



# ANNUAL REPORT 2023

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



**SINDH INSURANCE**

POWER TO THE PEOPLE



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(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
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-  Online Quizzes



## COMPANY INFORMATION

### Board of Directors

Saleem Zamindar (Chairman)  
Kazim Hussain Jatoi  
Mushtaq Malik  
Raja Muhammad Abbas  
Khawaja Tajammul Hussain  
Farhan Ashraf Khan  
Hina Marvi

### Chief Executive Officer

Muhammad Faisal Siddiqui

### Chief Financial Officer & Company Secretary

Nadeem Akhter

### BOARD COMMITTEES

#### Audit Committee

Mushtaq Malik  
Kazim Hussain Jatoi  
Raja Muhammad Abbas

#### Risk Management Committee

Mushtaq Malik  
Raja Muhammad Abbas  
Hina Marvi

#### Human Resources Committee

Khawaja Tajammul Hussain  
Farhan Ashraf Khan  
Saleem Zamindar

#### Procurement & Information Technology Committee

Hina Marvi  
Farhan Ashraf Khan  
Khawaja Tajammul Hussain

#### Nomination Committee

Mushtaq Malik  
Kazim Hussain Jatoi  
Saleem Zamindar

#### Investment Committee

Saleem Zamindar  
Muhammad Faisal Siddiqui  
Nadeem Akhter

### MANAGEMENT COMMITTEES

#### Underwriting Committee

Farhan Ashraf Khan  
Muhammad Faisal Siddiqui  
Nadeem Akhter

### Claim Committee

Raja Muhammad Abbas  
Muhammad Faisal Siddiqui  
Muhammad Sarfraz Awan

### Reinsurance Committee

Saleem Zamindar  
Muhammad Faisal Siddiqui  
Nadeem Akhter

### Risk Management & Compliance Committee

Khawaja Tajammul Hussain  
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 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

Fax : (92-21) 35640714

Email : info@sindhinsuranceltd.com

Website : www.sindhinsuranceltd.com

## *Our Vision*

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



## *Our Mission*



**“ 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  
Bankers Blanket  
Burglary  
Product Liability  
Public Liability  
Workman Compensation  
Commercial General Liability

### Accident & Health

Health Insurance  
Personal Accident Insurance

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



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Power To The People

IFS Rating By  
**PACRA**

**A + +**





# FIRE

## *Fire Insurance*



# MARINE

## *Marine Insurance*



# BURGLARY

## *Burglary Insurance*



# MOTOR

## *Motor Insurance*



# HEALTH

Protection

*Health Insurance*



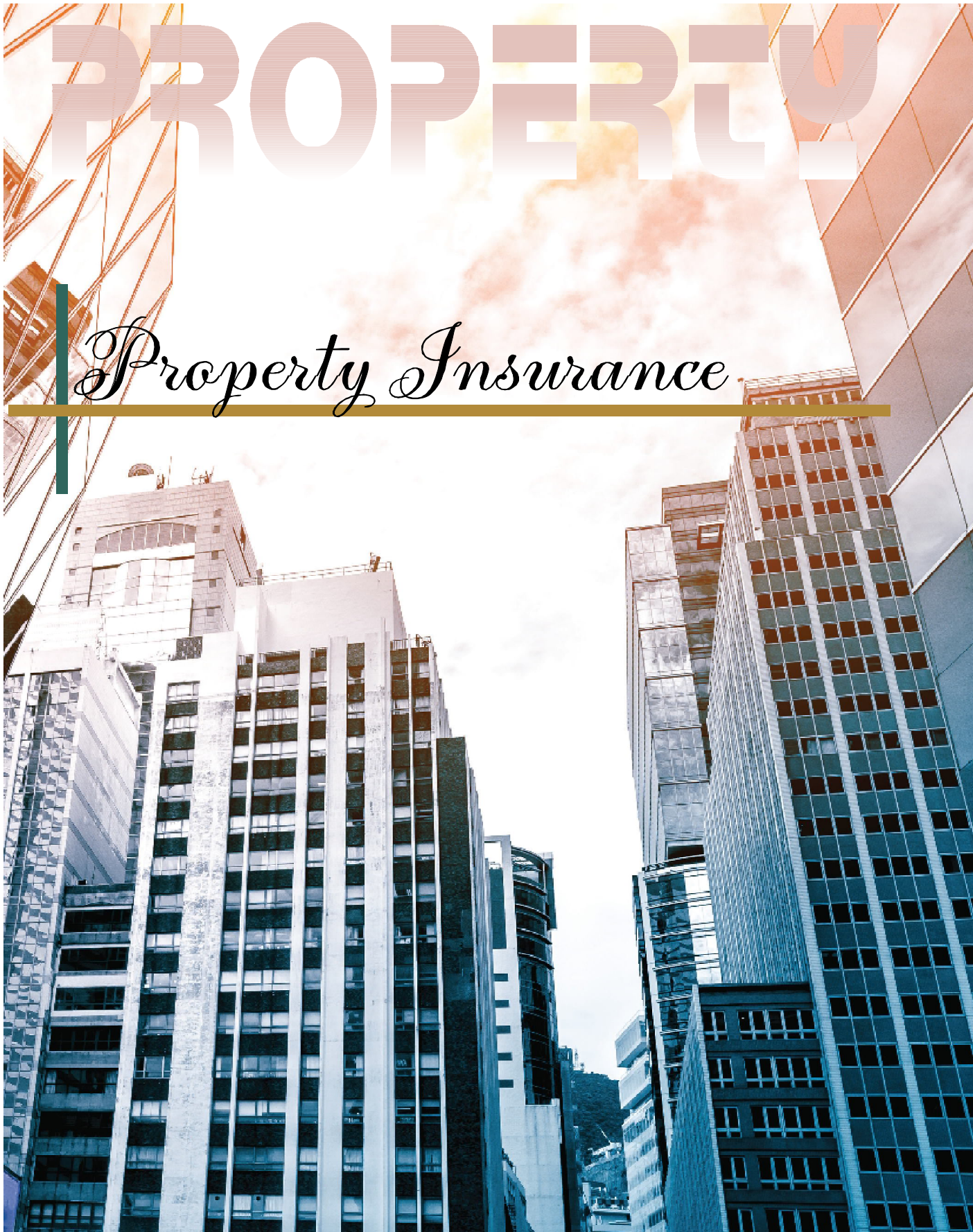
HEALTH  
INSURANCE

Coverage

Risk

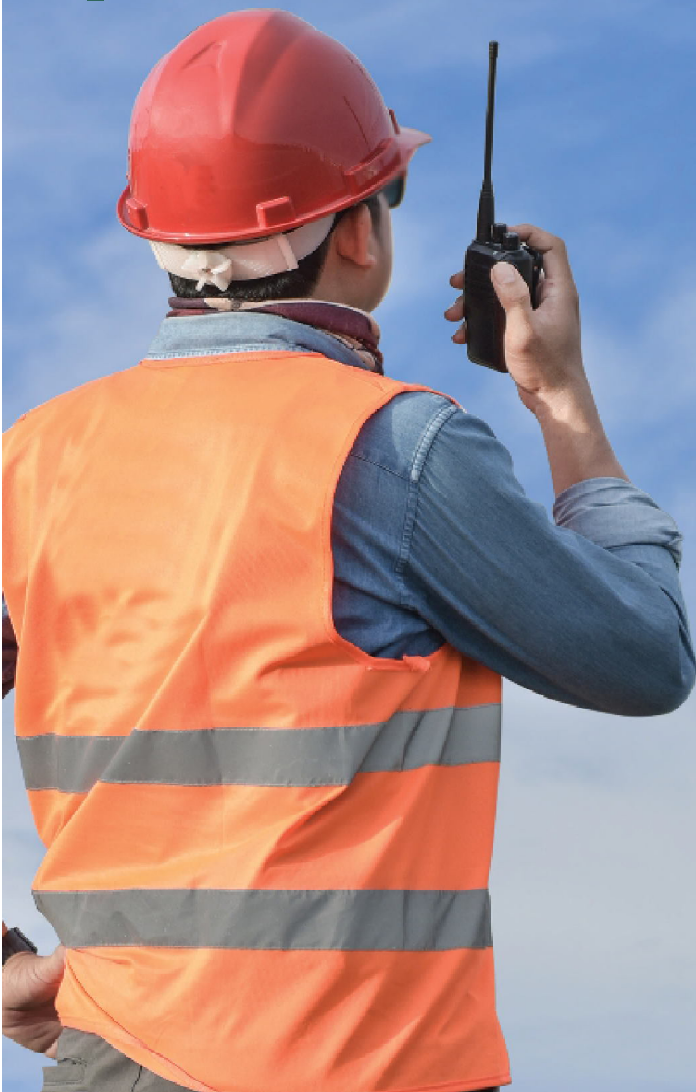
# PROPERTY

## *Property Insurance*



# ENGINEERING

## *Engineering Insurance*



# CROP

## *Crop Insurance*







# Miscellaneous Insurance

# THIRD PARTY

## *Third Party Liability Motor Insurance*





IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

**SINDH INSURANCE**

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**ANOTHER IMPORTANT STEP OF GOVERNMENT OF SINDH**

**UNIVERSAL ACCIDENT INSURANCE SCHEME**

GOVERNMENT OF SINDH IS PAYING AMOUNT OF

**Rs. 100,000/-**

THROUGH SINDH INSURANCE TO THE  
BENEFICIARY AGAINST ACCIDENTAL DEATH

(Terms & Conditions Apply)

### CAUSES OF ACCIDENTAL DEATH

- TERRORISM
- BURNING
- TARGET KILLING
- ELECTRIC SHOCK
- BOMB BLAST
- STAMPEDE
- FIRING
- FLOOD
- BUILDING COLLAPSE
- HURRICANE
- FALL FROM ROOF
- RIOT & CIVIL COMMOTION
- DROWNING
- INDUSTRIAL ACCIDENT
- ROAD/TRAIN/AIR ACCIDENT
- MURDER
- SNAKE BITE
- TOXICATION
- WILD ANIMAL ATTACK
- BY POISONED GAS

**SCHEME IS EFFECTIVE FROM 01ST OCTOBER, 2016**



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

# SINDH INSURANCE

POWER TO THE PEOPLE

## حکومت سندھ کا ایک اور اہم قدم

### UNIVERSAL ACCIDENT INSURANCE SCHEME

حکومت سندھ حادثاتی موت کی صورت میں  
"سندھ انشورنس" کے توسط سے لواحقین کو

# مبلغ ایک لاکھ روپے - Rs. 100,000/-

ادا کر رہی ہے۔ (شرائط و ضوابط لاگو ہیں)

### حادثاتی موت کی وجوہات

- |                   |                            |
|-------------------|----------------------------|
| ■ جلنے / جھلنے سے | ■ دہشت گردی                |
| ■ کرنٹ لگنے سے    | ■ ٹارگٹ کلنگ               |
| ■ بھگدڑ           | ■ بم دھماکہ                |
| ■ سیلاب           | ■ فائرنگ                   |
| ■ طوفان           | ■ عمارت گرنے سے            |
| ■ دنگا فساد سے    | ■ اونچائی سے گر کر         |
| ■ صنعتی حادثہ     | ■ ڈوبنے سے                 |
| ■ قتل             | ■ روڈ، ٹرین یا ہوائی حادثہ |
| ■ زہر سے          | ■ سانپ کے کاٹنے سے         |
| ■ زہریلی گیس سے   | ■ جنگلی جانور کے حملے سے   |

اسکیم کا اطلاق یکم اکتوبر 2016 سے ہے۔

## BOARD OF DIRECTORS

### **SALEEM ZAMINDAR** Chairman / 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 29 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 as Chairman & Member, Board of Directors of several public & 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 Life Member of the Karachi Council on Foreign Relations & Life Member / National Council Executive Committee of English-Speaking Union. Mr. Zamindar attended the World Economic Forum at Davos, Switzerland as part of the Pakistan private sector delegation.

### **DR KAZIM HUSSAIN JATOI** Director - Representing Government of Sindh

Dr. Kazim Hussain Jatoy, a Civil Servant (PAS (BS-21)) and the Finance Secretary for the Government of Sindh, has a distinguished career spanning over 25 years in public service. He has held pivotal roles in various government departments, including Secretary in the Food Department in KPK, Director General at Port Qasim Authority, and Managing Director at Karachi Fish Harbor Authority. Dr. Jatoy's experience also extends to serving as a Member of the Chief Minister Inspection Team and Secretary in Fisheries and Coastal Development in Balochistan. With academic qualifications in MBBS, M.A. in Economics, and L.L.B, Dr. Jatoy's expertise shines through his leadership in finance and governance.

### **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 M. Abbas is a retired senior bureaucrat. He has served in the Government for over two decades and has conducted various seminars and training sessions regularly both at local and international levels.

### **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.

### **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.

### **FARHAN ASHRAF KHAN** Director

Mr. Farhan holds a Master's degree in Mathematics. He started his career in year 1990 and has more than 32 years of impressive experience in Banking Industry having served in PICIC Ltd., MyBank Limited and Sindh Bank Limited at different positions. He retired from Sindh Bank Limited, in the year 2023, as SEVP/ Group Business Head – Central Region having 101 branches, both Conventional and Islamic, being controlled by 7 Area Offices under his supervision.

His major skills includes managing liabilities and assets portfolios of the Bank, credit risk review management, supervision of concerned branches business / activities and managing all human resources matters of concerned branches.

## 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, 2023.

### Tribute to the Founder Chairman of the Company



Mr. Muhammad Bilal Sheikh, the esteemed founder and former President of Sindh Bank Limited, played a pivotal and transformative role in the establishment and growth of Sindh Insurance Limited. His visionary leadership and unwavering dedication were instrumental in shaping the company's organizational structure and formulating robust policies, which laid the solid foundation for its extraordinary success.

Under his astute guidance, Sindh Insurance Limited has rapidly ascended to become the youngest non-life insurance company, boasting an exceptional credit rating of A++ and an impressive equity of Rs. 3.20 billion. This outstanding achievement is a testament to his commitment to sound business principles and his innovative approach to strategic planning.

The Board of Directors, on behalf of the company and its stakeholders, expresses their profound gratitude and heartfelt appreciation for Mr. Muhammad Bilal Sheikh's extraordinary contributions. His legacy will forever serve as an inspiration and guiding light for the company on its journey towards excellence. The Board of Directors humbly prays that Allah, in His infinite mercy, grants Mr. Muhammad Bilal Sheikh a place of utmost honor in Jannah (paradise) as a well-deserved reward for his outstanding contributions to the business community and society at large. May his soul rest in eternal peace, and may his enduring legacy continue to shape the future.

**Country Review**

The economy of Pakistan had achieved high GDP growth of 5.97% during the fiscal year 2022, however, the severe macroeconomic imbalances, flood damages, domestic supply shocks, and international economic slowdown have dampened the economic growth to just 0.29 percent in FY2023. The economy lost momentum in the first quarter of FY2023 due to the severe downturn in the global economy and flash floods of July-August 2022 and as a result the economy suffered from significant domestic supply disruptions which resulted in financial and macroeconomic imbalances. Pakistan's economy had shown periodic 'boom-bust' growth cycles. The reasons for such volatile growth cycles include the wide-ranging economic challenges like shrinking fiscal space, exchange rate pressure, mounting current account deficit, inflation. Political instability in the country also led to a huge increase in economic uncertainty.

The previous government was determined to make growth sustainable by implementing coordinated monetary-fiscal policy. Revival of IMF program also improved the foreign exchange inflows while maintaining fiscal discipline. The monetary policy measures taken by the government are aimed at sustained growth and countering inflationary pressure. Significant uncertainty around the outlook for international commodity prices and global financial conditions, which had been exacerbated by recent devastating flood in Pakistan. In light of increase in inflationary pressure both in energy and non-energy prices and eternal sector SBP has increase Policy Rate over to 22%.

Despite challenging global conditions and devastating flood, the outlook for external sector is improving. The current account deficit shrunk in current year which will help the rupee position in global forex market.

**Company Performance**

During the year under review, it is notable to state that Sindh Insurance's gross premium written crossed one and half billion threshold and reached Rs. 1,784.624 million as compared to the last year gross premium written of Rs. 1,055.482 million with an increase by 69%. The profit before tax has reached to Rs. 998.843 million in 2023 as compared to Rs. 572.370 million in 2022. The earnings per share was 6.10, wherein, last year it was 3.65.

The underwriting results were Rs. 24.595 million as compared to Rs. 34.325 million in year 2022. The investment income increased to Rs. 923.031 million as compared to Rs. 520.840 million. In the market higher rate of returns are prevailing, which played important part for increase in investment income.

Below are key financial figures for last two year:

	2023	2022
Gross Premium	1,784,624,099	1,055,482,041
Net Premium Revenue	271,124,104	202,620,618
Underwriting Results	24,595,077	34,325,458
Investment Income	923,031,441	520,840,420
Profit before tax	998,843,349	572,370,417
Profit after tax	610,004,226	364,810,587
Earning per share	6.10	3.65

**Insurance Sector Review**

Despite a challenging economic environment and political uncertainty, the general insurance industry in Pakistan saw a notable 28% growth in gross written premium (GWP) in 2022, reaching PKR 113 billion. This increase occurred amidst a turbulent economy and was accompanied by a significant devaluation of the Pakistani Rupee (PKR) against the US dollar, which contributed to a high national CPI inflation rate of 21.3% in June 2022 (according to the SBP Inflation Monitor). The devaluation adversely affected Pakistan's import-driven economy, leading to higher prices for commodities and finished goods. The substantial rise in GWP was observed across all lines of business, driven by the mounting inflationary pressures faced by individuals and businesses seeking insurance coverage as a means to mitigate financial risks. The general insurance industry in Pakistan also experienced significant growth in gross written premium (GWP) during the first half of 2023.

Through different distribution channels, insurance companies in Pakistan are providing a wide variety of products with varying levels of complexity that are designed for different groups of businesses, individuals and other organizations. This will provide ways to meet the emerging demands of every end-use customer and propel net sales. Local market players in the country are focusing on marketing their competitive edge by rolling out more plans customized to diverse sectors and developing more innovative digital features.

The insurance penetration rate in Pakistan remains low, with a ratio of premiums to GDP of less than 1%. This suggests that there is still a large untapped market for insurance products in the country. However, the regulatory environment for the insurance sector has been improving in recent years, with the State Bank of Pakistan issuing new guidelines in 2022 to promote growth, innovation, and competition in the industry.

These guidelines include measures such as allowing new entrants to obtain an insurance license more easily, increasing the minimum paid-up capital requirements for insurers, and encouraging the use of technology in insurance operations. The insurance industry in Pakistan has been growing steadily over the past few years, with an average annual growth rate of around 12% over the past decade, and this growth is expected to continue in the coming years.

Overall, the insurance sector in Pakistan faces challenges but also has the potential for continued growth and development in 2024 and beyond, given the large untapped market and favorable regulatory environment

### **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 2023 was Rs. 19.163 million as compared to Rs. 13.581 million in the comparative year. During the year under review, Participant Takaful Fund surplus was Rs. 10.784 million and Operators Fund profit was Rs. 6.713 million. The total investment portfolio of window takaful operations reached to Rs. 114.309 million as compared to last total investment portfolio of window takaful operation of Rs. 101.067 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, Labuan Re - Malaysia, Arab Re - UAE and Tunis Re - Tunisia participated in the Re-insurance Conventional Treaty for the year 2023. The panel of Reinsurers led by Hanover Re.

For the Window Takaful Operations, PRCL -Pakistan, Labuan Re- Malaysia, Arab Re -UAE and Tunis Re - Tunisia participated in the Re-Takaful Treaty for the year 2023.

### **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, 2023, is included in the Report.
- The value of investment in the Provident Fund as on December 31, 2023, was Rs. 30,832,790/- and the value of investment in the Gratuity Fund as on December 31, 2023, was Rs. 15,519,320/-



### Board Meetings

During the year, four (4) 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	01
02	Mr. Sajid Jamal Abro	03
03	Mr. Syed Akhter UI Islam	01
04	Mr. Mushtaq Malik	04
05	Mr. Raja Muhammad Abbas	03
06	Mr. Zahid Hussain	01
07	Mr. Khawaja Tajammul Hussain	04
08	Mr. Saleem Zamindar	04
09	Mr. Farhan Ashraf Khan	03
10	Ms. Hina Marvi	04

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

### Achievements

We are pleased to announce that our company has reached a new milestone in the past year by writing one billion and seven hundred million rupees in premium. This is a significant achievement of premium increase by 69% that demonstrates the strength and growth of our business.

Our team of dedicated professionals has worked tirelessly to achieve this record-breaking milestone. It is a testament to their hard work, determination, and commitment to excellence that we have achieved this remarkable feat. We are confident that our continued focus on providing exceptional customer service and innovative products will enable us to achieve even greater success in the future. We believe that our continued growth will translate into even more significant returns for our valued shareholders.

On behalf of the Board of Directors, we would like to thank you for your ongoing support and trust in our company. We remain committed to delivering outstanding results and creating long-term value for our shareholders.

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. At the year end since inception of scheme 8,284 accident victims families approached Sindh Insurance to get accidental insurance coverage of Rs. 100,000/-. The scheme shared the benefits to more than 6,100 families since its inception by more than Rs. 610 million.

### Insurer Financial Strength (IFS) Rating

Pakistan Credit Rating Company Limited (PACRA) has been maintained by Insurer Financial Strength (IFS) rating of the Company at "A++" (A Double 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, 2023 and the Company has not entered into any commitment, which would affect its financial position at that date.

### Dividend

The Company declared and paid an interim dividend at the rate of 10% i.e. Rs. 1.00 per share of Rs. 10.00 each and Final Dividend at the rate of 0% i.e. Rs. 0.00, to the ordinary shareholders of the Company for the year ended December 31, 2023.

### Auditors

M/s BDO Ebrahim & Company, Chartered Accountants have audited the accounts for the year 2023. As per The Companies Act, 2017 statutory auditors can only be appointed for five years hence, M/s BDO Ebrahim & Company, Chartered Accountants completed their five years of term and this is last year of their audit. The Audit Committee has recommended the appointment and fixation of audit fee of external auditors as per prevailing regulations.

### Future Outlook

The company is strategically pursuing captive insurance opportunities associated with uninsured properties and funds of the Government of Sindh (GOS), leveraging the legal framework provided by "The Sindh Insurance of Public Property Act, 2015". In addition to our ongoing provision of health insurance coverage to all GOS department employees, these untapped opportunities are poised to significantly bolster the company's financial position. Acting upon the advice of the Board, the company is expanding its private business portfolio and risk exposure capacity, signalling a proactive approach to market dynamics.

Pakistan's agricultural sector stands as a cornerstone of the nation's economy, contributing over 27% to the Gross Domestic Product (GDP) and engaging more than 70% of the population either directly or indirectly. Recognizing its pivotal role in employment generation and export earnings, the Sindh Cabinet, during a decisive meeting on 5th June 2023, directed Sindh Insurance to spearhead the development and launch of a comprehensive crop insurance program within the province. Under the astute guidance of Chief Secretary Sindh, a series of impactful meetings have convened with diverse stakeholders, laying the groundwork for the seamless implementation of the crop insurance program.

In addition to our current endeavours, the company is poised to launch a life insurance arm, aimed at fulfilling the crucial need for life insurance among both the Government of Sindh and the wider populace of the province. This strategic move further underscores our commitment to addressing diverse insurance needs comprehensively and responsibly. With an emphasis on serving the specific requirements of life insurance, particularly for the Government of Sindh and its citizens, this expansion aligns seamlessly with our mission to provide robust and tailored insurance solutions. By extending our offerings to encompass life insurance, we not only deepen our engagement with key stakeholders but also contribute to enhancing financial security and wellbeing within the community.

This proactive stance not only underscores our commitment to meeting the evolving needs of the agricultural community but also reflects our dedication to contributing positively to the economic growth of Sindh. By engaging in initiatives such as the crop insurance program and life insurance, we not only strengthen our market presence but also align ourselves with broader socioeconomic objectives, thereby solidifying our position as a responsible corporate citizen.

### 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) and Insurance Association of Pakistan (IAP) 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

  
Saleem Zamindar  
Chairman

  
Muhammad Faisal Siddiqui  
Chief Executive Officer

March 11, 2024

## ڈائریکٹرز کی رپورٹ برائے حصص یافتگان

31 دسمبر 2023 کو اختتام پذیر سال پر آپ کی کمپنی کے ڈائریکٹرز سالانہ رپورٹ مع پڑتا مال شدہ گوشوارے اور آڈیٹر کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کمپنی کے بانی چیئرمین کوخراج تحسین



سندھ بینک لمیٹڈ کے بانی اور سابق صدر جناب محمد بلال شیخ نے سندھ انشورنس لمیٹڈ کے قیام اور ترقی میں اہم اور انقلابی کردار ادا کیا۔ ان کی دوراندیش قیادت اور غیر متوازن لگن نے کمپنی کے تنظیمی ڈھانچے کی تشکیل اور مضبوط پالیسیوں کی تشکیل میں اہم کردار ادا کیا، جس نے اس کی غیر معمولی کامیابی کے لئے ٹھوس بنیاد رکھی۔

آپ کی دانشمندانہ رہنمائی میں سندھ انشورنس کمپنی لمیٹڈ، تیزی سے نئی نان لائف انشورنس کمپنی بن چکی ہے جس نے اے پلس پلس کریڈٹ ریٹنگ اور 3.20 ارب روپے کا متاثر کن ملکیتی سرمایہ حاصل کیا ہے۔ یہ غیر معمولی کامیابی ان کی مضبوط کاروباری اصولوں پر ثابت قدمی اور ترقیاتی منصوبہ بندی میں جدت پسندی اختیار کرنے کا عملی ثبوت ہے۔

بورڈ آف ڈائریکٹرز کمپنی اور اس کے اسٹیک ہولڈرز کی جانب سے جناب محمد بلال شیخ کی غیر معمولی خدمات پر تہ دل سے شکر یہ ادا کرتے ہیں۔ ان کی میراث ہمیشہ کمپنی کے لئے بہترین کارکردگی کے سفر پر ایک ترغیب اور رہنمائی کی روشنی کے طور پر کام کرے گی۔ بورڈ آف ڈائریکٹرز عاجزی کے ساتھ دعا گو ہیں کہ اللہ تعالیٰ اپنی لاسحد و درحمت سے جناب محمد بلال شیخ کو جنت الفردوس میں انتہائی عزت و احترام کا مقام عطا فرمائے اور کاروباری برادری اور معاشرے کے لئے ان کی گراں قدر خدمات پر انہیں اجر و ثواب عطا فرمائے۔ ان کی روح کو ابدی سکون ملے اور ان کی پائیدار وراثت مستقبل کی تشکیل جاری رکھے۔

## ملکی جائزہ

مالی سال 2022 کے دوران پاکستان کی معیشت نے 5.97 فیصد کی نمو حاصل کی، تاہم مالی سال 2023 میں، شدید ملکی معیشت (macroeconomic) کا عدم توازن، سیلاب سے نقصانات، داخلی رسد کا اتار چڑھاؤ اور بین الاقوامی معاشی سست روی کی وجہ سے پاکستان کی معاشی نمو کو گھٹ کر 0.29 فیصد ہو گئی۔ معیشت نے مالی سال 2023 کی پہلی سہ ماہی میں رفتار گنوا دی تھی جس کی وجہ عالمی معیشت میں مندی کا رجحان اور جولائی۔ اگست 2022 میں سیلاب تھے جس کے نتیجے میں داخلی رسد میں خاص تعطل سے معیشت متاثر ہوئی جس کے اثرات کے نتیجے میں مالی اور ملکی معیشت (macroeconomic) کا عدم توازن ہوا۔ پاکستان کی معیشت وقفے وقفے سے معاشی اتار چڑھاؤ (bust-boom) کا شکار رہی ہے۔ ایسے غیر مستحکم (volatile) گردش نمونے کی وجوہات میں وسیع پیمانے کے معاشی مسائل مثلاً مالیاتی گنجائش (fiscal space) کا سکڑنا، شرح مبادلہ (exchange rate) کا دباؤ، بڑھتا ہوا جاری کھاتے کا خسارہ اور افراط زر شامل ہیں۔ ملک میں سیاسی عدم استحکام نے بھی معاشی غیر یقینی میں بہت اضافہ کیا ہے۔

سابقہ حکومت مربوط مالیاتی - اقتصادی پالیسی کے نفاذ کے ذریعے شرح نمو کو تسلسل سے جاری رکھنے پر پر عزم تھی۔ IMF اپروگرام کی بحالی سے غیر ملکی زرمبادلہ کی ملک میں آمد ہوئی جس کے لیے اقتصادی نظم و ضبط کو قائم رکھا۔ حکومت کی جانب سے لیے گئے مالیاتی پالیسی کے اقدامات کا ہدف تسلسل سے جاری رہنے والی ترقی اور افراط زر سے متعلق دباؤ تھے۔ بین الاقوامی اجناس کی قیمتوں اور عالمی مالیاتی حالات کے بارے میں نمایاں غیر یقینی صورتحال، جو پاکستان میں حالیہ تباہ کن سیلاب کی وجہ سے مزید بڑھ گئی تھی۔ توانائی اور غیر توانائی کی قیمتوں میں افراط زر کے دباؤ میں اضافے کی روشنی میں اسٹیٹ بینک نے پالیسی ریٹ میں 22 فیصد تک کا اضافہ کیا ہے۔

مشکل عالمی حالات اور تباہ کن سیلاب کے باوجود بیرونی شعبے کا منظر نامہ بہتر ہوا ہے۔ رواں سال کرنٹ اکاؤنٹ خسارے میں کمی ہوئی ہے جس سے عالمی بازار میں روپے کی قدر میں مدولے ملے گی۔

## کمپنی کی کارکردگی

یہ بات خاص طور پر بیان کرنے کی ہے کہ زیر غور جائزہ سال کے دوران سندھ انشورنس تحریر شدہ مجموعی پریمیوم نے ڈیڑھ ارب روپے سے زیادہ کا سنگ میل عبور کر کے 1,784.634 ملین روپے تک پہنچ گیا ہے جبکہ اس کے مقابلے میں گذشتہ سال تحریر شدہ مجموعی پریمیوم 1,055.482 ملین روپے تھا، جس میں اضافہ 69 فیصد رہا۔ سال 2023 میں قبل از محصول منافع 998.843 ملین روپے تک پہنچ گیا تھا جو کہ سال 2022 میں 572.370 ملین روپے تھا۔ آمدنی فی حصص 6.10 روپے رہی جبکہ گذشتہ سال آمدنی فی حصص 3.65 روپے تھی۔

سال کے دوران انڈر رائٹنگ کے نتائج 24.595 ملین روپے پر رہے جبکہ اس کے مقابلے میں سال 2022 میں یہ 34.325 ملین روپے تھے۔ سرمایہ کاری سے آمدن بڑھ کر 923.031 ملین روپے ہو گئی جبکہ اس کے مقابلے میں گذشتہ سال اس کی مالیت 520.840 ملین روپے تھی۔ مارکیٹ کے زیادہ منافع کی موجودہ شرح نے سرمایہ کاری آمدنی کے بڑھانے میں اہم کردار ادا کیا۔

گذشتہ دو سالوں کے اہم مالیاتی اعداد و شمار درج ذیل ہیں:

2022	2023	
1,055,482,041	1,784,624,099	مجموعی پرییم
202,620,618	271,124,104	خالص پرییم آمدن
34,325,458	24,595,077	انڈر رائٹنگ نتائج
520,840,420	923,031,441	سرمایہ کاری سے آمدن
572,370,417	998,843,349	قبل از محصول منافع
364,810,587	610,004,226	بعد از محصول منافع
3.65	6.10	نی حصص منافع (روپے)

### انشورنس شعبے کا جائزہ

مشکل معاشی ماحول اور سیاسی غیر یقینی کے باوجود، سال 2022 میں پاکستان میں جنرل انشورنس کی صنعت نے 28 فیصد کی نمایاں نمو دکھائی اور مجموعی تحریری پرییم 113 ارب روپے تک پہنچ گیا۔ یہ اضافہ ہنگامہ آگیز معیشت اور پاک روپے کی امریکی ڈالر کے مقابلے میں قدر میں کمی کی وجہ سے ہوا جو نیشنل CPI افراط زر شرح کو 21.3 فیصد تک بڑھانے کا باعث بنا (SBP کے افراط زر کے مانیٹر کے مطابق)۔ روپے کی قدر میں کمی نے پاکستان کی درآمد سے چلنے والی معیشت کو بری طرح متاثر کیا جس کے نتیجے میں اجناس اور تیار اشیاء کی قیمتیں بلند تر سطح تک پہنچیں۔ جی ڈبلیو پی میں نمایاں اضافہ تمام کاروباری شعبوں میں دیکھا گیا جس کی وجہ مالی خطرات کو کم کرنے کے لیے انشورنس کو ترجیح کے خواہاں افراد اور کاروباری اداروں کو بڑھتے ہوئے افراط زر کے دباؤ کا سامنا کرنا پڑا۔ پاکستان میں جنرل انشورنس نے بھی پہلی ششماہی کے دوران مجموعی تحریری پرییم (جی ڈبلیو پی) میں نمایاں اضافہ دیکھا ہے۔

پاکستان میں انشورنس کمپنیاں، مختلف تقسیم کے ذرائع کے ذریعے سے متفرق مصنوعات، مختلف قسم کی پیچیدگیوں کے ساتھ جو مختلف کاروباری گروپس، افراد اور دیگر اداروں کو پیش کر رہی ہیں۔ یہ چیز مختلف طریقے فراہم کرنے کی تاکہ ہر طرح کے گاہک بڑھتی ہوئی طلب کو پورا کرے گی اور خالص سیلز کو بھی بڑھائیں گی۔ ملک میں مقامی مارکیٹ کے کھلاڑی متنوع شعبوں کے لیے اپنی مرضی کے مطابق مزید منصوبہ بندی جاری کر کے اور زیادہ جدید ڈیجیٹل خصوصیات تیار کر کے اپنی مسابقتی برتری کی مارکیٹنگ پر توجہ مرکوز کر رہے ہیں۔

پاکستان میں انشورنس کے سرایت کرنے کی شرح کم رہتی ہے جس کے پرییم کا مجموعی قومی پیداوار کا تناسب ایک فیصد سے کم ہے۔ یہ ظاہر کرتا ہے کہ ملک میں انشورنس کی مصنوعات کی بہت گنجائش ہے۔ تاہم، بینک دولت پاکستان نے 2022 میں انشورنس کی صنعت میں نمو، جدت اور مسابقت کو فروغ دینے کے سلسلے میں ہدایات جاری کی ہیں جس سے حالیہ سالوں میں انشورنس سیکٹور کے انضباطی (regulatory) ماحول میں بہتری آتی رہی ہے۔

ان ہدایات میں، نئی انشورنس کمپنی کے لیے آسانی سے لائسنس کا حصول، انشورنس کمپنیوں کے کم سے کم ادا شدہ سرمائے کی حد میں اضافہ اور انشورنس کے آپریشن میں ٹیکنالوجی کے استعمال جیسے اقدامات شامل ہیں۔ گذشتہ چند سالوں میں، پاکستان میں انشورنس کی صنعت باقاعدگی سے ترقی کی جانب گامزن ہے، جس کی گذشتہ دہائی میں سالانہ اوسط ترقی کی شرح تقریباً 12 فیصد رہی اور توقع ہے کہ آنے والے سالوں میں ترقی کا سفر جاری رہے گا۔

مجموعی طور پر، پاکستان میں انشورنس سیکٹور کو مشکلات کا سامنا ہے لیکن اس میں صلاحیت ہے کہ نمو اور ترقی کا سفر 2024 اور اس کے بعد بھی جاری رہے بشرطیکہ انشورنس سیکٹور میں غیر استعمال گنجائش کو استعمال کیا جائے اور اس کے ساتھ ساتھ بہتر انضباطی ماحول فراہم کیا جائے۔

## ونڈونکافل آپریشنز

ری نکافل کے قواعد 2012 کے تحت، سیکورٹی اینڈ ایکچینج کمیشن آف پاکستان (SECP) کی جانب سے 22 ستمبر 2016 کو کمپنی کو ونڈونکافل آپریٹر کے طور پر کام کرنے کا اجازت نامہ جاری کیا۔ کمپنی نے ونڈونکافل آپریشن کا آغاز دسمبر 2016 سے کیا۔

سال 2023 کا تحریر کردہ (written) حصہ 19.163 ملین روپے رہا جبکہ اس کے مقابل گزشتہ سال 13.581 ملین روپے تھا۔ زیر جائزہ مدت کے دوران شراکت داروں کا نکافل فنڈ 10.784 ملین روپے تھا اور آپریٹرز فنڈ کا منافع 6.713 ملین روپے تھا۔ ونڈونکافل آپریشن کی سرمایہ کاری کے پورٹ فولیو 114.309 ملین روپے جبکہ گزشتہ سال ونڈونکافل آپریشن کی کل سرمایہ کاری پورٹ فولیو 101.067 ملین روپے رہا تھا۔ نکافل کاروبار کی منافع بخشی میں سست لیکن تسلسل سے ہونے والی نمو، کمپنی کے نکافل آپریشن کو استحکام دے گی۔

## بیمہ کا بیمہ (Reinsurance)

سال کے دوران؛ ہنوور ری-ملائینٹیا، پی آر سی ایل-پاکستان، ٹرسٹ ری-بحرین، لیبوان ری-ملائینٹیا، عرب ری-متحدہ عرب امارات اور تیونس ری-توشیاء نے سال 2023 کے ری انشورنس کنویئنٹنل ٹریڈ میں شرکت کی۔ ہینٹل کی قیادت ہنوور ری کر رہا تھا۔ ونڈونکافل آپریشنز کے لیے، پی آر سی ایل-پاکستان، لیبوان ری-ملائینٹیا، عرب ری-متحدہ عرب امارات اور تیونس ری-توشیاء نے سال 2023 میں ری انشورنس ٹریڈ میں شرکت کی۔

## ادارہ جاتی اور مالیاتی رپورٹنگ ڈھانچہ

سیکیورٹی اینڈ ایکچینج کمیشن آف پاکستان (SECP) کی جانب سے جاری کردہ کمپنی لاء اور پبلک سیکٹر کمینیز (اداراتی نظم و ضبط) رولز 2013 اور اداراتی نظم و ضبط کے ضوابط 2016 برائے بیمہ ساز کمپنی کے تحت بورڈ اپنی ذمہ داریوں سے بخوبی آگاہ ہے۔ بورڈ درج ذیل بیان کرتے ہوئے خوشی محسوس کرتا ہے:

- ☆ بورڈ نے اداراتی نظم و ضبط کے متعلقہ اصولوں کی پیروی کی ہے اور جہاں کسی قسم کی عدم پیروی ہوئی ہے اس کی نشاندہی وجوہات سمیت بیان کی ہیں۔
- ☆ کمپنی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اسکے موجودہ جاری حالات، آپریشن کے نتائج، نقد بہاؤ (cash flows) اور ملکییتی اثاثہ جات (equity) میں تبدیلی کو تفصیلی طور پر پیش کرتے ہیں۔
- ☆ کمپنی کے حسابات کے کھاتے باضابطہ طور پر مرتب کئے گئے ہیں۔
- ☆ سالانہ حسابات کی تیاری کے لیے مناسب حکمت عملیاں تسلسل کے ساتھ اپنائی گئی ہیں اور مالیاتی اندازے مناسب ہیں اور محتاط روی سے کئے گئے ہیں۔
- ☆ ڈائریکٹرز ایک مضبوط داخلی نگرانی کے نظام کے قیام اور اسے برقرار رکھنے کے حوالے سے اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہیں اور ان کا باقاعدگی سے جائزہ لیا جاتا ہے اور نگرانی کی جاتی ہے۔
- ☆ مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ اور حساب کتاب کے معیارات، یا دیگر ضوابط اور قوانین بشمول شریعہ کے رہنما اصول جو پاکستان میں مروج ہیں کو ملحوظ خاطر رکھا گیا ہے اور کسی قسم کا احتراز مناسب انداز میں وجوہات سمیت ظاہر اور بیان کیا گیا ہے۔
- ☆ اداراتی حسن کارکردگی کی درج شدہ ضوابط برائے بہترین طریقہ کار پر عملدرآمد سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- ☆ کمپنی کے قائم رہنے کی صلاحیت کسی شک و شبہ سے بالاتر ہے۔
- ☆ اس رپورٹ کے ساتھ اہم آپریٹنگ اور مالیاتی اعداد و شمار منسلک ہے۔
- ☆ بورڈ کے چیرمین اور دیگر ارکان کا انتخاب، مدت انتخاب اور اس کے ساتھ ان کے مشاہرہ کی پالیسی پبلک سیکٹر کمپنی کے بہترین مفاد میں ہیں اور بہترین مشقوں (practices) کے عین مطابق ہیں۔
- ☆ اس رپورٹ میں 31 دسمبر 2023 کے مطابق شیئر ہولڈنگ کا گوشوارہ شامل ہے۔

☆ 31 دسمبر 2023 کو پراویڈینٹ فنڈ میں سرمایہ کاری کی مالیت 30,832,790/- روپے تھی اور 31 دسمبر 2023 گریجویٹی میں سرمایہ کاری کی مالیت 15,519,320/- روپے تھی۔

## بورڈ اجلاس

1 سال کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے اور ان میں شرکت کی تفصیلات درج ذیل ہیں:

نمبر شمار	ڈائریکٹر کے نام	اجلاس میں شرکت کی تعداد
01	جناب محمد بلال شیخ	01
02	جناب ساجد جمال ابڑو	03
03	سید اختر الاسلام	01
04	جناب مشتاق ملک	04
05	جناب راجہ محمد عباس	03
06	جناب زاہد حسین	01
07	جناب خواجہ قتل حسین	04
08	جناب سلیم زمیندار	04
09	جناب فرحان اشرف خان	03
10	محترمہ حنا ماروی	04

اجلاس سے غیر حاضر بورڈ ارکان کی حاضری سے رخصت کی منظوری حاصل کی گئی۔

## کارنمایاں

ہمیں اس بات کا اعلان کرتے ہوئے خوشی ہو رہی ہے کہ گزشتہ سال آپ کی کمپنی نے ایک ارب ستر کروڑ روپے کا پرییم تحریر کرنے کے سنگ میل عبور کیا ہے۔ پرییم میں 69 فیصد اضافہ ایک اہم کارنامہ ہے جو ہمارے کاروبار کا استحکام اور ترقی کو ظاہر کرتا ہے۔

ہماری ٹیم کے پیشہ ور لوگوں نے ان تھک محنت سے ریکارڈ توڑ سنگ میل حاصل کیا ہے۔ اس حاصل کردہ نمایاں کارنامہ میں برتری کے حصول کے لیے یہ ان کی سخت محنت، عزم اور لگن کا ثبوت ہے۔ ہم پر اعتماد ہیں کہ گاہکوں کو بے مثل خدمات اور جہت والی مصنوعات کی فراہمی پر ہماری مسلسل توجہ ہمیں اس قابل بنائے گا کہ مستقبل میں ہم اس سے بڑی کامیابی حاصل کریں۔ ہم یقین رکھتے ہیں کہ جاری ترقی کا نتیجہ ہمارے قابل قدر حصص کنندگان کی زیادہ آمدنی میں ظاہر ہوگا۔

ہم بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی مسلسل حمایت اور اس پر اعتماد کرنے پر شکریہ ادا کرنا چاہتے ہیں۔ ہم، اپنے حصص کنندگان کے لیے غیر معمولی نتائج اور طویل المدت قدر پیدا کرنے کے سلسلے میں پر عزم ہیں۔

آپ کی کمپنی "یونیورسل ایکسیڈینٹ انشورنس اینڈ شوٹل بینیفٹ اسکیم" کے تحت صوبہ سندھ کے تمام رہائشی افراد کے لیے 100,000/- روپے کے حادثاتی بیمہ کوریج کی سہولت جاری رکھے ہوئے ہے۔ یہ اسکیم خاندان کے کسی رکن یا مکانے والے کی حادثاتی موت پر سماجی تحفظ فراہم کرتی ہے۔ کمپنی نے صوبہ سندھ کے ہر ضلع میں اپنے نمائندوں کا انتخاب کیا ہے، جس کی وجہ سے مصنوع کی کارکردگی میں بہتری آئی ہے اور نتیجتاً تین گنا حادثات کے کیمیز میں اضافہ ہوا ہے۔ اس اسکیم کے آغاز سے سال کے آخر تک 8,284 حادثات سے متاثرہ افراد کی فیملیز نے سندھ انشورنس کمپنی سے حادثہ کے 100,000 روپے کا بیمہ کی رقم کی وصولی کی ہے۔ اس اسکیم کے آغاز سے اب تک 6,100 فیملیز 610 ملین روپے کا فائدہ پہنچا چکی ہے۔

### کمپنی کی مالیاتی مضبوطی (IFS) کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کی "مالیاتی مضبوطی (IFS) کی درجہ بندی کو "++A" (دو مثبت A) برقرار رکھا ہے۔ درجہ بندی میں یہ استحکام انشورنس کنندگان کے اعتماد اور معاہداتی ذمہ داریوں کو پورا کرنے کی مضبوط استعداد کو ظاہر کرتا ہے۔

### کارکردگی کی قدر پیمائی

بورڈ اپنے وضع کردہ طریقہ کار کے تحت اپنے ارکان بشمول چیئرمین اور چیف ایگزیکٹو آفیسر کی قدر پذیری (evaluation) کر چکا ہے۔ بورڈ نے انتظامیہ کے اعلیٰ عہدے داروں کی کارکردگی کا سالانہ بنیاد پر جائزہ لینے کے بعد تعین کیا۔

### اداراتی سماجی ذمہ داری

سندھ انشورنس لمیٹڈ تمام کاروباری سرگرمیوں کی انجام دہی کے دوران اخلاقی اقدار اور سماجی ذمہ داریوں، تحفظ ماحول اور دائرہ عمل میں آنے والے طبقات اور ثقافتوں کی معاونت پر عمل پیرا ہو کر ایک ذمہ دار ادارہ ہونے کا کردار یقینی بناتا ہے۔

### ضابطہ اخلاق کا بیان

بورڈ ایک ضابطہ اخلاق پر عمل پیرا ہے۔ جس کے بارے میں تمام ڈائریکٹرز اور ملازمین کو مطلع کر کے دستخط حاصل کیے گئے ہیں اور ان سے کاروباری اور قانونی معاملات میں مذکورہ ضابطہ اخلاق کی مکمل پاسداری مطلوب ہے۔

### مادی تبدیلیاں

31 دسمبر 2023 کے بعد کسی قسم کی مادی تبدیلیاں وقوع پذیر نہیں ہوئیں ہیں اور کمپنی ایسے کسی انتظام یا معاہدے میں ملوث نہیں ہوئی جو اس تاریخ پر مالی صورتحال کو متاثر کرے۔

### منقسمہ منافع

کمپنی درمیانی مدت کا منقسمہ 10 فیصد کی شرح یعنی 1 روپیہ ہر 10 روپے کے ہر شیئر پر اعلان اور ادا ہوگی کی ہے اور 31 دسمبر 2023 پر اختتام پذیر سال پر حتمی منقسمہ منافع ہر آرڈینری شیئر پر 0.00 فیصد یعنی 0 روپے کی شرح سے ادا کیا جائے گا۔

### محاسب (Auditors)

میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے سال 2023 کے اکاؤنٹس کا آڈٹ کیا ہے کمپنی ایکٹ 2017ء کے مطابق آڈیٹرز کی تقرری صرف پانچ سال کے لئے کی جاسکتی ہے لہذا میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اپنی پانچ سال کی مدت پوری کی ہے اور یہ ان کے آڈٹ کا آخری سال ہے۔ آڈٹ کمپنی نے موجودہ قواعد و ضوابط کے مطابق بیرونی آڈیٹرز کی تقرری اور آڈٹ فیس کے تعین کی سفارش کی ہے۔



## مستقبل کا منظر نامہ

کمپنی، حکومت سندھ کا غیر بیمہ شدہ جائیداد اور مالی اثاثہ جات سے متعلق تفویض شدہ انشورنس (captive) کاروبار حاصل کرنے کی بھرپور کوشش کر رہی ہے۔ اس کے لیے کمپنی کو سندھ انشورنس آف پبلک ایکٹ، 2015 کے تحت بیمہ خدمات فراہم کرنے کا ترجیحی حق حاصل ہے۔ ہم پہلے ہی حکومت سندھ کے تمام شعبوں کے ملازمین کو صحت کے لیے بیمہ خدمات فراہم کرنے پر کام کر رہے ہیں۔ اور ان غیر استعمال شدہ مواقع سے فائدہ اٹھا کر، کمپنی بہتر مالیاتی استحکام کا سنگ میل حاصل کر پائے گی۔ بورڈ کے مشورے کے مطابق کمپنی نئی کاروبار کے پورٹ فولیو میں توسیع اور مارکیٹ میں خطرہ لینے کی استعداد میں پر کام کر رہی ہے۔

پاکستان کا زرعی شعبہ ملکی معیشت سنگ بنیاد (cornerstone) ہے جو ملک کی مجموعی قومی پیداوار میں 27 فیصد سے زیادہ حصہ ڈالتا ہے اور بلواسطہ یا بلاواسطہ 70 فیصد آبادی کو مصروف رکھتا ہے۔ اس کے ملازمت کی فراہمی میں اور برآمدات سے آمدنی میں مرکزی کردار کی شناخت کرنے کے بعد سندھ کمیٹی نے اپنی 5 جون 2023 کے فیصلہ کن اجلاس میں سندھ انشورنس کمپنی کو ہدایت کی ہے کہ وہ صوبے میں فصل کی انشورنس کا جامع پروگرام کی تیاری اور آغاز کرنے میں ہراول دستے کا کردار ادا کرے۔ چیف سیکریٹری سندھ کی دانش مندانہ رہنمائی میں مختلف شرکاء مفاد (stakeholders) کے ساتھ متعدد کارآمد اجلاس ہو چکے ہیں جس میں فصل کی انشورنس کے پروگرام کے بے عیب نفاذ کی تیاری مکمل کی گئی۔


کمپنی کی موجودہ کوششوں کے علاوہ کمپنی زندگی کا بیمہ کے شعبے کا آغاز کرنے کے لئے تیار ہے جو صوبے کے گورنمنٹ ملازمین اور وسیع آبادی کی زندگی کے بیمہ کی اہم ضرورت کو پورا کرتا ہے۔ یہ تیز ویراتی قدم ہمارے اس عزم کو نمایاں کرتا ہے کہ ہم مختلف انشورنس کی ضروریات کو جامع طور پر اور ذمہ داری سے حل کریں۔ زندگی کے بیمہ کی مخصوص ضروریات کو پورا کرنے پر زور دینے کے ساتھ خاص طور پر گورنمنٹ آف سندھ اور اس کے شہریوں کے لیے اس توسیع کو کمپنی کے مشن سے ہم آہنگ کر دیا ہے تاکہ انشورنس کے مضبوط اور ان کی ضرورت کے مطابق حل فراہم کئے جائیں۔ اپنی زندگی کے بیمہ احاطہ کرتی ہوئی پیشکش، ہم نے اپنے اہم شرکاء مفاد (stakeholders) سے روابط بڑھائے ہیں بلکہ کمیونٹی کے مالیاتی تحفظ اور خوشحالی کے اضافے میں بھی حصہ ڈالا ہے۔


اس جارحانہ موقف نے نہ صرف ہمارے زرعی کمیونٹی کی بڑھتی ہوئی ضروریات کو پورا کرنے کے عزم کو نمایاں کرتا ہے بلکہ یہ ہمارے سندھ کی معاشی ترقی میں مثبت حصہ ڈالنے کے اخلاص کو بھی ظاہر کرتا ہے۔ فصل کی انشورنس اور زندگی کے بیمہ جیسے کاموں میں مصروف ہو کر ہم نے نہ صرف مارکیٹ میں اپنی موجودگی کو مستحکم کیا ہے بلکہ ہم نے اپنے آپ کو سماجی-اقتصادی مقاصد سے بھی ہم آہنگ کیا ہے اور اس طرح سے اپنی پوزیشن کو بطور ذمہ دار اداراتی شہری کے ٹھوس بنیاد پر رکھی ہے۔

## اظہارِ تشکر

اس موقع پر ڈائریکٹر حکومت سندھ، وزارت تجارت، حکومت پاکستان، سیکریٹری اینڈ ایگزیکٹو کمیشن آف پاکستان (SECP)، اور انشورنس ایسوسی ایشن آف پاکستان (IAP) کے مسلسل تعاون اور سرپرستی پر سب کے لیے اپنے مخلصانہ جذباتِ ممنونیت کا اظہار کرنا چاہتے ہیں۔ مزید یہ کہ بورڈ اپنے ملازمین اور پالیس کنگان کی وائٹنگ اور حمایت کا تہہ دل سے شکرت گزار رہے۔

برائے و منجانب بورڈ آف ڈائریکٹرز

  
محمد فیصل صدیقی  
چیف ایگزیکٹو آفیسر

  
سلیم زمیندار  
چیئر مین

11 مارچ 2024

## KEY FINANCIAL DATA

	2023	2022	2021	2020	2019
Written Premium	1,784,624,099	1,055,482,041	714,554,286	488,545,805	895,899,066
Earned Premium	1,500,478,510	877,072,978	640,363,202	668,114,144	659,113,386
Net Premium Revenue	271,124,104	202,620,618	85,966,268	254,168,143	377,973,119
Underwriting Result	24,595,078	34,325,458	30,030,774	54,306,365	55,990,057
Investment & Other Income	980,069,253	548,262,997	384,650,302	399,173,043	403,148,528
Profit / (Loss) before tax	998,843,350	572,370,417	404,611,128	451,164,562	458,494,648
Profit / (Loss) after tax	610,004,226	364,810,587	288,703,182	320,395,390	325,826,580
Paid-up Capital	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Shareholders' Equity	3,254,564,935	2,778,494,306	2,414,214,450	2,202,310,190	1,818,744,830
Breakup Value per Share (RS.)	32.55	27.78	24.14	22.02	18.19
Investment & properties	4,308,573,666	3,980,289,076	3,486,434,708	3,366,363,486	2,900,226,190
Cash & Bank Balances	294,210,196	356,457,127	258,880,331	310,727,509	462,870,278
Total Assets Book Value	6,397,686,224	5,477,923,257	4,720,023,939	4,737,621,445	4,640,312,298

## NOTICE OF THE TENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Tenth Annual General Meeting of the shareholders of **Sindh Insurance Limited** will be held on **Thursday, April 18, 2024 at 12:30 pm** 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 Ninth Annual General Meeting held on April 27, 2023.
2. To receive, consider and adopt the Audited Annual Accounts for the year ended December 31, 2023 along with Directors' and Auditors' Report thereon.
3. To appoint Auditors for the year 2024 and fix their remuneration.
4. To approve Interim cash Dividend @ 10% i.e. Rs. 1.00 per share of Rs. 10.00 each held by the members as recommended by the Board of Directors and already paid and declare the same as final dividend.
5. To elect Directors of the Company in accordance with The Companies Act 2017. The number of Directors to be elected has been fixed at eight by the Board of Directors. The following are retiring directors:
 

1) Mr. Saleem Zamindar	5) Mr. Khawaja Tajammul Hussain
2) Secretary Finance, Sindh	6) Mr. Farhan Ashraf Khan
3) Mr. Mushtaq Malik	7) Ms. Hina Marvi
4) Mr. Raja Muhammad Abbas	
6. To transact any other business that may be placed before the meeting with the permission of the Chair.



By Order of the Board  
Nadeem Akhter  
Company Secretary

Karachi  
March 27, 2024

### 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 11, 2024 to April 18, 2024 (both days inclusive).
- 4) 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 2023**

- 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	Rule No.	Y	N																				
			Tick the relevant box																					
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																					
2.	<p>The Board has at least one-third of its total members as independent directors. At present Board includes:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Category</th> <th style="width: 40%;">Names</th> <th style="width: 30%;">Date of Appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Independent Directors</td> <td>Mushtaq Malik</td> <td>19-04-2021</td> </tr> <tr> <td>Raja Muhammad Abbas</td> <td>19-04-2021</td> </tr> <tr> <td>Saleem Zamindar</td> <td>19-04-2021</td> </tr> <tr> <td>Hina Marvi</td> <td>19-04-2021</td> </tr> <tr> <td>Khawaja Tajammul Hussain</td> <td>19-04-2021</td> </tr> <tr> <td>Non-Executive Director</td> <td>Farhan Ashraf Khan Kazim Hussain Jatoi</td> <td>23-02-2023 14-11-2023</td> </tr> <tr> <td>Executive Director</td> <td>Muhammad Faisal Siddiqui</td> <td>19-04-2021</td> </tr> </tbody> </table>	Category	Names	Date of Appointment	Independent Directors	Mushtaq Malik	19-04-2021	Raja Muhammad Abbas	19-04-2021	Saleem Zamindar	19-04-2021	Hina Marvi	19-04-2021	Khawaja Tajammul Hussain	19-04-2021	Non-Executive Director	Farhan Ashraf Khan Kazim Hussain Jatoi	23-02-2023 14-11-2023	Executive Director	Muhammad Faisal Siddiqui	19-04-2021	3(2)	✓	
Category	Names	Date of Appointment																						
Independent Directors	Mushtaq Malik	19-04-2021																						
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Executive Director	Muhammad Faisal Siddiqui	19-04-2021																						
3.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓																					
4.	All resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company. A DFI or an NBFII or, being a member of stock exchange, has been declared a defaulter by a stock exchange.		✓																					
5.	Casual vacancy occurring on the Board were filled up by the directors within 90 days thereof.		✓																					
6.	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	✓																					
7.	The chairman of the Board is working separately from the chief executive of the Company.	4(1)	✓																					
8.	The chairman has been elected by the Board of directors except where chairman of the Board has been appointed by the Government.	4(4)	✓																					
9.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✓																					

S. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant 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. ( <a href="http://www.sindhinsuranceltd.com">www.sindhinsuranceltd.com</a> )  (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓	
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)	✓	
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)	✓	
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)	✓	
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)	✓	
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)	✓	
16.	The Board has developed a vision or mission statement and corporate strategy of the Company.	5(6)	✓	
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)	✓	
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)	✓	
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.  (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings,  (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 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)	✓	
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	✓	
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)	✓	

S. No.	Provision of the Rules	Rule No.	Y	N																		
			Tick the relevant box																			
24.	(b) In case if listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors.	10(b)	N/A																			
25.	(c) The Board has placed the annual financial statements on the Company's website.	10(c)	✓																			
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.	11	✓																			
27.	<p>(a) The Board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The Committees were provided with written term of reference defining their duties, authorities and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the Board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table border="1" data-bbox="284 801 1082 1099"> <thead> <tr> <th>Committee</th> <th>Number of members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>3</td> <td>Mushtaq Malik</td> </tr> <tr> <td>Risk Management Committee</td> <td>3</td> <td>Mushtaq Malik</td> </tr> <tr> <td>Human Resources Committee</td> <td>3</td> <td>Khawaja Tajammul Hussain</td> </tr> <tr> <td>Procurement Committee</td> <td>3</td> <td>Hina Marvi</td> </tr> <tr> <td>Nomination Committee</td> <td>3</td> <td>Mushtaq Malik</td> </tr> </tbody> </table>	Committee	Number of members	Name of Chair	Audit Committee	3	Mushtaq Malik	Risk Management Committee	3	Mushtaq Malik	Human Resources Committee	3	Khawaja Tajammul Hussain	Procurement Committee	3	Hina Marvi	Nomination Committee	3	Mushtaq Malik	12	✓	
Committee	Number of members	Name of Chair																				
Audit Committee	3	Mushtaq Malik																				
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Nomination Committee	3	Mushtaq Malik																				
28.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓																			
29.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rule.	14	✓																			
30.	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓																			
31.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes salient matters required to be disclosed.	17	✓																			
32.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.	18	✓																			
33.	(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.	19	✓																			
34.	(b) The annual report of the Company contains criteria and details of remuneration of each director		✓																			
35.	The financial statements of the Company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	20	✓																			

S. No.	Provision of the Rules	Rule No.	Y	N												
			Tick the relevant box													
36.	<p>The Board has formed an audit committee, with defined and written terms of reference, and having the following members:</p> <table border="1"> <thead> <tr> <th>Name of Member</th> <th>Category</th> <th>Professional Background</th> </tr> </thead> <tbody> <tr> <td>Mushtaq Malik</td> <td>Independent</td> <td>Retired bureaucrat</td> </tr> <tr> <td>Finance Secretary</td> <td>Non-Executive</td> <td>Bureaucrat</td> </tr> <tr> <td>Raja Muhammad Abbas</td> <td>Independent</td> <td>Retired bureaucrat</td> </tr> </tbody> </table> <p>The chief executive and chairman of the Board are not members of the audit committee.</p>	Name of Member	Category	Professional Background	Mushtaq Malik	Independent	Retired bureaucrat	Finance Secretary	Non-Executive	Bureaucrat	Raja Muhammad Abbas	Independent	Retired bureaucrat	21(1) and 21(2)	✓	
		Name of Member	Category	Professional Background												
		Mushtaq Malik	Independent	Retired bureaucrat												
		Finance Secretary	Non-Executive	Bureaucrat												
Raja Muhammad Abbas	Independent	Retired bureaucrat														
37.	(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.	✓														
38.	(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.	21(3)	✓													
39.	(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.		✓													
40.	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.	22	✓													
	(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.															
	(c) The internal audit reports have been provided to the external auditors for their review.															
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)	✓													
42.	The Auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓													

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 No.	Y	N
			Tick the relevant box	
43.	The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.		✓	
44.	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 of Pakistan.		✓	
45.	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.		✓	
46.	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.		✓	

S. No.	Provision of the Rules	Rule No.	Y	N																																
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47.	The Company has set up a risk management function, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.		✓																																	
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 January 31, 2023 is A++ (A Double Plus) with strong capacity to meet policyholder and contractual obligations.		✓																																	
49.	<p>The Board has formed the following management committee:</p> <p><b>Underwriting Committee:</b></p> <table border="1"> <thead> <tr> <th>Name of the member</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Farhan Ashraf Khan</td> <td>Independent Director</td> </tr> <tr> <td>Muhammad Faisal Siddiqui</td> <td>Executive Director</td> </tr> <tr> <td>Nadeem Akhter</td> <td>Management</td> </tr> </tbody> </table> <p><b>Claim Committee:</b></p> <table border="1"> <thead> <tr> <th>Name of the member</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Raja Muhammad Abbas</td> <td>Independent Director</td> </tr> <tr> <td>Muhammad Faisal Siddiqui</td> <td>Executive Director</td> </tr> <tr> <td>Muhammad Sarfraz Awan</td> <td>Management</td> </tr> </tbody> </table> <p><b>Reinsurance &amp; Co-insurance Committee:</b></p> <table border="1"> <thead> <tr> <th>Name of the member</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Saleem Zamindar</td> <td>Independent Director</td> </tr> <tr> <td>Muhammad Faisal Siddiqui</td> <td>Executive Director</td> </tr> <tr> <td>Nadeem Akhter</td> <td>Management</td> </tr> </tbody> </table> <p><b>Risk Management &amp; Compliance Committee:</b></p> <table border="1"> <thead> <tr> <th>Name of the member</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Kawaja Tajammul Hussain</td> <td>Independent Director</td> </tr> <tr> <td>Muhammad Faisal Siddiqui</td> <td>Executive Director</td> </tr> <tr> <td>Nadeem Akhter</td> <td>Management</td> </tr> </tbody> </table>	Name of the member	Category	Farhan Ashraf Khan	Independent Director	Muhammad Faisal Siddiqui	Executive Director	Nadeem Akhter	Management	Name of the member	Category	Raja Muhammad Abbas	Independent Director	Muhammad Faisal Siddiqui	Executive Director	Muhammad Sarfraz Awan	Management	Name of the member	Category	Saleem Zamindar	Independent Director	Muhammad Faisal Siddiqui	Executive Director	Nadeem Akhter	Management	Name of the member	Category	Kawaja Tajammul Hussain	Independent Director	Muhammad Faisal Siddiqui	Executive Director	Nadeem Akhter	Management	<p>xxxvi</p> <p>xxxvii</p> <p>xxxviii</p> <p>xxxix</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	
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50.	<p>The Board has formed the following Board Committees:</p> <p><b>Human Resource Committee:</b></p> <table border="1"> <thead> <tr> <th>Name of the member</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Khawaja Tajammul Hussain</td> <td>Independent Director</td> </tr> <tr> <td>Saleem Zamindar</td> <td>Independent Director</td> </tr> <tr> <td>Farhan Ashraf Khan</td> <td>Non-Executive Director</td> </tr> </tbody> </table> <p><b>Procurement &amp; Information Technology Committee:</b></p> <table border="1"> <thead> <tr> <th>Name of the member</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Hina Marvi</td> <td>Independent Director</td> </tr> <tr> <td>Khawaja Tajammul Hussain</td> <td>Independent Director</td> </tr> <tr> <td>Farhan Ashraf Khan</td> <td>Non-Executive Director</td> </tr> </tbody> </table>	Name of the member	Category	Khawaja Tajammul Hussain	Independent Director	Saleem Zamindar	Independent Director	Farhan Ashraf Khan	Non-Executive Director	Name of the member	Category	Hina Marvi	Independent Director	Khawaja Tajammul Hussain	Independent Director	Farhan Ashraf Khan	Non-Executive Director	<p>xli</p>	<p>✓</p> <p>✓</p>																	
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	<p><b>Nomination Committee:</b></p> <table border="1"> <thead> <tr> <th>Name of the member</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Mushtaq Malik</td> <td>Independent Director</td> </tr> <tr> <td>Finance Secretary</td> <td>Non-Executive Director</td> </tr> <tr> <td>Saleem Zamindar</td> <td>Independent Director</td> </tr> </tbody> </table>	Name of the member	Category	Mushtaq Malik	Independent Director	Finance Secretary	Non-Executive Director	Saleem Zamindar	Independent Director	xli	✓											
Name of the member	Category																					
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Saleem Zamindar	Independent Director																					
Muhammad Faisal Siddiqui	Chief Executive Officer																					
Nadeem Akhter	Chief Financial Officer																					
51.	<p>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).</p> <table border="1"> <thead> <tr> <th>Name of the member</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Muhammad Faisal Siddiqui</td> <td>Chief Executive Officer</td> </tr> <tr> <td>Nadeem Akhter</td> <td>Chief Financial Officer/ Company Secretary</td> </tr> <tr> <td>Imtiaz Ali</td> <td>Compliance Officer</td> </tr> <tr> <td>Yasir Malik</td> <td>Chief Internal Auditor</td> </tr> <tr> <td>Irfan Ali</td> <td>Head of Underwriting &amp; Reinsurance Operations</td> </tr> <tr> <td>Muhammad Saleem</td> <td>Head of Claim</td> </tr> <tr> <td>Muhammad Faisal Siddiqui</td> <td>Head of Risk Management</td> </tr> <tr> <td>Muhammad Sarfraz Awan</td> <td>Head of Grievance Department</td> </tr> </tbody> </table>	Name of the member	Category	Muhammad Faisal Siddiqui	Chief Executive Officer	Nadeem Akhter	Chief Financial Officer/ Company Secretary	Imtiaz Ali	Compliance Officer	Yasir Malik	Chief Internal Auditor	Irfan Ali	Head of Underwriting & Reinsurance Operations	Muhammad Saleem	Head of Claim	Muhammad Faisal Siddiqui	Head of Risk Management	Muhammad Sarfraz Awan	Head of Grievance Department	xxi, xxiii, xxxii, lxxiii	✓	
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Muhammad Saleem	Head of Claim																					
Muhammad Faisal Siddiqui	Head of Risk Management																					
Muhammad Sarfraz Awan	Head of Grievance Department																					
52.	<p>The Board has set up a grievance department/ function, which fully complies with the requirement of the code of corporate governance for insurers, 2016.</p>	lxxiv	✓																			

*Saleem Zamindar*

Saleem Zamindar  
Chairman

*Muhammad Faisal Siddiqui*

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			

  
Saleem Zamindar  
Chairman

  
Muhammad Faisal Siddiqui  
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, 2023 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, 2023.

**KARACHI**

**DATED: 11 March 2024**

**UDIN: CR202310067CX5Rz7r61**



**CHARTERED ACCOUNTANTS**

Engagement Partner: Zulfikar Ali Causer

**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, 2023, and profit and loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow for the year ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of its profit, other comprehensive loss, 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 and 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

DATED: 11 March 2024

UDIN AR202310067LbZl2ng1

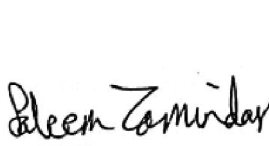


**BDO EBRAHIM & CO.**  
**CHARTERED ACCOUNTANTS**

**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2023**

	Note	2023	2022
----- Rupees -----			
<b>ASSETS</b>			
Property and equipment	6	20,880,134	23,254,990
Intangible assets	7	1,111,003	1,720,303
Investments			
Debt securities	8	4,308,573,666	3,980,289,076
Term deposit receipts	9	200,000,000	200,000,000
		4,508,573,666	4,180,289,076
Loans and other receivables	10	258,008,096	44,502,210
Insurance / reinsurance receivables	11	580,295,833	492,189,944
Re-insurance recoveries against outstanding claims	23	34,229,942	47,406,441
Deferred commission expense	24	3,611,185	1,034,587
Deferred taxation	12	16,673,147	1,616,873
Prepayments	13	788,463,900	451,943,425
Cash and bank	14	94,210,196	156,457,127
		6,306,057,102	5,400,414,977
Total assets of takaful operations		91,629,122	77,508,280
<b>TOTAL ASSETS</b>		<b>6,397,686,224</b>	<b>5,477,923,257</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	15	1,000,000,000	1,000,000,000
(Deficit) / revaluation reserve on available for sale investments		(33,788,498)	206,168
Unappropriated profit		2,288,353,433	1,778,288,138
<b>TOTAL EQUITY</b>		<b>3,254,564,935</b>	<b>2,778,494,306</b>
<b>LIABILITIES</b>			
Underwriting provisions			
Outstanding claims including IBNR	23	1,279,187,790	1,499,364,156
Unearned premium reserves	22	865,751,001	581,605,412
Premium deficiency reserves		27,809,629	25,583,309
Unearned reinsurance commission	24	33,472,452	21,542,710
		2,206,220,872	2,128,095,587
Premium received in advance	16	33,561,367	87,978,586
Insurance / reinsurance payables	17	796,964,124	431,136,428
Other creditors and accruals	18	33,148,659	34,101,746
Lease liabilities	19	1,241,299	1,407,248
Taxation - net	20	59,236,558	10,496,498
<b>TOTAL LIABILITIES</b>		<b>3,130,372,879</b>	<b>2,693,216,092</b>
Total liabilities of takaful operations		12,748,410	6,212,859
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,397,686,224</b>	<b>5,477,923,257</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

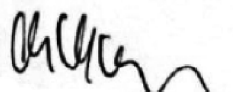
The annexed notes from 1 to 43 form an integral part of these financial statements.



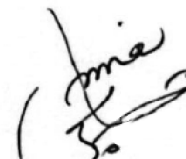
Chairman



Chief Executive Officer



Director

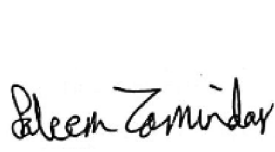


Director

**STATEMENT OF PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Note	2023	2022
----- Rupees -----			
Net insurance premium	22	271,124,104	202,620,618
Net insurance claims	23	(111,570,931)	(68,042,669)
Reversal / (provision) of premium		(2,226,321)	3,448,691
Net commission	24	24,501,465	32,134,188
Insurance claims and acquisition expenses		(89,295,787)	(32,459,790)
Management expenses	25	(157,233,239)	(135,835,370)
Underwriting results		24,595,078	34,325,458
Investment income	26	923,031,441	520,840,420
Other income	27	57,037,812	27,422,577
Other expenses	28	(14,566,697)	(16,377,587)
Results of operating activities		990,097,634	566,210,868
Finance cost	29	(668,064)	(536,452)
Profit before taxation from window takaful operations - Operator's Fund		9,413,780	6,696,001
Profit before taxation		998,843,350	572,370,417
Income tax expense	30	(388,839,124)	(207,559,830)
Profit after taxation		610,004,226	364,810,587
Earnings per share - basic and diluted	31	6.10	3.65

The annexed notes from 1 to 43 form an integral part of these financial statements.

  
Chairman

  
Chief Executive Officer


  
Director

  
Director

**STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note	2023	2022
	----- Rupees -----	
Profit after taxation	610,004,226	364,810,587
Other comprehensive loss		
<b>Items that may be reclassified subsequently to profit or loss account</b>		
Unrealised loss on available for sale investments	(48,439,994)	-
Reclassification adjustment relating to available for sale investments disposed of during the year	-	-
Deferred tax on available for sale investments	14,047,598	-
	(34,392,396)	-
<b>Items that will never be reclassified subsequently to profit or loss account</b>		
Gain/(Loss) on remeasurement of defined benefit liability	86,012	(927,545)
Tax Impact	(24,943)	268,988
	61,069	(658,557)
Net unrealised income from window takaful operations - Operator's Fund (net of deferred tax)	397,730	127,826
Total comprehensive income for the year	<b>576,070,629</b>	<b>364,279,856</b>

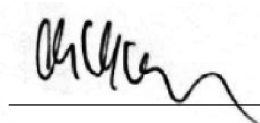
The annexed notes from 1 to 43 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Share capital	Revaluation reserve on available for sale investments	Unappropriated profit	Total
	Issued, subscribed and paid-up capital			
-----Rupees-----				
Balance as at January 01, 2022	1,000,000,000	78,342	1,414,136,108	2,414,214,450
Total comprehensive income for the year				
Profit after taxation	-	-	364,810,587	364,810,587
loss on remeasurement of defined benefit obligation	-	-	(658,557)	(658,557)
Other comprehensive loss	-	-	-	-
Takaful operation - Operator fund - net of tax	-	127,826	-	127,826
	-	127,826	364,152,030	364,279,856
<b>Balance as at December 31, 2022</b>	<b>1,000,000,000</b>	<b>206,168</b>	<b>1,778,288,138</b>	<b>2,778,494,306</b>
Total comprehensive income for the year				
Profit after taxation	-	-	610,004,226	610,004,226
Interim dividend paid	-	-	(100,000,000)	(100,000,000)
Fair value adjustment of available for sale investment	-	(34,392,396)	-	(34,392,396)
Gain on remeasurement of defined benefit obligation	-	-	61,069	61,069
Takaful operation - Operator fund - net of tax	-	397,730	-	397,730
	-	(33,994,666)	510,065,295	476,070,629
<b>Balance as at December 31, 2023</b>	<b>1,000,000,000</b>	<b>(33,788,498)</b>	<b>2,288,353,433</b>	<b>3,254,564,935</b>

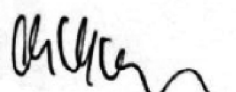
The annexed notes from 1 to 43 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note	2023	2022
	----- Rupees -----	
<b>OPERATING CASH FLOWS</b>		
<b>a) Underwriting activities</b>		
Premium received	1,706,780,676	1,217,465,631
Reinsurance premium ceded	(1,289,501,720)	(696,483,034)
Claims paid	(499,351,389)	(240,532,538)
Reinsurance and other recoveries received	181,505,751	41,867,499
Commission paid	(8,887,994)	(2,776,748)
Commission received	78,768,577	45,341,035
Underwriting payments	(14,566,697)	(16,377,587)
<b>Net cash generated from underwriting activities</b>	<b>154,747,204</b>	<b>348,504,258</b>
<b>b) Other operating activities</b>		
Income tax paid	(342,527,337)	(190,826,669)
Management and administrative expenses paid	(153,500,610)	(116,543,608)
Compensated absences paid	(264,690)	(26,302)
Other operating payments	(18,420,992)	(15,464,940)
Net cash used in other operating activities	(514,713,629)	(322,861,519)
<b>Net cash (used in) / generated from all operating activities</b>	<b>(359,966,425)</b>	<b>25,642,739</b>
<b>INVESTING ACTIVITIES</b>		
Profit / return received on investment	700,357,402	538,250,659
Other income received	57,037,812	27,422,577
Payments for investments	(5,697,084,835)	(8,442,058,960)
Proceeds from disposal of investment	5,350,175,616	7,958,330,825
Proceeds from disposal of fixed assets	-	94,250
Fixed capital expenditures	(9,728,388)	(5,472,545)
<b>Net cash generated from investing activities</b>	<b>400,757,607</b>	<b>76,566,806</b>
<b>FINANCING ACTIVITIES</b>		
Principal repayment of lease liabilities	(3,038,113)	(4,632,749)
Dividends paid	(100,000,000)	-
<b>Net cash used in financing activities</b>	<b>(103,038,113)</b>	<b>(4,632,749)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(62,246,931)</b>	<b>97,576,796</b>
Cash and cash equivalents at beginning of the year	356,457,127	258,880,331
<b>Cash and cash equivalents at end of the year</b>	<b>294,210,196</b>	<b>356,457,127</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(359,966,425)	25,642,739
Depreciation expense	(11,920,954)	(10,435,531)
Amortisation of intangibles	(777,270)	(1,083,232)
Income tax paid	342,527,337	190,826,669
Increase in assets other than cash	438,030,354	199,190,620
Decrease in operating liabilities	(398,532,725)	(386,729,846)
Investment income	923,031,441	520,840,420
Profit before taxation from window takaful	9,413,780	6,696,001
Other income	57,037,812	27,422,577
<b>Profit before taxation</b>	<b>998,843,350</b>	<b>572,370,417</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and other equivalents	549,641	928,312
Saving accounts	93,660,555	155,528,815
Deposits maturing within 12 months	200,000,000	200,000,000
	<b>294,210,196</b>	<b>356,457,127</b>

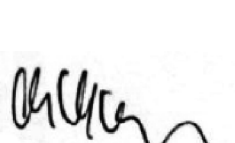
The annexed notes from 1 to 43 form an integral part of these financial statements.




Chairman



Chief Executive Officer



Director



Director

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

### 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 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** SECP carried out an onsite inspection in 2018 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 compliances, 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 were already complied with, and the Company is committed to ensure the compliance with the 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 the above 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 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**

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

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

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

**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, 2023			
Fail the SPPI test		Pass the SPPI test	
Fair value	Change in unrealised gain	Fair value	Change in unrealised gain
-----Rupees-----			

**Financial assets**

Investments				
Debt securities	4,189,372,559	-	119,201,107	-
Term deposit receipts	-	-	200,000,000	-
Loans and other receivable	-	-	258,008,096	-
Re-insurance recoveries against outstanding claims	-	-	34,229,942	-
Insurance / reinsurance receivables	-	-	580,295,833	-
Cash at bank	-	-	94,210,196	-
Window takaful operations- Operator's fund	13,936,670	-	77,692,452	-
	<u>4,203,309,229</u>	<u>-</u>	<u>1,363,637,626</u>	<u>-</u>

December 31, 2023			
AAA	A+	A	Not rated
-----Rupees-----			

Cash at bank	-	93,011,734	648,822	-
Investments				
Debt securities	421,565,000	-	-	150,150,000
Term deposit receipts	-	200,000,000	-	-
Loans and other receivable	-	-	-	258,008,096
Window takaful operations- Operator's fund	25,810,000	4,219,931	47,194	34,229,942
	<u>447,375,000</u>	<u>297,231,665</u>	<u>696,016</u>	<u>442,388,038</u>

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

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

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

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.

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

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

Management reviewed the accounting policies and updates to the information disclosed in Note 5 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

#### 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:

	<b>Note</b>
- 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 MATERIAL ACCOUNTING POLICIES

The material 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 proceeds 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, 2023. 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:

	2023	2022
Fire and property damage	59%	52%
Marine, aviation and transport	60%	61%
Motor	99%	87%
Accidental and health	108%	112%
Engineering	64%	67%
Miscellaneous	64%	67%

#### 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.

### 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. Actuarial valuation is carried out on yearly basis by using the projected unit credit method and contribution to the plans are made accordingly. Actuarial 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 recoveries 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, 2023.

6. PROPERTY AND EQUIPMENT

Particulars	2023										Depreciation rate (% per annum)	
	Cost					Depreciation						Written down value as at December 31, 2023
	As at January 01, 2023	Additions	Disposals	As at December 31, 2023	As at January 01, 2023	Depreciation for the year	Disposals	As at December 31, 2023				
	-----Rupees-----											
<b>Owned</b>												
Leasehold improvements	12,161,075	-	-	12,161,075	5,171,692	617,156	-	5,788,848	6,372,227	5%		
Furniture and fixture	3,390,403	165,000	(67,345)	3,488,058	2,455,350	362,361	(53,025)	2,764,686	723,372	10%		
Office equipment	9,598,044	112,100	(10,500)	9,699,644	7,225,309	1,028,048	(10,500)	8,242,857	1,456,787	10%-20%		
Computers	10,529,153	1,227,438	(112,300)	11,644,291	6,779,654	2,422,495	(112,300)	9,089,849	2,554,442	33.33%		
Vehicles	13,428,398	3,600,250	-	17,028,648	6,234,063	3,062,983	-	9,297,046	7,731,602	20%		
<b>Right of use assets</b>												
Office premises	12,494,791	4,455,630	-	16,950,421	10,480,806	4,427,911	-	14,908,717	2,041,704	15% - 20%		
	61,601,864	9,560,418	(190,145)	70,972,137	38,346,874	11,920,954	(175,825)	50,092,003	20,880,134			
	-----Rupees-----											
	2022											
	Cost					Depreciation					Written down value as at December 31, 2022	
	As at January 01, 2022	Additions	Disposals	As at December 31, 2022	As at January 01, 2022	Depreciation for the year	Disposals	As at December 31, 2022				
	-----Rupees-----											
<b>Owned</b>												
Leasehold improvements	12,161,075	-	-	12,161,075	4,554,536	617,156	-	5,171,692	6,989,383	5%		
Furniture and fixture	3,304,753	85,650	-	3,390,403	2,102,947	352,403	-	2,455,350	935,053	10%		
Office equipment	9,379,260	565,739	(346,955)	9,598,044	6,256,311	1,312,507	(343,509)	7,225,309	2,372,735	10%-20%		
Computers	8,329,882	2,472,344	(273,073)	10,529,153	4,517,903	2,503,324	(241,573)	6,779,654	3,749,499	33.33%		
Vehicles	13,436,338	81,000	(88,940)	13,428,398	3,694,306	2,553,937	(14,180)	6,234,063	7,194,335	20%		
<b>Right of use assets</b>												
Office premises	12,494,791	-	-	12,494,791	7,384,602	3,096,204	-	10,480,806	2,013,985	15% - 20%		
	59,106,099	3,204,733	(708,968)	61,601,864	28,510,605	10,435,531	(599,262)	38,346,874	23,254,990			

7 INTANGIBLE ASSETS

Particulars	2023										Amortization rate (% per annum)
	Cost			Amortisation			Written down value as at December 31, 2023				
	As at January 01, 2023	Additions	Adjustment	As at December 31, 2023	As at January 01, 2023	Amortisation for the year		As at December 31, 2023			
Computer softwares	9,973,133	167,970	-	10,141,103	8,252,830	777,270	9,030,100	1,111,003	33.33%		
	9,973,133	167,970	-	10,141,103	8,252,830	777,270	9,030,100	1,111,003			
	-----Rupees-----										
Particulars	2022										Amortization rate (% per annum)
	Cost			Amortisation			Written down value as at December 31, 2022				
	As at January 01, 2022	Additions	Adjustment	As at December 31, 2022	As at January 01, 2022	Amortisation for the year		As at December 31, 2022			
Computer softwares	7,705,322	2,267,812	-	9,973,133	7,169,598	1,083,232	8,252,830	1,720,303	33.33%		
	7,705,322	2,267,812	-	9,973,133	7,169,598	1,083,232	8,252,830	1,720,303			
	-----Rupees-----										



8 INVESTMENTS IN DEBT SECURITIES

	2023			2022				
	Cost	Impairment / provision	Change in fairvalue	Carrying value	Cost	Impairment / provision	Change in fairvalue	Carrying value
-----Rupees-----				-----Rupees-----				
<b>Held to maturity (note 8.1)</b>								
Government securities								
Pakistan Investment Bonds (note 8.2)	119,201,107	-	-	119,201,107	116,367,319	-	-	116,367,319
Corporate Sukuk (note 8.3)								
TPL Trakker Limited	-	-	-	-	-	-	-	-
Treasury Bills	-	-	-	-	-	-	-	-
	119,201,107	-	-	119,201,107	116,367,319	-	-	116,367,319
<b>Available for sale (note 8.1)</b>								
Government securities								
Pakistan Investment Bonds	3,000,238,893	-	(44,590,260.00)	2,955,648,633	2,902,996,557	-	-	2,902,996,557
Treasury Bills	662,573,660	-	(564,734.00)	662,008,926	385,925,200	-	-	385,925,200
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	-	150,000.00	150,150,000	150,000,000	-	-	150,000,000
United Bank Limited	150,000,000	-	(3,435,000.00)	146,565,000	150,000,000	-	-	150,000,000
	575,000,000	-	(3,285,000)	571,715,000	575,000,000	-	-	575,000,000
	4,237,812,553	-	(48,439,994)	4,189,372,559	3,863,921,757	-	-	3,863,921,757
	4,357,013,660	-	(48,439,994.00)	4,308,573,666	3,980,289,076	-	-	3,980,289,076

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

Name of investment	Maturity year	2023		Face Value	Total
		Effective yield %	Profit Payment		
				₹ Rupees	₹ Rupees
<b>Held To Maturity</b>					
Pakistan Investment Bonds					
10 Years Pakistan Investment Bond	2028	13.10%	Half yearly	37,500,000	32,048,598
10 Years Pakistan Investment Bond	2028	12.55%	Half yearly	100,000,000	87,152,510
					119,201,108
<b>Available for sale</b>					
Government securities					
Treasury Bills					
3 Months Treasury Bill	2024	21.29%	On maturity	200,000,000	190,675,344
3 Months Treasury Bill	2024	21.36%	On maturity	495,000,000	471,333,581
					662,008,926
Pakistan Investment Bonds-Fixed rate					
2 Years Pakistan Investment Bond	2026	19.22%	Half yearly	600,000,000	537,390,660
2 Years Pakistan Investment Bond	2026	16.00%	Half yearly	2,700,000,000	2,418,257,972
				3,300,000,000	2,955,648,632
Term Finance Certificates					
Meezan Bank Limited	Perpetuity	(KIBOR+1.75%)	Monthly	143,000,000	143,000,000
Bank Al 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	150,150,000
United Bank Limited	Perpetuity	(KIBOR+1.55%)	Quarterly	150,000,000	146,565,000
					571,715,000
					4,189,372,558
					4,308,573,666

2022

Name of investment	Maturity year	Effective yield %	Profit Payment	Face Value	Total
				₹ Rupees	₹ Rupees
<b>Held To Maturity</b>					
Pakistan Investment Bonds					
10 Years Pakistan Investment Bond	2028	13.10%	Half yearly	37,500,000	31,213,447
10 Years Pakistan Investment Bond	2028	12.55%	Half yearly	100,000,000	85,153,872
					<u>116,367,319</u>
<b>Available for sale</b>					
Government securities					
Treasury Bills					
3 Months Treasury Bill	2023	16.85%	On maturity	400,000,000	385,925,200
Pakistan Investment Bonds-Floating rate					
2 Years Pakistan Investment Bond	2023	17.61%	Quarterly	125,000,000	124,280,336
2 Years Pakistan Investment Bond	2023	17.62%	Quarterly	335,000,000	333,044,369
2 Years Pakistan Investment Bond	2023	17.62%	Quarterly	125,000,000	124,270,287
2 Years Pakistan Investment Bond	2023	17.62%	Quarterly	370,000,000	367,840,049
2 Years Pakistan Investment Bond	2023	17.62%	Quarterly	125,000,000	124,279,555
2 Years Pakistan Investment Bond	2023	17.62%	Quarterly	1,340,000,000	1,332,177,476
2 Years Pakistan Investment Bond	2023	17.61%	Quarterly	125,000,000	124,281,788
2 Years Pakistan Investment Bond	2023	17.62%	Quarterly	75,000,000	74,562,172
2 Years Pakistan Investment Bond	2023	17.61%	Quarterly	125,000,000	124,282,123
2 Years Pakistan Investment Bond	2023	17.62%	Quarterly	175,000,000	173,978,402
				2,920,000,000	2,902,996,557
Term Finance Certificates					
Meezan Bank Limited	Perpetuity	(KIBOR+1.75%)	Monthly	143,000,000	143,000,000
Bank Al 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
					<u>575,000,000</u>
					<u>3,863,921,757</u>
					<u>3,980,289,076</u>

8.2 These include PIB's amounting to Rs. 119.201 million (2022: Rs. 116.367 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

	No. of certificates		Face value	Value of certificate	
	2023	2022		2023	2022
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
	<u>86,543</u>	<u>86,543</u>		<u>575,000,000</u>	<u>575,000,000</u>

	Note	2023	2022
----- Rupees -----			
<b>9 INVESTMENT IN TERM DEPOSIT RECEIPTS</b>			
Deposits maturing within 12 months - local currency	9.1	<u>200,000,000</u>	<u>200,000,000</u>

**9.1** These represents Term Deposit Receipts (TDRs) with Sindh Bank Limited, a related party carrying markup ranging from 16.00% to 20.50% (2022: 9.75% to 16.00%) per annum.

**10 LOANS AND OTHER RECEIVABLES**

Unsecured - considered good			
Accrued investment income		<b>224,156,164</b>	21,485,979
Loans to employees	10.1	<b>739,734</b>	-
Other receivables	10.2	<b>32,686,836</b>	22,633,467
Gratuity receivable	33.3	<b>425,362</b>	382,764
		<u><b>258,008,096</b></u>	<u>44,502,210</u>

**10.1** This represents loans provided to employees for domestic purposes which carry 5% interest / markup.

**10.2** The maximum amount due from Sindh Modaraba Management Limited at the end of any month during the year was Rs. 0.270 million (2022: 0.832 million).

	Note	2023	2022
----- Rupees -----			
<b>11 INSURANCE / REINSURANCE RECEIVABLES</b>			
(Unsecured - considered good)			
Due from insurance contract holders	11.1	<b>342,334,191</b>	353,965,124
Due from other insurers / reinsurers		<b>237,961,642</b>	138,224,820
		<u><b>580,295,833</b></u>	<u>492,189,944</u>

**11.1** Due from insurance contract holders includes Rs. 278.274 million due from related parties (2022: 338.776 million).

**11.2** Since the Company has the policy of recovery of due from insurance contract holders within a period of 12 month, therefore, no provision for impairment of receivable from insurance contract holders has been recorded.

	Note	2023	2022
----- Rupees -----			
<b>12 DEFERRED TAXATION</b>			
Deferred tax asset arising in respect of:			
Provision for compensated leave absences		<b>1,714,892</b>	1,387,660
Provision for gratuity		<b>179,820</b>	217,117
Accelerated tax depreciation		<b>370,860</b>	(396,006)
Lease liabilities		<b>359,977</b>	408,102
Unrealised loss on available for sale investments		<b>14,047,598</b>	-
		<u><b>16,673,147</b></u>	<u>1,616,873</u>

**13 PREPAYMENTS**

Prepaid reinsurance premium ceded		<b>773,019,411</b>	446,781,223
Prepaid insurance expense		<b>12,242,310</b>	4,813,942
Others		<b>3,202,179</b>	348,260
		<u><b>788,463,900</b></u>	<u>451,943,425</u>

**14 CASH AND BANK**

Cash and cash equivalents			
Cash in hand		<b>48,225</b>	20,672
Policy stamps		<b>501,416</b>	907,640
Cash at bank			
Savings accounts	14.1 & 14.2	<b>93,660,555</b>	155,528,815
		<u><b>94,210,196</b></u>	<u>156,457,127</u>

**14.1** This represents interest bearing accounts carrying interest rates ranging from 14.5% to 20.5% (2022: 8.4% to 14.5%) per annum.

**14.2** This includes balance amounting to 90.197 million Rs. (2022: 154.793 million) with Sindh Bank Limited, a related party.

**15 ORDINARY SHARE CAPITAL**

**15.1 Authorized share capital**

2023	2022		2023	2022
-----Number of shares-----			----- Rupees -----	
<u>150,000,000</u>	<u>150,000,000</u>	Ordinary shares of Rupees 10 each	<u>1,500,000,000</u>	<u>1,500,000,000</u>

**15.2 Issued, subscribed and paid up share capital**

2023	2022		2023	2022
-----Number of shares-----			----- Rupees -----	
<u>100,000,000</u>	<u>100,000,000</u>	Ordinary shares of Rupees 10 each fully paid in cash	<u>1,000,000,000</u>	<u>1,000,000,000</u>

**15.3** As at December 31, 2023, all the shares are beneficially held by Government of Sindh directly and through nominee directors.

	Note	2023	2022
		----- Rupees -----	
<b>16 PREMIUM RECEIVED IN ADVANCE</b>			
Premium received in advance	16.1	<u>33,561,367</u>	<u>87,978,586</u>

**16.1** This includes premium received in advance amounting to Rs. 14.502 million from Sindh Bar Council against which the policy has not been issued.

	Note	2023	2022
		----- Rupees -----	
<b>17 INSURANCE / REINSURANCE PAYABLES</b>			
Due to other insurers / reinsurers			
Local		113,293,031	177,027,926
Foreign		<u>683,671,093</u>	<u>254,108,502</u>
		<u>796,964,124</u>	<u>431,136,428</u>

**18 OTHER CREDITORS AND ACCRUALS**

Agent commission payable		1,121,745	152,908
Federal excise duty / sales tax		3,023,205	13,720,782
Federal insurance fee		267,793	1,645,639
Accrued expenses		15,061,267	8,644,164
Withholding tax payable		1,985,508	1,261,493
Provision for compensated leave absences	18.1	5,913,419	4,785,036
Auditors' remuneration		1,305,197	736,368
Rent payable		4,470,525	3,155,356
Provision for gratuity	33.3	-	-
		<u>33,148,659</u>	<u>34,101,746</u>

**18.1 Provision for compensated leave absences**

Opening balance	4,785,036	3,757,215
Provision for the year	1,393,073	1,054,121
Payments made during the year	<u>(264,690)</u>	<u>(26,300)</u>
Closing balance	<u>5,913,419</u>	<u>4,785,036</u>

**19 LEASE LIABILITIES**

Lease liabilities recognized as on January 1	1,407,248	6,039,999
Add: Additions during the year	4,382,328	-
Interest accrued	(668,064)	536,452
Less: Repayment of lease liabilities	<u>(3,880,213)</u>	<u>(5,169,203)</u>
	<u>1,241,299</u>	<u>1,407,248</u>

	Note	2023	2022
----- Rupees -----			
<b>19.1 Break up of lease liabilities</b>			
Lease liabilities		1,241,299	1,407,248
Less: Current portion		(535,120)	(1,407,248)
		<u>706,179</u>	<u>-</u>
Maturity analysis - contractual undiscounted cash flows:			
Less than one year		535,120	1,407,248
One to five year		706,179	-
Total undiscounted lease liability		<u>1,241,299</u>	<u>1,407,248</u>
<b>19.2</b> When measuring lease liabilities, the Company discounted lease payments using incremental borrowing rates ranging from 10.51% to 25.31% (2022: 10.51% to 16.49%) per annum.			
<b>20 TAXATION - NET</b>			
Provision for income tax		975,241,460	587,594,932
Less: Advance tax		(916,004,902)	(577,098,434)
		<u>59,236,558</u>	<u>10,496,498</u>
<b>21 CONTINGENCIES AND COMMITMENTS</b>			
There are no contingencies and commitments as at the reporting date (2022: Nil).			
<b>22 NET INSURANCE PREMIUM</b>			
Written gross premium		1,784,624,099	1,055,482,041
Unearned premium reserve - opening		581,605,412	403,196,349
Unearned premium reserve - closing		(865,751,001)	(581,605,412)
Premium earned		1,500,478,510	877,072,978
Less: Reinsurance premium ceded		1,555,592,594	851,028,195
Prepaid reinsurance premium ceded - opening		446,781,223	270,205,389
Prepaid reinsurance premium ceded - closing		(773,019,411)	(446,781,223)
Reinsurance expense		1,229,354,406	674,452,361
		<u>271,124,104</u>	<u>202,620,618</u>
<b>23 NET INSURANCE CLAIMS</b>			
Claim paid		499,351,389	240,532,538
Outstanding claims including IBNR - opening		(1,499,364,156)	(1,614,078,247)
Outstanding claims including IBNR - closing	23.1	1,279,187,790	1,499,364,156
Claim income / (expense)		279,175,023	125,818,447
Less: Reinsurance and other recoveries received		180,780,591	41,867,499
Reinsurance and other recoveries in respect of outstanding claims - opening		(47,406,441)	(31,498,162)
Reinsurance and other recoveries in respect of outstanding claims - closing		34,229,942	47,406,441
Reinsurance and other recoveries revenue		167,604,092	57,775,778
		<u>111,570,931</u>	<u>68,042,669</u>

23.1 This includes provision for incurred but not reported (IBNR) amounting to Rs. 1,042.981 million (2022: Rs. 1,323.972 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	2019	2020	2021	2022	2023	Total
-----Rupees-----						
Estimate of ultimate claims cost:						
At the end of accident year	174,823,399	151,371,769	205,646,561	309,458,170	<b>662,116,531</b>	1,503,416,430
One year later	166,973,869	149,943,931	206,450,009	272,690,424	-	796,058,233
Two years later	159,882,371	135,759,961	196,532,274	-	-	492,174,606
Three years later	156,048,644	121,950,732	-	-	-	277,999,376
Four years later	167,884,877	-	-	-	-	167,884,877
Current estimate of cumulative claims	825,613,160	559,026,393	608,628,844	582,148,594	<b>662,116,531</b>	3,237,533,522
Cumulative payment to date	(164,204,827)	(109,815,082)	(172,191,324)	(240,881,404)	<b>(497,875,811)</b>	(1,184,968,448)
Liability recognized in statement of financial position	<u>3,680,050</u>	<u>12,135,650</u>	<u>24,340,950</u>	<u>31,809,020</u>	<u><b>164,240,720</b></u>	<u>236,206,390</u>

	2023	2022
----- Rupees -----		
<b>24 NET COMMISSION EXPENSE</b>		
Commission paid or payable	<b>44,913,968</b>	2,775,096
Deferred commission expense - opening	<b>1,034,587</b>	684,676
Deferred commission expense - closing	<b>(3,611,185)</b>	(1,034,587)
Net commission	<u><b>42,337,370</b></u>	<u>2,425,185</u>
Less: Reinsurance commission received or recoverable	<b>(78,768,577)</b>	(45,341,035)
Unearned reinsurance commission - opening	<b>(21,542,710)</b>	(10,761,048)
Unearned reinsurance commission - closing	<b>33,472,452</b>	21,542,710
Commission from reinsurers	<b>(66,838,835)</b>	(34,559,373)
	<u><b>(24,501,465)</b></u>	<u>(32,134,188)</u>

**25 MANAGEMENT EXPENSES**

Employee benefits cost	25.1	<b>85,178,170</b>	65,074,920
Travelling expense		<b>12,325,027</b>	5,818,976
Advertisement and sales promotion		<b>1,428,816</b>	1,168,962
Printing and stationery		<b>3,262,820</b>	1,844,881
Depreciation	6	<b>11,920,954</b>	10,435,531
Amortisation	7	<b>777,270</b>	1,083,232
Rent, rates and taxes		<b>399,750</b>	29,350
Legal and professional charges		<b>3,885,671</b>	2,242,591
Electricity, gas and water		<b>3,885,403</b>	2,733,640
Entertainment		<b>2,688,272</b>	2,001,137
Vehicle running expense		<b>82,072</b>	46,810
Office repairs and maintenance		<b>3,916,568</b>	6,795,255
Insurance expense		<b>8,967,477</b>	5,811,974
Office expense		<b>1,832,752</b>	1,403,731
Bank charges		<b>962,298</b>	795,956
Postage, telegrams and telephones		<b>1,671,973</b>	1,530,905
Annual supervision fee SECP		<b>1,689,971</b>	1,174,930
Service charges (Health Econnex)		<b>9,027,423</b>	4,387,119
Donations	25.4	-	19,995,000
Miscellaneous		<b>3,330,552</b>	1,460,470
		<u><b>157,233,239</b></u>	<u>135,835,370</u>

**25.1 Employee benefits cost**

Salaries, allowance and other benefits		<b>82,925,779</b>	63,160,286
Charges for post employment benefits	33.7	<b>2,252,391</b>	1,914,634
		<u><b>85,178,170</b></u>	<u>65,074,920</u>

	Note	2023	2022
----- Rupees -----			
<b>25.2 Employees' provident fund</b>			
Size of the fund		32,147,404	24,507,560
Number of members		18	19
Cost of investment made		30,832,210	22,079,776
Percentage of investment made		96%	90%
Fair value / amortised cost of the investments		30,832,210	22,079,776
Break up of the investments is as follows:			
Government securities			
Pakistan Investment bonds		30,832,210	22,079,776
Market Treasury bills		-	-
		<u>30,832,210</u>	<u>22,079,776</u>

**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.

**25.4** This represents the amount used for the purchase of tents for distribution to flood affectees in the district of Jamshoro and Larkana.

	Note	2023	2022
----- Rupees -----			
<b>26 INVESTMENT INCOME</b>			
Income from equity securities			
Available for sale		1,329	-
Income from debt securities			
Available for sale		870,858,226	256,915,583
Held to maturity		14,865,037	239,407,851
Income from term deposits		37,306,849	24,516,986
		<u>923,031,441</u>	<u>520,840,420</u>
<b>27 OTHER INCOME</b>			
Profit on bank deposit		53,018,075	24,274,311
Income on generator sharing		1,260,000	694,768
Other		2,759,737	2,453,498
		<u>57,037,812</u>	<u>27,422,577</u>
<b>28 OTHER EXPENSES</b>			
Auditors' remuneration	28.1	1,011,697	604,355
Directors' remuneration	32	13,555,000	15,740,000
Other		-	33,232
		<u>14,566,697</u>	<u>16,377,587</u>
<b>28.1 Auditors' remuneration</b>			
Audit fee		586,040	296,190
Half yearly review fee		149,239	129,733
Special certifications and sundry advisory services		166,981	145,200
Out-of-pocket expenses		109,437	33,232
		<u>1,011,697</u>	<u>604,355</u>
<b>29 FINANCE COST</b>			
Finance cost on lease liability	19	668,064	536,452
			586,040
			149,239
			166,981
			109,437
<b>30 INCOME TAX EXPENSE</b>			
For the year			
Current	30.1	389,872,743	188,279,257
Prior		-	19,405,045
Deferred		(1,033,619)	(124,472)
		<u>388,839,124</u>	<u>207,559,830</u>

	Note	2023	2022
----- Rupees -----			
<b>30.1 Relationship between accounting profit and tax expense is as follows</b>			
Accounting profit before tax		<b>989,429,570</b>	572,370,417
Tax at the applicable rate of 39% (2022: 33%)		<b>385,877,532</b>	188,882,238
Prior year		-	19,405,045
Others		<b>2,961,592</b>	(727,453)
		<b>388,839,124</b>	207,559,830
<b>31 EARNINGS PER SHARE - BASIC AND DILUTED</b>			
Profit after tax for the year		<b>610,004,226</b>	364,810,587
Weighted average number of ordinary shares outstanding (Numbers)		<b>100,000,000</b>	100,000,000
Earnings per share (Rupees)	31.1	<b>6.10</b>	3.65

**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	
	2023	2022	2023	2022	2023	2022
-----Rupees-----						
Meeting fee	-	-	13,555,000	15,740,000	-	-
Managerial remuneration	8,693,988	6,882,738	-	-	7,675,404	12,256,711
Rent and house maintenance	3,477,600	2,753,100	-	-	3,070,152	4,902,659
Utilities	869,400	688,275	-	-	767,532	1,225,660
Medical	869,400	688,275	-	-	767,532	1,225,655
Conveyance	-	-	-	-	-	-
Bonus	1,448,998	482,999	-	-	1,279,234	1,732,368
Others	1,304,075	1,068,620	-	-	1,379,982	1,639,318
	<b>16,663,461</b>	<b>12,564,007</b>	<b>13,555,000</b>	<b>15,740,000</b>	<b>14,939,836</b>	<b>22,982,371</b>
Number of persons	1	1	7	7	2	2

**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, 2023 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:

	2023 %age	2022 %age
Discount rate	16.00%	16.00%
Expected rate of return on plan assets	16.00%	16.00%
Expected rate of increase in salary	16.00%	16.00%

	Note	2023 ----- Rupees -----	2022
<b>33.3 Reconciliation of balance due to defined benefit plan</b>			
Present value of defined benefit obligation	33.5	17,022,483	12,451,277
Fair value of plan assets	33.6	(17,447,846)	(12,834,041)
Closing net (assets) / liability		<u>(425,363)</u>	<u>(382,764)</u>
<b>33.4 Movement of the liability recognized in the statement of financial position</b>			
Opening net liability		(382,764)	1,183,776
Charge for the year		2,191,148	1,914,634
Remeasurement chargeable to other comprehensive (income) / loss		(86,011)	927,545
Contribution made during the year	33.6	(2,147,736)	(4,408,719)
Closing net (assets) / liability		<u>(425,363)</u>	<u>(382,764)</u>
<b>33.5 Movement in present value of defined benefit obligations</b>			
Opening present value of defined benefit obligations		12,451,277	8,540,776
Current service cost for the year		2,252,391	1,784,905
Interest cost for the year		1,992,204	939,402
Remeasurement loss on obligation		547,411	1,186,194
Benefits paid during the year		(220,800)	-
Closing present value of defined benefit obligations		<u>17,022,483</u>	<u>12,451,277</u>
<b>33.6 Movement in fair value of plan assets</b>			
Opening fair value of plan assets		12,834,041	7,357,000
Contributions during the year		2,147,736	4,408,719
Interest income for the year		2,053,447	809,673
Remeasurement on plan assets		633,422	258,649
Benefits paid during the year		(220,800)	-
Closing fair value of plan assets		<u>17,447,846</u>	<u>12,834,041</u>

	2023	2022
<b>33.7 Charge for the year</b>		
Current service cost	2,191,149	1,784,905
Interest cost	61,242	129,729
Charge for the year	<u>2,252,391</u>	<u>1,914,634</u>
<b>33.8 Remeasurement chargeable to other comprehensive income</b>		
Remeasurement loss on defined benefit obligation	547,411	1,186,194
Remeasurement gain on plan assets	<u>(633,422)</u>	<u>(258,649)</u>
	<u>(86,011)</u>	<u>(927,545)</u>

**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	594,000	410,000
2	534,000	494,000
3	463,000	441,000
4	481,000	369,000
5-10	81,529,000	65,408,000

**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	2023	2022
			-----Rupees-----	

**Transaction during the year**

Sindh Bank Limited	Companies having common directorship	Income on savings accounts	52,958,218	24,226,699
		Income on investment		
		Term Deposit Receipts	37,306,849	24,516,986
		Premium written	67,526,901	110,607,467
		Claims paid	67,311,173	72,501,584
		Rental paid	-	-
Sindh Modarba Management Limited	Companies having common directorship	Premium written	-	-
		Claims paid	-	-
		Income on sharing of generator	1,260,000	694,768

**Transaction during the year**

Sindh Bank Limited (Formerly Sindh Leasing Company Limited)	Companies having common directorship	Premium written	-	-
		Claims paid	-	-
Sindh Microfinance Bank Limited	Companies having common directorship	Premium written	3,614,338	2,779,950
		Claims paid	731,272	2,293,256

Name of related party	Nature of relationship	Nature of transaction	2023	2022
			-----Rupees-----	
<b>Transaction during the year</b>				
Directors	Directors	Premium written	<b>629,635</b>	112,448
		Claims paid	<b>158,252</b>	136,100
		Remuneration paid	<b>13,555,000</b>	15,740,000
Provident fund	Employees' fund	Contribution to provident fund	<b>2,548,274</b>	2,140,243
Government of Sindh	Shareholder	Premium written	1	1
		Claims paid	<b>204,058,840</b>	128,773,680
		Commission expense	<b>35,057,137</b>	-
<b>Balances outstanding</b>				
Sindh Bank Limited	Companies having common directorship	Bank accounts	<b>92,874,012</b>	154,793,033
		Investment		
		Term Deposit Receipts	<b>200,000,000</b>	200,000,000
		Due from insurance contract holder	<b>3,029,238</b>	28,317,417
		Claims payable	<b>15,271,720</b>	13,908,228
		Lease liability	<b>683,328</b>	432,552
Sindh Modarba Management Limited	Companies having common directorship	Due from insurance contract holder	-	-
		Amount receivable for sharing of generator	-	832,245
Sindh Microfinance Bank Limited	Companies having common directorship	Due from insurance contract holder	-	173,475
		Claims payable	<b>84,432</b>	15,000
Directors	Directors	Due from insurance contract holder	-	12,220
		Claims payable	<b>53,548</b>	-
		Receivable - Window Takaful Operations	<b>15,860,779</b>	5,307,926

35 SEGMENT REPORTING

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

Segment current year	2023						Total	
	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Engineering	Miscellaneous		Treaty
Premium receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	176,222,971	61,881,836	193,085,284	100,631,669	1,404,121,181	88,067,302	-	2,024,010,243
Less: Federal exercise duty	20,009,263	7,015,121	21,497,138	2,979,614	160,040,864	10,045,844	-	221,587,844
Federal insurance fee	1,538,163	539,257	1,652,491	985,220	12,310,712	772,457	-	17,798,300
Written gross premium including administrative surcharge	154,675,545	54,327,458	169,935,655	96,666,835	1,231,769,605	77,249,001	-	1,784,624,099
Gross direct premium	126,068,024	42,013,663	137,225,684	92,503,805	1,021,142,960	68,575,903	-	1,487,530,039
Facultative inward premium	1,268,878	395,661	9,222,620	-	734,272	-	-	11,621,431
Administrative surcharge	148,324	197,410	785,796	27,847	60,327	107,335	-	1,327,039
Premium earned	127,485,226	42,606,734	147,234,100	92,531,652	1,021,937,559	68,683,238	-	1,500,478,509
Reinsurance expense	(117,998,496)	(32,276,864)	(66,974,736)	-	(961,252,509)	(50,851,800)	-	(1,229,354,405)
Net insurance premium	9,486,730	10,329,870	80,259,364	92,531,652	60,685,050	17,831,438	-	271,124,104
Commission income	16,945,935	3,462,236	22,562,958	-	23,363,641	504,065	-	66,838,935
Net underwriting income	26,432,665	13,792,106	102,822,322	92,531,652	84,048,691	18,335,503	-	337,962,939
Insurance claims	38,309,704	5,075,663	69,326,394	29,405,320	117,612,201	19,445,742	-	279,175,023
Insurance claims recovered from reinsurers	32,609,354	4,150,592	32,271,701	-	107,431,840	(8,859,394)	-	167,604,093
Net claims	5,700,350	925,071	37,054,693	29,405,320	10,180,361	28,305,136	-	111,570,930
Commission expense	1,921,995	82,132	1,712,380	38,255,674	294,240	70,949	-	42,337,370
Management expense	11,643,615	4,089,645	12,792,361	30,167,742	92,724,752	5,815,125	-	157,233,240
Premium deficiency (expense) / income	3,545,425	(1,808,051)	(3,930,689)	4,750,986	-	(331,350)	-	2,226,321
Net insurance claims and expenses	22,811,385	3,288,797	47,628,745	102,579,722	103,199,353	33,859,860	-	313,367,861
Underwriting result	3,621,281	10,503,309	55,193,577	(10,048,070)	(19,150,662)	(15,524,357)	-	24,595,078
Net investment income								923,031,441
Other income								57,037,812
Other expenses								(14,566,697)
Finance costs								(668,064)
Profit from Window Takatuf Operation								941,378
Profit before tax								998,843,350
Segment assets	140,128,070	49,217,876	153,952,943	87,575,169	1,115,919,759	69,983,612	-	1,616,777,429
Un-allocated assets								4,780,908,795
Total assets	268,429,835	94,281,941	294,912,811	167,759,309	2,137,659,910	134,060,860	-	6,397,686,224
Segment liabilities								3,097,104,666
Un-allocated liabilities								46,016,624
Total liabilities								3,143,121,290

Segment current year	2022						Total
	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Engineering	Miscellaneous	
Premium receivable (inclusive of federal excise duty, federal insurance fee and administrative surcharge)	78,587,720	24,887,646	111,537,807	61,476,966	853,214,400	64,240,185	1,193,944,724
Less: Federal exercise duty	8,719,407	2,800,637	11,902,241	-	97,234,496	7,316,523	127,973,304
Federal insurance fee	672,724	215,475	915,474	642,617	7,479,468	563,619	10,489,377
Written gross premium including administrative surcharge	69,195,589	21,871,534	98,720,092	60,834,349	748,500,436	56,360,043	1,055,482,043
Gross direct premium	54,391,311	53,727,221	70,964,659	59,931,223	573,454,540	53,510,813	865,979,767
Facultative inward premium	2,581,780	351,182	5,996,921	-	928,527	202,816	10,061,226
Administrative surcharge	38,959	69,295	717,994	27,792	19,053	158,893	1,031,986
	57,012,050	54,147,698	77,679,574	59,959,015	574,402,120	53,872,522	877,072,979
Premium earned	57,012,050	54,147,698	77,679,574	59,959,015	574,402,120	53,872,522	877,072,979
Reinsurance expense	(52,895,665)	(24,909,550)	(36,847,452)	-	(533,557,034)	(26,442,661)	(674,452,361)
Net insurance premium	4,316,385	29,238,148	40,832,122	59,959,015	40,845,086	27,429,861	202,620,618
Commission income	7,889,813	1,650,221	12,062,432	-	19,151,515	(6,194,608)	34,559,373
Net underwriting income	12,206,198	30,888,369	52,894,554	59,959,015	59,996,601	21,235,253	237,179,991
Insurance claims	23,259,130	2,802,704	18,873,416	41,092,687	26,938,684	12,851,826	125,818,446
Insurance claims recovered from reinsurers	22,995,646	2,453,562	10,630,700	-	24,439,619	(2,743,750)	57,775,777
Net claims	263,484	349,142	8,242,716	41,092,687	2,499,065	15,595,576	68,042,669
Commission expense	1,229,936	43,325	928,292	-	89,711	133,921	2,425,185
Management expense	7,791,761	2,462,841	11,116,364	24,369,652	84,284,798	5,809,952	135,835,368
Premium deficiency (expense) / income	(2,048,319)	1,808,051	7,301,980	(2,024,306)	(8,486,097)	(8,486,097)	(3,448,691)
Net insurance claims and expenses	7,236,862	4,663,359	27,589,352	63,438,033	86,873,574	13,053,352	202,854,531
Underwriting result	4,969,336	26,225,010	25,305,203	(3,479,018)	(26,876,973)	8,181,901	34,325,459
Net investment income							520,840,420
Other income							27,422,577
Other expenses							(16,377,587)
Finance costs							(536,452)
Profit from Window Takatuf Operation							6,696,001
Profit before tax							572,370,418
Segment assets							1,008,898,174
Un-allocated assets	66,141,631	20,906,230	94,363,065	58,149,415	715,465,251	53,872,581	4,469,025,083
Total assets							5,477,923,257
Segment liabilities							2,657,860,008
Un-allocated liabilities	174,244,735	55,075,760	248,591,804	153,189,895	1,884,834,888	141,922,925	41,568,943
Total liabilities							2,699,428,951

**36. MOVEMENT IN INVESTMENT**

	Held to maturity	Available for sale	Total
-----Rupees-----			
As at January 01, 2022	123,237,120	3,363,197,588	3,486,434,708
Additions	2,505,201	8,449,679,993	8,452,185,194
Disposals (sale and redemptions)	(9,375,000)	(7,948,955,826)	(7,958,330,826)
Fair value net gains (excluding net realised gains)	-	-	-
	<u>(6,869,799)</u>	<u>500,724,167</u>	<u>493,854,368</u>
As at December 31, 2022	116,367,321	3,863,921,755	3,980,289,076
Additions	2,833,787	5,724,066,413	5,726,900,200
Disposals (sale and redemptions)	-	(5,350,175,614)	(5,350,175,614)
Fair value net loss (excluding net realised loss)	-	(48,439,994)	(48,439,994)
	<u>2,833,787</u>	<u>325,450,805</u>	<u>328,284,592</u>
As at December 31, 2023	<u>119,201,108</u>	<u>4,189,372,560</u>	<u>4,308,573,666</u>

**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 promptly 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.

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:

Class of business	2023				2022			
	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	2.16%	0.55%	7%	4.57%	1.75%	0.13%	6%	1.59%
Marine, aviation and transport	0.03%	0.03%	2%	0.70%	0.89%	0.07%	1%	0.58%
Motor	2.14%	1.61%	8%	38.57%	0.92%	0.71%	8%	17.18%
Accident and health	92.17%	94.70%	5%	43.92%	94.27%	97.35%	6%	27.14%
Engineering	0.48%	0.09%	74%	1.60%	0.50%	0.09%	74%	41.26%
Miscellaneous	3.02%	3.02%	4%	10.65%	1.67%	1.64%	5%	12.25%
Total	100%	100%	100%	100%	100%	100%	100%	100%

### 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 non-proportional 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):

Class	Gross sum insured	Reinsurance	Net exposure of risk	Net exposure of risk
			2023	2022
	-----Rupees-----			
Fire and property damage	7,009,500,000	7,005,995,250	3,504,750	20,000,000
Marine, aviation and transport	8,250,000,000	8,245,875,000	4,125,000	2,300,000
Motor	55,636,320	39,019,066	16,617,254	13,268,292
Accident and health	2,000,000	-	2,000,000	2,000,000
Engineering	109,322,841,285	109,268,179,864	54,661,421	48,155,286
Miscellaneous	7,875,000,000	7,871,062,500	3,937,500	2,687,500
	132,514,977,605	132,430,131,680	84,845,925	88,411,078

### 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 profit		Shareholders' equity	
	2023	2022	2023	2022
	-----Rupees-----		-----Rupees-----	
<b>10% increase in loss</b>				
Fire and property damage	570,035	26,348	404,725	18,707
Marine, aviation and transport	92,507	34,914	65,680	24,789
Motor	3,705,469	824,272	2,630,883	585,233
Accident and health	2,940,532	4,109,269	2,087,778	2,917,581
Engineering	1,018,036	249,907	722,806	177,434
Miscellaneous	2,830,514	1,559,558	2,009,665	1,107,286
	<b>11,157,093</b>	<b>6,804,268</b>	<b>7,921,537</b>	<b>4,831,030</b>

	Pre-tax profit		Shareholders' equity	
	2023	2022	2023	2022
	-----Rupees-----		-----Rupees-----	
<b>10% decrease in loss</b>				
Fire and property damage	(570,035)	(26,348)	(404,725)	(18,707)
Marine, aviation and transport	(92,507)	(34,914)	(65,680)	(24,789)
Motor	(3,705,469)	(824,272)	(2,630,883)	(585,233)
Accident and health	(2,940,532)	(4,109,269)	(2,087,778)	(2,917,581)
Engineering	(1,018,036)	(249,907)	(722,806)	(177,434)
Miscellaneous	(2,830,514)	(1,559,558)	(2,009,665)	(1,107,286)
	<b>(11,157,093)</b>	<b>(6,804,268)</b>	<b>(7,921,537)</b>	<b>(4,831,030)</b>



## 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:

	2023			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	-----Rupees-----			
<b>Financial liabilities</b>				
Premium received in advance	33,561,367	33,561,367	33,561,367	-
Outstanding claims including IBNR	1,279,187,790	1,279,187,790	1,279,187,790	-
Insurance / reinsurance payables	796,964,124	796,964,124	796,964,124	-
Other creditors and accruals	33,148,659	33,148,659	33,148,659	-
Lease liability	1,241,299	1,241,299	1,241,299	706,179
Liabilities of Window Takaful Operations - Operator's Fund	12,748,410	12,748,410	12,748,410	-
	<u>2,156,851,649</u>	<u>2,156,851,649</u>	<u>2,156,851,649</u>	<u>706,179</u>

	2022			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	-----Rupees-----			
<b>Financial liabilities</b>				
Premium received in advance	87,978,586	87,978,586	79,792,127	-
Outstanding claims including IBNR	1,499,364,156	1,499,364,156	1,499,364,156	-
Insurance / reinsurance payables	431,136,428	431,136,428	431,136,428	-
Other creditors and accruals	13,951,671	13,951,671	13,951,671	-
Lease liability	1,407,248	1,407,248	1,407,248	-
Liabilities of Window Takaful Operations - Operator's Fund	6,212,859	6,212,859	1,407,248	-
	<u>2,040,050,948</u>	<u>2,040,050,948</u>	<u>2,027,058,878</u>	<u>-</u>

### 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:

2023						
Effective yield / interest rate	Interest / mark-up bearing			Non-interest bearing		
	Maturity upto one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total
-----Rupees-----						
<b>Financial assets</b>						
<b>Investments</b>						
Debt securities	662,008,926	3,646,564,740	4,308,573,666	-	-	4,308,573,666
Term deposits	200,000,000	-	200,000,000	-	-	200,000,000
	862,008,926	3,646,564,740	4,508,573,666	-	-	4,508,573,666
Loan and other receivables	-	-	-	258,008,096	-	258,008,096
Insurance / reinsurance receivables	-	-	-	579,570,672	-	579,570,672
Reinsurance recoveries against outstanding claims	-	-	-	-	-	-
Cash and bank	93,660,555	-	93,660,555	34,955,102	-	34,955,102
	955,669,481	3,646,564,740	4,602,234,221	873,083,511	-	873,083,511
	14.5% to 20.5%					
<b>Financial liabilities</b>						
Outstanding claims including IBNR	-	-	-	1,279,187,791	-	1,279,187,791
Insurance / reinsurance payables	-	-	-	796,964,124	-	796,964,124
Other creditors and accruals	-	-	-	33,148,658	-	33,148,658
Lease liability	535,120	706,179	1,241,299	-	-	1,241,299
	10.51% to 25.31%					
On balance sheet gap (a)	956,204,601	3,647,270,919	4,603,475,520	2,109,300,572	-	2,109,300,572
Off balance sheet financial instrument	-	-	-	-	-	-
Off balance sheet gap (b)	-	-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)	956,204,601	3,647,270,919	4,603,475,520	2,109,300,572	-	2,109,300,572
Cumulative interest rate sensitivity gap	956,204,601	3,647,270,919	4,603,475,520	2,982,384,084	-	2,982,384,084

2022							
Effective yield / interest rate	Interest / mark-up bearing			Non-interest bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	
-----Rupees-----							
<b>Financial assets</b>							
Investments							
Debt securities	2,902,996,557	691,367,319	3,594,363,876	-	-	-	3,594,363,876
Term deposits	200,000,000	-	200,000,000	-	-	-	200,000,000
	3,102,996,557	691,367,319	3,794,363,876	-	-	-	3,794,363,876
Loan and other receivables	-	-	-	44,502,210	-	44,502,210	44,502,210
Insurance / reinsurance receivables	-	-	-	492,189,944	-	492,189,944	492,189,944
Reinsurance recoveries against outstanding claims	-	-	-	47,406,441	-	47,406,441	47,406,441
Cash and bank	155,528,815	-	155,528,815	928,312	-	928,312	156,457,127
	3,258,525,372	691,367,319	3,949,892,692	585,026,907	-	585,026,907	4,534,919,598
<b>Financial liabilities</b>							
Outstanding claims including IBNR	-	-	-	1,499,364,156	-	1,499,364,156	1,499,364,156
Insurance / reinsurance payables	-	-	-	431,136,428	-	431,136,428	431,136,428
Other creditors and accruals	-	-	-	13,951,671	-	13,951,671	13,951,671
Lease liability	1,407,248	-	1,407,248	-	-	-	1,407,248
	1,407,248	-	1,407,248	1,944,452,254	-	1,944,452,254	1,945,859,502
On balance sheet gap (a)	3,259,932,620	691,367,319	3,951,299,940	2,529,479,161	-	2,529,479,161	6,480,779,101
Off balance sheet financial instrument	-	-	-	-	-	-	-
Off balance sheet gap (b)	-	-	-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)	3,259,932,620	691,367,319	3,951,299,940				
Cumulative interest rate sensitivity gap	3,259,932,620	691,367,319					

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

	Carrying amount	
	2023	2022
	----- Rupees -----	
Fixed rate instruments		
Financial assets	3,274,849,740	702,292,519
Variable rate instruments		
Financial assets	1,327,384,481	3,633,525,372

#### 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 before tax		Total equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	-----Rupees-----			
<b>As at December 31, 2023</b>				
Sensitivity	12,654,454	(12,654,454)	8,984,662	(8,984,662)
<b>As at December 31, 2022</b>				
Sensitivity	36,335,254	(36,335,254)	25,798,030	(25,798,030)

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, 2022 is the carrying amount of the financial assets as set out below:

	2023	2022
	----- Rupees -----	
<b>Nature of financial assets</b>		
Bank balances	94,210,196	156,457,127
Investments		
Debt securities	4,308,573,666	3,980,289,076
Term deposits	200,000,000	200,000,000
	4,508,573,666	4,180,289,076
Due from insurance contract holders	342,334,191	353,965,124
Due from other insurers / reinsurers	237,961,642	138,224,820
Loans and other receivables	258,008,096	44,502,210
Reinsurance recoveries against outstanding claims	34,229,942	47,406,441
	<b>5,475,317,733</b>	<b>4,920,844,798</b>

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	60,468,046	3,744,388
3 to 6 months	2,035,171	8,299,966
6 to 12 months	1,472,473	3,115,516
More than 12 months	2	-
	<b>63,975,692</b>	<b>15,159,870</b>

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

Upto 3 months	36,687	28,474,268
3 to 6 months	-	28,844
6 to 12 months	3,076,806	-
More than 12 months	275,245,005	310,302,142
	<b>278,358,498</b>	<b>338,805,254</b>

### 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:

Name of banks	Rating		Rating Agency	2023	2022
	Long term	Short term		----- Rupees -----	
<b>Cash at bank</b>					
Sindh Bank Limited	A-1	A+	JCR-VIS	92,874,012	154,793,033
NRSP Microfinance Bank Limited	A-1	A-	JCR-VIS	269,329	243,688
Khushali Microfinance Bank Limited	A-2	A	JCR-VIS	137,722	129,786
Telenor Microfinance Bank Limited	A-1	A	JCR-VIS	379,493	362,309
				<b>93,660,556</b>	<b>155,528,816</b>
<b>Term deposit certificates</b>					
Sindh Bank Limited	A-1	A+	JCR-VIS	200,000,000	200,000,000
				<b>200,000,000</b>	<b>200,000,000</b>
<b>Investments</b>					
Term finance certificates					
Meezan Bank Limited	AAA	A-1+	JCR-VIS	143,000,000	143,000,000
Bank Al Habib Limited	AAA	A1+	PACRA	132,000,000	132,000,000
Soneri Bank Limited	AA-	A1+	PACRA	150,150,000	150,000,000
United Bank Limited	AAA	A-1+	JCR-VIS	146,565,000	150,000,000
Corporate Sukuk					
TPL Trakker Limited	A-	A2	PACRA	-	-
				<b>571,715,000</b>	<b>575,000,000</b>

### 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:

		2023							
		Carrying amount				Fair value			
Held-to-maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees				(Rupees)			
<b>Financial assets measured at fair value</b>									
Investments									
Pakistan Investment Bonds	2,955,648,633	-	-	-	2,955,648,633	-	2,955,648,633	-	2,955,648,633
Corporate Sukuk	-	-	-	-	-	-	-	-	-
Treasury Bills	662,008,926	-	-	-	662,008,926	-	-	-	-
Term Finance Certificates	571,715,000	-	-	-	571,715,000	-	571,715,000	-	571,715,000
	4,189,372,559	-	-	-	4,189,372,559	-	3,527,363,633	-	3,527,363,633
<b>Financial assets not measured at fair value</b>									
Investments									
Pakistan Investment Bonds	-	-	-	-	-	-	-	-	119,201,107
Term deposits	-	-	200,000,000	-	200,000,000	-	-	-	200,000,000
Loans and other receivable*	-	258,008,096	-	-	258,008,096	-	-	-	258,008,096
Insurance / reinsurance receivable*	-	580,295,833	-	-	580,295,833	-	-	-	580,295,833
Re-insurance recoveries against outstanding claims*	-	34,229,942	-	-	34,229,942	-	-	-	34,229,942
Cash and bank balance*	-	-	94,210,196	-	94,210,196	-	-	-	94,210,196
	-	872,533,871	294,210,196	-	1,285,945,173	-	-	-	1,285,945,173
<b>Financial liabilities not measured at fair value</b>									
Outstanding claims including IBNR*	-	-	-	(1,279,187,790)	(1,279,187,790)	-	-	-	(1,279,187,790)
Insurance / reinsurance payables*	-	-	-	(796,964,124)	(796,964,124)	-	-	-	(796,964,124)
Other creditors and accruals*	-	-	-	(33,148,659)	(33,148,659)	-	-	-	(33,148,659)
Lease liability	-	-	-	(1,241,299)	(1,241,299)	-	-	-	(1,241,299)
	-	-	-	(2,110,541,872)	(2,110,541,872)	-	-	-	(2,110,541,872)

2022									
Carrying amount									
Held-to-maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value			
						Level 1	Level 2	Level 3	Total
						(Rupees)			
<b>Financial assets measured at fair value</b>									
Investments									
	2,902,996,557	-	-	-	2,902,996,557	-	2,902,996,557	-	2,902,996,557
Pakistan Investment Bonds									
Corporate Sukuk	-	-	-	-	-	-	-	-	-
Treasury Bills	385,925,200	-	-	-	385,925,200	-	-	-	-
Term Finance Certificates	575,000,000	-	-	-	575,000,000	-	575,000,000	-	575,000,000
	3,863,921,757	-	-	-	3,863,921,757	-	3,477,996,557	-	3,477,996,557
<b>Financial assets not measured at fair value</b>									
Investments									
	-	-	-	-	-	-	-	-	-
Pakistan Investment Bonds									
Term deposits	-	-	200,000,000	-	200,000,000	-	-	-	116,367,319
Loans and other receivable*	-	44,502,210	-	-	44,502,210	-	-	-	200,000,000
Insurance / reinsurance receivable*	-	492,189,944	-	-	492,189,944	-	-	-	44,502,210
Re-insurance recoveries against outstanding claims*	-	47,406,441	-	-	47,406,441	-	-	-	492,189,944
Cash and bank balance*	-	-	156,457,127	-	156,457,127	-	-	-	47,406,441
	116,367,319	-	584,098,595	-	356,457,127	-	-	-	156,457,127
									1,056,923,041
<b>Financial liabilities not measured at fair value</b>									
Outstanding claims including IBNR*									
	-	-	-	(1,499,364,156)	(1,499,364,156)	-	-	-	(1,499,364,156)
Insurance / reinsurance payables*	-	-	-	(431,136,428)	(431,136,428)	-	-	-	(431,136,428)
Other creditors and accruals*	-	-	-	(13,951,671)	(13,951,671)	-	-	-	(13,951,671)
Lease liability	-	-	-	(1,407,248)	(1,407,248)	-	-	-	(1,407,248)
	-	-	-	(1,945,859,501)	(1,945,859,501)	-	-	-	(1,945,859,501)

**Financial assets measured at fair value**

2022									
Carrying amount									
Held-to-maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Fair value			
						Level 1	Level 2	Level 3	Total
						(Rupees)			
<b>Financial assets measured at fair value</b>									
Investments									
	2,902,996,557	-	-	-	2,902,996,557	-	2,902,996,557	-	2,902,996,557
Pakistan Investment Bonds									
Corporate Sukuk	-	-	-	-	-	-	-	-	-
Treasury Bills	385,925,200	-	-	-	385,925,200	-	-	-	-
Term Finance Certificates	575,000,000	-	-	-	575,000,000	-	575,000,000	-	575,000,000
	3,863,921,757	-	-	-	3,863,921,757	-	3,477,996,557	-	3,477,996,557
<b>Financial assets not measured at fair value</b>									
Investments									
	-	-	-	-	-	-	-	-	-
Pakistan Investment Bonds									
Term deposits	-	-	200,000,000	-	200,000,000	-	-	-	116,367,319
Loans and other receivable*	-	44,502,210	-	-	44,502,210	-	-	-	200,000,000
Insurance / reinsurance receivable*	-	492,189,944	-	-	492,189,944	-	-	-	44,502,210
Re-insurance recoveries against outstanding claims*	-	47,406,441	-	-	47,406,441	-	-	-	492,189,944
Cash and bank balance*	-	-	156,457,127	-	156,457,127	-	-	-	47,406,441
	116,367,319	-	584,098,595	-	356,457,127	-	-	-	156,457,127
									1,056,923,041
<b>Financial liabilities not measured at fair value</b>									
Outstanding claims including IBNR*									
	-	-	-	(1,499,364,156)	(1,499,364,156)	-	-	-	(1,499,364,156)
Insurance / reinsurance payables*	-	-	-	(431,136,428)	(431,136,428)	-	-	-	(431,136,428)
Other creditors and accruals*	-	-	-	(13,951,671)	(13,951,671)	-	-	-	(13,951,671)
Lease liability	-	-	-	(1,407,248)	(1,407,248)	-	-	-	(1,407,248)
	-	-	-	(1,945,859,501)	(1,945,859,501)	-	-	-	(1,945,859,501)

\* The company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of their fair values. Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences may arise between the carrying values and the fair value estimates.



	2023	2022
<b>40 NUMBER OF EMPLOYEES</b>		
Number of employees at the end of the year	18	19
Average number of employees	19	19

**41 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.

**42 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on 11 March 2024 by the Board of Directors of the Company.

**43 GENERAL**

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



Chairman



Chief Executive Officer



Director



Director

# KAFUL

## Window Takaful

## SHARIA ADVISOR'S PROFILE

Mufti Muhammad Adnan is a prominent Shariah Scholar in the field of Islamic Finance and Takaful. He has 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" since year 2016. 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.

## SHARIAH ADVISOR'S REPORT TO THE BOARD OF DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2023

By the Grace of Almighty Allah, Sindh Insurance Limited has continued Window Takaful Operations in year 2023.

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 11, 2024

Karachi

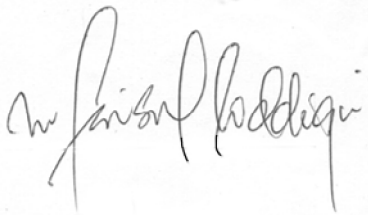
## STATEMENT OF COMPLIANCE OF WINDOW TAKAFUL OPERATIONS

The Sindh Insurance Limited - Window Takaful Operations entered in financial engagements and transactions for the year ended December 31, 2023 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 11, 2024

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, 2023, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects.

### Applicable Criteria

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

### Responsibilities of the Management

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

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

### Our Independence and Quality Management

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

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

### Our responsibilities

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

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 non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail. The procedures performed included:

- Evaluated the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluated the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the board of directors;
- Tested for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Reviewed the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2023 with the Takaful Rules, 2012.

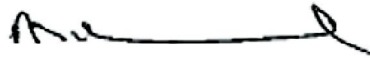
#### Conclusion

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

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

**KARACHI**

**DATED: 11 March 2024**



**CHARTERED ACCOUNTANTS**

Engagement Partner: Zulfikar Ali Causer

## 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, 2023, which comprise the statement of financial position as at December 31, 2023, 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 material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at December 31, 2023 and of the profit, other comprehensive 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 Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

KARACHI  
DATED: 11 March 2024

UDIN: AR202310067wv2KbQkNt



BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

**WINDOW TAKAFUL OPERATIONS  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2023**

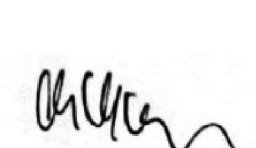
	Note	Operator's Fund		Participant's Takaful Fund	
		2023	2022	2023	2022
		----- Rupees -----		----- Rupees -----	
<b>ASSETS</b>					
Property and equipment	6	3,087,214	21,082	-	-
Intangible assets	7	-	-	-	-
Investments					
Equity securities	8	17,517,656	15,174,692	2,522,076	2,127,011
Term deposit receipts	9	30,940,000	29,000,000	63,330,000	54,766,000
		48,457,656	44,174,692	65,852,076	56,893,011
Qard-e-Hasna to Participants' Takaful Fund	10	13,500,000	18,500,000	-	-
Loan and other receivables	11	3,367,550	275,713	6,949,904	1,402,486
Takaful / retakaful receivables	12	-	-	1,359,900	5,864,496
Receivable from PTF	13	18,512,707	10,601,721	-	-
Deferred wakala fee expense	26	-	-	2,441,657	1,967,998
Deferred commission expense	27	195,895	247,358	-	-
Prepayments	14	454,057	91,499	826,247	1,504,606
Taxation	15	-	-	4,079,203	2,998,425
Cash and bank	16	4,054,044	3,099,113	6,431,501	9,474,235
<b>TOTAL ASSETS</b>		<b>91,629,122</b>	<b>77,011,178</b>	<b>87,940,488</b>	<b>80,105,257</b>



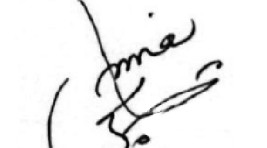
Chairman



Chief Executive Officer



Director



Director

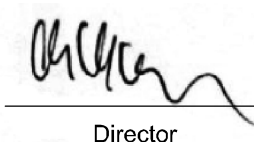
**WINDOW TAKAFUL OPERATIONS  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2023**

	Note	Operator's Fund		Participant's Takaful Fund	
		2023	2022	2023	2022
		----- Rupees -----		----- Rupees -----	
<b>FUND AND LIABILITIES</b>					
Operator's fund					
Statutory fund	17	50,000,000	50,000,000	-	-
Revaluation reserve on available for sale investment		977,896	373,999	-	-
Accumulated profit		25,202,059	18,489,036	-	-
<b>Total Operators Fund</b>		<b>76,179,955</b>	<b>68,863,035</b>	<b>-</b>	<b>-</b>
Participants' takaful fund					
Ceded money		-	-	500,000	500,000
Revaluation reserve on available for sale investment		-	-	287,898	136,174
Accumulated surplus		-	-	28,878,861	18,094,139
<b>Balance of Participants' Takaful Fund</b>		<b>-</b>	<b>-</b>	<b>29,666,759</b>	<b>18,730,313</b>
Qard-e-Hasna from Operator's Fund	10	-	-	13,500,000	18,500,000
<b>LIABILITIES</b>					
PTF underwriting provisions					
Outstanding claims including IBNR	25	-	-	2,041,744	8,741,085
Unearned contribution reserve	23	-	-	8,793,598	7,291,817
Unearned retakaful rebate	24	-	-	130,101	346,060
		-	-	10,965,443	16,378,962
Unearned wakala fee	26	2,441,657	1,967,998	-	-
Contribution received in advance		-	-	262,391	198,579
Takaful / re-takaful payables	18	-	-	2,265,994	9,606,049
Payable to OPF	13	-	-	18,512,707	10,601,721
Other creditors and accruals	19	5,028,924	475,282	12,767,194	6,089,633
Deferred taxation	20	259,397	123,736	-	-
Taxation - provision less payments	21	7,719,189	5,581,127	-	-
<b>TOTAL LIABILITIES</b>		<b>15,449,167</b>	<b>8,148,143</b>	<b>44,773,729</b>	<b>42,874,944</b>
<b>TOTAL FUND AND LIABILITIES</b>		<b>91,629,122</b>	<b>77,011,178</b>	<b>87,940,488</b>	<b>80,105,257</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	22				

The annexed notes from 1 to 43 form an integral part of these financial statements.

  
Chairman

  
Chief Executive Officer


  
Director

  
Director

**WINDOW TAKAFUL OPERATIONS  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Note	2023	2022
-----Rupees-----			
<b>Participants' Takaful Fund</b>			
Contributions earned	23	12,376,410	12,311,623
Less: Contributions ceded to Retakaful	23	(5,194,045)	(5,644,522)
Net contributions revenue		7,182,365	6,667,101
Retakaful rebate earned	24	483,612	619,067
Net underwriting income		7,665,977	7,286,168
Net claims - reported / settled - IBNR	25	(5,849,889)	(1,853,789)
Other direct expenses		(6,534)	(5,020)
Surplus before investment income		1,809,554	5,427,359
Investment income	29	10,313,257	5,065,846
Other income	30	844,910	947,415
Less: Modarib's share of investment income	31	(2,182,999)	(1,158,514)
Surplus transferred to accumulated surplus		10,784,722	10,282,106
<b>Operator's Fund</b>			
Wakala fee	26	5,285,284	5,202,580
Commission expense	27	(321,479)	(475,988)
General administrative and management expenses	28	(4,596,603)	(3,289,641)
		367,202	1,436,951
Modarib's share of PTF investment income	31	2,182,999	1,158,514
Investment income	29	6,917,144	4,090,108
Direct expenses	32	(400,202)	(255,741)
Other income	30	346,637	266,169
Profit before taxation		9,413,780	6,696,001
Income tax expense	33	(2,700,757)	(2,432,386)
Profit after taxation		6,713,023	4,263,615

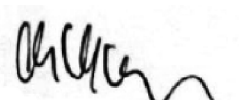
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Chairman



Chief Executive Officer



Director




Director

## WINDOW TAKAFUL OPERATIONS STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
	-----Rupees-----	
<b>Participants' Takaful Fund</b>		
Surplus for the year	10,784,722	10,282,106
Other comprehensive income	-	-
<b>Items that may be reclassified subsequently to profit and loss account</b>		
Unrealised gain/ (loss) on 'available for sale' investments (net of deferred tax)	151,724	57,529
Total comprehensive income for the year	<u>10,936,446</u>	<u>10,339,635</u>
<b>Operator's Fund</b>		
Profit after taxation	6,713,023	4,263,615
Other comprehensive income	-	-
<b>Items that may be reclassified subsequently to profit and loss account</b>		
Unrealised gain on 'available for sale' investments (net of deferred tax)	603,897	206,168
Total comprehensive income for the year	<u>7,316,920</u>	<u>4,469,783</u>

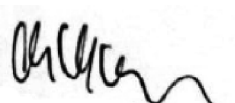
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Chairman



Chief Executive Officer



Director



Director

**WINDOW TAKAFUL OPERATIONS  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Operator's Funds				
	Statutory fund	Unrealised gain / (loss) on revaluation of available for sale investments - net	Accumulated profit	Total
-----Rupees-----				
<b>Balance as at January 01, 2022</b>	50,000,000	167,831	14,225,421	64,393,252
Total comprehensive income for the year				
Profit for the year	-	-	4,263,615	4,263,615
Other comprehensive income for the year	-	206,168	-	206,168
	-	206,168	4,263,615	4,469,783
<b>Balance as at December 31, 2022</b>	<b>50,000,000</b>	<b>373,999</b>	<b>18,489,036</b>	<b>68,863,035</b>
Total comprehensive income for the year				
Profit for the year	-	-	6,713,023	6,713,023
Other comprehensive income for the year	-	603,897	-	603,897
	-	603,897	6,713,023	7,316,920
<b>Balance as at December 31, 2023</b>	<b>50,000,000</b>	<b>977,896</b>	<b>25,202,059</b>	<b>76,179,955</b>

Participants' Takaful Fund				
	Ceded Money	Unrealised gain / (loss) on revaluation of available for sale investments - net	Accumulated surplus	Total
-----Rupees-----				
<b>Balance as at January 01, 2022</b>	500,000	78,645	7,812,033	8,390,678
Total comprehensive income for the year				
Surplus for the year	-	-	10,282,106	10,282,106
Other comprehensive loss for the year	-	57,529	-	57,529
	-	57,529	10,282,106	10,339,635
<b>Balance as at December 31, 2022</b>	<b>500,000</b>	<b>136,174</b>	<b>18,094,139</b>	<b>18,730,313</b>
Total comprehensive income for the year				
Surplus for the year	-	-	10,784,722	10,784,722
Other comprehensive income for the year	-	151,724	-	151,724
	-	151,724	10,784,722	10,936,446
<b>Balance as at December 31, 2023</b>	<b>500,000</b>	<b>287,898</b>	<b>28,878,861</b>	<b>29,666,759</b>

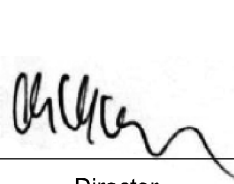
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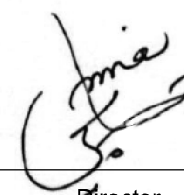
Chairman



Chief Executive Officer



Director



Director

**WINDOW TAKAFUL OPERATIONS  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Operator's Fund		Participant's Takaful Fund	
	2023	2022	2023	2022
	----- Rupees -----		----- Rupees -----	
<b>OPERATING CASH FLOWS</b>				
a) Takaful activities				
Contribution received	-	-	18,800,131	12,556,231
Retakaful contribution paid	-	-	(6,923,989)	(3,094,902)
Wakala fee received / (paid)	-	-	-	-
Claims paid	-	-	(8,797,557)	(4,512,040)
Re-takaful and other recoveries received	-	-	242,490	-
Commission paid	(246,451)	(497,102)	-	-
Modarib share received / (paid)	-	611,507	-	(611,507)
Rebate received	-	-	267,653	671,204
Net cash flow from takaful activities	(246,451)	114,405	3,588,728	5,008,986
b) Other operating activities				
Income tax paid	(427,034)	(403,490)	(1,080,778)	(2,281,783)
General and other expenses paid	171,656	(2,700,546)	-	-
Other operating payments	(650,938)	(1,920,619)	(836,846)	-
Other operating receipts	-	-	2,645,908	(4,910,557)
Net cash (used in) / generated from other operating activities	(906,315)	(5,024,655)	728,284	(7,192,340)
Net cash (used in) / generated from all operating activities	(1,152,767)	(4,910,250)	4,317,012	(2,183,354)
<b>INVESTMENT ACTIVITIES</b>				
Profit / return received on investment	3,782,694	4,821,585	5,602,685	5,537,906
Other income	346,637	266,169	844,910	947,415
Purchase of investments	(62,232,405)	(141,168,268)	(124,573,341)	(166,115,250)
Purchase of fixed assets	(3,600,250)	-	-	-
Proceeds from disposal of Fixed assets	11,022	-	-	-
Proceeds from disposal of investments	58,800,000	139,822,752	115,766,000	160,106,655
net cash (used in)/generated from investing activities	(2,892,302)	3,742,238	(2,359,746)	476,726
<b>FINANCING ACTIVITIES</b>				
Inter fund Qard-e-Hasna Transfer	5,000,000	-	(5,000,000)	-
Total cash flow from financing activities	5,000,000	-	(5,000,000)	-
Net cash used in / generated from all activities	954,931	(1,168,012)	(3,042,734)	(1,706,628)
Cash and cash equivalents at the beginning of year	3,099,113	4,267,125	9,474,235	11,180,863
Cash and cash equivalents at end of the year	4,054,044	3,099,113	6,431,501	9,474,235
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	(1,152,767)	(4,910,250)	4,317,012	(2,183,354)
Depreciation	(516,785)	(5,624)	-	-
Amortization	-	-	-	-
Income tax paid	427,034	403,490	1,080,778	2,281,783
Other income	2,529,636	1,424,683	844,910	947,415
Increase in assets other than cash	6,313,918	3,663,329	3,310,549	3,373,486
Decrease / (increase) in liabilities	(5,104,399)	2,030,265	(6,898,785)	796,930
Investment income	6,917,144	4,090,108	8,130,258	5,065,846
Profit before taxation	9,413,781	6,696,001	10,784,722	10,282,106

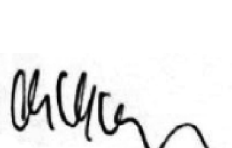
The annexed notes from 1 to 43 form an integral part of these financial statements.



Chairman



Chief Executive Officer



Director



Director

## WINDOW TAKAFUL OPERATIONS NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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

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

#### 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.

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

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

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

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

- a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely 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, 2023			
Fail the SPPI test		Pass the SPPI test	
Fair value	Change in unrealised gain	Fair value	Change in unrealised gain
-----Rupees-----			

**Financial assets - Operator's Fund**

Qard-e-Hasna to Participants' Takaful Fund	-	-	13,500,000	-
Investments				
Equity securities *	17,517,656	1,377,321	-	-
Term deposit receipts*	-	-	30,940,000	-
Loans and other receivable *	-	-	3,367,550	-
Receivable from PTF *	-	-	18,512,707	-
Cash at bank *	-	-	4,054,044	-
	<u>17,517,656</u>	<u>1,377,321</u>	<u>70,374,301</u>	<u>-</u>

**Financial assets - Participant's Takaful Fund**

Investments				
Equity securities*	2,522,076	405,490	-	-
Term deposit receipts*	-	-	63,330,000	-
Loan and other receivable *	-	-	6,949,904	-
Takaful / retakaful receivables *	-	-	1,359,900	-
Cash at bank *	-	-	6,431,501	-
	<u>2,522,076</u>	<u>405,490</u>	<u>78,071,305</u>	<u>-</u>

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

December 31, 2023			
Gross carrying amount of financial assets that pass SPPI test			
AAA	A+	A	Not rated
-----Rupees-----			

**Operator's fund**

Qard-e-Hasna to Participants' Takaful Fund	-	-	-	13,500,000
Loans and other receivable	-	-	-	3,367,550
Receivable from PTF	-	-	-	18,512,707
Cash at bank	-	3,885,728	54,573	-
Term deposit receipts within maturing 12 months	<u>30,940,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>30,940,000</u>	<u>3,885,728</u>	<u>54,573</u>	<u>35,380,257</u>

**Participant's Takaful Fund**

Loan and other receivable	-	-	-	6,949,904
Takaful / retakaful receivables	-	-	-	1,359,900
Cash at bank	-	6,034,261	-	-
Term deposit receipts within maturing 12 months	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>6,034,261</u>	<u>-</u>	<u>8,309,804</u>

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

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

**Effective date  
(annual periods  
beginning on or after)**

Amendments to IFRS 7 'Financial Instruments: Disclosures' -  
Supplier finance arrangements

January 01, 2024

**Effective date  
(annual periods  
beginning on or after)**

Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

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

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

Management reviewed the accounting policies and updates to the information disclosed in Note 5 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

#### 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:

	<b>Note</b>
- 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)	5.20

#### 5 MATERIAL ACCOUNTING POLICIES

The material 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.

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

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

Management reviewed the accounting policies and updates to the information disclosed in Note 5 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

### 5.1 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; and
- 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 December 31, 2023. No contribution reserve is required as at December 31, 2023 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.

### 5.8 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.

### 5.9 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.

### 5.10 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.

### 5.11 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.

### 5.12 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:

#### 5.12.1 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.

**5.13 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.

**5.14 Investment income**

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

**5.15 Dividend**

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

**5.16 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.

**5.17 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.

**5.18 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.

**5.19 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.



**5.20 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.

**5.21 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.

**5.22 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.

**5.23 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.

**5.24 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.

**5.25 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.

**5.26 Cash and cash equivalents**

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

6 PROPERTY AND EQUIPMENT - OPERATOR'S FUND

Particulars	2023						Depreciation rate (% per annum)
	Cost		Depreciation		Written down value as at December 31, 2023	As at December 31, 2023	
	As at January 01, 2023	Additions / (disposals)	As at December 31, 2023	As at January 01, 2023			
<b>Owned</b>							
Furniture and fixture	56,062	(56,062)	-	34,982	(34,982)	-	10%
Computers	39,500	-	39,500	39,500	-	-	33.33%
Vehicles	-	3,600,250	3,600,250	-	513,036	3,087,214	20.00%
	95,562	3,544,188	3,639,750	74,482	478,054	3,087,214	
<b>2022</b>							
<b>Owned</b>							
Furniture and fixture	56,062	-	56,062	29,356	5,626	21,082	10%
Computers	39,500	-	39,500	39,500	-	-	33.33%
	95,562	-	95,562	68,856	5,626	21,082	

7 INTANGIBLE ASSETS - OPERATOR'S FUND

Particulars	2023						Amortisation rate (% per annum)
	Cost		Amortisation		Written down value as at December 31, 2023	As at December 31, 2023	
	As at January 01, 2023	Additions / (disposals)	As at December 31, 2023	As at January 01, 2023			
<b>Owned</b>							
Computer softwares	1,867,000	-	1,867,000	1,867,000	-	1,867,000	33.33%
	1,867,000	-	1,867,000	1,867,000	-	1,867,000	
<b>2022</b>							
<b>Owned</b>							
Computer softwares	1,867,000	-	1,867,000	1,867,000	-	1,867,000	33.33%
	1,867,000	-	1,867,000	1,867,000	-	1,867,000	

**8 INVESTMENTS IN EQUITY SECURITIES**

2023				2022			
Cost	Impairment / provision	Surplus on revaluation	Carrying value	Cost	Impairment / provision	Surplus on revaluation	Carrying value
-----Rupees-----				-----Rupees-----			

**Operator's Fund**

Available for sale

Others - Mutual fund

ABL Islamic Income Fund

16,140,335	-	1,377,321	17,517,656	14,647,930	-	526,762	15,174,692
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**Participants' Takaful Fund**

Available for sale

Others - Mutual fund

Meezan Sovereign Fund

2,116,586	-	405,490	2,522,076	1,792,002	-	335,009	2,127,011
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Note	Operator's Fund		Participant's Takaful Fund	
	2023	2022	2023	2022
	----- Rupees -----		----- Rupees -----	

**9 TERM DEPOSIT RECEIPTS**

Deposits maturing within 12 months

Term deposit receipts

30,940,000	29,000,000	63,330,000	54,766,000
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9.1 These represent term deposit receipts (TDRs) in local currency, issued by local banks, that carried profit ranging from 9.25% to 18.5% % per annum (2022: 9.25% to 14.5% per annum ).

Operator's Fund	
2023	2022
-----Rupees-----	

**10 QARD-E-HASNA**

Opening balance

Qard-e-Hasna transferred from OPF during the year

Qard-e-Hasna returned by PTF during the year

Closing balance

18,500,000	18,500,000
-	-
(5,000,000)	-
13,500,000	18,500,000

Operator's Fund		Participant's Takaful Fund	
2023	2022	2023	2022
----- Rupees -----		----- Rupees -----	

**11 LOANS AND OTHER RECEIVABLES**

(Unsecured - considered good)

Advance salary

Accrued investment income

Sales tax on services refund

Receivable from Sindh

Insurance Limited

Other receivables

162,065	19,638	-	-
2,807,064	34,562	5,409,132	698,560
292,993	215,531	569,191	403,520
105,430	5,982	476,468	2,018
-	-	495,113	298,388
3,367,552	275,713	6,949,904	1,402,486

	Note	Participants Takaful Fund	
		2023	2022
-----Rupees-----			
<b>12 TAKAFUL / RE-TAKAFUL RECEIVABLES</b>			
Due from takaful participant holders	12.1	<b>499,896</b>	72,740
Less: provision for impairment of receivables from takaful participant holders	12.2	-	-
		<b>499,896</b>	72,740
Due from other takaful / re-takaful operators		<b>860,004</b>	5,791,756
		<b>1,359,900</b>	5,864,496

**12.1** Due from takaful participant holders includes Rs. 0.247 million- due from related parties (2022: Rs. 0.007 million).

**12.2 Provision for impairment of receivables**

Opening	-	84,752
Provision made during the year	-	74,813
Reversal of provision	-	(159,565)
Closing Balance	-	-

	Operator's Fund		Participant's Takaful Fund	
	2023	2022	2023	2022
----- Rupees -----				
<b>13 RECEIVABLE FROM PTF / PAYABLE TO OPF</b>				
Wakala fee receivable / (payable)	<b>15,857,661</b>	10,098,718	<b>(15,857,661)</b>	(10,098,718)
Modarib share receivable / (payable)	<b>3,183,105</b>	1,000,106	<b>(3,183,105)</b>	(1,000,106)
Other (payable) / receivable	<b>(528,060)</b>	(497,103)	<b>528,059</b>	497,103
	<b>18,512,707</b>	10,601,721	<b>(18,512,707)</b>	(10,601,721)
<b>14 PREPAYMENTS</b>				
Prepaid retakaful contribution ceded	-	-	<b>826,247</b>	1,504,606
Prepaid expenses	<b>454,061</b>	91,499	-	-
	<b>454,061</b>	91,499	<b>826,247</b>	1,504,606
<b>15 TAXATION</b>				
Advance tax			<b>4,079,203</b>	2,998,425
<b>16 CASH AND BANK</b>				
Cash and cash equivalent				
Policy and revenue stamps	-	-	-	1,270
Cash at bank				
Saving accounts	16.1 & 16.2	<b>4,054,044</b>	3,099,113	<b>6,431,501</b>
		<b>4,054,044</b>	3,099,113	<b>6,431,501</b>

**16.1** These saving accounts carry profit ranging from 3.4% to 4.75% per annum (2022: 3.4% to 5.25%) per annum.

**16.2** This include balance with Sindh Bank Limited, a related party amounting to Rs. 3.885 million at operator's fund and Rs. 6.034 million at participants takaful fund.

**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'.

	2023	2022
	-----Rupees-----	
<b>18 TAKAFUL / RETAKAFUL PAYABLE</b>		
Due to takaful participants / re-takaful payable		
Local	1,692,529	2,694,452
Foreign	<u>573,465</u>	<u>6,911,597</u>
	<u><b>2,265,994</b></u>	<u><b>9,606,049</b></u>

	Note	Operator's Fund		Participant's Takaful Fund	
		2023	2022	2023	2022
		----- Rupees -----		----- Rupees -----	
<b>19 OTHER CREDITORS AND ACCRUALS</b>					
Provincial sales tax on services		7,566	-	218,007	6,891
Federal insurance fee		-	-	16,509	24,337
Tax deducted / collected at source		65,705	7,630	33,818	315
Commission payable		31,164	7,599	-	-
Payable to Sindh Insurance Limited	19.1	4,277,233	98,738	12,381,017	5,458,390
Sundry creditors		8,427	8,427	117,843	599,700
Accrued expenses		419,610	255,268	-	-
Provision for compensated leave absences	19.2	118,719	97,620	-	-
Gratuity payable		<u>100,500</u>	-	-	-
		<u><b>5,028,924</b></u>	<u><b>475,282</b></u>	<u><b>12,767,194</b></u>	<u><b>6,089,633</b></u>

**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	
	2023	2022
	----- Rupees -----	
<b>19.2 Provision for compensated leave absences</b>		
Opening balance	97,620	34,418
Provision for the year	21,099	63,202
Payments made during the year	-	-
Closing balance	<u><b>118,719</b></u>	<u><b>97,620</b></u>

	Note	Operator's Fund		Participant's Takaful Fund	
		2023	2022	2023	2022
		----- Rupees -----		----- Rupees -----	
<b>20 DEFERRED TAXATION</b>					
<b>Deferred debits arising in respect of</b>					
Provision for gratuity		(29,145)	-	-	-
Accelerated tax depreciation		(76,452)	(715)	-	-
Provision for compensated leaves absences		<u>(34,429)</u>	<u>(28,310)</u>	-	-
		<u><b>(140,026)</b></u>	<u><b>(29,025)</b></u>	-	-
<b>Deferred credits arising in respect of</b>					
Unrealised gain on available for sale investments		399,423	152,761	-	-
		<u><b>399,423</b></u>	<u><b>152,761</b></u>	-	-
		<u><b>259,397</b></u>	<u><b>123,736</b></u>	-	-

		Operator's Fund	
		2023	2022
		----- Rupees -----	
<b>21</b>	<b>TAXATION - PROVISION LESS PAYMENTS</b>		
	Provision for income tax	<b>9,948,413</b>	7,136,660
	Less: Advance tax	<b>(2,229,224)</b>	(1,555,532)
		<b>7,719,189</b>	5,581,128
<b>22</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	There are no contingencies and commitments as at reporting date (2022: none).		
		Participant's Takaful Fund	
		2023	2022
		----- Rupees -----	
<b>23</b>	<b>NET TAKAFUL CONTRIBUTION</b>		
	Written gross contribution	<b>19,163,475</b>	13,581,577
	Less: wakala fee	<b>(5,285,284)</b>	(5,202,580)
	Contribution net of wakala fee	<b>13,878,191</b>	8,378,997
	Add: unearned contribution reserve - opening	<b>7,291,817</b>	11,224,443
	Less: unearned contribution reserve - closing	<b>(8,793,598)</b>	(7,291,817)
	Contribution earned	<b>12,376,410</b>	12,311,623
	Less: Re-takaful contribution ceded	<b>4,515,686</b>	5,871,207
	Prepaid re-takaful contribution ceded - opening	<b>1,504,606</b>	1,277,921
	Prepaid re-takaful contribution ceded - closing	<b>(826,247)</b>	(1,504,606)
	Contribution ceded to retakaful	<b>5,194,045</b>	5,644,522
		<b>7,182,365</b>	6,667,101
<b>24</b>	<b>RETAKAFUL REBATE EARNED</b>		
	Retakaful rebate received or recoverable	<b>267,653</b>	671,205
	Unearned retakaful rebate - opening	<b>346,060</b>	(293,922)
	Unearned retakaful rebate - closing	<b>(130,101)</b>	346,060
	Rebate from takaful operator	<b>483,612</b>	619,067
<b>25</b>	<b>NET TAKAFUL CLAIMS EXPENSE</b>		
	Claim paid	<b>8,797,557</b>	4,512,040
	Outstanding claims including IBNR - opening	<b>(8,741,085)</b>	(10,895,048)
	Outstanding claims including IBNR - closing	<b>2,041,744</b>	8,741,085
	Claim expense	<b>2,098,216</b>	2,358,077
	Less: Re-takaful and other recoveries received	<b>242,490</b>	7,895
	Re-takaful and other recoveries in respect of outstanding claims - opening	<b>(4,372,127)</b>	(3,875,734)
	Re-takaful and other recoveries in respect of outstanding claims - closing	<b>377,964</b>	4,372,127
	Re-takaful and other recoveries revenue	<b>(3,751,673)</b>	504,288
	Net claim expense	<b>5,849,889</b>	1,853,789

**25.1** This includes provision for incurred but not reported (IBNR) amounting to Rs. 0.31 million (2022: Rs. 2.263 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	2019	2020	2021	2022	2023	Total
	-----Rupees-----					
Estimate of ultimate claims cost:						
At the end of accident year	3,185,894	4,481,443	8,727,395	10,020,007	<b>9,592,989</b>	36,007,728
One year later	2,701,635	3,621,211	4,374,540	4,274,540	-	14,971,926
Two years later	2,551,525	3,713,121	3,277,125	-	-	9,541,771
Three years later	3,571,211	3,567,066	-	-	-	7,138,277
Four years later	4,626,816	-	-	-	-	4,626,816
Current estimate of cumulative claims	4,626,816	3,567,066	3,277,125	4,274,540	<b>9,592,989</b>	25,338,536
Cumulative payment to date	(4,626,816)	(3,528,717)	(3,277,125)	(4,224,170)	<b>(7,950,483)</b>	(23,607,311)
Liability recognised in statement of financial position	-	38,349	-	50,370	<b>1,642,506</b>	1,731,225

2023                      2022  
Note -----Rupees-----

## 26 WAKALA FEE EXPENSE

Gross wakala fee		<b>5,758,943</b>	3,733,765
Deferred wakala fee expense - opening		<b>1,967,998</b>	3,436,813
Deferred wakala fee expense - closing		<b>(2,441,657)</b>	(1,967,998)
Net wakala expense	26.1	<b>5,285,284</b>	5,202,580

**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.

2023                      2022  
Note ----- Rupees -----

## 27 COMMISSION EXPENSE

Commission paid or payable		<b>270,016</b>	496,174
Deferred commission expense - opening		<b>247,358</b>	227,172
Deferred commission expense - closing		<b>(195,895)</b>	(247,358)
		<b>321,479</b>	475,988

## 28 GENERAL ADMINISTRATIVE AND MANAGEMENT EXPENSES

Employee benefit cost	28.1	<b>1,719,097</b>	1,487,038
Printing and stationery expenses		<b>57,500</b>	136,000
Depreciation	6	<b>516,785</b>	5,624
Amortisation	7	-	-
Legal and professional charges		<b>1,262,364</b>	1,097,712
Miscellaneous		<b>1,040,857</b>	563,267
		<b>4,596,603</b>	3,289,641

### 28.1 Employee benefit cost

Salaries, allowance and other benefits		<b>1,648,219</b>	1,420,592
Charges for post employment benefit		<b>70,878</b>	66,446
		<b>1,719,097</b>	1,487,038

	Operator's Fund		Participant's Takaful Fund	
	2023	2022	2023	2022
Note	----- Rupees -----		----- Rupees -----	
<b>29 INVESTMENT INCOME</b>				
<b>Income from equity securities - available for sale</b>				
Mutual funds				
Dividend income	1,755,771	1,114,876	286,283	197,810
<b>Income from term deposit receipts</b>				
Return on term deposits	5,161,373	2,975,232	10,026,974	4,868,036
	<u>6,917,144</u>	<u>4,090,108</u>	<u>10,313,257</u>	<u>5,065,846</u>
<b>30 OTHER INCOME</b>				
Profit on bank deposits	346,637	258,868	601,740	726,722
Others	-	7,301	243,170	220,693
	<u>346,637</u>	<u>266,169</u>	<u>844,910</u>	<u>947,415</u>

**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.

	Note	Operator's Fund	
		2023	2022
		----- Rupees -----	
<b>32 DIRECT EXPENSES</b>			
Auditors' remuneration	32.1	400,202	255,741
<b>32.1 Auditors' Remuneration</b>			
Annual audit fee		231,277	133,932
Half yearly review		69,878	69,878
Other certification		42,350	42,350
Out of pocket		56,697	9,582
		<u>400,202</u>	<u>255,742</u>
		<b>2023</b>	<b>2022</b>
		-----Rupees-----	
<b>33 INCOME TAX EXPENSE</b>			
For the year			
Current		2,811,755	2,444,083
Deferred		(110,998)	(11,697)
		<u>2,700,757</u>	<u>2,432,386</u>



**2023**                      **2022**  
**Note** -----**Rupees**-----

**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	<u><b>9,413,780</b></u>	<u>6,696,001</u>
Tax @ 29%	<u><b>2,729,997</b></u>	1,941,841
Others	-	490,545
Provision for taxation	<u><b>2,700,757</b></u>	<u>2,432,386</u>

**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 the year			Operator's Fund		Participant's Takaful Fund	
Name of related party	Nature of relationship	Nature of transaction	2023	2022	2023	2022
			----- Rupees -----		----- Rupees -----	
Sindh Bank Limited	Common directorship	Profit on bank balances	330,470	237,854	<b>562,657</b>	706,406
		Net contribution	-	-	<b>1,164,173</b>	3,290,201
		Gross contribution	-	-	<b>1,130,903</b>	2,952,409
		Claims paid	-	-	<b>2,730,388</b>	1,441,921
Sindh Modarba Management Limited	Common directorship	Net contribution	-	-	<b>2,149,700</b>	1,885,918
		Gross contribution	-	-	<b>1,867,976</b>	1,807,872
		Claims paid	-	-	<b>542,542</b>	395,939
<b>Balances outstanding as at</b>						
Sindh Bank Limited	Common directorship	Cash and bank	3,885,728	3,033,555	<b>6,034,261</b>	9,442,248
		Due from takaful contract holder	-	-	<b>245,102</b>	-
		Claims payable	-	-	<b>494,800</b>	320,164
Sindh Modarba Management Limited	Common directorship	Due from takaful contract holder	-	-	<b>2,382</b>	7,204
		Claims payable	-	-	<b>120,100</b>	121,000

35 SEGMENT REPORTING

35.1 Operator's Fund

2023							
	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Treaty	Total
	-----Rupees-----						
Wakala fee	144,003	4,771	3,293,544	1,355,543	487,423	-	5,285,284
Management expenses	(136,388)	-	(2,461,986)	(1,836,335)	(161,895)	-	(4,596,603)
Commission expenses	(9,539)	-	(172,187)	(128,430)	(11,323)	-	(321,479)
Net commission and expenses	(145,926)	-	(2,634,173)	(1,964,765)	(173,217)	-	(4,918,082)
Modarib's share of PTF investment income	(1,923)	4,771	659,371	(609,222)	314,206	-	367,202
Net investment income							2,182,999
Other income							6,917,144
Direct expenses							346,637
Profit before tax							(400,202)
							9,413,780
Corporate segment assets	1,160,668	-	20,951,679	15,627,340	1,377,735	-	39,117,422
Corporate un-allocated assets							52,511,700
Total assets							91,629,122
Corporate segment liabilities	309,183	-	5,581,185	4,162,868	367,006	-	10,420,243
Corporate un-allocated liabilities							5,028,924
Total liabilities							15,449,167

2022							
	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Treaty	Total
	-----Rupees-----						
Wakala fee	186,636	8,199	3,214,620	1,109,040	684,085	-	5,202,580
Management expenses	(152,964)	(6,525)	(1,092,239)	(1,200,953)	(836,960)	-	(3,289,641)
Commission expenses	(22,133)	(944)	(158,039)	(173,770)	(121,102)	-	(475,988)
Net commission and expenses	(175,097)	(7,469)	(1,250,278)	(1,374,723)	(958,062)	-	(3,765,629)
	11,539	730	1,964,342	(265,683)	(273,977)	-	1,436,951
Modarib's share of PTF investment income							1,158,514
Net investment income							4,090,108
Other income							266,169
Other expenses							(255,741)
Profit before tax							6,696,001
Corporate segment assets	1,382,752	58,982	9,873,514	10,856,259	7,565,866	-	29,737,373
Corporate un-allocated assets							47,273,805
Total assets							77,011,178
Corporate segment liabilities	356,779	15,219	2,547,572	2,801,141	1,952,151	-	7,672,861
Corporate un-allocated liabilities							475,282
Total liabilities							8,148,143

35.2 Participants' Takaful Fund

2023							
	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Treaty	Total
	-----Rupees-----						
<b>Segment results</b>							
Contribution receivable	653,444	-	11,693,212	8,705,298	757,365	-	21,809,319
Less: Federal exercise duty	(79,154)	-	(1,326,997)	(971,851)	(5,887)	-	(2,383,889)
Federal insurance fee	(5,683)	-	(102,068)	(77,673)	(76,531)	-	(261,955)
Gross written contribution	568,607	-	10,264,147	7,655,774	674,947	-	19,163,475
Direct contribution	(380,036)	-	(10,020,130)	(7,645,774)	(574,328)	-	(18,620,268)
Facultative inward contribution	(173,256)	-	(137,997)	-	(86,257)	-	(397,510)
Administrative surcharge	(15,315)	-	(106,020)	(10,000)	(14,362)	-	(145,697)
Wakala expense	(568,607)	-	(10,264,147)	(7,655,774)	(674,947)	-	(19,163,475)
Takaful contribution earned	(144,003)	(4,771)	(3,293,544)	(1,355,543)	(487,423)	-	(5,285,284)
Re-takaful expense	440,829	14,310	6,187,772	4,069,537	1,663,962	-	12,376,410
Net takaful contribution	(449,212)	(17,173)	(3,182,861)	-	(1,544,799)	-	(5,194,045)
Rebate from re-takaful operators	(8,383)	(2,863)	3,004,911	4,069,537	119,163	-	7,182,365
Net underwriting income	103,318	3,950	22,987	-	353,357	-	483,612
Takaful claims	94,935	1,087	3,027,898	4,069,537	472,520	-	7,665,977
Re-takaful and other recoveries	(69,031)	855	(3,983,624)	(3,393,172)	5,346,756	-	(2,098,216)
Net claims	26,992	-	281,000	-	(4,059,665)	-	(3,751,673)
Direct expenses	(42,039)	855	(3,702,624)	(3,393,172)	1,287,091	-	(5,849,889)
Surplus before investment income	(6,534)	1,942	(674,726)	676,365	1,759,611	-	1,809,554
Investment Income	52,896	-	-	-	-	-	10,313,257
Other Income	-	-	-	-	-	-	844,910
Less: Modarib's share of investment income	-	-	-	-	-	-	(2,182,999)
<b>Surplus for the period</b>	464,562	-	8,385,997	6,254,908	551,444	-	15,656,911
Corporate segment assets	-	-	-	-	-	-	72,283,577
Corporate un-allocated assets	-	-	-	-	-	-	87,940,488
Total assets	464,562	-	8,385,997	6,254,908	551,444	-	15,656,911
Corporate segment liabilities	-	-	-	-	-	-	45,506,535
Corporate un-allocated liabilities	-	-	-	-	-	-	12,767,194
Total liabilities	1,350,242	-	24,373,751	18,179,779	1,602,763	-	58,273,729

2022							
	Fire and property damage	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Treaty	Total
-----Rupees-----							
<b>Segment results</b>							
Contribution receivable	675,593	26,938	5,146,447	5,011,090	3,551,575	-	14,411,643
Less: Federal exercise duty	(40,924)	-	(591,538)	-	(89,247)	-	(721,709)
Federal insurance fee	(3,142)	-	(45,503)	(52,847)	(6,865)	-	(108,357)
Gross written contribution	631,527	26,938	4,509,406	4,958,243	3,455,463	-	13,581,577
Direct contribution	(305,058)	-	(4,371,052)	(4,943,243)	(670,179)	-	(10,289,532)
Facultative inward contribution	(316,707)	(26,938)	(65,534)	-	(2,768,966)	-	(3,178,145)
Administrative surcharge	(9,762)	-	(72,820)	(15,000)	(16,318)	-	(113,900)
Wakala expense	(631,527)	(26,938)	(4,509,406)	(4,958,243)	(3,455,463)	-	(13,581,577)
Takaful contribution earned	(186,636)	(8,199)	(3,214,620)	(1,109,040)	(684,085)	-	(5,202,580)
Re-takaful expense	569,661	24,595	6,042,822	3,342,113	2,332,432	-	12,311,623
Net takaful contribution	(620,256)	(7,071)	(2,952,939)	-	(2,064,256)	-	(5,644,522)
Rebate from re-takaful operators	(50,595)	17,524	3,089,883	3,342,113	268,176	-	6,667,101
Net underwriting income	142,659	1,626	-	-	474,782	-	619,067
Takaful claims	92,064	19,150	3,089,883	3,342,113	742,958	-	7,286,168
Re-takaful and other recoveries	4,714	12,569	1,023,050	(2,630,792)	(767,618)	-	(2,358,077)
Net claims	(8)	-	-	-	504,296	-	504,288
Direct expenses	4,706	12,569	1,023,050	(2,630,792)	(263,322)	-	(1,853,789)
Surplus before investment income	96,770	31,719	4,112,933	711,321	479,636	-	5,427,360
Investment Income							5,065,846
Other Income							947,415
Less: Modarib's share of investment income							(1,158,514)
<b>Surplus for the period</b>							<u>10,282,107</u>
Corporate segment assets	638,801	27,248	4,561,346	5,015,353	3,495,263	-	13,738,011
Corporate un-allocated assets							66,367,246
Total assets							<u>80,105,257</u>
Corporate segment liabilities	2,570,700	109,654	18,356,036	20,183,076	14,065,844	-	55,285,311
Corporate un-allocated liabilities							6,089,633
Total liabilities							<u>61,374,944</u>

**36. MOVEMENT IN INVESTMENT**

	Held to maturity	Available for sale	Total
-----Rupees-----			
<b>Operator's Fund</b>			
As at January 01, 2022	-	13,936,670	13,936,670
Additions	-	947,644	947,644
Deletions	-	-	-
Fair Value net gain	-	290,378	290,378
	-	1,238,022	1,238,022
As at December 31, 2022	-	15,174,692	15,174,692
Additions	-	1,492,405	1,492,405
Fair value gain	-	850,559	850,559
	-	2,342,964	2,342,964
As at December 31, 2023	-	17,517,656	17,517,656
<b>Participants' Takaful fund</b>			
As at January 01, 2022	-	1,940,851	1,940,851
Additions	-	128,631	128,631
Fair Value loss	-	57,529	57,529
	-	186,160	186,160
As at December 31, 2022	-	2,127,011	2,127,011
Additions	-	243,341	243,341
Fair value loss	-	151,724	151,724
	-	395,065	395,065
As at December 31, 2023	-	2,522,076	2,522,076

**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:

Class of business	2023				2022			
	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	4.05%	3.35%	2.72%	0.75%	0.16%	0.31%	3.51%	1.04%
Marine, aviation and transport	0.08%	0.10%	0.00%	0.00%	0.03%	0.06%	0.26%	0.03%
Motor	51.82%	56.02%	30.13%	27.60%	19.26%	38.54%	25.60%	32.25%
Accident and Health	21.45%	26.33%	64.26%	70.92%	12.77%	25.55%	46.90%	59.09%
Miscellaneous	22.60%	14.21%	2.89%	0.73%	67.78%	35.54%	23.73%	7.58%

### 37.1.2 Retakaful arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional 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
	2023			2022
	-----Rupees-----			
Fire and property	35,000,000	31,500,000	3,500,000	10,000,000
Marine, aviation and transport	-	-	-	1,924,165
Motor	9,190,000	-	9,190,000	6,600,000
Accident and health	1,000,000	-	1,000,000	1,000,000
Miscellaneous	9,000,000	2,250,000	6,750,000	9,885,990
	54,190,000	33,750,000	20,440,000	29,410,155

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 year 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 profit		Shareholders' equity	
	2023	2022	2023	2022
	-----Rupees-----		-----Rupees-----	
<b>10% increase in loss</b>				
Fire and property damage	(4,204)	471	(2,985)	334
Marine, aviation and transport	86	1,257	61	892
Motor	(370,262)	102,305	(262,886)	72,637
Accident and health	(339,317)	(263,079)	(240,915)	(186,786)
Miscellaneous	128,709	(26,332)	91,383	(18,696)
	<b>(584,989)</b>	<b>(185,378)</b>	<b>(415,342)</b>	<b>(131,619)</b>

	Pre-tax profit		Shareholders' equity	
	2023	2022	2023	2022
	-----Rupees-----		-----Rupees-----	
<b>10% decrease in loss</b>				
Fire and property damage	4,204	(471)	2,985	(334)
Marine, aviation and transport	(86)	(1,257)	(61)	(892)
Motor	370,262	(105,305)	262,886	(72,637)
Accident and health	339,317	263,079	240,915	186,786
Miscellaneous	(128,709)	26,332	(91,383)	18,696
	<b>584,989</b>	<b>182,378</b>	<b>415,342</b>	<b>131,619</b>

### 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
	2023			
	-----Rupees-----			
<b>Operator's Fund</b>				
<b>Financial liabilities</b>				
Other creditors and accruals	4,844,500	4,844,500	4,844,500	-
<b>Participants' Takaful Fund</b>				
<b>Financial Liabilities</b>				
Qard e Hasna	13,500,000	13,500,000	13,500,000	-
Outstanding claims	1,731,225	1,731,225	1,731,225	-
Takaful / re-takaful payables	2,265,994	2,265,994	2,265,994	-
Payable to OPF	18,512,707	18,512,707	18,512,707	-
Other creditors and accruals	12,498,860	12,498,860	12,498,860	-
	<b>48,508,786</b>	<b>48,508,786</b>	<b>48,508,786</b>	<b>-</b>
	2022			
	-----Rupees-----			
<b>Operator's Fund</b>				
<b>Financial liabilities</b>				
Other creditors and accruals	370,032	370,032	370,032	-
<b>Participants' Takaful Fund</b>				
<b>Financial Liabilities</b>				
Qard e Hasna	18,500,000	18,500,000	18,500,000	-
Outstanding claims	6,478,551	6,478,551	6,478,551	-
Takaful / re-takaful payables	9,606,049	9,606,049	9,606,049	-
Payable to OPF	10,601,721	10,601,721	10,601,721	-
Other creditors and accruals	6,058,090	6,058,090	6,058,090	-
	<b>51,244,411</b>	<b>51,244,411</b>	<b>51,244,411</b>	<b>-</b>



**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**

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 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 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:

Operator's Fund	2023							
	Effective yield / profit rate	Profit bearing			Non-profit bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
-----Rupees-----								
<b>Financial assets</b>								
Investments								
Equity securities		-	-	-	17,517,656	-	17,517,656	
Term deposits	9.25%-14.5%	30,940,000	-	30,940,000	-	-	30,940,000	
		30,940,000	-	30,940,000	17,517,656	-	48,457,656	
Gard-e-Hasna to Participant's Takaful Fund		-	-	-	-	13,500,000	13,500,000	
Loans and other receivable		-	-	-	3,074,559	-	3,074,559	
Receivable from PTF		-	-	-	18,512,707	-	18,512,707	
Cash and bank	3.4%-5.25%	4,054,044	-	4,054,044	-	-	4,054,044	
		34,994,044	-	34,994,044	39,104,922	13,500,000	87,598,966	
<b>Financial liabilities</b>								
Other creditors and accruals		-	-	-	(4,844,500)	-	(4,844,500)	
On balance sheet gap (a)		34,994,044	-	34,994,044	34,260,422	13,500,000	82,754,466	
Off balance sheet financial instrument		-	-	-	-	-	-	
Off balance sheet gap (b)		-	-	-	-	-	-	
Total interest rate sensitivity gap (a) + (b)		34,994,044	-	34,994,044	-	-	-	
Cumulative interest rate sensitivity gap		34,994,044	-	34,994,044	-	-	-	

Operator's Fund	2022							Total
	Effective yield / profit rate	Profit bearing			Non-profit bearing			
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
-----Rupees-----								
<b>Financial assets</b>								
Investments								
Equity securities	9.25%-14.5%	-	-	-	15,174,692	-	15,174,692	15,174,692
Term deposits		29,000,000	-	29,000,000	-	-	-	29,000,000
		29,000,000	-	29,000,000	15,174,692	-	15,174,692	44,174,692
Qard-e-Hasna to Participant's Takaful Fund		-	-	-	-	18,500,000	18,500,000	18,500,000
Loans and other receivable		-	-	-	60,182	-	60,182	60,182
Receivable from PTF		-	-	-	10,601,721	-	10,601,721	10,601,721
Cash and bank	3.4%-5.25%	3,099,113	-	3,099,113	-	-	-	3,099,113
		32,099,113	-	32,099,113	25,836,595	18,500,000	44,336,595	76,435,708
<b>Financial liabilities</b>								
Other creditors and accruals		-	-	-	(370,032)	-	(370,032)	(370,032)
		-	-	-	(370,032)	-	(370,032)	(370,032)
On balance sheet gap (a)		32,099,113	-	32,099,113	25,466,563	18,500,000	43,966,563	76,065,676
Off balance sheet financial instrument		-	-	-	-	-	-	-
Off balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		32,099,113	-	32,099,113				
Cumulative interest rate sensitivity gap		32,099,113	-	32,099,113				

Participants' Fund	2023							Total
	Effective yield / profit rate	Profit bearing		Non-profit bearing		Sub total	Sub total	
		Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year			
-----Rupees-----								
<b>Financial assets</b>								
Investments								
Equity securities	9.25%-14.5%	-	-	-	2,522,076	-	2,522,076	2,522,076
Term deposits		63,330,000	-	-	-	-	-	63,330,000
Takaful / retakaful receivables		-	-	-	1,359,900	-	1,359,900	1,359,900
Loan and other receivable		-	-	-	6,380,713	-	6,380,713	6,380,713
Cash and bank	3.4%-5.25%	6,431,501	-	-	-	-	-	6,431,501
		69,761,501	-	-	10,262,689	-	10,262,689	80,024,190
<b>Financial liabilities</b>								
Gard e Hasna		-	-	-	13,500,000	-	13,500,000	13,500,000
Outstanding Claims including IBNR		-	-	-	2,041,744	-	2,041,744	2,041,744
Payable to OPF		-	-	-	18,512,707	-	18,512,707	18,512,707
Takaful / Retakaful payables		-	-	-	2,265,994	-	2,265,994	2,265,994
Other creditors and accruals		-	-	-	12,498,860	-	12,498,860	12,498,860
		-	-	-	48,819,305	-	48,819,305	48,819,305
On balance sheet gap (a)		69,761,501	-	-	(38,556,616)	-	(38,556,616)	31,204,885
Off balance sheet financial instrument		-	-	-	-	-	-	-
Off balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		69,761,501	-	-	69,761,501	-	69,761,501	
Cumulative interest rate sensitivity gap		69,761,501	-	-	-	-	-	

Participants' Fund	2022						
	Effective yield / profit rate	Profit bearing		Non-profit bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	
-----Rupees-----							
<b>Financial assets</b>							
Investments							
Equity securities	9.25%-14.5%	-	-	-	-	2,127,011	2,127,011
Term deposits		54,766,000	-	54,766,000	-	-	54,766,000
Takaful / retakaful receivables		-	-	-	-	5,864,496	5,864,496
Loan and other receivable		-	-	-	-	998,966	998,966
Cash and bank	3.4%-5.25%	9,474,235	-	9,474,235	-	-	9,474,235
		64,240,235	-	64,240,235	-	8,990,473	73,230,708
<b>Financial liabilities</b>							
Gard e Hasna		-	-	-	-	18,500,000	18,500,000
Outstanding Claims including IBNR		-	-	-	-	8,741,085	8,741,085
Payable to OPF		-	-	-	-	10,601,721	10,601,721
Takaful / Retakaful payables		-	-	-	-	9,606,049	9,606,049
Other creditors and accruals		-	-	-	-	6,058,090	6,058,090
On balance sheet gap (a)		64,240,235	-	64,240,235	-	(44,516,472)	53,506,945
Off balance sheet financial instrument		-	-	-	-	-	(44,516,472)
Off balance sheet gap (b)		-	-	-	-	-	-
Total interest rate sensitivity gap (a) + (b)		64,240,235	-	64,240,235	-	-	19,723,763
Cumulative interest rate sensitivity gap		64,240,235	-	64,240,235	-	-	-

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

	2023			2022
	Operator's Fund	Participants' Fund	Aggregate	Aggregate
	-----Rupees-----			
<b>Fixed rate instruments</b>				
Financial assets	-	-	-	-
	-	-	-	-
<b>Variable rate instruments</b>				
Financial assets	34,994,044	69,761,501	104,755,545	96,339,348
	34,994,044	69,761,501	104,755,545	96,339,348

#### 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 3.4% 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.

Operator's Fund	Profit for the period		Total equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	-----Rupees-----			
<b>As at December 31, 2023</b>				
Sensitivity	349,940	(349,940)	248,458	(248,458)
<b>As at December 31, 2022</b>				
Sensitivity	320,991	(320,991)	227,904	(227,904)

Participant's Takaful Fund	Surplus for the period		Total equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	-----Rupees-----			
<b>As at December 31, 2023</b>				
Sensitivity	697,615	(697,615)	495,307	(495,307)
<b>As at December 31, 2022</b>				
Sensitivity	642,402	(642,402)	456,106	(456,106)

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 account.

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. 17,517 million and Rs. 2,522 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, 2023 and 2022. 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:

Operators' Fund	Fair value	Estimated Fair value		Effect of Fair value	
		10% increase	10% decrease	10% increase	10% decrease
-----Rupees-----					
<b>As at December 31, 2023</b>					
Sensitivity	<u>17,517,656</u>	<u>19,269,422</u>	<u>15,765,890</u>	<u>1,751,766</u>	<u>(1,751,766)</u>

Participants' Takaful Fund	Fair value	Estimated Fair value		Effect of Fair value	
		10% increase	10% decrease	10% increase	10% decrease
-----Rupees-----					
<b>As at December 31, 2023</b>					
Sensitivity	<u>2,522,076</u>	<u>2,774,284</u>	<u>2,269,868</u>	<u>252,208</u>	<u>(252,208)</u>

**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, 2023 is the carrying amount of the financial assets as set out below:

Nature of financial assets	2023			2022
	Operator's Fund	Participants' Fund	Aggregate	Aggregate
	-----Rupees-----			
Bank balances	4,054,044	6,431,501	10,485,545	12,573,348
Investments	-	-	-	-
Equity securities	17,517,656	2,522,076	20,039,732	17,301,703
Term deposits	30,940,000	63,330,000	94,270,000	83,766,000
	48,457,656	65,852,076	114,309,732	101,067,703
Qard-e-Hasna to Participants' Takaful Fund	13,500,000	-	13,500,000	18,500,000
Loans and other receivable	3,074,559	5,885,600	8,960,159	1,059,148
Receivable from PTF	18,512,706	-	18,512,706	10,601,721
Takaful / retakaful receivables	-	1,359,900	1,359,900	5,864,496
	<u>87,598,965</u>	<u>79,529,077</u>	<u>167,128,042</u>	<u>149,666,416</u>

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:

	2023	2022
	-----Rupee-----	
Upto 3 months	2,106,587	65,536
4 to 6 months	-	-
7 to 12 months	-	-
More than 12 months	-	-
	<u>2,106,587</u>	<u>65,536</u>

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

	2023	2022
	Upto 3 months	70,827
4 to 6 months	-	2,406
7 to 12 months	176,655	-
More than 12 months	-	-
	<u>247,482</u>	<u>7,204</u>

#### 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	Rating		Rating agency	2023			2022
	Long term	Short term		Operator's Fund	Participants' Fund	Aggregate	
-----Rupees-----							
<b>Cash at bank</b>							
Sindh Bank Limited	A+	A-1	JCR-VIS	3,885,728	6,034,261	9,919,989	12,475,803
Meezan Bank Limited	AAA	A1+	JCR-VIS	33,946	49,732	83,678	30,783
NRSP Microfinance Bank Limited	A	A2	PACRA-VIS	54,573	-	54,573	50,170
National Bank of Pakistan	AAA	A1+	PACRA-VIS	-	11,855	11,855	15,322
Habib Metro Bank Limited	AA+	A1+	PACRA	79,798	335,654	415,452	-
				<u>4,054,045</u>	<u>6,431,502</u>	<u>10,485,547</u>	<u>12,572,078</u>
<b>Term deposit certificates</b>							
Habib Metro Bank Limited	AA+	A1+	PACRA-VIS	-	63,330,000	63,330,000	73,000,000
National Bank Limited	AAA	A1+	PACRA-VIS	30,940,000	-	30,940,000	10,766,000
				<u>30,940,000</u>	<u>63,330,000</u>	<u>94,270,000</u>	<u>83,766,000</u>
<b>Investments</b>							
Mutual funds							
ABL Islamic Income Fund	A+ (f)	-	JCR-VIS	17,517,656	-	17,517,656	15,174,692
Meezan Sovereign Fund	AA-(f)	-	JCR-VIS	-	2,522,076	2,522,076	2,127,011
				<u>17,517,656</u>	<u>2,522,076</u>	<u>20,039,732</u>	<u>17,301,703</u>
<b>Impaired assets</b>							

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:

Operator's Fund	2023									
	Carrying amount					Fair value				
	Held-to-maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
-----Rupees-----										
<b>Financial assets measured at fair value</b>										
Investments										
Equity securities	-	17,517,656	-	-	-	17,517,656	17,517,656	-	-	17,517,656
<b>Financial assets not measured at fair value</b>										
Investments										
Term deposits	30,940,000	-	-	-	-	30,940,000	-	-	-	-
Loans and other receivable*	-	-	3,074,559	-	-	3,074,559	-	-	-	-
Qard-e-Hasna to Participants'										
Takaful Fund (PTF)	-	-	-	13,500,000	-	13,500,000	-	-	-	-
Takaful / re-takaful receivable*	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-
Receivable from PTF	-	-	18,512,706	-	-	18,512,706	-	-	-	-
Cash and bank balance*	-	-	-	4,054,044	-	4,054,044	-	-	-	-
	30,940,000	17,517,656	21,587,265	17,554,044	-	87,598,965	17,517,656	-	-	17,517,656
<b>Financial liabilities not measured at fair value</b>										
Other creditors and accruals*	-	-	-	-	4,844,500	4,844,500	-	-	-	-
	30,940,000	17,517,656	21,587,265	17,554,044	4,844,500	92,443,465	17,517,656	-	-	17,517,656

Operator's Fund	2022										
	Carrying amount					Fair value					
	Held-to-maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
-----Rupees-----											
<b>Financial assets measured at fair value</b>											
Investments											
Equity securities	-	15,174,692	-	-	-	15,174,692	15,174,692	-	-	-	15,174,692
<b>Financial assets not measured at fair value</b>											
Investments											
Term deposits	29,000,000	-	-	-	-	29,000,000	-	-	-	-	-
Loans and other receivable*	-	-	60,182	-	-	60,182	-	-	-	-	-
Qard-e-Hasna to Participants'	-	-	-	-	-	-	-	-	-	-	-
Takaful Fund (PTF)	-	-	-	18,500,000	-	18,500,000	-	-	-	-	-
Takaful / re-takaful receivable*	-	-	-	-	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-	-	-	-	-
Receivable from PTF	-	-	10,601,721	-	-	10,601,721	-	-	-	-	-
Cash and bank balance*	-	-	-	3,099,113	-	3,099,113	-	-	-	-	-
	29,000,000	15,174,692	10,661,903	21,599,113	-	76,435,708	15,174,692	-	-	-	15,174,692
<b>Financial liabilities not measured at fair value</b>											
Other creditors and accruals*	-	-	-	-	370,032	370,032	-	-	-	-	-
	29,000,000	15,174,692	10,661,903	21,599,113	370,032	76,805,740	15,174,692	-	-	-	15,174,692

Participants' Takaful Fund	2023										
	Carrying amount					Fair value					
	Held-to-maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
.....Rupees..... (Rupees) .....											
<b>Financial assets measured at fair value</b>											
Investments											
Equity securities	-	2,522,076	-	-	-	2,522,076	2,522,076	-	-	-	2,522,076
<b>Financial assets not measured at fair value</b>											
Investments											
Term deposits	63,330,000	-	-	-	-	63,330,000	-	-	-	-	-
Loans and other receivable*	-	-	5,885,600	-	-	5,885,600	-	-	-	-	-
Takaful / re-takaful receivable*	-	-	1,359,900	-	-	1,359,900	-	-	-	-	-
Cash and bank balance*	-	-	-	6,431,501	-	6,431,501	-	-	-	-	-
	63,330,000	2,522,076	7,245,500	6,431,501	-	79,529,077	2,522,076	-	-	-	2,522,076
<b>Financial liabilities not measured at fair value</b>											
Outstanding claims including IBNR	-	-	-	-	(2,041,744)	(2,041,744)	-	-	-	-	-
Gard-e-Hasna to Participants'											
Takaful Fund (PTF)	-	-	-	-	(13,500,000)	(13,500,000)	-	-	-	-	-
Payable to OPF	-	-	-	-	(18,512,707)	(18,512,707)	-	-	-	-	-
Takaful / re-takaful payable	-	-	-	-	(2,265,994)	(2,265,994)	-	-	-	-	-
Other creditors and accruals*	-	-	-	-	(12,498,860)	(12,498,860)	-	-	-	-	-
	63,330,000	2,522,076	7,245,500	6,431,501	(48,819,305)	30,709,772	2,522,076	-	-	-	2,522,076

Participants' Takaful Fund	2022										
	Carrying amount					Fair value					
	Held-to-maturity	Available for sale	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Rupees											
<b>Financial assets measured at fair value</b>											
Investments											
Equity securities	-	2,127,011	-	-	-	2,127,011	2,127,011	-	-	-	2,127,011
<b>Financial assets not measured at fair value</b>											
Investments											
Term deposits	54,766,000	-	-	-	-	54,766,000	-	-	-	-	-
Loans and other receivable*	-	-	998,966	-	-	998,966	-	-	-	-	-
Takaful / re-takaful receivable*	-	-	5,864,496	-	-	5,864,496	-	-	-	-	-
Cash and bank balance*	-	-	-	9,474,235	-	9,474,235	-	-	-	-	-
	54,766,000	2,127,011	6,863,462	9,474,235	-	73,230,708	2,127,011	-	-	-	2,127,011
<b>Financial liabilities not measured at fair value</b>											
Outstanding claims including IBNR	-	-	-	-	(8,741,085)	(8,741,085)	-	-	-	-	-
Qard-e-Hasna to Participants'	-	-	-	-	(18,500,000)	(18,500,000)	-	-	-	-	-
Takaful Fund (PTF)	-	-	-	-	(10,601,721)	(10,601,721)	-	-	-	-	-
Payable to OPF	-	-	-	-	(9,606,049)	(9,606,049)	-	-	-	-	-
Takaful / re-takaful payable	-	-	-	-	(6,058,090)	(6,058,090)	-	-	-	-	-
Other creditors and accruals*	-	-	-	-	(53,506,945)	(53,506,945)	2,127,011	-	-	-	2,127,011
	54,766,000	2,127,011	6,863,462	9,474,235	(53,506,945)	19,723,763	2,127,011	-	-	-	2,127,011

\* The company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of their fair values. Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences may arise between the carrying values and the fair value estimates.

	2023	2022
<b>40 NUMBER OF EMPLOYEES</b>		
Number of employees at the end of the year	1	1
Average number of employees	1	1

**41 CORRESPONDING FIGURES**

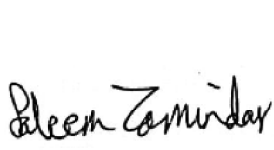
The corresponding figures have been reclassified or re-arranged, wherever considered necessary, to comply with the requirements of General Takaful Accounting, Regulations 2019. Accordingly, no other significant re-classification or re-arrangement have been made during the year.

**42 DATE OF AUTHORIZATION FOR ISSUE**

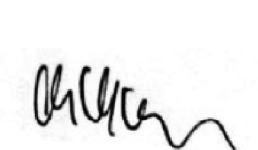
These financial statements was authorized for issue on 11 March 2024 by the Board of Directors of the Operator.

**43 GENERAL**

Figures have been rounded to the nearest Rupees.

  
 \_\_\_\_\_  
 Chairman

  
 \_\_\_\_\_  
 Chief Executive Officer

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

# BRANCHES

## *Our Branches*

**North Region Branch:**

Al Din Chambers  
Venus Plaza,  
Egerton Road, Lahore.  
Ph: 042-36297709

**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, 2023**

Number of Shareholders	Shareholding		Shares Held	Percentage
	From	To		
1	From 1	To 49,999,992	49,999,992	49.999992
8	From 49,999,992	To 50,000,000	8	0.000008
1	From 50,000,001	To 100,000,000	50,000,000	50.000000
<b>9</b>			<b>100,000,000</b>	<b>100.0000</b>

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Associated Company</b>	-	-	-
<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful Companies and Modarabas</b>	-	-	-
<b>Mutual Funds</b>	-	-	-
<b>Other Companies</b>	-	-	-
<b>Shareholding Above 5%</b>			
Governamet of Sindh	1	99,999,992	99.999992
<b>Directors, CEO, Executives and their Spouses and Minor Childrens</b>			
Kazim Hussain Jatoi	1	1	0.000001
Mushtaq Malik	1	1	0.000001
Raja Muhammad Abbas	1	1	0.000001
Khawaja Tajammul Hussain	1	1	0.000001
Farhan Ashraf Khan	1	1	0.000001
Saleem Zamindar	1	1	0.000001
Hina Marvi	1	1	0.000001
Nadeem Akhter	1	1	0.000001
Individuals	-	-	-
<b>Total</b>	<b>9</b>	<b>100,000,000</b>	<b>100.000000</b>



## STATEMENT OF DIRECTORS

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

### Section 46(6)

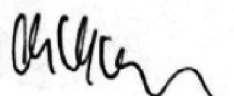
- (a) In our opinion the annual statutory accounts of Sindh Insurance Limited set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made there under;
- (b) Sindh Insurance Limited has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements; and
- (c) As at December 31, 2023 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.



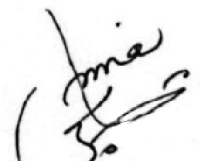
Chairman



Chief Executive Officer



Director



Director

**FORM OF PROXY****Tenth Annual General Meeting**

I/We \_\_\_\_\_ of \_\_\_\_\_  
 being a member of **Sindh Insurance Limited** and holder of \_\_\_\_\_ ordinary  
 shares, hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
 or failing him \_\_\_\_\_ of \_\_\_\_\_  
 who are also members of Sindh Insurance Limited as my/our proxy in my/our absence to attend and  
 vote for me/us and on my/our behalf at the Tenth Annual General Meeting to be held on Thursday,  
 April 18, 2024 at 12:30 pm at 1<sup>st</sup> Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi and at any  
 adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024

## 1) Witness:

Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 NIC No. \_\_\_\_\_  
 Passport No. \_\_\_\_\_

Please affix  
 Rupees Five  
 Revenue  
 Stamp

## 2) Witness:

Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 NIC No. \_\_\_\_\_  
 Passport No. \_\_\_\_\_

Signature of Member

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

## سندھ انشورنس لمیٹڈ

فولیو نمبر حوالہ.....

### نمائندگی (Proxy) فارم

### دسواں سالانہ اجلاس عام

میں/ہم..... ساکن..... بحیثیت رکن سندھ انشورنس لمیٹڈ اور حامل

عام حصص، اس دستاویز کے ذریعے

..... ساکن.....

یا ان کی غیر حاضری کی صورت میں..... ساکن.....

جو کہ خود بھی سندھ انشورنس لمیٹڈ کے رکن ہیں، کو میری/ہماری غیر موجودگی کی صورت میں بطور میرے/ہمارے مجاز نمائندہ، دسواں سالانہ عام اجلاس، منعقدہ جمعرات، 18 اپریل 2024ء، بمطابق 12:30 pm بجے، بمقام پہلی منزل امپیریل کورٹ، ڈاکٹر ضیاء الدین احمد روڈ، کراچی یا کسی بھی دیگر تجویز کردہ مقام پر شرکت کرنے اور میرے/ہماری طرف سے حق رائے دہی استعمال کرنے کے لیے مقرر کرتے ہیں۔

دستخط..... مورخہ..... 2024

1- گواہ

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

قومی شناختی کارڈ نمبر: \_\_\_\_\_

پاسپورٹ نمبر: \_\_\_\_\_

برائے مہربانی پانچ روپے  
کے رسیدی ٹکٹ چسپاں  
کریں۔

2- گواہ

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

قومی شناختی کارڈ نمبر: \_\_\_\_\_

پاسپورٹ نمبر: \_\_\_\_\_

دستخط رکن: \_\_\_\_\_

اہم ترین:

تقرر نمائندہ (Proxy) کی یہ دستاویز مکمل پر شدہ صورت میں کمپنی بیکریٹری کو کمپنی کے صدر دفتر / رجسٹرڈ دفتر پہلی منزل امپیریل کورٹ، ڈاکٹر ضیاء الدین احمد روڈ، کراچی پر اجلاس کے آغاز سے کم از کم اڑتالیس گھنٹے قبل موصول ہونا ضروری ہے۔

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



# SINDH INSURANCE

POWER TO THE PEOPLE

Another revolutionary step  
by the Government of Sindh for  
the betterment of the masses  
in case of accidental  
death a payout of

**Rs. 100,000**

FOR NEXT OF KIN

**Universal Accident  
Insurance Scheme**

\*Permanent or Temporary address of Sindh on CNIC

\*Minimum Age 18 years or above

\*Accidental death happens in Sindh



\*Terms and conditions apply

[www.sindhinsuranceltd.com](http://www.sindhinsuranceltd.com)

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

Website: [www.sindhinsuranceltd.com](http://www.sindhinsuranceltd.com)

