Sukuks	130,533,900	-	-	-	130,533,900	-	130,533,900	-	130,533,900
Investments - Open-end mutual fund units	104,698,963	-	-	-	104,698,963	104,698,963	-	-	104,698,963
<b>FA - not measured at fair value</b>									
Investments - TDRs*	-	-	75,000,000	-	75,000,000	-	-	-	-
Cash and bank balances*	-	-	203,266,777	-	203,266,777	-	-	-	-
Amount due from Takaful contract holders*	-	172,900,216	-	-	172,900,216	-	-	-	-
Amount due from other takaful/retakaful*	-	104,880,737	-	-	104,880,737	-	-	-	-
Retakaful recoveries against outstanding claims*	-	131,238,805	-	-	131,238,805	-	-	-	-
Loans and other receivables	-	12,670,434	-	-	12,670,434	-	-	-	-
	235,232,863	421,690,192	278,266,777	-	935,189,832	104,698,963	130,533,900	-	235,232,863
<b>Financial liabilities - not measured at fair value</b>									
Provision for outstanding claims including IBNR*	-	-	-	231,746,780	231,746,780	-	-	-	-
Amount due from other takaful/retakaful*	-	-	-	125,540,757	125,540,757	-	-	-	-
Other creditors & accruals	-	-	-	95,445,787	95,445,787	-	-	-	-
	-	-	-	452,733,324	452,733,324	-	-	-	-

\* The Company has not disclosed the fair value of these items because their carrying amounts are at reasonable approximation of fair value.

## (a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.

## (b) Financial instruments in level 2

Financial instruments included in level 2 comprise of government sukuks and other sukuks.

## (c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

## Valuation techniques and inputs used in determination of fair values

Item	Valuation techniques and input used
Units of mutual funds	Fair values of investments in units of mutual funds are determined as per the rates announced by the Mutual Funds Association of Pakistan (MUFAP).
Government sukuks and other sukuks	Fair values of sukuks are derived by reference to quotations obtained from brokers.

#### 41.9 Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

Currently, Company has a paid-up capital of Rs. 509,226,010/- against the minimum required paid-up capital of Rs. 500,000,000/- set by the SECP for the insurance companies / takaful operators for the year ended December 31, 2019.

#### 42. SUBSEQUENT EVENTS - NON ADJUSTING

There is no non-adjusting event subsequent to year end 2019. However, subsequent to year end 2018, the Board of Directors in its meeting have recommended five percent cash dividend, which has been accounted for in year 2019.

#### 43. NUMBER OF EMPLOYEES

The average number of employees during the year ended December 31, 2019 were 100 (2018: 104) and number of employees as at December 31, 2019 were 97 (2018: 104).

#### 44. GENERAL

**44.1** These are the first set of financial statements with change in accounting policy as per modified retrospective approach for IFRS 16, and accordingly comparative figures have not been restated.

**44.2** Corresponding figures have been rearranged and reclassified, where necessary, to facilitate better comparison.

**44.3** Figures in these financial statements have been rounded off to the nearest Rupee, unless otherwise stated.

#### 45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 01 April 2020 by the Board of Directors of the Company.

  
Chief Executive Officer  
Director  
Director  
Chairman

# PATTERN OF SHAREHOLDING

As at December 31, 2019

Number of shareholders	Shareholdings	Total shares held
5	shareholding from 1 to 100 shares	5
0	shareholding from 101 to 500 shares	-
1	shareholding from 501 to 1000 shares	1,000
8	shareholding from 1001 to 5000 shares	29,885
12	shareholding from 5001 to 10000 shares	75,339
16	shareholding from 10001 to 200000 shares	855,654
4	shareholding from 200001 to 3000000 shares	984,798
2	shareholding from 3000001 to 4000000 shares	6,078,000
4	shareholding from 4000001 to 22000000 shares	42,897,920
<b>52</b>	<b>Total</b>	<b>50,922,601</b>

2.	Categories of shareholders	Shares held	Percentage
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## 2.1 Directors, Chief Executive Officer, and their spouse and minor children.

2.1.1. Sheikh Ali Bin Abdullah	7,969,556	15.65%
2.1.2. Said Gul	3,000,001	5.89%
2.1.3. Zahid Hussain Awan	232,498	0.46%
2.1.4. Abdul Basit Ahmad Al-Shaibei	1	0.00%
2.1.5. Owais Ahmed Yusuf	1	0.00%
2.1.6. Sameera Usman	1	0.00%
2.1.7. Ali Ibrahim Al Abdul Ghani	1	0.00%
2.1.8. Farrukh Viqarudin Junaidy	1	0.00%

## 2.2 Associated Companies, undertakings and related parties.

2.2.1. Pak-Qatar Investment (Pvt.) Ltd.	21,633,944	42.48%
2.2.2. Qatar International Islamic Bank	7,370,474	14.47%
2.2.3. Qatar Islamic Insurance Company	5,923,946	11.63%
2.2.4. Fawad Yusuf Securities (Pvt.) Limited	3,077,999	6.04%

Categories of shareholders		Shares held	Percentage
2.3	NIT and ICP	-	0.00%
2.4	Banks, Development Financial Institutions, Non-Banking Financial Institutions.		
	2.4.1. Qatar International Islamic Bank	7,370,474	14.47%
	2.4.2. Qatar Islamic Insurance Company	5,923,946	11.63%
	2.4.3. Fawad Yusuf Securities (Pvt.) Limited	3,077,999	6.04%
2.5	Insurance Companies		
	2.5.1. Qatar Islamic Insurance Company	5,923,946	11.63%
2.6	Modarabas and Mutual Funds	-	0.00%
2.7	Share holders holding 10%		
	2.7.1. Pak-Qatar Investment (Private) Limited	21,633,944	42.48%
	2.7.2. Sheikh Ali Bin Abdullah	7,969,556	15.65%
	2.7.3. Qatar International Islamic Bank	7,370,474	14.47%
	2.7.4. Qatar Islamic Insurance Company	5,923,946	11.63%
2.8	General Public	1,714,178	3.37%
	2.8.1. Local	635,178	1.25%
	2.8.2. Foreign	1,079,000	2.12%
2.9	Total Local & Foreign		
	2.9.1. Local	28,579,623	56.12%
	2.9.2. Foreign	22,342,978	43.88%

## NOTICE OF THE 14TH ANNUAL GENERAL MEETING

Notice is hereby given that the 14th Annual General Meeting of **Pak-Qatar General Takaful Limited** (the Company) will be held on Wednesday, 29th April 2020 at 1500 hours at the Head Office of Qatar International Islamic Bank, Grand Hammad Street, Doha, Qatar to transact the following business:

### ORDINARY BUSINESS:

1. To confirm the minutes of 13th Annual General Meeting (AGM) of the Company held on 23rd April 2019.
2. To receive, consider and approve the Audited Financial Statements for the year ended December 31, 2019 together with the Chairman's review, Directors' and Auditors' reports thereon.
3. To appoint External Auditors for the year ending 31 December 2020 and fix their remuneration. The Audit Committee and the Board of Directors have recommended the name of M/s. EY Ford Rhodes (Chartered Accountants) for re-appointment as Statutory auditors and Shariah Compliance Auditors.
4. To transact any other business as may be placed before the meeting with the permission of the Chair.

### SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass the following resolutions with or without modification(s) as Special Resolutions:

"Resolved that the transactions carried out by the Company in the normal course of business with Pak-Qatar Family Takaful Limited in 2019 be and are hereby ratified, approved and confirmed."

"Further Resolved that the Chief Executive be and is hereby authorized to approve all the transactions carried out in the normal course of business with Pak-Qatar Family Takaful Limited till the next Annual General Meeting."

6. To transact any other matter with the permission of the chair.

By order of the Board



**Muhammad Kamran Saleem**

Company Secretary

06 April 2020  
Karachi



### Notes:

1. In the wake of the current situation related to Coronavirus and in the light of the relevant guidelines issued by Securities & Exchange Commission of Pakistan (SECP) vide their Circular no. 5 of 2020 dated March 17, 2020; whereby, advised the companies to modify their usual planning for general meetings for the well-being of shareholders and avoid large gatherings by provisions of video link facility. In pursuance with restrictions imposed by Government and SECP's directives, the following arrangement has been decided to hold AGM i.e. the Chief Executive Officer & Company Secretary of the Company will be present at the Company's Registered Office at 4th Floor, Business Arcade, P.E.C.H.S., Block-6, Sharah-e-Faisal, Karachi, to facilitate the shareholders in attending annual general meeting via video-link and also consolidate their proxies to ensure the quorum. The Shareholders will be provided hand sanitizer and masks with distant seating arrangements.
2. In light of the direction from the Securities & Exchange Commission of Pakistan (SECP) vide circular # 5 of 2020, dated March 17, 2020 regarding "Coronavirus contingency Planning for Annual General Meeting of the Shareholders" all Shareholders may send their comments/suggestions as per AGM agenda through email. In this respect all Shareholders are requested to register their particulars (i.e. Folio No. / Name / CNIC No. / Mobile No. / Email address) to the company secretary 3 days before the AGM on email address company.secretary@pakqatar.com.pk. Shareholders comments/suggestions for the proposed agenda of the AGM will be discussed in the meeting and will be made part of the minutes of the meeting. Shareholders are requested to consolidate their attendance at AGM into few peoples as possible through proxies. The Shareholder's Request to Attend Meeting through Video-Link is annexed herewith.
3. In case of individuals, the shareholder shall authenticate his/her original valid Computerized National Identity Card (CNIC) or the original Passport at the time of attending the meeting. In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
4. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting. In case of corporate entity, the Board of Directors' resolution/ power of attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting. The proxy shall produce his/her original CNIC or original passport at the time of the Meeting. Proxy form is annexed herewith.
5. Members are requested to immediately notify/submit the following, if not earlier provided;
  - Change in their Addresses, if any.
  - Valid & legible photocopy of Computerized Nation Identity Cards (CNIC)/Passport for individuals and National Tax Number (NTN) for both Individuals & Corporate entities.
6. SECP through its Notification SRO 787 (I)/2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice to members of the Company through e-mail. Therefore, all members of the Company who wish to opt this facility are requested to send their e-mail addresses. The consent form for electronic transmission could be downloaded from the Company's website under downloads section. The Company shall, however, provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

## Pak-Qatar General Takaful

7. Pursuant to Section 223(7) of the Companies Act, 2017, the Company has placed the Annual Financial Statements of the Company for the year ended December 31, 2019 along with the reports thereon on its website: [www.pakqatar.com.pk](http://www.pakqatar.com.pk).
8. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company [10] days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.
9. The Company will intimate members regarding venue of video conference facility at least [5] days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.
10. I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Pak-Qatar General Takaful Limited, holder of \_\_\_\_\_ ordinary share(s) as per Registered Folio/CDC Account No. \_\_\_\_\_ hereby opt for video link facility at \_\_\_\_\_.
11. The Share Transfer Books of the Company shall remain closed from April 23, 2020 to April 29, 2020 (both days inclusive). Transfer received at the Share Registrar of the Company, by the close of business on April 22, 2020 will be treated in time.
12. As per the provision of Section 244 of the Companies Act 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notice to the shareholders to file their claim. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged timely. In case, no claim is lodged with the Company in the given time, the Company shall after publication a notice in newspaper proceed to deposit the unclaimed/ unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Companies Act 2017.

**STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017:**

This statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company.

**1. Item No. 5 of the Notice**

**1.1 Transactions carried out with related parties during the year ended December 31, 2019 to be passed as a Special Resolution.**

The transactions carried out in normal course of business with associated companies (related parties) are approved by the Board as recommended by the Audit Committee on periodic basis. In the case of Pak-Qatar Family Takaful Limited, a majority of the Directors are common due to common ownership structure, and accordingly may be termed as interested in accordance with the provisions of Section 208 of the Companies Act, 2017. Such material transactions, therefore, are being placed before the shareholders for approval through special resolution proposed to be passed in the annual general meeting.

In view of the above, the normal business transactions conducted during the year 2019 with Pak-Qatar Family Takaful Limited as per following details are being placed before the shareholders for their consideration and approval / ratification.

The names of Directors with interest as director in related parties:

- i. H.E. Sheikh Ali Abdullah Al Thani, Director of the Company is also a director in Pak-Qatar Family Takaful Limited
- ii. Mr. Abdul Basit Ahmed Al Shaibei, Director of the Company is also a director in Pak-Qatar Family Takaful Limited
- iii. Mr. Ali Ibrahim Abdul Ghani, Director of the Company is also a director in Pak-Qatar Family Takaful Limited
- iv. Mr. Said Gul, Director of the Company is also a director in Pak-Qatar Family Takaful Limited
- v. Mr. Zahid Hussain Awan, Director of the Company is also a director in Pak-Qatar Family Takaful Limited
- vi. Mr. Farrukh Viqaruddin Junaidy, Director of the Company is also a director in Pak-Qatar Family Takaful Limited
- vii. Mrs. Sameera Usman, Director of the Company is also a director in Pak-Qatar Family Takaful Limited

**1.2 Authorization to the Chief Executive for the approval of transactions carried out and to be carried out with Pak-Qatar Family Takaful Limited (related parties) till the next Annual General Meeting to be passed as a Special Resolution.**

The Company would be conducting transactions with Pak-Qatar Family Takaful Limited in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in Pak-Qatar Family Takaful Limited as detailed herein above.

## Pak-Qatar General Takaful

### **Shareholder's Request to Attend Meeting through Video-Link**

M/s. Pak-Qatar General Takaful Limited  
Business Arcade, Block 6, P.E.C.H.S.,  
Main Shahra-e-Faisal, Karachi.

I/we \_\_\_\_\_ of \_\_\_\_\_, being the shareholder(s) of the Company and holder of \_\_\_\_\_  
ordinary shares hereby request for video conference facility at \_\_\_\_\_ for the annual general meeting  
of the Company to be held on \_\_\_\_\_.

My/our particulars are as follows:

EMAIL ADDRESS: \_\_\_\_\_

MOBILE NUMBER: \_\_\_\_\_

CNIC NUMBER : \_\_\_\_\_

FOLIO NO.: \_\_\_\_\_

NUMBER OF SHARES HELD: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE OF SHAREHOLDER

**NOTES**

# PROXY FORM

**The Company Secretary**  
**Pak-Qatar General Takaful Limited**  
Suite # 402-404, Business Arcade  
Sharea Faisal, Karachi-75400  
Pakistan

I / We \_\_\_\_\_ of \_\_\_\_\_ being the member(s)  
of **Pak-Qatar General Takaful Limited** and holder of \_\_\_\_\_ ordinary shares as per share register  
**Folio No.** \_\_\_\_\_ appoint \_\_\_\_\_ of  
\_\_\_\_\_ or failing him/her \_\_\_\_\_ of  
\_\_\_\_\_ as my/our proxy to vote act me or us on my/our behalf at the **14th Annual General Meeting** of **Pak-Qatar General Takaful Limited** to be held on 29th April 2020 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of April 2020

## (Witnesses)

1. \_\_\_\_\_ (Signature)

\_\_\_\_\_ (Name)

\_\_\_\_\_ (Address)

\_\_\_\_\_ (CNIC / Passport No.)

Please affix  
Rupees five  
revenue  
stamp

Signature of  
member(s)

2. \_\_\_\_\_ (Signature)

\_\_\_\_\_ (Name)

\_\_\_\_\_ (Address)

\_\_\_\_\_ (CNIC / Passport No.)

**Notes:** Proxies in order to be effective must be received by the company not less than 48 hours before the meeting.



## نیابت نامہ

کمپنی سیکریٹری

پاک قطر جنرل تکافل لمیٹڈ

402-404، بزنس آرکیڈ

شاہراہ فیصل، کراچی-75400

پاکستان

میں رہم..... ساکن..... پاک قطر جنرل تکافل لمیٹڈ کے رکن اور بھارتی شیئر رجسٹر  
فولیو نمبر..... حامل..... عام حصص ہونے کی حیثیت سے  
محترم محترمہ..... ساکن..... اور ان کی غیر موجودگی کی صورت میں  
محترم محترمہ..... ساکن..... کو 29 اپریل 2020 کو منعقد ہونے والے پاک قطر جنرل تکافل لمیٹڈ کے  
چودہواں سالانہ عام اجلاس میں حق رائے دہی استعمال کرنے یا اس کے التوا کی صورت میں اپنا ہمارا نائب مقرر کرنا ہوں کرتی ہوں کرتے ہیں۔

تاریخ..... اپریل 2020 کو اس پر دستخط کیے گئے۔

(گواہان)

1.

..... (دستخط)

..... (نام)

..... (پتہ)

..... (شناختی کارڈ / پاسپورٹ نمبر)

2.

..... (دستخط)

..... (نام)

..... (پتہ)

..... (شناختی کارڈ / پاسپورٹ نمبر)

نوٹ: نیابت نامہ کے مؤثر ہونے کے لیے کمپنی کے پاس اجلاس شروع ہونے سے ۴۸ گھنٹے قبل موصول ہونا ضروری ہے۔



**PAK-QATAR GENERAL TAKAFUL LIMITED**

402-404, 4th Floor, Business Arcade, Plot # 27A, Block 6, P.E.C.H.S., Sharea Faisal, Karachi 75400.

Ph: (92 21) 34380357-61 Fax: (92 21) 34386453

E-mail: [info@pakqatar.com.pk](mailto:info@pakqatar.com.pk), Website: [www.pakqatar.com.pk](http://www.pakqatar.com.pk) UAN: (021) 111-TAKAFUL (825-238)