

ANNUAL REPORT

2023

**SERVING
RELIABLY**



Reliance Insurance
Company Limited



Window Takaful

Reliance Insurance Company Limited

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COMPANY INFORMATION

Board Of Directors

Chairman
Irfan Zakaria Bawany

Directors

Muhammad Omar Bawany
Ahmed Ali Bawany
Noor M. Zakaria
Zia Zakaria
Muhammad Patel
Naeem Ahmed Shafi
Tasneem Yusuf
Jahangir Adam

Chief Executive & Managing Director

A. Razak Ahmed

Chief Financial Officer

Ghulam Haider

Company Secretary & Compliance Officer

Faraz Abdul Razak

Audit Committee

Tasneem Yusuf	Chairperson
Irfan Zakaria Bawany	Member
Muhammad Omar Bawany	Member

Investment Committee

Irfan Zakaria Bawany	Chairman
Ahmed Ali Bawany	Member
Tasneem Yusuf	Member
Muhammad Patel	Member
A. Razak Ahmed	Member
Muhammad Salim Memon	Secretary

Ethics, Human Resource & Remuneration Committee

Naeem Ahmed Shafi	Chairman
Irfan Zakaria Bawany	Member
Noor M. Zakaria	Member
A. Razak Ahmed	Member

Credit Rating

A+ (Single A+) By VIS & Pacra
Outlook "Stable"

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Legal Advisor

Irfan Advocate

Shari'ah Advisor

Mufti Muhammad Farhan Farooq

Bankers

Habib Bank Limited
Mcb Bank Limited
Allied Bank Limited
Soneri Bank Limited
Bank Alfalah Limited
National Bank Of Pakistan
Meezan Bank Limited
Dubai Islamic Bank
Mcb Islamic Bank Limited
United Bank Limited
The Bank Of Punjab
Faysal Bank Limited
Habib Metropolitan Bank Limited
Js Bank Limited
The Bank Of Khyber

Registered Office

96-a, Sindhi Muslim Co-operative
Housing Society, Karachi.

Head Office

Reliance Insurance House, 181-A,
Sindhi Muslim Co-operative Housing
Society, P. O. Box No. 13356,
Karachi-74400.
Phone : 34539415-17
Fax : 92-21-34539412
E-mail : reli-ins@cyber.net.pk
ric-re@cyber.net.pk
Website: www.relianceins.com



Shares Registrar

M/s. C&k Management
Associates (Pvt.) Ltd.
404-trade Tower,
Abdullah Haroon Road,
Near Hotel Metropole,
Karachi-75530.
Tel: (021) 35687839 & 35685930



VISION

To be recognized as a professional and dependable business entity committed to play a meaningful role in the development of insurance industry in Pakistan and to safeguard the legitimate interests of all stakeholders, namely policy-holders, share-holders, reinsurers, employees and all other business associates / partners.



MISSION

To provide quality service and protection to its clients aiming at achieving a respectable volume of business and become a prominent player through good governance and sound professionalism focusing to become a well-known and respected Corporate entity in the eyes of Society and Government.



CODE OF CONDUCT

Reliance Insurance Company Limited (RICL) is engaged in general insurance business with the objective to achieve sustainable productivity, profitability and high standards of service. The Company solemnly believes in the application of business ethics as have been embodied in this document.

- The credibility, goodwill and repute earned over the years can be maintained through continued conviction in our corporate values of honesty, justice, integrity and respect for people. The Company strongly promotes trust, openness, teamwork and professionalism in its entire business activities.
- The Company conducts its business in accordance with all applicable laws and Regulations.
- RICL recognizes following obligations, which need to be discharged with best efforts, commitment and efficiency:
 - Safeguarding of shareholders' interest and a suitable return on equity.
 - Service to customers / policyholders by providing products, which offer value in terms of price, quality, safety and honest and fair dealing with people and organization.
 - Respect human right, provide congenial working environment, offer competitive terms of employment, develop human resource and be an equal opportunity employer.
 - Seek mutually beneficial business relationship with policyholders, business development staff / officers, investment partners and Banks.
 - The Company believes that profit is essential for business survival. It is a measure of efficiency and the value that the customer place on services provided by the Company.
 - The Company requires honesty and fairness in all aspect of its business and in its relationships with all those with whom it does business. The direct or indirect offer, payment, soliciting and accepting of bribe in any form are undesirable.
- The Company requires all its employees to essentially avoid conflict of interest between private financial activities and their professional role in the conduct of Company business.
- The Company does not support any political party or contributes funds to group having political interests. The Company will however, promote its legitimate business interests through trade associations.
- The Company, consistent with its priority, has the approach for protecting the health and safety of employees at the work-place.
- All employees are duty-bound to make business decisions in the best interest of the Company and not based on their personal interest and are obliged to protect all the assets including software and use all such properties for the exclusive benefit of the Company only.
- The Company is committed to observe laws of Pakistan and is fully aware of its social responsibility. It would assist the community in activities such as training programs, skills development and employment within the parameters of its commercial objectives.
- The Company supports free market system. It seeks to compete fairly and ethically within the framework of applicable competition laws in the country. The Company will not stop others from competing freely with it.
- In view of the critical importance of its business and impact on national economy, the Company provides all relevant information about its activities to legitimate interested parties, subject to any overriding constraints of confidentiality and cost. The members of RICL are forbidden to pass on inside information at any time or to any other person inside or outside the Company.

COMPANY PROFILE

Reliance Insurance Company Limited (RICL) was incorporated in 1981 with a Share Capital of Rs.2.5 Million by two prominent industrialist groups in Pakistan. Al-Noor Group and Amin Bawany Group. Al-Noor Group, was led by (Late) Mr. Ismail H. Zakaria and Amin Bawany Group, founded by (Late) Mr. Mohammed Amin Ahmed Bawany, were known for their successful implementation of numerous industrial and commercial projects.

RICL has earned a strong reputation and is recognized as one of the most reputable and distinguished names in the sector. Its Head Office is in Karachi, Pakistan, and boasts an extensive and dynamic branch network covering major cities and towns throughout the country. This widespread presence ensures that the company can provide prompt service to its customers, no matter where they are located.

Reliance Insurance underwrites all classes of General Insurance / Takaful and enjoys reputation second to none. Apart from the traditional covers such as Fire, Marine (Import & Exports), Motor Vehicles, Personal & Group Accident, Workmen's Compensation, Burglary, Cash-in-Safe or in Transit etc., it also transacts non-traditional covers such as Machinery Breakdown, Terrorism &

Sabotage, Contractors All Risks, Erection All Risks, Bonds, Products liability, Director's & Officer's Liability, Aviation and the like.

The Company's results are consistently improving and yielding profits. The Present Authorised Capital of the Company is Rs.1,000 Million while Paid-up Capital increased to Rs.665.379 million. General Reserve to Rs.310 million & the Shareholders' equity to Rs.1,222.421 million.

Since its establishment Reliance has progressed smoothly and steadily. Its Gross Premium Income has increased from Rs. One Million in 1983 to Rs.1,105.780 million (inclusive of Takaful Contribution) at the end of the year 2023 and the Technical Reserves increased to Rs.709.610 million.

RICL has an excellent Treaty Reinsurance arrangements under the lead of world's renowned reinsurer namely Swiss Re.

VIS Credit Rating Company Ltd & Pakistan Credit Rating Agency Ltd - both the rating agencies have assigned Financial Strength Rating (IFSR) of the Company at "A+" (Single A+) and outlook on the assigned Rating is "Stable".



PROFILE OF THE BOARD OF DIRECTORS



Irfan Zakaria Bawany
Chairman

Mr. Irfan Zakaria Bawany was unanimously elected Chairman of Reliance Insurance Co. Ltd. In the Board of Directors meeting held on 28th July 2020. Mr. Bawany is associated with Reliance Insurance since 1991. He is CEO of Anam Fabrics (Pvt.) Ltd and Director of Faran Sugar Mills Ltd. Since August-2023, he is also serving as Independent Director on the Board of Pakistan Aluminium Beverage Cans Limited. He has been on the Board of Pioneer Cables Ltd from 1983 to 1991. Mr. Bawany has diversified experience in Electrical Cable Manufacturing and Textile made up business. After receiving a B.B.A. (accounting) from The University of Houston, USA, he was certified as a Fellow Member of the Texas Society of Certified Public Accountants. He is also a certified Director from Pakistan Institute of Corporate Governance (P.I.C.G.).



Muhammad Omar Bawany
Director

Mr. Muhammad Omar Bawany is a Non-Executive Director of Reliance Insurance Company Limited since 1995. He acquired his early education from Karachi American School and then went to American College of Switzerland and obtained Associate Degree in Business Administration. He has extensive experience in textile and sugar industry and under his wise management Annoor Textile Mills operated successfully. He is on the Board of Directors of Faran Sugar Mills Limited since 1984 and currently the Chairman of Faran Sugar Mills. He is also Chief Executive of B.F. Modaraba managed by E.A Management and also Director in Unicol Ltd. He is a managing and Trustee in Aisha Bawany Talimul Quran Trust and Chairman of World Memon Foundation.



Ahmed Ali Bawany
Director

Mr. Ahmed Ali Bawany is a Non-Executive Director of Reliance Insurance Company Limited since 2001. He got his schooling from CAS, Karachi. For pursuing further education, he went to USA and got degree in business entrepreneurship from University of Southern California. His special field of interest includes finance, procurement and marketing. Currently he is the Chief Executive of Faran Sugar Mills Limited and Faran Power Limited. He has also served as Chairman of Pakistan Sugar Mills Association, Sindh Zone in the year 2014 and again elected as Chairman, PSMA-SZ for the term of 2020-21. He is also Chairman B.F. Modaraba. He is actively involved in Unicol Ltd in the capacity of director, which is a Joint Venture engaged in the production and marketing of Ethanol and food grade Co2. He also serves as Director UniEnergy. He is a Certified Director from Pakistan Institute of Corporate Governance (P.I.C.G.).

PROFILE OF THE BOARD OF DIRECTORS



Noor Mohammad Zakaria
Director

Mr. Noor Mohammad Zakaria is a Non-Executive Director of Reliance Insurance Co. Ltd since 2003. He has over 44 Years of diversified industrial and commercial experience. He is B.A.(Hons) from University of Karachi. He is Chairman of the Board of Directors of Shahmurad Sugar Mills Limited and Managing Director / CEO of Al Noor Sugar Mills Limited.



Zia Zakaria
Director

Mr. Zia Zakaria is Chairman of Alnoor Sugar Mills Ltd. and First Alnoor Modaraba and Managing Director / CEO of Shahmurad Sugar Mills Ltd. He has over 30 years of diversified experience including operations and projects. He joined the group after completing his Bachelors in Science with Major in Finance & Marketing from Syracuse University, N.Y, and since then has been actively involved in the affairs of the Alnoor group with complete commitment & dedication. Mr. Zia Zakaria was Director of Reliance Insurance previously from 1986 to 1998.



Muhammad Patel
Director

Mr. Muhammad Patel is the Managing Director of Patel Group. Patel Group has been in the Real Estate business for more than 4 decades and has successfully delivered 38 projects in its lifetime.

As Managing Trustee of Patel Hospital, a 250 bedded fully charitable Tertiary care Hospital in Gulshan-e-Iqbal, Karachi. Muhammad Patel has been managing a team of 1350 staff and has helped Patel Hospital grow 20% annually for the last 5 years.

Furthermore, Muhammad is also on the Boards of the Trust for Malnutrition and Stunted Growth (TMSG), Association of Builders & Developers (ABAD), and the Karachi Chapter of the Entrepreneurs Organisation (EO).

Mr. Muhammad Patel holds Bachelors in Business Administration from Schulich School of Business in Toronto, Canada.

He is Certified Director from the Institute of Chartered Accountants of Pakistan-ICAP.



Naeem Ahmed Shafi
Director

Mr. Naeem Ahmed Shafi has more than 25 years of rich experience in textiles industry. He is a Bachelor of Commerce from University of Karachi. He is Managing Director and CEO of International Knitwear Limited.

PROFILE OF THE BOARD OF DIRECTORS



Tasneem Yusuf
Director

Ms. Tasneem Yusuf is a chartered accountant from ICAP and a fellow member of ACCA and a CPA. She has worked for Unilever Pakistan, Deloitte and Nasdaq Dubai. Since 2009, she has been associated with her family practice where she now heads the audit and assurance services department. Ms. Tasneem sits on the board of Ismail Industries (Pvt.) Limited, B.F. Modaraba, Faran Sugar Mills Limited and the Trading Corporation of Pakistan (Private) Limited where she is also a member of its Audit & Risk Management Committee. She is also a member of the senate of the Pakistan Institute of Fashion & Design and chairs its Finance & Planning Committee. She has served ICAP as a member of its Auditing Standards & Ethics Committee and the CA Women's Committee. Ms. Tasneem Yusuf is a certified director from the Pakistan Institute of Corporate Governance (PICG).



Jahangir Adam
Director

Mr. Jahangir Adam is M.Com & LLB. He has professional qualification of FITM Chartered Secretary. Presently he is serving as the Chief Financial Officer and Company Secretary at Sind Particle Board Mills Limited. He has diversified experience of portfolio of CFO/Company Secretary in Annoor Textile Mill Ltd and B.F. Modaraba.



A. Razak Ahmed
Chief Executive & M.D.

Mr. A. Razak Ahmed is the Chief Executive Officer/Managing Director of the Company since 1st November 1995. He has over 46 years of extensive and varied experience-both in public & private sectors. Prior to joining Reliance he had worked with Adamjee Insurance, Pakistan Insurance Corporation (now PRCL) National Insurance Corporation & Premier Insurance Company. He has been on the Executive Committee of the Insurance Association of Pakistan (IAP) several times and had also been the Chairman of Accident & Fire Committees for several terms, beside being Council Member of the Karachi Insurance Institute and member standing committee on Banking and Insurance of the Federation of Pakistan Chamber of Commerce & Industry. He is a Commerce Graduate and a fellow of the Chartered Insurance Institute (FCII) London. He is a Chartered Insurer.



OUR SERVICES

Reliance Insurance underwrites all classes of General Insurance and enjoys reputation second to none. Apart from Conventional General Insurance RIC has also commenced its General Takaful operations in the year 2016.



**General Insurance
(Conventional)**

Reliance Insurance commenced its general insurance business in 1981 and it underwrites all classes of traditional and non-traditional lines.

Reliance Insurance is offering a wide range of covers such as Fire & Property, Marine Cargo, Motor Vehicles (Commercial & Private), Personal Accident, Money Insurance, Burglary & Liability (Public & Product) and Workmen Compensation while non-traditional covers such as Engineering Risks (MBD, CAR, EAR), Aviation Insurance, Terrorism & Sabotage and Bonds are also being offered.



**General Takaful
(Islamic)**

Takaful is an Islamic alternate of Insurance and is growing steadily. Reliance Insurance commenced its Window Takaful Operations in June 2016 under the guidance of renowned, qualified and certified Sharia Scholars.

Reliance Takaful is offering a wide range of Sharia Compliant General Takaful Products such as Fire & Property Takaful, Marine Cargo Takaful, Motor Takaful (Private / Commercial Vehicles), Engineering Takaful, (MBD, CAR, EAR), Money Takaful, Liability (Public & Private) Takaful and Personal & Group Accident Takaful, etc.

FIRE & PROPERTY INSURANCE

Fire and Allied Perils Insurance

Reliance Insurance provides comprehensive Fire and allied perils insurance at most competitive rates. The standard Fire policy covers loss and/or damage to the property caused by Fire &/or Lightning. The basic Fire policy can be extended to cover a number of additional risks commonly known as 'allied perils' like Riot and Strike Damage, Malicious Damage, Explosion, Atmospheric Disturbances, Earthquake Fire and Shock, Impact Damage, Aircraft Damage, and Burglary.

The property insured under fire policy normally includes Buildings (Industrial, Commercial, Residential, Offices, Factories & Warehouses), Plant & Machinery of all kind, Stocks of all kind (stocks-under-process, raw materials, and finished goods).

Consequential Loss Due to Fire and Allied Perils

Reliance Insurance also provides this coverage in conjunction with Fire Policy. It provides protection against Loss of Profit incurred as a result of business interruption or interference in business caused by an event indemnifiable under Fire policy.



MARINE CARGO INSURANCE

Reliance Insurance provides most comprehensive Marine Cargo insurance at most competitive rates.

Marine insurance provides coverage for losses to cargo during transit as per Institute Cargo Clauses 'A', 'B' or 'C'. Marine Cargo insurance provides protection to Imports & Exports of goods by any mode of transport i.e. by Sea, by Air or by Road/Rail.

Marine Inland Transit insurance policy provides comprehensive coverage to protect goods in transit within the territory of Pakistan by any mode of transport i.e., by Air or by Road/Rail.



MOTOR INSURANCE

Reliance Insurance provides most comprehensive coverage against accidental damage to the motor cars, motorcycles, commercial vehicles and other special purpose vehicles. Following are major types of Motor insurance:

Comprehensive Motor Policy (Private Vehicles)

Our Motor insurance provides protection against losses incurred as a result of theft, accidents, riots, malicious damage and against liability that could be incurred in an accident. This policy can be extended to include accidental personal injuries and death of Driver and Passengers.

Commercial Vehicles

We also insure Motor vehicles used for trade / commercial purposes and classified as Commercial Vehicles such as Trucks, Trailers, Buses, and Wagons / Vans and providing protection against losses incurred as a result of theft, accidents, riots, malicious damage and against liability that could be incurred in an accident.

Third Party Liabilities Insurance

To meet requirement by law under Motor Vehicle Act 1939 in respect of legal liability to pay damages to any third party(ies) arising out of accidents, the following policies are also available under this category:

Act Liability Only: it provides coverage in respect of liability incurred through death or injury to a third party. This is minimum legal cover available under the law.

Third Party Liability Only: it provides coverage as above plus damage to third party property.



AVIATION INSURANCE

Reliance Insurance is amongst the few Pakistani insurance companies who offer aviation insurance to the commercial airlines as well as private jets. Our aviation insurance plan provides comprehensive cover to insured against accidental damage to Aircraft Hull & Spares, Hull War & Allied Perils, Aviation Legal Liabilities, Loss of License to pilots, Aircraft's Ferry Flight insurance, Crew Legal Liabilities, Airport Operators Legal Liability insurance.

Reliance Insurance is privileged to have excellent relations with globally renowned and reputed professional aviation reinsurers and brokers who extend most comprehensive and competitive terms and best services.



ENGINEERING INSURANCE

Engineering risk usually provides coverage for Machinery Break-Down insurance, Contractor's All Risks insurance, Contractor's Plant & Machinery insurance, Erection All Risks insurance, and Comprehensive Machinery insurance.

Engineering policies mainly cover operational losses of plant & machinery and projects of various kinds. It covers damage or breakdown of plant & machinery or its specific items. Engineering policies also cover the contractor against the risks of the projects own damages and legal third party(ies) liabilities.

Extended cover for loss of profits and standing charges following machinery breakdown is also available.



BONDS & SURETY INSURANCE

Contractor undertaking the construction of public works like buildings, roads, bridges, dams, civil works etc. usually require to furnish guarantees / bonds for the fulfillment of their contractual obligations to the principals.

Traditionally Bid Bonds, Advance Payment / Mobilization Bonds, Performance Bonds, Maintenance Bonds and Customs & Excise Bonds are available.



MISCELLANEOUS & OTHERS

A wide range of products are available under Miscellaneous & Others insurance which includes, but not limited to, Products Liability Insurance, Professional Indemnity Insurance, Group / Personal Accident Insurance, Employer's Legal Liability Insurance, Workmen Compensation Insurance, Fidelity Guarantee Insurance, Public Liability Insurance, Third Party Liability Insurance, Directors & Officers Liability Insurance, Travel Insurance, All Risks Insurance, House-breaking & Burglary Insurance, Money Insurance (Cash in Safe & Cash in transit), Plate Glass Insurance and Baggage Insurance etc. are available.





WINDOW TAKAFUL OPERATIONS

The Company commenced its Window Takaful Operations in June 2016 which has been widely appreciated by the business fraternity, Islamic banks and financial institutions. Its operations are being managed by a team of well experienced, dedicated & competent professionals.

“**Reliance Takaful**” is operating under the guidance of renowned, qualified and certified Sharia Scholars. Our Takaful model is WAQF based; the concept of brotherhood and mutual solidarity in Islam.

Reliance Takaful is offering a wide range of Shariah Compliant General Takaful products such as Fire & Property Takaful, Marine Cargo Takaful, Motor Vehicles Takaful, Engineering Takaful and Miscellaneous Accident Takaful. A brief of major takaful products is as under:-

Fire Takaful provides loss or damage to the property caused by Fire &/or allied perils. The basic Fire takaful is extendable to cover allied perils such as Riots & Strikes Damage, Malicious Damage, Atmospheric Disturbances, Earthquake Fire & Shock, Explosions, Aircraft Damages, Impact Damages and Burglary.

Marine Takaful covers losses to cargo during transit as per Institute Cargo Clauses ‘A’, ‘B’ or ‘C’ by all means of transport like by Sea, by Air or by Road/Rail.

Motor Takaful provides coverage against any loss / damage to motor vehicles (private & commercial) due to road accidents, theft & burglary, snatching by violent means, riot & strike damage and third party liability (Bodily Injury and property damage). This cover can be extended to include accidental injuries and death of Driver and Passenger(s).

Engineering Takaful mainly covers plant & machinery and projects and provides coverage for Contractor’s All Risks, Contractor’s Plant & Machinery, Erection All Risks, Machinery Breakdown Insurance and Comprehensive Machinery Insurance etc.

Miscellaneous & Others: A wide range of products available under Miscellaneous Takaful which includes, but not limited to, Money takaful (Cash in Safe & Cash in transit), Plate Glass takaful, Group / Personal Accident takaful, Workmen Compensation, Public Liability, Third Party Liability, House-breaking & Burglary and All Risks Takaful.

NOTICE OF THE FORTY-SECOND ANNUAL GENERAL MEETING

Notice is hereby given that the **42nd Annual General Meeting** of the Shareholders of **RELIANCE INSURANCE COMPANY LIMITED** will be held on Monday the 29th April, 2024 at 12.30 p.m. at the Head Office of the Company at **RELIANCE INSURANCE HOUSE 181-A Sindhi Muslim Housing Society near Mehdi Tower, off: Sharah-e-Faisal, Karachi**, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the Minutes of the Extra Ordinary General Meeting of the Company held on 26th June, 2023.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st December, 2023 together with Chairman's Review, Directors' and Auditors' Reports thereon.
3. To consider and approve payment of Cash Dividend at the rate of 10% to the shareholders as recommended by the Board of Directors.
4. To appoint Auditors of the Company and fix their remuneration for the year ending December 31, 2024. The Board of Directors and Audit Committee have recommended the appointment of M/s. BDO Ebrahim & Co., Chartered Accountants for re-appointment as Auditors.
5. To transact any other business with the permission of the Chair.

The Share Transfer Books of the Company will remain closed from 20th April, 2024 to 29th April, 2024 (both days inclusive).

By order of the Board

(FARAZ ABDUL RAZZAK)
Company Secretary

Karachi: 28th March, 2024

NOTES:

1. Participating in the AGM proceedings via physical presence or through video link facility:
 - a) AGM will be held through Zoom application – a video link facility.
 - b) The notice will also be uploaded on the website of the Company.
 - c) Shareholders interested in attending the AGM through Video Link (Zoom) will be requested to get themselves registered with the Company Secretary office at least two working days before the AGM at faraz.ahmed@relianceins.com by providing the following details:

Name of Shareholder:	CNIC No. :	Folio No. /CDS folio No:	Cell No:	Email address:

Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

- d) Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary office at least two working days before the AGM, at above given email address, WhatsApp or SMS on 0333-2661981. Shareholders are required to mention their full name, CNIC No and Folio/CDS No. for this purpose.
- e) Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participate through proxies.

2. A member of the Company entitled to attend and vote may appoint any other member as his/her proxy to attend and vote on his/her behalf. PROXIES MUST BE RECEIVED AT THE HEAD OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and/or person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his Original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii) 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 the meeting.

B. For appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii) Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his original CNIC or Original Passport at the time of the meeting.
 - v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
4. The shareholders of the Company have approved in the 41st Annual General Meeting of the Company held on April 27, 2023 to circulate the Annual Report of the Company to the members through QR enabled code and weblink. The Annual Report – 2023 can be accessed through the following weblink or QR Code.

Weblink : https://relianceins.com/downloads/financial_reports/2023/RIC-BS-2023-04.pdf



5. ELECTRONIC TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS AND NOTICES

Pursuant to Notification vide SRO. 787(1)/2014 of September 8, 2014, the SECP has directed to facilitate the members of the Company receiving annual financial statements and notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive annual financial statements and notices of the Company through email in future. In this respect members are hereby requested to convey their consent via email on a standard request form which is available at the Company website www.relianceins.com. Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the share registrar of any change in their registered email address.

Financial Statements and relevant reports have been placed on the website of the company which can be seen on www.relianceins.com.

6. UNCLAIMED DIVIDEND

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 notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years was sent to shareholders. 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 giving 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 Companies Act, 2017.

7. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM

The shareholders having physical shares may open CDC Sub-account with any of the broker or Investor Account directly by with the Central Depository Company (CDC) of Pakistan Limited to have their physical shares converted into electronic form. This will facilitate then in many way including safe custody. Further with the requirement of Section 72 of Companies Act, 2017, every existing company having share capital required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four year from the commence of the Act.

The Securitization and Exchange Commission of Pakistan through its circular # CSD/ED/Misce/2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form, to convert their shares into book entry form.

8. CHANGE OF ADDRESS

Shareholders are requested to inform the Company's Share Registrar of any change in their address, if any immediately.

9. SUBMISSION OF COPIES CNIC (MANDATORY)

As per SECP directives, the dividend warrants of the shareholders whose valid CNICs, are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are, therefore, advised to submit a photo copy of their valid CNICs and Corporate entities are requested to provide NTN immediately, if already not provided, to the Company's Share Registrar at the address, M/s. C & K Management Associates (Pvt.) Ltd., 404, Trade Tower, Abdullah Haroon Road, Near Hotel Metropole, Karachi-75530 without any further delay.

10. ELECTRONIC DIVIDEND MANDATE

Under section 242 of Companies Act, 2017 it is mandatory for all listed Companies to pay cash dividend to its shareholders only through electronic mode directly in to the bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available in the Company's website www.relianceins.com and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, M/s. C & K Management Associates (Pvt.) Ltd., 404, Trade Tower, Abdullah Haroon Road, Near Hotel Metropole, Karachi-75530 in case of physical shares.

In case shares are held in CDC, electronic dividend mandate form must be directly submitted to shareholder's brokers/participant / CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, M/s. C & K Management Associates (Pvt.) Ltd of the Company by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share Registrar, M/s. C & K Management Associates (Pvt.) Ltd in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

Members are requested to submit declaration as per Zakat & Usher Ordinance 1980 for zakat exempt to Company's share registrar.

HORIZONTAL ANALYSIS

Statement of Financial Position & Profit & Loss Account

STATEMENT OF FINANCIAL POSITION	Rupees in million				% Increase / (Decrease) over preceeding year			
	2023	2022	2021	2020	2023	2022	2021	2020
Property and equipment	87.159	72.739	73.398	70.210	19.82	(0.90)	4.54	(15.44)
Investments							-	-
Equity securities	839.874	681.276	729.258	715.380	23.28	(6.58)	1.94	4.11
Debt securities	70.093	70.104	70.114	60.000	(0.02)	(0.01)	16.86	(0.06)
Term deposits	42.629	42.591	38.570	38.136	0.09	10.43	1.14	26.45
Loan and others receivables	5.135	4.163	14.747	6.552	23.35	(71.77)	125.08	96.88
Insurance / Reinsurance receivables	537.187	386.729	304.283	231.780	38.91	27.10	31.28	16.54
Reinsurance recoveries against outstanding claims	176.420	152.488	178.690	181.535	15.69	(14.66)	(1.57)	61.49
Deferred Commission Expenses	95.313	74.412	64.560	55.990	28.09	15.26	15.31	(11.10)
Deferred Taxation	-	20.409	6.961	2.540	(100.00)	193.19	174.06	100.00
Prepayment	194.269	155.143	165.211	139.837	25.22	(6.09)	18.15	3.72
Taxation-Provision less payment	-	-	-	0.283				
Cash & Bank	108.555	101.815	93.709	111.311	6.62	8.65	(15.81)	(15.18)
Total Assets from General Takaful operation OPF	155.882	126.995	108.194	100.419	22.75	17.38	7.74	9.76
Total Assets	2,312.516	1,888.864	1847.695	1713.973	22.43	2.23	7.80	7.43
Ordinary share capital	665.379	633.695	603.519	561.413	5.00	5.00	7.50	-
Reserves	310.000	290.000	270.000	250.000	6.90	7.41	8.00	-
Unappropriated profit /(loss)	225.050	136.521	172.764	181.860	64.85	(20.98)	(5.00)	60.42
Surplus/(deficit)on revaluation of available for sale	21.992	0.049	1.778	4.362	44,781.63	(97.24)	(59.24)	(50.16)
Total Equity	1,222.421	1,060.265	1048.061	997.635	15.29	1.16	5.05	6.87
Outstanding claims including IBNR	230.153	188.533	212.979	223.491	22.08	(11.48)	(4.70)	45.77
Unearned premium reserves	440.171	339.217	306.513	269.352	29.76	10.67	13.80	(7.82)
Unearned Reinsurance Commission	39.285	31.621	30.638	30.887	24.24	3.21	(0.81)	(10.68)
Deferred taxation	30.144	-	-	-				
Insurance/ Reinsurance Payable	216.604	186.785	195.477	147.241	15.96	(4.45)	32.76	19.84
Other Creditors and Accruals	76.108	48.268	32.419	24.242	57.68	48.89	33.73	1.73
Taxation-Provision less payment	22.637	7.317	0.335	-	100.00	100.00	100.00	(100.00)
Total Liabilities from General Takaful Operation OPF	34.993	26.858	21.273	21.125	30.29	26.25	0.70	(15.20)
Total Equity and Liabilities	2,312.516	1,888.864	1847.695	1713.973	22.43	2.23	7.80	7.43
PROFIT AND LOSS ACCOUNT								
Net insurance premium	460.686	360.467	303.130	319.478	27.80	18.91	(5.12)	(8.14)
Net insurance claims	(139.119)	(93.638)	(64.168)	(76.425)	48.57	45.93	(16.04)	(12.36)
Net Commission and acquisition expenses	(96.383)	(77.236)	(54.981)	(62.012)	24.79	40.48	(11.34)	(5.18)
Management Expenses	(176.318)	(150.167)	(152.112)	(152.031)	17.41	(1.28)	0.05	(1.52)
Underwriting Results	48.866	39.426	31.869	29.010	23.94	23.71	9.86	(28.94)
Investment Income/(loss)	246.032	67.385	74.747	83.543	(265.11)	9.85	(10.53)	(9.90)
Other Income	5.564	0.549	3.257	0.719	913.48	(83.14)	352.99	(55.67)
Others expenses	(72.645)	(59.084)	(50.048)	(47.766)	22.95	18.05	4.78	(5.77)
Profit before tax from takaful operations-Operators fund	29.171	19.324	10.682	18.070	50.96	80.90	40.89	(51.52)
Profit /(Loss) before Tax	256.988	67.600	70.507	83.576	(280.16)	4.12	(15.64)	(13.31)
Income tax expenses	(85.091)	(23.491)	(17.497)	(15.081)	262.23	34.26	16.02	(40.14)
Profit /(Loss) after Tax	171.897	44.109	53.010	68.495	(289.71)	16.79	(22.61)	(3.81)

VERTICAL ANALYSIS

Statement of Financial Position & Profit & Loss Account

Rupees in million

STATEMENT OF FINANCIAL POSITION	2023		2022		2021		2020	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%
Property and equipment	87.159	3.77	72.739	3.85	73.398	3.97	70.210	4.10
Investments	-	-	-	-	-	-	-	-
Equity securities	839.874	36.32	681.276	36.07	729.258	39.47	715.380	41.74
Debt securities	70.093	3.03	70.104	3.71	70.114	3.79	60.000	3.50
Term deposits	42.629	1.84	42.591	2.25	38.570	2.09	38.136	2.23
Loan and others receivables	5.135	0.22	4.163	0.22	14.747	0.80	6.552	0.38
Insurance / Reinsurance receivables	537.187	23.23	386.729	20.47	304.283	16.47	231.780	13.52
Reinsurance recoveries against outstanding claims	176.420	7.63	152.488	8.07	178.690	9.67	181.535	10.59
Deferred Commission Expenses	95.313	4.12	74.412	3.94	64.560	3.49	55.990	3.27
Deferred Taxation	-	-	20.409	1.08	6.961	0.38	2.540	0.15
Prepayment	194.269	8.40	155.143	8.21	165.211	8.94	139.837	8.16
Taxation-Provision less payment	-	-	-	-	-	-	0.283	0.02
Cash & Bank	108.555	4.69	101.815	5.39	93.709	5.07	111.311	6.49
Total Assets from General Takaful operation OPF	155.882	6.74	126.995	6.72	108.194	5.86	100.419	5.86
	-	-	-	-	-	-	-	-
Total Assets	2,312.516	100.00	1,888.864	100.00	1,847.695	100.00	1,713.973	100.00
Ordinary share capital	665.379	28.77	633.695	33.55	603.519	32.66	561.413	32.76
Reserves	310.000	13.41	290.000	15.35	270.000	14.61	250.000	14.59
Unappropriated profit /(loss)	225.050	9.73	136.521	7.23	172.764	9.35	181.860	10.61
Surplus/(deficit)on revaluation of available for sale	21.992	0.95	0.049	0.00	1.778	0.10	4.362	0.25
Total Equity	1,222.421	52.86	1,060.265	56.13	1,048.061	56.72	997.635	58.21
Outstanding claims including IBNR	230.153	9.95	188.533	9.98	212.979	11.53	223.491	13.04
Unearned premium reserves	440.171	19.03	339.217	17.96	306.513	16.59	269.352	15.72
Unearned Reinsurance Commission	39.285	1.70	31.621	1.67	30.638	1.66	30.887	1.80
Deferred taxation	30.144	1.30	-	-	-	-	-	-
Insurance/ Reinsurance Payable	216.604	9.37	186.785	9.89	195.477	10.58	147.241	8.59
Other Creditors and Accruals	76.108	3.29	48.268	2.56	32.419	1.75	24.242	1.41
Taxation-Provision less payment	22.637	0.98	7.317	0.39	0.335	0.02	-	-
Total Liabilities from General Takaful Operation OPF	34.993	1.51	26.858	1.42	21.273	1.15	21.125	1.23
	-	-	-	-	-	-	-	-
Total Equity and Liabilities	2,312.516	100.00	1,888.864	100.00	1,847.695	100.00	1,713.973	100.00
PROFIT AND LOSS ACCOUNT								
Net insurance premium	460.686	100.00	360.467	100.00	303.130	100.00	319.478	100.00
Net insurance claims	(139.119)	(30.20)	(93.638)	(25.98)	(64.168)	(21.17)	(76.425)	(23.92)
Net Commission and acquisition expenses	(96.383)	(20.92)	(77.236)	(21.43)	(54.981)	(18.14)	(62.012)	(19.41)
Management Expenses	(176.318)	(38.27)	(150.167)	(41.66)	(152.112)	(50.18)	(152.031)	(47.59)
Underwriting Results	48.866	10.61	39.426	10.94	31.869	10.51	29.010	9.08
Investment Income/(loss)	246.032	53.41	67.385	18.69	74.747	24.66	83.543	26.15
Other Income	5.564	1.21	0.549	0.15	3.257	1.07	0.719	0.23
Others expenses	(72.645)	(15.77)	(59.084)	(16.39)	(50.048)	(16.51)	(47.766)	(14.95)
Profit before tax from takaful operations-Operators fund	29.171	6.33	19.324	5.36	10.682	3.52	18.070	5.66
Profit /(Loss) before Tax	256.988	55.78	67.600	18.75	70.507	23.26	83.576	26.16
Income tax expenses	(85.091)	(18.47)	(23.491)	(6.52)	(17.497)	(5.77)	(15.081)	(4.72)
Profit /(Loss) after Tax	171.897	37.31	44.109	12.24	53.010	17.49	68.495	21.44

KEY FINANCIAL DATA

10 Years Growth At A Glance

Rupees in million

	2023	2022	2021	2020	2019	2018	2017 Restated	2016 Restated	2015	2014
Ordinary Share Capital	665.38	633.69	603.52	561.41	561.41	561.41	561.41	510.37	463.98	403.46
Share Holder's Equity	1222.42	1060.26	1048.06	997.63	933.53	855.92	798.93	876.96	786.03	725.22
Reserves	310.00	290.00	270.00	250.00	250.00	250.00	250.00	220.00	200.00	180.00
Cash & Bank	108.56	101.81	93.71	111.31	131.22	144.37	160.18	120.24	133.93	104.50
Investment	952.60	793.97	837.94	813.51	777.31	711.11	704.22	795.29	653.67	584.86
Underwriting Provisions	709.61	559.371	550.13	523.73	480.11	588.06	739.39	782.59	868.20	764.85
Total Assets	2312.52	1888.864	1847.695	1713.973	1595.486	1658.65	1791.12	1828.38	1766.56	1595.94
Return on Assets %	7.43%	2.34%	2.87%	4.00%	4.46%	2.95%	(2.16)	5.80%	4.58%	5.65%
Return on Equity %	14.06%	4.16%	5.06%	6.86%	7.63%	5.72%	(4.85)	12.09%	10.34%	12.43%
Ordinary Share Capital to Assets %	28.77%	33.55%	32.66%	32.76%	35.19%	33.85%	31.35%	27.91%	26.26%	25.28%
Total Equity / Total Assets %	52.86%	56.13%	56.72%	58.20%	58.51%	51.60%	44.60%	47.96%	44.50%	45.44%
Written Gross Premium	980.28	761.88	651.20	569.07	622.40	878.68	1155.40	1201.84	1114.40	1028.14
Net Insurance Premium	460.69	360.46	303.13	319.48	347.80	348.24	357.65	359.41	316.42	295.76
Ratio to written Gross Premium %	47.00	47.31	46.55%	56.14%	55.88%	39.63%	30.95%	29.90%	28.39%	28.77%
Net Insurance Claims	139.12	93.63	64.16	76.42	87.21	87.17	88.16	101.72	89.86	94.30
Ratio to Net Insurance Premium %	30.30%	25.97%	21.17%	23.92%	25.07%	25.03%	24.65%	28.30%	28.40%	31.88%
Management Expenses	248.96	209.25	202.16	199.80	205.06	197.66	188.99	179.66	174.36	164.67
Ratio to Written Gross Premium %	25.40%	27.46%	31.04%	35.11%	32.94%	22.49%	16.36%	14.95%	15.65%	16.02%
Ratio to Net Insurance Premium %	54.04%	58.05%	66.69%	62.54%	58.96%	56.76%	52.84%	49.98%	55.10%	55.68%
Investment Income/(Loss)	246.03	67.38	74.75	83.54	92.72	46.67	(40.07)	104.36	86.69	96.22
Return of Investment %	25.83%	8.49%	8.92%	10.27%	11.93%	6.56%	(5.69)	13.12%	13.26%	16.45%
Underwriting Results	48.87	39.75	31.87	29.01	40.82	48.62	67.08	64.29	49.22	39.45
Profit /(loss) Before Tax	256.99	67.60	70.51	83.57	96.40	60.12	(17.59)	120.89	90.79	96.54
Percentage to Written Gross Premium %	26.22%	8.87%	10.83%	14.69%	15.49%	6.84%	(1.52)	10.06%	8.15%	9.39%
Profit /(loss) After Tax	171.90	44.11	53.01	68.49	71.21	48.99	(38.79)	106.04	80.99	90.14
Percentage to Net Insurance Premium	37.31%	12.23%	17.49%	21.43	20.47	14.07%	(10.85)	29.50%	25.60%	30.48%
Earnings/(loss) After Tax Per Share-Rupees	2.58	0.70	0.88	1.22	1.27	0.87	(0.69)	2.08	1.75	1.94
Dividend /Bonus %	10%(C)	5%(B)5%(C)	5%(B)5%(C)	7.5%(B)	-	-	-	10%(B) 5%(C)	10%(B) 5%(C)	15%(B)5%(C)
Break up Value Per Share	18.37	16.73	17.36	17.77	16.63	15.24	14.23	17.18	16.94	17.97

Summary of Cashflow

Total Cash Flow from all Operating Activities	(62.34)	(55.52)	(54.277)	(62.242)	(44.956)	(44.425)	38.113	102.288	40.013	23.354
Total Cash Flow from Investment Activities	99.65	92.557	36.675	42.325	31.811	28.663	26.796	(66.426)	9.450	3.908
Total Cash Flow from Financing Activities	(30.57)	(28.93)	-	-	-	(0.050)	(24.963)	(22.831)	(20.035)	(18.024)
Net Cash Flow From all Activities	6.74	8.106	(17.601)	(19.917)	(13.145)	(15.812)	39.975	13.031	29.428	1.420
Cash and Cash Equivalent at the end of the year	108.56	101.815	93.709	111.310	131.227	144.372	160.185	120.239	133.927	104.499

SHAREHOLDERS' INFORMATION

Registered Office

96-A, Sindhi Muslim Co-operative Housing Society
Karachi.

Head Office

Reliance Insurance House,
181-A, Sindhi Muslim Co-operative Housing Society,
Karachi

Share Registrar Office

C&K Management Associates (Pvt.) Ltd.
404-Trade Tower, Abdullah Haroon Road,
Near Hotel Metropole, Karachi-75530.
Tel: (021) 35687839 & 53685930

Listing on Stock Exchanges

RICL equity shares are listed on Pakistan Stock
Exchange (PSX).

Listing Fees

The annual listing fee for the financial year
2023-2024 was paid to the Pakistan Stock Exchange
and Central Depository Company (CDC) within the
prescribed time.

Stock Symbol

The stock symbol for Reliance Insurance Company
Limited at the PSX is RICL.

Statutory Compliance

During the year, the Company complied with all
applicable provisions of the Companies Act, 2017,
the Insurance Ordinance 2000, Insurance Rules
2017, Listed Companies (Code of Corporate
Governance) Regulations, 2019, the Code of
Corporate Governance, for insurers 2016 and others
regulations prescribed by SECP.

Book Closure Dates

The register of Member and share transfer books of
the Company will remain closed from 20th April,
2024 to 29th April, 2024 (both days inclusive).

42nd Annual General Meeting

Date	:	29th April, 2024
Time	:	12:30 pm
Venue	:	Reliance Insurance House, 181-A, SMCHS, Karachi Physical & (Via Vedio Link)

Website of the Company

A website of your Company has been developed
which allows the users to get the Company related
information about its financial, history, types of
insurance available with the Company and list of
reinsurers etc.

An online complaint system is also available to
improve the efficiency.

Website: www.relianceins.com

Annual, half yearly and quarterly financial statements
of the Company are available at <http://www.relianceins.com>

Disclosures to the Stock Exchange on strategic events
are made as and when required.

Change of Address

Members are requested to immediately notify the
change of address, if any, to the Company's Registrar.

Investors' Grievances Policy

RICL ensures that our Investors receive exemplary
services. Investor's queries and complaints constitute
an important voice for us. Following are our guiding
principles:

- Complaints raised by Investors are dealt in a
timely manner; and
- Investors are informed of avenues to raise their
queries and complaints.

M/s. C&K Management Associates (Pvt.) Ltd., being
the Registrars is primarily responsible to resolve the
investor's grievance. Shareholders' enquiries about
their holding, dividend or share certificate etc. can be
directed to the Share Registrar at the following
address:

M/s. C&K Management Associates (Pvt.) Limited

404, Trade Tower, Abdullah Haroon Road,
Near Hotel Metropole, Karachi.

In case investor's grievance is not addressed up to
his/her satisfaction or within reasonable time.
Investors may also directly write to the Company their
query/complaint at,

SHAREHOLDERS' INFORMATION

Company Secretary

Reliance Insurance Company Limited
181-A, SMCHS Karachi.

Company has designated email id
faraz.ahmed@relianceins.com for handling investor
grievance on which investor can make a complaint.

SUBMISSION OF CNIC COPIES (MANDATORY)

As per SECP directives, the dividend warrants of the shareholders whose valid CNICs, are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are, therefore, advised to submit a photo copy of their valid CNICs and Corporate entities are requested to provide NTN immediately, if already not provided, to the Company's Share Registrar at the following address, M/s. C & K Management Associates (Pvt.) Ltd., 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530 without any further delay.

ELECTRONIC DIVIDEND MANDATE

Under section 242 of Companies Act, 2017 it is mandatory for all listed Companies to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested (if not already provided) to fill in Bank Mandate Form for Electronic Credit of Cash Dividend available on the Company's website www.relianceins.com and send it duly signed along with a copy of CNIC to the Share Registrar of the Company, M/s. C & K Management Associates (Pvt.) Ltd., 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530 in case of physical shares.

In case shares are held in CDC, electronic dividend mandate form must be directly submitted to shareholder's brokers/ participant / CDC account services.

In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to shareholders.

ELECTRONIC TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS AND NOTICES

Pursuant to Notification vide SRO.787(1) / 2014 of September 8, 2014, the SECP has directed to facilitate the members of the Company receiving

annual financial statements and notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive annual financial statements and notices of the Company through email in future. In this respect members are hereby requested to convey their consent via email on a standard request form which is available at the Company website www.relianceins.com. Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the share registrar of any change in their registered email address.

Financial Statements and relevant reports have been placed on the website of the company which can be seen on www.relianceins.com.

CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM

The shareholders heaving physical shares may open CDC sub-account with any of the brokers or Investor Account directly by with the Central Depository Company (CDC) of Pakistan Limited to have their physical shares converted into electronic form. This will facilitate then in many ways including safe custody. Further with the requirement of Section 72 of Companies Act, 2017, every existing company having share capital required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act.

UNCLAIMED DIVIDEND

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 notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years was sent to shareholders. 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 giving 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 Companies Act, 2017.

SHAREHOLDERS' INFORMATION

CONSENT FOR VIDEO CONFERENCE FACILITY

Pursuant to the provision to the Companies Act, 2017 the members can also avail the video Conferencing facility. In this regard, please fill the following and submit to Head Office of the Company at least 7 days before the holding of annual general meeting. If the Company receives consent from members holding aggregate 10% or more shareholding residing at the geographical location to participate in the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I / We, _____ of _____, being a member of Reliance Insurance Co., Ltd. holder of _____ ordinary share(s) as per registered folio no. _____ hereby opt for video conferencing facility at _____.

DECISIONS TAKEN AT THE LAST ANNUAL GENERAL MEETING

As per agenda following matters were approved in the meeting and the decisions taken were implemented in due course:

- Approval of the minutes of the 40th Annual General Meeting, held on 30th April 2022.
- Approval of the audited financial statements for the year ended December 31, 2022 alongwith Directors' and Auditors' reports.
- Approval of payment of Cash Dividend at the rate of 5%.
- Appointment of M/s. BDO Ebrahim & Co., Chartered Accountants as auditors of the Company for the year 2023 and fixation of their remuneration.
- Approval of 5% bonus share.

FINANCIAL CALENDAR

RESULTS

Year ended
31 December
2022

Announcement
Date

MARCH
30, 2023

First
quarter ended
31 March 2023

Announcement
Date

APRIL
27, 2023

Half
year ended
30 June 2023

Announcement
Date

AUGUST
30, 2023

Third
quarter ended
30 Sep 2023

Announcement
Date

OCTOBER
30, 2023

BONUS SHARE & CASH DIVIDEND

Bonus Share
@ 5%

Announcement
Date

MARCH
30, 2023

Cash Dividend
@ 5%

MARCH
30, 2023

Entitlement Date

APRIL
19, 2023

OTHERS

Annual
General Meeting

APRIL
27, 2023

Corporate Briefing
Session

DECEMBER
30, 2023

VIS & Pacra
Credit Rating

RICL at 'A+' (Single A+)
Outlook 'Stable'

DECEMBER
31, 2023

CATEGORIES OF SHAREHOLDING

AS AT DECEMBER 31, 2023

Categories of share holders	Number of share holders	Number of shares held	Percentage of shares held %
ASSOCIATE COMPANIES UNDERTAKINGS AND RELATED PARTIES			
Anam Fabrics	1	86,396	0.13
NIT / ICP/ IDBP			
Investment Corporation of Pakistan, IDBP ICP Units	5	572	0.00
DIRECTORS, CEO & OTHER SPOUSES AND MINOR CHILDREN	12	16,275,830	24.46
The detail are as under:			
MR. IRFAN ZAKARIA BAWANY	1	4,114,256	
MR. MUHAMMAD OMER BAWANY	1	394,490	
MR. ZIA ZAKARIA	1	5,925	
MR. AHMED ALI BAWANY	1	2,821,603	
MR. NOOR M. ZAKARIA	1	1,759,561	
MR. MUHAMMAD PATEL	1	5,925	
MR. NAEEM AHMED SHAFI	1	5,925	
MS. TASNEEM YUSUF	1	5,925	
MR. JAHANGIR ADAM	1	5,925	
MRS. SHEHLA IRFAN	1	3,980,391	
MRS. RUKHSANA BAI OMER	1	1,416,342	
MRS. SHAHNAZ SATTAR ZAKARIA	1	1,759,562	
EXECUTIVE	-	-	-
PUBLIC SECTOR COMPANIES AND CORP.	-	-	-
BANK, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTION, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	3	792	0.00
JOINT STOCK COMPANIES	14	16,889,561	25.38
GOVERNMENT DEPARTMENT	2	932,290	1.40
Federal Board of Revenue			
INDIVIDUALS	1,174	31,545,193	47.41
ISE Tower REIT Management Co. Ltd.	1	2,397	0.00
WELFARE SOCIETY	1	252,527	0.38
Pakistan Memon Educational & Welfare Society			
CHARITABLE TRUSTS	2	551,600	0.83
Begum Aisha Ahmed & Latif Foundation			
Trustee Begum Asia Bawany			
TRADE	1	791	0.00
Rafum Corporation (pvt.) Ltd.			
TOTAL :-	1,216	66,537,949	100.00
SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST.			
M/s.Sharmeen Food (Pvt.) Ltd.	1	7,499,536	11.27
M/s.Irfan Ashfaq & Company (Pvt.) Ltd.,	1	7,308,864	10.98
Mr. Irfan Zakaria Bawany	1	4,114,256	6.18
Mrs.Shehla Irfan	1	3,980,391	5.98

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2023

Number of Shareholders	Shareholdings		Total shares held
	From	To	
415	1	100	7,251
153	101	500	39,341
114	501	1000	81,290
250	1001	5000	571,272
94	5001	10000	666,277
35	10001	15000	418,081
16	15001	20000	280,089
15	20001	25000	335,209
18	25001	30000	495,902
7	30001	35000	223,103
4	35001	40000	151,754
5	40001	45000	213,612
7	45001	50000	331,044
5	50001	55000	267,302
2	55001	60000	116,469
2	60001	65000	124,071
1	65001	70000	65,250
1	70001	75000	71,560
3	75001	80000	230,622
3	85001	90000	262,632
3	90001	95000	277,205
1	95001	100000	97,284
1	100001	105000	103,000
1	125001	130000	127,076
1	130001	135000	130,170
1	135001	140000	138,101
1	140001	145000	144,209
2	145001	150000	296,630
1	150001	155000	153,884
1	160001	165000	162,355
1	165001	170000	169,026
2	175001	180000	353,000
1	180001	185000	182,559
1	190001	195000	193,181
1	230001	235000	232,100
3	235001	240000	710,124
1	245001	250000	248,850
1	250001	255000	252,527
2	255001	260000	516,520
2	275001	280000	553,499
2	295001	300000	594,201
1	310001	315000	311,206
1	350001	355000	351,910
1	390001	395000	394,490
1	400001	405000	403,296
1	410001	415000	412,950
2	440001	445000	885,373
1	490001	495000	491,889
1	525001	530000	526,651
1	540001	545000	543,538
1	585001	590000	587,171
1	720001	725000	723,182
1	750001	755000	751,329
2	760001	765000	1,524,962
1	805001	810000	808,890
1	850001	855000	854,406
1	880001	885000	881,764
1	935001	940000	935,102
1	940001	945000	941,473
1	1000001	1005000	1,000,112
1	1275001	1280000	1,275,294
1	1305001	1310000	1,308,128
1	1340001	1345000	1,341,022
1	1520001	1525000	1,524,045
2	1755001	1760000	3,519,123
1	1995001	2000000	1,995,637
1	2115001	2120000	2,118,619
1	2520001	2525000	2,523,486
1	2600001	2605000	2,600,264
1	2665001	2670000	2,667,719
1	2960001	2965000	2,960,569
1	3975001	3980000	3,978,317
1	7305001	7310000	7,308,864
1	7495001	7500000	7,499,536
1216			66,537,949

Sr. No.	Categories of share holders	Number of share holders	Total shares hold	Percentage %
1	INDIVIDUALS	1186	47,821,023	71.87
2	INVESTMENT COMPANIES	5	572	0.00
3	INSURANCE COMPANIES	1	766	0.00
4	JOINT STOCK COMPANIES	15	16,975,957	25.51
5	FINANCIAL INSTITUTIONS	1	25	0.00
6	WELFARE SOCIETY	1	252,527	0.38
7	CHARITABLE TRUSTS	2	551,600	0.83
8	MODARABA MANAGEMENT COMPANIES	1	1	0.00
9	TRADE	1	791	0.00
10	GOVERNMENT DEPARTMENT	2	932,290	1.40
11	REIT MANAGEMENT	1	2,397	0.00
		1216	66,537,949	100.00

CHAIRMAN'S REVIEW

I am pleased to present the Forty-second Annual Report and Performance Review of your Company on behalf of the Board of Directors for the year ended 31st December 2023.

During the year 2023, Pakistan economy witnessed 0.6 percent contraction in real GDP underscoring the herculean challenges confronting the economy. Multiple factors contributed to this downturn. Internally, political instability, structural inefficiencies, suboptimal productivity levels, and fiscal mismanagement cumulatively exerted downward pressure on economic growth. Externally, the global economic conditions, trade tensions, and geopolitical uncertainties further exacerbated Pakistan's economic challenges.

The historical inflationary trends indicate an upward trajectory in prices across various economic sectors. Elevated inflation erodes consumer purchasing power and exacerbates uncertainty. The exchange rate volatility further adds to unplanned uncertainty for businesses. In response to these challenges, the State Bank of Pakistan's Monetary Policy Committee (MPC) has maintained the policy rate to 22%. However, such a high-interest rate environment poses potential constraints on investment and overall economic expansion resulting in borrowing costs for both businesses and consumers.

The likely rebound in economic activity during FY24 is expected to result in real GDP growth within the 2 – 3 percent range. Agriculture sector remains pivotal in driving the recovery. The outlook for the wheat, rice and cotton crop appears promising. Despite a marginal decline of 0.5 percent in large-scale manufacturing, this sector is expected for resurgence in the forthcoming months, in view of improved capacity utilization, enhanced employment opportunities leading to favorable effects. Moreover, the current effects on commodity-producing sectors and positive trends in other leading indicators promises a gradual improvement in the services sector.

Aligned with our strategic objective to boost the company's revenue, your Company underwrote a gross premium of Rs.1,105.780 million (inclusive of Rs.125.504 million of Takaful Contribution) compared to Rs.857.904 million (inclusive of Rs.96.025 million of Takaful Contribution) in the previous year, marking a notable increase of 29%.

Your Company achieved a profit after tax of Rs.171.898 million, a significant improvement from Rs.44.109 million reported in the previous year. The Operator's Fund recorded a profit after tax of Rs.20.712 million, demonstrating growth compared to Rs.13.720 million in 2022.

In the first half of the year, volatility gripped capital markets, largely attributable to the delayed resumption of the IMF Program and the fragile economic environment. However, the latter half witnessed a turnaround with the implementation of the IMF's Stand-By Agreement and a stabilized currency, reflecting positive momentum into the market. This shift is underscored by the benchmark KSE 100 index hitting from 40,420.45 points to 62,451.04 which recorded a significant return of 54.5% during the course of 2023.

Simultaneously, fixed income markets experienced an increase in yields, fueled by a cumulative rise of 600 basis points in the Policy Rate throughout the year. Despite facing market challenges, your company's prudent investment strategy yielded impressive results, with investment income surging by a notable 265% to Rs.246.032 million compared to Rs.67.385 million in 2022.

As we conclude, I wish to extend my heartfelt thanks and appreciation to the esteemed members of the Board of Directors for their unwavering commitment and guidance in supporting the management. I am also deeply grateful to our shareholders for their trust and steadfast support in our Company.

Furthermore, I would like to express my sincere gratitude for the invaluable support provided by the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited, State Bank of Pakistan, and all our valued reinsurers. Their continued backing and support has been instrumental in our successful journey.

Lastly, but certainly not least, I would like to commend the Chief Executive and their dedicated team for their tireless efforts, unwavering commitment, and sincere dedication. Their contributions have been indispensable to the success of the Company.



Irfan Zakaria Bawany
Chairman
Karachi. 28th March 2024

چیئرمین کا جائزہ رپورٹ

31 دسمبر 2023 کو ختم ہونے والے سال کے لئے بورڈ آف ڈائریکٹرز کے چیئرمین کی حیثیت سے آپ کی کمپنی کی 42 ویں سالانہ رپورٹ اور کارکردگی کا جائزہ پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔ سال 2023 کے دوران پاکستان کی معیشت میں حقیقی جی ڈی پی میں 0.6 فیصد کمی دیکھی گئی جو کہ معیشت کو درجہ اول خطرناک چیلنجز کی نشاندہی کرتی ہے۔ متعدد عوامل نے اس کمی میں حصہ لیا۔ اندرونی طور پر، سیاسی عدم استحکام، سائنسی نااہلی، کم پیداواری سطح، اور مالیاتی بدانتظامی نے مجموعی طور پر اقتصادی ترقی پر نیچے کی طرف دباؤ ڈالا۔ بیرونی طور پر عالمی معاشی حالات، تجارتی تناؤ اور جغرافیائی سیاسی غیر یقینی صورتحال نے پاکستان کے معاشی چیلنجوں کو مزید بڑھا دیا ہے۔

تاریخی افراط زر کے رجحانات مختلف اقتصادی شعبوں میں قیمتوں میں اضافے کی طرف نشاندہی کرتے ہیں۔ بروحتی ہوئی مہنگائی صارفین کی قوت خرید کو ختم کرتی ہے اور غیر یقینی صورتحال کو بڑھاتی ہے۔ شرح مبادلہ میں اتار چڑھاؤ کاروبار کے لیے غیر یقینی صورتحال میں مزید اضافہ کرتا ہے۔ ان چیلنجز کے جواب میں اسٹیٹ بینک آف پاکستان کی مانیٹری پالیسی کمیٹی (MPC) نے پالیسی ریٹ کو 22 فیصد پر برقرار رکھا ہے۔ تاہم، اس طرح کی بلند شرح سود کا ماحول سرمایہ کاری اور مجموعی اقتصادی توسیع پر مکنہ رکاوٹوں کا باعث بنتا ہے جس کے نتیجے میں کاروبار اور صارفین دونوں کے لیے قرض لینے کے اخراجات بڑھتے ہیں۔ مالی سال 2024 کے دوران اقتصادی سرگرمیوں میں مکنہ بحالی کے نتیجے میں حقیقی جی ڈی پی میں 2 سے 3 فیصد تک متوقع ہے۔ زرعی شعبہ معیشت کی بحالی کو آگے بڑھانے میں کلیدی حیثیت رکھتا ہے۔ گندم، چاول اور کپاس کی فصل امید افزا ہے۔ بڑے صنعتی اداروں میں مینوفیکچرنگ میں 0.5 فیصد کمی معمولی کمی کے باوجود، صلاحیت کے بہتر استعمال، روزگار کے مواقع میں اضافہ، اور سازگار بنیادی اثرات کے پیش نظر، آئندہ مہینوں میں اس شعبے کے دوبارہ بہتری کی توقع ہے۔ مزید برآں، اجناس پیدا کرنے والے شعبوں پر موجودہ اثرات اور دیگر اہم امور میں مثبت رجحانات نے خدمات کے شعبے میں بتدریج بہتری کی توقع ہے۔

کمپنی کی آمدنی کو بڑھانے کے لیے ہماری عمدہ حکمت عملی کی وجہ سے آپ کی کمپنی نے پچھلے سال کے 857.904 ملین روپے (بشمول 96.025 ملین روپے) کے مقابلے میں 29 فیصد کا نمایاں اضافہ کے ساتھ 1,105.780 ملین روپے (بشمول 125.504 ملین روپے) مجموعی پریمیم کیا۔

آپ کی کمپنی نے 171.898 ملین روپے کا بعد از ٹیکس منافع حاصل کیا، جو پچھلے سال کی رپورٹ کردہ 44.109 ملین روپے سے اہم اضافہ ہے۔ آپریٹرز فنڈ نے 20.712 ملین روپے کا بعد از ٹیکس منافع ریکارڈ کیا، جو کہ 2022 میں 13.720 ملین روپے کے مقابلے میں اضافہ کا مظاہرہ کرتا ہے۔

سال کی پہلی ششماہی میں، اتار چڑھاؤ نے کچھ مارکیٹوں کو اپنی لپیٹ میں لے لیا، جس کی بڑی وجہ آئی ایم ایف پروگرام کے دوبارہ شروع ہونے میں تاخیر اور کمزور معاشی ماحول ہے۔ تاہم، آخری ششماہی میں آئی ایم ایف کے اسٹینڈ بائی ایگریمنٹ اور منظم کرنسی کے نفاذ کے ساتھ تبدیلی دیکھنے میں آئی، جو مارکیٹ میں مثبت رفتاری عکاسی کرتی ہے۔ اس تبدیلی کو بیچ مارک کے ایس ای 100 انڈیکس کے 40,420.45 پوائنٹس سے 62,451.04 پوائنٹس پر پہنچنے کے ذریعے کم کیا گیا ہے جس نے 2023 کے دوران 54.5 فیصد کی نمایاں واپسی ریکارڈ کی ہے۔

اس کے ساتھ ہی، فیکسڈ انکم مارکیٹس میں اضافہ ہوا، جو پورے سال میں پالیسی ریٹ میں 600 بیس پوائنٹس کے مجموعی اضافے سے ہوا ہے۔ مارکیٹ کے چیلنجوں کا سامنا کرنے کے باوجود، آپ کی کمپنی کی دانشمندانہ سرمایہ کاری کی حکمت عملی نے متاثر کن نتائج حاصل کیے، سرمایہ کاری کی آمدنی 2022 میں 67.385 ملین روپے کے مقابلے میں 265 فیصد اضافے کے ساتھ 246.032 ملین روپے تک پہنچ گئی۔ میں اپنے شیئرز بولڈرز کے اعتماد اور ہماری کمپنی میں ثابت قدم تعاون کے لیے انکا بھی تہنید دل سے مشکور ہوں۔

اختتام پر میں انتظامیہ کی حمایت میں ان کی غیر متزلزل عزم اور رہنمائی کے لیے بورڈ آف ڈائریکٹرز کے معزز ممبران کا تہنید دل سے شکریہ ادا کرنا چاہتا ہوں

کمپنی کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ، اسٹیٹ بینک آف پاکستان اور ہمارے تمام ری انشورنس کنندگان کی جانب سے ان کا مسلسل حمایت اور تعاون قابل ستائش رہا جو تعریف کے قابل ہے۔

آخر میں چیف ایگزیکٹو اور ان کی ٹیم اپنی کوششوں، عزم، اعتقاد اور اخلاقیات کے لئے نیک خواہشات کا اظہار کرتا ہوں


عرفان ذکر یا باوانی
چیئرمین

کراچی 28 مارچ 2024

DIRECTORS' REPORT

The Directors of the Company are pleased to present their report, along with the audited financial statements and Auditor's report for the year ended December 31, 2023.

Despite the challenges encountered throughout the year 2023, we are pleased to announce the following results achieved by your Company:

OPERATIONAL RESULTS FOR THE YEAR 2023

The comparative financial highlights of your Company for the year ended December 31, 2023, are as follows:

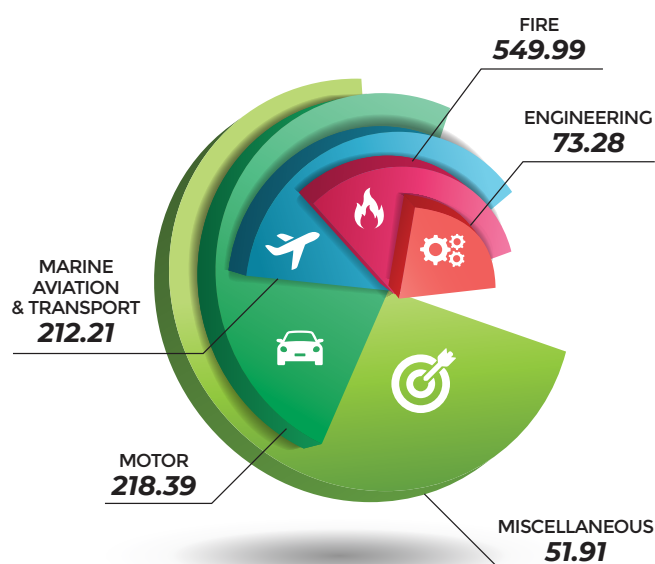
	2023	2022
	Rs. in Million	
Gross Premium		
(Including Takaful Contribution)	1,105.78	857.904
Net Premium	460.686	360.467
Net Incurred Claims		
(including IBNR)	139.119	93.638
Management Expenses	176.318	150.167
Underwriting Profit	48.866	39.426
Investment Income	246.032	67.385
Profit before Taxation	256.988	67.600
Profit after Taxation	171.898	44.109
Earnings per Share		Restated
(EPS) - Rupees	2.58	0.66

Your Company achieved a significant milestone by crossing the gross premium mark of above one billion rupees. We underwrote a gross premium of Rs.1,105.78 million (inclusive of Rs.125.505 million of Takaful Contribution) compared to Rs.857.904 million (inclusive of Rs.96.026 million of Takaful Contribution) in the previous year, reflecting an increase of Rs.247.876 million - a growth of 29%.

Furthermore, the net premium also notably increased from Rs.360.467 million to Rs.460.686 million - an increase of Rs.100.219 million.

During the year, the company incurred claims amounting to Rs.139.119 million, compared to Rs.93.638 million in the previous year, indicating an increase of Rs.45.481 million. Despite this rise in claims, the company managed to achieve an underwriting profit of Rs.48.866 million, as opposed to Rs.39.426 million in the previous year, highlighting the strength of its core business operations.

Despite macroeconomic challenges, the net profit after tax stood at Rs.171.898 million, showing a substantial increase from Rs.44.109 million in the previous year. These figures underscore the company's resilience and effective management in navigating challenges while maintaining a robust financial performance.

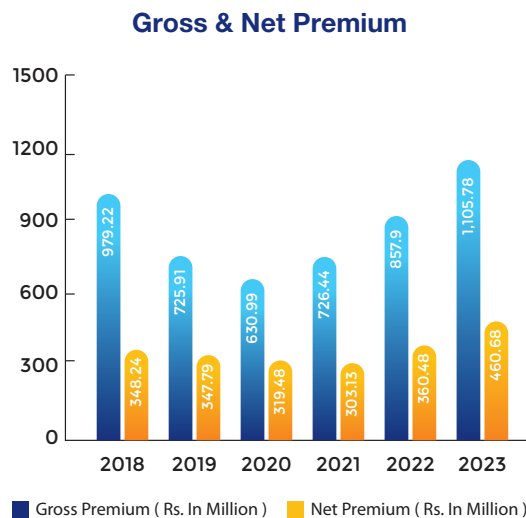


Over the years, we have consistently raised concerns regarding the unilateral and arbitrary fixation of so-called 'Bank Limits' and the delisting / non-listing / prequalifying practices adopted by some Banks, DFIs (Development Financial Institutions), Financial Institutions, and various Authorities / Organizations. These practices have led to an unequal playing field for market participants within the insurance industry.

It is imperative that these discriminatory practices be addressed by the relevant authorities for the larger and best interests of the insurance industry. Fair and transparent regulations are essential to foster healthy competition and ensure equal opportunities for all stakeholders. We urge for concerted efforts to rectify these issues and establish a level playing field conducive to the growth and sustainability of the insurance sector.

INVESTMENT

The overall investment policy of your Company remains largely unchanged, with focus on Shariah-compliant Islamic Funds and secure risk-free returns.



RICL's shares portfolio is strategically diversified among various sectors, primarily focusing on blue-chip stocks with high dividend yields, bonus payouts, and promising future growth prospects. This balanced approach between fixed-income securities and equities is meticulously monitored by the Investment Committee.

The capital markets experienced notable volatility during the first half of the year, primarily attributed to delays in the resumption of the IMF Program and a challenging economic environment. However, the market sentiment improved significantly in the second half following positive developments such as the IMF's Stand-By Agreement and currency stabilization efforts. Remarkable market momentum was reflected in the benchmark KSE 100 index, which surged by 54.5% throughout 2023. Starting at 40,420.45 points on December 31, 2022, the index soared to 62,451.04 points by December 31, 2023, marking an impressive increase of 22,030.59 points. Moreover, the fixed-income markets experienced heightened yields as the Policy Rate underwent a cumulative increase of 600 basis points over the course of the year.

Despite the market challenges, your company's prudent investment strategy yielded significant results. Investment income saw a substantial surge, increasing by 265.11% to reach Rs.246.032 million in 2023, compared to Rs.67.385 million in 2022. This robust performance underscores the effectiveness of the company's cautious approach in navigating market fluctuations and capitalizing on emerging opportunities.

Dividend income amounted to Rs. 108.313 million, showing an increase of Rs. 25.183 million - 30.29% from the previous year's Rs. 83.130 million. Additionally, the Company realized capital gains of Rs. 14.090 million, up from Rs. 7.329 million in the previous year. The unrealized gain stood at Rs. 95.145 million, a significant improvement from the previous year's unrealized loss of Rs. 41.367 million.

Your company also generates a significant portion of its investment income from sustainable sources such as profits, dividends, and capital gains, ensuring a steady income stream. The investment portfolio, including Term Deposits amounting to Rs. 42.629 million, stood at Rs. 952.595 million as of December 31, 2023, compared to Rs. 793.970 million in the previous year. Cash and Bank Deposits Accounts amounted to Rs. 108.555 million, compared to Rs. 101.815 million in the previous year.

CLAIMS

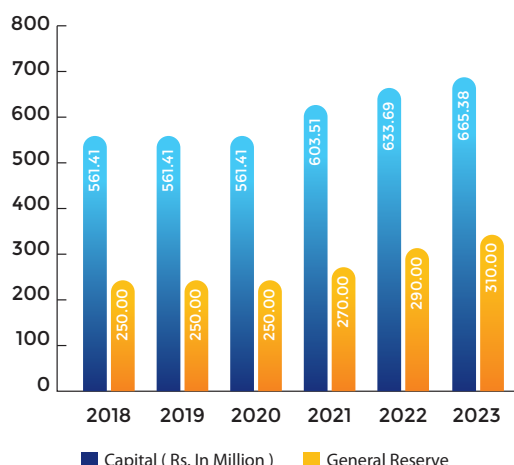
The Company recognizes its liability for all claims incurred up to the Statement of Financial Position date, assessing them at the undiscounted value of expected future payments.

To account for claims incurred but not yet reported (IBNR), a provision is established at the balance sheet date. Adhering to SECP Circular No.9 of 2016, the Company engages actuarial expertise to determine IBNR claims. This estimation utilizes the Chain Ladder (CL) methodology, which involves identifying development factors or link ratios for each period. These factors are then aggregated to calculate the Cumulative Development Factor (CDF), representing the projected progression of claims towards their ultimate level.

REINSURANCE

We are pleased to state that your Company has successfully finalized reinsurance programme for the year 2024. Swiss Re, the world's most prestigious and renowned reinsurer, continues to lead RIC's reinsurance program for the year 2024. Furthermore, the underwriting capacity for Fire, Engineering, Marine and Motor lines of business has seen further improvement in 2024. This enhancement enables your Company to underwrite larger risks effectively. We extend our heartfelt gratitude to all our reinsurers for their unwavering confidence, understanding, and continued support. Their collaboration is instrumental in ensuring the success and stability of our operations.

Capital & Reserves



WINDOW TAKAFUL OPERATIONS

The Securities and Exchange Commission of Pakistan (SECP), Insurance Division, granted license to the Company to undertake Window Takaful Operations on May 25, 2016. Reliance Takaful operates under the guidance of a renowned, qualified, and certified Shariah Scholar.

Reliance Takaful offers a comprehensive range of Shariah-compliant General Takaful products, including Fire and Property Takaful, Marine Cargo Takaful, Private/Commercial Vehicles Takaful, Engineering Takaful, and Miscellaneous and Accident Takaful.

We are committed to providing ethical and transparent Takaful solutions that align with Islamic principles and cater to the diverse needs of our customers.

The summarized comparative results of Window Takaful operations are as follows:-

	2023	2022
	Rs. in Million	
Gross Contribution	125.505	96.026
Net Contribution	58.741	42.578
Wakala Expense	44.561	37.571
Surplus for the year – PTF	0.245	5.234
Operator's Fund		
Revenue Account	9.203	7.651
Operator's before tax Profit	29.171	19.324

APPROPRIATION OF PROFIT

	2023
	Rs. in Million
Amount brought forward from previous years	53.152
Profit after tax for the year ended 31st December, 2023	171.898
Amount available for appropriation	225.050

Your Directors recommend appropriation in the following manner:-

APPROPRIATION:

	2023
	Rs. in Million
Proposed Cash Dividend @ 10% (2022: 5%)	66.538
Proposed issue of Bonus Shares Nil (2022: 5%)	-
Transfer to General Reserve Rs.90 million (2022: Rs.20 million)	90.00
Un-appropriated balance carried forward	68.512

ENHANCED RESERVES

Your Directors are steadfast in their belief in bolstering the Reserves (General Reserve) in tandem with the growth and future prospects of the Company. In alignment with this strategic vision, the Board of Directors has approved the aforementioned appropriations, resulting in an increase of Reserve to Rs.400 million.

INFORMATION TECHNOLOGY

The significance of Information Technology (IT) in the current landscape cannot be overstated. It has become essential as the availability of uninterrupted IT services plays a dynamic role in core business operations. Your Company is dedicated to continual investment in expanding and upgrading its technological platform. The General Insurance Software 'iGIAS' has been successfully operational at branch levels for many years. One of its standout features is its integration across all modules, including Underwriting, Claim, Accounts, and Reinsurance. Built on Java scripting and supported by an Oracle database, 'iGIAS' ensures hassle-free data management that prioritizes security.

'iGIAS' has also been adapted to incorporate General Takaful services, successfully implemented at branch levels for Takaful operations. This adaptation has significantly improved the operational capabilities of relevant departments, strengthening internal controls and enhancing the effectiveness of the management information system.

In line with industry standards, the Securities and Exchange Commission of Pakistan (SECP) has issued guidelines on Cyber Security framework for the Insurance Sector in 2020. This initiative aims to align the Cyber Security Framework with the overall risk management framework and achieve ISO 27001 certification, thereby significantly reducing the risk against internal errors or breaches.

The IT strategy of the Company is fully aligned with operational requirements to ensure swift services for our customers, ultimately aiming for the highest level of customer satisfaction.

CREDIT RATING

PACRA and VIS both credit rating agencies of Pakistan have assigned Insurer Financial Strength (IFS) rating of Reliance Insurance Company Limited (RICL) at 'A+' (Single A Plus). Outlook on the assigned Rating is 'Stable'. The assigned rating reflects sound capitalization level and liquidity profile of the company. Reinsurance panel is considered strong with Swiss Re as the lead reinsurer. Retention level and treaty capacities have witnessed steady increase given anticipated growth in business volume.

RELATED PARTY TRANSACTIONS

All related party transactions have been reviewed \ recommended by the Audit Committee and approved by the Board of Directors in their respective meetings. All transactions executed with related parties are on arm's length basis.

LIQUIDITY MANAGEMENT

The company prudently manages liquidity to ensure its ability to meet contractual obligations more efficiently through the cash flow generated from its core business as well as investment and other income. Your company meets the solvency requirements and maintains strong cash flow to meet any unforeseen exigencies.

As of December 31, 2023, your company's solvency stood at Rs.498.677 million, exceeding the statutory required solvency of Rs.150 million by Rs.348.677 million. This surplus over the minimum solvency requirement underscores strong financial position and ability to navigate potential challenges with confidence.

DEFERRED TAXATION

Deferred tax, if any, is provided using the liability method on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax assets and liabilities, if any, are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted, or substantially enacted of the statement of financial position date.

Deferred tax assets, if any, are recognized only to the extent that it is probable that future taxable profit will be available against which the assets can be utilized.

ANTI-MONEY LAUNDERING AND COUNTERING FINANCING TERRORISM

SECP has issued guidelines/regulations on anti-money laundering policies and procedures and also various circulars for the implementation of Know Your Customer (KYC) Guidelines applicable on insurance companies. SECP has also issued Anti Money Laundering and Countering Financing of Terrorism Regulations 2020 which are very comprehensive guidelines for AML and KYC. RICL has implemented these guidelines to cater the relevant risk and exposure.

ROLE OF COMPLIANCE

Role of Compliance Function is imperative to evaluate the efficiency and effectiveness of internal control against risks and threats, particularly with respect to regulatory compliance. The Compliance Officer is responsible to improve the control environment and ensure compliance of various applicable laws, regulatory requirements, internal policies and procedures with specific emphasis on compliance with SECP's Regulations.

CORPORATE GOVERNANCE LEADERSHIP SKILL PROGRAM

Following directors have successfully completed Corporate Governance Leadership skills (CGLS) program of Pakistan Institute of Corporate Governance (PICG)/The Institute of Chartered Accountants of Pakistan.

1. Mr. Irfan Zakaria Bawany
2. Mr. Ahmed Ali Bawany
3. Ms. Tasneem Yusuf
4. Mr. Muhammad Patel

Five Directors meet the criteria of eligibility as directors having 15 years' experience on the Board of listed companies and 14 years of Education as stipulated under Listed Companies (Code of Corporate Governance) Regulations, 2019.

CORPORATE BRIEFING

A Corporate Briefing session was conducted for Shareholders and Analysts on December 30, 2023, in compliance with the regulations of the Pakistan Stock Exchange. The session was conducted via video link and/or physical attendance, facilitating participation from both remote and in-person attendees. Senior Management and Shareholders were present during the briefing, providing valuable insights and updates on the company's performance, strategic initiatives, and future outlook. This session served as an important platform for transparent communication, fostering engagement and collaboration between the company's management and its stakeholders.

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the regulatory authority have been duly complied with. A statement to this effect is annexed with the report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Company has been in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan. There has been no material departure from best practices of the Corporate Governance, as detailed therein.

- a) The financial statements prepared by the management of the company fairly present its state of affairs, the results of the operations, cash flow and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statement and accounting estimates are based on reasonable and prudent judgments.

- d) The International Accounting Standard, International Financial Reporting Standards (IFRS), or any other regulation or law as applicable in Pakistan have been followed in preparation of financial statements and any departure from there has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) The pattern of shareholding in the Company as at 31st December, 2023 is annexed to the accounts.
- g) There are no significant doubts upon the Company's ability to continue as a going concern.
- h) There has been no material departure from the best practices of Corporate Governance.
- i) Key operating and financial data for the last Ten years in summarized form is annexed.
- j) The Value of investments based on the unaudited accounts as at 31st December 2023, in respect of the Provident Fund stood at Rs.109.463 million.

BOARD OF DIRECTORS

The total number of Directors are nine (9) as per following:-

- (a) Male 08
- (b) Female 01

The composition of board is as follows:-

• Independent Directors	(3)
• Non-Executive Directors	(6)
• Executive Director	(1)

Mr. A. Razak Ahmed is the Chief Executive and Managing Director of the company. Being the CEO & MD of the company he is deemed to be a director.

The Board was actively involved during the year in performing its duties including those to be performed under various relevant Laws and Memorandum and Articles of Association of the Company, with the ultimate objectives of self-guarding the interest of the Shareholders, increase in profitability of the Company and promoting market confidence.

All the directors possess rich exposure of diverse field of business and professions and also requisite skills and understanding to deal with various business and corporate issues and have ability to review, analyze and challenge the management performance. They have contributed immensely in terms of their experience and practical advice.

DIRECTOR'S REMUNARATION

In accordance with the provisions of Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Articles of Association of the Company, the policy concerning remuneration for non-executive directors including Independent directors, is that no remuneration is paid except meeting fee for attending the Board meetings as per the requirements of Article 137 of the Company's Articles of Association.

ROLE OF CHAIRMAN & MANAGING DIRECTOR /CEO

Chairman of the Board is responsible to ensure that the Board is working properly and all the matters relevant to the governance of the company are considered in the Board Meetings. The Chairman presides and conducts the Board meetings and is responsible to lead the Board and ensure its effective functioning and continuous development. The Chairman has no involvement in day-to-day operations of the Company.

MANAGING DIRECTOR/CEO

The Board of Directors appoint The Managing Director / Chief Executive Officer of the Company for the tenure of three years. Chief Executive Officer is responsible for the operations of the Company and conduct of its business in accordance with all statutory obligations and subject to the direction of the Board and power vested in him by law. His responsibilities include implementation of strategies and policies of the Board. He is responsible for exercising the overall control, direction, administration and supervision for sound and efficient management and conduct of the business of the Company. The Chairman and Managing Director meet regularly to discuss / review issues, opportunities and challenges.

MD's PERFORMANCE REVIEW

The performance of the Managing Director is evaluated by the Board on annual basis based on the business activities performed during the year.

BOARD COMMITTEES

The Board has constituted Audit, Investment, Human Resource & Remuneration and Nomination Committees comprising of the following Non-Executive Directors:

AUDIT COMMITTEE

The following are the members of audit committee.

1.	Ms. Tasneem Yusuf	Chairperson (Independent Director)
2.	Mr. Irfan Zakaria Bawany	Member (Non-Executive Director)
3.	Mr. Muhammad Omar Bawany	Member (Non-Executive Director)
4.	Mr. Faraz Abdul Razzak	Secretary

The terms of reference of the Audit Committee include the following:

- i. Recommending to the Board of Directors the appointment of External Auditors and consider any questions of audit fee; taking into consideration a number of factors including satisfactory rating under ICAPS quality control review program;
- ii. Consideration of questions regarding resignation or removal of External Auditors;
- iii. Determination of appropriate measures to safeguard the company's assets;
- iv. Review of quarterly, half yearly and annual financial statements of the Company, prior to the approval by the Board of Directors;
- v. Major judgmental areas;
- vi. Review of adjustments resulting from audit;
- vii. Going concern assumption;
- viii. Any changes in auditing policies and practices;
- ix. Review of preliminary announcement of results prior to publication;
- x. Review and recommend all related party transactions;
- xi. Compliance with applicable accounting standards;
- xii. Determination of compliance with relevant statutory requirements;
- xiii. Monitoring compliance with the best practices of corporate governance and regulations and identification of any significant violations thereof;
- xiv. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- xv. Consideration of any other issue or matter as may be assigned by the board of directors;
- xvi. facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- xvii. review of arrangement for staff and management to report to audit committee in confidence, concerns, if any about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- xviii. review of management letter issued by external auditors and management's response thereto;
- xix. ensuring coordination between the internal and external auditors of the company;
- xx. review the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;

- xxi. ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective;
- xxii. review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
- xxiii. instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;

INVESTMENT COMMITTEE

Investment Committee consists of six members:

1.	Mr. Irfan Zakaria Bawany	Chairman (Non-Executive Director)
2.	Mr. Ahmed Ali Bawany	Member (Non-Executive Director)
3.	Ms. Tasneem Yusuf	Member (Independent Director)
4.	Mr. Muhammad Patel	Member (Non-Executive Director)
5.	Mr. A. Razak Ahmed	Member (Executive Director)
6.	Mr. Ghulam Haider	Member (Chief Financial Officer)
7.	Mr. Muhammad Salim Memon	Secretary

EATHICS, HUMAN RESOURCES & REMUNERATION COMMITTEE

The committee comprises of four members:

1.	Mr. Naeem Ahmed Shafi	Chairman (Independent Director)
2.	Mr. Irfan Zakaria Bawany	Member (Non-Executive Director)
3.	Mr. Noor Mohammad Zakaria	Member (Non-Executive Director)
4.	Mr. A. Razak Ahmed	Member (Executive Director)
5.	Mr. Masood Alam	Secretary

Management Committees

The Board has also constituted three Management Committees – namely Underwriting, Reinsurance & Co-insurance, Claims Settlement and Takaful committees. These committees meet on regular basis and are headed by the Chief Executive Officer. The functions and composition of the committees are given below:-

UNDERWRITING, REINURANCE & CO-INSURANCE COMITTEE

The functions of the Underwriting Committee includes:-

- The Underwriting Committee formulates the underwriting policy of the Company.

- It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers.
- It regularly reviews the underwriting and premium policies of the Company with due regards to relevant factors such as the business portfolio and the market scenario.

The functions of the Reinsurance & Co-Insurance Committee includes:-

- This committee ensures that adequate reinsurance arrangements are made for company's business.
- The Committee pursues the proposed reinsurance arrangements prior to their execution, review the arrangements from time to time and subject to the consent of the participating reinsurers suggest appropriate adjustments from time to time.
- The Committee also assesses the effectiveness of the reinsurance programme for future reference.

The Committee consists of the following members:-

1.	Mr. A. Razak Ahmed	Chairman
2.	Mr. M. Hanan Shahdani	Member
3.	Mr. Abdul Rahim	Member
4.	Mr. Abbas Baghat	Secretary

CLAIMS SETTLEMENT COMMITTEE

The functions of the Committee includes:-

- It reviews the class wise aging of outstanding claims.
- The Committee determines the circumstances under which claims disputes shall be brought to its attention and decide how to deal with such claims disputes.
- The Committee shall review matters relating to management of claims. It oversees the claim position of the company and ensures adequate claims reserves are made.
- The Committee pays attention to significant claims cases or event which give rise to a series of claims and oversees the implementation of measures for combating claims.

The Committee comprises of the following members:-

1.	Mr. A. Razak Ahmed	Chairman
2.	Mr. Ghulam Haider	Member
3.	Mr. Shaikh Muhammad Siddiq	Member
4.	Mr. Muhammad Ebrahim	Secretary

RISK MANAGEMENT & COMPLIANCE COMMITTEE

The functions of the committee includes:

- Monitoring and review of all material controls (financial, operational, compliance).
- Risk mitigation measures are robust and integrity of financial information is ensured.
- Appropriate extent of disclosure of company's risk framework and internal control system in Director's Report.

The Committee consists of the following members:-

1.	Mr. A. Razak Ahmed	Chairman
2.	Mr. Ghulam Haider	Member
3.	Mr. Faraz Abdul Razzak	Member
4.	Mr. Najmullah Khan	Member
5.	Mr. M. Hanan Shahdani	Member
6.	Mr. Ghulam Mujaddid	Member
7.	Mr. Abdul Rahim	Member
8.	Mr. Mohammad Masood Ali	Member
9.	Mr. M. Naveed Jan	Secretary

NOMINATION COMMITTEE

The functions of the Committee includes:-

- Considering and making recommendations to the board in respect of the members of Board committees.
- Keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.

The Committee consists of the following members:-

1.	Mr. A. Razak Ahmed	Chairman
2.	Mr. Ghulam Haider	Member
3.	Mr. Faraz Abdul Razzak	Member
4.	Mr. M. Hanan Shahdani	Member
5.	Mr. Muhammad Salim Memon	Member & Secretary

TAKAFUL COMMITTEE

The function of Takaful Committee is to review performance of the Takaful Operations and advise the Board on quarterly basis. The Committee endorse the policies and procedures to be implemented in the Takaful Operations. It recommends the appointment of key personnel related to Takaful Operations. The Committee also monitors the adherence to the Takaful Rules and Shariah principles.

The following are the members of Takaful committee:

1.	Mr. A. Razak Ahmed	Chairman
2.	Mr. Najmullah Khan	Member
3.	Mr. Kashif Wadiwala	Secretary

Board of Director's Meetings

During the year Five (5) meetings of the Board of Directors were held and the number of meetings attended by each Director is given hereunder:

S.No.	Name of Directors	Attendance
1	Mr. Irfan Zakaria Bawany	5
2	Mr. Muhammad Omer Bawany	4
3	Mr. Ahmed Ali Bawany	3
4	Mr. Noor M. Zakaria	4
5	Mr. Zia Zakaria	4
6	Mr. Muhammad Patel	4
7	Mr. Naeem Ahmed Shafi	5
8	Ms. Tasneem Yusuf	5
9	Mr. Jahangir Adam	5

TRADING OF COMPANY'S SHARES

No trading in the shares of the Company was carried-out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

PATTERN / CATEGORIES OF SHAREHOLDING

The pattern of shareholding of the company is annexed.

STATEMENT OF THE ETHICS AND BUSINESS PRACTICES

The Board has adopted the statement of Ethics and Business Practices. All employees are informed and are required to observe these rules of conduct.

TRAINING PROGRAM

Our commitment to staff development is upheld through continuous training initiatives conducted throughout the year. In line with this commitment, both staff members and senior officers were nominated to participate in various seminars and training courses, as recommended by the nomination committee. These training programs aim to enhance the knowledge, skills, and competencies of our workforce, ensuring they remain abreast of industry best practices and developments. By investing in ongoing training opportunities, we strive to empower our employees to perform at their best and contribute effectively to the company's success.

AUDITORS

M/s. BDO Ebrahim & Co. Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for re-appointment for the financial year ending 31st December 2024 at a fee to be mutually agreed.

The Audit Committee has recommended and the Board has endorsed the appointment of M/s. BDO Ebrahim & Co., Chartered Accountants, as auditors for the year ending 31st December 2024.

FUTURE OUTLOOK

The economic landscape of Pakistan in 2023 was marked by uncertainties stemming from various factors including dwindling forex reserves, mounting current account deficit, staggering inflation, and severe devaluation of the Pak rupee.

Looking ahead, the future outlook presents a mixed picture with some indicators showing modest improvement while others remain concerning. Projections suggest a modest GDP growth of 2-3 percent in 2024. The State Bank of Pakistan (SBP) also expects real GDP growth to remain in the range of 2-3 percent in FY24.

Inflation has been a major concern, reaching 43 percent in December 2023. SBP expects average inflation to fall within the range of 23-25 percent in FY24, with a noticeable downward trend in FY25. Geopolitical tensions have led to a surge in global freight charges, posing risks for global trade and commodity prices. SBP has maintained a record-high policy rate of 22 percent since June 2023 to curb inflationary pressures and stabilize the currency.

Despite challenges, there are positive prospects in agriculture and signs of potential recovery in the industrial sector. However, risks such as budget deficit, mounting debt obligations, and soaring inflation remain concerns for economic stability. Negotiating a new IMF program is crucial to achieving sustainable financing solutions.

In the face of these challenges, bold and creative thinking is essential. We are confident that our team will spare no effort in striving for positive results.

Furthermore, Takaful operations will provide further avenues and opportunities to enhance our company's business, contributing to our growth and success in the future.

ACKNOWLEDGMENT

We express our heartfelt gratitude to our esteemed customers for their unwavering patronage and support. Additionally, we extend our sincere thanks to all our Reinsurers, including Pakistan Reinsurance Company Limited, and Brokers for their invaluable guidance and support.

We deeply appreciate the ongoing cooperation and assistance provided by the Securities & Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Their professional guidance and support have been instrumental in our journey over the years.

Directors also acknowledge and commend the tireless efforts of our Officers, Field Force, and Staff. Their dedication, sincerity, and hard work have significantly contributed to the growth of the Company.

Last but not least, we are grateful to our shareholders for their confidence, support, and understanding. Your unwavering belief in our vision and mission is highly appreciated.

By Order of the Board



Irfan Zakaria Bawany
Chairman

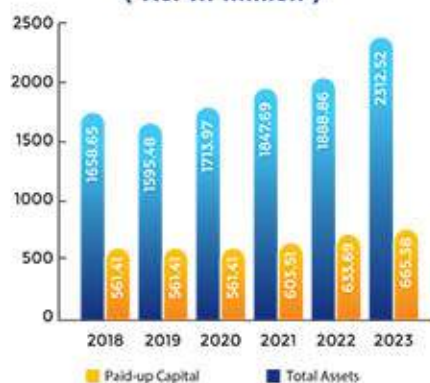


A. Razak Ahmed
Chief Executive &
Managing Director

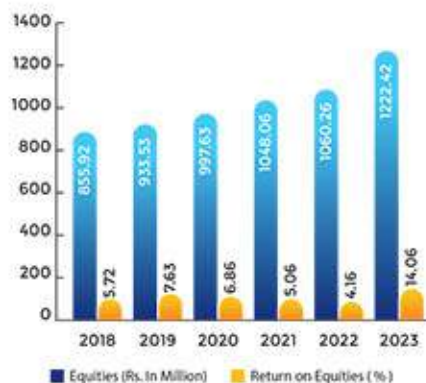
Karachi: 28th March, 2024

GRAPHICAL PRESENTATION

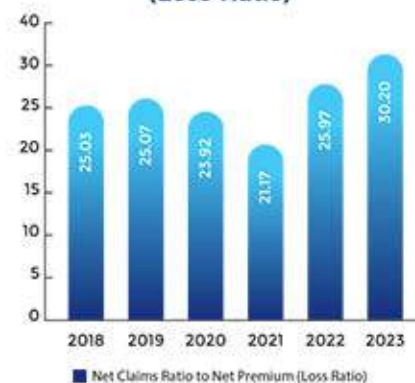
**Total Assets & Paid-up Capital
(Rs. In Million)**



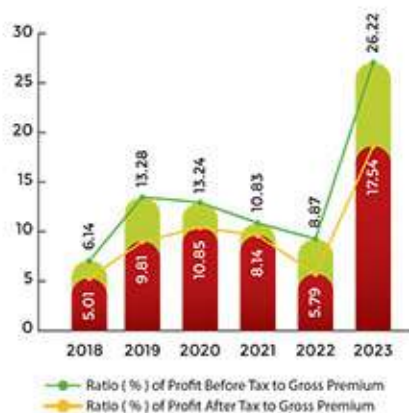
Equities & Return on Equities



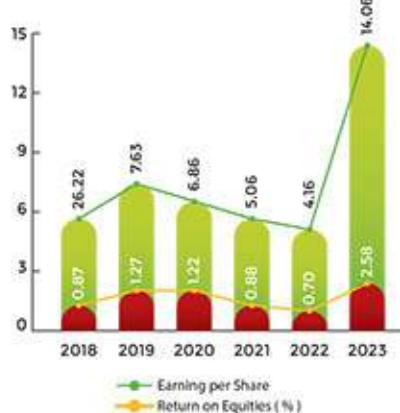
**Net Claims Ratio to Net Premium
(Loss Ratio)**



Ratio of Profit Before & After Tax to Gross Premium



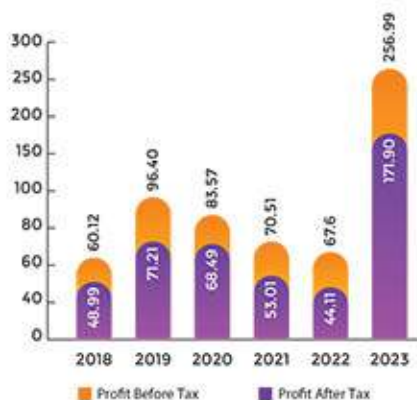
Return on Equity & Earning per Share



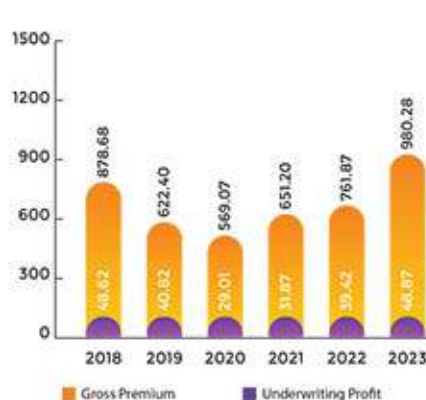
Return on Investment



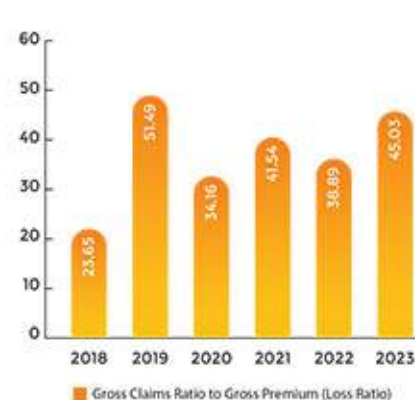
Profit Before Tax & After Tax



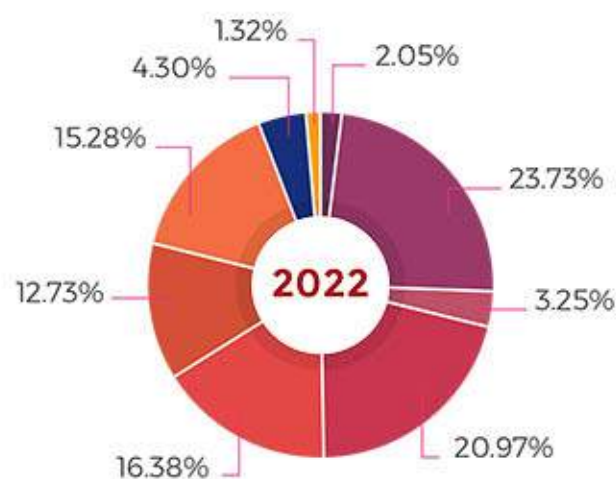
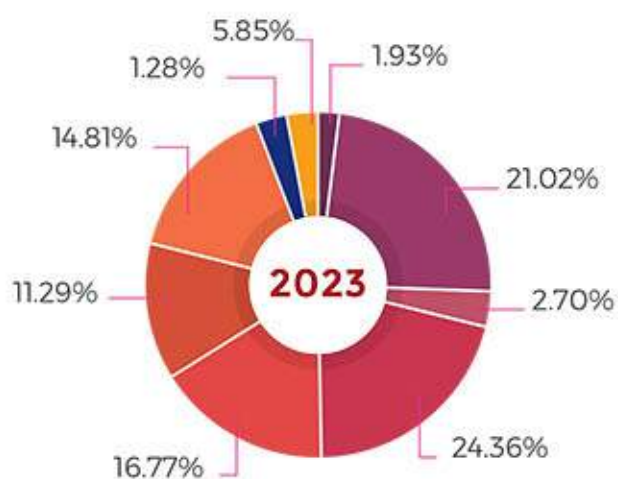
Gross Premium & Underwriting Profit



Gross Claims Ratio to Gross Premium



ASSETS, LIABILITIES & EQUITIES

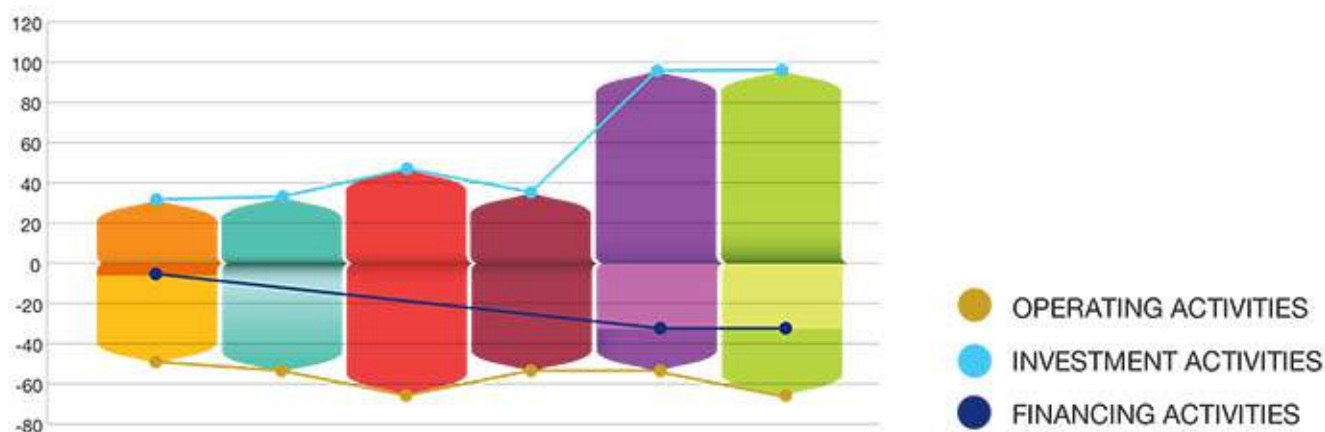


SUMMARY OF CASH FLOW

Cash Flow Statement

NET CASH FLOW FROM OPERATING ACTIVITIES
NET CASH FLOW FROM INVESTING ACTIVITIES
NET CASH FLOW FROM FINANCING ACTIVITIES

2023	2022	2021	2020	2019	2018
(62.34)	(55.520)	(54.277)	(62.242)	(44.956)	(44.425)
99.65	92.55	36.67	42.325	31.811	28.663
(30.57)	(28.92)	-	-	-	(0.050)



اظہارِ تشکر:

ہم اپنے معزز صارفین کا ان کی مستقل سرپرستی اور تعاون کے لئے شکریہ ادا کرنا چاہتے ہیں۔ ہم اس موقع کا فائدہ اٹھاتے ہوئے اپنے تمام ری انشوررز بشمول پاکستان ری انشورنس کمپنی لمیٹڈ اور بروکرز کا بھی ان کی رہنمائی اور قابل قدر سپورٹ کے لئے شکریہ ادا کرتے ہیں۔

ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور اسٹیٹ بینک آف پاکستان (SBP) کے سالہا سال سے مستقل تعاون اور رہنمائی کے لئے ان کی پیشہ ورانہ رہنمائی، معاونت اور سپورٹ پر شکر گزار ہیں۔

ڈائریکٹرز افسران، فیلڈ فورس اور اسٹاف کی جانب سے کمپنی کی ترقی کے ضمن میں ان کی شراکت کے لئے ان کی انتھک محنت، عزم، دیانتداری کو بھی خراج تحسین پیش کرتے ہیں۔

آخر میں، ہم اپنے شیئر ہولڈرز کے اعتماد، تعاون اور سمجھ بوجھ کے لیے ان کے مشکور ہیں ہمارے وژن اور مشن پر آپ کا غیر متزلزل یقین انتہائی قابل تعریف ہے۔

حسب احکام بورڈ



اے رزاق احمد

چیف ایگزیکٹو و نیجنگ ڈائریکٹر



عرفان ذکر یا باوانی

چیئر مین

کراچی 28 مارچ 2024

مستقبل پر ایک نگاہ:

2023 میں پاکستان کا معاشی منظر نامہ مختلف عوامل سے پیدا ہونے والی غیر یقینی صورتحال سے دوچار تھا جس میں غیر ملکی زرمبادلہ کے ذخائر میں کمی، بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، حیران کن افراط زر، اور پاکستانی روپے کی شدید قدر میں کمی شامل ہیں۔

مستقبل کا نقطہ نظر ایک ملی جلی تصویر پیش کرتا ہے جس میں کچھ اشارے معمولی بہتری کو ظاہر کرتے ہیں جبکہ دیگر اسی طرح رہے گا۔ تخمینوں کے مطابق 2024 میں جی ڈی پی میں 2 سے 3 فیصد کی معمولی نمو ہوگی۔ اسٹیٹ بینک آف پاکستان (SBP) کو بھی توقع ہے کہ مالی سال 24 میں حقیقی GDP نمو 2 سے 3 فیصد رہے گی۔

دسمبر 2023 میں افراط زر کی شرح 43 فیصد تک پہنچنا کا ایک بڑا مسئلہ ہے۔ اسٹیٹ بینک کو توقع ہے کہ مالی سال 2024 میں اوسط افراط زر 23 سے 25 فیصد کی حد میں رہے گا اور مالی سال 2025 میں نمایاں کمی کا رجحان رہے گا۔ جغرافیائی سیاسی تناؤ کی وجہ سے عالمی مال برداری کے اخراجات میں اضافہ ہوا ہے، جس سے عالمی تجارت اور اجناس کی قیمتوں کو خطرات لاحق ہو گئے ہیں۔ اسٹیٹ بینک نے افراط زر کے دباؤ کو روکنے اور کرنسی کو مستحکم کرنے کے لیے جون 2023 سے اب تک 22 فیصد کی ریکارڈ بلند شرح پالیسی برقرار رکھی ہے۔

چیلنجوں کے باوجود زراعت میں مثبت امکانات ہیں اور صنعتی شعبے میں ممکنہ بحالی کے آثار ہیں۔ تاہم، بجٹ خسارہ، بڑھتے ہوئے قرضوں کی ذمہ داریاں، اور بڑھتی ہوئی افراط زر جیسے خطرات معاشی استحکام کے لیے تشویش کا باعث بنے ہوئے ہیں۔ پائیدار مالیاتی حل کے حصول کے لیے ایک نئے آئی ایم ایف پروگرام پر گفت و شنید انتہائی اہم ہے۔

ان چیلنجز کا سامنا کرنے کے لیے جرات مندانہ اور تخلیقی سوچ ضروری ہے۔ ہمیں یقین ہے کہ ہماری ٹیم مثبت نتائج کے لیے کوشش کرنے میں کوئی کسر نہیں چھوڑے گی۔

مزید برآں، تکفل کے آپریشنز ہماری کمپنی کے کاروبار کو بڑھانے کے لیے مزید مواقع فراہم کریں گے، جو مستقبل میں ہماری ترقی اور کامیابی کے لئے مزید مواقع اور نئی راہیں فراہم کرے گا۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے اور ہر ایک ڈائریکٹر کی جانب سے اجلاسوں میں شرکت کی تعداد ذیل میں درج ہے۔

ڈائریکٹرز کے نام	اجلاس میں حاضری
1- جناب عرفان ذکریا باوانی	5
2- جناب محمد عمر باوانی	4
3- جناب احمد علی باوانی	3
4- جناب نور ایم ذکریا	4
5- جناب ضیاء ذکریا	4
6- جناب محمد ثبیل	4
7- جناب نعیم احمد شفیع	5
8- محترمہ تنیم یوسف	5
9- جناب جہانگیر آدم	5

کمپنی کے شیئرز کی ٹریڈنگ

کمپنی کے شیئرز میں کسی ڈائریکٹر، ای او، ایف او/کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے کسی بھی قسم کی ٹریڈنگ نہیں کی گئی۔

پیٹرن رکیگیز آف شیئرز ہولڈنگ

کمپنی کے شیئرز ہولڈنگ منسلک ہے۔

ضابطہ اخلاق اور کاروباری طریقہ کار کا اسٹیٹمنٹ

بورڈ نے ضابطہ اخلاق اور کاروباری طریقہ کار کے لئے ایک اسٹیٹمنٹ رائج کیا ہے۔ تمام ملازمین کو اس سے آگاہ کر دیا گیا ہے اور ضروری ہے کہ وہ ان ضابطہ اخلاق کی پابندی کریں۔

اسٹاف ٹریننگ پروگرام:

سال کے دوران نامزدگی کمیٹی کی طرف سے تجویز کیے گئے اسٹاف اور سینئر آفیسرز کو مختلف سیمینار اور ٹریننگ کورس کے لیے نامزد کیا گیا۔

آڈیٹرز:

بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی سالانہ جنرل اجلاس کے اختتام پر مدت ختم ہو رہی ہے اور 31 دسمبر 2024 کو ختم ہونے والے مالی سال کے لئے اپنے آپ کو متفقہ معاوضہ پر پیش کرتے ہیں۔ اس لیے بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے بطور آڈیٹر مقرر کرنے کے لیے آڈٹ کمیٹی نے سفارش کی ہے اور بورڈ نے اس کی تقرری کی توثیق کی ہے

نومینیشن کمیٹی

نومینیشن کمیٹی کے نکات کا تعین بورڈ کرے گا، اس بات کو یقینی بنانا کہ ہیومن ریسورس و ری میونریشن کمیٹی (HR&R) کمیٹی کے شرائط کے تحت طے شدہ معاملات سے کوئی نقل یا تنازعہ نہ ہو۔

نومینیشن کمیٹی کی ذمہ داریاں:

- o بورڈ کمیٹیوں کی چیئر مین شپ میں، بورڈ کمیٹیوں کے سلسلے میں بورڈ پر سفارشات پر تیار کرنا اور غور کرنا
- o بورڈ کے ڈھانچے، ساز اور تشکیل کو باقاعدہ جائزہ کے تحت رکھنا اور بورڈ کو ضروری تبدیلیوں کے سلسلے میں سفارشات کرنا

کمیٹی درج ذیل ممبران پر مشتمل ہے:

- | | | |
|----|-----------------------|-------------------|
| 1- | جناب اے رزاق احمد | چیئر مین |
| 2- | جناب غلام حیدر | ممبر |
| 3- | جناب فراز عبدالرزاق | ممبر |
| 4- | جناب محمد حنان شادانی | ممبر |
| 5- | جناب محمد سلیم مبین | ممبر اور سیکریٹری |

تکافل کمیٹی

اس کمیٹی کا تکافل آپریشنز کی کارکردگی کا جائزہ لینا اور سہ ماہی بنیاد پر بورڈ کو مشورہ دینا ہے۔ کمیشن تکافل آپریشنز میں پالیسیوں کے نافذ کرنے اور طریقہ کار کی توثیق کرتی ہے۔ یہ تکافل آپریشنز سے متعلق اہم شخص کی تقرری کی سفارش کرتی ہے۔ یہ کمیٹی تکافل آپریشنز کی طرف سے تکافل قواعد و شرعی پر نپل کی بھی نگرانی کرتا ہے

کمیٹی درج ذیل ممبران پر مشتمل ہے۔

- | | | |
|----|---------------------|----------|
| 1- | جناب اے رزاق احمد | چیئر مین |
| 2- | جناب نجم اللہ خان | ممبر |
| 3- | جناب کاشف واڈی والا | سیکریٹری |

کلیمز کمیٹی

کمیٹی کے فرائض میں شامل ہے:

- یہ واجب الادا کلیمز کی درجہ بندی کے ساتھ مدت کا جائزہ لیتی ہے۔
- یہ کمیٹی ان حالات کا تعین کرتی ہے جس کے تحت کلیمز کے تنازعات اس کی توجہ کے لئے سامنے لائے گئے اور یہ فیصلہ کرتی ہے کہ ایسے تنازعہ کلیمز کے ساتھ کیسے نمٹا جائے۔
- کمیٹی کلیمز کے انتظامات سے متعلق امور کا جائزہ لیتی ہے۔ یہ کمپنی کے کلیم پوزیشن کی نگرانی کے ساتھ مناسب کلیم اثاثہ جات کی موجودگی کو یقینی بناتی ہے۔
- کمیٹی کلیمز کے نمایاں کلیمز یا واقعات پر توجہ دیتی ہے جو کلیمز کی سیریز کے لئے اٹھائے جاتے ہیں اور کلیمز سے نمٹنے کے لئے اقدامات پر عملدرآمد کی نگرانی کرتی ہے۔

کمیٹی درج ذیل ممبران پر مشتمل ہے:

- | | | |
|----|--------------------|----------|
| 1- | جناب اے رزاق احمد | چیئر مین |
| 2- | جناب غلام حیدر | ممبر |
| 3- | جناب شیخ محمد صدیق | ممبر |
| 4- | جناب محمد ابراہیم | سیکرٹری |

رسک مینجمنٹ و کمپلائنس کمیٹی

کمیٹی کے فرائض میں شامل ہے:

- تمام معاملات (فائیکشیل، آپریشنل، کمپلائنس) کے کنٹرول کی نگرانی اور جائزہ
- خطرات کے خاتمے کے اقدامات مضبوط ہیں اور مالی معلومات کی سلیت کو یقینی بنایا گیا ہے
- ڈائریکٹر کی رپورٹ میں کمپنی کے رسک فریم ورک اور اندرونی کنٹرول سسٹم کے مناسب حد کو ظاہر کرنا

کمیٹی درج ذیل ممبران پر مشتمل ہے:

- | | | |
|----|-----------------------|----------|
| 1- | جناب اے رزاق احمد | چیئر مین |
| 2- | جناب غلام حیدر | ممبر |
| 3- | جناب فراز عبدالرزاق | ممبر |
| 4- | جناب نجم اللہ خان | ممبر |
| 5- | جناب محمد حنان شادانی | ممبر |
| 6- | جناب غلام مجدد | ممبر |
| 7- | جناب عبدالرحیم | ممبر |
| 8- | جناب محمد مسعود علی | ممبر |
| 9- | جناب محمد نوید جان | سیکرٹری |

ہیومن ریسورس و ری میونریشن کمیٹی:

کمیٹی چار ممبران بشمول اس کمیٹی کے چیئرمین پر مشتمل ہے

- 1- جناب نعیم احمد شفیع چیئرمین (انڈپنڈنٹ ڈائریکٹر)
- 2- جناب عرفان ذکر یا وانی ممبر (نان۔ ایگزیکٹو ڈائریکٹر)
- 3- جناب نور محمد زکریا ممبر (نان۔ ایگزیکٹو ڈائریکٹر)
- 4- جناب اے رزاق احمد ممبر (ایگزیکٹو ڈائریکٹر)
- 5- جناب مسعود عالم (سیکرٹری)

مینیجمنٹ کمیٹیاں

بورڈ نے تین انتظامی کمیٹیاں بنام انڈر رائٹنگ، ری انشورنس اور کو۔ انشورنس، کلیمز اور ٹیکافل کمیٹیاں بھی تشکیل دی ہیں۔ یہ کمیٹیاں باقاعدگی کے ساتھ اجلاس منعقد کرتی ہیں اور چیف ایگزیکٹو آفیسر کی سربراہی میں کام کر رہی ہیں۔ کمیٹیوں کی تشکیل اور امور و فرائض ذیل میں درج کئے گئے ہیں۔

انڈر رائٹنگ، ری انشورنس اور کو انشورنس کمیٹی

انڈر رائٹنگ کمیٹی کے فرائض میں شامل ہے:

- انڈر رائٹنگ کمیٹی کمپنی کی انڈر رائٹنگ پالیسی تشکیل دیتی ہے۔
- یہ بیمہ خطرات کی مختلف اقسام کا تعین کرنے کے لئے معیار طے کرتی ہے اور مختلف انشورنس کورز کی پریمیم پالیسی کا تعین کرتی ہے۔
- یہ باقاعدگی کے ساتھ کمپنی کی انڈر رائٹنگ اور پریمیم پالیسیوں کا جائزہ لینے کے ساتھ متعلقہ عناصر مثلاً برنس پورٹ فولیو اور مارکیٹ کی صورتحال پر بھی نگاہ رکھتی ہے۔

ری انشورنس اور کو انشورنس کمیٹی کے فرائض میں شامل ہے:

- یہ کمیٹی کمپنی کے کاروبار کے لئے کئے جانے والے موزوں ری انشورنس انتظامات کو یقینی بناتی ہے۔
- کمیٹی مجوزہ ری انشورنس انتظامات کی ان کی تکمیل سے قبل نگرانی کرتی ہے، وقتاً فوقتاً انتظامات کا جائزہ لیتی ہے اور شرکت کرنے والے ری۔ انشوررز کی اجازت سے مشروط وقتاً فوقتاً مناسب و موزوں انتظامات تجویز کرتی ہے۔
- کمیٹی مستقبل کے حوالے کے لئے ری انشورنس پروگرام کے موثر ہونے کا جائزہ بھی لیتی ہے۔

کمیٹی درج ذیل ممبران پر مشتمل ہے۔

- 1- جناب اے رزاق احمد چیئرمین
- 2- جناب محمد حنان شادانی ممبر
- 3- جناب عبدالرحیم ممبر
- 4- جناب عباس بھگت سیکریٹری

- (ix) اشاعت سے قبل نتائج کے ابتدائی اعلان کا جائزہ۔
- (x) اہم متعلقہ پارٹی ٹرانزیکشنز کا جائزہ اور سفارش۔
- (xi) نافذ العمل اکاؤنٹنگ اسٹینڈرڈز پر عمل درآمد۔
- (xii) لسٹنگ ریگولیشنز اور دیگر بنیادی اور ریگولیٹری شرائط پر عمل درآمد۔
- (xiii) کارپوریٹ گورننس کے بہترین طریقہ کار پر عمل درآمد کی نگرانی اور کسی نمایاں خلاف ورزی کی شناخت اور وضاحت۔
- (xiv) فراڈ، بدعنوانی اور اختیارات کے ناجائز استعمال کے ذریعے سامنے آنے والی سرگرمیوں کی بنیادی چھان بین اور اندرونی تحقیقات پر غور و خوض۔
- (xv) کسی دیگر مسئلے یا امور پر غور و خوض جو کہ بورڈ آف ڈائریکٹرز کی جانب سے پیش کیا جائے۔
- (xvi) بیرونی آڈیٹر کے ساتھ بیرونی آڈٹ اور گفتگو کو آسان بنانا، عبوری اور حتمی آڈٹ سے پیدا ہونے والے بڑے مشاہدات اور جو بھی معاملہ آڈیٹر ا جا کر نا چاہتے ہیں (مینجمنٹ کی غیر موجودگی میں، جہاں ضروری ہو)
- (xvii) عملے اور انتظامیہ کے اعتماد کا خدشہ، اعتماد میں آڈٹ کمیٹی کو رپورٹ کرنے کے انتظامات کا جائزہ، اگر مالی اور دیگر معاملات میں اصل یا ممکنہ غلطیوں کے بارے میں کوئی بھی ہے اور تدارک اور تخفیف اقدامات کو قائم کرنے کی سفارش کرتے ہیں
- (xviii) بیرونی آڈیٹرز کے جاری کردہ انتظامی خط اور انتظامیہ کے جوابات کا جائزہ
- (xix) کمپنی کے اندرونی اور بیرونی آڈیٹرز کے مابین ہم آہنگی کو یقینی بنانا
- (xx) داخلی آڈٹ کے دائرہ کار اور وسعت کا جائزہ، آڈٹ پلان، فریم ورک اور طریقہ کار کی رپورٹنگ اور اس بات کو یقینی بنانا کہ اندرونی آڈٹ فنکشن کے پاس مناسب وسائل موجود ہیں اور مناسب طریقے سے کمپنی میں رکھے گئے ہیں۔
- (xxi) داخلی کنٹرول سسٹم بشمول مالی اور آپریشنل کنٹرولز، خریداری اور فروخت کی بروقت اور مناسب ریکارڈنگ کے لئے اکاؤنٹنگ سسٹم، رسیدیں اور ادائیگیاں، اثاثے اور واجبات اور رپورٹنگ ڈھانچہ مناسب اور موثر ہونے کے بارے میں معلومات
- (xxii) بورڈ آف ڈائریکٹرز اور داخلی آڈٹ رپورٹس کی توثیق سے قبل داخلی کنٹرول سسٹم کے بارے میں کمپنی کے بیان کا جائزہ
- (xxiii) چیف ایگزیکٹو آفیسر کے مشورے سے، بورڈ آف ڈائریکٹرز کے ذریعے متعین کسی بھی معاملے پر خصوصی منصوبوں، value of money studies یا دیگر کسی بھی معاملہ کی تفتیش کرنا اور بیرونی آڈیٹرز یا کسی بھی بیرونی ادارہ کو کسی بھی معاملے کی تریل پر غور کرنا۔

انویسٹمنٹ کمیٹی

انویسٹمنٹ کمیٹی چھ ممبران بشمول چیف ایگزیکٹو آفیسر پر مشتمل ہے۔

- 1- جناب عرفان ذکریا باوانی
چیئرمین (نان ایگزیکٹو ڈائریکٹر)
- 2- جناب احمد علی باوانی
ممبر (نان ایگزیکٹو ڈائریکٹر)
- 3- محترمہ تسنیم یوسف
ممبر (انڈپنڈنٹ ڈائریکٹر)
- 4- محمد نیل
ممبر (نان ایگزیکٹو ڈائریکٹر)
- 5- جناب اے رزاق احمد
ممبر (ایگزیکٹو ڈائریکٹر)
- 6- جناب غلام حیدر
ممبر (چیف فنانس نیل آفیسر)
- 7- جناب محمد سلیم میمن
(سیکرٹری)

چیئر مین و ایم ڈی سی ای او کا کردار:

بورڈ کا چیئر مین اس امر کو یقینی بنانے کے ذمہ دار ہے کہ بورڈ مناسب اور صحیح طریقے سے کام کر رہا ہے اور کمپنی کے گورننس سے متعلق تمام معاملات بورڈ کے اجلاس میں زیر غور لانا ہے۔ چیئر مین بورڈ کے اجلاس کا انعقاد اور صدارت کرتا ہے اور بورڈ کی قیادت اور اس کی مؤثر کام کاج اور مسلسل ترقی کو یقینی بنانے کی ذمہ دار ہے۔ کمپنی کے روزمرہ کی کارروائیوں چیئر مین میں کی کوئی شمولیت نہیں ہے۔

ایم ڈی / سی ای او:

بورڈ آف ڈائریکٹرز کمپنی کے ایم ڈی / چیف ایگزیکٹو آفیسر کو تین سال کے لیے مقرر کرتا ہے۔ چیف ایگزیکٹو آفیسر بورڈ کی رہنمائی اور قانون میں دیے گئے اختیار کے مطابق کمپنی کے آپریشنز اور اس کے کاروبار کے انعقاد کی کارروائیوں کے لئے ذمہ دار ہے۔ ان کی ذمہ داریوں میں بورڈ کی حکمت عملی اور پالیسیوں کا نفاذ شامل ہیں۔ یہ کمپنی کے کاروبار کی مضبوط اور موثر انتظام اور انعقاد کے لیے مجموعی طور پر کنٹرول، سمت، انتظامیہ اور نگرانی کے لئے ذمہ دار ہے۔ کمپنی کے جائزے اور مسائل پر بات چیت کے لئے چیئر مین اور ایم ڈی کے مابین باقاعدہ ملاقاتیں ہوتی رہتی ہیں۔

ایم ڈی کی کارکردگی کا جائزہ:

ایم ڈی کی کارکردگی سال کے دوران کمپنی کی کاروباری سرگرمیوں کی بنیاد پر بورڈ کی طرف سالانہ بنیاد پر تعین کی جاتی ہے

بورڈ کمیٹیز:

بورڈ نے درج ذیل نان ایگزیکٹو ڈائریکٹرز پر مشتمل آڈٹ، انویسٹمنٹ اور ہیومن ریسورس و ری میونیشن کمیٹیاں تشکیل دی ہیں۔ آڈٹ کمپنی کے ممبران درج ذیل ہیں:

آڈٹ کمیٹی

- 1- محترمہ تسنیم یوسف چیئر پرسن (انڈپنڈنٹ ڈائریکٹر)
- 2- جناب عمر باوانی ممبر (نان۔ ایگزیکٹو ڈائریکٹر)
- 3- جناب عرفان ذکریا باوانی ممبر (نان۔ ایگزیکٹو ڈائریکٹر)
- 4- فراز عبدالرزاق سیکریٹری

آڈٹ کمیٹی کے ٹرمز آف ریفرنس میں مندرجہ ذیل نکات شامل ہیں۔

- (i) بورڈ آف ڈائریکٹرز کو بیرونی آڈیٹرز کے تقرر کی سفارش کی جاتی ہے اور آڈٹ کے علاوہ بیرونی آڈیٹرز کی جانب سے کسی سروس کے حصول کے لئے آڈٹ فیس کے بارے میں غور و خوض۔ کو الٹی کنٹرول کا جائزہ لینے کے ICAPS پروگرام کے تحت تسلی بخش درجہ بندی سمیت عوامل پر غور۔
- (ii) بیرونی آڈیٹرز کے استعفیے یا برطرفی سے متعلق سوالات پر غور و خوض۔
- (iii) کمپنی کے اثاثہ جات کو محفوظ رکھنے کے لئے مناسب و موزوں اقدامات کا تعین۔
- (iv) بورڈ آف ڈائریکٹرز کی منظوری سے قبل کمپنی کے سہ ماہی، ششماہی اور سالانہ مالیاتی گوشواروں کا جائزہ۔
- (v) اہم فیصلہ کن معاملات
- (vi) آڈٹ سے حاصل نتائج پر اینڈ جسٹمنٹس کا جائزہ۔
- (vii) کمپنی کی اس صلاحیت پر کسی قسم کے شکوک و شبہات نہیں کہ یہ چلتے رہنے والا ادارہ ہے
- (viii) آڈٹ کی پالیسیوں اور طریقوں میں کوئی تبدیلی۔

- بی۔ کمپنی کے اکاؤنٹس کی کتابیں قواعد و ضوابط کے مطابق تیار کی گئی ہیں۔
- سی۔ مالی تفصیلات اور بھی تخمینوں کو مرتب کرنے کے لئے مناسب حساب داری پالیسیوں کا تسلسل سے اطلاق کیا جاتا ہے جو کہ مناسب اور محتاط فیصلوں پر منحصر ہیں۔
- ڈی۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) جیسا کہ پاکستان میں نافذ العمل ہیں، مالیاتی گوشواروں کی تیاری میں لاگو کئے جاتے ہیں اور مستحکم فیصلوں پر منحصر ہوتی ہیں۔
- ای۔ داخلی کنٹرول کا نظام مستحکم طور پر ڈیزائن کیا گیا ہے اور موثر طور پر نافذ العمل ہونے کے ساتھ اسکی باقاعدگی سے نگرانی کی جاتی ہے۔
- ایف۔ 31 دسمبر 2022 کے مطابق کمپنی میں پیٹرن آف شیئرز ہولڈنگ کھاتوں کے ساتھ منسلک ہے۔
- جی۔ اس امر میں کوئی شبہات نہیں کہ کمپنی میں آگے بڑھنے کی صلاحیت موجود ہے۔
- ایچ۔ کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی قابل اثر انحراف نہیں کیا گیا ہے جیسا کہ لسٹنگ ریگولیشنز میں درج ہے۔
- آئی۔ گزشتہ دس سالوں کے لئے اہم آپریٹنگ اور مالیاتی مواد مختصر شکل میں منسلک ہے۔
- جے۔ 31 دسمبر 2022 کے مطابق پراویڈنٹ فنڈ کی رقومات کے سلسلے میں غیر آڈٹ شدہ اکاؤنٹس پر منحصر سرمایہ کاریوں کی دلیلیو 93.496 ملین روپے پر برقرار ہے۔

بورڈ آف ڈائریکٹرز:

ڈائریکٹر کی کل تعداد درج ذیل کے مطابق 9 ہے

اے۔ مرد 8

بی۔ خواتین 1

بورڈ کی تشکیل مندرجہ ذیل ہے:

- - - انڈپنڈنٹ ڈائریکٹر 3

- نان ایکزیکٹیو ڈائریکٹر 6

- ایکزیکٹیو ڈائریکٹر 1

جناب اے رزاق احمد کمپنی کے چیف ایکزیکٹیو اور مینیجنگ ڈائریکٹر ہیں۔ کمپنی کے چیف ایکزیکٹیو ہونے کی وجہ سے انہیں ڈائریکٹر تصور کیا جاتا ہے

بورڈ پورے سال کے دوران اپنے فرائض کو انجام دینے میں موثر طور پر مصروف عمل رہا بشمول ان امور کے جو متعلقہ قوانین اور کمپنی کے ممبرانڈم اور آرٹیکل آف ایسوسی ایشن کے تحت انجام دیئے گئے اور ان سب کا بنیادی مقصد حصص یافتگان کے مفادات کا تحفظ کرنا، کمپنی کے منافع جات میں اضافہ کرنا تھا اور بنیادی ہدف شیئرز ہولڈرز کے اثاثہ جات میں اضافہ اور مارکیٹ میں اعتماد کو فروغ دینا تھا۔

تمام ڈائریکٹرز کاروبار اپنے پیشے کے مختلف شعبوں کی بھرپور مہارت کے حامل ہیں اور مختلف کاروباری اور کارپوریٹ امور کے ساتھ نمٹنے کے لئے ضروری مہارت اور اسے سمجھنے کی صلاحیت رکھنے کے ساتھ تمام تر معاملات پر عبور رکھنے، ان کا جائزہ لینے اور انتظامی کارکردگی کے چیلنج کو پورا کرنے کا اہل ہیں۔ وہ اپنے تجربے اور عملی مشاورت کے ضمن میں بھی بھرپور شراکت رکھتے ہیں۔

ڈائریکٹر کا مشاہرہ:

کمپنیز ایکٹ، 2017 کی ضرورت کے مطابق، لسٹڈ کمپنیز (کارپوریٹ گورننس) کے قوانین 2019 کے مطابق کمپنی غیر انتظامی ڈائریکٹروں بشمول آزاد ڈائریکٹر کو آرٹیکل 137 کے مطابق بورڈ کے اجلاسوں میں شرکت کیلئے میننگ فیس کے علاوہ کوئی مشاہرہ ادا نہیں کرتی

رقم کی غیر قانونی ترسیل اور دہشت گردی کی مالی معاونت کا مقابلہ:

ایس ای سی پی نے ایفٹی مانی لانڈرنگ کی پالیسیوں اور طریقہ کار سے متعلق قواعد و ضوابط جاری کر دیے ہیں۔ ایس ای سی پی نے انٹرنیشنل کمپنیوں پر اپنے صارفین کو جانے (کے) والی سی (رہنما اصولوں کے نفاذ کے لئے مختلف سرکلر بھی جاری کیے ہیں۔ حال ہی میں ایس ای سی پی نے انسداد منی لانڈرنگ اور انسداد دہشت گردی کے قواعد و ضوابط 2020 جاری کیے ہیں۔ جو کہ AML اور KYC کے لئے بہت جامع رہنمائی ہے۔ متعلقہ خطرہ اور تشہیر کو روکنے کے لئے آر آئی سی ایل نے ایک حد تک ان رہنما اصولوں پر عمل درآمد کیا ہے۔

کمپلائنس کا کردار:

اندرونی کنٹرول کی کارکردگی اور تاثیر کا اندازہ کرنے کے لئے تعمیری کام کا کردار لازمی ہے جس کے بغیر کمپنی خطرات اور خطرات کے خلاف مزاحمت حاصل نہیں کر سکتی ہے، خاص طور پر ریگولیٹری تعمیل کے سلسلے میں۔ کمپلائنس آفیسر ماحول کو بہتر بنانے اور کنٹرول کرنا ذمہ دار ہے اور مختلف لاگو قوانین، انضباطی تقاضوں، داخلی پالیسیاں اور طریقہ کار کی تعمیل کو یقینی بناتا ہے اور ساتھ ہی ایس ای سی پی کے ضابطوں کی تعمیل پر خصوصی توجہ دیتا ہے۔

کارپوریٹ گورننس لیڈر شپ اسکال پروگرام

پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس سے درج ذیل ڈائریکٹرز نے کارپوریٹ گورننس لیڈر شپ اسکال پروگرام مکمل کر لیا ہے۔

۱۔ جناب عرفان ذکریا دادانی

۲۔ جناب احمد علی بادانی

۳۔ محترمہ تنسیم یوسف

۴۔ جناب محمد ثبیل

پانچ ڈائریکٹرز کارپوریٹ گورننس 2019 کے تحت اہلیت کے معیار کے مطابق، کمپنیوں کے بورڈ پر 15 سال ڈائریکٹر کے تجربے کے اور 14 سال کی تعلیم رکھتے ہیں۔

کارپوریٹ بریفنگ:

پاکستان اسٹاک ایکسچینج کی ضرورت کے مطابق شیئر ہولڈرز اور تجزیہ کاروں کے لئے 29 دسمبر، 2022 کو فزیکل اور ویڈیو لنک کے ذریعے کارپوریٹ بریفنگ سیشن کا انعقاد کیا گیا۔ سینئر مینجمنٹ اور شیئر ہولڈرز سیشن میں شریک ہوئے۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد کا اسٹیٹمنٹ:

کوڈ آف کارپوریٹ گورننس کی شرائط جو کہ ریگولیٹری اتھارٹی کی جانب سے طے کردہ ہیں ان پر عملدرآمد کیا جا رہا ہے۔ اس سلسلے میں ایک اسٹیٹمنٹ رپورٹ ساتھ منسلک ہے۔

کارپوریٹ اور فنانشل رپورٹنگ کا فریم ورک:

کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے طے کردہ شیعوں اور پاکستان اسٹاک ایکسچینج کے لسٹنگ قواعد پر عمل درآمد کر رہی ہے۔ اس میں کارپوریٹ گورننس کے بہتر طریقہ کار سے انحراف ممکن نہیں جیسا کہ لسٹنگ ریگولیشنز میں تفصیلی طور پر درج ہے۔

۱۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی حسابات شفاف انداز میں امور کار، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیوں میں واضح کر دیئے گئے ہیں

کریڈٹ ریٹنگ:

PACRA اور VIS کریڈٹ ریٹنگ کمپنی نے ریلیئنس انشورنس کمپنی لمیٹڈ کی "Single A Plus" پر انشورر فنانشل اسٹریٹھ (IFS) کی تفویض کی ہے اور آڈٹ لگ مستحکم "Stable Outlook" ہے۔ ریٹنگ میں مستحکم لیکویڈیٹی پروفائل، موزوں و مناسب سرمایہ کار اشاریے اور ری انشورنس پروگرام سمیت بہتر ہوتی ہوئی انڈر رائٹنگ کارکردگی شامل ہے۔ Swiss Re کی موجودگی کمپنی کے ری۔ انشورنس پینل کو مضبوط بناتی ہے۔ کاروباری حجم متوقع اضافہ کے پیش نظر Retentional کی سطح اور Treaty کی گنجائش میں اضافہ ہوا ہے

متعلقہ پارٹی ٹرانسکشنز:

تمام متعلقہ پارٹی ٹرانسکشنز کو آڈٹ کمیٹی اور بورڈ کے روبرو ان کے جائزے اور منظوری کے لئے رکھا جا رہا ہے۔ ان ٹرانسکشنز کا جائزہ رسفارش آڈٹ کمیٹی کی جانب سے لیا گیا اور بورڈ آف ڈائریکٹرز کی جانب سے ان کے متعلقہ اجلاسوں میں ان کی منظوری دی گئی متعلقہ پارٹیوں کے ساتھ طے پانے والی تمام ٹرانسکشنز آرمز لینتھ (Arm's Length) کی بنیاد پر طے کیے جاتے ہیں۔

لیکویڈیٹی مینجمنٹ

کمپنی نہایت عاقبت اندیشی سے اپنے سرمائے کو مستحکم رکھتی ہے اور اپنے بنیادی کاروبار سے حاصل ہونے والے نقد بہاؤ کے ساتھ ساتھ سرمایہ کاری اور دیگر آمدنی کے ذریعوں کے معاہدہ کی ذمہ داریوں کو زیادہ موثر طریقے سے پورا کرنے کی صلاحیت کو یقینی بنانے کی حکمت عملی کا مظاہرہ کرتی ہے۔ آپ کی کمپنی سالوینسی کی ضروریات کو پورا کرتی ہے، کسی بھی غیر متوقع ضروریات کو پورا کرنے کے لئے مضبوط نقد بہاؤ کو برقرار رکھتی ہے

آپ کی کمپنی کی سالوینسی 31 دسمبر 2023 تک 498.677 ملین روپے تھی جبکہ قانونی طور پر درکار سالوینسی 150 ملین روپے ہے یعنی کم از کم مطلوبہ سالوینسی سے 348.677 ملین روپے زائد ہے۔ کم از کم سالوینسی کی ضرورت سے زیادہ یہ سرپلس مضبوط مالی پوزیشن اور اعتماد کے ساتھ ممکنہ چیلنجوں کا سامنا کرنے کی صلاحیت کو واضح کرتا ہے۔

ڈیفرو ٹیکسیشن

مالی پوزیشن کی تاریخ کے بیان میں تمام عارضی اختلافات پر واجبات کے طریقہ کار کا استعمال کرتے ہوئے، اثاثوں اور واجب العمل ٹیکس اور مالی رپورٹنگ کے مقاصد کے لئے لی جانے والی رقم کے درمیان، موخر ٹیکس، اگر کوئی ہے تو فراہم کیا جاتا ہے

ڈیفرو ٹیکس اثاثے اور واجبات، اگر کوئی ہیں تو، اسے ٹیکس کی شرحوں پر مایا جاتا ہے، جب اثاثے کا ادراک ہو جاتا ہے یا ذمہ داری طے ہو جاتی ہے تو اس مدت پر لاگو ہونے کی توقع کی جاتی ہے، ٹیکس کی شرحوں (اور ٹیکس کے قوانین) کی بنیاد پر جو نافذ کیا گیا ہے یا مالی حیثیت کی تاریخ کے بیان کو کافی حد تک نافذ کیا ہے

ڈیفرو ٹیکس اثاثوں، اگر کوئی ہے تو، صرف اس حد تک تسلیم کیا جاتا ہے کہ اس بات کا امکان ہے کہ مستقبل میں قابل ٹیکس منافع دستیاب ہوگا جس کے خلاف اثاثوں کو استعمال کیا جاسکتا ہے۔

منافع کی تخصیص:

ملین روپے	
مالی سال کے آغاز پر غیر تخصیص شدہ منافع	53.152
مالی سال 2022 کے اختتام پر بعد از ٹیکس منافع	171.898
غیر مختص شدہ رقم مختص کے لئے دستیاب	225.050
آپ کے ڈائریکٹرز تجویز کرتے ہیں کہ منافع کو مندرجہ ذیل طریقوں سے مختص کیا جائے	

محاسب:

ملین روپے	
10 فیصد شرح سے مجوزہ نقد ڈیویڈنڈ (2022: 5 فیصد)	66.538
بونس حصص 5 فیصد شرح سے مجوزہ اجرا (2022: 5 فیصد)	-
ٹرانسفر برائے عمومی ذخائر 90.000 ملین روپے (2022: 20.000 ملین روپے)	90.00
مالی سال کے اختتام پر غیر تخصیصی منافع	68.512

اضافہ شدہ ادا کیا جانے والا سرمایہ اور عمومی اثاثہ جات:

آپ کے ڈائریکٹرز ادا شدہ سرمایہ کی بنیاد اور زرنقد (Reserve) کو مستحکم کرنے اور کمپنی کی ترقی اور مستقبل کو محفوظ بنانے میں پختہ یقین رکھتے ہیں۔ اس حکمت عملی کے مطابق، بورڈ آف ڈائریکٹرز نے مذکورہ بالا مختص کو منظوری دے دی ہے جس سے زرنقد (General Reserve) 400 ملین روپے کرنے کی منظوری دی ہے

انفارمیشن ٹیکنالوجی:

آپ کی کمپنی انفارمیشن ٹیکنالوجی کی اہمیت سے آگاہ ہے اور مسلسل توسیع اور اس کی تکنیکی پلیٹ فارم کو اپ گریڈ کرنے کی سرمایہ کاری کر رہی ہے۔ جنرل انشورنس سافٹ ویئر 'iGIAS' گزشتہ کئی سالوں سے برانچ کی سطح پر کامیابی کے ساتھ نافذ العمل ہے 'iGIAS' کی خصوصیت اس کے تمام ماڈیولز یعنی، انڈر رائٹنگ، کلیمز، اکاؤنٹس اور ری۔ انشورنس ایک ساتھ مربوط ہے۔ یہ (JSP) جاوا اسکرپٹ اور یکل ڈیٹا بیس کے ساتھ آن لائن ویب بیس سافٹ ویئر ہے اور اس کے ڈیٹا مینجمنٹ پریشانی سے آزاد اور بہت زیادہ محفوظ ہے

iGIAS میں جنرل کفائل کی سروسز کو شامل کیا گیا ہے اور مختصر اور طویل مدتی کفائل کارروائیوں کے لئے برانچ کی سطح پر نافذ العمل ہے۔ مذکورہ ماڈیول کے نفاذ کی وجہ سے کمپنی کے متعلقہ محکموں کی آپریشنل صلاحیتوں، اندرونی کنٹرول کو مضبوط بنانے اور انتظامی معلومات کے موثر نظام میں بہتری آئی ہے

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے انشورنس سیکٹر 2020 کے لئے سائبر سیکیورٹی فریم ورک سے متعلق ایس ای سی گائیڈ لائنز جاری کی ہیں، جس سے سائبر سیکیورٹی فریم ورک کو مجموعی طور پر رسک مینجمنٹ فریم ورک کے ساتھ موافق بنانے میں مدد ملے گی اور آئی ایس ادا 27001 کے حصول میں بیرونی اور داخلی انسانی غلطی یا جرم کے خلاف خطرے کو نمایاں طور پر کم کیا جاسکتا ہے۔

کمپنی کی آئی ٹی حکمت عملی اپنے آپریٹنگ تقاضوں کے ساتھ پوری طرح سے ہم آہنگ ہے تاکہ ہمارے صارفین کو اعلیٰ سطح کو اطمینان بخش تیز ترین خدمات فراہم کریں۔

کلیمرز:

واجب الادا کلیمرز بیلنس شیٹ کی تاریخ تک ہونے والے تمام کلیمرز کے ضمن میں ہوتی ہے اور اس کہ مستقبل میں متوقع ادائیگیوں کی غیر تخفیف شدہ مالیت کے طور پر ظاہر کیا جاتا ہے۔

واجب الادا کلیمرز کے حصول میں ایسے کلیمرز جو بیلنس شیٹ کی تاریخ تک رپورٹ (IBNR) نہیں ہوئے۔ 2016 کے ایس ای سی پی سرکلر نمبر 9 کی تکمیل کے لئے کمپنی نے IBNR کا تخمینہ کے طریقہ کار کو تبدیل کر دیا گیا۔ کمپنی اب IBNR کلیمرز کے تعین کے لئے ایکچوریل مشورہ لیتی ہے۔ IBNR کلیمرز کا تخمینہ Chain Ladder (CL) کے طریقے سے لگایا گیا ہے۔ Chain Ladder (CL) طریقہ میں ترقی کے عوامل کا تعین یا ہر مدت کے لئے لنک کے تناسب شامل ہے۔ یہ بعد میں مشترکہ طور پر Cumulative Development Factor (CDF) کا تعین کرتے ہیں۔ جس میں کلیمرز کے آخری سطح تک پہنچنے کے لئے مستقبل کی حد تک نمائندگی کرتا ہے

ری۔ انشورنس:

آپ کی کمپنی نے سال 2023 کے لئے ری۔ انشورنس انتظامات نہایت معتبر ہیں۔ معروف اور اعلیٰ شہرت یافتہ سوئس ری (Swiss Re) سال 2024 کے آر آئی سی ایل کے ری انشورنس پروگرام کے لیڈر بننے کا عمل جاری ہے۔ سال 2024 کے لئے موثر کے تمام شعبہ کی انڈر رائٹنگ کی گنجائش (Underwriting Capacity) میں مزید اضافہ کر دیا ہے اس طرح آپ کی کمپنی کو بڑے خطرات کو انڈر رائٹ کرنے کی صلاحیت حاصل ہوگئی ہے۔ ہم غیر متزلزل اعتماد اور مستقل سپورٹ و تعاون کے لئے اپنے تمام ری انشوررز کے انتہائی ممنون اور شکر گزار ہیں

ونڈ و تکافل آپریشن:

سیکیورٹی ایچ بی کمیشن آف پاکستان نے کمپنی کو 25 مئی 2016 میں ونڈ و تکافل آپریشن جاری کرنے کا لائسنس جاری کر دیا ہے۔ ریلائنس تکافل مشہور اور تصدیق شدہ شرعی اسکالر کی رہنمائی کے تحت کام کر رہی ہے۔ ریلائنس تکافل شریعت کے مطابق جزل تکافل کی مصنوعات کی ایک وسیع رینج پیش کر رہی ہے۔ جس میں فائر پراپٹی تکافل، میرین کارگو تکافل، ذاتی و تجارتی گاڑیاں تکافل، انجینئرنگ تکافل، دہشت گردی تکافل، متفرق حادثات تکافل شامل ہیں۔ آپ کی کمپنی نے اس سال 96.026 ملین روپے کی تحریری شراکت داری کی ہے جب کہ گزشتہ سال تحریری شراکت داری 75.236 ملین روپے تھی۔ یہ 20.789 ملین روپے کا اضافہ ظاہر کرتی ہے۔ خالص شراکت داری منافع 19.324 ملین روپے رہا جبکہ گزشتہ سال 10.682 ملین روپے منافع تھا۔ سال کا جائزہ لینے کے لئے ونڈ و تکافل آپریشن کے خلاصہ نتائج مندرجہ ذیل ہیں

2022	2023	
ملین روپے		
96.026	125.505	مجموعی شراکت داری
42.578	58.741	خالص شراکت داری
37.571	44.561	وکالا اخراجات
5.234	0.245	سال کا اضافہ۔ پی ٹی ایف
7.651	9.203	آپریٹنگ فنڈ۔ آمدنی اکاؤنٹ
19.324	29.171	آپریٹنگ منافع قبل از ٹیکس

برسوں سے ہم نے نام نہاد 'بینک حدود' (Bank Limits) کی یکطرفہ اور صوابدیدی کلنگ کو اجاگر کر رہے ہیں اور کچھ بینکوں، DFIs (ترقیاتی مالیاتی اداروں)، مالیاتی اداروں، اور مختلف اداروں کی طرف سے اپنائے جانے والے ڈی لننگ / نان لننگ / پری کوالیفائنگ طریقوں کے بارے میں مسلسل خدشات کا اظہار کیا ہے۔ حکام / تنظیمیں۔ ان طریقوں نے انشورنس انڈسٹری کے اندر مارکیٹ کے شرکاء کے لیے غیر مساوی کھیل کا میدان بنایا ہے۔

یہ ضروری ہے کہ انشورنس انڈسٹری کے وسیع تر اور بہترین مفادات کے لیے متعلقہ حکام کے ذریعے ان امتیازی طرز عمل پر توجہ دی جائے۔ صحت مند مسابقت کو فروغ دینے اور تمام اسٹیک ہولڈرز کے لیے مساوی مواقع کو یقینی بنانے کے لیے منصفانہ اور شفاف ضابطے ضروری ہیں۔ ہم ان مسائل کو درست کرنے اور انشورنس سیکٹر کی ترقی اور پائیداری کے لیے سازگار سطح کے قیام کے لیے مخصوص کوششوں پر زور دیتے ہیں۔

سرمایہ کاری:

آپ کی کمپنی سرمایہ پالیسی اسی انداز میں جاری ہے اور شریعہ کمپلیٹ طویل مدتی سرمایہ کاری کی خطرات سے تحفظ بے خطر منافع جات پر ترجیح دی گئی ہے آرائی سی ایل کا شیراز پورٹ فولیو خوب اچھی طرح پھیلا ہوا اور مختلف شعبوں میں تقسیم شدہ ہے اور بنیادی طور پر منافع بخش (Blue Chip) اسکرپس پر توجہ رکھی گئی ہے جو بہترین منافع منقسمہ کے حصول، بونس کی ادائیگیوں اور مستقبل میں ترقی کے امکانات کی حامل ہے۔ پورٹ فولیو سرمایہ کاری کمپنی کی زیر نگرانی رہتا ہے۔

سال کی پہلی ششماہی کے دوران کمپنیل مارکیٹ نے نمایاں اتار چڑھاؤ کا سامنا کیا، جس کی بنیادی وجہ آئی ایم ایف پروگرام کے دوبارہ شروع ہونے میں تاخیر اور ایک مشکل معاشی ماحول تھا۔ تاہم آئی ایم ایف کے اسٹینڈ بائی معاہدے اور کرنسی کے استحکام کی کوششوں جیسی مثبت پیش رفت کے بعد دوسری ششماہی میں مارکیٹ میں نمایاں بہتری آئی۔ نیچے مارک کے ایس ای 100 انڈیکس میں مارکیٹ کی نمایاں رفتار کی عکاسی ہوئی۔ جس میں 2023 کے دوران 54.5 فیصد اضافہ ہوا۔ پاکستان اسٹاک ایکسچینج انڈیکس 31 دسمبر 2022 کے 40,420.45 پوائنٹس سے 31 دسمبر 2023 کے 62,451.04 پوائنٹس پر آگیا یعنی 22,030.59 پوائنٹس کا نمایاں اضافہ ہوا۔ پالیسی ریٹ میں سال بھر کے دوران 600 بیس پوائنٹس کے مجموعی اضافہ کے وجہ سے کل سڈ انکم مارکیٹ میں بھی نمایاں اضافہ ہوا۔

مارکیٹ کے چیلنجوں کے باوجود، آپ کی کمپنی کی سمجھدار سرمایہ کاری کی حکمت عملی نے اہم نتائج حاصل کیے ہیں۔ سرمایہ کاری کی آمدنی میں خاطر خواہ اضافہ دیکھنے میں آیا، جو 2023 میں 265.11 فیصد بڑھ کر 246.032 ملین روپے تک پہنچ گیا، جبکہ 2022 میں 67.385 ملین روپے تھا۔ یہ مضبوط کارکردگی مارکیٹ کے اتار چڑھاؤ کا مشاہدہ کرنے اور ابھرتے ہوئے مواقع سے فائدہ اٹھانے میں کمپنی کے محتاط انداز کو واضح کرتی ہے۔

منافع منقسمہ کی آمدنی 108.313 ملین روپے تھی جبکہ گزشتہ سال یہ رقم 83.130 ملین روپے تھی اس طرح اس سال 25.183 ملین روپے زائد رہی جو کہ 30.29 فیصد ہے۔ آپ کی کمپنی نے گزشتہ سال کے 7.329 ملین روپے کے مقابلے میں 14.090 ملین روپے کا کمپنیل گین حاصل کیا اور گزشتہ سال کے 41.367 ملین روپے نقصان کے مقابلے میں 95.145 ملین روپے کے لئے غیر تسلیم شدہ فائدہ کا اندراج کیا ہے۔

آپ کی کمپنی پائیدار ذرائع مثلاً شرح سود اور منافع منقسمہ اور کمپنیل گین سے اسکی سرمایہ کار آمدنی کا ایک بڑا حصہ حاصل کرنے کی کوششوں کو جاری رکھے ہوئے ہے تاکہ مناسب کیش حصول کا ذریعہ پیدا کیا جائے۔ سرمایہ کاری کا پورٹ فولیو (بشمول 42.629 ملین روپے کے ٹرم ڈپازٹس) 31 دسمبر 2023 تک 952.595 ملین روپے رہا جو پچھلے سال 793.970 ملین روپے تھا۔ نقد اور بینک ڈپازٹس اکاؤنٹس سرمایہ کاری کی سطح گزشتہ سال کے 101.815 ملین روپے کے مقابلے میں 108.555 ملین روپے رہی

ڈائریکٹرز کا جائزہ:

آپ کے ڈائریکٹرز 31 دسمبر 2023 کو ختم ہونے والے سال کے لئے سالانہ رپورٹ بشمول آڈٹ شدہ حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالی سال 2023 ایک چیلنجنگ سال ہونے کے باوجود، آپ کی کمپنی درج ذیل نتائج پیش کرتی ہے۔

سال 2023 کے لئے آپریشنل نتائج:

31 دسمبر 2023 کو ختم ہونے والی مدت کے لئے آپ کی کمپنی کی تقابلی مالی جھلکیاں مندرجہ ذیل ہیں:

2021	2023	
روپے ملین میں		
857.904	1,105.78	مجموعی پریمیم (تکافل شراکت سمیت)
360.467	460.686	خالص پریمیم
93.638	139.119	خالص حاصل کردہ کلیم (بشمول IBNR)
150.167	176.318	انتظامی اخراجات
39.426	48.866	انڈر رائٹنگ آمدنی
67.385	246.032	سرمایہ کار آمدنی
67.600	256.988	نفع / نقصان قبل از ٹیکس
44.109	171.898	نفع / نقصان بعد از ٹیکس
0.66 (نظر ثانی شدہ)	2.58	آمدنی فی شیئر (EPS)

آپ کی کمپنی نے ایک ارب روپے سے اوپر کے مجموعی پریمیم کو عبور کر کے ایک اہم سنگ میل حاصل کیا۔ ہم نے 1,105.78 ملین روپے (بشمول 125.505 ملین روپے تکافل شراکت داری) کا مجموعی پریمیم ظاہر کیا ہے اس کے برخلاف گزشتہ سال کا حجم 857.904 ملین روپے (بشمول 96.026 ملین روپے تکافل شراکت داری) تھا جو 29 فیصد کی شرح نمو سے 247.876 ملین روپے کا اضافہ ظاہر کرتا ہے۔

خالص پریمیم بھی 360.467 ملین روپے سے بڑھ کر 460.686 ملین روپے رہا یعنی 100.219 ملین روپے زائد رہا۔

سال کے دوران کلیمز پر 139.119 ملین روپے صرف کئے گئے جبکہ گزشتہ سال 93.638 ملین روپے صرف کئے گئے تھے جو کہ 45.481 ملین روپے کا اضافہ ظاہر کرتا ہے۔ کلیمز میں اضافے کے باوجود، کمپنی نے پچھلے سال میں 39.426 ملین روپے کے مقابلے میں 48.866 ملین روپے کا انڈر رائٹنگ منافع حاصل کرنے میں کامیاب رہی۔ جو کہ بنیادی کاروباری آپریشنز کی مضبوطی کو اجاگر کرتا ہے۔

میکرو اکنامک چیلنجز کے باوجود، بعد از ٹیکس خالص منافع 171.898 ملین روپے رہا، جو پچھلے سال کے 44.109 ملین روپے کے مقابلے میں خاطر خواہ اضافہ ظاہر کرتا ہے۔ یہ اعداد و شمار مضبوط مالی کارکردگی کو برقرار رکھتے ہوئے چیلنجوں سے نمٹنے میں کمپنی کی پگھ اور موثر انتظام کی نشاندہی کرتے ہیں۔

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

For the year ended December 31, 2023

This statement is being presented in Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) and Code of Corporate Governance for Insurer, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with best practices of corporate governance.

Reliance Insurance Company Limited (The Company) has applied the principles contained in the Regulations and the Code and has complied with the requirements of the Regulations and the Code in the following manner:

1. The total numbers of Director are nine (9) as per the following:-

- (a) Male = 08
- (b) Female = 01

2. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors (the Board). The composition of the Board is as follows:

Category	Name
Independent Directors	Ms. Tasneem Yusuf (Female Director) Mr. Naeem Ahmed Shafi Mr. Jahangir Adam
Executive Director	Mr. A. Razak Ahmed
Non-Executive Director	Mr. Irfan Zakaria Bawany Mr. Muhammad Omer Bawany Mr. Ahmed Ali Bawany Mr. Noor M. Zakaria Mr. Zia Zakaria Mr. Muhammad Patel

The number of elected directors on the Board are nine (9) whereas Mr. A. Razak Ahmed being Chief Executive of the Company is a "deemed director" under section 188(3) of the Companies Act, 2017.

The independent directors meet the criteria of independence as laid down under the Regulations and the Code. The independent directors are three out of ten directors (including the Chief Executive) and considering the required skills set and experience to discharge and execute their duties competently as per laws and regulations the fraction of one third has been rounded to three.

- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies in which each of them is a director).
- 4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
- 5. No casual vacancy occurred on the Board during the year.
- 6. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with the dates of approval or updating is maintained by the company.
- 8. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act), the Regulations and the Code. The decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of Chief Executive Officer, and key Officers have been taken by the Board.
- 9. 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. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The Board has complied with the requirements of Act, the Regulations and the Code with respect to frequency, recording and circulating minutes of meeting of the Board.

10. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.
11. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
12. Five Directors of the Company possess sufficient experience and qualification so they are exempt from attending the Directors' Training Program. Whereas four Directors, namely Mr. Irfan Zakaria Bawany, Mr. Ahmed Ali Bawany, Ms. Tasneem Yusuf and Mr. Muhammad Patel have completed Director' Training Program either from Pakistan Institute of Corporate Governance or The Institute of Chartered Accountant of Pakistan. The management of the Company also carries out orientation sessions of the Board during board meetings, as and when required, in order to apprise them of their duties and responsibilities and the new developments and pronouncements of relevant laws and regulations.
13. During the year, due to the death of Chief Financial Officer (CFO), Mr. Haroon A. Shakoor, the Board has re-designated Mr. Ghulam Haider as Chief Financial Officer (CFO) and appointment of Mr. Faraz Abdul Razzak has been made as a Company Secretary. There was no change in the Head of Internal Audit, during the year. The Board approved their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations and the Code.
14. The Directors' Report for this year has been prepared in compliance with the requirements of the Regulations and the Code and fully describes the salient matters required to be disclosed.
15. Chief Executive Officer and Chief Financial Officer duly endorsed the financial statements before approval of the Board.
16. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
17. The Company has complied with all the corporate and financial reporting requirements of the Code and the Regulations.
18. The Board has formed the following Management Committees:

Underwriting, Reinsurance & Co-insurance Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. M. Hanan Shahdani	Senior Vice President	Member
Mr. Abdul Rahim	Assistant Vice President	Member
Mr. Abbas Baghat	Deputy Manager	Secretary

Claim Settlement Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Ghulam Haider	Chief Financial Officer	Member
Mr. Shaikh Muhammad Siddiq	Assistant Vice President	Member
Mr. Muhammad Ebrahim	Manager	Secretary

Takaful Committee

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Najmullah Khan	Head of Takaful	Member
Mr. Kashif Wadiwala	Shariah Compliance Officer	Secretary

Risk Management & Compliance Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Ghulam Haider	Chief Financial Officer	Member
Mr. Faraz Abdul Razzak	Company Secretary & Compliance Officer	Member
Mr. Najmullah Khan	Head of Takaful	Member
Mr. M. Hanan Shahdani	Senior Vice President	Member
Mr. Ghulam Mujaddid	Vice President	Member
Mr. Abdul Rahim	Assistant Vice President	Member
Mr. Muhammad Masood Ali	Assistant Vice President	Member
Mr. M. Naveed Jan	Internal Auditor	Secretary

Nomination Committee:

Name of the Member	Designation	Category
Mr. A. Razak Ahmed	Executive Director	Chairman
Mr. Ghulam Haider	Chief Financial Officer	Member
Mr. Faraz Abdul Razzak	Company Secretary & Compliance Officer	Member
Mr. M. Hanan Shahdani	Senior Vice President	Member
Mr. Muhammad Salim Memon	Assistant Vice President	Member & Secretary

19. The Board has formed Board Committees comprising of members given below:

a) Ethics, HR and Remuneration Committee:

Name of the Member	Designation	Category
Mr. Naeem Ahmed Shafi	Independent Director	Chairman
Mr. Irfan Zakaria Bawany	Non-Executive Director	Member
Mr. Noor M. Zakaria	Non-Executive Director	Member
Mr. A. Razak Ahmed	Executive Director	Member
Mr. Masood Alam	Chief Manager	Secretary

b) Investment Committee

Name of the Member	Designation	Category
Mr. Irfan Zakaria Bawany	Non-Executive Director	Chairman
Mr. Ahmed Ali Bawany	Non-Executive Director	Member
Ms. Tasneem Yusuf	Independent Director	Member
Mr. Muhammad Patel	Non-Executive Director	Member
Mr. A. Razak Ahmed	Executive Director	Member
Mr. Ghulam Haider	Chief Financial Officer	Member
Mr. Muhammad Saleem Memon	Assistant Vice President	Secretary

c) Audit Committee:

The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive directors and one is an independent director. The chairperson of the Committee is an independent director. The composition of the Audit Committee is as following:

Name of the Member	Designation	Category
Ms. Tasneem Yusuf	Independent Director	Chairperson
Mr. Irfan Zakaria Bawany	Non-Executive Director	Member
Mr. Muhammad Omer Bawany	Non-Executive Director	Member
Mr. Faraz Abdul Razzak	Company Secretary & Compliance Officer	Secretary

20. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

21. 21. The frequency of meetings of the committees were as per following:

- a) Audit Committee: Quarterly meetings
- b) Ethics, HR and Remuneration Committee: Twice a year
- c) Nomination Committee: Twice a year
- d) Risk Management Committee: Twice a year
- e) Investment Committee: Twice a year

22. The Board has set up an effective internal audit function, which comprises of individual who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a regular basis.

23. The Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions 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. A. Razak Ahmed	Chief Executive Officer & Managing Director
Mr. Ghulam Haider	Chief Financial Officer
Mr. Faraz Abdul Razzak	Company Secretary & Compliance Officer
Mr. Najmullah Khan	Head of Window Takaful Operations & Grievance Deptt.
Mr. M. Hanan Shahdani	Senior Vice President
Mr. Muhammad Naveed Jan	Head of Internal Audit
Mr. Shaikh Muhammad Siddiq	Head of Claims
Mr. Abdul Rahim	Head of Reinsurance

24. 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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company and that they or any partners of the firm, their spouses and minor children do not hold shares of the Company.
25. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations, the Code or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
26. The Board ensures that the Investment policy of the Company has been drawn up in accordance with the provisions of the Code.
27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
28. The Company has set up a risk management function which carries out its tasks as covered under the Code.
29. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA and VIS rating agencies, which is being used by its risk management function and the respective committee as a risk monitoring tool. The rating assigned by the said rating agencies on November 24, 2023 and January 02, 2024 is A+ (single A) with stable outlook.
30. The Board has set up a grievance function, which fully complies with the requirements of the Code.
31. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of any requirement of the Code.
32. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
33. We confirm that all other material principles contained in the Code have been complied with.



IRFAN ZAKARIA BAWANY
Chairman



A. RAZAK AHMED
Chief Executive & Managing Director

Karachi: 28th March, 2024



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RELIANCE INSURANCE COMPANY LIMITED

Review Report to the Members of Reliance Insurance Company Limited on the Statement of Compliance contained in the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 (the Code) and Listed Companies (Code of Corporate Governance) Regulation, 2019 (the Regulations) prepared by the Board of Directors of Reliance Insurance Company Limited for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations and provision XXV of the Code.

The responsibility for compliance with the Code and the Regulations 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 the Regulations, and report if it does not and to highlight any non-compliance with the requirements of the Code and Regulations. 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 and the Regulations.

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.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

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 and Regulations as applicable to the Company for the year ended December 31, 2023.

KARACHI
DATED: 28th March, 2024
UDIN: CR202310067pUC34t81J



CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BDO Ebrahim & Co. Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RELIANCE INSURANCE COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of RELIANCE INSURANCE COMPANY LIMITED, (the Company), which comprise the statement of financial position as at December 31, 2023, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policies information 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 profit and loss account, 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 the Company's affairs as at December 31, 2023 and of its profit, other 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No	Key Audit Matters	How the matters were addressed in our audit
1	<p>Compliance with laws and regulations</p> <p>The Company is in highly regulated industry and is governed by stringent laws and regulations which mainly include Insurance Ordinance, 2000, Insurance Accounting Regulations, 2017, Insurance Rules, 2017 and Companies Act, 2017, and various circulars issued by the SECP from time to time to regulate the business of the Company. The Company is required to comply with these rules and regulations.</p> <p>We have considered compliance with laws and regulation as a key audit matter since failure to comply with any of these applicable laws and regulations could have a material financial impact on the business of the Company.</p>	<p>Our audit procedures in respect of this area included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the relevant legal and regulatory framework within which the Company operates and assessed the design and operation of its key controls over this framework; Discussed the applicable policies and procedures with senior management and reviewed minutes of the Board of Directors meetings, and internal audit reports for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance; and Reviewed the Company's documentation and correspondence with the regulators.

BDO Ebrahim & Co. Chartered Accountants

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S. No	Key Audit Matters	How the matters were addressed in our audit
2	<p>Revenue Recognition - Premium Earned</p> <p>Refer the financial statements relating to revenue recognition policy and net insurance premium respectively.</p> <p>The Company earns revenue primarily from premium income, which amounts to Rs. 460.686 million (2022: 360.467 million) representing 27.80% increase. This income stream comprises of four segments: (i) Fire and property damage, (ii) Marine, aviation and transport, (iii) Motor, (iv) Miscellaneous.</p> <p>We have identified revenue recognition from premium income as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of, evaluated the design and tested the controls over the process of policy-writing, processing and recording of premium; • Assessed the appropriateness of the Company's accounting policy for recording of premium and in line with the requirements of applicable law, accounting and reporting standards; • Traced the premium recorded on sample basis from the underlying policies issued to insurance contract holders and applying substantive analytical procedures to corroborate with economic environment and usual policy-writing patterns; • Tested the policies on sample basis where policies were written close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and • Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities.
3	<p>Valuation of outstanding claims including claims incurred but not reported (IBNR)</p> <p>As disclosed in note 21 to these financial statements, outstanding claims including IBNR amounting to Rs. 230.153 as at December 31, 2023.</p> <p>The outstanding claims including IBNR represented 21% of the Company's total liabilities.</p> <p>We focused on this area because the valuation of outstanding claims including IBNR are significant in magnitude and requires use of judgement and estimates. Outstanding claims including IBNR are estimates for settlement of claims in future which are impacted by a number of factors which includes the trends in severity of historical claims, frequency of historical claims and changes in government regulations.</p> <p>Determination of IBNR involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.</p>	<p>Our audit procedures in respect of this area includes the following:</p> <p>We assessed and tested the operating effectiveness of selected key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claims estimates recorded;</p> <p>Substantive tests were performed on the amounts recorded for a sample of claims notified, focusing on those with significant impact on the financial statements, to assess whether the claims are appropriately estimated and recorded;</p> <p>We used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for identification of IBNR;</p> <p>Assessed of competence, capability and objectivity of management's expert;</p> <p>Assessed the data provided by the Company to its actuary for completeness and accuracy and assured that the same has been provided to us; and</p> <p>Considered the adequacy of the Company's disclosures about the estimates used.</p>

BDO Ebrahim & Co. Chartered Accountants

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Pakistan

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

Board of directors are responsible for the other information. The other information comprises the information included in the annual 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 the accounting and reporting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 and the 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.

BDO Ebrahim & Co. Chartered Accountants

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- 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.

- We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- Report on Other Legal and Regulatory Requirements
- Based on our audit, we further report that in our opinion:
 - proper books of account have been kept by the Company as required by Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
 - the statement of financial position, the profit and loss account, 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 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
 - investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
 - zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
- The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: 28th March, 2024

UDIN: AR202310067Hr5f2JP46



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Note	December 31, 2023	December 31, 2022
		Rupees	
ASSETS			
Property and equipment	8	87,159,556	72,739,091
Intangible assets	9	-	-
Investments			
Equity securities	10	839,874,670	681,276,070
Debt securities	11	70,092,591	70,103,731
Term deposit receipts	12	42,628,618	42,591,059
		952,595,879	793,970,860
Loans and other receivables	13	5,135,425	4,163,250
Insurance / reinsurance receivables	14	537,186,737	386,729,024
Re-insurance recoveries against outstanding claims	24	176,420,765	152,487,929
Deferred commission expense	25	95,312,664	74,411,786
Deferred taxation	15	-	20,409,659
Prepayments	16	194,268,623	155,142,722
Cash and bank	17	108,555,276	101,815,197
		2,156,634,925	1,761,869,518
Total Assets of Window Takaful Operations - Operator's Fund		155,881,702	126,994,862
TOTAL ASSETS		2,312,516,627	1,888,864,380
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	18	665,379,490	633,694,750
Reserves	19	310,000,000	290,000,000
Unappropriated profit		225,049,587	136,521,419
Surplus on revaluation of available for sale investment		21,992,211	49,196
TOTAL EQUITY		1,222,421,288	1,060,265,365
LIABILITIES			
Underwriting provisions			
Outstanding claims including IBNR	24	230,153,423	188,533,455
Unearned premium reserves	23	440,170,615	339,216,908
Unearned reinsurance commission	25	39,285,465	31,620,714
		709,609,503	559,371,077
Insurance / reinsurance payables	20	216,603,821	186,785,319
Other creditors and accruals	21	76,108,264	48,268,341
Deferred taxation	15	30,143,866	-
Taxation - provision less payments		22,637,371	7,316,840
		1,055,102,825	801,741,577
Total Liabilities of Window Takaful Operations - Operator's Fund		34,992,514	26,857,438
TOTAL EQUITY AND LIABILITIES		2,312,516,627	1,888,864,380
CONTINGENCIES AND COMMITMENTS	22		

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

				
Irfan Zakaria Bawany Chairman	Mohammad Omar Bawany Director	Noor M. Zakaria Director	Ghulam Haider Chief Financial Officer	A. Razak Ahmed Chief Executive & Managing Director

Karachi: 28th March, 2024


PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	December 31, 2023	December 31, 2022
		Rupees	
Net insurance premium	23	460,686,249	360,467,082
Net insurance claims	24	(139,118,908)	(93,637,667)
Net commission and other acquisition costs	25	(96,383,134)	(77,236,662)
Insurance claims and acquisition expenses		(235,502,042)	(170,874,329)
Management expenses	26	(176,318,464)	(150,167,130)
Underwriting results		48,865,743	39,425,623
Investment income	27	246,032,173	67,384,914
Other income	28	5,564,101	549,597
Other expenses	29	(72,645,064)	(59,083,797)
Results of operating activities		227,816,953	48,276,337
Profit from takaful operations- Operators' Fund	30	29,171,371	19,324,137
Profit before taxation		256,988,324	67,600,474
Income tax expense	31	(85,090,678)	(23,491,337)
Profit after taxation		171,897,646	44,109,137
			Restated
Earnings per share	32	2.58	0.66

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


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Ghulam Haider
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 28th March, 2024

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

	December 31, 2023	December 31, 2022
	Rupees	
Profit after taxation	171,897,646	44,109,137
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit or loss account		
Surplus / (deficit) on revaluation of available for sale securities	30,489,350	(4,273,099)
Net profit / (loss) transferred to profit and loss account on disposal / redemption of available for sale investment	3,811,118	(2,291,428)
Gain / (loss) on revaluation of available for sale securities - window takaful	40,093	(504,190)
Impact of related deferred taxation including change in tax rate	(12,397,546)	5,339,458
Other comprehensive income / (loss) for the year	21,943,015	(1,729,259)
Total comprehensive income for the year	193,840,661	42,379,878

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


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Ghulam Haider
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 28th March, 2024

STATEMENT OF CHANGES IN EQUITY


FOR THE YEAR ENDED DECEMBER 31, 2023

Attributable to equity holders of the Company

	Share capital	Revenue Reserves		Unappropriated Profit	Total
		General reserves	Surplus / (Deficit) on revaluation of Available for sale investments		
Rupees					
Balance as at January 1, 2022	603,518,810	270,000,000	1,778,456	172,764,163	1,048,061,429
Transfer to general reserves	-	20,000,000	-	(20,000,000)	-
Issuance of bonus shares	30,175,940	-	-	(30,175,940)	-
Cash dividend	-	-	-	(30,175,941)	(30,175,941)
Total comprehensive income for the year December 31, 2022					
Profit after tax	-	-	-	44,109,137	44,109,137
Other comprehensive loss	-	-	(1,729,259)	-	(1,729,259)
	-	-	(1,729,259)	44,109,137	42,379,878
Balance as at December 31, 2022	633,694,750	290,000,000	49,196	136,521,419	1,060,265,365
Balance as at January 01, 2023	633,694,750	290,000,000	49,196	136,521,419	1,060,265,365
Transfer to general reserves	-	20,000,000	-	(20,000,000)	-
Issuance of bonus shares	31,684,740	-	-	(31,684,740)	-
Cash dividend	-	-	-	(31,684,738)	(31,684,738)
Total comprehensive income for the year December 31, 2023					
Profit after tax	-	-	-	171,897,646	171,897,646
Other comprehensive income	-	-	21,943,015	-	21,943,015
	-	-	21,943,015	171,897,646	193,840,661
Balance as at December 31, 2023	665,379,490	310,000,000	21,992,211	225,049,587	1,222,421,288

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


Irfan Zakaria Bawany
 Chairman


Mohammad Omar Bawany
 Director


Noor M. Zakaria
 Director


Ghulam Haider
 Chief Financial Officer


A. Razak Ahmed
 Chief Executive & Managing Director

Karachi: 28th March, 2024

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	December 31, 2023	December 31, 2022
		Rupees	
OPERATING CASH FLOWS			
a) Underwriting activities			
Insurance premium received		832,658,661	687,043,182
Reinsurance premium paid		(431,953,969)	(374,912,608)
Claims paid		(441,445,581)	(296,279,649)
Reinsurance and other recoveries received		320,013,805	204,398,598
Commission paid		(203,385,398)	(166,381,185)
Commission received		93,766,137	80,276,031
Management expenses paid		(176,318,464)	(150,167,130)
Net cash flow used in underwriting activities		(6,664,809)	(16,022,761)
b) Other operating activities			
Income tax paid		(23,154,471)	(19,015,645)
Other operating payments		(31,734,152)	(20,611,340)
Loan repayment received		(789,375)	126,288
Net cash flow used other operating activities		(55,677,999)	(39,500,697)
Net cash flows used in operating activities		(62,342,808)	(55,523,458)
INVESTING ACTIVITIES			
Profit / return received		28,642,400	18,365,365
Dividend received		107,972,184	81,866,180
Payments for investments		(169,025,076)	(201,795,403)
Proceeds from investments		153,935,318	205,163,647
Fixed capital expenditures		(35,944,755)	(14,264,410)
Proceeds from sale of property and equipment		14,074,000	3,222,500
Net cash flows generated from investing activities		99,654,071	92,557,879
FINANCING ACTIVITIES			
Dividend paid		(30,571,184)	(28,928,344)
Net cash flows generated from all activities		6,740,079	8,106,078
Cash and cash equivalents at beginning of the year		101,815,197	93,709,120
Cash and cash equivalent at the end of the year	17	108,555,276	101,815,197

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

Reconciliation to profit and loss account

Operating cash flows
Depreciation expense
Gain on disposal of property, plant and equipment
Profit on disposal of investments
Dividend income
Other investment income
Increase in assets other than cash
Increase in liabilities other than borrowings
Deferred taxation
Profit after tax from Takaful operations - Operators' Fund
Profit after taxation

December 31,
2023

December 31,
2022

Rupees

(62,342,808)	(55,523,458)
(13,014,391)	(12,250,009)
5,564,101	549,597
14,090,258	7,328,593
108,313,376	83,129,539
123,628,539	(23,073,218)
235,206,703	44,251,138
(222,103,827)	(22,132,488)
(38,155,979)	8,109,306
20,711,673	13,720,137
171,897,646	44,109,137

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

Irfan Zakaria Bawany
Chairman

Mohammad Omar Bawany
Director

Noor M. Zakaria
Director

Ghulam Haider
Chief Financial Officer

A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 28th March, 2024

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. STATUS AND NATURE OF BUSINESS

Reliance Insurance Company Limited (the Company) was incorporated in Pakistan as a public limited company on November 4, 1981 and is engaged in general insurance business and it has also been allowed to undertake General Window Takaful operations (WTO) on May 25, 2016 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012. The shares of the Company are quoted on Pakistan Stock Exchange Limited.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 96-A, Sindhi Muslim Co-operative Housing Society, Karachi. The Company has 24 operational branches throughout Pakistan. VIS Credit Rating Company Limited & Pakistan Credit Rating Agency Ltd - both the rating agencies have assigned the Insurer Financial Strength Rating (IFSR) of the Company at 'A+' (Single A+) and Outlook on the assigned rating is "Stable".

3. SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING YEAR

All other significant events and transactions that have affected the company's financial position and performance during the year have been adequately disclosed in the notes to the financials.

4. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

4.1 Statement of compliance

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, General Takaful Accounting Regulation 2019 and SECP Takaful Rules, 2012.

In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, General Takaful Accounting Regulation 2019 and SECP Takaful Rules, 2012, shall prevail.

4.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except otherwise stated in these financial statements. No adjustment for the effect of inflation has been accounted for in the financial statements.

4.3 Functional and presentation currency

These financial statements have been presented in Pakistani rupees, which is the functional and presentation currency of the Company.

5. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

5.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2023

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 6 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

5.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller -lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

IFRS 1 standard has been issued by IASB effective from 01, July 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

5.2.1 IFRS Financial Instruments and Amendments to IFRS 4 'Insurance contracts - Applying IFRS 9 with IFRS 4

IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts' - Applying IFRS 9 'Financial Instruments' with IFRS 4 addresses issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss account the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

The Company has determined that it is eligible for the temporary exemption option since the Company has not previously applied any version of IFRS 9, its activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Under the temporary exemption option, the Company can defer the application of IFRS 9 until the application IFRS 17.

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI") i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest.

IFRS 9 defines the terms "principal" as being the fair value of the financial asset at initial recognition, and the "interest" as being compensation for (i) the time value of money, and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

- a) Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ('SPPI') on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and.
- b) All other financial assets

Fair value of financial assets as at December 31, 2023 and change in fair value during the year ended December 31, 2023

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Financial assets with contractual cash flows that meet the SPPI criteria excluding those held for trading

Debt securities - Held to maturity

Opening fair value	70,980,000
Addition during the year-net	-
Decrease in fair value	(959,980)
Closing fair value	<u>70,020,020</u>

Financial assets that do not meet the SPPI criteria

Equity Securities - Available for sale

Opening fair value	338,852,209
Addition during the year-net	128,278,060
Disposal during the year-net	(23,504,218)
Impairment	-
Decrease in fair value	42,750,157
Closing fair value	<u>486,376,208</u>

Carrying value of all other financial assets approximates to their fair values since these either have short term maturity or are frequently repriced.

6. MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below:

6.1 Property and Equipment

The cost of an item is recognized as an asset if and only if the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

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

These are stated at cost less accumulated depreciation computed on the reducing balance method on yearly basis applying the rates as mentioned in note 5.1.

Depreciation on addition to property and equipment during the year is provided from the date of purchase while no depreciation is charged on disposal of assets during the year. Gains and losses on disposal of operating assets is taken to the profit and loss account.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred, whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

6.2 Intangible assets

Computer software acquired is capitalized on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three years using the straight line method. Impairment losses, if any, are deducted from the carrying amount of the intangible assets.

Costs associated with maintaining computer software programs are recognized as an expense when incurred.

The assets' residual values, useful lives and method for amortization are reviewed at each financial year end and adjusted if impact on amortization is significant.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

6.3 Capital work-in-progress

Capital work-in-progress is stated at cost. Transfers are made to operating assets when assets are available for use as intended by the management.

6.4 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance contracts are classified into following main categories:

- Fire and Property
- Motor
- Marine, Transport and Aviation
- Other classes - Miscellaneous

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company.

The Company neither issues investment contracts nor does it issue insurance contracts with Discretionary Participation Features (DPF).

6.5 Deferred Commission expense / Acquisition cost

Commission expenses are deferred and recognized as an asset in correlation with unearned premium that is recognized in the subsequent reporting period to comply with the requirement of Insurance Rules, 2017 as an expense in accordance with the pattern of recognition of premium.

6.6 Unearned premium

The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. The unearned portion of premium income is recognized as a liability. The liability is calculated by applying to actual coverage period as per Insurance Rules, 2017.

6.7 Premium deficiency

The Company carries out an analysis of loss / combined ratios for the expired period, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

The Company is required to maintain a provision in respect of premium deficiency for the individual class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the statement of financial position date. The movement in the premium deficiency reserve is recognized as an expense in 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 claims.

The management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the statement of financial position date. Hence, no reserve for the same has been made in these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

6.8 Reinsurance contracts held

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired. The Company assesses its reinsurance assets for impairment on reporting date. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account. In addition, the Company also monitors the financial ratings of its reinsurers on each reporting date.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance assets.

6.9 Receivables and payables related to insurance contracts

Receivables and payables relating to insurance contracts are recognized when due. These include premiums due but unpaid, premium received in advance, premiums due and claims payable to insurance contract holders. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in the profit and loss account.

Allowance for impairment in premium receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

6.9.1 Insurance / Reinsurance receivable

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in the profit and loss account.

6.9.2 Reinsurance recoveries against outstanding claims

Claim recoveries receivable from the reinsurer are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

6.9.3 Segment reporting

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 expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The reported segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

The Company has four primary business segments, namely, fire, marine, motor and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provide comprehensive car coverage and indemnity against third party loss.

Miscellaneous insurance provides cover against health, burglary, loss of cash in safe and in transit, travel, personal accident, money, engineering losses and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities, which cannot be allocated to a particular segment on a reasonable basis, are reported as unallocated corporate assets and liabilities.

6.9.4 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities are taken to the profit and loss account.

6.9.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at nominal amount. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash and stamps in hand, cash at bank in current and saving accounts.

6.9.6 Revenue recognition

a) Premiums

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Where premiums for the policy are payable in installments, full premium for the duration of the policy is recognized as written at the inception of the policy and related assets setup for premium receivable at the later date. Premiums are stated gross of commission payable in intermediaries and exclusive of taxes and duties levied on premium.

Premium income includes administrative surcharge which is recognized as income at the time policies are written. This administrative surcharge represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 2,000 per policy.

b) Commission income

Commission income is taken to profit and loss account on a time proportion basis in accordance with the pattern of recognition of reinsurance premium.

c) Investment income

Gains and losses on sale of investments are taken to the profit and loss account for the year at the time of disposal / sale. Income on Bank Deposits, Term Deposit Receipt and Pakistan Energy Sukuk Bonds is recognized on accrual basis. Income on held to maturity investments is recognized on time proportion basis using effective interest method.

d) Dividend income

Dividend income is recognized when right to receive the same is established. Entitlement of bonus shares is recognized when the right to receive the same is established by increasing the number of shares to which the Company is entitled without giving any monetary effect in the financial statements either in terms of cost or value thereof.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

6.9.7 Investments

6.9.7.1 Initial Recognition

All investments are initially recognized at cost being the fair value of the consideration given and include transaction costs, except for investments at fair value through profit or loss in which case transaction costs are charged to the profit and loss account. These are recognized and classified as follows:

- In equity securities
- In debt securities
- In term deposits

6.9.7.2 Subsequent Measurement

6.9.7.2.1 In equity securities

a) Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available for sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment of available for sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss account for period within statement of comprehensive income.

These are reviewed for impairment periodically and any losses arising from impairment, based on management estimates, in values are charged to the profit and loss account.

b) Investment at fair value through profit or loss - held for trading

Investments which are acquired principally for the purpose of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading. After initial recognition these are measured at fair values with any resulting gains and losses recognized directly in the profit and loss account. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with resulting gain or loss being included in net profit or loss for the year in which it arises.

6.9.7.2.2 In debt securities

Investments in debt securities, deposits and instruments with fixed maturity, where management has both the intent and the ability to held to maturity, are classified as 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 deferred and amortised over the term of investment using the effective yield.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to profit and loss account.

6.9.7.2.3 In term deposits

Investment in term deposits with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

6.9.7.2.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

6.10 Provisions

6.10.1 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims 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.

The Company recognizes liability in respect of all claims incurred up to the date of statement of financial position which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the reporting date.

6.10.2 Outstanding claims including incurred but not reported (IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs, which is determined using actuarial method. Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

6.10.3 Claims reported but not settled

Provision of liability in respect of claims reported but not settled at the statement of financial position date is made on the basis of individual case estimates. The case estimates are based on assessed amounts of individual losses and where the assessment have not been carried out, the estimates are established in the light of currently available information, past experience of similar claims and in some cases in relation to 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.

6.10.4 Claims incurred but not reported

The provision for claims incurred but not reported (IBNR) is made at the statement of financial position date. In accordance with SECP Circular No.9 of 2016, the Company now takes actuarial advice for the determination of IBNR claims. IBNR claims are estimated using Chain Ladder (CL) Method which 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 extent of future development of claims to reach their ultimate level.

6.11 Taxation

In making the estimates for income taxes currently payable by the Company, the management considers the current income tax laws and the decision of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

Current

Provision for taxation is based on taxable income at current rates of taxation, under the relevant provisions of the Income Tax Ordinance, 2001, after taking into account rebates and tax credits available, if any.

Deferred

Deferred tax, if any, is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Deferred tax assets and liabilities, if any, are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted, or substantially enacted, at the statement of financial position date.

Deferred tax assets, if any, are recognized only to the extent that it is probable that future taxable profit will be available against which the assets can be utilized.

6.12 Staff retirement benefits

The Company maintains recognized contributory provident fund for all permanent employees for which contribution equal to one month's basic pay plus cost of living allowance per annum is charged to the profit and loss account.

6.13 Impairment of assets

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

The carrying amount of non-financial assets is reviewed periodically to determine whether there is any indication of impairment of any asset or a group of assets. If such an indication exists, the recoverable amount of such assets is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provision for impairment is reviewed at each statement of financial position date and adjusted to reflect the current best estimates.

6.14 Dividend distribution

Profit distribution to shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Board of Directors or members as the case may be.

6.15 Management expenses

Management expenses are allocated to various classes of business in proportion to their respective net premium income for the year. Expenses not allocable to the underwriting business are charged as administrative expenses.

6.16 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and / or services received. Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimates.

6.17 Related party transactions and transfer pricing

Transactions with related parties of the Company mainly consist of entering into the insurance contracts. The Company follows the "Comparable Uncontrolled Price Method" to measure and value the transactions with the related parties. For transactions carried out other than at arm's length, approval is obtained from the Board of Directors as per the Listing Regulations.

6.18 Bonus shares and reserves appropriation

Bonus shares and appropriation are recognized in the period in which these are approved.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

6.19 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the date of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

6.20 Earnings per share

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

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates 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 periodic basis. Revisions to accounting estimates are recognized in the period in which the revision has been made.

Significant areas where judgements, assumptions and estimates were exercised in application of accounting policies relate to:

	Notes
- Useful life of property and equipment	6.1
- Deferred commission expense	6.5
- Unearned premium	6.6
- Premium deficiency reserve	6.7
- Insurance / Reinsurance receivables with respect to impairment	6.9.1
- Reinsurance recoveries against outstanding claims	6.9.2
- Premium	3.13 (a)
- Outstanding claims (including IBNR)	6.10.2
- Taxation (current and deferred)	6.11
- Impairment of Assets	6.13

8. PROPERTY AND EQUIPMENT

	2023									
	Cost				Accumulated Depreciation				Written down value as at Dec 31, 2023	Depreciation Rate %
	As at 1 Jan 2023	Additions	Disposals	As at 31 Dec 2023	As at 1 Jan 2023	Depreciation for the year	Disposals	As at 31 Dec 2023		
Rupees										
Land and buildings	30,218,901	-	-	30,218,901	25,811,110	440,779	-	26,251,889	3,967,012	10
Furniture and fixtures	12,868,460	99,790	-	12,968,250	11,473,828	250,149	-	11,723,977	1,244,273	15
Office equipment	16,252,213	293,500	-	16,545,713	13,310,694	459,288	-	13,769,982	2,775,731	15
Computer equipment	7,815,029	148,105	-	7,963,134	7,191,585	212,767	-	7,404,352	558,782	30
Motor vehicles	146,920,261	35,403,360	(23,334,853)	158,988,768	83,548,556	11,651,408	(14,824,954)	80,375,010	78,613,758	15
	214,074,864	35,944,755	(23,334,853)	226,684,766	141,335,773	13,014,391	(14,824,954)	139,525,210	87,159,556	

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2022									
Cost				Accumulated Depreciation				Written down value as at Dec 31, 2022	Depreciation Rate %
As at 1 Jan 2022	Additions	Disposals	As at 31 Dec 2022	As at 1 Jan 2022	Depreciation for the year	Disposals	As at 31 Dec 2022		
Rupees									
30,218,901	-	-	30,218,901	25,321,356	489,754	-	25,811,110	4,407,791	10
12,868,460	-	-	12,868,460	11,227,719	246,109	-	11,473,828	1,394,632	15
15,625,813	626,400	-	16,252,213	12,844,233	466,461	-	13,310,694	2,941,519	15
7,582,029	233,000	-	7,815,029	6,943,838	247,747	-	7,191,585	623,444	30
137,003,644	13,405,010	(3,488,393)	146,920,261	73,564,108	10,799,938	(815,490)	83,548,556	63,371,705	15
203,298,847	14,264,410	(3,488,393)	214,074,864	129,901,254	12,250,009	(815,490)	141,335,773	72,739,091	

8.1.1 The Company owns land and Building situated at Plot No. 181-A Sindhi Muslim Co-operative Housing Society having area of 600 square yards which is being used as head office.

8.1.2 Disposal of fixed assets

Cost	Accumulated Depreciation	Written down value	Sale proceeds	gain/(loss)	Mode of disposals	Sold to
Rupees						

Vehicles

Honda Civic - BUS-549	3,969,345	764,099	3,205,246	3,600,000	394,754	Negotiation	Mr. Adnan Ahmed
Suzuki Cultus - ANH-689	600,000	553,702	46,298	310,000	263,702	Negotiation	Mr. Syed Muhammad Hamza
Suzuki Swift - BND-751	2,248,060	803,112	1,444,948	2,125,000	680,052	Negotiation	Mr. Muhammad Ali
Suzuki Swift - LEC-6767	2,010,560	1,006,873	1,003,687	1,450,000	446,313	Negotiation	Mr. Imtiaz Ahmed Qureshi
Honda Civic - LEH-4262	2,496,450	1,726,157	770,293	1,250,000	479,707	Negotiation	Mr. Khalid Mehmood
Honda City - LED-4108	1,490,000	1,218,658	271,342	1,500,000	1,228,658	Negotiation	Mr. Aziz Ahmed Chughtai
Suzuki Mehran - AVM-871	490,000	364,825	125,175	500,000	374,825	Negotiation	Mr. Zeeshan
Toyota Corolla - BBN-646	1,573,075	1,187,291	385,784	550,000	164,216	Negotiation	Mr. Muhammad Nabeel Altaf
Honda City - AWG-698	1,490,000	1,246,892	243,108	600,000	356,892	Negotiation	Mr. Muhammad Kamran
Honda City - LEF-5249	1,850,280	1,437,795	412,485	750,000	337,515	Negotiation	Mr. Khalid Mehmood
Toyota Corolla - ANF-987	1,175,000	975,481	199,519	400,000	200,481	Negotiation	Mr. S. Arshad Hussain
Toyota Crown - AQZ-003	3,673,028	3,323,863	349,165	925,000	575,835	Negotiation	Mr. Imran

Motorcycle

Honda - 70 LEX-4262	71,635	37,981	33,654	50,000	16,346	Negotiation	Mr. Usman Ghani
Honda - 70 LRK-8070	65,000	63,023	1,977	10,000	8,023	Negotiation	Mr. Muhammad Asif Khan
Honda - 70 LER-3424	49,990	46,060	3,930	24,000	20,070	Negotiation	Mr. Rahul Javed
Unique-70 KDE-2366	37,500	34,772	2,728	10,000	7,272	Negotiation	Ms. Asma
Unique-70 KHC-7052	44,930	34,370	10,560	20,000	9,440	Negotiation	Mr. Ghulam Hussain
Total	23,334,853	14,824,954	8,509,899	14,074,000	5,564,101		

2022- Total	3,488,393	815,490	2,672,903	3,222,500	549,597		
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There are no assets held by third parties and assets with zero values.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

9. INTANGIBLE ASSETS

2023									
Cost				Accumulated Depreciation				Written down value	Amortization period
As at 1 Jan 2023	Additions	Disposals	As at 31 Dec 2023	As at 1 Jan 2023	Depreciation for the year	Disposals	As at 31 Dec 2023	As at 31 Dec 2023	
Rupees									
Computer software	3,477,823	-	-	3,477,823	3,477,823	-	-	3,477,823	3 years

2022									
Cost				Accumulated Depreciation				Written down value	Amortization period
As at 1 Jan 2022	Additions	Disposals	As at 31 Dec 2022	As at 1 Jan 2022	Depreciation for the year	Disposals	As at 31 Dec 2022	As at 31 Dec 2022	
Rupees									
Computer software	3,477,823	-	-	3,477,823	3,477,823	-	-	3,477,823	3 years

- 9.1 The cost of software has been fully amortized as per accounting policy of the Company. However, the same is still in use of Company.

		Note	2023	2022
			Rupees	
10.	INVESTMENT IN EQUITY SECURITIES			
	Available for sale (AFS)			
	Related parties		12,221,513	7,090,142
	Other listed shares		145,132,254	93,121,758
	Mutual funds		329,022,441	238,640,310
		10.1	486,376,208	338,852,210
	Investments at fair value through profit or loss / held for trading			
	Listed shares	10.2	353,498,462	342,423,860
			839,874,670	681,276,070

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

10.1 Investments - Available for Sale

	2023				2022			
	Cost	Impairment / Provision	Revaluation Surplus / (Deficit)	Carrying Value	Cost	Impairment / Provision	Revaluation Surplus / (Deficit)	Carrying Value
	Rupees				Rupees			
Related party								
Listed Securities								
Faran Sugar Mills Limited	369,220	-	1,179,581	1,548,801	369,220	-	651,155	1,020,375
Shahmurad Sugar Mills Limited	464,162	-	7,278,700	7,742,862	464,162	-	2,603,120	3,067,282
	833,382	-	8,458,281	9,291,663	833,382	-	3,254,276	4,087,658
Modaraba Certificates								
First Al Noor Modaraba Limited.	5,212,200	-	(2,918,832)	2,293,368	5,212,200	-	(2,637,894)	2,574,306
B. F Modaraba Limited.	512,566	-	123,916	636,482	512,566	-	(84,387)	428,179
	5,724,766	-	(2,794,916)	2,929,850	5,724,766	-	(2,722,282)	3,002,484
Related Party - Total	6,558,148	-	5,663,365	12,221,513	6,558,148	-	531,994	7,090,142
Others								
Listed Securities								
Faysal Bank Limited	2,530,000	-	728,000	3,258,000	-	-	-	-
Fauji Fertilizer Company Limited	74,729,806	-	4,015,798	78,745,604	53,216,889	-	(5,263,571)	47,953,318
Nishat Chunian Power Limited	-	-	-	-	9,829,760	-	(7,161,635)	2,668,125
Pakistan Oilfield Limited	5,149,600	-	2,445,320	7,594,920	5,149,600	-	1,921,700	7,071,300
Pakistan Petroleum Limited	-	-	-	-	7,686,200	-	(2,984,540)	4,701,660
Hub Power Co. Limited	16,462,164	-	5,784,936	22,247,100	4,035,546	-	(881,546)	3,154,000
Engro Fertilizer Company Limited	13,163,794	-	9,282,206	22,446,000	13,163,794	-	2,214,206	15,378,000
Nishat Power Limited	-	-	-	-	1,825,250	-	(1,288,055)	537,195
Indus Motor Co. Limited	5,307,273	-	(507,593)	4,799,680	6,634,093	-	(1,609,493)	5,024,600
Lucky Cement Limited	-	-	-	-	2,836,188	-	(826,578)	2,009,610
Avanceon Limited	3,904,227	-	(607,177)	3,297,050	3,250,498	-	(609,298)	2,641,200
Octopus Digital Limited	3,894,835	-	(1,150,935)	2,743,900	3,122,178	-	(1,139,428)	1,982,750
	125,141,698	-	19,990,555	145,132,254	110,749,995	-	(17,628,237)	93,121,758
Mutual funds								
Meezan Rozana Amdani Fund	58,482,449	-	-	58,482,449	50,096,305	-	-	50,096,305
HBL Islamic Money Market Fund	77,824,999	-	59,999	77,884,999	51,855,833	-	60,005	51,915,838
Al Hamra Islamic Money Market Fund	53,751,076	-	387,107	54,138,183	26,624,270	-	387,107	27,011,377
NBP Islamic Daily dividend	12,860,202	-	-	12,860,202	10,994,669	-	1	10,994,669
Al-Ameen Islamic Cash Fund	85,748,465	-	-	85,748,465	73,457,700	-	-	73,457,700
ABL Islamic Income Fund	39,908,143	-	-	39,908,143	25,164,419	-	-	25,164,419
	328,575,335	-	447,106	329,022,441	238,193,197	-	447,113	238,640,310
Total equity securities	460,275,181	-	26,101,026	486,376,208	355,501,340	-	(16,649,130)	338,852,210

*The Company has not accounted for investment in related parties as associates under IAS 28 "Investment in Associates and joint Ventures", as management has concluded that the Company does not have significant influence in these companies.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

10.2 Fair value through profit or loss

2023				2022			
Cost	Impairment / Provision	Revaluation Surplus / (Deficit)	Carrying Value	Cost	Impairment / Provision	Revaluation Surplus / (Deficit)	Carrying Value
Rupees				Rupees			

Investments - Held for Trading

Listed Securities

Orix Modaraba	-	-	-	-	744,432	-	(153,539)	590,893
Meezan Bank Ltd	49,770,000	-	30,910,000	80,680,000	63,305,553	-	(11,619,806)	51,685,747
Lucky Cement Ltd	15,853,590	-	12,084,200	27,937,790	30,907,240	-	(10,587,850)	20,319,390
Hub Power Company Ltd	26,151,430	-	21,880,176	48,031,606	42,807,852	-	(4,956,446)	37,851,406
Oil & Gas Development Co. Ltd	15,955,420	-	6,567,640	22,523,060	25,885,343	-	(1,963,923)	23,921,420
Pakistan Oilfield Ltd	16,886,657	-	1,250,434	18,137,091	15,372,296	-	1,514,362	16,886,657
Pakistan State Oil Co. Ltd	7,274,375	-	1,653,014	8,927,389	18,283,583	-	(3,809,708)	14,473,875
Pakistan Telecommunication Co.	-	-	-	-	435,000	-	(130,000)	305,000
Engro Corporation Ltd	20,769,533	-	2,607,983	23,377,516	35,215,733	-	(1,345,701)	33,870,033
Fauji Fertilizer Co. Ltd	42,549,538	-	6,241,691	48,791,229	63,785,512	-	(986,112)	62,799,401
Highnoon Laboratories Ltd	42,945,103	-	7,801,019	50,746,122	62,796,929	-	(3,369,626)	59,427,303
ICI Pakistan Ltd	17,035,020	-	3,607,223	20,642,243	20,283,500	-	(3,154,026)	17,129,474
Cherat Packaging Ltd	3,163,261	-	541,155	3,704,416	3,968,147	-	(804,886)	3,163,261
	<u>258,353,927</u>	<u>-</u>	<u>95,144,535</u>	<u>353,498,462</u>	<u>383,791,121</u>	<u>-</u>	<u>(41,367,261)</u>	<u>342,423,860</u>

Note	2023	2022
	Rupees	

11. INVESTMENT IN DEBT SECURITIES

Held to maturity

Pakistan Energy Sukuk I & II

11.1	<u>70,092,591</u>	<u>70,103,731</u>
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11.1 Pakistan Energy Sukuk I & II having face value amounted to Rs.70 million (December 31, 2022: Rs.65 million) are placed with State Bank of Pakistan under Section 29 of Insurance Ordinance, 2000. These carry profit at the rate of 6 months KIBOR (-) 0.10 and will mature on May 20, 2030.

Note	2023	2022
	Rupees	

12. INVESTMENT IN TERM DEPOSIT

Deposit maturing within 12 months

12.1	<u>42,628,618</u>	<u>42,591,059</u>
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12.1 These carry profit at the rate of 18.50% to 21% per annum (December 31, 2022: 5.50% to 9.25% per annum) payable on maturity.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rupees	
13. LOANS AND OTHER RECEIVABLES			
Considered good			
Loan to employees		1,512,750	723,375
Deposits		867,351	867,351
Accrued investment income		2,755,324	2,572,524
		<u>5,135,425</u>	<u>4,163,250</u>
14. INSURANCE / REINSURANCE RECEIVABLE			
Unsecured			
Due from insurance contract holders			
Considered good		522,776,745	375,159,292
Considered doubtful		17,301,197	12,361,742
		<u>540,077,942</u>	<u>387,521,034</u>
Less: Allowance for impairment against doubtful receivables from insurance contract holders		(17,301,197)	(12,361,742)
		<u>522,776,745</u>	<u>375,159,292</u>
Due from other insurers / reinsurers - considered good		14,409,992	11,569,732
		<u>537,186,737</u>	<u>386,729,024</u>
15. DEFERRED TAXATION			
Deferred tax (credits) / debits arising in respect of:			
Provision for impairment of doubtful receivables from insurance contract holders		5,017,347	3,584,905
Unrealized (gain) / loss on held for trading investments		(27,591,915)	11,996,506
(Surplus) / deficit on revaluation of available for sale		(7,569,298)	4,828,248
		<u>(30,143,866)</u>	<u>20,409,659</u>
15.1 Reconciliation of deferred tax			
Opening balance		20,409,659	6,960,895
Credit to profit and loss account		(38,155,979)	8,109,306
Credit to other comprehensive income		(12,397,546)	5,339,458
Closing balance		<u>(30,143,866)</u>	<u>20,409,659</u>
16. PREPAYMENTS			
Prepaid reinsurance premium ceded	20	193,554,755	153,258,702
Prepaid rent		114,000	186,000
Prepaid miscellaneous expenses		599,868	1,698,020
		<u>194,268,623</u>	<u>155,142,722</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rupees	
17. CASH AND BANK BALANCES			
Cash and stamp in hand			
Insurance stamps and Bond papers		424,699	466,308
Cash at bank			
Current accounts		41,861,206	50,251,771
Saving accounts	17.1	66,269,371	51,097,118
		108,130,577	101,348,889
		108,555,276	101,815,197
Cash includes following for the purpose of the cash flow statement:			
Cash and cash equivalents		108,555,276	101,815,197
17.1	These accounts carry profit at rates ranging between 12.50 % to 18.50% (2022: 7.50% to 13%) per annum.		
18. SHARE CAPITAL			
18.1 Authorized Capital			
		2023	2022
		(Number of shares)	
		100,000,000	75,000,000
		Ordinary shares of Rs.10 each	1,000,000,000
			750,000,000
18.2 Issued, subscribed and paid-up share capital			
		(Number of shares)	
		1,156,680	1,156,680
		Ordinary shares of Rs. 10 each allotted for consideration paid in cash	11,566,800
			11,566,800
		65,381,269	62,212,795
		Ordinary shares of Rs.10 each allotted as fully paid bonus shares	653,812,690
			622,127,950
		66,537,949	63,369,475
		665,379,490	633,694,750
18.2.1	Share capital has increased during the year due to issuance of 5% bonus shares (3,168,474 ordinary shares of Rs. 10 each).		
		2023	2022
		Rupees	
19. RESERVES			
Revenue reserves			
General reserve		310,000,000	290,000,000
19.1	This represents reserve established out of profits to meet future extinguishes.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rupees	
20. INSURANCE / REINSURANCE PAYABLES			
Due to other insurers / reinsurers		<u>216,603,821</u>	<u>186,785,319</u>
21. OTHER CREDITORS AND ACCRUALS			
Accrued expenses		4,614,724	4,642,728
Unpaid and unclaimed dividend		4,531,819	3,418,263
Other creditors	18.1	<u>66,961,721</u>	<u>40,207,349</u>
		<u>76,108,264</u>	<u>48,268,340</u>
22. CONTINGENCIES AND COMMITMENTS			
22.1 Contingencies			
The Assistant Commissioner (AC) Sindh Revenue Board has passed an order for assessment under section 23(1) and (1A) of the Sindh Sales Tax on Services Act, 2011 (the Act) in respect of audit for the tax year December 2016 levied Sindh Sales tax at Rs. 110 Million on exempt marine activities and re-insurance under foreign treaties. The company have filed an appeal before the Commissioner-Appeals –SRB and in view of the tax advisor contesting the matter no eventual financial impact is likely to arise.			
22.2 Commitments			
The Company is committed to minimum rental payments for each of the following period as follows:			
		2023	2022
		Rupees	
Not more than one year		<u>2,107,100</u>	<u>1,575,531</u>
23. NET INSURANCE PREMIUM			
Written Gross Premium		980,276,114	761,878,752
Add: Unearned premium reserve opening		339,216,908	306,512,699
Less: Unearned premium reserve closing		(440,170,615)	(339,216,908)
Premium earned		<u>879,322,407</u>	<u>729,174,543</u>
Less: Reinsurance premium ceded		458,932,211	358,609,707
Add: Prepaid reinsurance premium opening		153,258,702	163,356,456
Less: Prepaid reinsurance premium closing		(193,554,755)	(153,258,702)
Reinsurance expense		<u>418,636,158</u>	<u>368,707,461</u>
		<u>460,686,249</u>	<u>360,467,082</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

24. NET INSURANCE CLAIMS

	2023	2022
	Rupees	
Claim Paid	441,445,581	296,279,649
Add: Outstanding claims including IBNR closing	230,153,423	188,533,455
Less: Outstanding claims including IBNR opening	(188,533,455)	(212,979,177)
Claims expense	483,065,549	271,833,927
Less: Reinsurance and other recoveries received	320,013,805	204,398,598
Add: Reinsurance and other recoveries in respect of outstanding claims closing	176,420,765	152,487,929
Less: Reinsurance and other recoveries in respect of outstanding claims opening	(152,487,929)	(178,690,267)
Reinsurance and other recoveries revenue	343,946,641	178,196,260
Net claims expenses	139,118,908	93,637,667

24.1 Claim development

The following table shows the development of claims over the period. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis on gross tables

Accident year

	2019	2020	2021	2022	2023	Total
	(Rupees in 000)					
Estimate of ultimate claims cost:						
At the end of accident year	88,450	116,050	39,944	97,978	149,399	491,821
One year later	49,033	87,253	21,912	50,722	-	208,920
Two years later	27,096	5,833	2,709	-	-	35,638
Three years later	5,125	3,909	-	-	-	9,034
Four years later	3,741	-	-	-	-	3,741
Current estimate of cumulative claims	22,259	6,935	9,160	209,354	404,217	651,925
Cumulative payment to date	(18,518)	(3,026)	(6,451)	(158,632)	(254,818)	(441,445)
	3,741	3,909	2,709	50,722	149,399	210,480
Liability in respect of prior years						19,673
Total liability recognised in the statement of financial position						230,153

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rupees	
25. NET COMMISSION EXPENSE / ACQUISITION COST			
Commission paid or payable		203,385,398	166,381,185
Add : Deferred commission expense opening		74,411,786	64,560,259
Less: Deferred commission expense closing		(95,312,664)	(74,411,786)
Net Commission		182,484,520	156,529,658
Less: Commission received or receivable		93,766,137	80,276,031
Add : Unearned Reinsurance Commission opening		31,620,714	30,637,679
Less: Unearned Reinsurance Commission closing		(39,285,465)	(31,620,714)
Commission from reinsurers		86,101,386	79,292,996
		<u>96,383,134</u>	<u>77,236,662</u>
26. MANAGEMENT EXPENSES			
Employee benefit cost	26.1	99,664,481	83,142,996
Travelling expenses		561,057	284,412
Advertisements and sales promotion		1,495,160	1,254,700
Printing and stationery		5,180,125	3,476,716
Depreciation		8,459,354	7,962,506
Rent, rates and taxes		6,322,544	5,799,878
Electricity, gas and water		9,004,194	6,854,193
Entertainment		4,669,595	3,114,431
Vehicle running expenses		24,951,167	24,269,935
Office repairs and maintenance		4,676,099	4,426,630
Postages, telegrams and telephone		4,097,198	3,706,808
Annual supervision fee to the Securities and Exchange Commission of Pakistan		1,041,920	910,516
Bank charges		225,795	565,409
Other		5,969,775	4,398,000
		<u>176,318,464</u>	<u>150,167,130</u>
26.1 Employee benefit cost			
Salaries, allowance and other benefits		148,927,761	124,540,959
Charges for post employment benefit (contribution to employee's provident fund)		4,402,210	3,371,342
Less: Cost transferred to other expenses		(53,665,490)	(44,769,305)
		<u>99,664,481</u>	<u>83,142,996</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rupees	
27. INVESTMENT INCOME			
Income from equity securities			
Dividend income			
Available for sale investments		69,716,511	41,835,428
Held for trading investments		38,596,865	41,294,111
		108,313,376	83,129,539
Income from debt securities - Held to maturity			
Return on debt securities		13,631,726	8,855,975
Income from deposits			
Return on term deposits and PLS bank accounts		15,010,674	9,509,390
		136,955,776	101,494,904
Net realised gains/(losses) on investments			
Realised gains on - Equity securities and mutual funds			
Available for sale investments		2,075,626	3,426,163
Held for trading investments		15,045,279	4,742,753
		17,120,905	8,168,916
Realised loss on - Equity securities and mutual funds			
Available for sale investments		(2,637,647)	(830,211)
Held for trading investments		(393,000)	(10,112)
		(3,030,647)	(840,323)
		14,090,258	7,328,593
Net unrealised gain / (loss) on investments at fair value through profit or loss (Held for trading purposes)		95,144,535	(41,367,261)
Total investment income		246,190,569	67,456,236
Investment related expenses		(158,396)	(71,322)
Net investment income		246,032,173	67,384,914
28. OTHER INCOME			
Gain on sale of property and equipment		5,564,101	549,597
29. OTHER EXPENSES			
Employee benefit cost		53,665,490	44,769,305
Legal and professional charges		1,707,000	2,105,000
Auditors' remuneration	29.1	1,183,680	924,480
Subscription		5,643,197	4,858,381
Donations	29.2	177,764	1,339,128
Depreciation		4,555,037	4,287,503
Provision for premium due - but unpaid		4,939,455	-
Others		773,441	800,000
		72,645,064	59,083,797

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rupees	
29.1 Auditors' remuneration			
Audit fee		740,000	600,000
Interim review fee		125,000	125,000
Special certifications and sundry advisory service		231,000	131,000
Sindh sales tax on services		87,680	68,480
		<u>1,183,680</u>	<u>924,480</u>
29.2	None of the directors, sponsor shareholders, key management personnel and their spouses had any interest in the Donee.		
30. PROFIT FROM WINDOW TAKAFUL OPERATION - OPERATOR'S FUND			
Wakala fees		44,560,512	37,570,926
Commission expense		(17,739,340)	(15,652,448)
Management expense		(17,618,107)	(14,267,103)
Modarib's share of PTF investment income		3,094,179	1,955,481
Investment income		18,301,407	11,104,281
Other expense		(1,427,280)	(1,387,000)
		<u>29,171,371</u>	<u>19,324,137</u>
31. INCOME TAX EXPENSE			
For the year			
Current		46,934,699	31,600,643
Deferred		38,155,979	(8,109,306)
		<u>85,090,678</u>	<u>23,491,337</u>
31.1 Relationship between tax expense and accounting profit			
Profit before taxation		<u>256,988,324</u>	<u>67,600,474</u>
Tax at enacted rate of 29% (2022: 29%)		74,526,614	19,604,137
Effect of items not allowed for tax purposes		10,564,064	3,887,200
		<u>85,090,678</u>	<u>23,491,337</u>
32. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after tax		<u>171,897,646</u>	<u>44,109,137</u>
		(Number of Shares)	
			Restated
Weighted average number of Ordinary shares of Rs. 10 each	32.1	<u>66,537,949</u>	<u>66,537,949</u>
			Restated
Earning per share basic and diluted - Rupees	32.2	<u>2.58</u>	<u>0.66</u>
32.1	No figures for diluted earnings per share has been presented as the Company has not issued any instrument which would have dilutive effect on earnings per share when exercised.		
32.2	Weighted average number of shares for the year ended December 31, 2023 have been restated due to issuance of bonus shares during the year as stated in note 15.2.2.		

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

33. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees							
Meeting Fees	-	-	975,000	800,000	-	-	975,000	800,000
Managerial remuneration	16,716,000	11,304,000	-	-	10,202,700	7,251,300	26,918,700	18,555,300
Bonus	3,474,000	2,826,000	-	-	1,801,927	1,362,225	5,275,927	4,188,225
House rent allowance	7,522,800	5,086,800	-	-	2,970,960	2,128,800	10,493,760	7,215,600
Others	717,600	637,200	-	-	3,689,772	2,636,108	4,407,372	3,273,308
	28,430,400	19,854,000	975,000	800,000	18,665,359	13,378,433	48,070,759	34,032,433
Number of persons	1	1	9	9	8	4	18	14

33.1 In addition, Chief Executive and some executives are provided with company maintained cars and residential telephone.

34. RELATED PARTY TRANSACTIONS

Related parties comprise companies having common directorship, group companies, directors, key management personnel and retirement benefit funds. Investment in related parties have been disclosed in the relevant notes. Directors fees and remuneration to the key management personnel are included in note 30 to these financial statements and are determined in accordance with the terms of their appointment.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in the financial statements, are as follows:

Relation with the Company	Nature of transaction	Note	2023	2022
			Rupees	
Transactions during the year				
Associated companies	Premium underwritten		104,979,155	78,096,926
	Premium collected		83,425,863	90,516,113
	Claims paid		18,739,200	77,466,487
	Dividend received		1,177,550	471,019
Key management personnel	Remuneration and other benefits	33.1	48,070,759	34,032,433
Staff retirement benefits	Contribution to provident fund	26.11	4,402,210	3,371,342
Balances as at the year end				
Associated companies	Premium due but unpaid		109,323,356	72,712,106
Provision for outstanding claims	Provision for outstanding claims		14,399,338	10,393,838

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

35. SEGMENT INFORMATION

	2023				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	(Rupees)				
Gross written premium (inclusive of Administrative surcharge)	554,251,398	194,856,426	181,388,909	49,779,381	980,276,114
Insurance premium earned	508,532,644	169,328,236	153,939,397	47,522,130	879,322,407
Insurance premium ceded to reinsurers	(277,243,756)	(101,686,694)	(7,214,711)	(32,490,997)	(418,636,158)
Net insurance premium	231,288,888	67,641,542	146,724,686	15,031,133	460,686,249
Commission income	60,041,078	22,061,056	(13,447)	4,012,699	86,101,386
Net underwriting income	291,329,966	89,702,598	146,711,239	19,043,832	546,787,635
Insurance claims	(379,676,664)	(27,074,353)	(73,014,615)	(3,299,917)	(483,065,549)
Insurance claims recovered from reinsurers	331,990,050	9,698,734	(297,847)	2,555,704	343,946,641
Net claims	(47,686,614)	(17,375,619)	(73,312,462)	(744,213)	(139,118,908)
Commission expense	(125,686,992)	(35,389,849)	(15,013,265)	(6,394,414)	(182,484,520)
Management expense	(88,521,204)	(25,888,450)	(56,155,944)	(5,752,866)	(176,318,464)
Net insurance claims & expenses	(261,894,810)	(78,653,918)	(144,481,671)	(12,891,493)	(497,921,892)
Underwriting result	29,435,156	11,048,680	2,229,568	6,152,339	48,865,743
Net investment income					246,032,173
Other income					5,564,101
Other expenses					(72,645,064)
Profit before tax from takaful operations-Operators' Fund					29,171,371
Profit before tax					256,988,324
Segment assets	406,914,607	119,004,124	258,137,857	26,444,797	810,501,385
Unallocated assets					1,502,015,242
					2,312,516,627
Segment liabilities	527,442,267	154,253,015	334,598,007	34,277,716	1,050,571,005
Unallocated liabilities					39,524,333
					1,090,095,338

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	2022				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total (Restated)
	(Rupees)				
Gross written premium (inclusive of Administrative surcharge)	445,049,721	155,546,668	117,167,775	44,114,588	761,878,752
Insurance premium earned	413,112,189	169,956,732	100,682,496	45,423,126	729,174,543
Insurance premium ceded to reinsurers	(221,372,985)	(107,766,437)	(4,673,467)	(34,894,572)	(368,707,461)
Net insurance premium	191,739,204	62,190,295	96,009,029	10,528,554	360,467,082
Commission income	50,168,513	24,081,130	27,154	5,016,199	79,292,996
Net underwriting income	241,907,717	86,271,425	96,036,183	15,544,753	439,760,078
Insurance claims	(161,105,971)	(56,958,683)	(52,526,590)	(1,242,683)	(271,833,927)
Insurance claims recovered from reinsurers	138,228,649	36,050,862	3,239,248	677,501	178,196,260
Net claims	(22,877,322)	(20,907,821)	(49,287,342)	(565,182)	(93,637,667)
Commission expense	(105,605,119)	(34,585,260)	(9,863,696)	(6,475,583)	(156,529,658)
Management expense	(79,876,714)	(25,907,880)	(39,996,441)	(4,386,095)	(150,167,130)
Net insurance claims & expenses	(208,359,155)	(81,400,961)	(99,147,479)	(11,426,860)	(400,334,455)
Underwriting result	33,548,562	4,870,464	(3,111,296)	4,117,893	39,425,623
Net Investment income					67,384,914
Other income					549,597
Other expenses					(59,083,797)
Profit before tax from takaful operations-Operators' Fund					19,324,137
Profit before tax					67,600,474
Segment assets	327,864,145	106,342,195	164,170,485	18,003,284	616,380,110
Unallocated assets					1,272,484,270
					1,888,864,380
Segment liabilities	424,643,149	137,732,306	212,630,362	23,317,497	798,323,314
Unallocated liabilities					30,275,701
					828,599,015

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36. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P & L	Total
	Rupees			
As at 1st January, 2022	108,684,373	302,665,245	426,592,681	837,942,299
Additions	4,020,816	197,784,986	-	201,805,802
Disposals (sale and redemptions)	-	(155,033,495)	(42,801,560)	(197,835,055)
Fair value net gains / (loss) (excluding net realised gains)	-	(6,564,527)	(41,367,261)	(47,931,788)
Impairment reversal	-	-	-	-
Amortisation of premium	(10,399)	-	-	(10,399)
As at December 31, 2022	112,694,790	338,852,209	342,423,860	793,970,859
Additions				
Disposals (sale and redemptions)	37,559	128,278,060	720,800	129,036,419
Fair value net gains (excluding net realised gains)	-	(23,504,218)	(84,790,732)	(108,294,950)
Impairment reversal	-	42,750,158	95,144,535	137,894,693
Amortisation of premium	(11,140)	-	-	(11,140)
As at December 31, 2023	112,721,209	486,376,208	353,498,463	952,595,881

37. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

37.1 Insurance Risk Management

a) Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

b) 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 and strike, explosion, earthquake, atmospheric damage, hurricanes, 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). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which are divided into direct and facultative arrangements are further subdivided into four segments: fire, marine, motor and miscellaneous. The insurance 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 insured properties / assets. The Company underwrites insurance contracts in Pakistan.

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The Company manages these risks through its underwriting strategy, adequate reinsurance 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. Insurance 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 insured on occurrence of the insured event.

The Company has entered into reinsurance cover / arrangements, with local and foreign reinsurers having good credit rating by reputable rating agencies, as prescribed by the Securities and Exchange Commission of Pakistan 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 facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe.

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

In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

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

c) Sources of uncertainty in the estimation of future claim payments

Claims reported and otherwise are analyzed separately. The development of large losses / catastrophes is 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, reinsurance 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 amounts in relation 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.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in prior financial years in relation to such claims) and an estimate based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous periods. Claims are assessed on a case-to-case basis separately.

d) Process used to decide on assumptions

The risks associated with insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. This exposure is geographically concentrated in Pakistan only.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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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 monthly claims reports, surveyor's report for particular claim and screening of the actual insurance contracts carried out to derive data for the contracts held. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop related provision for outstanding claims (both reported and non-reported).

The choice of selected results for each accident year in respect of each class of business depends upon the assessment of technique that has been most appropriate to observe historical developments. Through this analysis, the Company determines the need for an IBNR or an unexpired risk liability to be held at each reporting date.

e) Changes in assumptions

The Company has not changed its assumptions for the insurance contracts as disclosed above in (b) and (c).

f) Sensitivity analysis

The analysis of exposure described in paragraph (c) above 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 insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognized in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance. The impact of 10% increase / decrease in incidence of insured events on profit before tax and shareholder's equity is as follows:

	Pre tax profit		Shareholders' equity	
	2023	2022	2023	2022
	Rupees			
Impact of change in claim liabilities by +10%				
Fire and property	(2,049,778)	(1,063,101)	(1,455,342)	(754,802)
Marine, aviation and transport	(857,048)	(696,713)	(608,504)	(494,666)
Motor	(2,308,859)	(1,717,531)	(1,639,290)	(1,219,447)
Miscellaneous	(157,581)	(127,207)	(111,883)	(90,317)
	<u>(5,373,266)</u>	<u>(3,604,552)</u>	<u>(3,815,019)</u>	<u>(2,559,232)</u>
Impact of change in claim liabilities by -10%				
Fire and property	2,049,778	1,063,101	1,455,342	754,802
Marine, aviation and transport	857,048	696,713	608,504	494,666
Motor	2,308,859	1,717,531	1,639,290	1,219,447
Miscellaneous	157,581	127,207	111,883	90,317
	<u>5,373,266</u>	<u>3,604,552</u>	<u>3,815,019</u>	<u>2,559,232</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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g) Concentration of insurance risk

A concentration of risk may also arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

The concentration of risk by type of contracts is summarized below by reference to liabilities.

	Gross sum insured		Reinsurance		Net Amount	
	2023	2022	2023	2022	2023	2022
	Rupees in '000'					
Fire and property	424,718,026	351,533,814	232,248,626	207,045,335	192,469,400	144,488,479
Marine, aviation and transport	216,964,533	173,397,072	128,265,619	106,834,759	88,698,914	66,562,313
Motor	12,248,943	8,080,742	52,830	16,722	12,196,113	8,064,020
Miscellaneous	27,024,067	24,550,081	22,013,262	21,532,483	5,010,805	3,017,598
	680,955,569	557,561,709	382,580,337	335,429,299	298,375,232	222,132,410

h) Claim development table

Claim development table is included in note 21.1 to the financial statements. The table shows development of claims over the period.

i) Sensitivity analysis

The insurance claims provision is sensitive to the above key assumptions. The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant showing the impact on liabilities and revenue account.

	Change in claims assumption	Impact on gross liabilities	Impact on revenue account
	Rupees		
December 31, 2023			
Current claims	+10%	49,182	(49,182)
	-10%	(49,182)	49,182
December 31, 2022			
Current claims	+10%	44,162	(44,162)
	-10%	(44,162)	44,162

38. REINSURANCE RISK

Reinsurance ceded does not relieve the Company from its obligation towards policy holders and, as a result, the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance rating from a number of reinsurers, who are dispersed over several geographical regions.

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An analysis of all reinsurance assets recognized by the rating of the entity from which it is due are as follows:

Rating	Due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2023	2022
Rupees					
A or above including Pakistan Reinsurance Company Limited	14,409,992	161,032,554	175,695,233	351,137,777	305,534,875
BBB	-	15,388,211	17,859,524	33,247,735	11,781,488
	<u>14,409,992</u>	<u>176,420,765</u>	<u>193,554,757</u>	<u>384,385,512</u>	<u>317,316,363</u>

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk management objectives and policies

The Company is exposed to a variety of financial risks including market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management programmed 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 the overall responsibility for the establishment and oversight of the Company's risk management framework. There are Board Committees and Management Committees for developing risk management policies and its monitoring.

39.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and other equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to material currency risk. However, the Company is exposed to interest rate risk and other price risk.

39.3 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of Company's interest-bearing financial instruments was:

	2023	2022	2023	2022
	Effective interest rate %		Rupees	
Fixed rate instruments				
Pakistan Energy Sukuk II	22.97	16.69	70,092,591	70,103,731
Term deposits	18.50 to 21	5.50 to 9.25	42,628,618	42,591,059
Variable rate instruments				
PLS saving accounts	12.50 to 18.5	7.50 to 13	66,269,371	51,097,118

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Sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the company in respect of fixed rate financial instruments.

Sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates would have decreased the profit or loss by the amounts shown below. Reduction in interest rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant. The analysis is performed on the same basis for the comparative period.

	Profit and loss before tax		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rupees			
As at December 31, 2023				
Cash flow sensitivity	662,694	(662,694)	470,513	(470,513)
As at December 31, 2022				
Cash flow sensitivity	510,971	(510,971)	362,790	(362,790)

39.4 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in foreign exchange rates. The Company carries out transactions with major foreign reinsurer in Pakistan Rupees and the Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

39.5 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in equity securities and mutual funds having carrying value of Rs.839.874 million (2021: Rs.681.276 million) as at the statement of financial position date.

The Company's strategy is to hold its strategic equity investments for long term. Thus management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. The Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

Market prices are subject to fluctuation, consequently, the amount realized by the sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

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Sensitivity analysis

The analysis summarizes Company's price risk as at 2023 and 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets. Sensitivity analysis of investments as at the reporting date is as follows:

For held for trading investments, in case of 10% increase or decrease in prices at the reporting date, the net income and equity would have been higher or lower by Rs.35.349 million (2022: Rs.34.242 million).

For available for sale investments, in case of 10% increase or decrease in prices at the reporting date, the net income and equity would have been lower by Rs.48.638 million (2022: Rs.33.885 million) if the decline is considered permanent.

39.6 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of policy holder benefit payments, cash requirements from contractual commitments, or other cash outflows, such as debt maturities or margin calls for derivatives. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

	2023			
	Within one year	Over one year to five years	Over five years	Total
	Rupees			
Financial liabilities				
Outstanding claims including IBNR	230,153,423	-	-	230,153,423
Insurance / Reinsurance payables	216,603,821	-	-	216,603,821
Other Creditors & Accruals	71,617,089	-	-	71,617,089
	518,374,333	-	-	518,374,333
	Rupees			
	2022			
	Within one year	Over one year to five years	Over five years	Total
	Rupees			
Financial liabilities				
Outstanding claims including IBNR	188,533,455	-	-	188,533,455
Insurance / Reinsurance payables	186,785,319	-	-	186,785,319
Other Creditors & Accruals	43,777,166	-	-	43,777,166
	419,095,940	-	-	419,095,940

39.7 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. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counter parties.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Exposure to credit risk

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

	Note	2023	2022
			Rupees
Investments	8 & 9	112,721,209	112,694,790
Loan and other receivable	13	5,135,425	4,163,250
Insurance / reinsurance receivable	14	537,186,737	386,729,024
Reinsurance recoveries against outstanding claims	24	176,420,765	152,487,929
Cash at bank	17	108,130,577	101,348,889
		<u>939,594,713</u>	<u>757,423,882</u>

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

Rating		Rating agency
Short term	Long term	
Rupees		

Banks

Habib Bank Limited	A-1+	AAA	VIS
National Bank of Pakistan	A-1+	AAA	VIS
MCB Bank Limited	A-1+	AAA	PACRA
MCB Islamic Bank Limited	A-1	A	PACRA
Allied Bank Limited	A-1+	AAA	PACRA
United Bank Limited	A-1+	AAA	VIS
Faysal Bank Limited	A-1+	AA	PACRA & VIS
Bank Alfalah Limited	A-1+	AA+	PACRA
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA
The Bank of Punjab	A-1+	AA+	PACRA
The Bank of Khyber	A-1	A+	VIS
The Bank of Khyber	A-1	A	PACRA
Soneri Bank Limited	A-1+	AA-	PACRA
JS Bank Limited	A-1+	AA-	PACRA
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS

Concentration of credit risk

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner.

During the year no assets have been impaired other than available for sale investments against which deficit on revaluation has been made. Further insurance/reinsurance receivable balances against which allowance for impairment against doubtful of Rs.17.301 million has been made.

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39.8 Financial instruments

Interest / mark-up bearing			Non-mark-up bearing			Total	
Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	2023	2022

Rupees

Financial assets

Held to maturity investments	42,628,618	70,092,591	112,721,209	-	-	-	112,721,209	112,694,790
Available for sale investments	-	-	-	486,376,208	-	486,376,208	486,376,208	338,852,210
Held for trading investment	-	-	-	353,498,462	-	353,498,462	353,498,462	342,423,860
Loans and other receivable	-	-	-	5,135,425	-	5,135,425	5,135,425	1,628,250
Insurance / reinsurance receivables	-	-	-	537,186,737	-	537,186,737	537,186,737	386,729,024
Reinsurance recoveries against outstanding claims	-	-	-	176,420,765	-	176,420,765	176,420,765	152,487,929
Cash and bank deposits	66,269,371	-	66,269,371	41,861,206	-	41,861,206	108,130,577	101,348,889
	108,897,989	70,092,591	178,990,580	1,600,478,803	-	1,600,478,803	1,779,469,383	1,436,164,952

Financial liabilities

Financial liabilities at amortized cost

Outstanding claims including IBNR	-	-	-	230,153,423	-	230,153,423	230,153,423	188,533,455
Insurance / reinsurance payables	-	-	-	216,603,821	-	216,603,821	216,603,821	186,785,319
Other creditors and accruals	-	-	-	10,351,922	-	10,351,922	10,351,922	9,991,361
	-	-	-	457,109,166	-	457,109,166	457,109,166	385,310,135
	108,897,989	70,092,591	178,990,580	1,143,369,637	-	1,143,369,637	1,322,360,217	1,050,854,817

39.9 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements are appropriate to their fair values except for held to maturity investments. Fair value is determined on the basis of the objective evidence at each required date.

39.9.1 Carrying amount versus fair value

The following table compares the carrying amounts and fair values of the Company's financial assets and financial liabilities as at December 31, 2023.

The Company considers that the carrying amount of the following financial assets and financial liabilities are a reasonable approximation of their fair values except for available for sale and held to maturity investments:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	As at December 31, 2023		As at December 31, 2022	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Rupees				
Financial Assets				
Investments				
Available for sale				
Ordinary shares - listed				
Related Parties	9,291,663	9,291,663	4,087,658	4,087,658
Others	145,132,254	145,132,254	93,121,758	93,121,758
Mutual fund units	329,022,441	329,022,441	238,640,310	238,640,310
Modarba certificates				
Related Parties	2,929,850	2,929,850	3,002,484	3,002,484
Held to maturity				
Pakistan Energy Sukuk II	70,092,591	70,092,591	70,103,731	70,103,731
Deposit maturing within 12 months	42,628,618	42,628,618	42,591,059	42,591,059
Investments at fair value through profit or loss-				
 held for trading-ordinary shares - listed	353,498,462	353,498,462	342,423,860	342,423,860
	952,595,880	952,595,880	793,970,859	793,970,859
Loan and other receivables	5,135,425	5,135,425	1,628,250	1,628,250
Insurance/reinsurance receivable	537,186,737	537,186,737	386,729,024	386,729,024
Reinsurance recoveries against outstanding claims	176,420,765	176,420,765	152,487,929	152,487,929
Cash and bank balances	108,555,276	108,555,276	101,815,197	101,815,197
Current and other accounts	-	-	-	-
Total assets of Window Takaful Operations	155,881,702	155,881,702	126,994,862	126,994,862
Financial liabilities				
Outstanding claims including IBNR	230,153,423	230,153,423	188,533,455	188,533,455
Insurance / reinsurance payables	216,603,821	216,603,821	186,785,319	186,785,319
Other creditors and accruals	71,617,089	71,617,089	43,777,165	43,777,165
Total Liabilities of Window Takaful operations	34,992,514	34,992,514	26,857,438	26,857,438

39.9.2 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

	As at December 31, 2023	Level 1	Level 2	Level 3
	Rupees			
Financial assets measured at fair value				
Investments at fair value through profit or loss/ held for trading	353,498,462	353,498,462	-	-
Available for sale investments	486,376,208	486,376,208	-	-
	<u>839,874,670</u>	<u>839,874,670</u>	<u>-</u>	<u>-</u>

	As at December 31, 2022	Level 1	Level 2	Level 3
	Rupees			
Financial assets measured at fair value				
Investments at fair value through profit or loss/ held for trading	342,423,860	342,423,860	-	-
Available for sale investments	338,852,210	338,852,210	-	-
	<u>681,276,070</u>	<u>681,276,070</u>	<u>-</u>	<u>-</u>

39.9.3 Transfers during the year

During the year ended December 31, 2023:

- There were no transfers between Level 1 and Level 2 fair value measurements
- There were no transfers into or out of Level 3 fair value measurements

39.9.4 Valuation techniques

Fair value of investments classified as held to maturity is assessed using level 2 inputs usually closing market price as per rates prescribed by Financial Market Association of Pakistan in respect of GOPIS by using PKRV rates at reporting date per certificates multiplied by the number of certificates held.

Fair value of available for sale investments is determined using level 1 inputs i.e., quoted market prices of listed securities / NAVs of open end funds.

Fair value of Investments at fair value through profit or loss - held for trading is determined using level 1 inputs i.e., quoted market prices of listed securities / NAVs of open end funds.

For level 2 investments at fair value through profit or loss - held for trading, the Company uses the closing market price as per rates prescribed by Financial Market Association of Pakistan in respect of GOPIS by using PKRV rates at reporting date per certificates multiplied by the number of certificates held.

39.9.5 Capital Management

The management's policy is to maintain a strong capital base for the confidence of stakeholders and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The Company meets minimum paid up capital requirements as required by Securities and Exchange Commission of Pakistan.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

40. STATEMENT OF SOLVENCY

Assets

	December 31, 2023	December 31, 2022
Property and equipment	87,159,556	72,739,091
Intangible assets	-	-
Investment in associate	12,221,513	7,090,142
Investment		
Equity securities	827,653,157	674,185,928
Debt securities	70,092,591	70,103,731
Term deposits	42,628,618	42,591,059
Loans and other receivables	5,135,425	4,163,250
Insurance / Reinsurance receivables	537,186,737	386,729,024
Reinsurance Recoveries against outstanding	176,420,765	152,487,929
Deferred Commission Expense	95,312,664	74,411,786
Deferred taxation	-	20,409,659
Prepayments	194,268,623	155,142,722
Cash and bank	108,555,276	101,815,197
Total Assets Window Takaful Operations	419,455,211	126,994,862
Total Assets (A)	2,576,090,136	1,888,864,380

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

Clause (d) Loan to employees	1,512,750	723,375
Clause (h) Insurance / Reinsurance receivable	372,555,483	293,447,018
Clause (j) deferred taxation	-	20,409,659
Clause (k) security deposit under bond guarantee	546,227	546,227
Clause (l) asset subject to encumbrances	-	-
Clause (q) & (s) Investment in equity securities	265,936,935	202,248,878
Clause (u)-(i) Vehicles	78,613,758	63,371,705
Clause (u)-(ii) Office equipments and computers	3,334,513	3,564,963
Clause (u)-(iii) Furniture fixtures	1,244,273	1,394,632
Total of in-admissible assets (B)	723,743,940	585,706,457

Total Admissible Assets (C=A-B)

1,852,346,196 **1,303,157,924**

Total Liabilities

Underwriting provisions		
Outstanding claims including IBNR	230,153,423	188,533,455
Unearned premium reserves	440,170,615	339,216,908
Unearned commission income	39,285,465	31,620,714
Insurance / Reinsurance payables	216,603,821	186,785,319
Other creditors and accruals	76,108,264	48,268,341
Deferred taxation	30,143,866	-
Income Tax liabilities	22,637,371	7,316,840
Total Liabilities Window Takaful operations	210,359,968	26,857,438
Total Liabilities (D)	1,265,462,793	828,599,015

Total Net Admissible Assets (E=C-D)

586,883,403 **474,558,909**

Minimum Solvency Requirement (higher of following)

Method A - U/S 36 (3)(a)	(Rule 15 (1)(b))	150,000,000
Method B - U/S 36 (3)(b)	(Rule 15 (2))	94,993,332
Method C - U/S 36 (3)(c)	(Rule 15 (3))	84,926,040

Excess in Net Admissible Assets over Minimum Requirements

436,883,403 **324,558,909**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

41. DEFINED CONTRIBUTION PLAN

The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of Reliance Insurance Company Limited - Employees Contributory Provident Fund". The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

41.1 The Trustees have intimated that the size of the Fund at year end was Rs.72.235 million (2022: Rs.81.127 million).

41.2 As intimated by the Trustees, the cost of the investments made at year end was Rs.109.463 million (2022: Rs.93.496) million which is equal to 100% of the total fund size. The category wise break up of investment as per section 218 of the Companies Act, 2017 is given below:

	2023 Un-audited		2022 Un-audited	
	Rupees in '000'	%	Rupees in '000'	%
Pakistan Investment Bonds	35,500	32.43%	33,500	35.83%
Investment in Shares	481	0.44%	451	0.48%
Units of Mutual Funds	73,482	67.13%	59,545	63.69%
	109,463	100.00%	93,496	100.00%

41.3 According to the Trustees, investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules made there under.

42. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the year end, the Board of Directors in its meeting held on 28th March, 2024 has announced bonus shares at Nil% (December 31, 2022: 5% amounting to Rs.31,684,740) amounting to Rs.Nil and cash at 10% (December 31, 2022: 5% Rs.31,684,738) amounting to Rs. 66,537,949. The Board has also approved transfer of Rs.90 million (December 31, 2022: Rs. 20,000,000) to general reserve from unappropriated profit. These financial statement of the year ended December 31, 2023 do not include the effect of appropriations which will be accounted for subsequent to the year end.

43. NUMBER OF EMPLOYEES

	2023	2022
As at December 31	190	183
Average no. of employees during the year	187	183

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 28th March, 2024 by the Board of Directors of the Company.

45. GENERAL

The figures in the financial statements have been rounded off to the nearest rupee.

				
Irfan Zakaria Bawany Chairman	Mohammad Omar Bawany Director	Noor M. Zakaria Director	Ghulam Haider Chief Financial Officer	A. Razak Ahmed Chief Executive & Managing Director

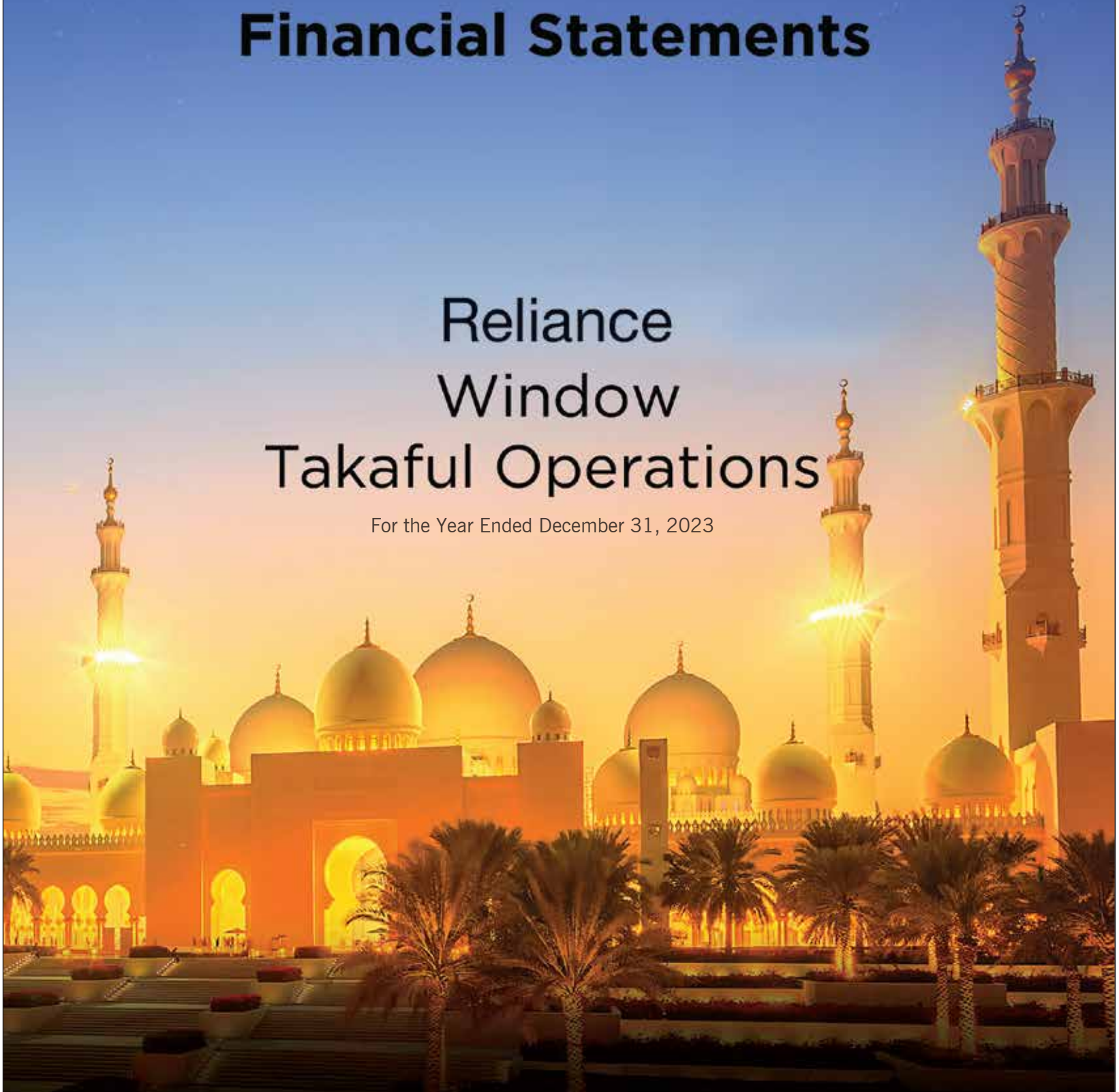
Karachi: 28th March, 2024



Financial Statements

Reliance Window Takaful Operations

For the Year Ended December 31, 2023



STATEMENT OF COMPLIANCE WITH THE TAKAFUL RULES, 2012 AND SHARIA RULES AND PRINCIPLES

FOR THE YEAR 31ST DECEMBER 2023

The financial arrangements, contracts and transactions, entered into by Reliance Insurance Company Limited – Window Takaful Operations (the Operator) for the year ended 31 December 2023 are in compliance with the Takaful Rules, 2012 and the Sharia Rules and Principles determined by the Shariah Advisor of the Operator, (Sharia Rules and Principles).

Further, we confirm that:

- The Operator has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have been implemented;
- The Operator has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor; and
- The assets and liabilities of Operator are segregated from the Reliance Insurance Company Limited other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Operator.



A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 28th March, 2024

INDEPENDENT REASONABLE ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH THE SHARI'AH PRINCIPLES

Introduction

We were engaged by the Board of Directors of Reliance Insurance Company Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended December 31, 2023, 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 of the Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

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

Responsibilities of the Management

The Board of Directors / management of the Company are responsible for 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 of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Management

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 Management 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.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

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The procedures selected depend on our judgment, including the assessment of the risks of material non-compliance with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail. The procedures performed included:

- Evaluated the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluated the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the board of directors;
- Tested for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Reviewed the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2023 with the Takaful Rules, 2012.
- Appointed our External Shariah Advisor to assist in forming a conclusion on an Independent Reasonable Assurance Report to the Board of Directors of Pakistan Reinsurance Company Limited - Window Takaful Operations on the Statement of Management's Assessment on Compliance with the Takaful Rules, 2012, Shariah Rules and Principles.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our conclusion, the annexed statement, for the year ended December 31, 2023, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.



CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

Karachi: 28th March, 2024

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SHARI'AH ADVISOR'S REPORT TO THE BOARD OF DIRECTORS

FOR THE YEAR ENDED DECEMBER 31, 2023

All praise and thanks are due to Allah Almighty, by whose blessing Reliance Insurance Co. Ltd. Window Takaful Operations (RIC WTO) has successfully completed its eight year of Takaful operations.

Being a Shari'ah Advisor of Reliance Insurance Co. Ltd. Window Takaful Operations it is my responsibility to ensure that the Participant membership documents, underwriting procedures, Re-Takaful Arrangements, and financial activities related to the Participants and stakeholders should be compliant as per Shari'ah rulings.

On the other hand it is the responsibility of RIC Takaful Operator's management to follow the Takaful Rules, 2012 and guidelines set by the Shari'ah Advisor and to take prior approval of Shari'ah Advisor for all policies and services being offered by RIC (Window Takaful).

In order to have an independent assessment of the Shari'ah governance and compliance environment of the operator, and the conformity of Takaful Operations with Takaful Rules, 2012, an external and internal audit have been conducted.

In my opinion and to the best of my understanding based on explanations provided by the Operator and audit reports of the External and internal auditors, below are the findings:

- Underwriting, investments and financial activities undertaken by the Operator for the year of ended 31 December, 2023 were in accordance with Takaful Rules, 2012 and guidelines issued by me in the capacity of Shariah Advisor.
- Appropriate accounting policies and basis of measurement have been consistently applied in preparation of the financial statements of "Participant Takaful Fund (Waqf Fund)" and "Operator Fund".
- The Operator found performing its duties to its level best by following Shariah guidelines and through consultation with me where needed.
- Any cases which were required to be consulted in accordance with the Shariah and Takaful Rules have been discussed and duly resolved.

I concluded my report with the words that Allah Almighty grant Reliance Insurance Co. Ltd. Window Takaful Operations (RIC WTO) remarkable success and help the entire team at every step and keep away from every hindrance and difficulty.



Mufti M Farhan Farooq
Shari'ah Advisor
Reliance Insurance Co. Ltd.
Window Takaful Operations

Karachi: 28th March, 2024

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RELIANCE INSURANCE COMPANY LIMITED (WINDOW TAKAFUL OPERATIONS)

Introduction

We have audited the annexed financial statement of RELIANCE INSURANCE COMPANY LIMITED (WINDOW TAKAFUL OPERATION) ("the Operator") as at December 31, 2023, which comprise the statement of financial position as at December 31, 2023, the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of material accounting policies information 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 profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement 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 Operator's affairs as at December 31, 2023 and of the profit, other comprehensive loss, the changes in funds 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 Operator 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No	Key Audit Matters	How the matters were addressed in our audit
1	<p>Compliance with laws and regulations</p> <p>The Company is in highly regulated industry and is governed by stringent laws and regulations which mainly include Insurance Ordinance, 2000, General Takaful Accounting Regulations, 2019, Takaful Rules, 2012 and Companies Act, 2017, and various circulars issued by the SECP from time to time to regulate the business of the Company. The Company is required to comply with these rules and regulations.</p>	<p>Our audit procedures in respect of this area included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the relevant legal and regulatory framework within which the Company operates and assessed the design and operation of its key controls over this framework;

S. No	Key Audit Matters	How the matters were addressed in our audit
	<p>We have considered compliance with laws and regulation as a key audit matter since failure to comply with any of these applicable laws and regulations could have a material financial impact on the business of the Company.</p>	<ul style="list-style-type: none"> Discussed the applicable policies and procedures with senior management and reviewed minutes of the Board of Directors meetings, and internal audit reports for any recorded instances of potential non-compliance, and maintained a high level of vigilance when carrying out our other audit procedures for indications of non-compliance; and Reviewed the Company's documentation and correspondence with the regulators.
2	<p>Revenue Recognition - Contribution Earned</p> <p>Refer the financial statements relating to revenue recognition policy and net insurance contribution respectively.</p> <p>The Company earns revenue primarily from contribution income, which amounts to Rs. 66.84 million (2022: 56.36 million) representing 18.60% increase. This income stream comprises of five segments: (i) Fire and property damage, (ii) Marine, aviation and transport, (iii) Motor, (iv) Health and (v) Miscellaneous.</p> <p>We have identified revenue recognition from contribution income as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of, evaluated the design and tested the controls over the process of policy-writing, processing and recording of contribution; Assessed the appropriateness of the Company's accounting policy for recording of contribution and in line with the requirements of applicable law, accounting and reporting standards; Traced the contribution recorded on sample basis from the underlying policies issued to insurance contract holders and applying substantive analytical procedures to corroborate with economic environment and usual policy-writing patterns; Tested the policies on sample basis where policies were written close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and Recalculated the unearned portion of contribution income and ensured that appropriate amount has been recorded as provision for unearned contribution in liabilities.
3	<p>Valuation of outstanding claims including claims incurred but not reported (IBNR)</p> <p>As disclosed in notes to these financial statements, outstanding claims including IBNR amounting to Rs. 61.498 million as at December 31, 2023.</p> <p>The outstanding claims including IBNR represented 35.06% of the Company's total liabilities.</p>	<p>Our audit procedures in respect of this area includes the following:</p> <p>We assessed and tested the operating effectiveness of selected key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claims estimates recorded;</p>

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S. No	Key Audit Matters	How the matters were addressed in our audit
	<p>We focused on this area because the valuation of outstanding claims including IBNR are significant in magnitude and requires use of judgement and estimates. Outstanding claims including IBNR are estimates for settlement of claims in future which are impacted by a number of factors which includes the trends in severity of historical claims, frequency of historical claims and changes in government regulations.</p> <p>Determination of IBNR involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions can materially impact the valuation of these liabilities.</p>	<p>Substantive tests were performed on the amounts recorded for a sample of claims notified, focusing on those with significant impact on the financial statements, to assess whether the claims are appropriately estimated and recorded;</p> <p>We used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for identification of IBNR;</p> <p>Assessed of competence, capability and objectivity of management's expert;</p> <p>Assessed the data provided by the Company to its actuary for completeness and accuracy and assured that the same has been provided to us; and Considered the adequacy of the Company's disclosures about the estimates used.</p>

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 annual 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 Operator'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 cease operations, or has no realistic alternative but to do so.

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

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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 Operator'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 Operator'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 Operator 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.

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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Pakistan

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 Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the cash flow statement 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 Operator'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 Zulfikar Ali Causer.

KARACHI

DATED: 28th March 2024

UDIN: AR202310067skog0iRt5

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

STATEMENT OF FINANCIAL POSITION - WINDOW TAKAFUL OPERATIONS

AS AT DECEMBER 31, 2023

		Operator's Retakaful Fund		Participant's Retakaful Fund	
	Note	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
(Rupees)					
ASSETS					
Investment					
Equity securities	5	99,313,467	84,797,357	27,800,999	23,758,353
Takaful / re-takaful receivables	6	-	-	106,124,638	93,993,056
Deferred wakala fee	17	-	-	21,182,249	15,540,940
Receivable from PTF	7	34,807,391	23,654,430	-	-
Accrued investment income		68,976	172,699	369,191	281,701
Retakaful recoveries against outstanding claims	15	-	-	45,932,517	11,755,378
Deferred commission expense	18	7,811,311	6,218,649	-	-
Deferred taxation	8	-	5,100	-	-
Prepayments	9	508,500	-	20,767,464	15,622,451
Cash and bank	10	13,372,057	12,146,627	41,386,451	34,033,671
TOTAL ASSETS		155,881,702	126,994,862	263,563,509	194,985,550
FUND AND LIABILITIES					
FUNDS ATTRIBUTABLE TO:					
Operator's Fund (OPF)					
Statutory Fund		50,000,000	50,000,000	-	-
Accumulated profit		70,826,413	50,114,740	-	-
Surplus on revaluation of available for sale of investments		62,776	22,684	-	-
Total Operator's Funds		120,889,188	100,137,424	-	-
Participants' Takaful Fund (PTF)					
Seed money		-	-	500,000	500,000
Accumulated surplus		-	-	87,696,055	87,450,723
Balance of Participant's Takaful Fund		-	-	88,196,055	87,950,723
LIABILITIES					
PTF underwriting provisions					
Outstanding claims including IBNR	16	-	-	61,498,945	18,033,223
Unearned contribution reserve	14	-	-	52,955,619	38,852,349
Reserve for unearned retakaful rebate	15	-	-	3,638,252	3,190,441
		-	-	118,092,816	60,076,013
Unearned wakala fee	17	21,182,249	15,540,940	-	-
Takaful/retakaful payables	11	-	-	19,234,111	20,937,436
Other creditors and accruals	12	12,530,930	9,714,814	3,233,136	2,366,948
Taxation-provision less payment		1,260,876	1,601,684	-	-
Deferred taxation		18,459	-	-	-
Payable to OPF	7	-	-	34,807,391	23,654,430
TOTAL LIABILITIES		34,992,514	26,857,438	57,274,638	46,958,814
TOTAL EQUITY AND LIABILITIES		155,881,702	126,994,862	263,563,509	194,985,550
CONTINGENCIES AND COMMITMENTS	13				

The annexed notes from 1 to 31 form an integral part of these financial statements.

Irfan Zakaria Bawany
Chairman

Mohammad Omar Bawany
Director

Noor M. Zakaria
Director

Ghulam Haider
Chief Financial Officer

A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 28th March, 2024


PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
Rupees			
PARTICIPANT'S TAKAFUL FUND			
Contributions earned	14	66,840,771	56,356,393
Less: Contributions ceded to retakaful	14	(52,660,361)	(51,349,344)
Net contributions revenue		14,180,410	5,007,049
Retakaful rebate earned	15	10,246,206	10,163,807
Net underwriting income		24,426,616	15,170,856
Net claims - reported / settled - IBNR	16	(26,627,884)	(11,928,151)
Other direct expenses	19	(2,194,668)	(941,653)
Surplus before investment income		(4,395,936)	2,301,052
Investment income	20	4,641,268	2,933,221
Surplus transferred to accumulated surplus		245,332	5,234,273
OPERATOR'S FUND			
Wakala fee	17	44,560,512	37,570,926
Commission expense	18	(17,739,340)	(15,652,448)
General, administrative and management expenses	22	(17,618,107)	(14,267,103)
		9,203,065	7,651,375
Modarib's shares of PTF investment income	21	3,094,179	1,955,481
Investment income	20	18,301,407	11,104,281
Direct expenses	23	(1,427,280)	(1,387,000)
Profit before taxation		29,171,371	19,324,137
Taxation	24	(8,459,698)	(5,604,000)
Profit after taxation		20,711,673	13,720,137

The annexed notes from 1 to 31 form an integral part of these financial statements.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Ghulam Haider
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 28th March, 2024


STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	Rupees	
PARTICIPANTS' TAKAFUL FUND		
Surplus for the year	245,332	5,234,273
Other comprehensive income	-	-
Total comprehensive income for the year	245,332	5,234,273
OPERATOR'S FUND		
Profit after taxation	20,711,673	13,720,137
Other Comprehensive income:		
Unrealised gain / (loss) on available-for-sale investments	63,651	(527,117)
Impact of related deferred taxation	(23,559)	22,927
	40,093	(504,190)
Total comprehensive income for the year	20,751,765	13,215,947

The annexed notes from 1 to 31 form an integral part of these financial statements.


Irfan Zakaria Bawany
Chairman


Mohammad Omar Bawany
Director


Noor M. Zakaria
Director


Ghulam Haider
Chief Financial Officer


A. Razak Ahmed
Chief Executive & Managing Director

Karachi: 28th March, 2024

STATEMENT OF CHANGES IN OPERATOR'S FUND AND PARTICIPANTS' TAKAFUL FUND

FOR THE YEAR ENDED DECEMBER 31, 2023

	Operator's Fund			
	Statutory Fund	Accumulated Profit	Surplus/(Deficit) on revaluation of AFS investments	Total
	Rupees			
Balance as at January 1, 2022	50,000,000	36,394,603	526,874	86,921,477
Total comprehensive income for the year				
Profit for the year	-	13,720,137	-	13,720,137
Other comprehensive income	-	-	(504,190)	(504,190)
	-	13,720,137	(504,190)	13,215,947
Balance as at December 31, 2022	50,000,000	50,114,740	22,684	100,137,424
Balance as at January 1, 2023	50,000,000	50,114,740	22,684	100,137,424
Total comprehensive income for the year				
Profit for the year	-	20,711,673	-	20,711,673
Other comprehensive income	-	-	40,093	40,093
	-	20,711,673	40,093	20,751,765
Balance as at December 31, 2023	50,000,000	70,826,413	62,776	120,889,189

	Participants' Fund		
	Seed Money	Accumulated Profit	Total
	Rupees		
Balance as at January 01, 2022	500,000	82,216,450	82,716,450
Total comprehensive income for the year			
Profit for the year	-	5,234,273	5,234,273
Other comprehensive income	-	-	-
	-	5,234,273	5,234,273
Balance as at December 31, 2022	500,000	87,450,723	87,950,723
Balance as at January 01, 2023	500,000	87,450,723	87,950,723
Total comprehensive income for the year			
Profit for the year	-	245,332	245,332
Other comprehensive income	-	-	-
	-	245,332	245,332
Balance as at December 31, 2023	500,000	87,696,055	88,196,055

The annexed notes from 1 to 31 form an integral part of these financial statements.

				
Irfan Zakaria Bawany Chairman	Mohammad Omar Bawany Director	Noor M. Zakaria Director	Ghulam Haider Chief Financial Officer	A. Razak Ahmed Chief Executive & Managing Director

Karachi: 28th March, 2024

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Operator's Fund		Participant's Takaful Fund	
	2023	2022	2023	2022
(Rupees)				
OPERATING CASH FLOWS				
a) Takaful activities				
Contribution received	-	-	120,274,747	74,361,331
Retakaful contribution paid	-	-	(66,410,476)	(44,741,128)
Claims / benefits paid	-	-	(32,019,782)	(16,131,681)
Retakaful and other recoveries received	-	-	14,680,481	5,598,353
Commission paid	(19,332,003)	(15,595,317)	-	-
Retakaful rebate received	-	-	10,694,018	9,426,587
Wakala fee received	41,000,000	24,270,852	-	-
Wakala fee paid	-	-	(41,000,000)	(24,270,852)
Modarib wakala fee received	1,143,039	1,421,323	-	-
Modarib wakala fee paid	-	-	(1,143,039)	(1,421,323)
Net cash flows from takaful activities	22,811,036	10,096,858	5,075,949	2,821,287
b) Other operating activities				
Income tax paid	(8,800,506)	(4,754,522)	-	-
General and other expenses paid	(19,045,387)	(15,230,353)	(2,194,668)	(941,653)
Other operating payments	2,307,616	3,913,725	-	-
Other operating receipts	-	-	866,188	929,417
Net cash flow from other operating activities	(25,538,277)	(16,071,150)	(1,328,480)	(12,236)
Total cash flows from all operating activities	(2,727,241)	(5,974,292)	3,747,469	2,809,051
INVESTMENT ACTIVITIES				
Profit / return received	1,402,282	3,270,737	2,891,904	1,889,431
Dividend received	17,002,848	7,859,217	4,756,053	2,871,811
Payments for investments	(14,452,460)	(22,630,771)	(4,042,646)	(2,451,076)
Total cash flows (used in) / from investing activities	3,952,670	(11,500,817)	3,605,311	2,310,166
Total cash flow from all activities	1,225,430	(17,475,108)	7,352,780	5,119,217
Cash and cash equivalents at beginning of the year	12,146,627	29,621,735	34,033,671	28,914,454
Cash and cash equivalents at end of the year	13,372,057	12,146,627	41,386,451	34,033,671
Reconciliation to profit and loss Account				
Operating cash flows	(2,727,241)	(5,974,292)	3,747,469	2,809,051
Dividend income	17,002,848	7,859,217	4,756,053	2,871,811
Other investment income	1,298,559	3,245,064	2,979,394	2,016,891
Increase in assets other than cash	13,254,123	14,192,626	57,095,043	37,986,001
Increase in liabilities other than borrowings	(8,116,617)	(5,602,478)	(68,332,627)	(40,449,481)
Profit / Surplus for the year	20,711,673	13,720,137	245,332	5,234,273
Attributed to:				
Operator's Fund	20,711,673	13,720,137	-	-
Participants' Takaful Fund	-	-	245,332	5,234,273
	20,711,673	13,720,137	245,332	5,234,273

The annexed notes from 1 to 31 form an integral part of these financial statements.

				
Irfan Zakaria Bawany Chairman	Mohammad Omar Bawany Director	Noor M. Zakaria Director	Ghulam Haider Chief Financial Officer	A. Razak Ahmed Chief Executive & Managing Director

Karachi: 28th March, 2024

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

Reliance Insurance Company Limited (the Operator) has been allowed to undertake General Window Takaful Operations (WTO) on May 25, 2016 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window takaful operations in Pakistan. For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF) on May 30, 2016 under the Waqf deed with a Seed money of Rs. 500,000. The Waqf deed and PTF policies (Waqf Rules) which govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund are approved by the Shariah Advisor of the Operator.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These financial statements are prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting and reporting standards as comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012 and the General Takaful Accounting Regulations 2019, shall prevail.

The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O 1416(I)/2019 dated November 20, 2019 has prescribed format of the presentation of published financial statements for general takaful operator for takaful business.

These financial statements reflect the financial position and results of operations of both the Operator's Fund and Participant's Takaful Fund in a manner that the assets, liabilities, income and expenses of the Operator's Fund and PTF remain separately identifiable.

2.2 Basis of Measurement

These financial statements have been prepared on the historical cost basis except otherwise stated in these financial statements. No adjustment for the effect of inflation has been accounted for in the financial statements.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pakistani Rupees, which is the functional and presentation currency of the Operator.

2.4 Accounting Standards, IFRIC Interpretations and amendments that are effective for the current year

There are new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Operator's operations hence not enlisted in these financial statements except as follows:

- IFRS 9 'Financial Instruments' and amendment (effective for period ending on or after June 30, 2019). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from the effective date to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

As an takaful operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

The table below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

- a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ("SPPI") on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- b) all other financial assets:

b) Fair value of financial assets as at December 31, 2023 and change in fair value during the year.

	Operator's Fund	Participant's Takaful Fund
	December 31, 2023	
	Rupees	
Financial assets that do not meet the SPPI criteria		
Equity Securities - Available for sale		
Opening fair value	84,797,357	23,758,353
Net addition during the year - net	14,452,459	4,042,646
Increase in fair value	63,651	-
	99,313,467	27,800,999

Carrying value of all other financial assets approximates to their fair values since these either have short term maturity or are frequently repriced.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

2.5 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

2.6 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2023

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Operator's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

2.7 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Operator's operations or are not expected to have significant impact on the Operator's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 - Insurance Contracts	January 01, 2026

IFRS 1 - First Time Adoption of International Financial Reporting Standards have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

3. MATERIAL ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below:

3.1 TAKAFUL CONTRACTS

Takaful contracts are based on the principle of wakala. The takaful contracts so agreed usually 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.

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant 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 it's non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of it's lifetime, even if the takaful risk reduces significantly during the period, unless all rights and obligations are extinguished or expired.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The operations underwrite non-life takaful contracts that can be categorized into following main categories:

a) Fire and property

Fire and property takaful contracts mainly compensate the participants for damage suffered to their properties or for the value of property lost. Participants 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. These contracts are generally one year contracts except some contracts that are of three months period.

b) Marine, aviation and transport

Marine takaful covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

c) Motor

Motor takaful provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

d) Miscellaneous

All other various types of takaful contracts are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, workmen compensation, travel and products of financial institutions etc. These contracts are normally one year takaful contracts except some engineering takaful contracts that are of more than one year period.

These takaful contracts are provided to all types of customers based on assessment of takaful risk by the Operator. Normally personal takaful contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, takaful contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

3.2 Deferred Commission expense / Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognised in statement of profit or loss as an expense in accordance with the pattern of recognition of contribution revenue.

3.3 Reserve for unearned contribution

The portion of contribution written relating to the unexpired period of coverage is recognized as unearned contribution by the Company. The unearned portion of contribution income is recognized as a liability. The liability is calculated by applying 365 days method.

3.4 Contribution deficiency reserve

The Operator is required as per the General Takaful Accounting Regulations, 2019, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after re-takaful recoveries from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired takaful contracts in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense in the profit and loss account.

The Operator determines the adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned contribution. No provision has been made as the unearned contribution reserve for each class of business as at the year end is adequate to meet the expected future liability after re-takaful from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.5 Re-takaful contracts held

Re-takaful expense is recognized evenly in the period of indemnity. The portion of re-takaful contribution not recognized as an expense is shown as a prepayment which is calculated in the same manner as of unearned contribution.

Rebate from re-takaful operators is recognized at the time of issuance of the underlying takaful policy by the Operator. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the re-takaful contribution to which it relates. Receivable against claims from the re-takaful operators are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be recovered after considering an impairment in relation thereto.

3.6 Receivables and payables related to takaful contracts

Receivables and payables relating to takaful contracts are recognized when due. These include contribution due but unpaid, contribution received in advance, contribution due and claims payable to takaful contract holders. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

Allowance for impairment in contribution receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

3.6.1 Takaful / Re-takaful receivables

Receivables under takaful contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes that impairment loss in the statement of profit or loss.

3.6.2 Re-takaful recoveries against outstanding claims

Claims' recoveries against outstanding claims from the re-takaful operator and salvage are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

3.7 Segment reporting

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Operator's other components. All operating segments' results are reviewed regularly by the Operator's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance accounting regulation, 2017 and the General Takaful Accounting Regulations, 2019. The reported operating segments are also consistent with the internal reporting process of the Operator for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

Based on its classification of takaful contracts issued, the Operator has four primary business segments, namely, fire, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 3.1.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Assets and liabilities are allocated to particular segments on the basis of contribution earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Further, the management expenses are allocated to each segment on the basis disclosed in note 3.14.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.8 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and bank deposits.

3.9 Revenue recognition

a) Contribution

For all the takaful contracts, contributions including administrative surcharge received / receivable under a policy are recognized as written at the time of issuance of policy. Where contributions for a policy are payable in instalments, full contribution for the duration of the policy is recognized as written at the inception of the policy and related assets set up for contributions receivable at a later date. Contributions are stated on gross basis and exclusive of taxes and duties levied on contributions.

Provision for unearned Wakala fee

The Takaful operator manages the general takaful operations for the Participants and charges 40% of gross contribution written on all classes of business including administrative surcharge as Wakala Fee against the services given to Participant's Takaful Fund. Wakala fee under a policy is recognized on the same basis on which related revenue is recognized. Unexpired portion of Wakala fee is recognized as a liability of OPF and an asset of PTF.

Modarib Fee

The Takaful operator also manages the participants' investment as Modarib and charges 40% of the investment / deposit income earned by the Participants' Takaful Fund as Modarib's share.

b) Rebate from Re-takaful Operators

Rebate from re-takaful is recognized at the time of issuance of the underlying takaful policy. These are deferred and recognized as liability and recognized in the statement of profit or loss as revenue in accordance with the pattern of recognition of the re-takaful contributions.

c) Investment Income

Profit on bank accounts and deposits is recognized on accrual basis. Profit or loss on sale of investments is recognized at the time of sale.

d) Dividend Income

Dividend income is recognized when right to receive the same is established.

3.10 Investments

3.10.1 Initial Recognition

All investments are initially recognized at cost being the fair value of the consideration given and include transaction costs, except for investments at fair value through profit or loss in which case transaction costs are charged to the statement of profit or loss. These are recognized and classified as follows:

- In equity securities
- In debt securities
- In term deposits

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.10.2 Subsequent Measurement

3.10.2.1 In equity securities

a) Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available for sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the statement of comprehensive income. On derecognition or impairment of available for sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to statement of profit or loss for period within statement of comprehensive income.

These are reviewed for impairment periodically and any losses arising from impairment, based on management estimates, in values are charged to the statement of profit or loss account.

b) Investments at fair value through profit and loss

Investments which are acquired principally for the purpose of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading. After initial recognition these are measured at fair values with any resulting gains and losses recognized directly in the profit or loss. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with resulting gain or loss being included in net profit or loss for the year in which it arises.

3.10.2.2 Held for maturity

Investments in debt securities, deposits and instruments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as 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 deferred and amortised over the term of investment using the effective yield.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to profit or loss account.

3.10.2.3 In term deposits

Investment in term deposits with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

3.10.2.4 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 Operator commits to purchase or sell the investment.

3.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.12 Provisions

Claims incurred but not reported (IBNR)

The provision for claims incurred but not reported (IBNR) is made at the statement of financial position date in accordance with SECP Circular no. 9 of 2016. The operator now takes actuarial advice for the determination of IBNR claims. IBNR claims 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 extent of future development of claims to reach their ultimate level. In previous year, the provision for IBNR was accounted for on the basis whereby all claims incurred before the year end but reported subsequently were aggregated and the ratio of such claims to outstanding claims was applied to outstanding claims at the reporting date (except exceptional losses) to arrive at liability for IBNR. The analysis was carried out separately for each class of business.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.13 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the Operator's profit and loss account, except to the extent that it relates to items recognized directly in equity or in the statement of comprehensive income, in which case it is recognized in equity or in the statement of comprehensive income respectively.

Current tax

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current period for such years.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the reporting date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

3.14 Defined contribution plan

The Operator contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Operator and the employees to the fund at the rate of 8.33 percent of basic salary.

3.15 Impairment of assets

The carrying amount of assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

Provisions for impairment are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Changes in the provisions are recognized as income or expense.

3.16 Management expenses

Expenses allocated to PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis. Expenses not directly allocable to PTF are charged to OPF.

3.16.1 Claims expense

Takaful claims include all claims incurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, and any adjustments to claims outstanding from previous years.

The PTF recognizes liability in respect of all claims incurred up to the statement of financial position date which is measured at the undiscounted value of the expected future payments. 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.

3.17 Creditors, accruals and provisions

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

Provisions are recognized when the OPF / PTF has a present legal or constructive obligation as a result of past events and 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.18 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct costs and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the year.

3.19 Qard-e-Hasna

Qard-e-Hasna is provided by OPF to PTF in case of deficit or to fulfil cash flow requirements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires the Operator to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to this financial information, or judgments were exercised in application of accounting policies are as follows:

	Notes
- Classification of Takaful Contracts	3.1
- Unearned contribution	3.3
- Contribution deficiency reserve	3.4
- Takaful / Re-takaful receivables	3.6.1
- Outstanding claims including IBNR and re-takaful recoveries there against.	3.6.2 & 3.11
- Segment reporting	3.7
- Provision for unearned wakala fee	3.9 a
- Classification of Investments	3.1
- Impairment	3.15
- Allocation of management expenses	3.16

5. INVESTMENTS - EQUITY SECURITIES

Available for sale:

	2023	2022
Mutual funds - Operator's Fund	99,313,467	84,797,357
Mutual funds - Participant Fund (PTF)	27,800,999	23,758,353
Investments in mutual funds - available for sale	127,114,467	108,555,710

Operator's Fund

	2023			2022		
	Cost	Revaluation surplus	Market / Carrying Value	Cost	Revaluation Surplus	Market / Carrying Value
Al-Hamra Islamic Money Market Fund	59,072,857	-	59,072,857	50,506,538	-	50,506,538
Al-Hamra Daily Dividend Fund	8,135	-	8,135	7,086	-	7,086
HBL Islamic Money Market Fund	40,151,239	81,237	40,232,476	34,266,148	17,586	34,283,734
	99,232,231	81,237	99,313,468	84,779,772	17,586	84,797,357

Participant's Takaful Fund

ABL Islamic Cash Fund	27,800,999	-	27,800,999	23,758,353	-	23,758,353
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

6. TAKAFUL RE-TAKAFUL RECEIVABLES

Operator's Fund		Participant's Fund	
2023	2022	2023	2022
Rupees			
Due from takaful participant holders	-	60,361,168	55,131,362
Due from other takaful / re-takaful operators	-	45,763,470	38,861,694
	-	106,124,638	93,993,056

7. RECEIVABLE / PAYABLE

Wakala fee	32,116,642	22,914,821	(32,116,642)	(22,914,821)
Modarib fee	2,690,749	739,609	(2,690,749)	(739,609)
	34,807,391	23,654,430	(34,807,391)	(23,654,430)

8. DEFERRED TAXATION

Surpluses/(defecit) on revaluation of available for sale investment	(18,459)	5,100	-	-
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8.1 Reconciliation of deferred taxation

Opening balance	5,100	(17,827)	-	-
Credit to other comprehensive income	(23,559)	22,927	-	-
	(18,459)	5,100	-	-

9. PREPAYMENTS

Prepaid re-takaful contribution ceded	-	-	20,767,464	15,622,451
Prepaid miscellaneous expenses	508,500	-	-	-
	508,500	-	20,767,464	15,622,451

10. CASH & BANK

Cash and cash equivalents

Policy, revenue stamps and bond papers	-	-	-	45,036
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Cash at bank

Profit and Loss sharing accounts	13,372,057	12,146,627	41,386,451	33,988,635
	13,372,057	12,146,627	41,386,451	34,033,671

10.1 The rate of return and loss sharing accounts held with Islamic banks during the year range from. 12% to 16% per annum (2022: 12% to 14%).

11. RE-TAKAFUL OPERATORS PAYABLE - Participant's Fund

Due to takaful participants / re-takaful payable	-	-	19,234,111	20,937,436
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12. OTHER CREDITORS AND ACCRUALS

Agents commission payable	12,250,570	9,087,906	-	-
Federal insurance fee / sales tax on service	-	-	3,233,136	2,366,948
Accrued expenses	227,280	616,500	-	-
Other tax payables	53,080	10,408	-	-
	12,530,930	9,714,814	3,233,136	2,366,948

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

13. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2023.

14. NET CONTRIBUTION

Written Gross Contributions

Less: Wakala Fee

Contribution Net of Wakala fee

Add : Unearned contributions reserve opening

Less: Unearned contributions reserve closing

Contributions earned

Less:

Re-takaful contribution ceded

Prepaid retakaful contribution ceded - opening

Prepaid retakaful contribution ceded - closing

Retakaful expense

Net contribution

Note	Participant's Takaful Fund	
	2023	2022
	Rupees	
	125,504,553	96,025,503
17	(44,560,512)	(37,570,926)
	80,944,041	58,454,577
	38,852,349	36,754,165
	(52,955,619)	(38,852,349)
	66,840,771	56,356,393
	57,805,375	47,146,437
	15,622,451	19,825,358
	(20,767,465)	(15,622,451)
	52,660,361	51,349,344
	14,180,410	5,007,049

15. RE-TAKAFUL REBATE

Retakaful rebate / commission received

Add: Unearned re-takaful rebate / commission opening

Less: Unearned re-takaful rebate / commission / closing

10,694,018	9,426,587
3,190,441	3,927,661
(3,638,252)	(3,190,441)
10,246,206	10,163,807

16. TAKAFUL BENEFITS/ CLAIMS EXPENSE

Benefits / Claims Paid

Add : Outstanding benefits / claims including IBNR closing

Less: Outstanding benefits / claims including IBNR opening

Claims expense

Less: Re-takaful and other recoveries received

Add : Re-takaful and other recoveries in respect
of outstanding claims closing

Less: Re-takaful and other recoveries in respect
of outstanding claims opening

Re-takaful and other recoveries revenue

Net claims expense

32,019,782	16,131,681
61,498,945	18,033,223
(18,033,223)	(11,834,075)
75,485,504	22,330,829
14,680,481	5,598,353
45,932,517	11,755,378
(11,755,378)	(6,951,053)
48,857,620	10,402,678
26,627,884	11,928,151

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

16.1 Benefits / claim development

Accident year	2019	2020	2021	2022	2023	Total
	Rupees in '000'					
Estimate of ultimate claims cost:						
At the end of accident year	7,588	18,565	3,608	10,537	56,322	96,620
One year later	4,305	3,624	652	4,457	-	13,038
Two years later	522	178	345	-	-	1,045
Three years later	511	120	-	-	-	631
Four years later	120	-	-	-	-	120
Current estimate of cumulative claims	211	1,137	1,740	20,625	69,670	93,383
Cumulative payment to date	(91)	(1,017)	(1,395)	(16,168)	(13,348)	(32,019)
Liability recognized in the financial position	120	120	345	4,457	56,322	61,364
Liability in respect of prior years						134
Total liability recognized in balance sheet						61,498

Participant's Fund	
2023	2022

Rupees

17. WAKALA EXPENSE

Gross wakala fee	50,201,821	38,410,201
Deferred wakala expense - (opening)	15,540,940	14,701,665
Deferred wakala expense - (closing)	(21,182,249)	(15,540,940)
Deferred wakala expense	44,560,512	37,570,926

- 17.1 The Operators' manage the general takaful operations for the participants and charges 40% for motor, fire and property damage and others etc. of the gross contribution written net off administrative surcharge on co-takaful inward as wakala fee against the services.

18. COMMISSION EXPENSE

Commission paid or payable	19,332,001	15,595,317
Deferred commission expense - (opening)	6,218,650	6,275,780
Deferred commission expense - (closing)	(7,811,311)	(6,218,649)
	17,739,340	15,652,448

19. OTHER DIRECT EXPENSES

Fire and property damage	1,056,531	445,962
Marine, Aviation and Transport	163,868	120,143
Motor	952,776	374,310
Miscellaneous	21,493	1,237
	2,194,668	941,653

- 19.1 These expenses represent bank and service charges directly incurred in Participant's Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Operator's Fund		Participant's Fund	
2023	2022	2023	2022

Rupees

20. INVESTMENT INCOME

Income from mutual funds available for sale	17,002,848	7,859,217	4,756,053	2,871,811
Profit on bank deposits	1,298,559	2,318,167	2,979,394	2,016,891
Capital gain on redemption of mutual funds	-	926,897	-	-
Less: Investment related expenses	-	-	(3,094,179)	(1,955,481)
Total investment income	18,301,407	11,104,281	4,641,268	2,933,221

21. MODARIB'S FEE

The Operators' manage the participants' investments as a Modarib and charge 40% Modarib's share of the investment income earned by PTF.

Note	Operator's Fund	
	2023	2022

Rupees

22. GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES

Employee benefit cost	22.1	5,587,002	5,301,006
Printing and stationery		-	153,268
Vehicle running expenses		300,000	300,000
Computer software maintenance		2,034,000	1,779,750
Bank charges		9,660	8,500
Other		9,687,445	6,724,579
		17,618,107	14,267,103

22.1 Employee benefit cost

Salaries, allowances and other benefits	5,549,250	5,265,750
Charges for post employment benefit	37,752	35,256
	5,587,002	5,301,006

23. DIRECT EXPENSES

Employee benefit cost	1,200,000	1,225,000
Auditor's remuneration	23.1	227,280
	1,427,280	1,387,000
Annual audit fee	210,445	150,000
Sind sales tax	16,835	12,000
	227,280	162,000

24. TAXATION

Current	24.1	8,459,698	5,604,000
Deferred		-	-
		8,459,698	5,604,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

24.1 Relationship between tax expense and accounting profit

		Operator's Fund		
		2023	2022	
		Rupees		
	Effective tax rate %			
	2023	2022		
Profit before taxation		29,171,371	19,324,137	
Tax at the applicable rate	29.00	29.00	8,459,698	5,604,000
Total average effective tax rate	29.00	29.00	8,459,698	5,604,000

25. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2023	2022	2023	2022	2023	2022
Rupees						
Managerial remuneration	-	-	-	-	2,842,500	2,250,000
	-	-	-	-	2,842,500	2,250,000
Number of person	-	-	-	-	1	1

26. RELATED PARTY TRANSACTIONS

Related parties comprise companies having common directorship, group companies, directors, key management personnel and retirement benefit funds. Remuneration to the key management personnel are included in note 25 to these financial statements and are determined in accordance with the terms of their appointment.

Relation with the Company Fund		Nature of transaction		Note	2023	2022
					Rupees	
Transactions during the year						
Associated companies / undertakings	PTF	Contribution underwritten			40,219,030	32,965,005
	PTF	Contribution collected			44,742,920	20,665,557
Key management personnel	OPF	Remuneration and other benefits	25		2,842,500	2,250,000
Other staff retirement benefits	OPF	Contribution to provident fund			37,752	35,256
Balances as at the year end						
Associated companies / undertakings	PTF	Contribution due but unpaid			42,122,280	39,854,135

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

27. SEGMENT INFORMATION

Participant's Takaful Fund

	December 31, 2023				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	Rupees				
Gross written Contributions (inclusive of Administrative surcharge)	69,018,883	17,357,939	36,996,686	2,131,045	125,504,553
Wakala fees	(25,861,729)	(6,334,393)	(11,702,915)	(661,475)	(44,560,512)
Takaful contributions earned	64,654,322	15,835,982	29,257,289	1,653,690	111,401,283
Takaful contributions ceded to re-takaful	(36,375,960)	(11,449,997)	(3,755,976)	(1,078,428)	(52,660,361)
Net takaful contribution	2,416,633	(1,948,408)	13,798,398	(86,213)	14,180,410
Retakaful Rebate	7,508,636	2,604,748	(99,039)	231,861	10,246,206
Net underwriting income	9,925,269	656,340	13,699,359	145,648	24,426,616
Takaful claims	(51,328,328)	(5,908,923)	(17,456,416)	(791,837)	(75,485,504)
Takaful claims recovered from re-takaful	40,118,200	4,716,959	3,526,044	496,417	48,857,620
Net claims	(11,210,128)	(1,191,964)	(13,930,372)	(295,420)	(26,627,884)
Other direct expense	(1,056,531)	(163,868)	(952,776)	(21,493)	(2,194,668)
Deficit before investment income	(2,341,390)	(699,492)	(1,183,789)	(171,265)	(4,395,936)
Net Investment income					4,641,268
Surplus transferred to accumulated surplus					245,332
Corporate segment assets	93,396,499	14,485,833	84,224,586	1,880,549	193,987,467
Corporate unallocated assets					69,576,041
Total Assets					263,563,509
Corporate segment liabilities	81,571,525	12,651,775	73,560,873	1,642,452	169,426,625
Corporate unallocated liabilities					5,940,829
Total Liabilities					175,367,454

Operator's Fund

	December 31, 2023				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	Rupees				
Wakala fee	25,861,729	6,334,393	11,702,915	661,475	44,560,512
Commission expenses	(11,761,339)	(2,982,064)	(2,790,464)	(205,471)	(17,739,340)
Management expenses	(8,344,087)	(2,247,065)	(7,004,160)	(22,795)	(17,618,107)
	5,756,302	1,105,263	1,908,291	433,209	9,203,065
Modarib share of PTF Investment Income					3,094,179
Investment income					18,301,407
Direct expenses					(1,427,280)
Profit before tax					29,171,371
Taxation					(8,459,698)
Profit after tax					20,711,673
Corporate segment assets	19,221,644	2,981,285	17,334,001	387,030	39,923,960
Corporate unallocated assets					115,957,742
Total Assets					155,881,702
Corporate segment liabilities	10,206,195	1,582,985	9,203,905	205,503	21,198,588
Corporate unallocated liabilities					13,793,926
Total liabilities					34,992,514

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Participant's Takaful Fund

	December 31, 2022				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	Rupees				
Gross written Contributions (inclusive of Administrative surcharge)	56,649,944	15,822,546	21,878,915	1,674,098	96,025,503
Wakala fees	(22,406,170)	(6,753,227)	(8,151,603)	(259,926)	(37,570,926)
Takaful contributions earned	56,015,426	16,883,069	20,379,008	649,816	93,927,319
Takaful contributions ceded to re-takaful	(35,850,130)	(11,452,548)	(3,451,938)	(594,727)	(51,349,344)
Net takaful contributions	(2,240,874)	(1,322,707)	8,775,467	(204,837)	5,007,049
Re-takaful Rebate	7,598,472	2,545,528	(112,117)	131,924	10,163,807
Net underwriting Income	5,357,598	1,222,821	8,663,350	(72,913)	15,170,856
Takaful claims	(15,277,047)	(561,816)	(6,534,642)	42,676	(22,330,829)
Takaful claims recovered from re-takaful	12,664,833	282,826	(2,537,608)	(7,373)	10,402,678
Net claims	(2,612,214)	(278,990)	(9,072,250)	35,303	(11,928,151)
Other Direct expense	(445,962)	(120,143)	(374,310)	(1,237)	(941,653)
Surplus/ (Deficit) before investment income	2,299,422	823,688	(783,210)	(38,847)	2,301,052
Net Investment income					2,933,221
Surplus transferred to accumulated surplus					5,234,273
Corporate segment assets	64,842,621	17,462,138	54,429,926	163,450	136,898,133
Corporate unallocated assets					58,087,416
Total Assets					194,985,550
Corporate segment liabilities	49,221,325	13,255,318	41,317,162	124,073	103,917,877
Corporate unallocated liabilities					3,116,950
Total Liabilities					107,034,827

Operator's Fund

	December 31, 2022				
	Fire & property damage	Marine aviation & transport	Motor	Miscellaneous	Total
	Rupees				
Wakala fee	22,406,170	6,753,227	8,151,603	259,926	37,570,926
Commission expenses	(10,566,921)	(3,083,549)	(1,923,864)	(78,115)	(15,652,447)
Management expenses	(6,757,023)	(1,819,668)	(5,671,952)	(18,459)	(14,267,103)
	5,082,227	1,850,011	555,787	163,352	7,651,376
Mudarib share of PTF Investment Income					1,955,481
Investment income					11,104,281
Direct expenses					(1,387,000)
Profit before tax					19,324,138
Taxation					(5,604,000)
Profit after tax					13,720,138
Corporate segment assets	13,800,278	3,716,419	11,584,172	34,787	29,135,656
Corporate unallocated assets					97,859,206
Total Assets					126,994,862
Corporate segment liabilities	11,961,344	3,221,194	10,040,542	30,162	25,253,240
Corporate unallocated liabilities					1,604,198
Total Liabilities					26,857,438

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

28. MOVEMENT IN INVESTMENTS

	Available for sale	
	Operator's Fund	Participant's Takaful Fund
	Rupees	
As at 1st January, 2022	62,693,704	21,307,277
Reinvestment of dividend	22,630,771	2,451,076
Fair value net loss / gain (excluding net realised gains)	(527,118)	-
As at 31 December 2022	84,797,357	23,758,353
Reinvestment of dividend	14,452,460	4,042,646
Fair value net gains/loss (excluding net realised gains)	63,650	-
As at 31 December 2023	99,313,467	27,800,999

29. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

29.1 Takaful risk

The risk under any takaful contract is the possibility that the covered event occurs and the uncertainty in the amount of compensation to the participant. Generally, most takaful contracts carry the takaful risk for a period of one year (refer note 3).

The Operator accepts takaful through issuance of general takaful contracts. For these general takaful contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes.

The Operator's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate re-takaful is arranged to mitigate the effect of the potential loss from individual to large or catastrophic insured events. Further, the Operator adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the takaful risk.

29.1.1 Frequency and severity of claims

Risk associated with general takaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the takaful events. This has been managed by having in place underwriting strategy re-takaful arrangements and proactive claim handling procedures.

The Operator class wise major risk exposure is as follows:

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

The re-takaful arrangements against major risk exposure include excess of loss, quota share arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions. As the major re-takaful arrangements are on excess of loss basis, therefore the re-takaful coverage against PTF's risk exposures is not quantifiable.

29.1.2 Sources of uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contract including the event reported after the expiry of the takaful contract term.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

An estimated amount of the claim is recorded immediately on the intimation to the operations. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount.

29.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected income. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate case to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core estimates are reviewed regularly and are updated as and when new information is available.

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the PTF's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of re-takaful recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The details of estimation of outstanding claims (including IBNR) are given under note 16.1.

29.1.4 Sensitivity analysis

The risks associated with the takaful contracts are complex and subject to a number of variables with complicate quantitative sensitivity analysis. The Operator makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Operator considers that the liability for claims recognised in the statement of financial position is adequate. However, actual experience may differ from the expected outcome.

The claim liabilities are sensitive to the incidence of covered events and severity / size of claims. As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit of PTF net of re-takaful.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

10% increase in loss

Net

Fire & property damage
Marine
Motor
Miscellaneous
Total

Underwriting results		Participants' takaful fund	
2023	2022	2023	2022
Rupees			
(965,172)	(214,626)	(965,172)	(214,626)
(122,424)	(37,174)	(122,424)	(37,174)
(439,849)	(374,995)	(439,849)	(374,995)
(29,197)	(989)	(29,197)	(989)
(1,556,643)	(627,785)	(1,556,643)	(627,785)

10% decrease in loss

Net

Fire & property damage
Marine
Motor
Miscellaneous
Total

Underwriting results		Participants' takaful fund	
2023	2022	2023	2022
Rupees			
965,172	214,626	965,172	214,626
122,424	37,174	122,424	37,174
439,849	374,995	439,849	374,995
29,197	989	29,197	989
1,556,643	627,785	1,556,643	627,785

29.1.5 Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the insured property.

The adequate event limit is a multiple of the treaty capacity or the primary recovery from excess of loss treaty, which is very much in line with the risk management philosophy of the Company.

Re-takaful ceded does not relieve the Operator from its obligation towards participants and, as a result the Operator remains liable for the portion of outstanding claims covered through re-takaful to the extent that re-takaful operator fails to meet the obligation under the re-takaful agreements.

The Operator minimises its exposure to significant losses by obtaining re-takaful arrangements from a number of re-takaful operators, who are dispersed over several geographical regions.

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below:

	Gross sum covered		Re-takaful		Net	
	2023	2022	2023	2022	2023	2022
Rupees in '000'						
Fire and property	72,566,826	56,678,572	41,356,164	34,286,311	31,210,662	22,392,260
Marine, aviation and transport	27,495,479	22,429,958	20,381,577	16,435,608	7,113,902	5,994,351
Motor	2,823,556	1,309,738	-	-	2,823,556	1,309,738
Miscellaneous	145,645	95,171	109,234	70,472	36,411	24,700
	103,031,506	80,513,440	61,846,975	50,792,390	41,184,531	29,721,049

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

29.2 Financial risk

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

- Market risk
- Liquidity risk
- Credit risk

29.2.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, foreign currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within an acceptable parameters.

29.2.1.1 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Operations, at present, are not materially exposed to currency risk as majority of the transactions including those with major foreign re-takaful operators are carried out in Pak Rupees.

29.2.1.2 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Operations at present, are not materially exposed to other price risk.

29.2.1.3 Financial instruments

Maturity profile of financial assets and liabilities of Operators fund and Participants takaful fund.

Operators fund & Participants fund	2023						
	Profit / mark-up bearing			Non-Profit / mark-up bearing			Total
	Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	
	Rupees						
Financial assets							
Investment equity securities	-	-	-	127,114,466	-	127,114,466	127,114,466
Takaful / Re-takaful receivables	-	-	-	106,124,638	-	106,124,638	106,124,638
Receivable from PTF	-	-	-	34,807,391	-	34,807,391	34,807,391
Accrued Investment Income	-	-	-	438,167	-	438,167	438,167
Re-takaful recoveries against outstanding claims	-	-	-	45,932,517	-	45,932,517	45,932,517
Cash and bank deposits	54,758,508	-	54,758,508	-	-	-	54,758,508
	54,758,508	-	54,758,508	314,417,179	-	314,417,179	369,175,687
Financial liabilities							
Provision for outstanding claims (including IBNR)	-	-	-	61,498,945	-	61,498,945	61,498,945
Takaful / Re-takaful Payables	-	-	-	19,234,111	-	19,234,111	19,234,111
Other Creditors and Accruals	-	-	-	15,764,066	-	15,764,066	15,764,066
Payable to OPF	-	-	-	34,807,391	-	34,807,391	34,807,391
	-	-	-	131,304,513	-	131,304,513	131,304,513
On-balance sheet sensitivity gap total							
yield / mark-up rate risk	54,758,508	-	54,758,508	183,112,666			
Sensitivity gap	54,758,508	-	54,758,508	183,112,666			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Operators fund & Participants fund

Financial assets

2022						
Profit / mark-up bearing			Non-Profit / mark-up bearing			Total
Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	
Rupees						
Investment equity securities	-	-	108,555,710	-	108,555,710	108,555,710
Takaful / Re-takaful receivables	-	-	93,993,056	-	93,993,056	93,993,056
Receivable from PTF	-	-	23,654,430	-	23,654,430	23,654,430
Accrued Investment Income	-	-	454,400	-	454,400	454,400
Re-takaful recoveries against outstanding claims	-	-	11,755,378	-	11,755,378	11,755,378
Cash and bank deposits	46,180,298	-	46,180,298	-	-	46,180,298
	46,180,298	-	46,180,298	238,412,974	-	238,412,974
						284,593,272

Financial liabilities

Provision for outstanding claims (including IBNR)	-	-	-	18,033,223	-	18,033,223	18,033,223
Takaful / Re-takaful Payables	-	-	-	20,937,436	-	20,937,436	20,937,436
Other Creditors and Accruals	-	-	-	12,081,762	-	12,081,762	12,081,762
Payable to OPF	-	-	-	23,654,430	-	23,654,430	23,654,430
	-	-	-	74,706,851	-	74,706,851	74,706,851

On-balance sheet sensitivity gap total

yield / mark-up rate risk	46,180,298	-	46,180,298	163,706,123
Sensitivity gap	46,180,298	-	46,180,298	163,706,123

a. Sensitivity analysis - profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to change in the market profit rate. The profit based assets as on the statement of financial position date aggregates to Rs.48.7923 million (2022: Rs. 46.180 million) as disclosed in note 29.2.1.3 above. There are no fixed rate financial instruments as on the balance sheet date. An increase or decrease in profit rates by 100 basis points has the effect of Rs. 0.48 million (2022: Rs.0.46 million) on profit before tax.

29.2.2 Liquidity risk

Liquidity risk is the risk that the Operations will not be able to meet its financial obligations as they fall due. The Operations' 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 operation's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date.

2023			
Within one year	Over one year to five years	Over five years	Total
Rupees			
Outstanding claims including IBNR	61,498,945	-	61,498,945
Takaful / retakaful payable	19,234,111	-	19,234,111
Other creditors and accruals	15,764,066	-	15,764,066
	96,497,122	-	96,497,122

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2022			
Within one year	Over one year to five years	Over five years	Total
Rupees			

Financial liabilities

Outstanding claims including IBNR	18,033,223	-	-	18,033,223
Takaful / retakaful payable	20,937,436	-	-	20,937,436
Other creditors and accruals	12,081,762	-	-	12,081,762
	51,052,421	-	-	51,052,421

29.2.3 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. The operations attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk

The bank balances and investment in mutual fund represents low credit risk as they are placed with reputed financial institutions with strong credit ratings.

The management monitors exposure to credit risk in contribution receivable from participants and amount due from co-takaful operators and re-takaful operators through regular review of credit exposure. The amount due from co-takaful and re-takaful operators represents low credit risk as they have strong credit ratings and have sound financial stability.

Exposure to credit risk

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

	2023	2022
	Rupees	
Receivable from PTF	34,807,391	23,654,430
Accrued Investment Income	438,167	454,400
Takaful / Re-takaful receivable	106,124,638	93,993,056
Re-takaful recoveries against outstanding claims	45,932,517	11,755,378
Cash and Bank	54,758,508	46,180,298
	242,061,221	176,037,562

The credit quality of Operators bank balances can be assessed with reference to external credit ratings as follows:

Rating		Rating agency
Short term	Long term	

Banks

Meezan Bank Limited	A-1+	AAA	VIS
MCB Islamic Bank Limited	A-1	A	PACRA
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

29.2.3.1 Re-takaful Risk

Re-takaful ceded does not relieve the Participants' Takaful Fund from its obligation towards participants and, as a result, the Participants' Takaful Fund remains liable for the portion of outstanding claims covered through re-takaful to the extent that re-takaful operators fails to meet the obligation under the re-takaful agreements.

To minimise its exposure to significant losses from re-takaful companies insolvencies, the Operator obtains re-takaful Companies ratings from a number of re-takaful operators, who are dispersed over several geographical regions.

An analysis of all re-takaful assets recognised by the rating of the entity from which it is due are as follows:

Rating	Takaful / Re-takaful receivables	Re-takaful recoveries against outstanding claims	Prepaid re-takaful contribution ceded	2023	2022
Rupees					
A or above	45,763,470	43,863,567	19,729,092	109,356,129	66,119,002
BBB	-	2,068,950	1,038,372	3,107,322	1,587,377
	45,763,470	45,932,517	20,767,464	112,463,451	67,706,379

29.3 Fund management

The operator's objectives when managing capital or to safeguard operator's ability to continue as going concern in order to provide returns for operator or participants and to offer benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the amount of return paid to operators or to participants may be adjusted.

29.4 Fair value of financial instruments

The operator has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The operator 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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

	As at December 31, 2023	Level 1	Level 2	Level 3
	Rupees			
Financial assets measured at fair value				
Available for sale investments	127,114,466	127,114,466	-	-
	127,114,466	127,114,466	-	-
	As at December 31, 2022	Level 1	Level 2	Level 3
	Rupees			
Financial assets measured at fair value				
Available for sale investments	108,555,710	108,555,710	-	-
	108,555,710	108,555,710	-	-

30. DATE OF AUTHORIZATION FOR ISSUE

These financial statement have been authorized for issue on 28th March, 2024 by the Board of Directors of the Operator.

31. GENERAL

Figures have been rounded off to the nearest rupee, unless otherwise stated.

				
Irfan Zakaria Bawany Chairman	Mohammad Omar Bawany Director	Noor M. Zakaria Director	Ghulam Haider Chief Financial Officer	A. Razak Ahmed Chief Executive & Managing Director

Karachi: 28th March, 2024

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Senior Vice President (underwriting)

Mr. Muhammad Siddique
Chief Manager (Claims)

Mr. Najamullah Khan
Senior Vice President (Head of Takaful)

Mr. Muhammad Kashif Wadiwala
Shariah Compliance Officer

Mr. Ghulam Mujaddid
Assistant Vice President (Accounts)

Mr. Abdul Rahim Patni
Chief Manager (Reinsurance)

Mr. Muhammad Saleem Memon
Chief Manager (Investment/shares)

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Chief Manager

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37234255, 37351353
Direct (042) 37354689
Fax (042) 37312526

Regional Office, Lahore
90-A/3, 1st Floor, Canal Park,
Gulberg-II, Lahore.

Mr. Waseem John
Vice President

Ph (042) 35761077, 35761078
35763446, 35763447
Fax (042) 35761235

Gulberg Branch
House No.17-A, Block-E/1,
Gulberg-III, Lahore.

Mr. Muhammad Javed Ahmad
Vice President

Ph (042) 35752245, 35752989
35751971, 35756557
Fax (042) 35756217

Al-Rehman Branch
54/2, Lawrance Road,
Lahore.

Mr. Nisar Ahmed Chughtai
Senior Vice President

Ph (042) 35475061, 35475062
35475063
Fax (042) 35475015

Eden Centre Branch (Unit I)
321, Eden Centre,
43 Ghausul Azam Road,
(Jail Road), Lahore.

Mr. Ch. H.S. Asghar
Vice President

Ph (042) 37423613
Fax (042) 37425649

Garden Town Branch
321, Eden Centre,
43 Ghausul Azam Road,
(Jail Road), Lahore.

Mr. Muhammad Zaman
Manager

Ph (042) 37423613
Fax (042) 37425649

Empress Tower Branch
Room No.18,1st Floor,
Empress Tower,
46 Empress Road, Lahore.

Mr. S.Azhar Ali Shah
Senior Vice President

Ph (042) 36297253, 36297254
Fax (042) 36297255

Gujranwala Branch
Office No. 3, Block-A,
Trust Plaza, G. T. Road,
Gujranwala.

Mr. Ch. H.S. Asghar
Vice President

Ph (055) 3254415
Fax (055) 3253086

Gujrat Branch
Marhaba Tower (Top Floor)
Opp. Ram Piary Mahal
Near Fawara Chawk, Gujrat.

Mr. Abdul Sattar Malik
Branch Manager

Ph (053) 3522127

Faisal Complex Branch
3rd Floor, Faisal Complex,
Bilal Road, Civil Lines, Faisalabad.

Mrs. Ulfat Tahira
Marketing Manager

Ph (041) 2611938, 2611939
2626480
Fax (041) 2621033

Taj Plaza Branch
P-63, First Floor, Taj Plaza,
Ashraf Hardware,
Kotwali Road, Faisalabad.

Mr. Muhammad Akhlaq
Senior Vice President

Ph (041) 2617277, 2622182
2615922
Fax (041) 2412010

United Plaza Branch
3,3rd Floor, United Plaza,
Shamsabad, Murree Rd. Rawalpindi.

Mr. Abdul Karim Siddiqi
Vice President

Ph (051) 4854200
Fax (051) 4935278

Peshawar Branch
T-3 & 4, Bilour Shopping Plaza,
3rd Floor, Saddar Road, .
Peshawar Cantt.

Mr. Shah Mast Khan
Assistant Vice President

Ph (091) 5274617, 5277328
Fax (091) 5284683

Regional Office Multan
1st Floor, 5-Commercial Plaza,
Opp. Civil Hospital, Abdali Road,
Multan.

Mr. Syed Mohsin Bukhari
Assistant Vice President

Ph (061) 4517349
Fax (061) 4510049

Hasilpur Branch
27-B, 1st Floor, Main Bazar,
Hasilpur.

Mr. Muhammad Shafi Anjum
Senior Vice President

Ph (062) 2442473
Fax (062) 2448073

Sialkot Branch
Room No.4 & 5, 1st Floor,
Mughal Plaza, Kutchery Road,
Sialkot.

Mr. Asim Arshad
Branch Manager

Ph (052) 4296075, 4296076
Fax (052) 4296077

Gojra Branch
P-132, Post Office Road,
Gojra.

Mrs. Shahnaz Akhtar
Branch Manager

Ph (046) 3511917
Fax (046) 3513111

Sahiwal Branch

Mr. Sabir Hussain
Resident Representative

Cell 0309-8712452
0335-7714728

Proxy Form

I/we _____ of _____

being a Member of Reliance Insurance Company Limited holding _____ ordinary shares, HEREBY

APPOINT _____ of _____ another member of the Company, failing
him/her _____ of _____ as my/our proxy in my/our absence to

attend and to vote and act for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on

Monday 29 April, 2024 and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2024.

(Signature of Witness 1)

(Signature of Witness 2)

Revenue Stamp

Name of Witness: _____

Name of Witness: _____

CNIC

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

CNIC

[illegible]

Address: _____

Address: _____

(Name in Block Letters)

Folio No. _____

Signature of Shareholder

Notes:

1. The Member is requested:
 - (a) To affix Revenue stamp at the place indicated above;
 - (b) To sign in the same style of signature as is registered with the company.
 - (c) To write down his/her Folio Number .
2. For the appointment of the above proxy to be valid this instrument of proxy must be received at the Head office at 181-A, Reliance Insurance House, Sindhi Muslim Cooperative Housing Society Karachi at least 48 hours before the time fixed for the Meeting.
3. Any alteration made in this instrument of proxy should be initiated by the person who signs it.
4. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by the proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.
5. The Proxy must be a Member of the Company.

For CDC Account Holders / Corporate Entities

In addition to the above, the following requirements have to be met:

- (i) The proxy form must be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and of the Proxy must be furnished with the proxy.
- (iii) In case of corporate entities, the Board of Directors' resolution/power of attorney and specimen signature must be submitted (Unless it has been provided earlier) along with proxy forms.

مختار نامہ (پراکسی فارم)

میں / ہم _____ (نام) _____ برائے _____ (پتہ)

تحقیق شراکت دار ریلائنس انشورنس کمپنی لمیٹڈ موجودہ حصص

آرڈری حصص بطور ذخیرہ زکوٰۃ / کرتی ہوں / کرتے ہیں _____ برائے _____ (نام) _____ (پتہ)

میری / ہماری پراکسی کے طور پر میری / ہماری جانب سے کمپنی کے سالانہ اجلاس میں شرکت کرنے، بولے اور ووٹ دینے کی، جو بروز پیر، مورخہ 29 اپریل 2024 کو منعقد ہوگی۔ اس میں کوئی تبدیلی لائی جائے۔

میرے / ہمارے طرف سے گواہان برطانیہ _____ مورخہ _____ 2024

(ریونیوٹ چسپاں کر کے
اس پر دستخط کریں)

گواہ کے دستخط - ۲

گواہ کے دستخط

گواہ کا نام

گواہ کا نام

شناختی کارڈ نمبر

شناختی کارڈ نمبر

پتہ

پتہ

شراکت دار کا نام

جلی حروف میں نام

فولیو نمبر:

اہم نکات:

- ۱۔ شراکت داروں سے التماس ہے کہ:
(ا) اوپر بتائی گئی جگہ پر ریونیوٹ چسپاں کریں
(ب) کمپنی میں رجسٹرڈ کرائے ہوئے دستخط استعمال کریں
(ج) اپنا فولیو نمبر درج کریں
- ۲۔ میٹنگ سے ۳۸ گھنٹے قبل پراکسی کا یہ فارم جو ہر لحاظ سے مکمل اور دستخط شدہ ہو کمپنی کے ہیڈ آفس بمقام 181/A ریلائنس انشورنس ہاؤس سندھی مسلم کوآپریٹو ہاؤسنگ سوسائٹی کراچی میں جمع کر دیا جائے۔
- ۳۔ کوائف میں کسی بھی قسم کی ترمیم کی صورت میں شراکت دار کے دستخط لازمی ہیں۔
- ۴۔ یہ فارم ممبر یا اس کے انٹرنیٹ کی جانب سے جسے تحریری طور پر اختیار انزڈ کیا گیا ہو، کی جانب سے دستخط کیا جائے، اگر ممبر کوئی کارپوریشن ہے تو اس کی عام ممبر موجود ہونی چاہیے۔
- ۵۔ ایسا ممبر جو میٹنگ میں شمولیت اور ووٹ دینے کا اہل ہے وہ کسی دوسرے ممبر کو اپنے اپنی پراکسی کے طور پر میٹنگ میں شمولیت اور ووٹ دینے کیلئے نامزد کر سکتا ہے۔ علاوہ ازیں کارپوریشن ایسے شخص کو نامزد کر سکتی ہے جو ممبر نہ ہو۔

برائے CDC اکاؤنٹ ہولڈرز / کارپوریٹ ادارے:

مزید براں درج ذیل شرائط کو پورا کیا جائے:

- (i) پراکسی کیلئے وہ لوگوں نے گواہی دی ہو جن کے نام، پتہ اور شناختی کارڈ یا پاسپورٹ نمبر فارم پر درج ہوں۔
 - (ii) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل بھی دی جائے۔
 - (iii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔
- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع دستخط کے نمونے پراکسی فارم کے ہمراہ (اگر پہلے جمع نہ کرایا ہو) کمپنی میں جمع کرانی ہوگی۔



Reliance Insurance Company Limited

Phone:

+92 21 34539415-17

Address:

181-A, Sindhi Muslim Co-operative Housing Society,
P.O. Box: 13356, Karachi-74400.

