2021 ANNUAL REPORT

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



POWER TO THE PEOPLE

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COMPANY INFORMATION

Board of Directors

Syed Akhtar UI Islam (Chairman) Asif Jahangir Mushtaq Malik Raja Muhammad Abbas Zahid Hussain Khawaja Tajammul Hussain Saleem Zamindar Hina Marvi

Chief Executive Officer Muhammad Faisal Siddiqui

Chief Financial Officer & Company Secretary Nadeem Akhter

BOARD COMMITTEES

Audit Committee Zahid Hussain Khawaja Tajammul Hussain Saleem Zamindar

Risk Management Committee

Mushtaq Malik Raja Muhammad Abbas Hina Marvi

Human Resources Committee

Syed Akhtar UI Islam Khawaja Tajammul Hussain Saleem Zamindar

Procurement & Information Technology Committee

Hina Marvi Zahid Hussain Khawaja Tajammul Hussain

Nomination Committee

Mushtaq Malik Raja Muhammad Abbas Hina Marvi

Investment Committee

Syed Akhtar UI Islam Zahid Hussain Saleem Zamindar Muhammad Faisal Siddiqui Nadeem Akhter

MANAGEMENT COMMITTEES

Underwriting Committee Syed Akhtar UI Islam Muhammad Faisal Siddiqui Nadeem Akhter

Claim Committee

Mushtaq Malik Raja Muhammad Abbas Muhammad Faisal Siddiqui Muhammad Sarfraz Awan

Reinsurance Committee Syed Akhtar UI Islam Muhammad Faisal Siddiqui Nadeem Akhter

Risk Management & Compliance Committee Syed Akhtar UI Islam Muhammad Faisal Siddiqui Nadeem Akhter

Auditors

M/s. BDO Ebrahim & Company Chartered Accountants

Legal Advisor Muhammad Nadeem Khan

Bankers

Sindh Bank Limited NRSP Microfinance Bank Limited Telenor Microfinance Bank Limited Khushali Microfinance Bank Limited

IFS Credit Rating

A++(A Double Plus) by Pakistan Credit Rating Agency (PACRA)

Company Incorporate Number 0086229

National Tax Number 4231500-0

Membership

The Insurance Association of Pakistan (IAP)

Registered Office/Head Office

1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi, Pakistan

Contact

Tel		:	(92-21) 35640715-17
Fa	ĸ	:	(92-21) 35640714
Em	ail	:	info@sindhinsuranceltd.com
We	bsite	:	www.sindhinsuranceltd.com



Reaching everyone for insurance and to meet expectations of our customers and shareholders.



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To provide best returns to our shareholders, job opportunities to the people and premium service at competitive price to our customers.

PRODUCT PORTFOLIO

Property Insurance

Fire & Explosion Riot Strike Damage Malicious Damage Atmospheric Disturbances Earthquake Air Craft Damage External Explosion Burglary Terrorism

Marine Insurance

Cargo Export Cargo Import Cargo Inland

Motor Insurance

Comprehensive Private Car Comprehensive Commercial Vehicle Comprehensive Motorcycles Motor Third Party Insurance

Engineering Insurance

All Risk Contractors Machinery Breakdown (MBD) Computer Equipment Electronic Equipment Boiler & Pressure Vessels Erection All Risk Third Party Liability Machinery Breakdown Contractors' Plant & Machinery Comprehensive Machinery Insurance

Miscellaneous Insurance

Cash in Transit Cash in Safe Fidelity Guarantee Mobile Phone All Risk Bond Bankers Blanket Burglary Product Liability Public Liability Workman Compensation Commercial General Liability

Accident & Health

Health Insurance Personal Accident Insurance

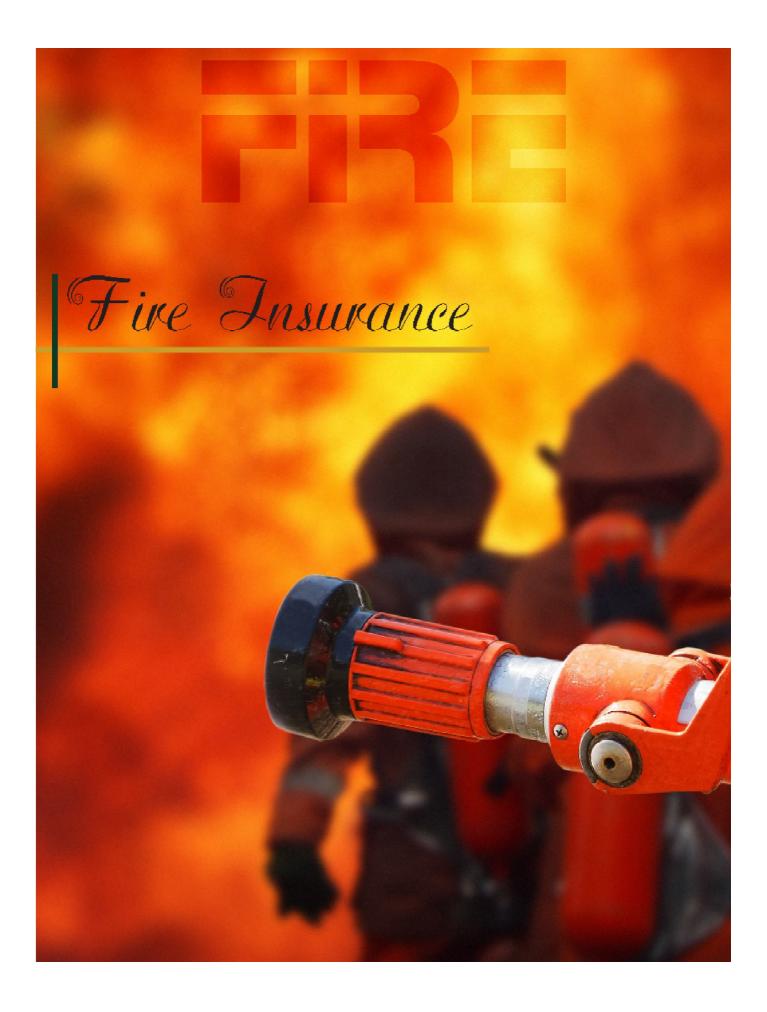
SINDH INSURANCE

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



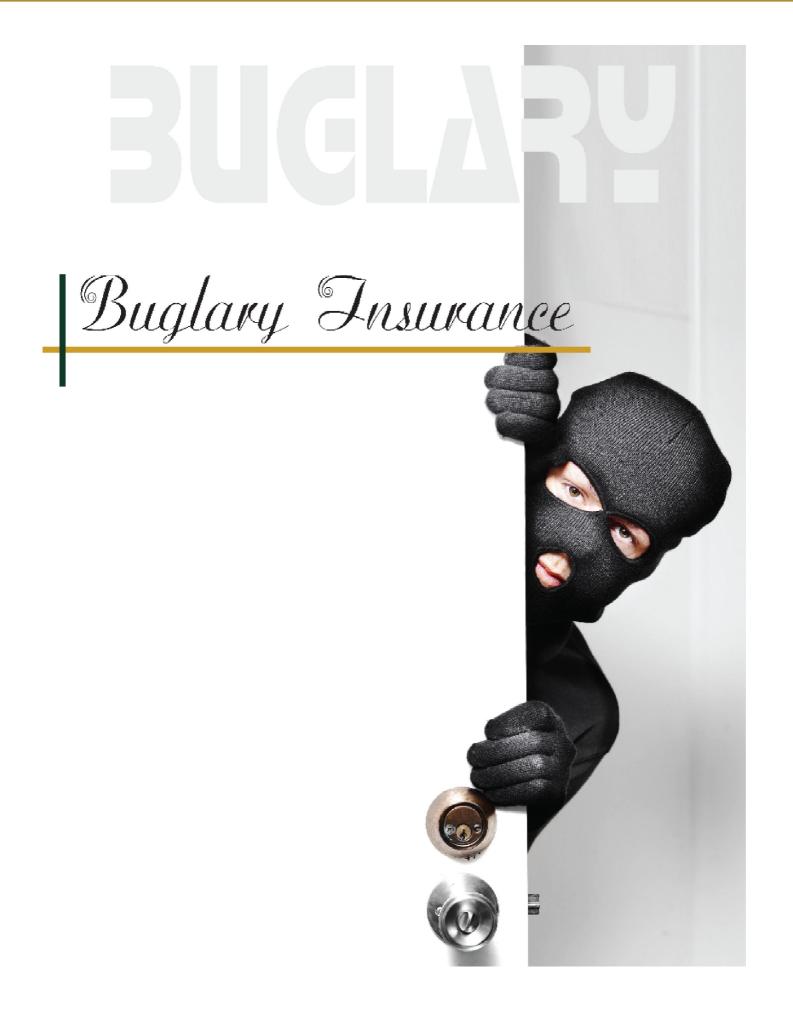
IFS Rating By PACRA

A + +



SINDH INSURANCE POWER TO THE PEOPLE

MARINE Cargo Insurance



SINDH INSURANCE POWER TO THE PEOPLE

MOTOR COMPREHENSIVE INSURANCE

HEALTH Insurance

exp

Fisk

SINDH INSURANCE POWER TO THE PEOPLE

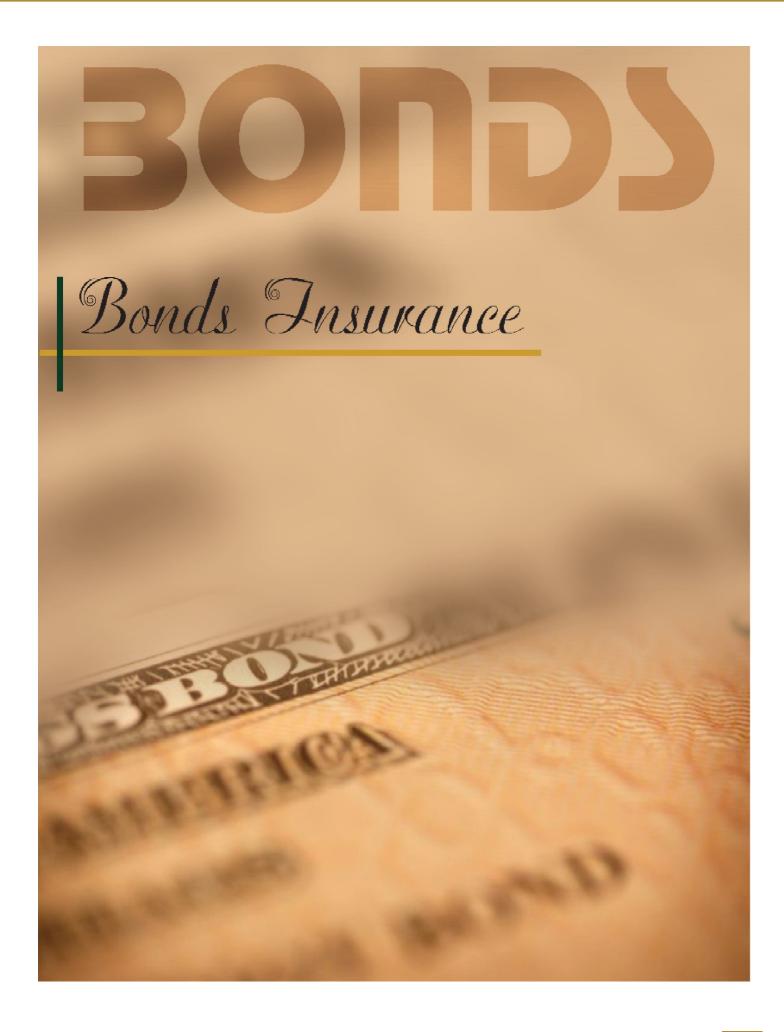
PROPERTY INSURANCE

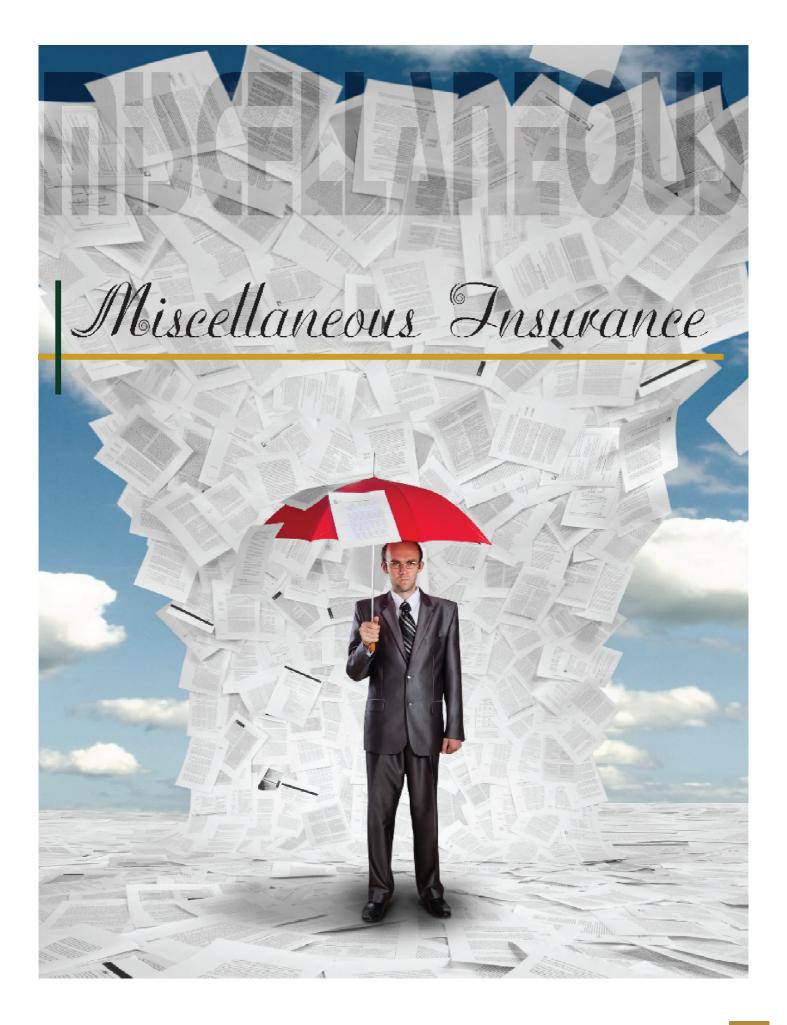
POWER TO THE PEOPLE

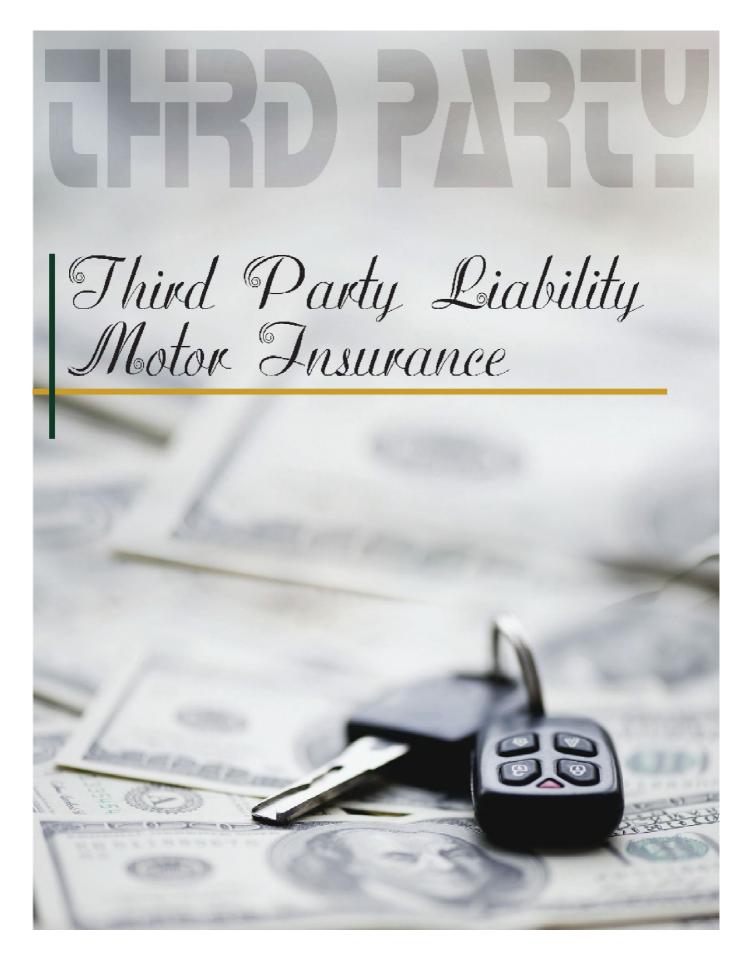
ENGINEERING INSURANCE

SINDH INSURANCE POWER TO THE PEOPLE

CROP Insurance







BOARD OF DIRECTORS

SYED AKHTAR UL ISLAM

Chairman / Director

Chairman/Director of Sindh Insurance Limited. Mr. Akhtar is presently Chief Executive Officer in Meridian Aviation. Also served as Chief Operating Officer in Quality Aviation Services. He have extensive experience of cargo marketing in Pakistan International Air Lines for more than thirty years. He have graduation in Political Sciences.

ASIF JAHANGIR

Director - Representing Government of Sindh

Mr. Asif Jahangir is presently Secretary Finance, Government of Sindh. He remained Additional Finance Secretary and Deputy Secretary, Government of Sindh. He is a veteran and has served various departments of Government of Sindh for many years.

MUSHTAQ MALIK

Director

He enjoys excellent working relations with the political as well as bureaucratic elite of Pakistan. He has worked at the topmost positions in some of the important military/civil and public sector organizations of Pakistan. He headed the Board of Investment (BOI) and Pakistan Electronic and Media Regulatory Authority (PEMRA) and has represented Pakistan at various international forums. Mr. Malik has been an Economic Minister and Financial Advisor in the Embassy of Pakistan at Washington, United States of America. He holds a Master's degree in Economics from Boston University, USA. He also possesses MBA degree with specialization in International Business Management and Marketing from Boston University.

RAJA MUHAMMAD ABBAS

Director

Mr. Raja Muhammad Abbas is a retired senior bureaucrat and served in the federal and provincial governments for over two decades. He remained Secretary Board of Investment and Ministry of Interior, Chairman State Engineering Corporation and Chief Secretary Government of Sindh. He attended various seminars and training sessions regularly both local and international.

ZAHID HUSSAIN

Director

Mr. Hussain a seasoned banker has professional experience of around three decades in Branch Banking, Marketing, Sales, Credit, Operation, Foreign Trade and Training with a leading foreign and local banks. Designated trainer on a project and conducted training for staff in UAE, Qatar, Jordan and Bangladesh. He worked at senior-management level position in respective banks. He received his bachelors degree from University of Karachi.

KHAWAJA TAJAMMUL HUSSAIN Director

Mr. Hussain holds a Master's degree in Economics. He also holds LLM degree which is treated to be equivalent to M.Phil. by HEC. He is presently enrolled for Ph.D program in Labour Laws with School of Law, University of Karachi. He also holds the prestigious Fellow Membership of The Institute of Bankers Pakistan (IBP). Mr. Hussain started his career in Banking in January 1983 when he joined NDFC and worked there in various capacities till March 2002. During his association with NDFC he remained posted at various leading branches and Head Office including Chairman's Sectt. He also remained associated with NBP for sometime after NDFC's amalgamation with NBP. In April 2002, he moved to PICIC Commercial Bank and rose to the level of SVP. He also looked after HR of PICIC Commercial Bank prior to its formal amalgamation with NIB Bank till mid-November 2007. In November 2007, he joined MyBank as SVP/Head of HR and worked there till mid-November 2010. Subsequently, he was selected for the position of Head of HR in newly established Sindh Bank Limited in November 2010 and he remained associated with Sindh Bank for more than a decade i.e. upto April 2021. Last position held by Mr. Hussain in Sindh Bank was that of SEVP/Head of HR & Training.

HINA MARVI

Director

Ms. Hina Marvi has done a Bachelor of Architecture (B. Arch) and a Master in City and Regional Planning (M. CRP), from Mehran University of Engineering and Technology, Jamshoro. Her PhD of City and Regional Planning (PhD. in CRP) is in progress. She is an Architect and academician; having over 16 years of experience of teaching Architecture as Lecturer/Assistant Professor at Shaheed Allah Buksh Soomro University, of Art Design and Heritages, Jamshoro. Currently she is Chairperson at Department Architecture and Planning, Shaheed Allah Buksh Soomro University of Art, Design and Heritages, Jamshoro. Ms. Hina Marvi is Associate member at Institute of Architects Pakistan and Life Member at Pakistan Council of Architects and Town Planners. Her research work and architectural Documentation of Jam Nizam Ud Din Samoo Tomb, Makli, Thatta is published in International Research Journal of Innovations in Engineering and Technology (IRJIET). Her other research work is on Urban Landscape of Hyderabad and its Impact on social Life and Redesigning Gymkhana at Sukkur.

SALEEM ZAMINDAR

Director

Mr. Saleem Zamindar has a Bachelor of Arts (BA) degree in Economics from Boston University, USA and a Master of Business Administration (MBA) from Durham University Business School, UK. He has over 26 years of experience across several countries in investment management, board level general management in public & private sector, international banking, think tanks, private country clubs & international organizations like English Speaking Union & Rotary International. He is a Certified company Director by the Pakistan Institute of Corporate Governance and additionally also holds the globally prestigious Certificate in Company Direction from the Institute of Directors (IoD) UK. He is an IFC Certified Trainer on Corporate Governance and is a member of the faculty of Pakistan Institute of Corporate Governance (PICG). He serves on the Board of Directors of several publicly listed & private limited companies. He is the past President of the Rotary Club of Karachi, the largest and oldest Rotary Club in District 3271 and also a Paul Harris Fellow. He is a former member of the Managing Committee of the Karachi Boat Club, and current member of the Board of Governors of the Karachi Council on Foreign Relations & Life Member of English-Speaking Union. Mr. Zamindar attended the World Economic Forum at Davos, Switzerland in January 2019 as part of the Pakistan private sector delegation.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your company are pleased to present the Annual Report along with the Audited Accounts and Auditors' Report for the year ended December 31, 2021.

Country Review

After witnessing a Covid-led downturn in FY20, Pakistan's economy rebounded during FY21, with real GDP growth rising to 3.9 percent. This growth was achieved without the widening of the twin deficits. The current account deficit (CAD) dropped to a 10-year low and contributed to the build-up in the foreign exchange reserves. The fiscal deficit edged down despite the Covid-related spending, allowing for a reduction in the public debt-to-GDP. Some easing was also noted in the headline CPI inflation on the back of stable core inflation, though overall price levels, especially of food items, stayed elevated owing to supply-side challenges.

Near the year end the latest Omicron mutant of the coronavirus has clouded the world economy with uncertainty. The spread of omicron has forced economists across the globe to cast a shadow of doubt on the ongoing global economic growth recovery. The new variant coupled with global inflationary pressure are the key concerns and making the economic outlook more difficult.

In light of increase in inflationary pressure both in energy and non-energy prices and eternal sector SBP has increase Policy Rate over the period from 7% in the beginning of current year to 9.75% at the end of the year 2021.

Company Performance

During the year under review it is notable to state that Sindh Insurance's gross premium written was Rs. 714.554 million as compared to the last year gross premium written of Rs. 488.545 million. The profit before tax has reached to Rs. 404.611 million in 2021 as compared to Rs. 451.164 million in 2020. The earnings per share was 2.89.

The underwriting results were Rs. 30.030 million as compared to Rs. 54.306 million in year 2020. The investment income increased to Rs. 374.010 million as compared to Rs. 385.107 million. In the market lower rate of returns are prevailing but capital gain of Rs. 79.656 played important part for increase in investment income.

Below are key financial figures for last two year:

	2021	2020
Gross Premium	714,554,286	488,545,805
Net Premium Revenue	85,966,268	254,168,143
Underwriting Results	30,030,772	54,306,364
Investment Income	374,010,333	385,107,690
Profit before tax	404,611,126	451,164,563
Profit after tax	288,703,181	320,395,391
Earning per share	2.89	3.20

Insurance Sector Review

Pakistan's insurance industry is facing stiff competition as the insurance companies not only compete with each other, but also c ompete with the risk retention groups, government, and self-insurance. The companies generally compete mainly based on two factors including the quality of the services and price that they provide.

Insurance industry shifting its functioning from personal dealing to virtual arrangements through online solutions for almost every segment of its operations. This trend will benefit the insurance industry in many ways from low cost to quicker services to clients and customers.

Economic growth, rising government spending, technological innovations and increased consumer awareness about insurance products are key market drivers in Pakistan. The government's policy of insuring the uninsured has progressively pushed the insurance penetration in Pakistan and the proliferation of insurance schemes. Amid these opportunities and challenges your Company continues to maintain its financial strength in the insurance industry by offering the best professional service to its clients.

Window Takaful Operations

Securities and Exchange Commission of Pakistan (SECP) granted license to the Company to act as Window Takaful Operator on September 22, 2016 under Takaful Rules, 2012. The Company commenced its Window Takaful Operation in year 2016.

The contribution written for the year 2021 was Rs. 19.280 million as compared to Rs. 16.050 million in the comparative year. During the year under review, Participant Takaful Fund surplus was 2.474 million and Operators Fund profit was Rs. 2.588 million. The total investment portfolio of window takaful operations reached to Rs. 86.605 million as compared to last total investment portfolio of window takaful operation of Rs. 75.031 million. A slow but consistent growth in takaful business profitability will give strength to the footing of takaful operations of the Company.

Reinsurance

During the year, Hannover Re – Malaysia, PRCL – Pakistan, Trust Re – Bahrain, Labuan Re, Labuan, Arab Re – UAE and Tunis Re - Tunisia participated in the Re-insurance Conventional Treaty for the year 2021. The panel of Reinsurers led by Hanover Re.

For the Window Takaful Operations, Swiss Re – Malaysia, PRCL – Pakistan, Labuan Re, Labuan, Kenya Re – Nairobi and Tunis Re – Tunisia participated in the Re-Takaful Treaty for the year 2020. The panel led by Swiss Re.

Corporate and Financial Reporting Framework

The Board is aware of its responsibility under the Company law and the Public Sector Companies (Corporate Governance) Rules, 2013, and Code of Corporate Governance for Insurers 2016 issued by the Securities and Exchange Commission of Pakistan (SECP). Accordingly, the Board is pleased to state as follows:

- The Board has complied with the relevant principles of corporate governance, and has also identified the rules that have not been complied with and reasons for such non-compliance.
- The financial statements prepared by the management of the Company, presented fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The Directors recognize their responsibility to establish and maintained a sound system of internal control, which is regularly reviewed and monitored.

- International Financial Reporting Standards and International Accounting Standards, or any other regulation or law including Shariah guidelines and principles, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- There are no material departure from the best practices of corporate governance.
- There are no doubts upon the company's ability to continue as a going concern.
- Key operating and financial data is included in the Report.
- The appointment of Chairman and other members of Board and the terms of their appointment along with the remuneration policy are in the best interest of the Public Sector Company as well as in line with the best practices.
- The statement of shareholding in the Company as on December 31, 2021, is included in the Report.
- The value of investment in the Provident Fund as on December 31, 2021, was Rs. 16,212,045/and the value of investment in the Gratuity Fund as on December 31, 2021, was Rs. 7,129,567/-

Board Meetings

During the year, six (6) meetings of the Board of Directors were held and attendance position was as under:

Serial No.	Name of Director	Number of Meetings Attended
01	Mr. Muhammad Bilal Sheikh	03
02	Mr. Mushtaq Malik	06
03	Mr. Raja Muhammad Abbas	06
04	Mr. Syed Akhter UI Islam	06
05	Mr. Muhammad Aley Abid	03
06	Mr. Zahid Hussain	06
07	Mr. Khawaja Tajammul Hussain	03
08	Mr. Saleem Zamindar	03
09	Ms. Hina Marvi	03

* Mr. Asif Jahangir fit and proper approval is received from SECP in December 2021, therefore he did not attend any meeting.

Leave of absence was granted to the Directors who could not attend the Board meetings.

Achievements

Your Company continued to provide accidental insurance coverage of Rs. 100,000/- to all adult residents of Sindh Province under the "Universal Accident Insurance and Social Benefit Scheme". This scheme provides social protection in the event of accidental death of a family member or bread earner. The Company appointed their representatives in each district of Sindh Province, which in return improved the performance of the product and resulted three times increase in the reported incidents.

Insurer Financial Strength (IFS) Rating

Pakistan Credit Rating Company Limited (PACRA) has maintained Insurer Financial Strength (IFS) rating of the Company at "A+" (A Plus). The rating denotes strong capacity to meet policyholders and contract obligations.

Performance Evaluation

The Board has carried out performance evaluation of its members, including the Chairman and the Chief Executive Officer, on the basis of process developed by it. The Board has also monitored and assessed the performance of senior management on annual basis.

Corporate Social Responsibility

Sindh Insurance ensures its role of a Responsible Corporate citizen by conducting business in a socially responsible and ethical manner, protecting the environment, and supporting the communities and cultures with which it works.

Statement of Code of Conduct

The Board has adopted the statement of Code of Conduct. The code has been conveyed to all employees and directors, who have signed the same and are required to observe rules of conduct in relation to business and regulations.

Material Changes

There have been no material changes since December 31, 2021 and the Company has not entered into any commitment, which would affect its financial position at that date.

Dividend

No dividend was declared in the year ended December 31, 2021.

Auditors

M/s BDO Ebrahim & Company, Chartered Accountants have audited the accounts for the year 2021. The Audit Committee has recommended the appointment and fixation of audit fee of external auditors as per regulations.

Future Outlook

The company is working to procure captive insurance business related to un-insured properties and funds of the GOS, for which the Company has right to provide insurance coverage under "The Sindh Insurance of Public Property Act, 2015". We are already working to provide health insurance coverage to the employees of all departments of GOS. These unexplored opportunities will add strength and impact positively on the financial position of the Company. As per advice of the Board the Company extending its private business portfolio and capacity to take risk exposure from the market.

Acknowledgement

The directors would like to take this opportunity to express their sincere gratitude to the Government of Sindh, Ministry of Commerce Government of Pakistan, Securities and Exchange Commission of Pakistan (SECP), Insurance Association of Pakistan (IAP) and Sindh Bank Limited for their continued guidance and support.

Further, the Board also wishes to record its appreciation for the staff and policyholders for their dedication and support.

For and on behalf of the Board of Directors

Akhtar UI Islam Chairman

Muhammad Faisal Siddiqui Chief Executive Officer

March 25, 2022

ڈائر یکٹرز کی ریورٹ برائے حصص یافتگان

31 دسمبر 2021 کواختنام پذیر سال پرآپ کی کمپنی کے ڈائر یکٹر زسالا نہر پورٹ مع پڑتال شدہ گوشوارےاورآ ڈیٹر کی رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

سال کے اختتام کے قریب کرونا وائرس کی تازہ ترین او می کرون میوٹنٹ (Omicron mutant) اہرنے دنیا کواپنی لپیٹ میں لے کرغیر یقینی کی صورتحال پیدا کر دی تھی۔ او می کرون کے پھیلاؤ نے عالمی معاثی ماہرین کو جاری عالمی معاثی نمو کی بحالی کے بارے میں شک وشبہ میں ڈال دیا۔ نیا ویرینٹ کے ساتھ عالمی افراط زریے متعلق دباؤجیسے بنیا دی خدشات معیشت کے منظرنا مے کے بارے میں رائے قائم کرنے کو شکل بنار ہے ہیں۔ توانا کی وغیر توانا کی اور ہیرونی شعبوں میں قیمتوں کے اضافے سے بڑھتے ہوئے افراط زریے متعلق دباؤ کی روش میں ہینک دولت پاکستان نے جاری سال کی مدت کے دوران پالیسی زرخ آغاز سال کے وزیر قائی وران پالیسی زرخ آغاز سال کے قائی میں اور کی معال کی مدت کے معال کی دولت کی میں بینک دولت پاکستان نے جاری سال کی مدت کے دوران پالیسی زرخ آغاز سال کے 7 فی میں بینک دولت پاکستان میں سال کی مدت کے دوران پالیسی زرخ آغاز سال کے 7 فی میں بینک دولت پاکستان میں معال کی مدت کے دوران پالیسی زرخ آغاز سال کے 7 فی میں بینک دولت پاکستان میں میں اور میں کی مدت کے دوران کی معان میں میں بینک دولت پا

سیمپنی کی کارکردگی یہ بات خاص طور پر بیان کرنے کی ہے کہ زیر جائزہ سال کے دوران سندھانشورنس کاتحریر شدہ مجموعی پر پیم 714.554 ملین روپے رہا جبکہ اس کے مقابلے میں گذشتہ سال تحریر شدہ مجموعی پر پیم 488.545 ملین روپے تھا۔سال 2021 میں قبل از محصول منافع 404.611 ملین روپے تک رہا جو کہ سال 2020 میں 451.164 ملین روپے تھا۔ فی حصص آمدنی 2.89 روپے دہی۔

سال کے دوران انڈررائٹنگ کے نتائج 30.030 ملین روپے پر رہے جبکہ اس کے مقابلے میں سال 2020 میں یہ 54.306 ملین روپے تھے۔ آمدن بذریعہ سرماییکاری گذشتہ سال کی385.107 ملین روپے سے کم ہوکر 374.010 ملین روپے ہوگئی۔ سرماییکاری آمدن میں اس معمولی کی کی دجہ کم شرحِ منافع تھی۔ مارکیٹ میں کم تر منافع کر شرح موجود ہے لیکن 656.70 ملین روپے کے کیپیٹل گین نے سرماییکاری آمدنی کے بڑھانے میں اہم کردارادا کیا۔

2020	2021	
488,545,805	714,554,286	مجموعی پر سمیم
254,168,143	85,966,268	خالص پريميم آيدن
54,306,364	30,030,772	انڈررائٹنگ نتائج
385,107,690	374,010,333	سرمایدکاری سے آمدن
451,164,563	404,611,126	قبل اذمحصول منافع
320,395,391	288,703,181	بعداز محصول منافع
3.20	2.89	في حصص منافع

انتورنس شعب کا جائزہ پاکستانی انتورنس صنعت کو سخت مسابقت کا سامنا ہے کیونکہ انتورنس کمپنیاں نہ صرف آپس میں مقابلہ کر رہی ہیں بلکہ ان کا مقابلہ رسک ریٹینٹن گروپس (risk پاکستانی انتورنس صنعت کو سخت مسابقت کا سامنا ہے کیونکہ انتورنس کمپنیاں نہ صرف آپس میں مقابلہ کر رہی ہیں بلکہ ان کا مقابلہ رسک ریٹینٹن گروپس (risk اور پیش کردہ قیمت کی بنیاد پر ہوتی ہے۔ انتورنس کی صنعت اپنے آپریشن کے تقریباً ہر شعبہ کے امور کا انداز ذاتی لین دین سے برقی بھری (virtual) انتظامات سے تد میل کر رہی ہے۔ انتورنس کی صنعت اپنے آپریشن کے تقریباً ہر شعبہ کے امور کا انداز ذاتی لین دین سے برتی بھری (virtual) انتظامات سے معاشی نمو، بڑھتے ہوئے حکومتی اخراجات ، ٹیکنا لو بھی جدت اور انتورنس مصنوعات بارے صارف کی بڑھتی ہوئی آگا ہی مارکیٹ کے کلیدی گرکات ہیں۔ حکومت کی غیر انتورنس شدہ کا انتورنس کی صنعت میں پیر بیچان گا ہوں اور صارفین کو کم قیمت اور فوری خدمات اور دیگر بہت سے طریقوں سے فائدہ پنچائے گا۔ معاشی نمو، بڑھتے ہوئے حکومتی اخراجات ، ٹیکنا لو بی میں جدت اور انتورنس مصنوعات بارے صارف کی بڑھتی ہوئی آگا ہی مارکیٹ کے کلیدی گر کے تاجوں کے غیر انتورنس شدہ کا انتورنس کرانے کی پالیسی نے پاکستان میں انتورنس کی رسانی اور انتورنس اسلیموں کے پھیلا ڈکو بندر تی جزیر کی کر گی ہیں۔ ان مواقع اور چیلینیوں کے اندور میں شدہ کا انتورنس کر ای کی انتورنس کی رسانی اور انتورنس اسلیموں کے پھیلا ڈکو بندر تی آگی مارکیٹ کے کلیدی گر کات ہیں۔ میں درمیان آپ کی کمپنی ای کی کر پر میں پنامالی استی کی بین میں این میں ان میں ان دریں میں پنامالی استی کا می بھی ہوئی آگ

ونڈ و نکافل آ پریشنز ری تکافل کے توائد 2012 کے تحت ، سیکوریڑ اینڈ ایکیچینی کیشن آف پاکستان (SECP) کی جانب سے 22 ستمبر 2016 کو کمپنی کو ونڈو تکافل آ پریٹر کے طور پر کام کرنے کا اجازت نامہ جاری کیا گیا کیپنی نے ونڈو تکافل آ پریشن کا آغاز دسمبر 2016 سے کیا۔ سال 2021 کا تحریری اعانت (written contribution) 19.280 ملین روپے رہا جبکہ تقابلی سال میں 16.050 ملین روپے تھا۔زیر جائزہ مدت کے دوران شرائق تکافل فنڈ 2.444 تھا اور آ پریٹرز فنڈ کا منافع 2.588 ملین روپے تھا۔ونڈ و تکافل آ پریشن کی سرما یہ کاری پورٹ فولیو 86.605 ملین روپے رہا جبکہ گذشتہ

روون مراض کا کسر ۲۹۹۹ یک کار مراب کان ۵۵۵۰۶ ملین روپ ما دون کان کاروباری منافع میں ست کیکن مستقل نمو کمپنی کے نکافل آپریشتر کی بنیادکواستحکام سال ونڈ و نکافل آپریشن کاکل سرمایہ کاری پورٹ فولیو 75.031 ملین روپ رہاتھا۔ نکافل کاروباری منافع میں ست کیکن مستقل نمو کمپنی کے نکافل آپریشتر کی بنیادکواستحکام دے گی۔

(Reinsurance) بيمه کا بيمه (Reinsurance)

دوران سال؛ ہنوورری-ملائیشا، پی آری ایل- پاکستان،ٹرسٹ ری- بحرین،لیدوان ری-لیدوان، عرب ری-متحدہ عرب امارات اور تونس ری-تنوشیاء نے سال 2021 کے ری انشورنس کنویشنل ٹریٹی میں شرکت کی یپینل کی قیادت، نوورری کرر ہاتھا۔ ونڈ وتکافل آپریشنز کے لیے،سولیں ری-ملائیشا، آرتی ایل- پاکستان، لیدوان ری-لیدوان، کیڈیا ری- نیرو بی اور تینس ری-تنوشیاء نے سال 2021 کے ری انشورنس کنویشنل ٹریٹی میں شرکت کی یپینل کی قیادت سوکس ری کرر ہاتھا۔

ادارہ جاتی اور مالیاتی رپورٹنگ ڈھانچیہ سیکیورٹی اینڈ پیچنی کمیشن آف پاکستان (SECP) کی جانب سے جاری کردہ کمپٹی لاءاور پلک سیکٹر کمپنیز (اداراتی نظم وضبط) رولز 2013اوراداراتی نظم وضبط کے ضوابط 2016 برائے ہیمہ ساز کمپنی کے تحت بورڈاپنی ذمہداریوں سے بخوبی آگاہ ہے۔ بورڈ درج ذیل بیان کرتے ہوئے خوشی تحسوس کرتا ہے:

- 🛠 👘 پورڈ نے اداراتی نظم وضبط کے متعلقہ اصولوں کی پیروی کی ہےاور جہاں کسی شم کی عدم پیروی ہوئی ہےاس کی نشاندہی وجوہات سمیت بیان کی ہیں۔
- اور کلیتی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اسکے موجودہ جاری حالات، آپریش کے نتائج، نفتر بہاؤ (cash flows) اور کلیتی اثاثہ جات (equity) میں تبدیلی کو تصلی طور پر چیش کرتے ہیں۔
 - المستحمينی کے حسابات کے کھاتے باضا بطور پر مرتب کئے گئے ہیں۔ 🛧
 - ☆ 👘 سالا نہ حسابات کی تیاری کے لیے مناسب حکمتِ عملیاں تسلسل کے ساتھا پنائی گئی ہیں اور مالیاتی انداز ے مناسب ہیں اور مختاط روی سے کئے گئے ہیں۔

- - اداراتی حسن کارکردگی کی درج شده ضوابط برائ بہترین طریقہ کار پر عملدرآ مدے کوئی مادی انحراف نہیں کیا گیا ہے
 - المینی کے قائم رہنے کی صلاحیت کسی شک وشبہ سے بالاتر ہے۔
 - اس رپورٹ کے ساتھا ہم آپریڈنگ اور مالیاتی اعدادوشار منسلک ہے۔
- جز یورڈ کے چیر مین اور دیگر ارکان کا انتخاب، مدت انتخاب اور کے ساتھ ان کے مشاہرہ کی پالیسی پیلک سیکٹر کمپنی کے بہترین مفاد میں ہیں اور بہترین مشقوں 🔆 (practices) کے میں مطابق ہیں۔
 - اس رپورٹ میں 31 دسمبر 2021 کے مطابق شیئر ہولڈنگ کا گوشوارہ شامل ہے۔
- 31 دسمبر 2021 کو پراویڈینٹ فنڈیک سرمانیہ کاری کی مالیت -/16,212,045 روپی تھی اور 31 دسمبر 2021 گریجویٹی میں سرمانیہ کاری کی مالیت -/7,129,567 روپے تھی۔

بورڈ اجلاس

سال کےدوران بورڈ آفڈائر یکٹرز کے چھ(6)اجلاس منعقد ہوئےاوران میں شرکت کی تفصیلات درج ذیل ہیں؛

اجلاس میں شرکت کی تعداد	ڈائر کیٹر کے نام	نمبرشار
03	جناب محمد بلال يثنخ	01
06	جناب مشتاق ملک	02
06	جنابراجه <i>محد ع</i> باس	03
06	سيدافترالاسلام	04
03	جناب محمدآل عابد	05
06	جناب <i>ز</i> ام ^{رحس} ین	06
03	جناب خواجه ^{خزل حس} ين	07
03	جناب سليم زميندار	08
03	محتزمه حناماروی	09

* جناب آصف موزوں ہیں اوران کے مناسب ہونے کی SECP سے منظوری دسمبر2021 کوموصول ہوئی اس لیے آپ کسی اجلاس میں شریک نہیں ہوئے۔ اجلاس سے غیر حاضر پورڈارکان کی حاضری سے رخصت کی منظوری حاصل کی گئی۔ <u>کا ر</u>نمای<u>اں</u> آ کپی کمپنی^ن' یو نیورسل ایکسیڈینٹ انشورنس اینڈسوشل بینیفٹ اسکیم' کے تحت صوبہ سندھ کے تمام رہائتی افراد کے لیے -/100,000 روپے کے حادثاتی ہیں کورت کی سہولت جاری رکھے ہوئے ہے۔ بیاسکیم خاندان کے سی رکن یا کمانے والے کی حادثاتی موت پر سابتی تحفظ فراہم کرتی ہے۔ کمپنی نے صوبہ سندھ کے ہر ضلع میں اپنے نمائندوں کا انتخاب کیا ہے، جس کی وجہ سے خدمات کی ادائیگی کا معیار بہتر ہوا ہے۔

سمپنی کی مالیاتی مضبوطی (IFS) کی درجه بندی پاکستان کر پڑٹ ریئنگ ایجننی(PACRA) نے کمپنی کی''مالیاتی مضبوطی (IFS) کی درجه بندی' A+'' (مڈیتA) کو برقرار رکھا۔ درجه بندی میں بیدا سیخکام انشورنس کنندگان کے اعتاداور معاہداتی ذمہداریوں کو پورا کرنے کی مضبوط استعداد کو فطاہر کرتا ہے۔

کارکردگی کی قدر پیائی بورڈ اپنے وضع کردہ طریقہ کار کے تحت اپنے ارکان بشمول چرمین اور چیف ایگزیکیو ٹیوآفیسر کی قدر پذیری (evaluation) کر چکاہے۔ یورڈ نے انتظامیہ کے اعلیٰ عہدے داروں کی کارکردگی کاسالانہ بنیاد پرجائزہ لینے کے بعدتقین کیا۔

ضابط اخلاق کا بیا<u>ن</u> بورڈایک ضابط اخلاق پڑمل پیراہے۔جس کے بارے میں تمام ڈائر یکٹرزاور ملاز مین کو مطلع کر کے دستخط حاصل کیے گئے ہیں اوران سے کاروباری اور قانونی معاملات میں ندکورہ ضابطہء اخلاق کی کمل پاسداری مطلوب ہے۔

<mark>مادی تبریلیا</mark> 31 دسبر2021 کے بعد کمی قسم کی مادی تبدیلیاں دقوع پذرخیبی ہو کمیں ہیں اور کمپنی ایسے کسی انتظام یا معاہدے میں ملوث نہیں ہوئی جواس تاریخ پرمالی صور تحال کو متاثر کرے۔

محاسب(Auditors) میسرز: BDO ابراہیم اینڈ کمپنی، چارٹرڈا کاؤنٹنیٹس، نے سال 2021 کے گوشواروں کا آڈٹ کیا ہے۔ آڈٹ کمیٹی کی طرف سے بطور بیرونی محاسب،ان کے تقرراور ضابطوں سے مطابق ان کی آڈٹ فیس کانعین کرنے کی سفارش کی گئی۔ مستنقتیل کا منظر نامہ سینی، حکومت سند ھکا غیر بیمہ شدہ جائیدا داد مالی اثاثہ جات سے متعلق تفویض شدہ انشورنس (captive) کاروبار حاصل کرنے کی بھر پورکوشش کررہی ہے۔اس کے لیے کمپنی کو سند ھانشورنس آف پیک ایک، 2015 کے تحت بیمہ خدمات فراہم کرنے کا ترجیحی حق حاصل ہے۔ ہم پہلے ہی حکومت سند ھ کے تمام شعبوں کے ملاز مین کو صحت کے لیے بیمہ خدمات فراہم کرنے پر کام کررہے ہیں۔اوران غیر استعال شدہ مواقع سے فائدہ اٹھا کر، کمپنی بہتر مالیاتی استحکام کا سنگ میں حاصل کر یا گی ہے۔ پورڈ کے مشورے کے مطابق کمپنی خی کاروبار کے پورٹ فولیو میں تو سیچ اور مارکیٹ میں خطرہ لینے کی استعداد میں پر کام کرر ہی ہے۔

ا ظہار یشکر ______ اس موقع پرڈائر یکٹرز حکومتِ سندھ، وزارتِ تجارت، حکومتِ پاکستان، سیکیورٹیز اینڈ ایکیچنی کمیشن آف پاکستان (SECP)، انشورنس ایسوسی ایشن آف پاکستان (IAP)اور سندھ بینک کمیٹڈ کے سلسل نعادن اور سر پرتق پرسب کے لیےا سپن مخلصا نہ جذباتِ منونیت کا اظہار کرنا چاہتے ہیں۔

مزید بیر که بورڈاینے ملاز مین اور پالیسی کنندگان کی وابستگی اورحمائت کا تہددل سے شکر گذار ہے۔

برائے و منجانب بورڈ آف ڈائر یکٹرز

Andrew Woddign

1Ctin

اختر لاسلام چيئر مين

25مارچ 2022

KEY FINANCIAL DATA

	2021	2020	2019	2018	2017
Written Premium	714,554,286	488,545,805	895,899,066	426,426,907	403,139,827
Earned Premium	640,363,202	668,114,144	659,113,386	515,299,305	1,759,779,309
Net Premium Revenue	85,966,268	254,168,143	377,973,119	358,774,796	1,618,930,064
Underwriting Result	30,030,774	54,306,365	55,990,057	5,980,802	(9,066,177)
Investment & Other Income	384,650,302	399,173,043	403,148,528	272,370,559	188,202,805
Profit / (Loss) before tax	404,611,128	451,164,562	458,494,648	278,824,560	178,318,280
Profit / (Loss) after tax	288,703,182	320,395,390	325,826,580	198,429,427	124,875,511
Paid-up Capital	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Shareholdhers' Equity	2,414,214,450	2,202,310,190	1,818,744,830	1,479,355,722	1,281,479,183
Breakup Value per Share (RS.)	24.14	22.02	18.19	14.79	12.81
Investment & properties	3,486,434,708	3,366,363,486	2,900,226,190	279,915,200	130,487,997
Cash & Bank Balances	58,880,331	310,727,509	462,870,278	2,881,017,842	2,917,158,959
Total Assets Book Value	4,720,023,939	4,737,621,445	4,640,377,932	3,860,006,895	3,478,610,266

NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighth Annual General Meeting of the shareholders of **Sindh Insurance Limited** will be held on **Friday, April 22, 2022 at 09:00 am** at the registered office of the Company at 1St Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi, to transact the following business:

ORDINARY BUSINESS

- 1. To confirm minutes of the Seventh Annual General Meeting held on April 19, 2021.
- 2. To receive, consider and adopt the Audited Accounts for the year ended December 31, 2021 along with Directors' and Auditors' Report thereon.
- 3. To reappoint Auditors for the year 2022 and fix their remuneration, Retiring Auditor M/s BDO Ebrahim & Co., Chartered Accountants being eligible, have offered themselves for re-appointment.
- 4. To transact any other business that may be placed before the meeting with the permission of the Chair.

Karachi March 25, 2022

By Order of the Board Nadeem Akhter Company Secretary

NOTES:

- 1) A member entitled to attend and vote is entitled to appoint another member/any other person as his/her proxy to attend and vote.
- 2) Duly completed instrument of proxy, and the other authority under which it is signed, must be lodged with the Company Secretary at the company's registered office 1St Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi, at least 48 hours before the time of the meeting.
- 3) Share Transfer Books of the Company will remain closed from April 22, 2022 to April 28, 2022 (both days inclusive).
- Any change of address of Member should be immediately notified to the company's registered office 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.
- 5) The CDC account holder will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.
- A. For attending the meeting:
- i. In Case of individuals, the account holder or sub-accounts holder and / or the person whose securities are in group account and their registration details are uploaded 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 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 account and their registration details are uploaded as per the regulations, shall submit the proxy form accordingly.
- ii. The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport
- iv. The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- v. In Case of Corporate entity, the board of Director's resolution / power of attorney with specimen signature shall be submitted along with proxy form to the company.

STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013 AND CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

Name of Company:	SINDH INSURANCE LIMITED
Name of the line ministry:	Ministry of Finance, Government of Sindh
For the year ended:	31 December 2021

- I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 and Code of Corporate Governance for Insurers, 2016 (hereinafter collectively called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.
- II. The Company has complied with the provisions of the Public Sector Companies (Corporate Governance) Rules, 2013 in the following manner:

S. No.		Provision of the Rules			Y	N
5. NO.	Provision of the Rules			No.	Tick the re	levant box
1.	The independent directors r Rules.	as defined under the	2(d)	3		
2.	The Board has at least on At present Board includes:	e-third of its total members as inc	dependent directors.			
	Category	Names	Date of Appointment			
	Independent Directors	Syed Akhtar UI Islam Asif Jahangir Mushtaq Malik Raja Muhammad Abbas Syed Zahid Hussain Khawaja Tajammul Hussain Hina Marvi Saleem Zamindar	19-04-2021 22-10-2021 19-04-2021 19-04-2021 19-04-2021 19-04-2021 19-04-2021 19-04-2021	3(2)	3	
	Executive Director	Muhammad Faisal Siddiqui	19-04-2021			
3.		d that none of them is serving as a description of them is serving as a description of the serving as a description of the service of the ser		3(5)	3	
4.	has defaulted in payment o	company are registered as taxpaye f any loan to a banking company. nange, has been declared a defaulter	A DFI or an NBFI or,		3	
5.	A casual vacancy occurring directors within 90 days the	on the Board on October 10, 202' reof.	1 was filled up by the		3	
6.		ive applied the fit and proper criteria he persons for election as Board		3(7)	3	
7.	The chairman of the Board Company.	l is working separately from the c	hief executive of the	4(1)	3	
8.	The chairman has been electric the Board has been appoint	cted by the Board of directors exce ed by the Government.	pt where chairman of	4(4)	3	
9.		e candidates for the position of the o eria as well as the guidelines specifie		5(2)	3	

S. No.	Provision of the Rules	Rule	Y	N
3. NO.	Frovision of the Rules	No.	Tick the re	levant box
10.	(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.			
	(b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website. (www.sindhinsuranceltd.com)	5(4)	3	
	(c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.			
11.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	3	
12.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interest, and the procedure for disclosing such interest.	5(5)(b)(ii)	3	
13.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5)(b)(vi)	3	
14.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service	5(5)(c)(ii)	3	
15.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	3	
16.	The Board has developed a vision or mission statement and corporate strategy of the Company.	5(6)	3	
17.	The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates, on which they were approved or amended, has been maintained.	5(7)	3	
18.	The board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and have submitted its request for appropriate compensation to the Government for consideration.	5(8)	N/	A
19.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	3	
20.	The meetings of the Board were presided over the Chairman and, in his absence, by a director elected by the Board for this purpose:			
	a) The Board has met at least four times during the year.	6(1)		
	(b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings,	6(2)	3	
	(c) The minutes of the meetings were appropriately recorded and circulated.	6(3)		
21.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	3	
22.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	3	
23.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as financial year end.	10(a)	3	

S. No.	Provision of the Rules			Rule No.	Y	N
					Tick the re	elevant box
24.	(b) In case if listed PSCs, the limited scope review by		early accounts and undertaken	10(b)	N/A	
25.	(c) The Board has placed th	e annual financial statemer	nts on the Company's website.	10(c)	3	
26.	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.				3	
27.	(a) The Board has formed	the requisite committees	s, as specified in the Rules.			
	(b) The Committees were duties, authorities and c		n of reference defining their	12		
	(c) The minutes of the mee members.	tings of the committees we	ere circulated to all the Board			
	(d) The committees were cl	naired by the following nor	n-executive directors:			
	Committee	Number of members	Name of Chair		3	
	Audit Committee	3	Syed Zahid Hussain			
	Risk Management Committee	3	Mushtaq Malik			
	Human Resources Committee	3	Syed Akhtar UI Islam			
	Procurement Committee Nomination Committee	3	Hina Marvi Mushtaq Malik			
28.		y whatever name called,	al Officer, Company Secretary with their remuneration and	13	3	
29.	The Chief Financial Officer a prescribed in the Rule.	nd the Company Secretar	ry have requisite qualification	14	3	
30.			porting Standards notified by f section 225 of the Act.	16	3	
31.			npliance with the requirements ters required to be disclosed.	17	3	
32.		ny contract or arrangemen	are not, directly or indirectly, t entered into by or on behalf ly.	18	3	
33.			e remuneration packages of lirector is involved in deciding		3	
34.	(b) The annual report of the of each director	Company contains criteri	a and details of remuneration	19	3	
35.			dorsed by the chief executive proval of the audit committee	20	3	

S. No.		Provision of the Rules		Rule No.	Y	N
					Tick the relevant bo	
36.	The Board has formed an audit of and having the following memb					
	Name of Member	Category	Professional Background	21(1)		
	Zahid Hussain	Independent	Banker	and	3	
	Khawaja Tajammul Hussain	Independent	Retired	21(2)		
	Saleem Zamindar	Independent	Consultant			
	The chief executive and chairma	n of the Board are not m	nembers of the audit committee.			
37.		all meetings of the au	or, and a representative of the udit committee at which issues		3	
38.			t least once a year, without the ief internal auditor and other	21(3)	3	
39.		ast once a year, withou	itor and other members of the t the presence of chief financial		3	
40.	charter, duly approved by	the audit committee.	t function, which has an audit ion and experience prescribed	22	3	
	in the Rules.		the external auditors for their			
41.	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.			23(4)	3	
42.	The Auditors have confirmed the by IFAC with regard to provision			23(5)	3	

III. The Company has complied with the additional provisions of Code of Corporate Governance for Insurers, 2016 in the following manner:

S. No.	Provision of the Rules	Rule	Y	N
5. NO.	Provision of the Rules		Tick the re	elevant box
	The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.		3	
	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 programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants.		3	
	The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.		3	
	The Board ensures that the risk management system of the Company is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.		3	

S. No.	Provision of the Rules		Rule No.	Y	N
				Tick the r	elevant box
47.	The Company has set up a risk mar covered under the Code of Corporat	agement function, which carries out its tasks as te Governance for Insurers, 2016.		3	
48.	The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA (credit rating agency) which is being used by its risk management function and the respective Committee as risk monitoring tool. The rating assigned by the said rating agency dated February 24, 2021 is A+ with strong capacity to meet policyholder and contractual obligations.			3	
49.	The Board has formed the following management committee:				
	Underwriting Committee:			3	
	Name of the member	Category	xxxvi		
	Syed Akhtar UI Islam	Independent Director			
	Muhammad Faisal Siddiqui	Executive Director			
	Nadeem Akhter	Management			
	Claim Committee:				
	Name of the member	Category	xxxvii	3	
	Mushtaq Malik	Independent Director			
	Raja Muhammad Abbas	Independent Director			
	Muhammad Faisal Siddigui	Executive Director			
	Muhammad Sarfraz Awan	Management			
	Reinsurance & Co-insurance Committee:				
	Name of the member	Category	xxxviii	3	
	Syed Akhtar UI Islam	Independent Director			
	Muhammad Faisal Siddiqui	Executive Director			
	Nadeem Akhter	Management			
		Risk Management & Compliance Committee:			
	Risk Management & Compliance	Committee:			
	Risk Management & Compliance	Committee: Category	xxxix	3	
	Name of the member	Category	xxxix	3	
	Name of the member Syed Akhtar UI Islam		xxxix	3	
	Name of the member	Category Independent Director	xxxix	3	
50	Name of the member Syed Akhtar UI Islam Muhammad Faisal Siddiqui Nadeem Akhter	Category Independent Director Executive Director Management	xxxix	3	
50.	Name of the member Syed Akhtar UI Islam Muhammad Faisal Siddiqui	Category Independent Director Executive Director Management	xxxix	3	
50.	Name of the member Syed Akhtar UI Islam Muhammad Faisal Siddiqui Nadeem Akhter The Board has formed the followin	Category Independent Director Executive Director Management	xxxix	3	
50.	Name of the member Syed Akhtar UI Islam Muhammad Faisal Siddiqui Nadeem Akhter The Board has formed the followin Human Resource Committee: Name of the member	Category Independent Director Executive Director Management g Board Committees:			
50.	Name of the member Syed Akhtar UI Islam Muhammad Faisal Siddiqui Nadeem Akhter The Board has formed the followin Human Resource Committee: Name of the member Syed Akhtar UI Islam	Category Independent Director Executive Director Management g Board Committees:			
50.	Name of the member Syed Akhtar UI Islam Muhammad Faisal Siddiqui Nadeem Akhter The Board has formed the followin Human Resource Committee: Name of the member	Category Independent Director Executive Director Management g Board Committees: Category Independent Director			
50.	Name of the member Syed Akhtar UI Islam Muhammad Faisal Siddiqui Nadeem Akhter The Board has formed the followin Human Resource Committee: Name of the member Syed Akhtar UI Islam Khawaja Tajammul Hussain	Category Independent Director Executive Director Management g Board Committees: Category Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director			
50.	Name of the member Syed Akhtar UI Islam Muhammad Faisal Siddiqui Nadeem Akhter The Board has formed the followin Human Resource Committee: Name of the member Syed Akhtar UI Islam Khawaja Tajammul Hussain Saleem Zamindar	Category Independent Director Executive Director Management g Board Committees: Category Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director			
50.	Name of the member Syed Akhtar UI Islam Muhammad Faisal Siddiqui Nadeem Akhter The Board has formed the followin Human Resource Committee: Name of the member Syed Akhtar UI Islam Khawaja Tajammul Hussain Saleem Zamindar	Category Independent Director Executive Director Management g Board Committees: Category Independent Director Independent Director Independent Director Independent Director Independent Director Independent Director Category Category Independent Director Category Category		3	
50.	Name of the member Syed Akhtar UI Islam Muhammad Faisal Siddiqui Nadeem Akhter The Board has formed the followin Human Resource Committee: Name of the member Syed Akhtar UI Islam Khawaja Tajammul Hussain Saleem Zamindar Procurement & Information Techr Name of the member	Category Independent Director Executive Director Management g Board Committees: Category Independent Director		3	

	Prov	rision of the Rules	Rule No.	Y	N
			Tick the relevant bo		
01	mination Committee:				
Na	ame of the member	Category	xli	3	
M	ushtaq Malik	Independent Director			
	aja Muhammad Abbas	Independent Director			
li	ina Marvi	Independent Director			
is	k management Committee:				
Na	ame of the member	Category		3	
M	ushtaq Malik	Independent Director			
Raja Muhammad Abbas Independent Director					
Hina Marvi Independent Director					
v	estment Committee:				
Na	ame of the member	Category	xliv	3	
Sy	yed Akhtar UI Islam	Independent Director			
Zahid Hussain Independent Director					
Sa	aleem Zamindar	Independent Director			
M	uhammad Faisal Siddiqui	Chief Executive Officer			
Nadeem Akhter Chief Finance Officer					
The Chief Executive Officer, Chief Finance Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the code of Corporate Governance for Insurer, 2016. The Appointed Actuary of the Company (if any) also meets the conditions as laid down in the said code. Moreover, the person heading the underwriter, claim, reinsurance, risk management, and grievance function / departments possess qualification and experience of direct relevance to their respective function, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No XXXIX of 2000).				3	
Na	ame of the member	Category			
	uhammad Faisal Siddiqui	Chief Executive Officer			
_	adeem Akhter	Chief Finance Officer/ Company Secretary			
	ntiaz Ali	Compliance Officer			
	sha Zubair	Acting Chief Internal Auditor			
	i Kumail	Head of Underwriter			
	uhammad Saleem	Head of Claim			
	an Ali	Head of Reinsurance			
_	uhammad Faisal Siddiqui	Head of Risk Management			
M	uhammad Sarfraz Awan	Head of Grievance Department			
ne		ment/ function, which fully complies with the	Ixx	iv	civ 3

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Syed Akhtar UI Islam Chairman

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Muhammad Faisal Siddiqui Chief Executive Officer

SCHEDULE II SEE Paragraph 2(3)

EXPLANATION FOR NON-COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

Sr. No.	Rule/sub-rule no.	Reasons for non-compliance	Future Course of Action
		NIL	

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Syed Akhtar UI Islam Chairman

Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013 AND CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 and Code of Corporate Governance for Insurers, 2016 (referred to as 'the Codes') prepared by the Board of Directors of Sindh Insurance Limited for the year ended December 31, 2021 to comply with the requirements of provisions of Public Sector Companies (Corporate Governance) Rules, 2013 and Code of Corporate Governance for Insurers, 2016.

The responsibility for compliance with the Codes is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. 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 Codes.

As 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 Codes 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Codes as applicable to the Company for the year ended December 31, 2021.

KARACHI

DATED: APRIL 8, 2022

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CHARIERED ACCOUNIANIS Engagement Partner: Zulfikar Ali Causer

UDIN: CR202110067JLuiwMVFn

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINDH INSURANCE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **SINDH INSURANCE LIMITED**, (the Company), which comprise the statement of financial position as at December 31, 2021, and profit or loss account, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit or loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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, 2021 and of its profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

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DATED: 25 MARCH 2022

BDO EBRAHIM & CO. CHARTERED ACCOUNTANTS

UDIN: AR202110067w81gPHZph

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 Ru	2020
ASSETS			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Property and equipment	6	30,595,494	29,334,824
Intangible assets	7	535,724	1,556,316
Investments	_		
Debt securities	8	3,486,434,708	3,366,363,486
Term deposit receipts	9	200,000,000	200,000,000
	10	3,686,434,708	3,566,363,486
Loans and other receivables	10	56,269,320	83,544,606
Insurance / reinsurance receivables	11	499,185,261	596,296,725
Re-insurance recoveries against outstanding claims	23 24	31,498,162	18,671,953
Deferred commission expense Deferred taxation	24	684,676 1,223,413	31,991
Prepayments	12	275,628,174	- 263,081,911
Taxation - net	20	6,630,122	203,001,911
Cash and bank	13	58,880,331	110,727,509
oash and bank	10	4,647,565,385	4,669,609,321
Total assets of takaful operations		72,458,554	68,012,124
TOTAL ASSETS		4,720,023,939	4,737,621,445
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	14	1,000,000,000	1,000,000,000
Revaluation reserve on available for sale investments		78,342	76,732,497
Unappropriated profit		1,414,136,108	1,125,577,693
TOTAL EQUITY		2,414,214,450	2,202,310,190
LIABILITIES			
Underwriting provisions			
Outstanding claims including IBNR	23	1,614,078,247	1,968,966,259
Unearned premium reserves	22	403,196,349	329,005,265
Premium deficiency reserves		29,032,000	18,318,949
Unearned reinsurance commission	24	10,761,048	7,724,103
		2,057,067,644	2,324,014,576
Premium received in advance	15	2,451,894	2,096,180
Insurance / reinsurance payables	16	207,129,686	137,988,778
Other creditors and accruals Lease liabilities	17 18	25,054,964	19,539,055
Deferred taxation	18	6,039,999	8,258,540 30,280,345
Taxation - net	20	•	6,848,136
	20		
TOTAL LIABILITIES		2,297,744,187	2,529,025,610
Total liabilities of takaful operations		8,065,302	6,285,645
TOTAL EQUITY AND LIABILITIES		4,720,023,939	4,737,621,445
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 44 form an integral part of these financial statements.

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Chairman

Director

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Director

Chief Executive Officer

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		Rupees	
Nationurance promium	22	95 000 209	254 469 442
Net insurance premium		85,966,268	254,168,143
Net insurance claims	23	205,518,866	(66,797,650)
(Provision) / reversal of premium		(10,713,052)	6,801,957
Net commission	24	(155,233,812)	(61,409,722)
Insurance claims and acquisition expenses		39,572,002	(121,405,415)
Management expenses	25	(95,507,496)	(78,456,364)
Underwriting results		30,030,774	54,306,364
Investment income	26	374,010,333	385,107,690
Other income	27	10,639,969	14,065,353
Other expenses	28	(12,540,466)	(8,698,453)
Results of operating activities		402,140,610	444,780,954
Finance cost	29	(1,036,589)	(1,383,125)
Profit before taxation from window takaful			
operations - Operator's Fund		3,507,107	7,766,733
Profit before taxation		404,611,128	451,164,562
Income tax expense	30	(115,907,946)	(130,769,172)
Profit after taxation		288,703,182	320,395,390
Earnings per share - basic and diluted	31	2.89	3.20

The annexed notes from 1 to 44 form an integral part of these financial statements.

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Chairman

Director

Director

CW

Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		Rup	ees
Profit after taxation		288,703,182	320,395,390
Other comprehensive income			
Items that may be reclassified subsequently to profit or			
loss account			
Unrealised gain on available for sale investments		-	90,401,873
Reclassification adjustment relating to available for sale			
investments disposed of during the year		(108,073,939)	-
Deferred tax on available for sale investments		31,341,442	(26,216,543)
		(76,732,497)	64,185,329
Items that will never be reclassified subsequently to profit or			
loss account			
Loss on remeasurement of defined benefit liability		(203,897)	-
Tax Impact		59,130	-
		(144,767)	-
Net unrealised loss from window takaful operations -			
Operator's Fund (net of deferred tax)		78,342	(1,015,361)
Total comprehensive income for the year		211,904,260	383,565,359

The annexed notes from 1 to 44 form an integral part of these financial statements.

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Chairman

Director

Director

Ch

Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

	Share capital Issued, subscribed and paid-up capital	Revaluation reserve on available for sale investments	Unappropriated profit	Total
		Rup	ees	
Balance as at January 01, 2020 Total comprehensive income for the year	1,000,000,000	13,562,528	805,182,303	1,818,744,831
Profit after taxation	-	-	320,395,390	320,395,390
Other comprehensive income	-	63,169,969	-	63,169,969
	-	63,169,969	320,395,390	383,565,359
Balance as at December 31, 2020	1,000,000,000	76,732,497	1,125,577,693	2,202,310,190
Total comprehensive income for the year				
Profit after taxation	-	-	288,703,182	288,703,182
Loss on remeasurement of defined benefit obligation	-	-	(144,767)	(144,767)
Other comprehensive loss	-	(76,732,497)	-	(76,732,497)
Takaful operation - Operator fund - net of tax	-	78,342	-	78,342
	-	(76,654,155)	288,558,415	211,904,260
Balance as at December 31, 2021	1,000,000,000	78,342	1,414,136,108	2,414,214,450

The annexed notes from 1 to 44 form an integral part of these financial statements.

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Chairman

Director

Director

Chief Executive Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		Ru	pees
OPERATING CASH FLOWS			
a) Underwriting activities			
Premium received		808,391,294	685,761,807
Reinsurance premium ceded		(492,810,426)	(487,902,904)
Claims paid		(178,560,774)	(120,903,371)
Reinsurance and other recoveries received		16,365,419	19,636,739
Commission paid		(177,324,975)	(77,446,714)
Commission received		24,486,228	17,219,285
Underwriting payments		(12,540,466)	(8,698,453)
Net cash (used in) / generated from underwriting activities		(11,993,700)	27,666,390
b) Other operating activities			
Income tax paid		(126,743,029)	(131,368,129)
Management and administrative expenses paid		(83,637,935)	(65,966,458)
Compensated absences paid		(20,000)	(178,147)
Other operating payments		(8,149,820)	204,056
Net cash used in other operating activities		(218,550,785)	(197,308,678)
Net cash used in all operating activities		(230,544,485)	(169,642,288)
INVESTING ACTIVITIES Profit / return received on investment		402,413,109	339,925,065
Other income received		10,639,968	14,065,353
Payments for investments		(10,280,758,120)	(1,252,940,125)
Proceeds from disposal of investment		10,058,234,234	921,689,290
Fixed capital expenditures		(11,405,037)	(1,373,512)
Proceeds from disposal of fixed assets		1,791,694	19,960
Net cash generated from investing activities		180,915,848	21,386,031
FINANCING ACTIVITIES Principal repayment of lease liabilities		(2,218,541)	(3,886,512)
Net cash used in financing activities		(2,218,541)	(3,886,512)
Net cash decrease in cash and cash equivalents		(51,847,178)	(152,142,769)
Cash and cash equivalents at beginning of the year		310,727,509	462,870,278
Cash and cash equivalents at beginning of the year		258,880,331	310,727,509
Reconciliation to profit and loss account			
Operating cash flows		(230,544,485)	(169,642,288)
Depreciation expense		(8,761,652)	(7,813,809)
Amortisation of intangibles		(920,592)	(1,137,960)
Income tax paid		126,743,029	131,368,129
Increase in assets other than cash		(60,108,244)	(225,934,931)
Decrease in operating liabilities		190,045,662	317,385,645
Investment income		374,010,333	385,107,690
Profit before taxation from window takaful		3,507,107	7,766,733
Other income Profit before taxation		10,639,969	14,065,353
		404,611,128	451,164,562
CASH AND CASH EQUIVALENTS		4 407 479	1 100 106
Cash and other equivalents		1,427,178	1,109,106
Saving accounts		57,453,153	109,618,403
Deposits maturing within 12 months		200,000,000	200,000,000
		258,880,331	310,727,509

The annexed notes from 1 to 44 form an integral part of these financial statements.

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Chairman

Director

Director

Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Sindh Insurance Limited (the Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as an unlisted public company on December 20, 2013 and obtained the certificate of commencement of business on September 22, 2014. All shares of the Company are held beneficially by Government of Sindh, directly and through nominee directors. The Company is engaged in the non-life insurance business comprising of fire, marine, motor, aviation, engineering, transportation, accidental and health etc.
- 1.2 The registered office and principal place of business of the Company is situated at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi. The Company was granted authorisation on September 22, 2016 under Rule 6 of the Takaful Rules, 2012 to undertake Takaful Window Operations (WTO) in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and, subsequently, the Company commenced Window Takaful Operations.
- 1.3 SECP carried out an onsite inspection of the Company under Section 59A of the Insurance Ordinance, 2000. Based on the inspection, SECP highlighted various non-compliances with the insurance Ordinance, 2000 and various SROs of SECP in its letter of findings of the Company dated January 4, 2019. These non-compliances (among other compliance, risk management and internal control issues) mainly pertain to accounting treatment of Universal Accident Insurance and Social Benefit Scheme (the Scheme) of the Government of Sindh (GoS). Whereby, the recognition and measurement of premium, claims and commission relating to the Scheme under the Insurance Contract has been challenged on account of the immunity given by GoS to the Company where the Company will not suffer any loss under the Scheme if claims and other related expenditures exceed the revenue of the Company from the Scheme. The management of the Company vide its letter to SECP dated February 4, 2019 conveyed that the said accounting treatment was adopted based on a legal opinion and strongly believes that the adopted treatment is in line with the Insurance Ordinance, 2000. SECP issued inspection report, ref. ID/SD/IW/SIL/332 dated July 5, 2019, in which the aforementioned non compliances are reported. Many of such non compliances are already complied with, and the Company is committed to ensure the compliance with rest of non compliances in due course.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements are prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board, as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017.

In case requirements differ, the provisions and directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 shall prevail.

In accordance with the requirement of Circular 25 of 2015, total assets, total liabilities and profit of Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements. A separate set of financial statements of General Window Takaful Operations has been reported which is annexed to these financial statements as per the requirements of the SECP Takaful Rules, 2012 and General Takaful Accounting Regulation 2019.

2.2 Functional and presentation currency

These financial statements have been prepared and presented in Pakistan Rupees, which is the Company's functional and presentation currency.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for recognition of staff retirement benefits at present value and the investments available-for-sale measured at their fair value. The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards / amendments that are effective in current year and relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
Amendments to IFRS 16 'Leases' - Covid - 19 related rent consessions	June 01, 2020
Interest Rate Benchmarch Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021

3.1.1 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 with IFRS 4'

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year 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 (effective for annual periods beginning on or after July 01, 2018). The amendments address 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 the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

Temporary Exemption from Application of IFRS 9

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 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 payments 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

December 31, 2021			
Fail the SPPI test		Pass the SPPI test	
Fair value	Change in unrealised gain	Fair value	Change in unrealised gain
	Rupees		
3,363,197,590	-	123,237,118	-
-	-	200,000,000	-
-	-	56,269,320	-
s -	-	31,498,162	-
-	-	499,185,261	-
-	-	58,880,331	-
13,936,670	-	58,521,884	-
3,377,134,260	-	1,027,592,076	-
	Fair value	Fail the SPPI test Fair value Change in unrealised gain 3,363,197,590 - - -	Fail the SPPI test Pass the S Fair value Change in unrealised gain Fair value 3,363,197,590 - 123,237,118 - - 200,000,000 - - 56,269,320 is - - 31,498,162 - - 31,498,162 - - - 58,880,331 - 13,936,670 - 58,521,884 -

		December 31, 2021		
	AAA	A+	Α	Not rated
		Rupee	S	
Cash at bank Investments	-	56,880,453	572,700	-
Debt securities	425,000,000	9,375,000	-	150,000,000
Term deposit receipts	-	200,000,000	-	-
Loans and other receivable Window takaful operations-	-	-	-	56,269,320
Operator's fund	25,810,000	4,219,931	47,194	31,498,162
	450,810,000	270,475,384	619,894	237,767,482

3.3 Standards / amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent consessions	April 01, 2021
Amendments to IAS 1'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023

Effective date (annual periods beginning on or after)

Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

3.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The Company's 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.

4 USE OF JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated 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 an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the revision and future periods, if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Provision for unearned premiums	5.5.2
- Premium due but unpaid - net	5.5.3
- Premium deficiency reserve	5.5.4
- Prepaid reinsurance premium ceded	5.5.8
- Provision for outstanding claims (including IBNR)	5.6.1
- Reinsurance recoveries against outstanding claims	5.6.2
- Deferred commission expense	5.7.1
- Commission income unearned	5.7.2
- Taxation (current and deferred)	5.17
- Impairment in the value of investment	5.20

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied consistently to all years presented except otherwise stated.

5.1 Property and equipment

a) Owned assets

Owned fixed assets are stated at cost, signifying historical cost, less accumulated depreciation and any provision for accumulated impairment. Cost of an item of fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying asset directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account.

Depreciation is calculated on straight line basis at the rates specified in note 6 to the financial statements. Depreciation on additions is charged from the month the assets are available for use while on disposals, depreciation is charged up to the month in which the assets are disposed off.

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying value exceed the estimated recoverable amounts, the assets are written down to their recoverable amount. The useful life and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing process with the carrying amount of the assets disposed of. There are taken to profit and loss account.

b) Right-of-use-asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

5.2 Intangible assets

These are stated at cost less accumulated amortisation and provision for accumulated impairment, if any.

Amortisation is calculated from the month the assets are available for use using the straight-line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortisation methods are reviewed and adjusted if appropriate, at each reporting date.

Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

5.3 Lease liability

Lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

5.4 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed:

- Fire and property damage
- Marine, aviation and transport
- Motor
- Accidental and health
- Engineering
- Miscellaneous

a) Fire and property damage

"Fire and property insurance contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

b) Marine, aviation and transport

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and against liabilities to third parties and passengers arising from their use.

c) Motor

Motor insurance contracts cover physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

d) Accident and health

Accident and health insurance contracts mainly compensate hospitalisation and patient medical coverage to the insured and indemnity for the death as result of an accident. These contracts are generally one year contracts.

e) Engineering

Engineering insurance covers contractor's all risk, and compensate against damage of machinery, electronic equipment etc.

f) Miscellaneous

All other insurance contracts like machinery breakdown, bonds, cash in hand, cash in transit, personal accident, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under miscellaneous insurance cover.

5.5 Premium

5.5.1 Premium income earned

Premium written (direct or facultative) under a policy is recognised as income over the period of insurance from the date of issue of the policy to which it relates to its expiry as follows:

- a) for direct business, evenly over the period of the policy;
- b) for proportional reinsurance business, evenly over the period of underlying reinsurance policies; and
- c) for non-proportional reinsurance business, on inception of the reinsurance contract in accordance with the pattern of reinsurance service.

Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of incidence of risk.

Where premiums for a policy are payable in installments, full premium for the duration of the policy is recognised as income at the inception of the policy and a related asset is set up in respect of the premium receivable at a later date. Premium is stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on premium.

5.5.2 Provision for unearned premiums

Provision for unearned premiums represents the portion of premium written relating to the unexpired period of coverage, and is recognised as a liability. The liability is calculated as a proportionate of the gross premium of each policy, as specified in the Insurance Accounting Regulations, 2017.

5.5.3 Premiums due but unpaid - net

Premiums due but unpaid is recorded as receivable when it is due, at the fair value of consideration receivable less provision for doubtful debts, if any. If there is objective evidence that receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises that impairment loss in profit and loss account.

5.5.4 Premium deficiency reserve - (liability adequacy test)

At each reporting date, liability adequacy tests are performed separately for each class of business under the Insurance Accounting Regulations, 2017 to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after reporting date in respect of policies in force at reporting date with the carrying amount of unearned premium liability.

The movement in the premium deficiency reserve is recorded as an expense / income in profit and loss account for the year.

The requirement for additional provision for unexpired risks is determined on the basis of an actuarial valuation. The latest valuation was carried out as of December 31, 2021. The actuary determines adequacy of liability of premium deficiency by multiplying unearned premium with the difference between excess of combined ratio over 100%. PDR is required if Loss Ratio exceeds 100% i.e. unearned premium reserve is not enough to cover for future claims and other expenses.

The loss ratios estimated on these basis for the unexpired portion are as follows:

	2021	2020
Fire and property damage	52%	55%
Marine, aviation and transport	61%	49%
Motor	87%	90%
Accidental and health	112%	67%
Engineering	67%	115%
Miscellaneous	67%	115%

5.5.5 Reinsurance contracts held

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognises the entitled benefits under the contracts as various reinsurance assets.

5.5.6 Reinsurance ceded

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

Reinsurance assets or liabilities are derecognised when the contractual rights or obligations 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 recognises the impairment loss in the profit and loss account.

The portion of reinsurance premium not recognised as an expense is shown as a prepayment.

5.5.7 Receivables and payables related to insurance contracts

Receivables and payables, other than claim payables, relating to insurance contracts are recognised when due. The claim payable is recorded when intimation is received. These include premiums due but unpaid, premium received in advance, premiums due and claims payable to insurance contract holders. These are recognised 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 recognises the loss in statement of comprehensive income.

5.5.8 Prepaid reinsurance premium ceded

The portion of reinsurance premium ceded not recognised as an expense as at year end is recognised as prepaid reinsurance premium ceded. Unrecognised portion is determined in the same manner as for provision for unearned premiums.

5.6 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to profit and loss account as incurred based on estimated liability for compensation owed under the insurance contracts.

5.6.1 Provision for outstanding claims including IBNR

A liability for outstanding claims is recognised in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability relating to unpaid reported claims is made on basis of individual case estimates.

The Company takes advice from actuary for the determination of IBNR claims. Provision for IBNR claims have been estimated based on Expected Loss Ratio (ELR) method except for health business, where a mix of ELR and Chain Ladder (CL) method is used. CL method is not completely used since portfolio experience of the Company in health business is small due to long period of claims development, volatility and credibility of experience. Accordingly, provision has been made based on IBNR factors applied on incurred claims determined by the actuary.

Reinsurance recoveries against outstanding claims and salvage recoveries are recognised as an asset and measured at the amount expected to be received.

SINDH INSURANCE

5.6.2 Reinsurance recoveries against outstanding claims

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

5.7 Commission

5.7.1 Commission expense

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

5.7.2 Commission income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates.

5.8 Investments

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

5.8.1 Held-to-maturity

Investments with fixed maturity and fixed income investments, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity. After initial recognition, these are carried at amortised cost.

5.8.2 Available-for-sale

The financial assets that are intended to be held for an indefinite period of time and may be sold in response to the need for liquidity are classified as available-for-sale.

Subsequent to the initial recognition at cost, these are valued at market values and any unrealised gains / (losses) are taken to other comprehensive income.

5.8.3 Held for trading

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognised directly in the profit and loss account, for the period in which it arises. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices.

a) Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Company. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

b) Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

c) Impairment

Available-for-sale

The Company considers that available-for-sale investments is impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

5.9 Employee benefits

a) Defined contribution plan

The Company operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10% of basic salary of the employees.

b) Defined benefit plan

The Company operates an approved gratuity fund for all its permanent employees whose period of service is three years. Acturial valuation is carried out on yearly basis by using the projected unit credit method and contribution to the plans are made accordingly. Acturial gains and losses are recognized in other comprehensive income in the year in which they arise.

c) Employees' compensated absence

The Company accounts for the liability in respect of eligible employees' compensated absences in the period in which they are earned.

5.10 Cash and cash equivalent

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank deposits and exclude bank balances held under lien.

5.11 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 Company.

Provisions are recognised when the Company 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.12 Investment and other income

5.12.1 Dividend income and bonus shares

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

Entitlement of bonus shares is recognised when the right to receive the same is established.

5.12.2 Interest income

Interest income is recognised on time proportion basis that takes into account effective yield on the assets.

5.12.3 Rental income

Rental income on investment properties is recognised as income on accrual basis.

5.13 Segment reporting

The Company's operating business is organized and managed separately according to the nature of the services provided with each segment representing a strategic business unit that serves different markets.

The Company has seven major segments namely fire and property damage, marine, aviation and transport, motor, accident and health, engineering and miscellaneous.

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

5.14 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the derecognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

Financial instruments carried in the statement of financial position include investments, loan and other receivables, insurance / reinsurance receivables, reinsurance receivables against outstanding claims, cash and bank, provision for outstanding claims, insurance / reinsurance payables, other creditors and accruals.

5.15 Off setting of financial asset and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on net basis, or realise the assets and to settle the liabilities simultaneously.

5.16 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

5.17 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

5.17.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalised during the year or required by any other reason.

5.17.2 Deferred

Deferred tax is recognised using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the date of statement of financial position.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5.18 Foreign currencies

Transactions in foreign currency, if any, are converted into Pakistani Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the reporting date. Exchange difference are taken to profit and loss account.

5.19 Management expenses

Management expenses are allocated to all classes of business in proportion to the net premium income of the year. Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Provision for bad debts is based on review of outstanding amounts as at reporting date. Bad debts are written off to the profit and loss account when identified. Expenses not allowable to the underwriting business are charged to other expenses.

5.20 Impairment

The carrying amounts of the Company's assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognised in the profit and loss account.

5.21 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to 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.

5.22 Dividend and bonus shares

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

5.23 Fair value

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

5.24 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

5.25 Window Takaful Operations

The accounting policies adopted for Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended December 31, 2021.

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					2021					
			Cost			Depreciation	iation		Written down	Depreciation
Particulars	As at January 01, Additions 2021	Additions	Disposals	As at December 31, 2021	As at January 01, 2021	Depreciation for the year	Disposals	As at December 31, 2021	value as at December 31, 2021	rate (% per annum)
					Rupees				Rupees	
Owned										
Leasehold improvements	12,161,075	ı	I	12,161,075	3,937,380	617,156	ı	4,554,536	7,606,539	5%
Furniture and fixture	3,108,253	196,500	I	3,304,753	1,774,266	328,681	ı	2,102,947	1,201,806	10%
Office equipment	9,601,905	1,136,670	(1,359,315)	9,379,260	6,400,992	1,214,634	(1,359,315)	6,256,311	3,122,949	10%-20%
Computers	5,423,440	3,453,486	(547,044)	8,329,882	3,489,170	1,575,777	(547,044)	4,517,903	3,811,979	33.33%
Vehicles	8,868,258	6,488,530	(1,920,450)	13,436,338	2,432,692	1,929,200	(667,586)	3,694,306	9,742,032	20%
Right of use assets										
Office premises	12,494,791	I	I	12,494,791	4,288,398	3,096,204	I	7,384,602	5,110,189	15% - 20%
	51,657,722	11,275,186	(3,826,809)	59,106,099	22,322,898	8,761,652	(2,573,945)	28,510,605	30,595,494	

					2020					
			Cost			Depreciation	iation		Written down	Depreciation
Particulars	As at January 01, 2020	As at January 01, Additions 2020	Disposals	As at December 31, 2020	As at January 01, 2020	Depreciation for the year	Disposals	As at December 31, 2020	value as at December 31, 2020	rate (% per annum)
					Rupees	Rupees				
Owned										
Leasehold improvements	12,161,075	I		- 12,161,075	3,320,222	617,158	1	3,937,380	8,223,695	5%
Furniture and fixture	3,064,753	43,500		- 3,108,253	1,449,398	324,868	I	1,774,266	1,333,987	10%
Office equipment	9,182,255	419,650		- 9,601,905	5,304,532	1,096,460	I	6,400,992	3,200,913	10%-20%
Computers	4,712,678	910,362	(199,600)) 5,423,440	2,743,928	944,842	(199,600)	3,489,170	1,934,270	33.33%
Vehicles	8,868,258	I		- 8,868,258	751,705	1,680,987	I	2,432,692	6,435,566	20%
Right of use assets										
Offlice premises	4,131,752	8,363,039		- 12,494,791	1,138,904	3,149,494	1	4,288,398	8,206,393	15% - 20%

29,334,824

22,322,898

(199,600)

7,813,809

14,708,689

(199,600) 51,657,722

9,736,551

4,131,752 - 42,120,771 -

INTANGIBLE ASSETS 7

					2021				
		Ŭ	Cost			Amortisation		Written down	Amortization
Particulars	As at January 01, Additions Adju 2021	Additions	Adjustment	As at December 31, 2021	As at January 01, 2021	Amortisation for the year	As at December 31, 2021	value as at December 31, 2021	rate (% per annum)
				R	npees		Rupees		
Computer softwares	7,805,322	50,000	(150,000)		6,249,006	920,592	7,169,598	535,724	33.33%
	7,805,322	50,000	(150,000)	7,705,322		920,592	7,169,598	535,724	
					2020				
						;			

					20202					
		Cost	ost			Amortisation		Written down	Amortization	
Particulars	As at January 01, Additions A 2020	Additions	Adjustment	As at December 31, 2020	As at January 01, 2020	Amortisation for the year	As at December 31, 2020	value as at December 31, 2020	rate (% per annum)	
				Ru	bees		Rupees			
Computer softwares	7,805,322 7,805,322			7,805,322	5,111,046 5,111,046	1,137,960 1,137,960	6,249,006 6,249,006	1,556,316 1,556,316	33.33%	

8 INVESTMENTS IN DEBT SECURITIES

			2021				2020	
	Cost	Impairment / provision	Surplus on revaluation	Carrying value	Cost	Impairment / provision	Surplus on revaluation	Carrying value
		Rı	ipees			Ri	upees	
Held to maturity (note 8.1)								
Government securities								
Treasury Bills	-	-	-	-	860,408,225	5 -	-	860,408,225
Pakistan Investment Bonds (no	te 8.2)				111,647,390) -	-	111,647,390
Corporate Sukuk (note 8.3)								
TPL Trakker Limited	9,375,000			9,375,000	18,750,000)		18,750,000
	9,375,000	-	-	9,375,000	990,805,615	5 -	-	990,805,615
Available for sale (note 8.1)								
Government securities								
Treasury Bills	2,788,197,590	-	-	2,788,197,590				-
Pakistan Investment Bonds	113,862,118	-	-	113,862,118	1,691,053,847		109,504,025	1,800,557,871
Term Finance Certificate -								
Unquoted (note 8.3)		,		-				
Meezan Bank Limited	143,000,000	-	-	143,000,000	143,000,000) -	-	143,000,000
Bank Al Habib Limited	132,000,000	-	-	132,000,000	132,000,000) -	-	132,000,000
Soneri Bank Limited	150,000,000	-	-	150,000,000	150,000,000) -	-	150,000,000
United Bank Limited	150,000,000	-	-	150,000,000	150,000,000) -	-	150,000,000
	575,000,000	-	-	575,000,000	575,000,000) -	-	575,000,000
	3,477,059,708	·		3,477,059,708	2,266,053,847		· .	2,375,557,871
	3,486,434,708	<u> </u>	<u> </u>	3,486,434,708	3,256,859,462	2	<u> </u>	3,366,363,486

8.1 Investments in debt securities - held to maturity and available for sale

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2021
Held To Maturity					
Corporate Sukuk					
TPL Trakker Limited	2022	(KIBOR+3%)	Quarterly	9,375,000	9,375,000
Available for sale					
Government securities					
Treasury Bills					
3 Months Treasury Bill	2022	8.17%	On maturity	495,000,000	485,859,330
3 Months Treasury Bill	2022	8.38%	On maturity	495,000,000	485,635,095
3 Months Treasury Bill	2022	8.18%	On maturity	895,000,000	878,463,085
3 Months Treasury Bill	2022	8.50%	On maturity	200,000,000	196,162,600
3 Months Treasury Bill	2022	10.66%	On maturity	300,000,000	292,817,100
3 Months Treasury Bill	2022	10.39%	On maturity	460,000,000	449,260,380
					2,788,197,590
Pakistan Investment Bonds					
10 Years Pakistan Investment Bond	2028	13.10%	Half yearly	37,500,000	30,477,833
10 Years Pakistan Investment Bond	2028	12.55%	Half yearly	100,000,000	83,384,285
					113,862,118
Term Finance Certificates					
Meezan Bank Limited	Perpetuity	(KIBOR+1.75%)	Monthly	143,000,000	143,000,000
Bank AI Habib Limited	Perpetuity	(KIBOR+1.50%)	Half yearly	132,000,000	132,000,000
Soneri Bank Limited	2038	(KIBOR+2.00%)	Half yearly	150,000,000	150,000,000
United Bank Limited	Perpetuity	(KIBOR+1.55%)	Quarterly	150,000,000	150,000,000
					575,000,000
					3,477,059,708
					3,486,434,708

SINDH INSURANCE

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	December 31, 2020
leld to maturity					
Government securities					
Treasury Bills					
6 Months Treasury Bill	2021	7.08%	On maturity	285,000,000	275,151,825
3 Months Treasury Bill	2021	7.04%	On maturity	100,000,000	98,384,800
3 Months Treasury Bill	2021	7.01%	On maturity	200,000,000	196,780,000
6 Months Treasury Bill	2021	6.76%	On maturity	300,000,000	290,091,600
					860,408,225
Others					
Held to maturity					
Government securities					
Pakistan Investment Bonds					
10 Years Pakistan Investment Bond	2028	13.10%	Half yearly	37,500,000	29,829,891
10 Years Pakistan Investment Bond	2028	12.55%	Half yearly	100,000,000	81,817,499
					111,647,390
Corporate Sukuk					
TPL Trakker Limited	2022	(KIBOR+3%)	Quarterly	18,750,000	18,750,000
					990,805,615
vailable for sale					
Government securities					
Pakistan Investment Bonds					
5 Years Pakistan Investment Bond	2024	11.38%	Half yearly	375,000,000	382,440,321
5 Years Pakistan Investment Bond	2024	11.38%	Half yearly	400,000,000	407,936,343
5 Years Pakistan Investment Bond	2024	11.38%	Half yearly	200,000,000	203,968,171
3 Years Pakistan Investment Bond	2021	13.49%	Half yearly	450,000,000	450,127,483
3 Years Pakistan Investment Bond	2022	11.62%	Half yearly	200,000,000	203,477,459
3 Years Pakistan Investment Bond	2022	12.20%	Half yearly	150,000,000	152,608,094
					1,800,557,871
others					
Term Finance Certificates					[
Meezan Bank Limited	Perpetuity	(KIBOR+1.75%)	Monthly	143,000,000	143,000,000
Bank AI Habib Limited	Perpetuity	(KIBOR+1.50%)	Half yearly	132,000,000	132,000,000
Soneri Bank Limited	2038	(KIBOR+2.00%)	Half yearly	150,000,000	150,000,000
United Bank Limited	Perpetuity	(KIBOR+1.55%)	Quarterly	150,000,000	150,000,000
					575,000,000
					2,375,557,871
					3,366,363,486

8.2 These include PIB's amounting to Rs. 113.862 million (2020: Rs. 111.647 million), which are pledged with State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

8.3 Term Finance Certificate and Corporate Sukuk

Savings accounts

		No. of cer	tificates		Value of co	ertificate
		2021	2020	Face value	2021	2020
Meezan Bank Limited		143	143	1,000,000	143,000,000	143,000,000
Bank Al Habib Limited		26,400	26,400	5,000	132,000,000	132,000,000
Soneri Bank Limited		30,000	30,000	5,000	150,000,000	150,000,000
United Bank Limited		30,000	30,000	5,000	150,000,000	150,000,000
TPL Trakker Limited		9.38	18.75	1,000,000	9,375,000	18,750,000
	=	86,552	86,562	: :	584,375,000	593,750,000
				Note	2021	2020
INVESTMENT IN T	ERM DEPOSIT	RECEIPTS			Rup	ees
Deposits maturing	within 12 months	s -				
local currency				9.1 =	200,000,000	200,000,000
.1 These represents T (2020: 7.2% to 14.2		ceipts (TDRs) w	vith commercial b	anks carrying mai	rkup ranging from	n 7.20% to 9.75
0 LOANS AND OTHE	ER RECEIVABL	.ES				
Unsecured - consid Accrued investme	0				12 109 625	77,291,832
Accrued investine				10.1	42,198,625 953,732	69,612
Loans to employe					•	
Loans to employe				10.2	13 116 963	
Other receivables 0.1 This represents loa	ns provided to e .385 million (20	20: Rs. 0.221 m				83,544,606
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense	ns provided to e .385 million (20 es on its behalf. unt due from Sir	20: Rs. 0.221 m	nillion) receivable	= = s which do not car from Sindh Moda	56,269,320 rry any interest / n arba Managemer	83,544,606 markup. It Limited agains
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo	ns provided to e .385 million (20 es on its behalf. unt due from Sir	20: Rs. 0.221 m	nillion) receivable	= = s which do not car from Sindh Moda	56,269,320 rry any interest / n arba Managemer	t Limited agains
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo 0.060 million (2020	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million)	20: Rs. 0.221 m ndh Modaraba N	nillion) receivable	= s which do not car from Sindh Moda ted at the end of a Note	56,269,320 rry any interest / i arba Managemer any month during	83,544,600 markup. It Limited again the year was R 2020
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo 0.060 million (2020	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE	20: Rs. 0.221 m ndh Modaraba N	nillion) receivable	= s which do not car from Sindh Moda ted at the end of a Note	56,269,320 rry any interest / i arba Managemer any month during 2021	83,544,600 markup. It Limited again the year was R 2020
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo 0.060 million (2020 1 INSURANCE / REII (Unsecured - consi Due from insura	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good) ance contract ho	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES	nillion) receivable	= s which do not car from Sindh Moda ted at the end of a Note	56,269,320 rry any interest / n arba Managemer any month during 2021 Rup 430,422,022	83,544,600 markup. It Limited again the year was R 2020 ees
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo 0.060 million (2020 1 INSURANCE / REII (Unsecured - consi Due from insura	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good)	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES	nillion) receivable	which do not car from Sindh Moda ted at the end of a Note	56,269,320 rry any interest / n arba Managemer any month during 2021 Rup 430,422,022 68,763,239	83,544,600 markup. It Limited again the year was R 2020 ees
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo 0.060 million (2020 1 INSURANCE / REII (Unsecured - consi Due from insura Due from other	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good) ance contract ho insurers / reinsu	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES olders urers	nillion) receivable	= s which do not car from Sindh Moda ted at the end of a Note 11.1 =	56,269,320 rry any interest / n arba Managemer any month during 2021 Rup 430,422,022 68,763,239 499,185,261	83,544,600 markup. It Limited again the year was R 2020 ees
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo 0.060 million (2020 1 INSURANCE / REII (Unsecured - consi Due from insura Due from other	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good) ance contract ho insurers / reinsu	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES olders urers	nillion) receivable	= s which do not car from Sindh Moda ted at the end of a Note 11.1 =	56,269,320 rry any interest / n arba Managemer any month during 2021 Rup 430,422,022 68,763,239 499,185,261	83,544,600 markup. It Limited again the year was R 2020 ees
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo 0.060 million (2020 1 INSURANCE / REII (Unsecured - consi Due from insura Due from other 1.1 Due from insurance	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good) ance contract ho insurers / reinsu	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES olders urers	nillion) receivable	= s which do not car from Sindh Moda ted at the end of a Note 11.1 =	56,269,320 rry any interest / n arba Managemer any month during 2021 Rup 430,422,022 68,763,239 499,185,261	83,544,600 markup. It Limited again the year was R 2020 ees
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo 0.060 million (2020 1 INSURANCE / REII (Unsecured - consi Due from insura Due from other 1.1 Due from insurance 2 PREPAYMENTS	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good) ance contract holder	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES olders urers	nillion) receivable	= s which do not car from Sindh Moda ted at the end of a Note 11.1 =	56,269,320 rry any interest / n arba Managemer any month during 2021 430,422,022 68,763,239 499,185,261 arties (2020: 521	83,544,600 markup. It Limited again the year was R 2020 ees
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo 0.060 million (2020 1 INSURANCE / REII (Unsecured - consi Due from insura Due from other 1.1 Due from insurance	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good) ance contract holder e contract holder	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES olders urers	nillion) receivable	which do not car from Sindh Moda ted at the end of a Note 11.1 ue from related pa	56,269,320 rry any interest / n arba Managemer any month during 2021 Rup 430,422,022 68,763,239 499,185,261	83,544,600 markup. It Limited again the year was R 2020 ees
Other receivables Other receiv	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good) ance contract holder e contract holder	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES olders urers	nillion) receivable	which do not car from Sindh Moda ted at the end of a Note 11.1 ue from related pa	56,269,320 rry any interest / n arba Managemer any month during 2021 430,422,022 68,763,239 499,185,261 arties (2020: 521 270,205,389	83,544,600 markup. It Limited again the year was R 2020 ees
Other receivables Other receiv	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good) ance contract holder e contract holder	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES olders urers	nillion) receivable	which do not car from Sindh Moda ted at the end of a Note 11.1 ue from related pa	56,269,320 rry any interest / n arba Managemer any month during 2021 430,422,022 68,763,239 499,185,261 arties (2020: 521 270,205,389 4,363,145	83,544,600 markup. It Limited again the year was R 2020 ees
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo 0.060 million (2020 1 INSURANCE / REII (Unsecured - consi Due from insurance Due from other 1.1 Due from insurance 2 PREPAYMENTS Prepaid reinsurance Others	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good) ance contract holder e contract holder	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES olders urers	nillion) receivable	which do not car from Sindh Moda ted at the end of a Note 11.1 ue from related pa	56,269,320 rry any interest / n arba Managemer any month during 2021 430,422,022 68,763,239 499,185,261 arties (2020: 521 270,205,389 4,363,145 1,059,640	83,544,600 markup. It Limited again the year was R 2020 ees
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo 0.060 million (2020 1 INSURANCE / REII (Unsecured - consi Due from insurance 1.1 Due from insurance 2 PREPAYMENTS Prepaid reinsurance 3 CASH AND BANK Cash and cash equ	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good) ance contract holder e contract holder e premium cede expense	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES olders urers	nillion) receivable	which do not car from Sindh Moda ted at the end of a Note 11.1 ue from related pa	56,269,320 rry any interest / n arba Managemer any month during 2021 430,422,022 68,763,239 499,185,261 arties (2020: 521 270,205,389 4,363,145 1,059,640 275,628,174	83,544,600 markup. It Limited again the year was R 2020 ees 523,903,310 72,393,400 596,296,723 .165 million). 259,020,811 3,723,200 337,890 263,081,91
Other receivables 0.1 This represents loa 0.2 This includes Rs. 0 payment of expense 0.3 The maximum amo 0.060 million (2020 1 INSURANCE / REII (Unsecured - consi Due from insura Due from other 1.1 Due from insurance 2 PREPAYMENTS Prepaid reinsurance Cash and cash equ Cash in hand	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good) ance contract holder e contract holder e premium cede expense	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES olders urers	nillion) receivable	which do not car from Sindh Moda ted at the end of a Note 11.1 ue from related pa	56,269,320 rry any interest / i arba Managemer any month during 2021 Rup 430,422,022 68,763,239 499,185,261 arties (2020: 521 270,205,389 4,363,145 1,059,640 275,628,174	83,544,600 markup. It Limited again the year was R 2020 ees
Other receivables Others Others Others Others Other receivables Ot	ns provided to e .385 million (20 es on its behalf. unt due from Sir : 0.036 million) NSURANCE RE idered good) ance contract holder e contract holder e premium cede expense	20: Rs. 0.221 m ndh Modaraba M ECEIVABLES olders urers	nillion) receivable	which do not car from Sindh Moda ted at the end of a Note 11.1 ue from related pa	56,269,320 rry any interest / n arba Managemer any month during 2021 430,422,022 68,763,239 499,185,261 arties (2020: 521 270,205,389 4,363,145 1,059,640 275,628,174	83,544,600 markup. It Limited again the year was R 2020 ees

13.1 This represents interest bearing accounts carrying interest rates ranging from 5.65% to 7.4% (2020: 5.65% to 11.30%) per annum.

13.1

109,618,403

110,727,509

57,453,153 58,880,331

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14 ORDINARY SHARE CAPITAL

14.1 Authorized share capital

2021 Number (2020 of shares		2021 Rup	2020 Dees
150,000,000	150,000,000	Ordinary shares of Rupees 10 each	1,500,000,000	1,500,000,000
14.2 Issued, subscribed 2021	l and paid up sha 2020	are capital		
Number	of shares			
100,000,000	100,000,000	Ordinary shares of Rupees 10 each fully paid in cash	1,000,000,000	1,000,000,000

14.3 As at December 31, 2021, all the shares are beneficially held by Government of Sindh directly and through nominee directors.

		Note	2021 Rupe	2020
15	PREMIUM RECEIVED IN ADVANCE		Rupe	es
	Premium received in advance		2,451,894	2,096,180
16	INSURANCE / REINSURANCE PAYABLES			
	Due to other insurers / reinsurers			
	Local		96,828,400	112,128,198
	Foreign		110,301,286	25,860,580
			207,129,686	137,988,778
17	OTHER CREDITORS AND ACCRUALS			
	Agent commission payable		154,560	143,755
	Federal excise duty / sales tax		8,776,536	-
	Federal insurance fee		697,173	346,868
	Accrued expenses		7,503,735	8,208,822
	Withholding tax payable		639,504	499,625
	Provision for compensated leave absences	17.1	3,757,215	3,113,778
	Auditors' remuneration		843,968	1,054,328
	Rent payable		1,498,497	-
	Provision for gratuity	33.3	1,183,776	6,171,879
			25,054,964	19,539,055
17.	Provision for compensated leave absences			
	Opening balance		3,113,778	2,202,001
	Provision for the year		663,437	1,089,924
	Payments made during the year		(20,000)	(178,147)
	Closing balance		3,757,215	3,113,778
18	LEASE LIABILITIES			
	Lease liabilities recongnized as on January 1		8,258,540	3,281,886
	Add: Additions during the year		-	7,480,041
	Interest accrued		1,036,589	1,383,125
	Less: Repayment of lease liabilities		(3,255,130)	(3,886,512)
			6,039,999	8,258,540

	Note	2021	2020
		Rupees	
18.1 Break up of lease liabilities			
Lease liabilities		6,039,999	8,258,540
Less: Current portion		(3,786,296)	(3,987,072)
		2,253,703	4,271,468
Maturity analysis - contractual undiscounted cash flows:			
Less than one year		5,323,018	4,087,633
One to five year		1,490,625	5,795,469
Total undiscounted lease liability		6,813,643	9,883,102

18.2 When measuring lease liabilities, the Company discounted lease payments using incremental borrowing rates ranging from 10.51% to 16.49% (2020: 10.51% to 16.39%) per annum.

19 DEFERRED TAXATION

Deferred tax liability / (asset) arising in respect of:		
Provision for compensated leave absences	(1,089,592)	(902,996)
Provision for gratuity	(343,295)	(1,789,845)
Accelerated tax depreciation	1,961,074	3,611,995
Lease liabilities	(1,751,600)	(2,394,977)
Unrealised gain on available for sale investments	-	31,756,167
	(1,223,413)	30,280,345

20 TAXATION - NET

Provision for income tax	380,721,939	265,154,557
Less: Advance tax	(387,352,061)	(258,306,421)
	(6,630,122)	6,848,136

21 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at the reporting date (2020: Nil).

22 NET INSURANCE PREMIUM

Written gross premium	714,554,286	488,545,805
Unearned premium reserve - opening	329,005,265	508,573,604
Unearned premium reserve - closing	(403,196,349)	(329,005,265)
Premium earned	640,363,202	668,114,144
Less: Reinsurance premium ceded	565,581,504	396,163,454
Prepaid reinsurance premium ceded - opening	259,020,819	276,803,366
Prepaid reinsurance premium ceded - closing	(270,205,389)	(259,020,819)
Reinsurance expense	554,396,934	413,946,001
	85,966,268	254,168,143

23 NET INSURANCE CLAIMS EXPENSE

Claim paid Outstanding claims including IBNR - opening Outstanding claims including IBNR - closing	23.1	178,560,774 (1,968,966,259) <u>1,614,078,247</u> (470,207,220)	120,903,371 (2,018,435,227) <u>1,968,966,259</u>
Claim expense		(176,327,238)	71,434,403
Less: Reinsurance and other recoveries received		16,365,419	19,636,739
Reinsurance and other recoveries in respect of outstanding claims - opening Reinsurance and other recoveries in		(18,671,953)	(33,671,939)
respect of outstanding claims - closing		31,498,162	18,671,953
Reinsurance and other recoveries revenue		29,191,628	4,636,753
		(205,518,866)	66,797,650

23.1 This includes provision for incurred but not reported (IBNR) amounting to Rs. 1,490.278 million (2020: Rs. 1,862.509 million).

23.2 Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a year of time. All amounts are presented in gross numbers before reinsurance:

Accident year	2017	2018	2019	2020	2021	Total
			Ru	pees		
Estimate of ultimate claims cost:						
At the end of accident year	124,067,148	165,813,645	174,823,399	151,371,769	205,646,561	821,722,522
One year later	117,965,262	138,715,124	166,973,869	149,943,931	-	573,598,186
Two years later	118,940,068	134,513,676	159,882,371	-	-	413,336,115
Three years later	119,123,068	135,289,707	-	-	-	254,412,775
Four years later	182,226,078	-	-	-	-	182,226,078
Current estimate of cumulative claims	182,226,078	135,289,707	159,882,371	149,943,931	205,646,561	832,988,648
Cumulative payment to date	(180,194,261)	(130,875,020)	(155,603,371)	(116,660,931)	(125,854,434)	(709,188,017)
Liability recognized in statement of						
financial position	2,031,817	4,414,687	4,279,000	33,283,000	79,792,127	123,800,631

			2021	2020
			Rupe	es
24	NET COMMISSION EXPENSE			
	Commission paid or payable		177,335,780	77,440,370
	Deferred commission expense - opening		31,991	40,969
	Deferred commission expense - closing		(684,676)	(31,991)
	Net commission		176,683,095	77,449,348
	Less: Commission received or recoverable		(24,486,228)	(17,219,285)
	Unearned reinsurance commission - opening		(7,724,103)	(6,544,444)
	Unearned reinsurance commission - closing		10,761,048	7,724,103
	Commission from reinsurers		(21,449,283)	(16,039,626)
			155,233,812	61,409,722
25	MANAGEMENT EXPENSES			
	Employee benefits cost	25	55,102,128	45,684,387
	Travelling expense		1,678,954	1,517,363
	Advertisement and sales promotion		1,326,864	667,724
	Printing and stationery		1,310,873	1,335,310
	Depreciation	6	8,761,652	7,813,809
	Amortisation	7	920,592	1,137,960
	Rent, rates and taxes		219,749	16,510
	Legal and professional charges		2,619,728	2,503,763
	Electricity, gas and water		1,723,752	1,203,196
	Entertainment		1,407,861	1,108,838
	Vehicle running expense		179,569	47,136
	Office repairs and maintenance		3,280,805	2,255,210
	Insurance expense		4,690,150	4,788,425
	Office expense		1,851,666	1,064,759
	Bank charges		169,545	527,568
	Postage, telegrams and telephones		1,272,967	1,167,904
	Annual supervision fee SECP		-	1,449,146
	Service charges (Health Econnex)		6,595,008	3,065,242
	Miscellaneous		2,395,633	1,102,114
			95,507,496	78,456,364
25.	1 Employee benefits cost			
	Salaries, allowance and other benefits		52,937,128	41,724,467
	Charges for post employment benefits		2,165,000	3,959,920
			55,102,128	45,684,387

SINDH INSURANCE

	Note	2021	2020
		Rupees	
25.2 Employees' provident fund			
Size of the fund		17,776,888	13,239,082
Number of members		19	16
Cost of investment made		16,212,045	12,389,554
Percentage of investment made		91%	94%
Fair value / amortised cost of the investments		16,212,045	12,838,688
Break up of the investments is as follows:			
Government securities			
Pakistan Investment bonds		7,870,447	7,689,964
Market Treasury bills		8,341,598	4,699,590
		16,212,045	12,389,554

25.3 The Company has contributory provident fund scheme of all its permanent employees. The fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees. The investments by the fund have been made in accordance with the conditions specified in section 218 of the Companies Act 2017 and rules specified thereunder.

		Note	2021 Rup	2020
26	INVESTMENT INCOME		Rup	ees
	Income from debt securities Available for sale Held to maturity Income from term deposits		343,330,617 15,836,001 14,843,715	266,487,048 87,941,180 <u>30,679,462</u>
			374,010,333	385,107,690
27	OTHER INCOME			
	Profit on bank deposit Income on generator sharing Other		7,589,960 578,430 2,471,579 10,639,969	11,600,641 436,860 2,027,852 14,065,353
28	OTHER EXPENSES			
	Auditors' remuneration Directors' remuneration Other	28.1 32	798,206 11,725,000 17,260 12,540,466	448,453 7,050,000 1,200,000 8,698,453
28.	1 Auditors' remuneration			
	Audit fee Half yearly review fee Special certifications and sundry advisory services Out-of-pocket expenses		541,118 117,975 121,908 17,205 798,206	205,562 107,250 120,000 15,641 448,453
29	FINANCE COST			
	Finance cost on lease liability	18	1,036,589	1,383,125
30	INCOME TAX EXPENSE			
	For the year Current Prior Deferred	30.1	115,471,186 125,222 311,538 115,907,946	132,103,760 (68,561) (1,266,027) 130,769,172

SINDH INSURANCE

		Note	2021	2020
			Rupees	
30.1 F	Relationship between accounting profit and tax expense is as fo	ollows		
	Accounting profit before tax		404,611,128	451,164,562
	Tax @ 29%		117,337,227	130,837,733
	Prior year reversal		125,222	(68,561)
	Others		(1,554,504)	-
F	Provision for taxation		115,907,946	130,769,172
• • •	EARNINGS PER SHARE - BASIC AND DILUTED			
F	Profit after tax for the year	:	288,703,182	320,395,390
	Veighted average number of ordinary shares outstanding (Numbers)		100,000,000	100,000,000
E	Earnings per share (Rupees)	31.1	2.89	3.20

31.1 There is no dilution effect on the basic earnings per share as the Company has no convertible dilutive potential ordinary shares outstanding at the year end; consequently, the reported basic earnings per share is also the diluted earnings per share.

32 REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives	
	2021	2020	2021	2020	2021	2020
		Rupees				
Meeting fee	-	-	11,725,000	7,050,000	-	-
Managerial remuneration	5,795,988	5,795,988	-	-	7,393,818	4,408,485
Rent and house maintenance	2,318,400	2,463,299	-	-	2,957,547	1,873,875
Utilities	579,600	579,600	-	-	739,354	403,406
Medical	579,600	579,600	-	-	739,354	440,868
Conveyance	-	-	-	-	-	61,462
Bonus	1,448,997	402,499	-	-	1,531,037	298,382
Others	1,235,818	3,226,627	-	-	1,597,297	2,525,981
	11,958,403	13,047,613	11,725,000	7,050,000	14,958,407	10,012,459
Number of persons	1	1	7	7	5	5

32.1 In addition to the above, the Chief Executive and Executives of the Company are provided with company maintained cars and medical reimbursement as per the Company's policy.

33 DEFINED BENEFIT PLAN

33.1 General description

The scheme provides to employees on cessation of employment to all of its permanent employees who attain the minimum qualifying period (3 years) at 100% of last drawn basic salary. Annual charge is based on actuarial valuation carried out as at December 31, 2021 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Asset volatility - Most assets are invested in risk free investments i.e. Government Bonds / Treasury bills. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities.

Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the Actuary.

33.2 Principal actuarial assumptions

Following are a few important actuarial assumptions used in the valuation:

		2021 %age	2020
Discount rate		11.00%	
Expected rate of return on plan assets		11.00%	
Expected rate of increase in salary		11.00%	
33.3 Reconciliation of balance due to defined benefit plan			
Present value of defined benefit obligation	33.5	8,540,776	6,171,879
Fair value of plan assets	33.6	(7,357,000)	-
Closing net liability		1,183,776	6,171,879
33.4 Movement of the liability recognized in the statement of financial position			
Opening net liability		6,171,879	3,489,746
Charge for the year		2,165,000	2,682,133
Remeasurement chargeable to other comprehensive income		203,897	-
Contribution made during the year	33.6	(7,357,000)	-
Closing net liability		1,183,776	6,171,879
33.5 Movement in present value of defined benefit obligations			
Opening present value of defined benefit obligations		6,171,879	3,489,746
Current service cost for the year		1,548,000	2,682,133
Interest cost for the year		617,000	-
Remeasurement loss / (gain) on obligation		203,897	-
Benefits paid during the year			-
Closing present value of defined benefit obligations		8,540,776	6,171,879
33.6 Movement in fair value of plan assets			
Opening fair value of plan assets		-	-
Contributions during the year		7,357,000	-
Remeasurement on plan assets		<u> </u>	-
Closing fair value of plan assets		7,357,000	-
33.7 Charge for the year			
Current service cost		1,548,000	-
Interest cost		617,000	-
Provision for the year		-	2,682,133
Charge for the year		2,165,000	2,682,133

		2021	2020
33.8	Remeasurement chargeable to other comprehensive income		
	Remeasurement loss / (gain) on defined benefit obligation	203,897	-
	Remeasurement gain on plan assets	-	-
		203,897	-

33.9 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

33.10 Maturity Profile

Time in year		
1	294,000	-
2	301,000	-
3	336,000	-
4	284,000	-
5-10	25,760,000	-

34 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, entities under common control, entities with common directors, major shareholders and key management personnel of the Company. Transactions and balances with related parties have been disclosed in relevant notes to the financial statements. Other transactions and balances not elsewhere disclosed are summarised as follows:

Name of related party	Nature of relationship	Nature of transaction	2021	2020
Nume of related party	Nuture of relationship		Rupees	
Sindh Bank Limited	Companies having common directorship	Income on savings accounts	7,541,394	11,490,180
		Income on investment		
		Term Deposit Receipts	14,843,715	25,624,008
		Premium written	107,027,592	86,804,645
		Claims paid	49,978,525	29,176,556
		Rental paid	540,000	540,000
Sindh Modarba	Companies having	Premium written	44,980	477,873
Management Limited	common directorship	Claims paid	1,062,545	250,000
		Income on sharing of generate	or 578,430	436,860
Sindh Bank Limited	Companies having	Premium written	551,395	791,231
(Formerly Sindh Leasing Company Limited)	common directorship	Claims paid	736,162	1,056,581
Sindh Microfinance	Companies having	Premium written	553,311	3,474,132
Bank Limited	common directorship	Claims paid	1,256,065	1,062,387

Transaction during the year

Name of related party	Nature of relationship	Nature of transaction	2021	2020			
			Ru	pees			
Transaction during the ye	Transaction during the year						
Directors	Directors	Premium written Claims paid Remuneration paid	502,559 141,499 11,725,000	383,030 66,751 7,050,000			
Provident fund	Employees' fund	Contribution to provident fund	1,613,794	1,277,787			
Shareholder	Government of Sindh	Premium written Claims paid Commission expense	1 104,296,500 175,285,688	1 63,637,000 77,125,703			
Balances outstanding							
Sindh Bank Limited	Companies having common directorship	Bank accounts Investment	56,758,146	108,763,161			
		Term Deposit Receipts Due from insurance	200,000,000	200,000,000			
		contract holder	28,771,506	32,691,526			
		Claims payable	20,618,108	13,965,960			
		Lease liability Payable to Sindh	1,232,475	1,232,475			
		Bank Limited	-	-			
Sindh Modarba Management Limited	Companies having common directorship	Claims payable Due from insurance	-	35,000			
C C		contract holder Amount receivable for	(21,064)	(66,494)			
		sharing of generator	385,232	220,930			
Sindh Bank Limited (Formerly Sindh Leasing	Companies having common directorship	Due from insurance contract holder	-	6,264			
Company Limited)		Claims payable	-	57,850			
Sindh Microfinance Bank Limited	Companies having common directorship	Due from insurance contract holder	14,174	2,817,613			
Dank Linned		Claims payable	98,091	112,045			
Directors	Directors	Claims payable Due from insurance	-	-			
		contract holder	-	128,486			
		Receivable - Window Takaful Operations	4,817,450	1,378,385			

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Following are the segment assets, liabilities, revenue and expenses of the Company:

					2021			
Segment current year	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Engineering	Miscellaneous	Treaty	Total
				Rup	-Rupees			
Premium receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge) Less: Federal exercise duty Federal insurance fee	59,712,932 6,630,724 511,750	54,314,436 6,160,326 473,868	66,360,028 7,105,897 546,654	60,052,445 - 613,695	506,306,260 57,584,930 4,429,611	59,011,420 6,630,719 515,061		805,757,521 84,112,596 7,090,639
written gross premium including administrative surcharge	52,570,458	47,680,242	58,707,477	59,438,750	444,291,719	51,865,640		714,554,286
Gross direct premium Facultative inward premium Administrative surcharge	50,876,296 1,625,052 69,110 52,570,458	47,304,541 293,145 82,556 47,680,242	53,335,623 4,597,942 773,912 58,707,477	59,410,750 - 59,438,750	442,936,746 1,330,729 24,244 444,291,719	51,330,939 374,430 160,271 51,865,640		705,194,895 8,221,298 1,138,093 714,554,286
Premium earned Reinsurance expense Net insurance premium Commission income Net underwriting income	63,172,097 (53,437,180) 9,734,917 6,124,025 15,858,942	27,564,317 (50,104,136) (22,539,819) 1,148,379 (21,391,440)	57,073,959 (29,899,056) 27,174,903 8,931,593 36,106,496	55,426,084 55,426,084 55,426,084 55,426,084	391,013,594 (391,807,965) (794,371) 6,584,770 5,790,399	46,113,151 (29,148,598) 16,964,553 (1,339,484) 15,625,069		640,363,202 (554,396,935) 85,966,267 21,449,283 107,415,550
Insurance claims Insurance claims recovered from reinsurers Net claims Commission expense Management expense Management expenses Management expenses Premium deficiency (expense) / income Net insurance claims and expenses Underwritting result Net insurance claims and expenses Underwritting result Net investment income Other income Other expenses Finance costs Profit from Window Takaful Operation Profit before tax	(661,741) 549,888 549,888 938,507 6,127,723 6,127,723 3.388,229 11,004,347 4,854,595	9,320,804 9,949,972 (629,168) 30,530 5,557,709 - 4,959,071 (26,350,511)	16,950,517 7,050,207 9,900,310 224,580 6,843,067 - 16,967,957 19,138,539	$\begin{array}{c} (205,981,982) \\ 1,751,194 \\ (207,733,176) \\ 175,285,688 \\ 20,182,443 \\ 20,182,443 \\ (2,122,894) \\ (14,387,939) \\ 69,814,023 \end{array}$	5,292,052 4,341,041 951,011 209,091 51,269,278 52,429,380 (46,638,981)	504,307 9,062,036 (5,577,729) (5,300) 5,527,272 9,447,717 9,213,110 9,213,110		(174,576,043) 30,942,821 (205,518,864) 176,683,096 95,507,492 10,713,052 77,384,776 30,030,774 374,010,333 10,639,969 (12,540,466) (1,036,589) 3,507,107 3,507,107 404,611,128
Segment assets Un-allocated assets Total assets Segment liabilities	62,147,307 166,500,390	56,366,232 151,012,169	69,402,317 185,937,467	70,266,807 188,253,544	525,229,087 1,407,154,267	61,314,091 164,268,100		844,725,840 3.875,298,099 4,720,023,939 2,263,125,937 2,263,125,937
orr-anocaeo iaoniues Total liabilities							1 11	42,003,332 2,305,809,489

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					2020			
Segment current year	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Engineering	Miscellaneous	Treaty	Total
				Rupe	Rupees			
Premium receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge) Less: Federal exercise duty Federal insurance fee Written gross premium including administrative surcharge	53,067,745 (5,901,611) (452,962) 46,713,172	10,950,080 (1,659,786) (128,122) 9,162,172	54,866,917 (6,310,823) (485,261) 48,070,833	54,799,408 (549,162) 54,250,246	331,357,626 (34,445,603) (2,649,663) 294,262,360	40,829,610 (4,388,908) (353,680) 36,087,022	· · ·	545,871,386 (52,706,731) (4,618,850) 488,545,805
Gross direct premium Facultative inward premium Administrative surcharge	45,912,205 731,857 69,110 46,713,172	9,185,211 (105,595) 82,556 9,162,172	47,676,621 (379,700) 773,912 48,070,833	54,222,246 	294,248,272 (10,156) 24,244 294,262,360	35,936,911 (10,160) 160,271 36,087,022	1 1 1 1 1 1 1 1	487,181,466 226,246 1,138,093 488,545,805
Premium earned Reinsurance expense Net insurance premium Commission income Net underwriting income	43,340,304 (43,964,240) (623,936) 4,885,789 4,261,853	28,489,587 (25,470,079) 3,019,508 1,430,162 4,449,670	44,565,347 (21,017,554) 23,547,793 6,775,014 30,322,807	195,253,254 195,253,254 195,253,254	324,368,442 (301,914,794) 22,453,648 22,771,160 25,224,808	32,097,210 (21,579,334) 10,517,876 177,501 10,695,377		668,114,144 (413,946,001) 254,168,143 16,039,626 270,207,769
Insurance claims Insurance claims recovered from reinsurers Net claims Commission expense Management expense Management expense Premium deficiency (expense) / income Net insurance claims and expenses Underwriting result Net investment income Other income Other income Other expenses Finance costs Profit from Window Takaful Operation Profit before tax	(4,292,011) 3,408,387 (883,624) (354,914) (6,181,258) (796) (7,419,796) (3,157,943)	634,284 (28) 634,256 (28) 634,256 18,699 (1,212,372) 1,565,862 1,006,445 5,456,115	(9,913,194) 1,353,391 (8,559,803) 8,081 (6,360,908) - (14,912,630) 15,410,177	(52,383,153) (52,383,153) (77,125,703) (77,125,703) (20,988,736) 9,639,349 (140,858,243) 54,395,011	$(1,022,312) \\ (805,939) \\ (216,373) \\ 1,807 \\ 1,807 \\ (38,937,870) \\ (39,152,436) \\ (13,927,628) \\ (13,928,628) \\ (13,928,62$	(4,458,017) (930,936) (5,388,953) (5,388,953) (2,682 (4,775,220) (4,403,254) (14,564,745) (3,869,368)		$\begin{array}{c} (71,434,403)\\ 4,636,753\\ (66,797,650)\\ (77,449,348)\\ (77,449,348)\\ (77,449,348)\\ (77,449,348)\\ (77,449,348)\\ (77,449,348)\\ (77,449,348)\\ (77,449,348)\\ (77,449,348)\\ (77,449,348)\\ (71,690\\ 14,065,353\\ (1,383,125)\\ (1,383$
Segment assets Un-allocated assets Total assets Segment liabilities Un-allocated liabilities Total liabilities	90,968,163 239,173,090	17,842,204 46,910,644	93,612,041 246,124,362	105,644,906 277,761,117	573,039,793 1,506,633,672	70,275,825 184,768,885		951,382,932 3,786,238,513 4,737,621,445 2,501,371,770 33,939,485 2,535,311,255

36. MOVEMENT IN INVESTMENT

	Held to maturity	Available for sale	Total
		Rupees	
As at January 01, 2020	657,596,769	2,242,629,421	2,900,226,190
Additions	1,254,898,136	42,526,578	1,297,424,714
Disposals (sale and redemptions)	(921,689,290)	-	(921,689,290)
Fair value net gains (excluding net realised gains)	-	90,401,873	90,401,873
	333,208,846	132,928,451	466,137,297
As at December 31, 2020	990,805,615	2,375,557,872	3,366,363,487
Additions	2,214,730	10,280,758,120	10,282,972,850
Disposals (sale and redemptions)	(869,783,225)	(9,183,614,379)	(10,053,397,604)
Fair value net gains (excluding net realised gains)	-	(109,504,025)	(109,504,025)
	(867,568,495)	987,639,716	120,071,221
As at December 31, 2021	123,237,120	3,363,197,588	3,486,434,708

37 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

The Company's activities expose it to a variety of insurance and financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk, price risk and currency risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to insurance and financial risk without any material change from previous year in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

37.1 Insurance risk

The principal risk that the Company faces under insurance contracts is the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims and similar procedures are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. Reinsurance policies are written with approved reinsurers on either a proportionate basis or non-proportionate basis. The reinsurers are carefully selected and approved and are dispersed over several geographical regions.

Experience shows that larger the portfolio is in similar insurance contracts, smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board 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.

The Company principally issues the general insurance contracts. Risks under these policies usually cover twelve month or lesser duration. For general insurance contracts, the most significant risks arise from accidental fire, atmospheric disaster and terrorist activities.

37.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical factors, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Company manages these risk through the measures described above.

		20	21			20	20	
Class of business	Gross claims liability	Net claims liability	Gross premium liability	Net premium liability	Gross claims liability	Net claims liability	Gross premium liability	Net premium liability
	%	%	%	%	%	%	%	%
Fire and property damage	0.20%	0.10%	6%	1%	0.33%	0.08%	10%	13%
Marine, aviation and transport	0.65%	0.06%	9%	21%	0.07%	0.07%	5%	1%
Motor	0.51%	0.40%	6%	9%	1%	0.50%	6%	18%
Accident and health	95.40%	97.22%	9%	27%	97%	97.77%	10%	45%
Engineering	0.15%	0.02%	64%	34%	0.12%	0.02%	63%	16%
Miscellaneous	3.10%	2.20%	6%	8%	2%	1.57%	6%	7%
Total	100%	100%	100%	100%	100%	100%	100%	100%

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business as at the reporting date:

37.1.2 Geographical concentration of insurance risk

In order 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.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated primarily with the commercial / industrial occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurers for their evaluation. Reference is made to the standard construction specifications laid down by Insurance Association of Pakistan (IAP). For fire and property risk, a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposure of the Company and to determine the appropriate amount of reinsurance coverage to protect the business portfolio.

37.1.3 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and nonproportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance with regulatory requirements, the reinsurance agreements are duly submitted to the SECP on an annual basis.

The Company's class wise risk exposure (based on maximum loss coverage in a single policy is as follows):

	Gross sum insured	Reinsurance	Net exposure of risk	Net exposure of risk
Class			2021	2020
		Ruj		
Fire and property damage	2,317,146,028	2,297,146,028	20,000,000	20,000,000
Marine, aviation and transport	5,541,000,000	5,538,229,500	2,770,500	116,250,000
Motor	53,050,000	47,798,050	5,251,950	5,212,284
Accident and health	2,000,000	-	2,000,000	1,000,000
Engineering	36,410,890,890	36,392,685,445	18,205,445	20,422,593
Miscellaneous	4,125,000,000	4,122,937,500	2,062,500	2,250,000
	48,449,086,918	48,398,796,523	50,290,395	165,134,877

37.1.4 Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. 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. For the estimation of provision of claims IBNR, the Company follows the recommendation of actuary.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company 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. Similarly, the provision for IBNR is based on historic reporting pattern of the claims other than exceptional losses. Hence, actual amount of IBNR may differ from the amount estimated.

37.1.5 Key assumptions

The principal assumption underlying the liability estimation of IBNR is that the Company's future claim development will follow similar market pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which reporting pattern will not apply in future. The judgment includes external factors such as treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

37.1.6 Sensitivity analysis

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact on the before tax and shareholders's equity of the changes in the claim liabilities net of reinsurance is analyzed below, the sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all the other assumptions constant.

	Pre-tax p	rofit	Shareholders' e	quity
	2021	2020	2021	2020
	Rup	ees	Rupee	S
10% increase in loss				
Fire and property damage	54,989	(88,362)	39,042	(62,737)
Marine, aviation and transport	(62,917)	63,426	(44,671)	45,032
Motor	990,031	(855,980)	702,922	(607,746)
Accident and health	(20,773,318)	(5,238,317)	(14,749,056)	(3,719,204)
Engineering	95,101	(21,637)	67,522	(15,362)
Miscellaneous	(855,773)	(538,895)	(607,599)	(382,616)
	(20,551,887)	(6,679,765)	(14,591,840)	(4,742,633)

	Pre-tax p	rofit	Shareholders' e	quity
	2021	2020	2021	2020
	Rup	ees	Rupees	3
10% decrease in loss				
Fire and property damage	(54,989)	88,362	(39,042)	62,737
Marine, aviation and transport	62,917	(63,426)	44,671	(45,032)
Motor	(990,031)	855,980	(702,922)	607,746
Accident and health	20,773,318	5,238,317	14,749,056	3,719,204
Engineering	(95,101)	21,637	(67,522)	15,362
Miscellaneous	855,773	538,895	607,599	382,616
	20,551,887	6,679,765	14,591,840	4,742,633

37.2 Financial risk

37.2.1 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management follows an effective cash management program to mitigate the liquidity risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

		202 1	l	
	Carrying amount	Contractual cash flows	Upto one year	More than one year
		Rupe	es	
Financial liabilities				
Outstanding claims including IBNR	1,614,078,247	1,614,078,247	1,570,069,743	44,008,504
Insurance / reinsurance payables	207,129,686	207,129,686	207,129,686	-
Other creditors and accruals	2,497,025	2,497,025	2,497,025	-
Lease liability	6,039,999	6,039,999	5,323,018	1,490,625
	1,829,744,957	1,829,744,957	1,785,019,472	45,499,129

		2020)	
	Carrying amount	Contractual cash flows	Upto one year	More than one year
		Rupe	ees	
Financial liabilities				
Outstanding claims including IBNR	1,968,966,259	1,968,966,259	1,944,508,221	24,458,038
Insurance / reinsurance payables	137,988,778	137,988,778	137,988,778	-
Other creditors and accruals	1,198,083	1,198,083	1,198,083	-
Lease liability	8,258,540	8,258,540	4,087,633	5,795,469
-	2,116,411,660	2,116,411,660	2,087,782,715	30,253,507

37.2.2 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark-up rate risk, price risk and currency risk.

a) Interest / mark-up rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or repaid in a given year. The Company manages this mismatchment through risk management strategies where significant changes in gap position can be adjusted. At the reporting date, the interest / mark-up rate profile of the Company's significant interest / mark-up bearing financial instruments was as follows:

					2021			
		Inte	Interest / mak-up bearing	ring		Non-interest bearing	t bearing	
	Effective yield / interest rate	Maturity upto one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	Total
					Rupees			
Financial assets								
Investments								
Debt securities	8.15% to 13.10%	9,375,000	688,862,118	698,237,118	2,788,197,590	ı	2,788,197,590	3,486,434,708
Term deposits	7.20% to 9.75%	200,000,000		200,000,000		ı		200,000,000
		209,375,000	688,862,118	898,237,118	2,788,197,590	1	2,788,197,590	3,686,434,708
Loan and other receivables		I	I	ı	56,269,320	I	56,269,320	56,269,320
Insurance / reinsurance receivables		I	J	ı	499,185,261	ı	499,185,261	499,185,261
Reinsurance recoveries against								
outstanding claims		I	ı	ı	31,498,162	ı	31,498,162	31,498,162
Cash and bank	5.65%	57,453,153	J	57,453,153	1,427,178	ı	1,427,178	58,880,331
		266,828,153	688,862,118	955,690,271	3,376,577,511		3,376,577,511	4,332,267,782
Financial liabilities								
Outstanding claims including IBNR		I	J	I	1,614,078,247	I	1,614,078,247	1,614,078,247
Insurance / reinsurance payables	I	I	I	I	207,129,686	I	207,129,686	207,129,686
Other creditors and accruals	I	I	I	I	25,054,964	I	25,054,964	25,054,964
Lease liability	10.51% to 16.39%	5,323,018	1,490,625	6,813,643	•	ı	•	6,813,643
		5,323,018	1,490,625	6,813,643	1,846,262,897	ı	1,846,262,897	1,853,076,540
On balance sheet gap (a)		272,151,171	690,352,743	962,503,914	5,222,840,408	I	5,222,840,408	6,185,344,322
Off balance sheet financial instrument			·		·		ı	ı
Off balance sheet gap (b)				•	•	1	•	.
Total interest rate sensitivity gap (a) + (b)	(q)	272,151,171	690,352,743	962,503,914				
Cumulative interest rate sensitivity gap	0	272,151,171	690,352,743					

				N	2020			
		Int	Interest / mak-up bearing	ıring		Non-interest bearing	bearing	
	Effective yield / interest rate	Maturity upto one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	Total
					Rupees			
Financial assets								
Investments								
Debt securities	8 57% to 15 50%	ı	2,505,955,261	2,505,955,261	860,408,225	I	860,408,225	3,366,363,486
Term deposits	7 20% to 14 25%	200,000,000	I	200,000,000		I	I	200,000,000
		200,000,000	2,505,955,261	2,705,955,261	860,408,225	•	860,408,225	3,566,363,486
Loan and other receivables		I	ı	ı	83,544,606	ı	83,544,606	83,544,606
Insurance / reinsurance receivables		I	ı	ı	596,296,725	ı	596,296,725	596,296,725
Reinsurance recoveries against								
outstanding claims		I	ı	ı	18,671,953	ı	18,671,953	18,671,953
Cash and bank	5.65% to 11.30%	109,618,403	ı	109,618,403	1,109,106	ı	1,109,106	110,727,509
		309,618,403	2,505,955,261	2,815,573,664	1,560,030,615	•	1,560,030,615	4,375,604,279
Einnneist liskilikise								
Outstanding claims including IBNR		ı	,	·	1,968,966,259	·	1,968,966,259	1,968,966,259
Insurance / reinsurance payables	I	I	·	ı	137,988,778	·	137,988,778	137,988,778
Other creditors and accruals	·	I	ı	ı	1,198,083	ı	1,198,083	1,198,083
Lease liability	10 51% to 16 39%	4,087,633	5,795,469	9,883,102	•	•	,	9,883,102
		4,087,633	5,795,469	9,883,102	2,108,153,120		2,108,153,120	2,118,036,222
On balance sheet gap (a)		305,530,770	2,500,159,793	2,805,690,563	(548,122,505)	I	(548,122,505)	2,257,568,058
Off balance sheet financial instrument		ı		ı				
Off balance sheet gap (b)	
Total interest rate sensitivity gap (a) + (b)	(q)	305,530,770	2,500,159,793	2,805,690,563				
Cumulative interest rate sensitivity gap	Q	305,530,770	2,500,159,793					

2020

The financial instruments of the Company can be classified into fixed rate instruments and variable rate instruments as shown below:

	Carryi	ng amount
	2021	2020
	R	upees
Fixed rate instruments Financial assets Variable rate instruments	3,102,059,708	
Financial assets	641,828,153	703,368,403

Sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at reporting date would not affect profit and loss account.

Sensitivity analysis of variable rate instruments

An increase of 100 basis points in interest rates would have increased the profit and loss account by the amounts shown below. Reduction in interest rates by 100 basis points would have an opposite impact. This analysis assumes that all variables remain constant. The analysis has been performed on the same basis for the comparative period.

	Profit be	fore tax	Total equity		
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease	
		Rupe	es		
As at December 31, 2021 Sensitivity	6,418,282	(6,418,282)	4,556,980	(4,556,980)	
As at December 31, 2020					
Sensitivity	7,033,684	(7,033,684)	4,993,916	(4,993,916)	

Above sensitivities are calculated on the assumption that all factors remain constant except interest rates and resulting variation in fair values of the investments and impact on the profit and loss.

The Company monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities. The Company's policy requires the management to manage the risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Company's portfolio is a measure of the sensitivity of the fair value of the Company's fixed interest securities to the changes in market interest rates.

b) 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 / mark-up rate risk or currency risk), whether those changes are caused by factor specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Company is not exposed to price risk as the Company has no equity investments.

c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign currency risk as the Company has no financial assets and financial liabilities in foreign currencies.

37.2.3 Credit risk

Credit risk is the risk that 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 sectors and by continually assessing the credit worthiness of counterparties.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2021 is the carrying amount of the financial assets as set out below:

SINDH INSURANCE

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	Note	2021	2020
		Ru	Dees
Nature of financial assets			
Bank balances		58,880,331	109,618,403
Investments			
Debt securities		3,486,434,708	3,366,363,486
Term deposits		200,000,000	200,000,000
		3,686,434,708	3,566,363,486
Due from insurance contract holders		430,422,022	523,903,316
Due from other insurers / reinsurers		68,763,239	72,393,409
Loans and other receivables		56,269,320	83,544,606
Reinsurance recoveries against outstanding claims		31,498,162	18,671,953
		4,332,267,782	4,374,495,173

Provision for impairment is made for doubtful receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due.

The age analysis of due from insurance contract holders from other than related parties is as follows:

Upto 3 months	90,223,584	1,274,290
3 to 6 months	1,116,198	1,389,419
6 to 12 months	15,423	74,432
	91,355,205	2,738,141

The age analysis of due from insurance contract holders with respect to related parties is as follows:

Upto 3 months	28,794,786	333,821,129
3 to 6 months	(4,756)	185,612,558
6 to 12 months	(25,410)	1,731,488
More than 12 months	310,302,197	
	339,066,817	521,165,175

Concentration of credit risk

"Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Company's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties, thereby mitigating any significant concentration of credit risk. Provision for impairment is made for doubtful receivables according to the Company's policy. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no history of default. The credit quality of the banks with which Company has balances including TDR's can be assessed with reference to external credit ratings as follows:

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

	Ra	ating	Rating	2021	2020
Name of banks	Long term	Short term	Agency	Rupees	
Cash at bank					
Sindh Bank Limited	A+	A-1	JCR-VIS	56,758,146	108,763,161
NRSP Microfinance Bank Limited	А	A-1	JCR-VIS	228,276	350,568
Khushali Microfinance Bank Limited	A+	A-1	JCR-VIS	122,307	114,413
Telenor Microfinance Bank Limited	А	A-1	JCR-VIS	344,424	330,260
				57,453,153	109,558,402
Term deposit certificates					
Sindh Bank Limited	A+	A-1	JCR-VIS	200,000,000	200,000,000
				200,000,000	200,000,000
Investments					
Term finance certificates					
Meezan Bank Limited	AAA	A-1+	JCR-VIS	143,000,000	143,000,000
Bank AI Habib Limited	AAA	A1+	PACRA	132,000,000	132,000,000
Soneri Bank Limited	AA-	A1+	PACRA	150,000,000	150,000,000
United Bank Limited	AAA	A-1+	JCR-VIS	150,000,000	150,000,000
Corporate Sukuk					
TPL Trakker Limited	A+	-	PACRA	9,375,000	18,750,000
				584,375,000	593,750,000

38 CAPITAL RISK MANAGEMENT

The Company's goals and objectives when managing capital are:

To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. The minimum paid-up capital requirement for non-life insurers is Rs. 500 million. The Company's current paid-up capital is well in excess of the limit prescribed by the SECP;

To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;

To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;

To maintain strong ratings and to protect the Company against unexpected events / losses; and

To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input for which the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input for which the fair value measurement is unobservable.

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

Total ------- (Rupees) -------Level 3 Fair value Level 2 ī 1 1 Level 1 123,237,118 200,000,000 56,269,320 499,185,261 3,363,197,590 Total Other financial liabilities . Other financial 1 200,000,000 assets Carrying amount Loans and receivables 1 56,269,320 ī 499,185,261 3,363,197,590 Available for sale ı . 123,237,118 Held-to-maturity ī Financial assets not measured at fair value Financial assets measured at fair value Loans and other receivable*

Debt securities

Investments

2021

Financial liabilities not measured at fair value

			I
Outstanding claims including IBNR*	Insurance / reinsurance payables*	Other creditors and accruals*	Lease liability

,	ı	ı	•	•
ı	ı	ı		ı
ı	•	ı	·	•
ı	ı	ı	ı	I
(1,614,078,247)	(207,129,686)	(25,054,964)	(6,039,999)	2,479,964,886
(1,614,078,247)	(207,129,686)	(25,054,964)	(6,039,999)	258,880,331 (1,852,302,896) 2,479,964,886
ı	ı			258,880,331
ı	ı			590 586,952,743
I	ı			3,363,197,590
ı	•			123,237,118

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31,498,162 58,880,331

4,332,267,782

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58,880.331

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31,498,162

ī ī 258,880,331

586,952,743

3,363,197,590

123,237,118

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Cash and bank balance* outstanding claims*

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Insurance / reinsurance receivable* Re-insurance recoveries against

Debt securities Term deposits

Investments

Inturing Carrying amount Carrying amount Eati value Eati value Inturing Arrying amount Arrying amount Arrying amount Eati value Eati value Inturing Arraying amount Arraying amount Arraying amount Eati value Eati value Internents Int						2020					
Heldto- maturity Loans and for sale Loans and cectorbles Coher financial assets Cher financial liabilities Lovel 1 Level 2 Level 2 Level 3				Carryinç	g amount				Fair v	alue	
Rupees Rupees - 2,375,557,877 871 575,000,000 - 2,375,557,871 - 2,375,557,871 - 1,800,557,871 575,000,000 990,865,615 - - 2,375,557,871 - 1,800,557,871 575,000,000 990,865,615 - - 2,00,000,000 - 200,000,000 - - - - - 990,865,615 - - 200,000,000 - 200,000,000 -		Held-to- maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$				RL	Ipees				(Rup	ees)	
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	Financial assets measured at fair value										
990,805,615 - 83,544,606 - 200,000,000 - - - - - 83,544,606 - - 83,544,606 - - - - - 590,205,615 - - 200,000,000 - - - - - 596,296,725 - - 83,544,606 - - - - - 596,296,725 - - 83,544,606 - - - - - 596,296,725 - - 83,544,606 - - - - - 18,671,953 - - 16,671,953 - - - - - 110,727,509 - 110,727,509 - 4,375,604,279 - - - 110,727,509 - 4,375,604,279 - - - - 110,727,509 - - - - - - - - - - - - - - - - - - - - 110,727,509 - - - - - - - <t< th=""><td>Investments Debt securities</td><td>·</td><td>2,375,557,871</td><td>ı</td><td>,</td><td>·</td><td>2,375,557,871</td><td></td><td>1,800,557,871</td><td>375,000,000</td><td>2,375,557,871</td></t<>	Investments Debt securities	·	2,375,557,871	ı	,	·	2,375,557,871		1,800,557,871	375,000,000	2,375,557,871
990,805,615 	Financial assets not measured at fair value										
- - - 200,000,000 - <td< th=""><td>Investments Debt securities</td><td>990,805,615</td><td></td><td></td><td></td><td></td><td>990,805,615</td><td>I</td><td>I</td><td></td><td>·</td></td<>	Investments Debt securities	990,805,615					990,805,615	I	I		·
- - 83,544,606 - - 83,544,606 -	Term deposits		·	•	200,000,000	ı	200,000,000	I	ı	I	I
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	Insurance / reinsurance receivable*	ı	I	83,544,606	ı	ı	83,544,606	I	I		
- - 18,671,953 - - 18,671,953 - - - - - - - 110,727,509 - 110,727,509 - - - 990,805,615 2,375,557,871 698,513,284 310,727,509 - 4,375,604,279 - - - 990,805,615 2,375,557,871 698,513,284 310,727,509 - 4,375,604,279 - - - - - - - (1,968,966,259) (1,968,966,259) (1,968,966,259) - - - - - - - - - (1,37,988,778) (137,988,778) - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Loans and other receivable*	·	I	596,296,725	·	İ	596,296,725	I	ı	I	I
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	Re-insurance recoveries against			40 674 0E2			10 671 0F2				
990,805,615 2,375,557,871 698,513,284 310,727,509 4,375,604,279 - 1,800,557,871 575,000,000 - 1,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,557,871 5,800,	outstanging claims Cash and hank halance*			10,071,903	- 110 727 509		18,671,953 110 727 509				
		990,805,615	2,375,557,871	698,513,284	310,727,509		4,375,604,279	1	1 11	575,000,000	2,375,557,871
IBNR*	Financial liabilities not measured at fair value										
bles*	Outstanding claims including IBNR*	ı	ı	ı	I	(1,968,966,259)	(1,968,966,259)	ı	I	ı	ı
(1,198,083) (1,198,083)	Insurance / reinsurance payables*	·	·	•		(137,988,778)	(137,988,778)	I	ı	I	I
<u>(8,258,540)</u> (8,258,540) 990,805,615 2,375,557,871 698,513,284 310,727,509 (2,116,411,660) 2,259,192,619 1,800,557,871 575,000,000	Other creditors and accruals*	ı	I	I	ı	(1,198,083)	(1,198,083)	I	I		
2,375,557,871 698,513,284 310,727,509 (2,116,411,660) 2,259,192,619 - 1,800,557,871 575,000,000	Lease liability		ı	I		(8,258,540)	(8,258,540)	ı	I		ı
		990,805,615	2,375,557,871	698,513,284	310,727,509	(2,116,411,660)	2,259,192,619		- 11	575,000,000	2,375,557,871

40 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

		2021	2020
41	NUMBER OF EMPLOYEES		
	Number of employees at the end of the year Average number of employees	19 19	19 15

42 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, where ever necessary for the purpose of comparison, the effect of which is not material.

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25 March 2022 by the Board of Directors of the Company.

44 GENERAL

Figures have been rounded off to the nearest Pakistan rupee unless otherwise stated.

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Chairman

Director

Director

Chief Executive Officer

Window Takaful

Financial Statements With Accompanying Information

For the Year Ended 31 December 2021

SHARIA ADVISOR'S PROFILE

Mufti Muhammad Adnan is a prominent Shariah Scholar in the field of Islamic Finance and Takaful. Have completed his shariah graduation (Masters in Quran and Sunnah) and "Takhassus Fil Ifta" (Specialisation in Islamic Jurisprudence and fatwa) from Jamia Darul Uloom Karachi under the supervision of Mufti Muhammad Taqi Usmani. He is also a member of Darul Ifta, Jamiah Darul Uloom Karachi since year 2006, He has written more than Two thousand Fatawa's on different topics.

He is also working as teacher in Darul Uloom Karachi and Faculty member of Centre for Islamic Economics

Mufti Muhammad Adnan is serving as the Shariah Advisor of "Sindh Insurance Limited-Window Takaful Operations" from last four years. He has special interest in the promotion of Islamic Finance particularly in the facilitation of conversion of conventional set-ups into Shariah-based organizations. He has recently completed his doctorate(PhD) in Islamic Finance from Federal Urdu University.

SHARIA ADVISOR'S REPORT TO THE BOARD OF DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2021

By the Grace of Almighty Allah, Sindh Insurance Limited has continued Window Takaful Operations in year 2021.

Shariah Advisor's report is prepared with aim to provide information about Window Takaful Operation transitions undertaken during the period are in compliance with Shariah Guidelines, includes to provide opinion of Shariah Advisor about transactions with consideration of their tactically and operational nature.

In my opinion and to the best of my understanding based on the provided information and explanation:

- 1. Transactions made by the Takaful Operator were in accordance with shariah guidelines issued by Shariah Advisor and requirements under Takaful Rules 2012.
- 2. The transactions and activities of Window Takaful Operations are in accordance with Shariah principles in respect of the Participants Takaful Fund (Waqf Fund) and Operator's Fund.
- 3. The investments have been made into Shariah Compliant avenues with shariah approval. All bank accounts related to Window Takaful Operations have been opened in Islamic banking Institutions with prior Shariah approval and these are separate from the conventional insurance business.
- 4. The Company has adopted treatments and formats provided in the General Takaful Accounting Regulations, 2019.

I pray that Window Takaful Operations of the Company be blessed by the Allah Almighty and takaful operations will flow with great success for achievement of the goals of the Company.

Mufti Muhammad Adnan Shariah Advisor Sindh Insurance Limited – Window Takaful Operation

March 25, 2022

Karachi

STATEMENT OF COMPLIANCE OF WINDOW TAKAFUL OPERATIONS

The Sindh Insurance Limited – Window Takaful Operations entered in financial engagements and transactions for the year ended December 31, 2021 are in compliance with the Takaful Rules, 2012.

We affirm the following statements:

- 1. The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and guidelines of the Shariah Advisor. The company has also implemented governance arrangements including the reporting to the Audit Committee/ Shariah Advisor and the Board of Directors;
- 2. 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 compliance with the polices approved by Shariah Advisor;
- 3. The assets and liabilities of Window Takaful Operations of Participant Takaful Fund and Operator's fund are separated from each other, at all times in accordance with the provisions of the Takaful Rules, 2012;
- 4. The Company has adopted treatments and formats provided in the General Takaful Accounting Regulations, 2019.

Above statements have been duly endorsed by the Shariah Advisor of the Company.

Muhammad Faisal Siddiqui Chief Executive Officer

March 25, 2022

Karachi

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 Sindh Insurance 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, 2021, 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 Control

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

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

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.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances 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 noncompliance 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, 2021 with the Takaful Rules, 2012.

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, 2021, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

KARACHI

CHARTERED ACCOUNTANTS Engagement Partner: Zulfikar Ali Causer

DATED: APRIL 8, 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINDH INSURANCE LIMITED (WINDOW TAKAFUL OPERATIONS)

Introduction

We have audited the annexed financial statement of **SINDH INSURANCE LIMITED (WINDOW TAKAFUL OPERATION)**("the Operator") as at December 31, 2021, which comprise the statement of financial position as at December 31, 2021, and 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 significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the 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, 2021 and of the profit and other comprehensive income, 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.

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.

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.

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

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DATED: 25 MAR 2022

BDO EBRAHIM & CO. CHARTERED ACCOUNTANTS

UDIN: AR202110067gVbIsFnJU

WINDOW TAKAFUL OPERATIONS STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

		Оре	rator's Fund	Participar	nt's Takaful Fund
		2021	2020	2021	2020
	Note		Rupees		Rupees
ASSETS					
Property and equipment	6	26,706	32,328	-	-
Intangible assets	7	-	152,501	-	-
Investments					
Equity securities	8	13,936,670	13,201,876	1,940,851	1,829,286
Term deposit receipts	9	25,810,000	25,000,000	44,918,000	35,000,000
		39,746,670	38,201,876	46,858,851	36,829,286
Qard-e-Hasna to Participants' Takaful Fund	10	18,500,000	18,000,000	-	-
Loan and other receivables	11	987,918	937,850	2,229,818	1,218,635
Takaful / retakaful receivables	12	-	-	4,861,643	1,720,785
Receivable from PTF	13	8,476,952	2,814,110	-	-
Deferred wakala fee expense	26	-	-	3,436,813	2,601,745
Deferred commission expense	27	227,172	1,312	-	-
Prepayments	14	226,011	8,527	1,277,921	286,180
Taxation - payments less provision	15	-	-	716,642	501,862
Cash and bank	16	4,267,125	7,863,620	11,180,863	1,924,087

TOTAL ASSETS

72,458,554

68,012,124

70,562,551

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Chairman

Director

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45,082,580

Director

Chief Executive Officer

WINDOW TAKAFUL OPERATIONS STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

		Ope	rator's Fund	Participant's	s Takaful Fund
		2021	2020	2021	2020
	Note		Rupees	R	upees
FUND AND LIABILITIES					
Operator's fund					
Statutory fund	17	50,000,000	50,000,000		-
Revaluation reserve on available					
for sale investment		167,831	89,489		-
Accumulated profit		14,225,421	11,636,990		-
Total Operators Fund		64,393,252	61,726,479	-	-
Participants' takaful fund					
Ceded money		-	-	500,000	500,000
Revaluation reserve on available					
for sale investment		-	-	78,645	79,643
Accumulated surplus		-	-	7,812,033	5,335,169
Balance of Participants' Takaful Fund		-	-	8,390,678	5,914,812
Qard-e-Hasna from Operator's Fund	10		-	18,500,000	18,000,000
LIABILITIES					
PTF underwriting provisions					
Outstanding claims including IBNR	25	-	-	10,895,048	5,729,876
Unearned contribution reserve	23	-	-	11,224,443	7,818,904
Unearned retakaful rebate	24	-	-	293,922	60,719
		-	-	22,413,413	13,609,499
Unearned wakala fee	26	3,436,813	2,601,745	-	-
Contribution received in advance		-	-	1,481,317	108,232
Takaful / re-takaful payables	18	-	-	5,654,251	2,645,355
Payable to OPF	13	-	-	8,476,952	2,814,110
Other creditors and accruals	19	1,036,732	750,571	5,645,940	1,990,572
Deferred taxation	20	51,220	974	-	-
Taxation - provision less payments	21	3,540,537	2,932,355	-	-
TOTAL LIABILITIES		8,065,302	6,285,645	43,671,873	21,167,768
TOTAL FUND AND LIABILITIES		72,458,554	68,012,124	70,562,551	45,082,580
CONTINGENCIES AND COMMITMENTS	22				

The annexed notes from 1 to 44 form an integral part of these financial statements.

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Director

Chairman

Director

WINDOW TAKAFUL OPERATIONS PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		Rupees	
Participants' Takaful Fund			
Contributions earned	23	10,916,085	11,368,051
Less: Contributions ceded to retakaful	23	(4,971,671)	(4,321,629)
Net contributions revenue		5,944,414	7,046,422
Retakaful rebate earned	24	491,558	279,027
Net underwriting income		6,435,972	7,325,449
Net claims - reported / settled - IBNR	25	(5,782,665)	(4,313,303)
Other direct expenses		(264)	(1,411)
Surplus before investment income		653,043	3,010,735
Investment income	29	1,622,964	937,872
Other income	30	569,199	1,638,039
Less: Modarib's share of investment income	31	(368,342)	(374,620)
Surplus transferred to accumulated surplus		2,476,864	5,212,026
Operator's Fund			
Wakala fee	26	4,958,407	5,576,760
Commission	27	(228,373)	(26,392)
General administrative and management expenses	28	(3,257,071)	(3,130,223)
		1,472,963	2,420,145
Modarib's share of PTF investment income	31	368,342	374,620
Investment income	29	1,696,161	4,052,341
Direct expenses	32	(293,307)	(208,950)
Other income	30	262,948	1,128,577
Profit before taxation		3,507,107	7,766,733
Income tax expense	33	(918,676)	(2,252,350)
Profit after taxation		2,588,431	5,514,383

The annexed notes from 1 to 44 form an integral part of these financial statements.

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Director

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Director

Chief Executive Officer

WINDOW TAKAFUL OPERATIONS STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021

No	ote 2021	2020
	Ru	pees
Participants' Takaful Fund		
Surplus for the year	2,476,864	5,212,026
Other comprehensive loss		
Items that may be reclassified subsequently to profit and loss account		
Unrealised loss on 'available for sale' investments	(998)	(5,481)
Total comprehensive income for the year	2,475,866	5,206,545
Operator's Fund		
Profit after taxation	2,588,431	5,514,383
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit and loss account		
Unrealised gain / (loss) on 'available for sale' investments (net of deferred tax) 78,342	(1,015,361)
Total comprehensive income for the year	2,666,773	4,499,022

The annexed notes from 1 to 44 form an integral part of these financial statements.

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Chairman

Director

Director

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Chief Executive Officer

WINDOW TAKAFUL OPERATIONS STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED DECEMBER 31, 2021

		Operator's Funds			
	Statutory fund	Unrealised gain / (loss) on revaluation of available for sale investments - net	Accumulated profit	Total	
		Rupe	es		
Balance as at January 01, 2020 Total comprehensive income for the year	50,000,000	1,104,850	6,122,607	57,227,457	
Profit for the year	-	-	5,514,383	5,514,383	
Other comprehensive loss for the year	-	(1,015,361)		(1,015,361)	
	-	(1,015,361)	5,514,383	4,499,022	
Balance as at December 31, 2020 Total comprehensive income for the year	50,000,000	89,489	11,636,990	61,726,479	
Profit for the year	-	-	2,588,431	2,588,431	
Other comprehensive income for the year	_	78,342	-	78,342	
	-	78,342	2,588,431	2,666,773	
Balance as at December 31, 2021	50,000,000	167,831	14,225,421	64,393,252	

	Participants' Takaful Fund			
	Ceded Money	Unrealised gain / (loss) on revaluation of available for sale investments - net	Accumulated surplus	Total
		Rup	ees	
Balance as at January 01, 2020 Total comprehensive income for the year	500,000	85,124	123,143	708,267
Surplus for the year	-	-	5,212,026	5,212,026
Other comprehensive loss for the year	-	(5,481)	_	(5,481)
	-	(5,481)	5,212,026	5,206,545
Balance as at December 31, 2020	500,000	79,643	5,335,169	5,914,812
Total comprehensive income for the year				
Surplus for the year	-	-	2,476,864	2,476,864
Other comprehensive loss for the year	-	(998)	-	(998)
		(998)	2,476,864	2,475,866
Balance as at December 31, 2021	500,000	78,645	7,812,033	8,390,678

The annexed notes from 1 to 44 form an integral part of these financial statements.

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Chairman

Director

Director

Chief Executive Officer

WINDOW TAKAFUL OPERATIONS CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

	Operator's Fund		Participant's Takaful Fund	
	2021	2020	2021	2020
		Rupees		Rupees
OPERATING CASH FLOWS				
a) Takaful activities				
Contribution received	-	-	21,148,243	11,687,927
Retakaful contribution paid	-	-	(5,523,769)	(5,364,937)
Wakala fee received / (paid)	-	2,536,206	-	(2,536,206)
Claims paid	-	-	(4,176,780)	(2,288,956)
Re-takaful and other recoveries received	-	-	621,049	12,565
Commission paid	(499,214)	(221,349)	-	-
Modarib share received / (paid)	-	332,364	-	(332,364)
Rebate received	-	-	724,761	392,729
Net cash flow from takaful activities	(499,214)	2,647,221	12,793,505	1,570,758
b) Other operating activities				
Income tax paid	(210,002)	(699,308)	(214,780)	(127,510)
General and other expenses paid	(2,051,657)	(8,334,397)	-	-
Other operating payments	(851,991)	757,484	(601,341)	(937,085)
Other operating receipts	-	-	4,289,875	(1,110,358)
Net cash used in other operating activities	(3,113,650)	(8,276,221)	3,473,755	(2,174,953)
Net cash (used in) / generated from all operating activities	(3,612,864)	(5,629,000)	16,267,259	(604,195)
INVESTMENT ACTIVITIES				
Profit / return received on investment	1,687,874	1,365,367	1,950,881	914,853
Other income	262,948	1,128,577	569,199	1,638,039
Purchase of investments	(26,434,453)	(25,000,000)	(45,030,563)	(35,000,000)
Proceeds from disposal of investments	25,000,000	39,951,405	35,000,000	-
Net cash generated from / (used in) investing activities	516,369	17,445,349	(7,510,483)	(32,447,108)
FINANCING ACTIVITIES				
Inter fund Qard-e-Hasna Transfer	(500.000)	(19,000,000)	500.000	19,000,000
Total cash flow from financing activities	<u>(500,000)</u> (500,000)	<u>(18,000,000)</u> (18,000,000)	<u> </u>	<u>18,000,000</u> 18,000,000
Net cash used in / generated from all activities	(3,596,495)	(6,183,651)	9,256,776	(15,051,303)
Cash and cash equivalents at the beginning of year	7,863,620	14,047,271	1,924,087	16,975,390
Cash and cash equivalents at the beginning of year Cash and cash equivalents at end of the year	4,267,125	7,863,620	11,180,863	1,924,087
Cash and cash equivalents at end of the year	4,207,125	7,803,020		1,924,007
Reconciliation to profit and loss account				
Operating cash flows	(3,612,864)	(5,629,000)	16,267,259	(604,195)
Depreciation	(5,624)	(8,521)	-	-
Amortization	(152,500)	(614,111)	-	-
Income tax paid	210,002	699,308	214,780	127,511
Other income	631,290	1,503,197	569,199	1,638,039
Increase in assets other than cash	5,861,871	2,341,247	6,306,766	1,360,606
(Increase) / decrease in liabilities	(1,121,229)	5,422,272	(22,504,104)	1,752,193
Investment income	1,696,161	4,052,341	1,622,964	937,872
Profit before taxation	3,507,107	7,766,733	2,476,864	5,212,026

The annexed notes from 1 to 44 form an integral part of these financial statements.

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Chairman

Director

Director

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Chief Executive Officer

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WINDOW TAKAFUL OPERATIONS NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Sindh Insurance Limited (the Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as an unlisted public company on December 20, 2013 and obtained the certificate of commencement of business on September 22, 2014. All shares of the Company are held beneficially by Government of Sindh, directly and through nominee directors. The Company is engaged in the non-life insurance business comprising of fire, marine, motor, aviation, engineering, transportation, accidental and health etc.
- **1.2** The Company was granted authorization on September 22, 2016 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations (WTO) in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) and, subsequently, the Company commenced Window Takaful Operations.
- **1.3** For the purpose of carrying on the takaful business, the Operator has formed a Participants' Takaful Fund (PTF) under the Waqf deed with the ceded 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.
- 1.4 The registered office and principal place of business of the Operator is situated at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

2 BASIS OF PREPARATION AND 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting Regulations, 2017, SECP Takaful Rules, 2012 and General Takaful Accounting Regulation 2019.

In case requirements differ, the provision of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, Insurance Accounting regulations, 2017, SECP Takaful Rules, 2012 and General Takaful Accounting Regulation, 2019 shall prevail.

These financial statements have been prepared in line with the format issued by the SECP through the General Takaful Accounting Regulation 2019, vide SRO 1416(1)/2019 dated November 20, 2019.

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

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except available for sale investments that have been measured at fair values. The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

2.2 Functional and presentation currency

These financial statements have been prepared and presented in Pakistani "Rupees", which is the Operator's functional and presentation currency.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards / amendments that are effective in current year and relevant to the Operator

The Operator has adopted the standards / amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
Amendments to IFRS 16 'Leases' - Covid - 19 related rent consessions	June 01, 2020
Interest Rate Benchmarch Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021

3.1.1 IFRS 9 - Financial Instruments and Amendment to IFRS 4 'Insurance Contracts- Applying IFRS 9 with IFRS 4

IFRS 9 'Financial Instruments' was issued on July 24, 2017. This standard is adopted locally by the Securities and Exchange Commission of Pakistan through its S.R.O. 229 (I)/2019 and is effective for accounting period / year 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 (effective for annual periods beginning on or after July 01, 2018). The amendments address 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 the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied.

Temporary Exemption from Application of IFRS 9

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 payments 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

	December 31, 2021			
	Fail the SPP	l test	Pass the S	PPI test
	Fair value	Change in unrealised gain	Fair value	Change in unrealised gain
		Rupe	ees	
Financial assets - Operator's Fund				
Qard-e-Hasna to Participants' Takaful Fund Investments	-	-	18,500,000	-
Equity securities *	13,936,670	236,384	-	-
Term deposit receipts*	-	-	25,810,000	-
Loans and other receivable *	-	-	987,918	-
Receivable from PTF *	-	-	8,476,952	-
Cash at bank *	-		4,267,125	-
	13,936,670	236,384	58,041,995	-
Financial assets - Participant's Takaful Fund				
Investments				
Equity securities*	1,940,851	148,849	-	-
Term deposit receipts*	-	-	44,918,000	-
Loan and other receivable *	-	-	2,229,818	-
Takaful / retakaful receivables * Cash at bank *	-	-	4,861,643 11,180,863	-
Cash al Darik	1,940,851	148,849	63,190,324	
	1,940,001	140,049	03,190,324	-

* The carrying amounts of these financial assets measured applying IAS 39 are a reasonable approximation of their fair value.

	December 31, 2021 Gross carrying amount of financial assets that pass SPPI test			
	AAA	A+	А	Not rated
		Rupe	ees	
Operator's fund				
Qard-e-Hasna to Participants' Takaful Fund	-	-	-	18,500,000
Loans and other receivable	-	-	-	987,918
Receivable from PTF	-	-	-	8,476,952
Cash at bank	-	4,219,931	47,194	-
Term deposit receipts within				
maturing 12 months	25,810,000	-		
	25,810,000	4,219,931	47,194	27,964,870
Participant's Takaful Fund				
Loan and other receivable	-	-	-	2,229,818
Takaful / retakaful receivables	-	-	-	4,861,643
Cash at bank	-	11,175,589	209	-
Term deposit receipts within				
maturing 12 months	44,918,000	-	-	
	44,918,000	11,175,589	209	7,091,461

3.2 Standards / amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent consessions	April 01, 2021

Amendments to IAS 1'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1'Presentation of Financial Statements' - Disclosure of Accounting Policies	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, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

3.3 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The Operator 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 Operator's financial statements in the period of initial application.

4 USE OF JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with the requirements of accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The judgments, estimates and associated 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.

Estimates

The areas where assumptions and estimates are significant to the financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Contribution due but unpaid - net	5.4.3
- Provision for outstanding claims (including IBNR)	5.5.1
- Retakaful recoveries against outstanding claims	5.6.3
- Taxation (current and deferred)	5.22

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied consistently to all years presented except stated in note 5.1.

5.1 Property and equipment

Owned fixed assets are stated at cost, signifying historical cost, less accumulated depreciation and any provision for accumulated impairment. Cost of an item of fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying asset directly attributable cost of bringing the asset to working condition.

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 benefits associated with the item will flow to the Operator and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

Depreciation is calculated on straight line basis at the rates specified in note 6 to the financial statements. Depreciation on additions is charged from the month the assets are available for use while on disposals, depreciation is charged up to the month in which the assets are disposed off.

The carrying value of assets are reviewed for impairment when events or changes in circumstances indicate that carrying value may not be recoverable. If any such indication exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts. The useful life and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing process with the carrying amount of the assets disposed of, these are taken to profit or loss account.

5.2 Intangible assets

These are stated at cost less accumulated amortisation and provision for accumulated impairment, if any.

Amortisation is calculated from the month the assets are available for use using the straight-line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Operator. The useful life and amortisation methods are reviewed and adjusted if appropriate, at each reporting date.

Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Operator.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indication exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

5.3 Takaful contracts

Takaful contracts are based on the principles of Wakala. 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.

A separate Participants Takaful Fund (PTF) is created in which all contribution received under general takaful contribution net off any government levies and administrative surcharge are credited. The role of Takaful Operator is of the management of the PTF. At the initial stage of the setup of the PTF, the Takaful Operator makes payment as ceded money to the PTF. The terms of the takaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Takaful Operator.

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

The Operator underwrites non-life takaful contracts that can be categorised into:

- Fire and property damage
- Marine, aviation and transport
- Motor
- Accidental and health
- Miscellaneous

Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another takaful operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as Takaful Operator.

a) Fire and property damage

"Fire and property takaful contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

b) Marine, aviation and transport

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and against liabilities to third parties and passengers arising from their use.

c) Motor

Motor takaful contracts cover physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

d) Accident and health

Accident and health takaful contracts mainly compensate hospitalization and patient medical coverage to the insured and indemnity for the death as result of an accident. These contracts are generally one year contracts.

e) Miscellaneous

All other takaful contracts like machinery breakdown, bonds, cash in hand, cash in transit, personal accident, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous takaful cover.

5.4 Contribution

5.4.1 Contribution income earned

Contribution written under a policy is recognised as income over the period of takaful from the date of issue of the policy to which it relates to its expiry as follows:

- a) for takaful business, evenly over the period of the policy;
- b) for proportional retakaful business, evenly over the period of underlying retakaful policies;
- c) for non-proportional retakaful business, on inception of the retakaful contract in accordance with the pattern of retakaful service.

Where the pattern of incidence of risk varies over the period of the policy, contribution is recognised as revenue in accordance with the pattern of incidence of risk.

Where contribution for a policy is payable in instalments, full contribution for the duration of the policy is recognised as written at the inception of the policy and a related asset is set up in respect of the contribution receivable at a later date. Contribution is stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions.

5.4.2 Unearned contribution reserve

The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge which relates to business in force at the reporting date. Unearned contribution has been calculated by applying 1/24th method and proportionate method for policies covering a period of one year and other policies respectively as specified in the General Takaful Accounting Regulations, 2019.

5.4.3 Contribution due but unpaid - net

Contribution due but unpaid under takaful contracts is recorded as receivable when it is due, at the fair value of consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Operator reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss in profit and loss account.

5.4.4 Contributory deficiency reserve

At each reporting date, liability adequacy tests are performed separately for each class of business under the Insurance Accounting Regulations, 2017 to ensure the adequacy of the unearned contribution liability for that class. It is performed by comparing the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, wakala and other underwriting expenses, expected to be incurred after reporting date in respect of policies in force at reporting date with the carrying amount of unearned contribution liability.

The movement in the contribution deficiency reserve is recorded as an expense / income in profit and loss account for the year.

The requirement for additional provision for unexpired risks is determined on the basis of an actuarial valuation. The latest valuation was carried out as of 31 December 2021. No contribution reserve is required as at December 31, 2021 as determined by actuary.

5.5 Claims expense

Takaful claims are charged to PTF and include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims are charged to profit and loss account as incurred based on estimated liability for compensation owed under the takaful contracts.

5.5.1 Provision for outstanding claims (including IBNR)

The PTF recognises liability in respect of all claims incurred upto the reporting 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.

The Operator takes advice from actuary for the determination of IBNR claims. Provision for IBNR claims have been estimated based on Expected Loss Ratio (ELR) method except for health business, where a mix of ELR and Chain Ladder (CL) method is used. CL method is not completely used since portfolio experience of the Operator in health business is small due to long period of claims development, volatility and credibility of experience. Accordingly, provision has been made based on IBNR factors applied on incurred claims determined by the actuary.

5.6 Retakaful contracts

5.6.1 Retakaful expense

Contribution ceded is recognised as an expense over the period of retakaful from inception to which it relates to its expiry as follows:

- a) for proportional retakaful business, evenly over the period of the underlying policies;
- b) for non-proportional retakaful business, evenly over the period of indemnity.

Where the pattern of incidence of risk varies over the period of the policy, retakaful contribution is recognised as expense in accordance with the pattern of incidence of risk.

5.6.2 Prepaid retakaful contribution ceded

The portion of retakaful contribution ceded not recognised as an expense as at year end is recognised as prepaid retakaful contribution ceded. Unrecognised portion is determined in the same manner as for unearned contribution reserve.

5.6.3 Retakaful recoveries against outstanding claims

Claims recoveries receivable from retakaful operator are recognised as an asset at the same time as the claims, which give rise to the right of recovery, are recognised as a liability and are measured at the amount expected to be received.

5.7 Deferred commission

5.7.1 Commission expense

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

5.7.2 Rebate from retakaful operators

Rebate income from retakaful is recognised at the time of issuance of the underlying takaful policy. These are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of retakaful contribution.

5.10 Wakala fee

The Operator manages the general takaful operations for the participants and charges 25% for fire and property damage, 25% for marine, aviation and transport, 35% for motor, 22.5% for miscellaneous and 25% for accident and health, on gross contribution written including administrative surcharge as wakala fee against the services.

Wakala fee is recognised on the same basis as the related contribution is recognised. Unexpired portion of wakala fee is recognised as a liability of OPF and an asset of PTF.

5.11 Takaful surplus

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

5.12 Mudarib's fee

The Operator also manage the participant's investment as Mudarib and charges 20% of the investment income earned by the PTF as Mudarib's fee. It is recognized on the same basis on which related revenue is recognized.

5.13 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's Fund to PTF in case of deficit in PTF. Qard-e-Hasna is recognised at the amount provided to PTF less impairment, if any. In the event of future surplus in the PTF, to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to Participants.

5.14 Investments

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

5.14.1 Available-for-sale

The financial assets that are intended to be held for an indefinite period of time and may be sold in response to the need for liquidity are classified as available-for-sale.

Subsequent to the initial recognition at cost, these are valued at market values and any unrealised gain / (loss) are taken to other comprehensive income.

a) Trade and settlement date accounting

All 'regular way' purchases and sales of financial assets are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Operator. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

b) Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Operator has transferred substantially all risks and rewards of ownership.

c) Impairment

Available-for-sale

The Operator considers that available-for-sale investment is impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

5.15 Employee benefits

a) Defined contribution plan

The Operator has an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Operator and its employees, to the fund at the rate of 10% of basic salary of the employees.

b) Defined benefit plan

The Operator operates an unfunded gratuity scheme for its permanent employees whose period of service is three years. Provision is made annually to cover obligations under the scheme. Gratuity accruing to staff is equal to one - month gross salary for each completed year of service.

c) Employees' compensated absence

The Operator accounts for the liability in respect of eligible employees' compensated absences in the period in which they are earned.

5.16 Investment income

Interest income is recognised on time proportion basis that takes into account effective yield on the assets.

5.17 Dividend

Dividend income is recognised when the operator's right to receive the dividend is established.

5.18 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. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 as the primary reporting format.

The Operator has five primary business segments for reporting purposes namely; fire and property damage, marine, aviation and transport, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 35.

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

5.19 Financial instruments

Financial assets and financial liabilities are recognised when the Operator becomes a party to the contractual provisions of the instrument and derecognised when the Operator loses control of contractual rights that comprise the financial assets and, in the case of financial liabilities, when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the derecognition of the financial assets and liabilities is included on net basis in the profit and loss account for the period in which it arises.

Financial instruments carried in the statement of financial position include investments, loan and other receivables, insurance / reinsurance receivables, reinsurance recoveries against outstanding claims, cash and bank, provision for outstanding claims, insurance / reinsurance payables, other creditors and accruals.

5.20 Off setting of financial asset and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements when there is a legally enforceable right to set-off the recognised amount and the Operator intends either to settle on net basis, or realise the assets and to settle the liabilities simultaneously.

5.21 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Operator to do so.

5.22 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

The profit of the Operator is taxed as part of total profit of the Company, as the Operator is not separately registered for tax purposes.

a) Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalised during the year or required by any other reason.

b) Deferred

Deferred tax is recognised using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the date of statement of financial position.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5.23 Foreign currencies

Transactions in foreign currency, if any, are converted into Pakistan Rupees at the rate of exchange prevailing on the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Pakistan Rupees at the rate of exchange prevailing at the reporting date. Exchange difference are taken to the profit and loss account.

5.24 General administrative and management expenses

Expenses allocated to the 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.

5.25 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 recognised when the Operator / 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.

Provisions will be reviewed at each reporting date and will be adjusted to reflect the current estimate.

5.26 Receivables and payables related to Takaful contracts

These are recognised at cost, which is the fair value of the consideration given. However, an assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying amount.

5.27 Impairment

The carrying amounts of the assets are reviewed annually to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated and impairment losses are recognised in the profit and loss account.

5.28 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash at bank in current and savings account, cash in hand, stamps in hand and bank deposits.

					2021			
		Cost			Depreciation			
Particulars	As at January 01, 2021	Additions / (disposals)	As at December 31, 2021	As at January 01, 2021	Depreciation for the year	As at December 31, 2021	Written down value as at December 31, 2021	Depreciation rate (% per annum)
				Rup	Rupees			
Owned Furniture and fixture Computers	56,062 39,500	1 1	56,062 39,500	23,734 39,500	5,622 -	29,356 39.500	26,706 -	10% 33.33%
	95,562		95,562	63,234	5,622	68,856	26,706	
					2020			
		Cost			Depreciation			
Particulars	As at January 01, 2020	Additions / (disposals)	As at December 31, 2020	As at January 01, 2020	Depreciation for the year	As at December 31, 2020	Written down value as at December 31, 2020	Depreciation rate (% per annum)
				Rup	Rupees			
Owned Furniture and fixture Computers	56,062 39,500		56,062 39,500	18,112 36,601	5,622 2,899	23,734 39,500	32,328	10% 33.33%
	95,562		95,562	54,713	8,521	63,234	32,328	
INTANGIBLE ASSETS - OPERATOR'S FUND	DND							
					2021			
		Cost			Amortisation			
Particulars	As at January 01, 2021	Additions / (disposals)	As at December 31, 2021	As at January 01, 2021	Amortisation for the year	As at December 31, 2021	Written down value as at December 31, 2021	Amortisation rate (% per annum)
					Rupees			
Computer softwares	1,867,000 1,867,000	1	1,867,000 1,867,000	1,714,500 1,714,500	<u>152,500</u> 152,500	1,867,000 1,867,000	1	33.33%
					2020		-	
		Cost			Amortisation			
Particulars	As at January 01, 2020	Additions / (disposals)	As at December 31, 2020	As at January 01, 2020	Amortisation for the year	As at December 31, 2020	Written down value as at December 31, 2020	Amortisation rate (% per annum)
				Rupees	Jees-			

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SINDH INSURANCE

33.33%

152,500 152,500

1,714,500 1,714,500

614,111 614,111

1,100,388 1,100,388

1,867,000 1,867,000

1 1

1,867,000 1,867,000

Computer softwares

9

8 INVESTMENTS IN EQUITY SECURITIES

			2021				2020	
	Cost	Impairment / provision	Surplus on revaluation	Carrying value	Cost	Impairment / provision	Surplus on revaluation	Carrying value
		Rı	ipees			RI	upees	
Operator's Fund Available for sale Others - Mutual fund	40 - 200 - 000			40.000.070	40.075.000		100.010	40.004.070
ABL Islamic Income Fund	13,700,286	-	236,384	13,936,670	13,075,833	-	126,043	13,201,876
Participants' Takaful Fund Available for sale Others - Mutual fund								
Meezan Sovereign Fund	1,792,002	-	148,849	1,940,851	1,792,002	-	37,284	1,829,286
			0	perator's Func	1	Par	ticipant's Tak	aful Fund
				•				

			2021	2020	2021	2020
		Note	Ru	ipees	Ruj	oees
9	TERM DEPOSIT RECEIPTS					
	Deposits maturing within 12 months					
	Term deposit receipts	9.1	25,810,000	25,000,000	44,918,000	35,000,000

9.1 These represent term deposit receipts (TDRs) in local currency, issued by local banks, that carried profit ranging from 3.81% to 7% % per annum (2020: 5.52% to 6.52%).

		2021	2020
10	QARD-E-HASNA	Rupe	es
	Opening balance Qard-e-Hasna transferred from OPF during the year	18,000,000 500.000	- 18.000.000
	Qard-e-Hasha transferred from OFF during the year Qard-e-Hasha returned by PTF during the year Closing balance		
		10,000,000	10,000,000

		Operator	s Fund	Participant's Takaful Fund	
		2021	2020	2021	2020
		Ruj	Dees	Rup	ees
11	LOANS AND OTHER RECEIVABLES				
	(Unsecured - considered good)				
	Advance salary	8,565	-	-	-
	Accrued investment income	766,039	757,752	1,170,620	760,778
	Sales tax on services refund	163,156	75,921	369,892	233,461
	Receivable from Sindh Insurance Limited	50,158	-	425,766	224,396
	Other receivables		104,177	263,540	-
		987,918	937,850	2,229,818	1,218,635

		2021	2020
12	TAKAFUL / RE-TAKAFUL RECEIVABLES	Rupee	S
	Due from takaful participant holders Less: provision for impairment of receivables	330,132	825,259
	from takaful participant holders	(84,752)	(230,865)
		245,380	594,394
	Due from other takaful / re-takaful operators	4,616,263	1,126,391
		4,861,643	1,720,785

12.1 Due from takaful contract holders includes Rs 0.171 million due from related parties (2020: Rs 0.320 million).

			Operator	's Fund	Participant's T	akaful Fund
			2021	2020	2021	2020
			Ru	pees	Rup	ees
13	RECEIVABLE FROM PTF / PAYABLE	TO OPF				
	Wakala fee receivable / (payable)		8,590,594	2,797,119	(8,590,594)	(2,797,119)
	Modarib share receivable / (payable)		453,099	84,757	(453,099)	(84,757)
	Other (payable) / receivable		(566,741)	(67,766)	566,741	67,766
			8,476,952	2,814,110	(8,476,952)	(2,814,110)
14	PREPAYMENTS					
	Prepaid retakaful contribution ceded	23	-	-	1,277,921	286,180
	Prepaid expenses		226,011	8,527		
			226,011	8,527	1,277,921	286,180
15	TAXATION - PAYMENT LESS PROVISION					
	Advance tax		<u> </u>	<u> </u>	716,642	501,862
16	CASH AND BANK					
	Cash and cash equivalent					
	Policy and revenue stamps		-	-	4,220	7,050
	Cash at bank					
	Saving accounts	16.1	4,267,125	7,863,620	11,176,643	1,917,037
	0		4,267,125	7,863,620	11,180,863	1,924,087
			, , , , , , , , , , , , , , , , , , , ,	,		,

16.1 These saving accounts carry profit ranging from 4% to 4.5% per annum (2020: 3.4% to 6.75%) per annum.

17 STATUTORY FUND

Amount of Rs. 50 million is deposited as statutory fund to comply with provisions of paragraph 4 of circular no. 8 of 2014 read with section 11(1)(c) of Takaful Rules, 2012 issued by SECP, which states that 'every insurer who is interested to commence Window Takaful business shall transfer an amount of not less than Rs. 50 million to be deposited in a separate bank account for Window Takaful business duly maintained in a scheduled bank'.

					2021	2020
					Rupee	es
18	TAKAFUL / RETAKAFUL PAYABLE					
	Due to takaful participants / re-takaful p	ayable				
	Local				673,731	1,541,074
	Foreign				4,980,520	1,104,281
	-				5,654,251	2,645,355
			Operator	's Fund	Participant's	Takaful Fund
			2021	2020	2021	2020
		Note	Rup	oees	Ru	ipees
19	OTHER CREDITORS AND ACCRUAL	S				
	Provincial sales tax on services		7,659	-	212,019	218,932
	Federal insurance fee		-	-	16,166	30,607
	Tax deducted / collected at source		35,953	13,262	61,913	59,517
	Commission payable		8,527	53,508	· -	-
	Payable to Sindh Insurance Limited	19.1	680,884	145,213	4,879,642	1,245,516
	Sundry creditors		8,427	8,427	476,200	436,000
	Accrued expenses		237,207	409,513	· -	-
	Provision for compensated leave absences	19.2	34,418	16,857	-	-
	Gratuity payable		23,657	103,791	-	-
			1,036,732	750,571	5,645,940	1,990,572

19.1 This amount includes expenses paid by Sindh Insurance Limited on behalf of Window Takaful Operations related to regular expenses of electricity, telephone, water, fuel charges and taxes including FED, FTF.

	Operator's	Fund
	2021	2020
	Rupe	ees
Provision for compensated leave absences		
Opening balance	16,857	139,736
Provision for the year	32,968	164,341
Payments made during the year	(15,407)	(287,220)
Closing balance	34,418	16,857

		Operator	's Fund	Participant's Ta	kaful Fund
		2021	2020	2021	2020
	Note	Ruj	oees	Rupe	es
20 DEFERRE	D TAXATION				
Deferred del	pits arising in respect of				
Provision fo	r gratuity	(6,861)	(30,099)	-	-
Accelerated	tax depreciation	(489)	(590)	-	-
Provision fo	r compensated leaves absences	(9,981)	(4,889)	.	-
		(17,331)	(35,578)	-	-
Deferred cre	dits arising in respect of				
Unrealised g	gain on available for sale investments	68,551	36,552	-	-
		68,551	36,552	-	-
		51,220	974	· ·	-

		Operator's	Fund
		2021	2020
		Rupe	es
21	TAXATION - PROVISION LESS PAYMENTS		
	Provision for income tax	4,692,576	3,792,147
	Less: Advance tax	(1,152,039)	(859,792)
		3,540,537	2,932,355

22 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at reporting date.

			Participant's 1	akaful Fund
			2021	2020
		Note	Rup	bees
23	NET TAKAFUL CONTRIBUTION			
	Written gross contribution		19,280,031	16,050,505
	Less: wakala fee	26	(4,958,407)	(5,576,760)
	Contribution net of wakala fee		14,321,624	10,473,745
	Add: unearned contribution reserve - opening		7,818,904	8,713,210
	Less: unearned contribution reserve - closing		(11,224,443)	(7,818,904)
	Contribution earned		10,916,085	11,368,051
	Less: Re-takaful contribution ceded		5,963,412	3,849,463
	Prepaid re-takaful contribution ceded - opening		286,180	758,346
	Prepaid re-takaful contribution ceded - closing		(1,277,921)	(286,180)
	Re-takaful contribution expense		4,971,671	4,321,629
			5,944,414	7,046,422
24	RETAKAFUL REBATE			
	Retakaful rebate received or recoverable		724,761	392,729
	Unearned retakaful rebate - opening		(60,719)	(174,421)
	Unearned retakaful rebate - closing		293,922	60,719
	Rebate from takaful operator		491,558	279,027
25	NET TAKAFUL CLAIMS EXPENSE			
	Claim paid		4,176,780	2,288,956
	Outstanding claims including IBNR - opening		(5,729,876)	(2,843,968)
	Outstanding claims including IBNR - closing	25.1	10,895,048	5,729,876
	Claim expense		9,341,952	5,174,864
	Less: Re-takaful and other recoveries received		621,049	12,565
	Re-takaful and other recoveries in respect of outstanding claims - opening		(937,496)	(88,500)
	Re-takaful and other recoveries in respect of outstanding claims - closing		3,875,734	937,496
	Re-takaful and other recoveries revenue		3,559,287	861,561
	Net claim expense		5,782,665	4,313,303

25.1 This includes provision for incurred but not reported (IBNR) amounting to Rs. 4.457 million (2020: Rs. 2.396 million).

25.2 Claim development

The Operator maintains adequate reserves in respect of its takaful business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a year of time. All amounts are presented in gross numbers before re-takaful:

Accident year	2018	2019	2020	2021	Total
			Rupees		
Estimate of ultimate claims cost:					
At the end of accident year	1,845,753	3,185,894	4,481,443	8,727,395	18,240,485
One year later	2,784,293	2,701,635	3,621,211	-	9,107,139
Two years later	2,784,293	2,551,525	-	-	5,335,818
Three years later	2,784,293	-	-	-	2,784,293
Four years later			-	-	
Current estimate of cumulative claims	2,784,293	2,551,525	3,621,211	8,727,395	17,684,424
Cumulative payment to date	(2,784,293)	(2,351,525)	(3,532,862)	(2,578,021)	(11,246,701)
Liability recognised in statement of					
financial position	-	200,000	88,349	6,149,374	6,437,723

		2021 NoteRupe	2020 es
26	WAKALA FEE EXPENSE		
	Gross wakala fee	5,793,475	5,333,325
	Deferred wakala fee expense - opening	2,601,745	2,845,180
	Deferred wakala fee expense - closing	(3,436,813)	(2,601,745)
	Net wakala expense	4,958,407	5,576,760

26.1 The Operator manages the general takaful operations of the participants and charges 35% for the motor, 25% for the fire and property damage, 25% for the marine, aviation and transport, 22.5% for the miscellaneous and 25% for accident and health of the gross contribution written net off administrative surcharge on co - takaful inward as wakala fee against the services.

		Note	2021	2020
		Note	Ru	pees
27	COMMISSION EXPENSE			
	Commission paid or payable		454,233	(6,738)
	Deferred commission expense - opening		1,312	34,442
	Deferred commission expense - closing		(227,172)	(1,312)
			228,373	26,392
28	GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES			
	Employee benefit cost	28.1	1,356,059	1,679,227
	Printing and stationery expenses		125,000	119,000
	Depreciation	6	5,624	8,521
	Amortisation	7	152,500	614,111
	Legal and professional charges		1,008,868	464,177
	Employee health insurance		-	775
	Miscellaneous		609,020	244,412
			3,257,071	3,130,223
28.1	Employee benefit cost			
	Salaries, allowance and other benefits		1,299,741	1,612,766
	Charges for post employment benefit		56,318	66,461
			1,356,059	1,679,227

			Operato	or's Fund	Participant's T	akaful Fund
			2021	2020	2021	2020
		Note	Ri	upees	Rup)ees
29	INVESTMENT INCOME					
	Income from equity securities -					
	available for sale					
	Mutual funds					
	Dividend income		734,651	1,299,598	132,427	177,094
	Capital gain on sale of investment		-	1,929,222	-	-
	Income from debt securities -					
	held to maturity					
	Return on debt securities		-	49,298	-	-
	Income from term deposit receipts					
	Return on term deposits		961,510	774,223	1,490,537	760,778
			1,696,161	4,052,341	1,622,964	937,872
30	OTHER INCOME					
	Profit on bank deposits		260,525	833,061	218,744	935,226
	Others		2,423	295,516	350,455	702,813
			262,948	1,128,577	569,199	1,638,039

31 MODARIB'S FEE

The operator manages the participants' investments as a Modarib and charge 20% Modarib's share of the investment income and profit on bank deposits earned by PTF.

			Operator	's Fund
			2021	2020
		Note	Ru	pees
32	DIRECT EXPENSES			
	Auditors' remuneration	32.1	293,307	208,950
32.1	Auditors' Remuneration			
	Annual audit fee		121,756	110,688
	Half yearly review		63,525	57,750
	Other certification		93,500	35,000
	Out of pocket		14,526	5,512
			293,307	208,950
			2021	2020
			Rupee	S
33	INCOME TAX EXPENSE			
	For the year			
	Current		900,429	2,174,897
	Deferred		18,247	77,453
			918,676	2,252,350

		2021	2020
	Note	Rupee)S
33.1 Relationship between accounting profit and tax expense is as follows			
The relationship between tax expense and accounting profit is as follows: Accounting profit / loss before tax		3,507,107	7,766,733
Tax @ 29% Others		1,017,061 (98,385)	2,252,350
Provision for taxation		918,676	2,252,350

34 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, companies under common control, companies with common directors, shareholder, employees' retirement benefit plans, directors and key management personnel of the management. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Balances and transaction with related party are disclosed in relevant notes to the financial statements. Other transactions and balances not elsewhere disclosed are summarised as follows:

Transactions during th	ne year		Operator's Fund Pa		Participant's T	akaful Fund
			2021	2020	2021	2020
Name of related party	Nature of relationship	Nature of transaction	Ru	pees	Rup	9ees
Sindh Bank Limited	Common directorship	Profit on bank balances Net contribution	257,626	780,542	218,710 3,622,217	818,928 2,186,829
	directorship	Gross contribution Claims paid	-	-	3,298,304 872,295	2,077,615 720,568
Sindh Modarba Management Limited	Common directorship	Net contribution Gross contribution Claims paid			925,256 885,420 979,410	381,681 310,683 237,797
Balances outstanding	as at					
Sindh Bank Limited	Common directorship	Cash and bank Due from takaful	4,219,931	7,818,903	11,175,589	1,916,710
		contract holder Claims payable	-	-	170,568 788,540	312,476 123,850
Sindh Modarba Management	Common directorship	Due from takaful contract holder	-	-	-	8,328
Limited	·P	Claims payable	-	-	155,000	278,663

35.1 Onorador's Eurol							
perator s rund				2021			
	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Treaty	Total
			-	Rupees			
Wakala fee Management expenses Commission expenses Net commission and expenses Modarib's share of PTF investment income Net investment income Other income Direct expenses Profit before tax	126,735 (125,331) (8,788) (134,118) (7,383)	15,140 (14,444) (1,013) (15,457) (317)	3,671,552 (1,803,863) (126,480) (1,930,342) 1,741,210	594,375 (737,351) (51,700) (194,677) (194,677)	550,605 (576,083) (40,393) (616,475) (65,870)		4,958,407 (3,257,071) (228,373) (3,485,444) 1,472,963 1,472,963 1,696,161 262,948 (293,307) 3,507,107
Corporate segment assets Corporate un-allocated assets Total assets Corporate segment liabilities Corporate un-allocated liabilities Total liabilities	1,094,542 270,456	126,142 31,169	15,753,551 3,892,631	6,439,461 1,591,161	5,031,063 1,243,153	ı ı	28,444,759 44,013,795 72,458,554 7,028,570 1,036,732 8,065,302

				2020			
	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Treaty	Total
				Rupees			
Wakala fee Management expenses Commission expenses Net commission and expenses	191,712 (48,996) 1,354 (47,642) 141,070	16,468 6,201 10,984 17,185 33,653	4,825,598 (2,666,692) (16,112) (2,682,804) 2,142,704	399,353 (303,764) (303,764) (303,764) 05,580	143,629 (116,971) 30,166 (86,805) 56,820		5,576,760 (3,130,223) (26,392) (3,156,615) 2,420,145
Modarib's share of PTF investment income Net investment income Other income Other expenses Profit before tax		55					2,720,770 374,620 4,052,341 1,128,577 (208,950) 7,766,733
Corporate segment assets Corporate un-allocated assets Total assets	343,523	(43,475)	18,696,719	2,129,753	820,108	ı	21,946,628 46,065,496 68,012,124
Corporate segment liabilities Corporate un-allocated liabilities Total liabilities	86,639	(10,965)	4,715,427	537,137	206,836		5,535,074 750,571 6,285,645

				2021			
	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Treaty	Total
				Rupees			
Segment results							
Contribution receivable	765,064	85,500	11,665,881	4,365,232	3,421,675	I	20,303,352
Less: Federal exercise duty Federal insurance fee	(21,519) (1658)	1 1	(917,455) (70.573)	- (526)	(10,760) (830)	1 1	(949,734) (73.587)
Gross written contribution	741,887	85,500	10,677,853	4,364,706	3,410,085	•	19,280,031
Direct contribution	(254,683)	I	(10,366,964)	(4,349,706)	(1,168,086)	I	(16,139,439)
Facultative inward contribution	(478,720)	(85,500)	(229,140)		(208,207)	ı	(1,001,567)
Administrative surcharge	(8,484)	I	(81,749)	(15,000)	(12,510)	I	(117,743)
-	(741,887)	(85,500)	(10,677,853)	(4,364,706)	(1,388,803)	I	(17,258,749)
Wakala expense	(126,735)	(15,140)	(3,671,552)	(594, 375)	(550,605)	•	(4,958,407)
lakatul contribution earned	388,683	45,423	6,900,335	1,798,120	1,733,524	I	10,916,085
Net takaful contribution	(12.016)	45.423	4.057.684	1.798.120	55.203		5.944.414
Rebate from re-takaful operators	92,157	1	1,874		397,527	I	491,558
Net underwriting income	80,141	45,423	4,059,558	1,798,120	452,730	I	6,435,972
Takaful claims	(19,465)	(12,795)	(1,967,767)	(2,171,905)	(5,170,020)	I	(9,341,952)
Re-takaful and other recoveries	9,315	1	(351,449)		3,901,421	I	3,559,287
Net claims Direct expenses	(10,150)	(12,795)	(2,319,216)	(2,171,905)	(1,268,599)	I	(5,782,665) (264)
Surplus before investment income Investment Income	69,991	32,628	1,740,342	(373,785)	(815,869)	1	653,043 1,622,964
Other Income Less: Modarib's share of investment income Surplus for the period							569,199 (368,342) 2,476,864
Corporate segment assets Corporate un-allocated assets Total assets	481,873	55,534	6,935,519	2,834,980	2,214,931	I	12,522,837 58,039,714 70,562,551
Corporate segment liabilities Corporate un-allocated liabilities Total liabilities	2,175,093	250,672	31,305,738	12,796,612	9,997,818	I	56,525,933 5,645,940 62,171,873

35.2 Participants' Takaful Fund

				2020			
	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Treaty	Total
				Rupees			
Segment results Contribution receivable Less: Federal exercise duty Federal insurance fee	274,410 (21,519) (1,658)	(31,795) -	14,661,736 (917,455) (70,573)	1,558,105 - (526)	611,370 (10,760) (830)		17,073,826 (949,734) (73,587)
Gross written contribution	251,233	(31,795)	13,673,708	1,557,579	599,780	1	16,050,505
Direct contribution Facultative inward contribution	386,660 (149,761)	_ (31,795)	13,691,267 (109,965) 62,406	1,552,579 - 5 000	380,127 209,852 0 901	1 1	16,010,633 (81,669) 121,511
	251,233	(31,795)	13,673,708	1,557,579	599,780		16,050,505
Wakala expense Takaful contribution earned	(191,712) 589,497	(16,468) 49,407	(4,825,598) 9,055,874	(399,353) 1,203,051	(143,629) 470,222	1	(5,576,760) 11,368,051
Re-takaful expense	(725,329)	(44,648)	(3,241,035) 5 814 830	1 202 051	(310,617)	I	(4,321,629) 7 046 422
Rebate from re-takaful operators	154,225	10,270	43,092		71,440		279,027
Net underwriting income	18,393	15,029	5,857,931	1,203,051	231,045	•	7,325,449
Takaful claims Re-takaful and other recoveries	6,497 (939)	(1,706)	(4,813,358) 862.500	(368,235) -	1,938 -	1 1	(5,174,864) 861.561
Net claims Direct expenses	7,436	(1,706)	(5,675,858)	(368,235)	1,938	I	(4,313,303) (1,411)
Commission expense Management expense							I I
contribution defiency expense Surplus before investment income Not invoctment income	25,829	13,323	182,073	834,816	232,983	1	3,010,735
Net investment income Investment Income Other Income Less: Modarib's share of investment income Surplus for the period							937,872 1,638,039 (375,620) 5,212,026
Corporate segment assets Corporate un-allocated assets Total assets	690 [°] 069	(12,538)	5,391,963	614,200	236,512	I	6,329,206 38,753,374 45,082,580
Corporate segment liabilities Corporate un-allocated liabilities Total liabilities	581,922	(73,646)	31,671,908	3,607,763	1,389,248	ı	37,177,196 1,990,572 39,167,768

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36. MOVEMENT IN INVESTMENT

	Held to maturity	Available for sale	Total
		Rupees	
Operator's Fund			
As at January 01, 2020	9,628,373	41,556,128	51,184,501
Additions	-	1,299,598	1,299,598
Deletions	(9,628,373)	(28,714,249)	(38,342,622)
Fair Value net gain	-	(939,601)	(939,601)
-	(9,628,373)	(28,354,252)	(37,982,625)
As at December 31, 2020	-	13,201,876	13,201,876
Additions	-	624,453	624,453
Fair value gain	-	110,341	110,341
	-	734,794	734,794
As at December 31, 2021	-	13,936,670	13,936,670
Participants' Takaful fund			
As at January 01, 2020	-	1,696,522	1,696,522
Additions	-	150,529	150,529
Fair Value loss	-	(17,765)	(17,765)
		132,764	132,764
As at December 31, 2020	-	1,829,286	1,829,286
Additions	-	112,563	112,563
Fair value loss	-	(998)	(998)
		111,565	111,565
As at December 31, 2021	-	1,940,851	1,940,851

37 MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The risks involved with financial instruments and the Operator's approach to managing such risks are discussed below.

37.1 Takaful risk

The risk under a takaful contract is the possibility that the covered event occurs and the uncertainty of the amount of the resulting claim. By the very nature of a takaful contract, this risk is random and therefore unpredictable. The principal risk faced under such contracts is the occurrence of the covered events and the severity of reported claims. The Operator's risk profile is improved by diversification of these risks of losses to a large portfolio of contracts as a diversified portfolio is less likely to be affected by an unexpected event in single subset.

The Operator principally issues the general takaful cover. Risks under these policies usually cover a twelve month duration. For general takaful contracts, the most significant risks arise from motor.

Underwriting limits and retention policies and procedures precisely regulate who is authorized and accountable for concluding takaful and retakaful contracts and at what conditions. Compliance with these guidelines is regularly checked and developments in the global, regional and local markets are closely observed, reacting where necessary with appropriate measures that are translated without delay into underwriting guidelines, if required.

The primary risk control measure in respect of the takaful risk is the transfer of the risks to third parties via retakaful. The retakaful business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

37.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical factors, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described.

The Operator monitors concentration of takaful risks primarily by class of business. The table below sets out the concentration of the claims and takaful liabilities (in percentage terms) by class of business as at the reporting date:

		20	21			20	20		
Class of business	Gross claims liability	Net claims liability	Gross contribution liability	Net contribution liability	Gross claims liability	Net claims liability	Gross contribution liability	Net contribution liability	
			%				%		
Fire and property damage	0.17%	0.26%	3.39%	0.69%	0.16%	0.19%	1.97%	0.76%	
Marine, aviation and transport	0.14%	0.22%	0.22%	0.25%	0.04%	0.05%	0.00%	0.00%	
Motor	40.85%	63.40%	58.93%	66.50%	92.54%	92.64%	83.24%	86.00%	
Accident and Health	11.41%	17.72%	25.95%	29.28%	4.96%	4.36%	12.03%	12.49%	
Miscellaneous	47.43%	18.41%	11.51%	3.27%	2.30%	2.75%	2.76%	0.75%	

37.1.2 Retakaful arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and nonproportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Operator.

In compliance with regulatory requirements, the reinsurance agreements are duly submitted to the SECP on an annual basis.

The Operator's class wise major risk exposure is as follows:

	Gross sum insured	Reinsurance	Net exposure of risk	Net exposure of risk
		2021		2020
		Ruj	pees	
Fire and property	37,600,000	33,840,000	3,760,000	6,000,000
Marine, aviation and transport	50,000,000	-	50,000,000	6,010,399
Motor	6,600,000	-	6,600,000	4,224,750
Accident and health	1,000,000	-	1,000,000	26,033
Miscellaneous	30,121,157	7,530,289	22,590,868	4,929,656
	125,321,157	41,370,289	83,950,868	21,190,838

The primary risk control measure in respect of the takaful risk is the transfer of the risks to third parties via re-takaful. The retakaful business ceded is placed on a proportional and non proportional basis with retention limits varying by lines of business.

Retakaful is used to manage takaful risk. Although the Operator has retakaful arrangements, it does not, however, discharge the Operator's liability and thus a credit risk exposure remains with respect to retakaful ceded to the extent that any retakaful operator may be unable to meet its obligations under such retakaful arrangements. The Operator minimizes such credit risk by entering into retakaful arrangements with retakaful operators having good credit ratings, which are reviewed on a regular basis. The creditworthiness of retakaful operators is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

37.1.3 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.

An estimated amount of the claim is recorded immediately on the intimation to the operator. 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 recognised claim liabilities. The operator 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.

37.1.4 Key assumptions

The principal assumption underlying the liability estimation of IBNR is that the Operator's future claim development will follow similar market pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which reporting pattern will not apply in future. The judgment includes external factors such as treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

37.1.5 Sensitivity analysis

"The Operator believes that the claim liabilities under takaful contracts outstanding at the period end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analysed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant.

	Pre-tax p	rofit	Shareholders' e	quity
	2021	2020	2021	2020
	Rup	ees	Rupees	3
10% increase in loss Fire and property damage	(1,015)	556	(721)	395
Marine, aviation and transport	(1,280)	(171)	(908)	(121)
Motor	(231,922)	(395,086)	(164,664)	(280,511)
Accident and health	(217,191)	(36,824)	(154,205)	(26,145)
Miscellaneous	(126,860)	194	(90,071)	138
	(578,267)	(431,331)	(410,569)	(306,245)
	Pre-tax p	rofit	Shareholders' e	quity
	2021	2020	2021	2020
	Rup	ees	Rupees	s
10% decrease in loss				
Fire and property damage	1,015	(556)	721	(395)
Marine, aviation and transport	1,280	171	908	121
Motor	231,922	395,086	164,664	280,511
Accident and health	217,191	36,824	154,205	26,145
Miscellaneous	126,860	(194)	90,071	(138)
	578,267	431,331	410,569	306,245

37.2 Financial risk

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

37.2.1 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Operator's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. In the case of the Operator, the liquidity level remained on satisfactory level during the year and Operator did not face any difficulty in generation of liquidity.

The following are the contractual maturities of financial liabilities on an undiscounted cashflow basis:

	Carrying amount	Contractual cash flows	Upto one year	Greater than one year
		202	1	
Operator's Fund		Rupe	es	
Financial liabilities				
Other creditors	741,450	741,450	741,450	-
Participants' Takaful Fund				
Financial Liabilities				
Outstanding claims	6,437,723	6,437,723	6,437,723	-
Takaful / re-takaful payables	5,654,251	5,654,251	5,654,251	-
Payable to OPF	8,476,952	8,476,952	8,476,952	-
Other creditors and accruals	5,355,842	5,355,842	5,355,842	-
	25,924,768	25,924,768	25,924,768	-
	Carrying amount	Contractual cash flows	Upto one year	Greater than one year
		202	:0	
		Rupe	es	
Operator's Fund				
Financial liabilities Other creditors and accruals	220,410	220,410	220,410	-
Participants' Takaful Fund				
Financial Liabilities				
Outstanding claims	3,333,290	3,333,290	3,333,290	-
Takaful / re-takaful payables	2,645,355	2,645,355	2,645,355	-
Payable to OPF	2,814,110	2,814,110	2,814,110	-
Other creditors and accruals	1,681,516	1,681,516	1,681,516	-
	10,474,271	10,474,271	10,474,271	-

37.2.2 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. The Operator manages the market risk through diversification of the investment portfolio and by following the internal guidelines established by the investment committee. Market risk comprises of three types of risk: currency risk, profit rate risk and price risk.

a) Profit rate risk

arises from mismatching of financial assets and liabilities that mature or repaid in a given year. The Operator manages this mismatch through risk management strategies where significant Profit rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market profit rates. Sensitivity to profit rate risk changes in gap position can be adjusted. At the reporting date, the profit rate profile of the Operator's significant profit bearing financial instruments was as follows:

				7	2021			
			Profit bearing		-	Non-profit bearing		
Operator's Fund	Effective yield / profit rate	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
					Rupees			
Financial assets								
Investments								
Equity securities		·	·	I	13,936,670	·	13,936,670	13,936,670
Term deposits	3.81%-7%	25,810,000	·	25,810,000	·	ı	I	25,810,000
		25,810,000	•	25,810,000	13,936,670	•	13,936,670	39,746,670
Qard-e-Hasna to Participant's Takaful Fund		ı	ı	ı	ı	18,500,000	18,500,000	18,500,000
Loans and other receivable		ı	ı	ı	824,762	ı	824,762	824,762
Receivable from PTF		ı	ı	ı	8,476,952	ı	8,476,952	8,476,952
Cash and bank	4%-4.25%	4,267,125	ı	4,267,125	ı	I	ı	4,267,125
		30,077,125	 	30,077,125	23,238,384	18,500,000	41,738,384	71,815,509
Financial liabilities								
Other creditors and accruals					741,450		741,450	741,450
On balance sheet dap (a)		30.077.125		30.077.125	741,450 22.496.934	18.500.000	741,450 40.996.934	741,450 71.074.059
Off balance sheet financial instrument		I	I	·	ı	ı	I	ı
Off balance sheet gap (b)		1	1	1			1	1
Total interest rate sensitivity gap (a) + (b)		30,077,125		30,077,125				
Cumulative interest rate sensitivity gap		30,077,125						

				2	2020			
	T 66 + i :		Profit bearing		-	Non-profit bearing		
Operator's Fund	Effective yield / profit rate	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	-				Rupees			
Financial assets								
Equity securities			I	ı	13,201,876	I	13,201,876	13,201,876
Term deposits	5.52%-6.52%	25,000,000	,	25,000,000	,	ı	•	25,000,000
		25,000,000	ı	25,000,000	13,201,876	I	13,201,876	38,201,876
Qard-e-Hasna to Participant's								
		I			000 100	10,000,000	10,000,000	000,000
Loans and other receivable		I	ı	I	861,929	I	861,929	861,929
Receivable from PTF		ı	ı	·	2,814,110	·	2,814,110	2,814,110
Cash and bank	3.4%-6.75%	7,863,620	I	7,863,620	1		Ţ	7,863,620
		32,863,620		32,863,620	16,877,915	18,000,000	34,877,915	67,741,535
Financial liabilities								
Payable to OPF		I	I	I	I			
Takaful/ Retakaful payables		I	I	I	I			
Other creditors and accruals					220,410		220,410	220,410
					220,410		220,410	220,410
On balance sheet gap (a)		32,863,620	•	32,863,620	16,657,505	18,000,000	34,657,505	67,521,125
Off balance sheet financial instrument		ı	ı	'	ı	ı	ı	
Off balance sheet gap (b)			-	-	-			-
Total interest rate sensitivity gap (a) + (b)		32,863,620		32,863,620				
Cumulative interest rate sensitivity gap		32,863,620	-					

				N	2021			
			Profit bearing			Non-profit bearing	g	
Participants' Fund	Effective yield / profit rate	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	-				Rupees			
Financial assets								
Investments								
Equity securities		ı	I	ı	1,940,851	ı	1,940,851	1,940,851
Term deposits	3.81%-7%	44,918,000	ļ	44,918,000	I	I	I	44,918,000
Takaful / retakaful receivables		I	I	ı	4,861,643	I	4,861,643	4,861,643
Loan and other receivable		ı	ı	ı	1,859,926	ı	1,859,926	1,859,926
Cash and bank	3-4.5%	11,180,863	I	11,180,863	ı	ı	ı	11,180,863
		56,098,863		56,098,863	8,662,420		8,662,420	64,761,283
Financial liabilities								
Payable to OPF		I	I	I	8,476,952	I	8,476,952	8,476,952
Takaful / Retakaful payables		I	I	I	5,654,251	I	5,654,251	5,654,251
Other creditors and accruals		•	•	1	5,645,940	•	5,645,940	5,645,940
On balance sheet gap (a)		56,098,863		56,098,863	(11,114,723)		19,777,143 (11,114,723)	19,777,143
Off balance sheet financial instrument			·	I	ı	I	·	·
Off balance sheet gap (b)		I	I	ı	1	1		ı
Total interest rate sensitivity gap (a) + (b)		56,098,863		56,098,863				
Cumulative interest rate sensitivity gap		56,098,863	.					

				0	2020			
			Profit bearing			Non-profit bearing	D	
Participants' Fund	Effective yield / profit rate	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	-				Rupees			
Financial assets								
Investments								
Equity securities		ļ	I	I	1,829,286	I	1,829,286	1,829,286
Term deposits	5.52%-6.52%	35,000,000	I	35,000,000	I	I	I	35,000,000
Tablada (solatoda) solatoda (solatoda)		I	I		1 720 786		1 720 785	100 795
lakalul / retakalul recelvables		I	I	ı	1,120,100	I	1,120,100	1,120,100
Loan and other receivable		ı	ı	I	985,174	I	985,174	985,174
Cash and bank	3.53%-5.51%	1,924,087	ı	1,924,087	I	I	ı	1,924,087
		36,924,087		36,924,087	4,535,245	•	4,535,245	41,459,332
Financial liabilities								
Payable to OPF		I	ı	ı	2,814,110	I	2,814,110	2,814,110
Takaful / Retakaful payables		I	ı	ı	2,645,355	I	2,645,355	2,645,355
Other creditors and accruals		ı	I	I	1,990,572	I	1,990,572	1,990,572
		.			7,450,037		7,450,037	7,450,037
On balance sheet gap (a)		36,924,087	1	36,924,087	(2,914,792)	• • • • • • • • • • • • • • • • • • •	(2,914,792)	34,009,295
Off balance sheet financial instrument		I	ı	I	I	I	I	ı
Off balance sheet gap (b)		.	.	•				
Total interest rate sensitivity gap (a) + (b)		36,924,087	I	36,924,087				
Cumulative interest rate sensitivity gap		36,924,087	-					

The financial instruments of the Operator can be classified into fixed rate instruments and variable rate instruments as shown below:

		2021		2020
	Operator's Fund	Participants' Fund	Aggregate	Aggregate
		Rup	Dees	
Fixed rate instruments Financial assets	-	-	-	-
	-	-	-	-
Variable rate instruments				
Financial assets	30,077,125	56,098,863	86,175,988	69,787,707
	30,077,125	56,098,863	86,175,988	69,787,707

Sensitivity analysis for fixed rate instruments

The Operator does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore, a change in profit rates at reporting date would not affect statement of profit or loss.

Sensitivity analysis of variable rate instruments

Presently, the Operator does not hold any variable rate instrument and is not exposed to profit rate risk except for balances in certain profit and loss sharing accounts and term deposits, the profit rate on which range between 3.81% to 7% per annum.

An increase of 100 basis points in interest rates would have increased the profit and loss by the amounts shown below. Reduction in interest rates by 100 basis points would have an opposite impact. This analysis assumes that all variables remain constant. The analysis has been performed on the same basis for the comparative period.

	Profit for	the period	Total e	quity
Operator's Fund	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at December 24, 2024		Rup	ees	
As at December 31, 2021 Sensitivity	300,771	(300,771)	213,548	(213,548)
As at December 31, 2020				
Sensitivity	328,636	(328,636)	233,332	(233,332)

	Surplus for	r the period	Total ed	quity
Participant's Takaful Fund	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at December 31, 2021		Ru	pees	
Sensitivity	560,989	(560,989)	398,302	(398,302)
As at December 31, 2020				
Sensitivity	369,241	(369,241)	262,161	(262,161)

Above sensitivities are calculated on the assumption that all factors remain constant except profit rates and resulting variation in fair values of the investments and impact on the profit and loss account.

The Operator monitors the profit rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities.

The Operator's policy requires the management to manage this risk by measuring the mismatch of the profit rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed profit securities.

The average effective duration of the Operator's portfolio is a measure of the sensitivity of the fair value of the Operator's fixed profit securities to changes in market profit rates.

The Operator's policy refrains from holding profit bearing instruments that induce the average effective duration of the fixed profit portfolio to pass the benchmark of the average duration.

b) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit 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 Operators and Participants equity investments amounting to Rs. 13.936 million and Rs. 1.941 million respectively are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Operator limits market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets.

The table below summarizes Operators market price risk as of December 31, 2021 and 2020. It shows the effect of a 10 % increase and 10 % decrease in the market prices of equity investments as on those dates on Operators' profit and equity. Had all equity investments been measured at fair values as required by IAS 39, Financial Instrument: Recognition and measurement, the impact of hypothetical change would be as follow:

		Estimat	ed Fair value	Effect of F	air value	
Operators' Fund	Fair value	10% increase	10% decrease	10% increase	10% decrease	
		RupeesRupees				
As at December 31, 2021 Sensitivity	13,936,670	15,330,337	12,543,003	1,393,667	(1,393,667)	

		Estimate	ed Fair value	Effect of F	air value
Participants' Takaful Fund	Fair value	10% increase	10% decrease	10% increase	10% decrease
			Rupe	es	
As at December 31, 2021 Sensitivity	1,940,851	2,134,936	1,746,766	194,085	(194,085)

c) 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 Operators, at present, is not materially exposed to currency risk as majority of the transactions are carried out in Pakistan Rupees.

37.2.3 Credit risk

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Operator by failing to discharge an obligation. The Operator's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at December 31, 2021 is the carrying amount of the financial assets as set out below:

		2021		2020
	Operator's Fund	Participants' Fund	Aggregate	Aggregate
		Rup	ees	
Nature of financial assets				
Bank balances	4,267,125	11,180,863	15,447,988	9,787,707
Investments				
Equity securities	13,936,670	1,940,851	15,877,521	15,031,162
Term deposits	25,810,000	44,918,000	70,728,000	60,000,000
	39,746,670	46,858,851	86,605,521	75,031,162
Qard-e-Hasna to Participants' Takaful Fund	18,500,000	-	18,500,000	18,000,000
Loans and other receivable	824,762	1,859,926	2,684,688	1,847,103
Receivable from PTF	8,476,952	-	8,476,952	2,814,110
Takaful / retakaful receivables	-	4,861,643	4,861,643	1,720,785
	71,815,509	64,761,283	136,576,792	109,200,867

Provision for impairment is made for doubtful receivables according to the Operator's policy. The impairment provision is written off when the Operator expects that it cannot recover the balance due.

The age analysis of due from insurance contract holders from other than related parties is as follows:

	2021	2020
	Ru	ipee
Upto 3 months	-	63,742
4 to 6 months	-	-
7 to 12 months	74,813	209,852
More than 12 months	63,742	230,862
	138,555	504,456

The age analysis of due from insurance contract holders with respect to related parties is as follows:

Upto 3 months	170,568	317,921
4 to 6 months	-	-
7 to 12 months	-	2,882
More than 12 months	21,009	-
	191,577	320,803

Concentration of credit risk

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Operator's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Provision for impairment is made for doubtful receivables according to the Operator's policy. The remaining past due balances were not impaired as they relate to a number of policy holders and other takaful / retakaful operators for whom there is no history of default. The credit quality of the financial assets can be assessed with reference to external credit ratings as follows:

Name of the company Long term Short term Rating agency Cash at bank A+ A-1 JCR-VIS Sindh Bank Limited A+ A-1 JCR-VIS Sindh Bank Limited A A-1 JCR-VIS NRSP Microfinance Bank Limited A A-1 JCR-VIS NRSP Microfinance Bank Limited A A-1 JCR-VIS Investments AAA A-1+ PACRA-VIS Mutual funds A+(f) - VIS Meezan Sovereign Fund AA-(f) - VIS	Rating		2021		2020
k Limited A+ A-1 JCR- rofinance Bank Limited A A-1 JCR- A A-1 JCR- A-1 JCR- ank Limited AA A-1+ PACRA- ank Limited AA+ (f) - tic Income Fund A+ (f) -		ing Operator's icy Fund	Participants' Fund	Aggregate	Aggregate
k Limited A+ A-1 JCR- rofinance Bank Limited A A-1 JCR- ank Limited AA A-1+ PACRA- ank Limited AA A-1+ PACRA- ds A-(f) - AA-(f) -	-		R	Rupees	
hk Limited A+ A-1 JCR- AA A-1 JCR- AAA A-1+ JCR- AAA A-1+ PACRA- nd $A+(f)$ - $A+(f)$					
nk Limted A A-1 JCR- AAA A-1+ PACRA- nd A+ (f)		/IS 4,219,931	11,175,589	15,395,520	9,735,613
AAA A-1+ PACRA- nd A+(f) - AA-(f) -	-	/IS 47,194	209	47,403	45,044
AAA A-1+ PACRA- nd A+(f) - AA-(f) -		4,267,125	11,175,798	15,442,923	9,780,657
Sank Limited AA A-1+ PACRA- ads A+ (f) AA-(f) AA-(f) -					
lds lic Income Fund A+ (f) - covereign Fund AA-(f) -		/IS 25,810,000	44,918,000	70,728,000	60,000,000
nds lic Income Fund A+ (f) - covereign Fund AA-(f) -					
A+ (f)					
A+ (f)					
AA-(f) -	-	/IS 13,936,670	ı	13,936,670	13,201,876
		- Sl/	1,940,851	1,940,851	1,829,286
		13,936,670	1,940,851	15,877,521	15,031,162

Impaired assets

The provision for impairment is written-off when the Operator expects that it cannot recover the balance due. During the year, no receivable balances were provided for or impaired.

38 CAPITAL RISK MANAGEMENT

The objectives, policies and processes for managing capital of the Operator are as follows:

- to be an appropriately capitalized institution, as defined by regulatory authorities and comparable to the peers:
- maintain strong rating and to protect the Operator against unexpected events;
- availability of adequate capital at reasonable cost so as to enable the Operator to expand; and
- achieve low cost of capital with appropriate mix of capital elements.

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Operator is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Operator is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Operator to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input for which the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input for which the fair value measurement is unobservable.

39.1 Fair value of financial instruments

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

					2021					
			Carrying	Carrying amount				Fair value	alue	
Operator's Fund	Held-to- maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
			Ru	Rupees				(Rupees)	ees)	
Financial assets measured at fair value										
Investments										
Equity securities	I	13,936,670	I	ı	ı	13,936,670	13,936,670	ı		13,936,670
Financial assets not measured										
at fair value										
Investments										
Term deposits	25,810,000	I	I	I	I	25,810,000				
Loans and other receivable*	Ţ	I	824,762	I	I	824,762				
Qard-e-Hasna to Participants'										
Takaful Fund (PTF)	I		ı	18,500,000		18,500,000				
Takaful / re-takaful receivable*	I		ı	ı	•					
Prepayments										
Receivable from PTF	Ţ	I	8,476,952	I	I	8,476,952				
Cash and bank balance*	I	I	I	4,267,125	I	4,267,125				
	25,810,000	13,936,670	9,301,714	22,767,125	I	71,815,509	13,936,670	ı		13,936,670
Financial liabilities not measured										
at fair value										
Other creditors and accruals*					(741,450)	(741,450)				
	25,810,000	13,936,670	9,301,714	22,767,125	(741,450)	71,074,059	13,936,670			13,936,670

					2020					
			Carrying	Carrying amount				Fair value	/alue	
Operator's Fund	Held-to- maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
			Ru	RupeesRupeesRupees				(Rup		
Financial assets measured at fair value										
Investments										
Equity securities	I	13,201,876	I	ı	I	13,201,876	13,201,876	I		13,201,876
Financial assets not measured										
at fair value										
Investments										
Term deposits	25,000,000	I	ı	I	I	25,000,000				
Loans and other receivable*	ı	ı	861,929	ı	ı	861,929				
Takaful fund (PTF)	ı	ı	I	18,000,000	I	18,000,000				
Receivable from PTF		ı	2,814,110	ı	ı	2,814,110				
Cash and bank balance*	•	•	•	7,863,620		7,863,620				
	25,000,000	13,201,876	3,676,039	25,863,620	I	67,741,535	13,201,876	•	-	13,201,876
Financial liabilities not measured										
at fair value										
Other creditors and accruals*	I	I	I	ļ	(220,410)	(220,410)				
	25,000,000	13,201,876	3,676,039	25,863,620	(220,410)	67,521,125	13,201,876	•	-	13,201,876

					2021					
			Carrying	Carrying amount				Fair value	alue	
Participants' Takaful Fund	Held-to- maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
			Ru	Rupees				(Rupees)	ees)	
Financial assets measured										
at fair value										
Investments										
Equity securities	ı	1,940,851				1,940,851	1,940,851		I	1,940,851
Financial assets not measured										
at fair value										
Investments										
Term deposits	44,918,000	I	I	ı	ı	44,918,000				
Loans and other receivable*	ı	I	1,859,926	ı	ı	1,859,926				
Takaful / re-takaful receivable*	•	·	4,861,643	•	•	4,861,643				
Deferred wakala fee expense*	I	I	3,436,813	I	ı	3,436,813				
Prepayments*	ı	I	1,277,921	ı	ı	1,277,921				
Cash and bank balance*		I	I	11,180,863	I	11,180,863				
	44,918,000	1,940,851	11,436,303	11,180,863	ı	69,476,017	1,940,851	ı	ı	1,940,851
Financial liabilities not measured										
at fair value										
Outstanding claims including IBNR	ı	I	ı	ı	(10, 895, 048)	(10,895,048)				
Unearned contribution reserve	ı	I	I	ı	(11,224,443)	(11,224,443)				
Qard-e-Hasna to Participants'										
Takaful Fund (PTF)	ı	I	I	ı	(18,500,000)	(18,500,000)				
Payable to OPF	ı	I	I	I	(8,476,952)	(8,476,952)				
Takaful / retakaful payable	·	I	ı	·	(5,654,251)	(5,654,251)				
Other creditors and accruals*	I	I	I	I	(5,645,940)	(5,645,940)				
	44,918,000	1,940,851	11,436,303	11,180,863	(60,396,634)	9,079,383	1,940,851			1,940,851

					2020					
			Carrying amount	amount				Fair value	alue	
Participants' Takaful Fund	Held-to- maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
			Ru					(Rupees)	ees)	
Financial assets measured						-				
at fair value										
Entry socurities		1 820 286				1 820 286	1 800 286			1 870 786
Einancial assets not measured		1,029,200	I	I	I	1,023,200	1,023,200	ı	I	1,023,500
r manual assets not measured at fair value										
I oans and other receivable*	ŗ	I	985 174	I	ı	985 17 4				
Term deposits	35,000,000					35,000,000				
			7 601 71E			2 601 74E				
Leterred wakala ree expense			2,601,745			2,601,/45				
Prepayments*			286,180			286,180				
Takaful / re-takaful receivable*	I	ļ	1,720,785	I	ī	1,720,785				
Cash and bank balance*	ı	I	ı	1,924,087		1,924,087				
	35,000,000	1,829,286	5,593,884	1,924,087	I	44,347,257	1,829,286	ı	I	1,829,286
Financial liabilities not measured										
at fair value										
Outstanding claims including IBNR	ı	I	I	I	(5,729,876)	(5,729,876)				
Unearned contribution reserve					(7,818,904)	(7,818,904)				
Qard-e-Hasna to Participants'	I	I								
Takaful Fund (PTF)					(18,000,000)	(18,000,000)				
Takaful / retakaful payable	ı		ı		(2,645,355)	(2,645,355)				
Payable to OPF	ı	ı	ı	I	(2,814,110)	(2,814,110)				
Other creditors and accruals*	ı	I	I	I	(1,990,572)	(1,990,572)				
	35,000,000	1,829,286	5,593,884	1,924,087	(38,998,817)	5,348,440	1,829,286	ı	I	1,829,286

40 IMPACT OF COVID-19 ON THE BUSINESS

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these finnancial statements, there has been no specically material quantifiable impact of COVID-19 on the Operator's financial condition or results of operations.

		2021	2020
41	NUMBER OF EMPLOYEES		
	Number of employees at the end of the year Average number of employees	1 1	1 2

42 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, where ever necessary for the purpose of comparison, the effect of which is not material.

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements was authorized for issue on 25 March 2022 by the Board of Directors of the Operator.

44 GENERAL

Figures have been rounded to the nearest Rupees.

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Chairman

Director

Director

Chief Executive Officer

Our Branches

North Region Branch: Escort Bank Building Davis Road, Lahore. Ph: 042-36297709

Interior Sindh: Naudero Branch Larkana Road, Naudero Ph: 74-4047528

Hyderabad Region: Block - D, Unit No. 07 Latifabad, Hyderabad. Ph: 022-3821758

PATTERN OF SHAREHOLDINGS HELD BY THE SHAREHOLDERS OF SINDH INSURANCE LIMITED AS AT DECEMBER 31, 2021

Number of		Share	holding		Shares Held	Percentage
Shareholders		From		То		
1	From	1	То	49,999,991	49,999,991	49.999991
9	From	49,999,991	То	50,000,000	9	0.000009
1	From	50,000,001	То	100,000,000	50,000,000	50.000000
10					100,000,000	100.0000

Categories of Shareholders	Shareholders	Shares Held	Percentage
Associated Company	-	-	-
Banks, Development Finance			
Institutions, Non-Banking Finance			
Companies, Insurance Companies,			
Takaful Companies and Modarabas	-	-	-
Mutual Funds	-	-	-
Other Companies	-	-	-
Shareholding Above 5%			
Governamet of Sindh	1	99,999,991	99.999991
Directors, CEO, Executives and their			
Spouses and Minor Childrens			
Muhammad Bilal Sheikh	1	1	0.000001
Asif Jahangir	1	1	0.000001
Mushtaq Malik	1	1	0.000001
Syed Akhtar UI Islam	1	1	0.000001
Saleem Zamindar	1	1	0.000001
Zahid Hussain	1	1	0.000001
Raja Muhammad Abbas	1	1	0.000001
Khawaja Tajammul Hussain	1	1	0.000001
Hina Marvi	1	1	0.000001
Individuals	-	-	-
Total	10	100,000,000	100.000000

STATEMENT OF DIRECTORS

(As per the requirement of Section 46(6) of the Insurance Ordinance, 2000)

Section 46(6)

- (a) In our opinion the annual statutory accounts of Sindh Insurance Limited set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made there under;
- (b) Sindh Insurance Limited has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements; and
- (c) As at December 31, 2021 Sindh Insurance Limited continues to be in Compliance with provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements.

t,

Chok

Chairman

Director

Director

Chief Executive Officer

Quote Folio No._____

FORM OF PROXY

Eighth Annual General Meeting

I/We		of	
being a mem	ber of Sindh Insurance Lin	nited and holder	of
ordinary share	es, hereby appoint		_ of
or failing him _		of	
who are also	members of Sindh Insurand	ce Limited as my	/our proxy in my/our absence to
attend and vo	te for me/us and on my/our	behalf at the Eigh	th Annual General Meeting to be
held on Frida	y, April 22, 2022 at 9:00 an	n at 1 st Floor, Imp	erial Court, Dr. Ziauddin Ahmed
Road, Karach	i and at any adjournment the	ereof.	
Signed this _		day of	2022
Name Address NIC No.	s:		Please affix Rupees Five Revenue Stamp
Name Address NIC No.			
Passport No.			Signature of Member

Importants: This instrument appointing a proxy, duly completed, must be received by the Company Secretary at the Company's Head Office/Registered Office, 1st Floor, Imperial Court, Dr. Ziauddin Amed Road, Karachi., not later than 48 hours before the time of holding the meeting.

سندهانشورنس كمبيثر فوليونمبرحواليه. نمائندگی (Proxy) فارم آ تھواں سالانہ اجلاس عام میں/ ہم.....بحثیت رکن سند ہوانشورنس کمیٹد اور حامل يان کې غير حاضري کې صورت ميں..... جو که خود بھی سندھانشو نس کمیٹڈ کے رکن ہیں، کو میری/ ہماری غیر موجودگی کی صورت میں بطور میرے/ ہمارےمجاز نمائندہ آٹھویں سالا نہ عام اجلاس ،منعقدہ جعہ، 22 ایریل 2022، 09 بے میچ ، بہقام پہلی منزل امپیریل کورٹ، ڈاکٹر ضیاءالدین احدروڈ، کراچی پاکسی بھی دیگر تجویز کردہ مقام پرشرکت کرنے اور میر 🖉 ہماری طرف سے حق رائے دہی استعال کرنے کے لیے مقرر کرتے ہیں۔ وستخطمورخم گواه -1 دستخط: ـ نام:_ پ**ت**ر:___ قومى شناختى كاردْنمبر: _ ياسپورٹ نمبر: __ برائے مہر بانی پانچ روپے *کے رسیدی ٹکٹ چ*سپاں گواه -2 کریں۔ وستخط:_ نام: _ ي**ة**:__ قومي شناختي كارد نمبر: ياسپورے نمبر: _ دستخط رکن: اہم ترین: تقررنمائنده (Proxy) کی بیدستادیز یکمل پرشده صورت میں کمپنی سیکریٹری کو کمپنی کےصدردفتر /رجسڑ ڈدفتر پہلی منزل امپیریل کورٹ، ڈاکٹر ضاءالدین احمدرد ڈ،کراچی پر اجلاس کے آیناز سے کم از کم اڑتالیس کھنے قبل موصول ہونا ضروری ہے۔

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



Registered / Head Office: 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi - Pakistan. Tel:+92-21-3564 0715 - 17 Fax:+92-21 - 3564 0714

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