IGI Holdings

IGI Holdings Limited

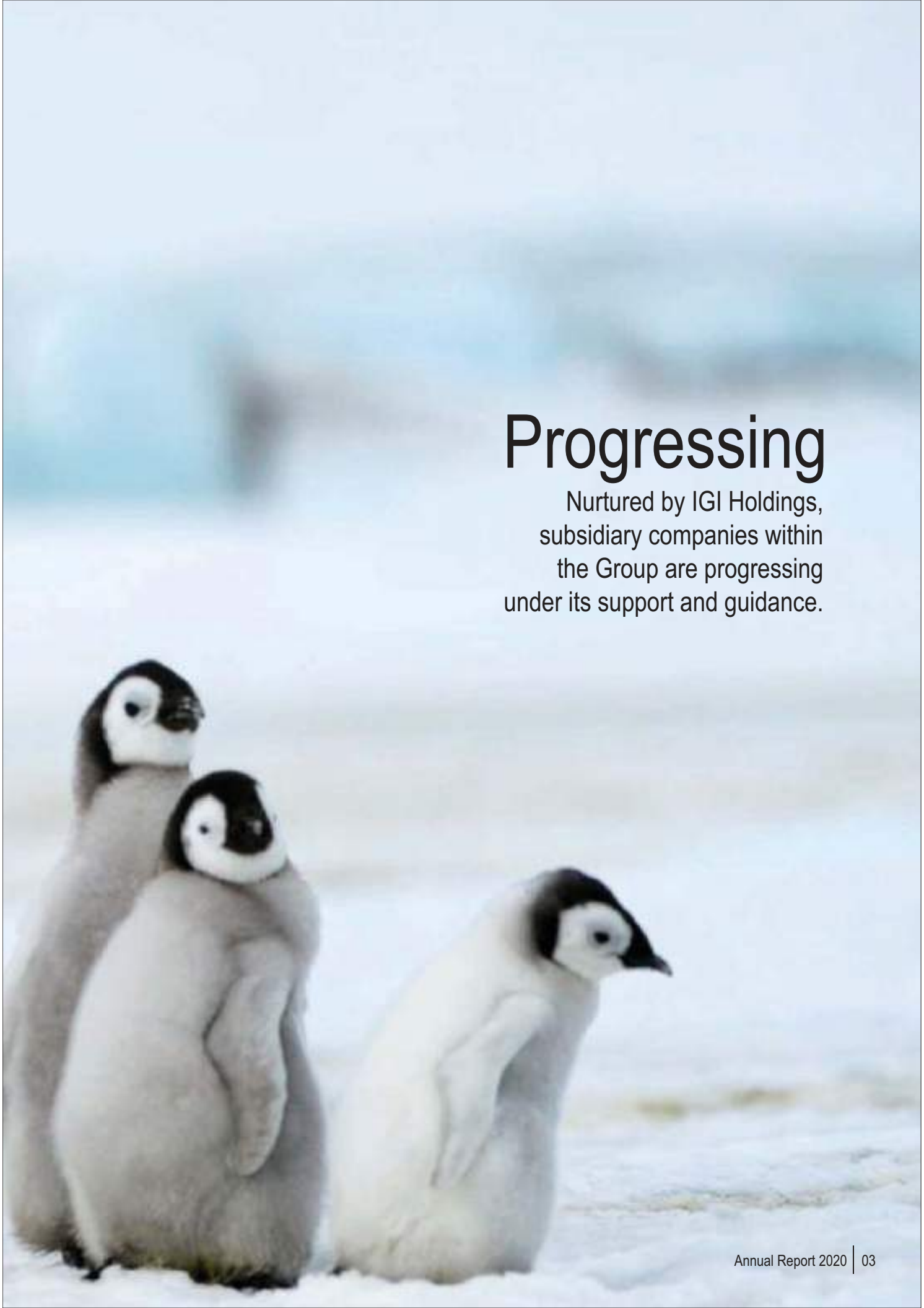
Annual Report 2020

growth
empowerment

Introduction

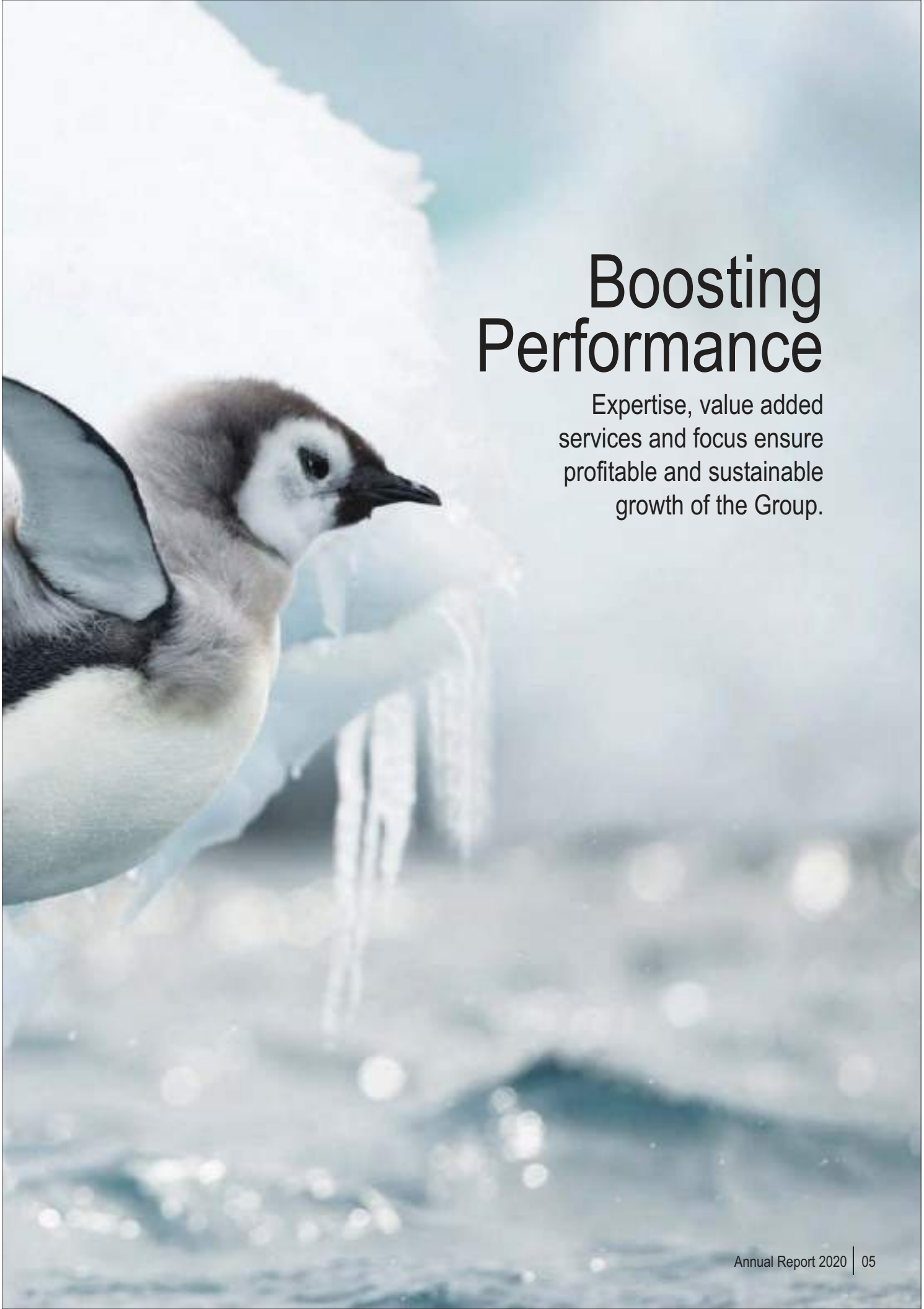
The Group Structure of IGI Holdings and its Subsidiaries resembles a group of penguins, leveraging support to each other for sustainable and profitable growth.

Nature Publishing Limited



Progressing

Nurtured by IGI Holdings, subsidiary companies within the Group are progressing under its support and guidance.



Boosting Performance

Expertise, value added services and focus ensure profitable and sustainable growth of the Group.

Empowerment

IGI Holdings empowers its subsidiaries by providing them with necessary infrastructure and focused guidance so that they can become market leaders.

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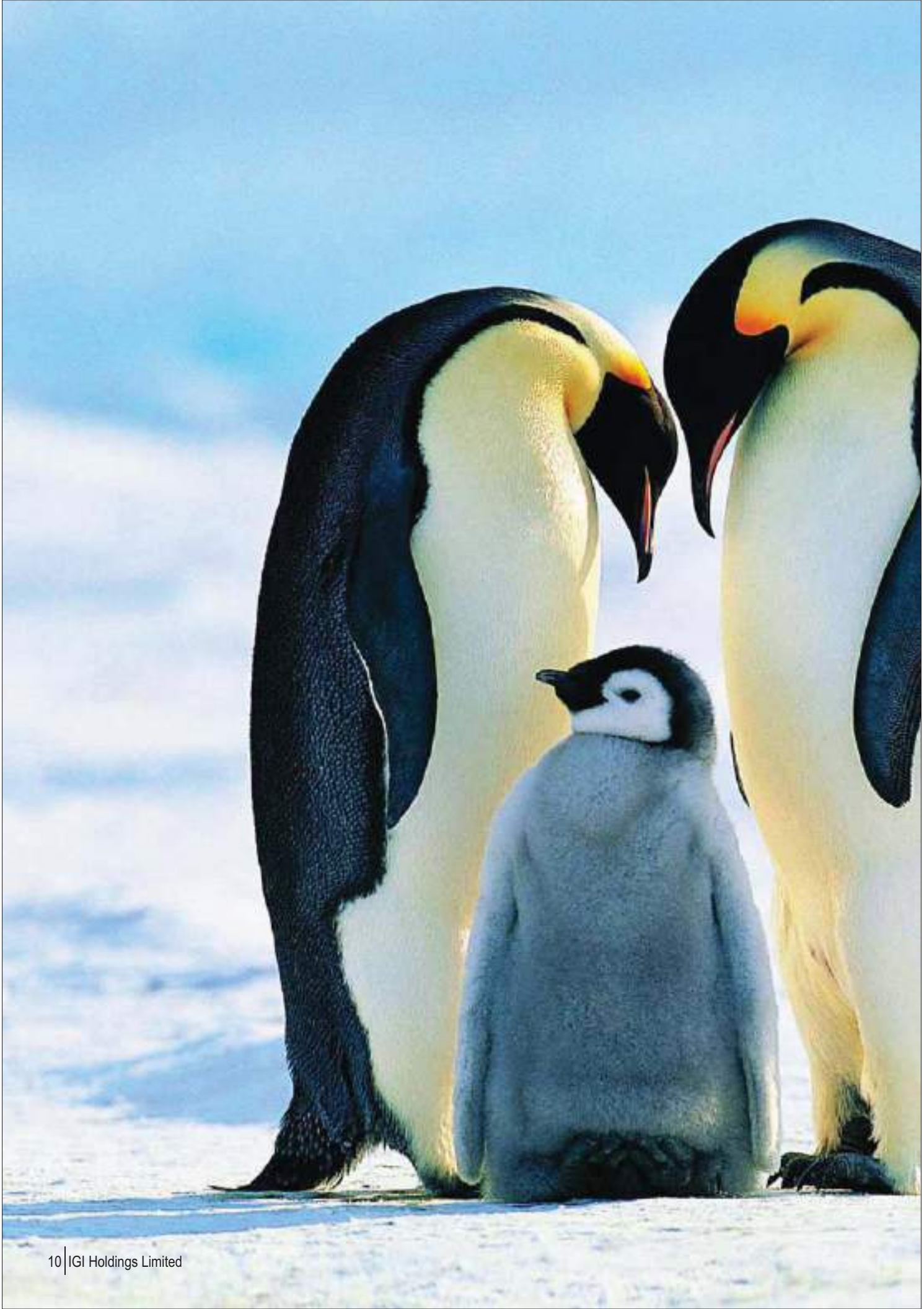
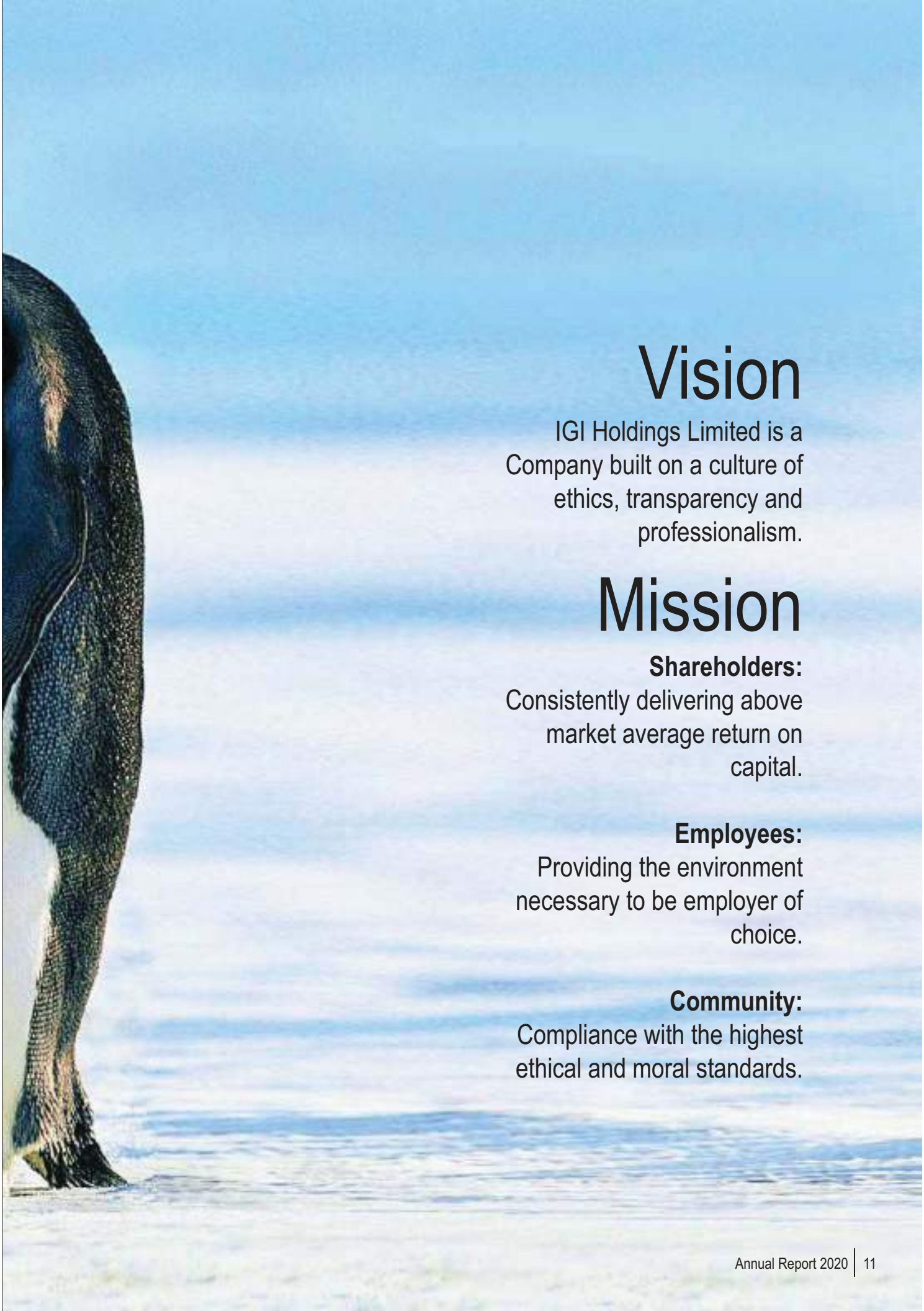




Vision

IGI Holdings Limited is a Company built on a culture of ethics, transparency and professionalism.

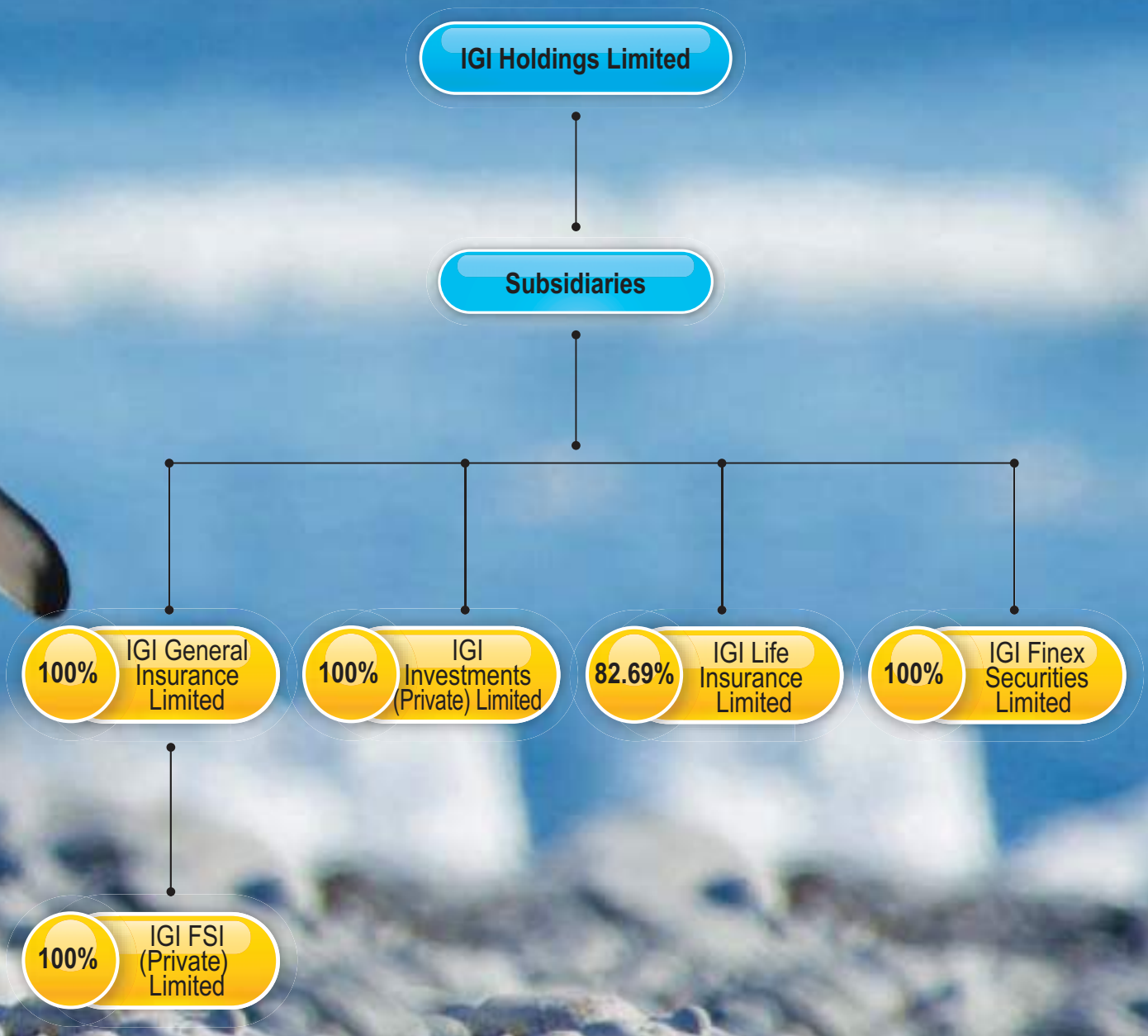
Mission

Shareholders:
Consistently delivering above market average return on capital.

Employees:
Providing the environment necessary to be employer of choice.

Community:
Compliance with the highest ethical and moral standards.

Group Structure



Credit Rating (PACRA)

AA
Long Term

A1+
Short Term

Rating Type	Rating	Rating Comments
Long Term	AA (Double A)	Very high credit rating. AA Rating denotes a very low expectation of credit risk. This indicates very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
Short Term	A1+ (A One Plus)	Obligations supported by the highest capacity for timely repayment.

Core Values

Underlying everything we do and everything we believe in is a set of core values. Values are reasons which we regard as higher than our self-interest. These guide us to deal with every aspect of any issue we might encounter in our personal and professional lives. These values help us grow inside & outside, personally and as an organization.

Care

a) We provide care through empathy, fairness, trust and openness;
b) We care for the communities in which we exist; we are conscious of the impact of our activities on our environment;
c) We strive to improve our lives and the lives of others; we care for and grow people; and
d) We care for all our customers; we succeed when our customer succeeds.

Respect

a) We treat others the way we want to be treated ;
b) We value legitimate relationships based on mutual trust and respect;
c) We are humble in all our dealings; and
d) We respect our organization.

Lead

a) We believe in possibilities; nothing is impossible;
b) We take leadership position in all our markets;
c) We aspire to build authentic leaders who say what they mean and mean what they say;
d) We live by our values and, appreciate and recognise the same in others; and
e) We add value daily and look for future. We are committed to making a great organization.

Honesty

a) Our actions are ethical and credible. We ensure transparency and fairness in all our dealings;
b) We are respectful in our interactions with others and maintain the highest moral standards even in the most difficult situations;
c) Our commitment to honesty is evident in our appreciation and welcoming attitude towards candid feedback; and
d) We remain thankful with ourselves, our people, our organization, our customers and our community in all of our dealings.

Courage

a) We are passionate and courageous in pursuing our dreams;
b) The other side of fear is freedom; we value freedom;
c) We have the audacity to look at new challenges adjust our sails accordingly ; and
d) We stress upon suspending self-interest for the greater good.

Values to us:

They are:

1) Fundamental beliefs of our organization;
2) Not to be compromised by any individual;
3) Principles that direct our relationship with our customers and stakeholders;
4) Basic elements of how we go on about our work;
5) Operating philosophies that guide our internal conduct; and
6) Helpful in distinguishing wrong behaviors from the right ones.

They are not:

1) Description of the work we do;
2) Strategies we employ;
3) Just to be hung on the walls; and
4) Cosmetic.

Company Information

Board of Directors
Syed Babar Ali (Chairman)
Mr. Shamim Ahmad Khan
Syed Yawar Ali
Syed Shahid Ali
Syed Hyder Ali
Ms. Faryal Jooma
Ms. Faryal Sadiq
Mr. Tahir Masaud

Chief Executive Officer
Mr. Tahir Masaud

Chief Financial Officer
Syed Awais Amjad

Company Secretary
Ms. Iqra Sajjad

Audit Committee
Ms. Faryal Jooma (Chairperson)
Mr. Shamim Ahmad Khan
Syed Yawar Ali
Syed Hyder Ali
Ms. Iqra Sajjad (Secretary)

Human Resources & Remuneration Committee
Ms. Faryal Jooma (Chairperson)
Syed Yawar Ali
Syed Shahid Ali
Syed Hyder Ali
Mr. Tahir Masaud
Mr. Muhammad Adnan (Secretary)

Bankers
Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited

National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
State Bank of Pakistan
United Bank Limited

Auditors
A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors
Access World Law Company
Chaudhary Abdul Rauf & Co.
Fazleghani Advocates
Haidermota & Co.
Hassan & Hassan Advocates
Ijaz Ahmed & Associates
Jurists & Arbitrators Advocates & Consultants
Lexicon Law Firm
Mohsin Tayebaly & Co.
Mughees Law Associates
Orr, Dignam & Co.
S. & B. Durrani Law Advocates
SMGD Law Associates

Share Registrar
FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi.

Registered & Head Office
7th Floor, The Forum,
Suite Nos.701-713,
G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan
www.igi.com.pk/holdings

Contact
UAN: 111-308-308
Fax: 92-21-35301706

Code of Conduct

The "Values" and "Principles" that IGI Holdings Limited has developed over the years are adhered to by all employees within IGI Holdings Limited and its subsidiary companies [“IGI”]. Following are some salient features of the code of conduct:

All employees should be aware of and consider the potential impacts of their work on the environment. Play their part to reduce and minimize all kinds of polluting emissions. Use resources efficiently and reuse and recycle materials whenever possible to minimize waste.

IGI ensures compliance with all applicable regulations and voluntary commitments wherever we do business. IGI conducts business transactions with the best interests of the Group and community in mind. IGI shows zero tolerance for corrupt activities of any kind, either in its own operations or when working with partners.

Taking or giving bribes is strictly prohibited. IGI ensures compliance with the relevant anti-bribery laws. It is also IGI’s policy to require all our stake holders working for, or representing, any of the Group Companies, in any capacity, including business partners, suppliers, vendors, consultants, financial advisers, agents, to comply with these laws and practices.

In conducting its business IGI is inspired by acts in accordance with the principles of loyalty, fairness, transparency and eficiency.

IGI expects all employees to be free from actual or potential conflicts of interest. All employees of IGI shall avoid conflict of interest while conducting IGI's business and ensure that their judgment is not influenced whenever there is a prospect of direct or indirect personal gain.

The employees of IGI should not take advantage of the Company's information or property for personal gains. Any employee of IGI shall not disclose or reveal any information which is confidential in nature or any such information which may benefit the employee directly or indirectly.

IGI employees shall not trade or pass on inside information at any time to any other person, inside or outside IGI.

IGI is committed to the highest possible standards of openness, transparency and accountability in all its affairs. The intent is to promote a culture of honesty and opposition to fraud in all its forms.

IGI expects its employees to show courage in all their dealings and conduct by working with the highest professional and ethical standards.

IGI is committed to the highest standards of ethical, moral and legal business conduct. In line with this commitment and IGI’s commitment to open communication, this policy aims to provide an avenue for employees to raise concerns with reassurance that they will be protected from reprisals or victimization for whistle blowing.

Every employee of IGI needs to maintain a professional relationship with suppliers, customers and other stakeholders.

IGI recognizes the value of striving for a balanced work force and is committed to the principles of equal opportunity, equality of treatment and creating a dynamic environment where diversity is valued as a source of enrichment and opportunity. All phases of the employment relationship – including recruitment, hiring, training, promotion, compensation, benefits, transfers, layoffs and leaves of absence are carried out by all managers without regard to any race, color, religion, gender, age, ethnicity, national origin or disability.

All IGI employees shall personally contribute to promoting and maintaining a climate of common respect in the workplace. No employee in IGI shall work under the effect of alcohol or drugs, or substances with similar effect.

No employee of IGI shall provide any assistance or funding (including charity or donation) to proscribed individuals/ entities as notified by the concerned government, laws and regulations or by UN Security Council Sanctions Committee.

IGI’s physical and intangible assets, as well as its proprietary information are the key to IGI’s success. They should be used only to achieve business goals and should be protected to preserve their value. Any use of IGI’s assets or proprietary information by any employee in other business or personal activities is forbidden.

Corporate Sustainability at IGI

IGI is conscious of its responsibility towards the society and the environment.

Since Corporate Social Responsibility (CSR) is a continuous process, we have strived to ensure sustainability for our stakeholders through numerous initiatives encompassing:

- Corporate Social Responsibility;
- Compliance; and
- Optimization of Resources.

Corporate Social Responsibility

IGI believes in giving the youth of Pakistan confidence, opportunities for learning and success. Our subsidiaries offer paid internships all around the year to students from diverse colleges and universities to apply their knowledge practically and gain hands on experience which can enable them to secure rewarding opportunities not only at IGI but in the external job market as well.

We take our contribution towards national economy seriously and always discharge our obligations in a transparent, accurate and timely manner.

Environmental Sustainability

Pollution reduction and waste management measures have been defined and are implemented to ensure that they have a minimal impact on our environment. Our waste management process is based on reduce, reuse, recycle and disposal philosophy.

IGI gives due care to energy conservation. All departments and employees of subsidiaries are conscious and implement power conservation measures, not only during, but after business hours as well.

IGI has also enrolled in Green Office Program initiated by the World Wide Fund For Nature (WWF) and is currently in process of implementation of Environmental Management Plan devised by WWF.

Business Sustainability

IGI has built a reputation for conducting business with integrity, in accordance with high standards of ethical behavior and in compliance with laws and regulations that govern our businesses. IGI carefully checks for compliance with the Code of Conduct by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking creative measures as required.

Board of Directors

Syed Babar Ali
(Chairman) Director since 1954

Other Engagements
Ali Institute of Education
Babar Ali Foundation
Coca Cola Beverages Pakistan Limited
Gurmani Foundation
Industrial Technical & Educational Institute
National Management Foundation
Nestle Pakistan Limited
Sanofi-Aventis Pakistan Limited
Syed Maratib Ali Religious & Charitable Trust Society
Tetra Pak Pakistan Limited
Tri-Pack Films Limited
The Layton Rahmatulla Benevolent Trust (LRBT)

Pro Chancellor
Lahore University of Management Sciences (LUMS)

Mr. Shamim Ahmad Khan
Director since 2000

Other Engagements
Abbott Laboratories Pakistan Limited
Attock Refinery Limited
Attock Cement Pakistan Limited
IGI General Insurance Limited
IGI Life Insurance Limited
Karandaaz (Pvt.) Limited
Packages Foundation
Pakistan Oilfields Limited
Sustainable Development Policy Institute (Member Board of Governors, SDPI)

Syed Yawar Ali
Director since 1999

Other Engagements
Amjad & Afzal Foundation (NGO)
Dairy & Rural Development Foundation (NGO)
HY Enterprises (Pvt.) Limited
IGI Investments (Pvt.) Limited
IGI Life Insurance Limited
Nestle Pakistan Limited
Pak Afghan Joint Business Council
Pakistan Business Council
Pakistan Dairy Association
Pakistan India Joint Business Forum
Prime Genetics (Pvt.) Limited
Wazir Ali Industries Limited

Syed Shahid Ali
Director since 1980

Other Engagements
First Treet Manufacturing Modaraba
Global Arts Limited
Global Assets (Pvt.) Limited
Gulab Devi Chest Hospital
Hi- Tech Alloy Wheels Limited
Liaquat National Hospital
Loads Limited
Multiple Autoparts Industries (Pvt.) Limited
Packages Limited
Renacon Pharma Limited
Specialized Autoparts Industries (Pvt.) Limited
Specialized Motorcycles (Pvt.) Limited
Treet Battery Limited
Treet Corporation Limited
Treet Holdings Limited
Treet Power Limited

Syed Hyder Ali
Director since 1989

Other Engagements
Ali Institute of Education
Babar Ali Foundation
Bulleh Shah Packaging (Pvt.) Limited
Flexible Packages Convertors (Pty) Limited
IGI General Insurance Limited
IGI Investments (Pvt.) Limited
IGI Life Insurance Limited
International Chamber of Commerce Pakistan
Lahore University of Management Sciences (LUMS)
National Management Foundation
Nestle Pakistan Limited
Packages Convertors Limited
Packages Foundation
Packages Lanka (Pvt.) Limited
Packages Limited
Packages Real Estate (Pvt.) Limited
Pakistan Centre for Philanthropy
Sanofi-Aventis Pakistan Limited
Syed Maratib Ali Religious & Charitable Trust Society
Tri-Pack Films Limited
World Wide Fund for Nature

Ms. Faryal Jooma
Director since 2015

Other Engagements
Jooma Law Associates

Ms. Faryal Sadiq
Director elected in 2020

Mr. Tahir Masaud
Chief Executive since 2014

Other Engagements
IGI General Insurance Limited
IGI Investments (Pvt.) Limited
IGI FSI (Pvt.) Limited
Packages Foundation

Key Financial Data (Ten Years at a Glance)

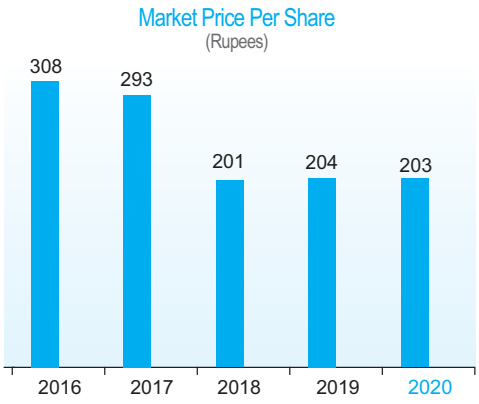
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	(Rupees in '000)									
Dividend income	1,110,000	1,107,950	2,180,501	82,385	1,898,895	1,041,828	882,904	680,328	230,192	272,247
Gross premium *	-	-	-	530,782	2,820,043	2,343,705	2,139,673	2,035,289	1,846,856	1,747,015
Balance Sheet										
Paid up capital	1,426,305	1,426,305	1,426,305	1,226,895	1,226,895	1,226,895	1,226,895	1,115,359	1,115,359	1,115,359
Reserves	7,764,863	7,764,863	7,764,863	7,366,574	7,366,574	8,102,711	8,470,780	8,749,620	8,972,692	9,530,371
Shareholders equity	14,291,633	13,774,006	13,305,805	13,366,157	13,612,551	12,260,735	11,579,146	10,928,233	10,673,722	11,179,366
Investments-at book value	15,847,249	15,744,638	14,820,667	14,977,048	15,658,683	12,325,078	12,196,544	11,252,448	11,246,453	11,517,573
Investments-at market value	22,244,103	17,859,267	16,686,398	19,388,017	72,865,651	54,774,293	57,483,450	41,428,682	25,732,615	18,578,665
Fixed assets	947	1,384	2,044	2,981	262,298	220,743	240,178	222,085	163,797	165,115
Total assets-at book value	16,327,633	16,091,770	15,186,697	15,468,504	19,449,039	14,650,626	14,490,090	13,227,423	12,942,307	13,470,805
Underwriting provisions *		-	-	-	1,990,067	1,464,778	1,361,433	1,278,317	1,207,028	1,363,873
Profit and Loss Account										
Underwriting profit *	-	-	-	22,923	323,137	256,411	208,195	104,616	232,399	207,782
Investment income	1,110,000	1,107,950	2,180,501	83,803	2,128,713	1,445,480	940,878	691,351	559,231	378,402
Profit / (loss) before tax	974,845	911,542	1,839,889	(248,776)	2,067,126	1,531,753	942,101	555,232	613,856	440,385
Taxation	30,517	14,813	39,842	(2,382)	633,251	238,707	119,300	74,165	11,326	6,929
Profit / (loss) after tax	944,328	896,729	1,800,047	(246,394)	1,433,875	1,293,046	822,801	481,067	602,530	433,456
Cash Flow Summary										
Operating activities	(42,724)	(63,563)	(141,518)	78,043	(186,179)	34,479	232	155,276	177,039	(18,106)
Investing activities	961,508	279,735	2,254,779	(914,846)	(1,048,288)	1,277,366	(134,210)	667,840	268,042	266,935
Financing activities	(934,298)	(923,339)	(2,538,206)	1,480,620	393,808	(1,328,060)	444,856	(260,305)	(616,604)	(319,720)
Cash & Cash Equivalents	(1,125,314)	(1,109,800)	(402,633)	22,312	(621,505)	219,154	235,369	(75,509)	(638,320)	(466,797)

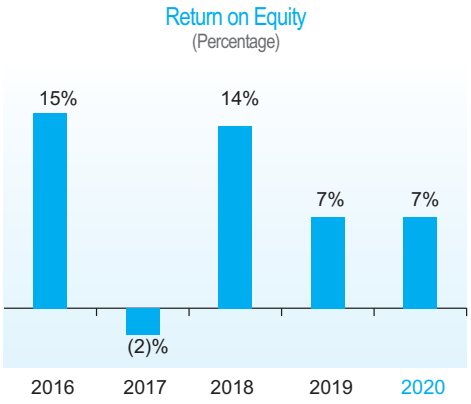
Key Financial Data (Ten Years at a Glance)

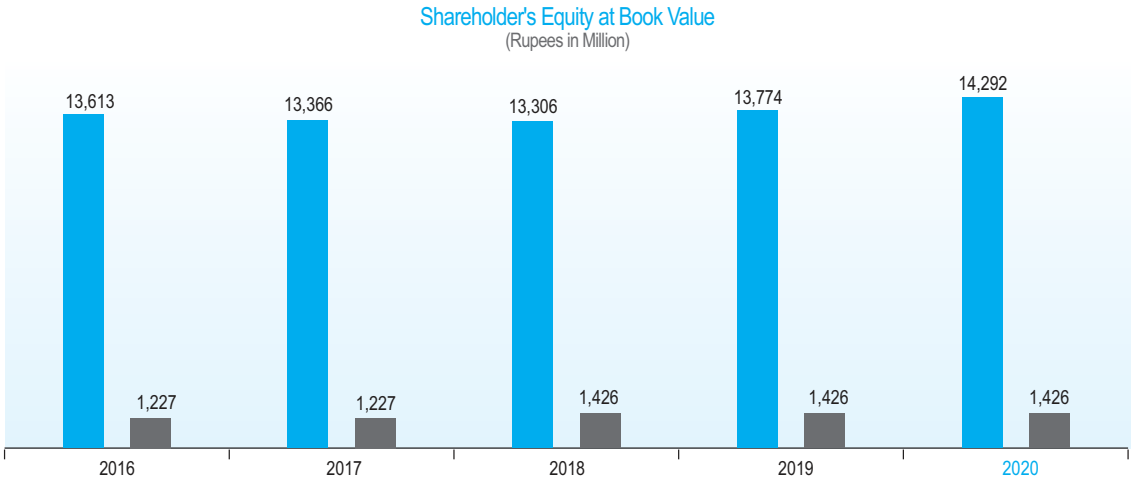
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
INVESTMENT / MARKET RATIOS										
Earnings per share (Rs.)	6.62	6.29	12.63	(2.01)	11.69	10.54	6.71	4.31	5.40	3.89
Market value per share (Rs.)	203.44	204.00	201.18	292.89	307.89	236.57	270.58	164.38	96.28	44.00
Break up value per share (Rs.)	100.20	96.57	93.29	108.94	110.95	99.93	94.38	97.98	95.70	100.23
Price earning ratio (Times)	30.73	32.43	15.93	(145.84)	26.34	22.45	40.35	38.11	17.82	11.32
Price to book ratio (Times)	2.03	2.11	2.16	2.69	2.78	2.37	2.87	1.68	1.01	0.44
Dividend yield (%)	2.46	1.47	2.98	1.37	2.60	2.54	1.11	1.52	3.12	11.36
Dividend payout (%)	75.53	47.69	47.51	-	68.45	56.93	44.73	57.96	55.53	128.66
Dividend cover (Times)	1.32	2.10	2.11	-	1.46	1.76	2.24	1.73	1.80	0.78
Investment yield (%)	4.99	6.20	13.07	0.43	2.92	2.64	1.64	1.67	2.17	2.04
Market capitalization (Rs. M)	29,017	29,097	28,694	35,935	37,775	29,025	33,197	18,334	10,739	4,908
Cash dividend per share (Rs.)	5	3	6	4	8	6.00	3.00	2.50	3.00	5.00
Cash dividend (%)	50	30	60	40	80	60.00	30.00	25.00	30.00	50.00
Stock dividend per share (Rs.)	-	-	1.5	-	-	-	-	1.00	-	1.50
Stock dividend (%)	-	-	15	-	-	-	-	10.00	-	15.00
PROFITABILITY RATIOS										
Return on equity (%)	6.82	6.62	13.83	(1.86)	15.19	12.49	8.14	5.08	5.75	3.94
Return on assets (%)	5.78	5.57	11.85	(1.59)	7.37	8.83	5.66	3.64	4.66	3.22
EBITDA to gross premium (Times) *	-	-	-	-	0.77	0.69	0.50	0.49	(0.19)	0.08
Underwriting profit to gross premium (%) *	-	-	-	4.32	11.46	10.94	9.73	5.14	12.58	11.89
Profit before tax to gross premium (%) *	-	-	-	-	73.30	65.36	44.03	27.28	33.24	25.21
Profit after tax to gross premium (%) *	-	-	-	-	50.85	55.17	38.45	23.64	32.62	24.81
Cost / income ratios (Times)	0.23	0.27	0.09	0.85	0.41	0.36	0.56	1.01	0.94	0.56
LIQUIDITY / PERFORMANCE RATIOS										
Equity / Total assets (%)	87.53	85.60	87.61	86.41	69.99	83.69	79.69	82.62	82.47	82.99
Financial leverage	0.12	0.15	0.12	0.13	0.20	0.01	0.07	0.03	0.06	0.05
Paid up capital / Total assets (%)	8.74	8.86	9.39	7.93	6.31	8.37	8.44	8.43	8.62	8.28
Incurred loss ratio (%)	-	-	-	-	50.54	52.27	56.84	71.87	62.08	62.24
Total liabilities / Equity (Times)	0.14	0.17	0.14	0.16	0.43	0.19	0.25	0.21	0.22	0.20
Cash flow from operations to gross premium (Times) *	-	-	-	-	(0.07)	0.01	0.00	0.08	0.10	(0.01)
Total assets turnover (Times)	-	-	-	-	0.14	0.16	0.15	0.15	0.14	0.13
Fixed assets turnover (Times)	-	-	-	-	10.75	10.62	8.91	9.16	11.28	10.58

*This represents numbers pertaining to insurance business previously carried out by the Company which has been transferred to IGI General Insurance Limited (its wholly owned subsidiary) through court sanctioned Scheme of Arrangment w.e.f. January 31, 2017.

Key Financial Data







Whistle Blowing Policy

IGI Holdings Limited and its subsidiary companies (the Group) are committed to high standards of ethical, moral and legal business conduct. In line with this commitment and the Group's commitment to open communication, the whistle-blowing policy of the Group encourages its employees to raise concerns and reassure that they will be protected from reprisals or victimisation for whistle-blowing, to improve the Group's policies, controls and working environment.

Risk Management Policy

As a holding company, IGI Holdings Limited enhances the corporate value of the Group by aligning risk management with Group wide strategic objectives and management policies, while tailoring operating subsidiaries' risk management to the types of risk inherent in their respective lines of business.

IGI Holdings adopts all necessary supplemental measures to ensure effective risk management, after confirming that each operating subsidiary has independently and responsibly established its own risk management structure to achieve its own management objectives.

IGI Holdings has control over IGI General Insurance Limited, IGI Investments (Pvt.) Limited, IGI Life Insurance Limited, IGI Finex Securities Limited and IGI FSI (Pvt.) Limited, while IGI Investments oversee its affiliates in which itself has investment positions.

Board Committees

The Board has formed the following sub-committees to comply with the relevant provisions of the applicable Listed Companies (Code of Corporate Governance) Regulations, 2019.

- Audit Committee
- Human Resources and Remuneration Committee (HR&RC)

Audit Committee

The Committee meets at least four times a year.

The names of current members are:

1. Ms. Faryal Jooma (Independent Director and Chairperson)
2. Mr. Shamim Ahmad Khan (Member)
3. Syed Yawar Ali (Member)
4. Syed Hyder Ali (Member)
5. Ms. Iqra Sajjad (Secretary to the Committee)

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

a) Determination of appropriate measures to safeguard the Company's assets;
b) Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
   - Major judgmental areas;
   - Significant adjustments resulting from the audit;
   - Going-concern assumption;
   - Any changes in accounting policies and practices;
   - Compliance with applicable accounting standards;
   - Compliance with regulations and other statutory and regulatory requirements; and
   - All related party transactions.
c) Review of preliminary announcements of results prior to external communication and publication;
d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
e) Review of management letter issued by external auditors and management's response thereto;
f) Ensuring coordination between the internal and external auditors of the Company;
g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
h) Consideration of major findings of internal investigations of activities characterised by fraud, corruption and abuse of power and management's response thereto;
i) Ascertaining that the internal control system including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;
l) Determination of compliance with relevant statutory requirements;
m) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof;
n) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential remedial and mitigating measures;

o) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Code of Corporate Governance. The Board of Directors shall give due consideration to the recommendations of the Audit Committee and where it acts otherwise, it shall record the reasons thereof;
p) Ensuring that risk mitigation measures are robust;
q) Ensuring that appropriate extent of disclosure of company's risk framework and internal control system is given in the Directors Report; and
r) Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resources & Remuneration Committee (HR&RC)

The HR&RC assists the Board in fulfilling its obligations relating to human resources, establishing succession planning and to develop the senior management of the Company.

HR&RC meets at least once a year.
The names of current members are:

1. Ms. Faryal Jooma (Independent Director and Chairperson)
2. Syed Yawar Ali (Member)
3. Syed Shahid Ali (Member)
4. Syed Hyder Ali (Member)
5. Mr. Tahir Masaud (Member and Chief Executive)
6. Mr. Muhammad Adnan (Secretary to the Committee)

The terms of reference of the HR&RC include the following:

a) Recommendation to the Board for consideration and approval a policy framework for determining remuneration of Directors (both Executive and Non-Executive Directors and members of senior management).
The definition of senior management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer level;
b) Undertaking annually a formal process of evaluation of performance of the Board as a whole and its Committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors' Report disclosing therein name and qualifications of such consultant and major terms of his/its appointment;
c) Recommending Human Resource Management Policies to the Board;
d) Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;
e) Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer;
f) Where human resource and remuneration consultants are appointed, they shall disclose to the Committee their credentials as to whether they have any other connection with the Company;
g) Considering and making recommendations to the Board in respect of the Board's Committees and the chairmanship of the Board Committees; and
h) Keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.

Shareholders Information

Registered Office
7th Floor, The Forum,
Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan.
Tel : 111-308-308, Fax : 92-21-35301772
Website: www.igi.com.pk/holdings

Share Registrar Office:
FAMCO Associates (Pvt.) Ltd.
Block-6, P.E.C.H.S,
Near Hotel Faran, Nursery,
Shahrah-e-Faisal, Karachi.
Tel : 92-21-34380101-5
Fax : 92-21-34380106

Listing on Stock Exchanges

The equity shares of IGI Holdings Limited are listed on Pakistan Stock Exchange (PSX).

Stock Code

The stock code for dealing in equity shares of shares of IGI Holdings Limited is IGIHL.

Investor Service Centre

The shares department of IGI Holdings Limited is operated by FAMCO Associates (Pvt.) Ltd. Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 3,498 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Ovais Khan at the Share Registrar Office and Ms. Iqra Sajjad, Company Secretary at the Registered Office of the Company.

The shares department of IGI Holdings Limited has online connectivity with Central Depository Company of Pakistan Limited. The shares department undertakes activities pertaining to dematerialization of shares, shares transfer and transmission, issue of duplicate/ re-validated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

Contact Persons:

Mr. Taha Naqvi
Phone: 111-308-308
Email: taha.naqvi@igi.com.pk

Mr. Salman Rauf
Phone: 92-21–34380101-5
Email:salman.rauf@famco.com.pk

Services Standards

IGI Holdings Limited has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution, subject to receipt of the complete set of required documents:

For request received either through post or over the counter	
Transfer of shares	15 days after receipt
Transmission of shares	15 days after receipt
Issue of duplicate share certificates	30 days after receipt
Updation of IBAN No	15 working days after receipt
Change of address	2 working days after receipt

Well reputed and experienced firm of the share registrar services has been entrusted with the responsibility of ensuring that services are rendered within the specified time limits.

Statutory Compliance

During the year the Company has complied with all applicable provisions, filed all returns/ forms and furnished all the relevant and prescribed information.

Dematerialization of Shares

The equity shares of the Company are under the compulsory dematerialized category. As at December 31, 2020, 31.03% of the equity shares of the Company have been dematerialized by the shareholders.

Members holding shares in physical form are encouraged to convert their physical shares into Book-Entry-Form (CDC) pursuant to the requirements of Section 72 of the Act.

Dividend Announcement

The Board of Directors of the Company has proposed cash dividend of 50% (Rs.5/- per share) (2019: a total of 30% cash dividend i.e. Rs. 3/- per share) subject to approval by the shareholders of the Company at the Annual General Meeting (AGM).

Book Closure Dates

The register of Members and share transfer books of the Company will remain closed from April 22, 2021 to April 29, 2021 (both days inclusive).

Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid on or after April 29, 2021, but within the statutory time limit of 15 working days:

(i) For shares held in physical form: to the shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before thebook closure date.

(ii) For shares held in electronic form: to the shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of the business on book closure date.

Withholding of Tax & Zakat on Dividend:

As per the provisions of Section 150 of the Income Tax Ordinance, 2001, Income Tax is deductible at source on dividend payable by

the company at the rate of 15% for the persons appearing in Active Tax Payers list (ATL), wherever applicable, and at the rate of 30% for the persons not appearing in ATL.

Zakat is also deductible at source from the dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction.

Investors' Grievances

To date, none of the investor or shareholder has filed any letter of complaints against any service provided by the Company to its shareholders which is unresolved.

Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of share(s) / refund.

General Meetings & Voting Rights

In accordance with the Section 132 of the Companies Act, 2017, IGI Holdings Limited holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having nation-wide circulation in the Country.

Shareholder having a holding of at least 10% or more above of voting right may also apply to the Board of Directors to call for a meeting of shareholders, and if Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

Proxies

Please refer notes to the Notice of Annual General Meeting for details related to proxies.

Web Presence

Updated information regarding the Company can be accessed at the Company's website, www.igi.com.pk/holdings.

The website contains the latest financial results of the Company together with Company's profile and information regarding its subsidiaries.

Circulation of annual report through email

The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated 8th September, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors report and directors reportalong with notice of annual general meeting to its members through e mail. Members who wish to avail this facility can give their consent to Company Secretary at his email address.

Further, in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in the Extraordinary General Meeting held on October 8, 2018.

Moreover, if a shareholder requests for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" have also been made available on the Company's website www.igi.com.pk/holdings.

Categories of Shareholding

As at December 31, 2020

S. No.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouses and minor children	22	42,795,755	30.00
2	Associated Companies, Undertakings and related parties	6	54,544,217	38.24
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	12	6,473,460	4.54
5	Insurance Companies	7	2,099,959	1.47
6	Modarabas and Mutual Funds	18	2,012,776	1.41
7	Shareholders holding 10% or more	7	81,592,830	57.21
8	General Public :			
	a. local	3,236	25,616,765	17.96
	b .Foreign			
9	Others	131	9,087,618	6.37
	Total (excluding : shareholders holding 10% or more)	3,432	142,630,550	100.00

Key Shareholding Information

Shareholding information as at December 31, 2020 required under reporting framework is as follows:

Shareholder's category	Number of shareholders	Number of shares held
Associated Companies, Undertaking and Related Parties (name wise details)		
BABAR ALI FOUNDATION		15,529,116
INDUSTRIAL TECHNICAL AND EDUCATIONAL INSTITUTE		23,982,060
PACKAGES LIMITED		15,033,041
TOTAL		54,544,217
Mutual Funds (name wise details)		
CDC - TRUSTEE ABL STOCK FUND		3,500
CDC - TRUSTEE AKD INDEX TRACKER FUND		6,616
CDC - TRUSTEE ALLIED FINERGY FUND		56,900
CDC - TRUSTEE HBL - STOCK FUND		392,600
CDC - TRUSTEE HBL EQUITY FUND		134,000
CDC - TRUSTEE HBL MULTI - ASSET FUND		12,200
CDC - TRUSTEE HBL PF EQUITY SUB FUND		24,500
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		62,556
CDC - TRUSTEE NBP FINANCIAL SECTOR FUND		183,000
CDC - TRUSTEE NBP STOCK FUND		321,100
CDC - TRUSTEE PICIC GROWTH FUND		308,200
CDC - TRUSTEE PICIC INVESTMENT FUND		254,900
CDC - TRUSTEE UBL ASSET ALLOCATION FUND		18,000
CDC - TRUSTEE UBL DEDICATED EQUITY FUND		2,000
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND		31,800
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND		200,900
TOTAL		2,012,772
Directors and their spouse (name wise details)		
MRS. AMINA HYDER ALI		340,325
SYED BABAR ALI		27,048,613
MS. FARYAL JOOMA		115
MS. FARYAL SADIQ		100
SYED HYDER ALI		8,692,402
SYEDA NIGHAT ALI		376,565
MRS. PERWIN BABAR ALI		3,355,238
SYED SHAHID ALI		1,534,974
SHAMIM AHMAD KHAN		7,251
SYED YAWAR ALI		1,440,057
MR. TAHIR MASAUD		115
TOTAL		42,795,755
Public Sector Companies and Corporations	1	1,409,902
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	34	10,586,195
Shareholder holding five percent or more voting rights in the company (name wise details)		
BABAR ALI FOUNDATION		15,529,116
INDUSTRIAL TECHNICAL AND EDUCATIONAL INSTITUTE		23,982,060
PACKAGES LIMITED		15,033,041
SYED BABAR ALI		27,048,613
SYED HYDER ALI		8,692,402
TOTAL		90,285,232

Pattern of Shareholding (CDC)

As at December 31, 2020

Shareholdings			
No. of Shareholder	From	To	Total Number of Shareholders
1,145	1	100	32,958
443	101	500	108,680
197	501	1,000	144,903
357	1,001	5,000	867,655
115	5,001	10,000	841,535
53	10,001	15,000	640,358
22	15,001	20,000	391,442
20	20,001	25,000	451,638
16	25,001	30,000	435,581
17	30,001	35,000	566,014
5	35,001	40,000	186,023
6	40,001	45,000	254,166
5	45,001	50,000	242,795
9	50,001	55,000	472,553
6	55,001	60,000	341,117
3	60,001	65,000	186,816
3	65,001	70,000	201,592
2	70,001	75,000	147,475
2	75,001	80,000	153,976
5	80,001	85,000	415,310
2	85,001	90,000	177,175
2	95,001	100,000	200,000
1	100,001	105,000	100,774
1	110,001	115,000	115,000
3	115,001	120,000	356,430
2	125,001	130,000	251,031
4	130,001	135,000	532,644
4	135,001	140,000	547,998
1	140,001	145,000	140,500
1	150,001	155,000	154,470
3	160,001	165,000	488,319
1	180,001	185,000	183,000
1	190,001	195,000	191,874
1	195,001	200,000	200,000
2	200,001	205,000	403,874
1	220,001	225,000	225,000
1	225,001	230,000	230,000
3	250,001	255,000	761,894
1	255,001	260,000	258,750
1	280,001	285,000	282,785
2	305,001	310,000	613,450
1	320,001	325,000	321,100
1	330,001	335,000	331,670
1	335,001	340,000	338,905
2	345,001	350,000	696,977
1	375,001	380,000	376,565
1	390,001	395,000	392,600
1	455,001	460,000	460,000
1	490,001	495,000	493,655
1	555,001	560,000	560,000
1	665,001	670,000	667,202
1	690,001	695,000	692,500
1	765,001	770,000	767,383
1	870,001	875,000	872,850
1	1,110,001	1,115,000	1,110,927
1	1,155,001	1,160,000	1,157,825
1	1,310,001	1,315,000	1,313,875
1	1,340,001	1,345,000	1,343,103
1	1,405,001	1,410,000	1,409,902
1	1,500,001	1,505,000	1,500,528
1	1,530,001	1,535,000	1,534,946
1	4,995,001	5,000,000	5,000,000
1	9,415,001	9,420,000	9,419,494
2,492			44,259,562

Pattern of Shareholding (Total)

As at December 31, 2020

Shareholdings			
No. of Shareholder	From	To	Total Number of Shareholders
1,727	1	100	42,659
555	101	500	135,700
252	501	1,000	183,434
441	1,001	5,000	1,068,910
149	5,001	10,000	1,087,222
76	10,001	15,000	895,622
25	15,001	20,000	445,583
21	20,001	25,000	472,559
20	25,001	30,000	541,043
20	30,001	35,000	662,687
5	35,001	40,000	186,023
8	40,001	45,000	340,009
5	45,001	50,000	242,795
11	50,001	55,000	575,956
7	55,001	60,000	396,276
3	60,001	65,000	186,816
4	65,001	70,000	270,106
2	70,001	75,000	147,475
2	75,001	80,000	153,976
5	80,001	85,000	415,310
3	85,001	90,000	262,622
1	90,001	95,000	92,525
5	95,001	100,000	490,694
2	100,001	105,000	202,664
3	110,001	115,000	345,000
3	115,001	120,000	356,430
2	125,001	130,000	251,031
4	130,001	135,000	532,644
4	135,001	140,000	547,998
1	140,001	145,000	140,500
2	150,001	155,000	307,470
1	155,001	160,000	158,269
3	160,001	165,000	488,319
2	170,001	175,000	344,669
1	180,001	185,000	183,000
1	190,001	195,000	191,874
3	195,001	200,000	591,254
2	200,001	205,000	403,874
1	220,001	225,000	225,000
1	225,001	230,000	230,000
3	250,001	255,000	761,894
2	255,001	260,000	517,006
1	260,001	265,000	260,170
1	280,001	285,000	282,785
1	290,001	295,000	292,425
2	305,001	310,000	613,450
1	320,001	325,000	321,100
1	325,001	330,000	328,312
1	330,001	335,000	331,670
2	335,001	340,000	678,360
2	345,001	350,000	696,977
1	375,001	380,000	376,565
1	390,001	395,000	392,600

Pattern of Shareholding (Total)

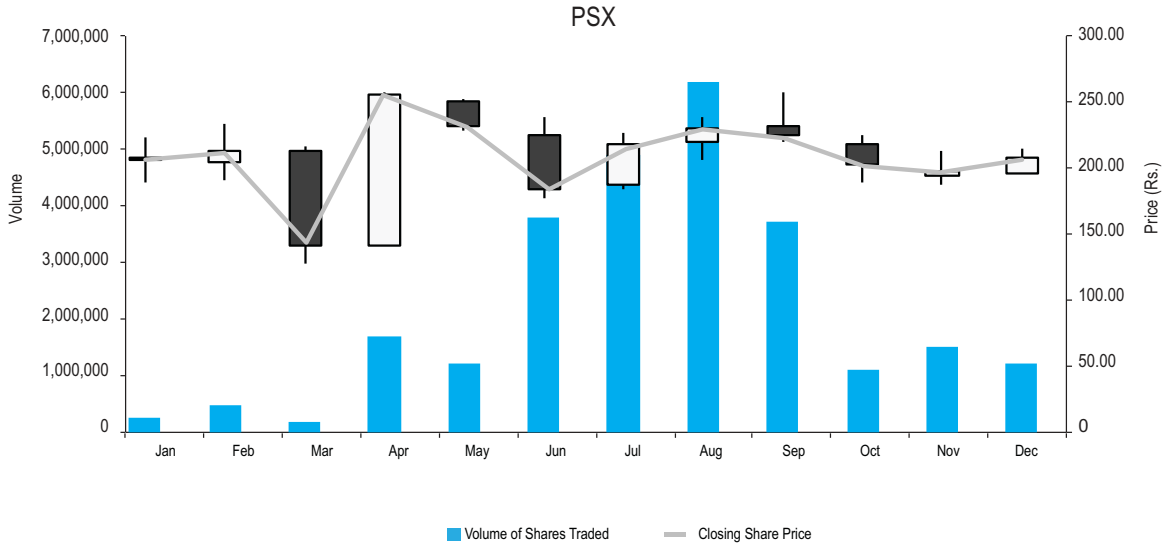
As at December 31, 2020

Shareholdings			
No. of Shareholder	From	To	Total Number of Shareholders
1	455,001	460,000	460,000
1	490,001	495,000	493,655
1	555,001	560,000	560,000
1	665,001	670,000	667,202
1	670,001	675,000	673,275
1	690,001	695,000	692,500
2	715,001	720,000	1,437,495
1	765,001	770,000	767,383
1	825,001	830,000	826,505
1	850,001	855,000	854,375
1	870,001	875,000	872,850
1	1,110,001	1,115,000	1,110,927
1	1,155,001	1,160,000	1,157,825
1	1,220,001	1,225,000	1,222,688
1	1,310,001	1,315,000	1,313,875
1	1,340,001	1,345,000	1,343,103
1	1,405,001	1,410,000	1,409,902
1	1,500,001	1,505,000	1,500,528
1	1,530,001	1,535,000	1,534,946
1	2,235,001	2,240,000	2,238,318
1	2,420,001	2,425,000	2,424,693
1	4,995,001	5,000,000	5,000,000
1	5,255,001	5,260,000	5,255,247
1	5,570,001	5,575,000	5,573,737
1	7,160,001	7,165,000	7,164,636
1	9,415,001	9,420,000	9,419,494
1	14,975,001	14,980,000	14,975,406
1	23,980,001	23,985,000	23,982,060
1	27,045,001	27,050,000	27,048,613
3,432			142,630,550

Share Price / Volume

Month	Volume of shares traded	Share price on PSX (Rs.)			
		Opening	Highest	Lowest	Closing
January	245,700	203.99	217.88	185.50	203.99
February	460,600	200.05	227.74	188.00	207.50
March	155,000	208.50	211.00	128.93	141.58
April	1,698,400	141.58	250.01	141.58	247.48
May	1,195,900	243.00	245.01	222.00	225.58
June	3,790,900	220.01	231.99	174.16	180.96
July	4,930,100	185.00	220.50	181.50	212.22
August	6,201,200	214.88	232.80	202.00	223.98
September	3,710,300	225.00	248.98	215.00	218.97
October	1,092,400	213.00	219.99	186.00	198.32
November	1,505,900	191.15	208.00	185.00	193.29
December	1,203,000	192.00	210.00	192.00	203.44

Pakistan Stock Exchange



Corporate Calendar 2020

March

9th
Audit Committee and Board of Directors meetings to consider annual accounts of the Company for the year ended December 31, 2019.

April

29th
Audit Committee and Board of Directors meetings to consider quarterly accounts for the three months' period ended March 31, 2020.

May

21st
Annual General Meeting of shareholders to consider and approve annual accounts of the Company for the year ended December 31, 2019 and dividend announcement.

21st
Corporate Briefing Session to brief the investors and analysts about the Company's current financial performance and outlook.

June

1st
E-Credit of 30% cash dividend to the shareholders for the year ended December 31, 2019.

August

20th
Audit Committee and Board of Directors meetings to consider half yearly accounts of the Company for the six months' period ended June 30, 2020.

October

28th
Audit Committee and Board of Directors meetings to consider quarterly accounts for the nine months' period ended September 30, 2020.

Chairman's Review Report

I am pleased by the performance of IGI Holdings Limited for the year ended December 31, 2020. The Company is operating as a holding company and derives value for its shareholders from its subsidiaries namely; IGI Investments (Private) Limited, IGI General Insurance Limited, IGI Life Insurance Limited and IGI Finex Securities Limited.

Dividend income constitutes major source of income of the Company and as a result, its income pattern follows dividend distribution pattern of the subsidiaries.

The composition of the Board of Directors is a mix of varied backgrounds and rich experience in the fields of business, finance, laws and regulations. The Board provides strategic direction as well as guidance to the Management. The Board also ensures compliance of regulatory requirements by the Management. As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board evaluates its own performance through a mechanism developed by it, while I, as the Chairman evaluates the performance of each director.

The Board is assisted by its Committees. The Audit Committee reviews the financial statements and ensures that they fairly represent the financial position of the Company. It also ensures effectiveness of internal controls. The Board has also constituted a Human Resource and Remuneration Committee which handles the matters pertaining to planning and development of human resource and remuneration. Each subsidiary has its own board of directors and respective committees.

I pray to Allah that the Company and its subsidiaries continue momentum of growth in the future.

For and on behalf of the Board

Syed Babar Ali
Chairman
Lahore: March 18, 2021

Directors' Report to the Shareholders

The Directors of IGI Holdings Limited ("IGI Holdings") take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2020.

IGI Holdings is operating as a holding company and derives value for its shareholders from its subsidiaries namely IGI General Insurance Limited, IGI Life Insurance Limited, IGI Investments (Private) Limited and IGI Finex Securities Limited. Dividend income constitutes major source of income of the Company and as a result, its income pattern follows dividend distribution pattern of the subsidiaries.

COMPANY PERFORMANCE REVIEW

	2020	2019
	(Rupees in '000)	
Operating revenue	1,110,000	1,107,950
Operating income	852,532	803,832
Profit before taxation	974,845	911,542
Taxation	(30,517)	(14,813)
Profit after taxation	944,328	896,729
Earnings per share (in rupees) – basic / diluted	6.62	6.29

Operating income has grown by 6% to Rs. 853 million during the year as compared to Rs. 804 million earned during 2019 with profit after taxation of Rs. 944 million against profit after tax of Rs. 897 million during 2019.

During the current year, impairment loss which was recognised in previous years, amounting to Rs. 101 million has been reversed in respect of Company's investment in IGI Finex Securities Limited, a wholly owned subsidiary. Key assumptions behind this reversal include increase in trading volumes in Pakistan Stock Exchange, upward revision of commission rates and increase in market share of IGI Finex Securities Limited.

APPROPRIATIONS

The Company has generated a profit of Rs. 944 million during the year. Accordingly, the Directors have recommended cash dividend of 50% (i.e. Rs. 5 per share) (2019: 30%, Rs. 3 per share). Therefore, the Company has appropriated Rs. 713.1 million (2019: Rs. 427.9 million) for the payment of final cash dividend.

RISK MITIGATION

The Board of Directors and the Audit Committee of the Board regularly review risks faced by the Company in terms of impact and probability of occurrence. The senior management team, led by the Chief Executive Officer is responsible for risk mitigation measures. The Company's ability to continually assess market conditions and its timely response enables the Company to manage risks effectively.

CAPITAL MANAGEMENT AND LIQUIDITY

The Company actively manages and monitors matching of its asset positions against its commitments, together with diversification and credit quality of its investments.

Being a holding company, dividend income is its major source of income. The same is utilized for creation of value for shareholders through future investments and maintaining reasonable payouts to shareholders after meeting financial commitments.

INTEREST RATE RISK

Variable rate long term financing is hedged against interest rate risk by holding prepayment option, which can be exercised upon any adverse movement in the underlying interest rates.

RELATED PARTY TRANSACTIONS

In accordance with provisions of Section 208 of the Companies Act, 2017 (the Act) and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations 2018, your Company has:

1) established a policy of related party transactions duly approved by the Board;
2) set up conditions for the transactions with related parties to be categorized as "arm's length transactions"; and
3) submitted details of related party transactions to the Directors for approval.

COMPLIANCE WITH THE REGULATIONS

The Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP) are applicable to the Company and related provisions have been fully complied with. A statement to this effect is annexed.

MATERIAL CHANGES

There have been no material changes since December 31, 2020 and the Company has not entered into any commitment, which would affect its financial position at the date except for those mentioned in the audited financial statements of the Company for the year ended December 31, 2020.

BOARD OF DIRECTORS

The Board of Directors of IGI Holdings comprises eight directors including the Chairman and CEO:

Category	Total number of directors
Male	6
Female	2
Composition	
Independent directors	2
Non-executive directors	5
Executive director/CEO	1
Female directors (included in independent directors)	2

Mr. Tahir Masaud, the Chief Executive Officer of the Company, is a deemed director as envisaged in Section 188(3) of the Act.

The names of the directors as at December 31, 2020 are as follows:

Syed Babar Ali	Chairman, Non-executive director
Mr. Shamim Ahmad Khan	Non-executive director
Syed Yawar Ali	Non-executive director
Syed Shahid Ali	Non-executive director
Syed Hyder Ali	Non-executive director
Ms. Faryal Jooma	Independent director
Ms. Faryal Sadiq	Independent director
Mr. Tahir Masaud	Executive Director/CEO

The Board has formed an Audit Committee and a Human Resource and Remuneration Committee (HR&RC) with the following composition:

Audit Committee	Human Resource and Remuneration Committee
Ms. Faryal Jooma, Chairperson	Ms. Faryal Jooma, Chairperson
Mr. Shamim Ahmad Khan, Member	Syed Yawar Ali, Member
Syed Yawar Ali, Member	Syed Shahid Ali, Member
Syed Hyder Ali, Member	Syed Hyder Ali, Member
	Mr. Tahir Masaud, Member

DIRECTORS' REMUNERATION

The Board has approved a Directors' remuneration policy. The objective of this policy is to have a transparent procedure for fixing the remuneration of Directors including remuneration for extra / technical services provided by non-executive Directors. Revision in the remuneration shall, from time to time be determined by the Board of Directors on recommendation of HR&RC.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors of your Company state that:

- The financial statements prepared by the Management of the Company fairly present the state of affairs of the Company, the results 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 financial statements have been prepared in accordance with the requirement of the Act and International Financial Reporting Standards, as applicable in Pakistan. Any departures therefrom have been adequately disclosed and explained;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There is no doubt about the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the Regulations;
- Summary of key operational and financial data for the last six years is annexed in this annual report;
- Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount together with a brief description and reasons for the same is disclosed in the financial statements;

- Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, have been disclosed along with future prospects, risks and uncertainties, if any;

- IGI Holdings and its subsidiaries strive for implementation of measures to improve health, safety and creation of a better and safe workplace environment for their employees and surrounded community.

- IGI Holdings and its subsidiaries are committed to the causes facilitating provision of education and health to the under-privileged members of the society. The donations to such causes are made in accordance with the approvals by the respective Boards;

- The Board of Directors of the Company has an approved mechanism for annual evaluation of its performance as well as that of its Committees, as required by the Regulations.

- The Board is in compliance with the requirements of the directors training program as stipulated in the Regulations.

- Trades in the shares of the Company carried out by the Directors and their spouses during the year are mentioned below:

Directors & spouses

Mrs. Perwin Babar Ali purchased 69,900 shares
Syed Hyder Ali, Director purchased 50,000 shares
Ms. Faryal Sadiq, Director purchased 100 shares

The CEO, CFO, Company Secretary and Executives have not traded in the shares of the Company during the year.

- Information about taxes and levies is given in the notes to the financial statements.

- The Board held four meetings during the year, attendance by each director therein was as follows:

Director Name	Attendance
Syed Babar Ali	4
Mr. Shamim Ahmad Khan	4
Syed Yawar Ali	4
Syed Shahid Ali	2
Syed Hyder Ali	4
Mr. Hasan Askari (resigned on March 10, 2020)	1
Ms. Faryal Jooma	4
Ms. Faryal Sadiq (elected during the year)	2
Mr. Tahir Masaud (CEO)	4

The Board granted leave of absence to those directors who could not attend the Board meetings.

The Audit Committee held four meetings during the year and attendance by each member was as follows:

Director Name	Attendance
Mr. Shamim Ahmad Khan	4
Syed Yawar Ali	4
Syed Hyder Ali	4
Ms. Faryal Jooma	4

The HR&RC held one meeting during the year. Attendance by each member was as follows:

Director Name	Attendance
Syed Yawar Ali	1
Syed Shahid Ali	-
Syed Hyder Ali	-
Ms. Faryal Jooma	1
Mr. Tahir Masaud	1

The Committee granted leave of absence to those members who could not attend the meeting.

AUDITORS

The Auditors, Messrs A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the 67th Annual General Meeting. Being eligible, they have offered themselves for re-appointment and the Board based on the recommendation of Audit Committee has endorsed their re-appointment.

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding of certain classes of shareholders as at December 31, 2020, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

FUTURE OUTLOOK

COVID-19 has impacted the economy and businesses in general. Since IGI Holdings is a holding company, the businesses in which our subsidiaries operate have not been directly affected by these impacts. We expect that our subsidiaries will deliver consistent and profitable growth in the future as well.

ACKNOWLEDGEMENT

We would like to thank all of our stakeholders for their faith in us, which has helped us to achieve progress.

For and on behalf of the Board

Syed Babar Ali
Chairman
Lahore: March 18, 2021

Tahir Masaud
Chief Executive Officer
Lahore: March 18, 2021

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

IGI Holdings Limited
For the year ended December 31, 2020

IGI Holdings Limited (the Company) has complied with requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors [including Chief Executive Officer (deemed director) is eight (8) as per the following:

Male	Six (6)
Female	Two (2)

2. The composition of Board is as follows:

Category	Names
Independent Female Directors	Ms. Faryal Jooma Ms. Faryal Sadiq
Non-Executive Directors	Syed Babar Ali Mr. Shamim Ahmad Khan Syed Yawar Ali Syed Shahid Ali Syed Hyder Ali
Executive Director (CEO)	Mr. Tahir Masaud

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and these Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;

9. At present, out of eight (8) Directors on the Board, four (4) Directors (including the CEO) have acquired the Directors' Training Program Certifications whilst the other four (4) directors are exempt from the requirement of Directors' Training Program;

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below.-

a) Audit Committee:

Name of the Member	Category
Ms. Faryal Jooma	Chairperson / Independent Director
Mr. Shamim Ahmad Khan	Member / Non-executive Director
Syed Yawar Ali	Member / Non-executive Director
Syed Hyder Ali	Member / Non-executive Director

b) HR and Remuneration Committee:

Name of the Member	Category
Ms. Faryal Jooma	Chairperson/ Independent Director
Syed Yawar Ali	Member/ Non-executive Director
Syed Shahid Ali	Member/ Non-executive Director
Syed Hyder Ali	Member/ Non-executive Director
Mr. Tahir Masaud	Member/ Executive Director

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

14. The frequency of meetings of the committees was as per following,-

Audit Committee	Quarterly
HR and Remuneration Committee (HR&RC)	Yearly

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and , the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

    Explanation under Regulation 6: The Board of the Company comprises of eight (8) Directors and the computation for the determination of the independent directors under Regulation 6 (based on one-third of elected directors works out to be 2.67. During the year, two (2) Independent Directors were elected by the shareholders in terms of Section 166 of the Act, who possess requisite competencies, skills, knowledge, and experience to hold office as independent directors, therefore, does not warrant the appointment of a third independent director.

Syed Babar Ali
Chairman
Lahore: March 18, 2021

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of IGI Holdings Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of IGI Holdings Limited (the Company) for the year ended December 31, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2020.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Date: March 31, 2021

A.F.FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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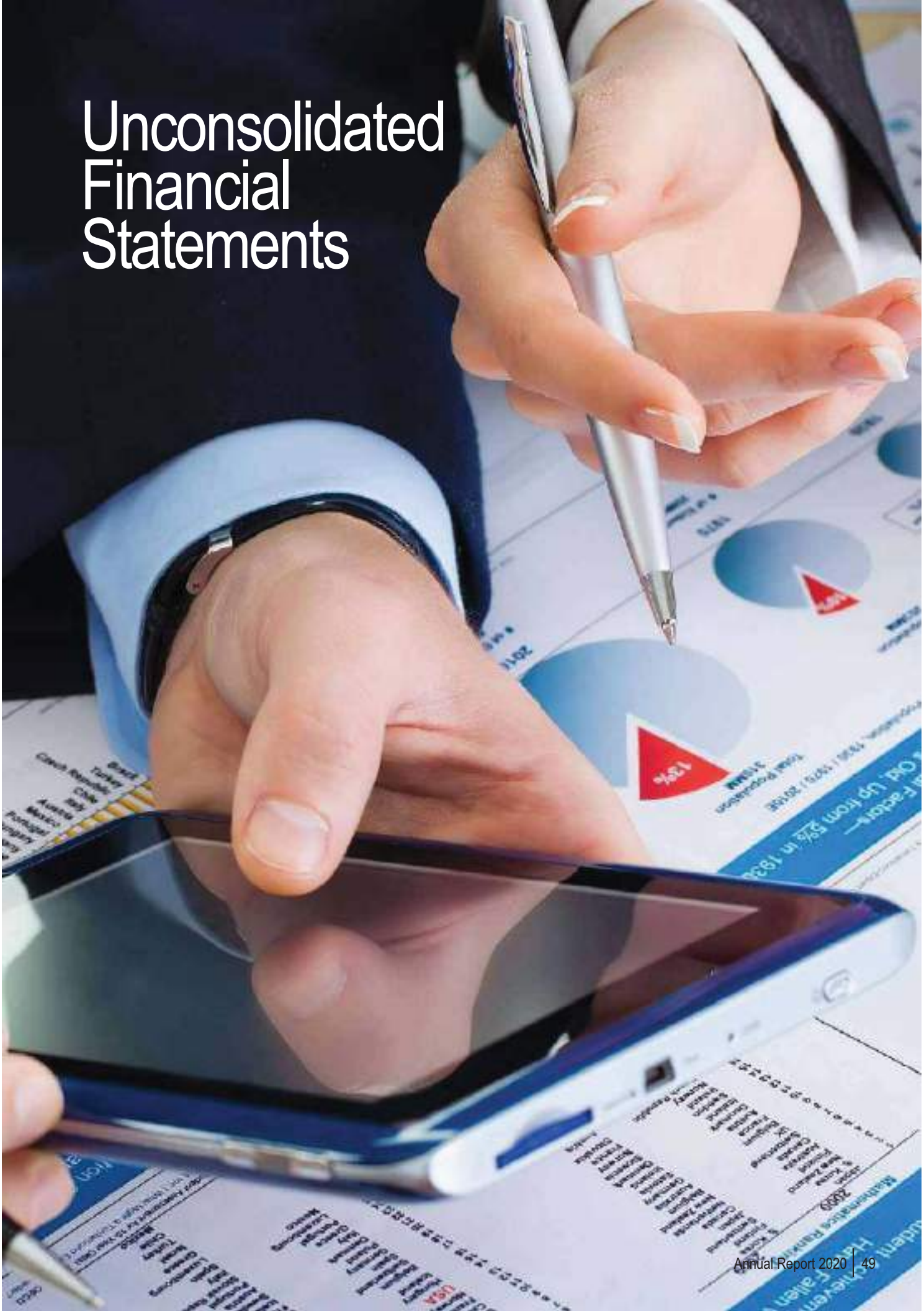
Unconsolidated Financial Statements



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INDEPENDENT AUDITOR'S REPORT

To the members of IGI Holdings Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **IGI Holdings Limited** (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2020, and the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 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, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	**Assessment of recoverable amount of investment in IGI Finex Securities Limited** (Refer note 6.1.3 to the annexed unconsolidated financial statements)	
	In respect of the Company's investment in IGI Finex Securities Limited, a wholly owned subsidiary of the Company, during the current year, the management has determined the recoverable amount of its investment in IGI Finex	Our audit procedures included the following: • Understood and reviewed the management's process for assessment of recoverable amount of investment in IGI Finex Securities Limited.

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S.No.	Key Audit Matter	How the matter was addressed in our audit
	Securities Limited and reversed an impairment loss of Rs. 101,420 million recognised in the previous years. In determining the recoverable amount, the management has used certain key assumptions. Key assumptions include trading volumes handled by IGI Finex Securities Limited, average commission rate, growth in trading volumes, cost to income ratios, returns on funds deployed, discount rate, terminal growth rate etc. A significant change in the assumptions used may impact the value of investment. The determination of recoverable amount of investment in IGI Finex Securities Limited remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations, we considered the area of assessment of recoverable of amount of investment as a key audit matter.	• Involved our valuation specialists to assist us in performing our audit procedures in this area. • Assessed whether the impairment testing process is appropriately designed and captured the relevant valuation inputs. • Tested the completeness and accuracy of the data used in the valuation model. • Assessed the reasonableness of the key assumptions used by the management such as trading volumes handled by IGI Finex Securities Limited, average commission rate, growth in trading volumes, cost to income ratios, returns on funds deployed, discount rate, terminal growth rate etc. • Checked that the disclosures relating to the assessment of recoverable amount of investment in IGI Finex Securities Limited were in accordance with the applicable financial reporting framework.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

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

In preparing the unconsolidated 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.

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Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

AFFergusonCo

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 31, 2021

Unconsolidated Statement of Financial Position

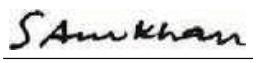
As at December 31, 2020

	Note	2020	2019
		(Rupees in '000)	
ASSETS			
Non-current assets			
Fixed assets			
- Property and equipment	4	947	1,384
- Intangible asset	5	-	-
Investments - net	6	15,847,249	15,744,638
Long-term deposits		1,768	1,738
Deferred taxation - net	7	21,086	43,958
		15,871,050	15,791,718
Current assets			
Loans and advances	8	7,400	7,400
Deposits and prepayments		6,513	6,832
Dividend receivable		150,000	-
Other receivables	9	213,561	219,485
Taxation recoverable		46,724	54,972
Bank balances	10	32,385	11,363
		456,583	300,052
TOTAL ASSETS		16,327,633	16,091,770
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
200,000,000 ordinary shares of Rs. 10 each (2019: 200,000,000 ordinary shares of Rs. 10 each)		2,000,000	2,000,000
Issued, subscribed and paid up share capital	11	1,426,305	1,426,305
Reserves		7,764,863	7,764,863
Deficit on remeasurement of financial assets at fair value through other comprehensive income		(10,242)	(11,433)
Unappropriated profit		5,110,707	4,594,271
Total equity		14,291,633	13,774,006
Non-current liabilities			
Long term loan - secured	12	300,000	600,000
Current liabilities			
Short term loan	13	1,157,699	1,121,163
Current portion of long term loan - secured	12	300,000	300,000
Unclaimed dividend		28,749	28,464
Trade and other payables	14	249,552	268,137
		1,736,000	1,717,764
Total liabilities		2,036,000	2,317,764
TOTAL EQUITY AND LIABILITIES		16,327,633	16,091,770
CONTINGENCIES AND COMMITMENTS	15		

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

Chief Executive Officer

Chief Financial Officer



Director

Unconsolidated Statement of Profit or Loss

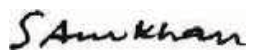
For The Year Ended December 31, 2020

	Note	2020	2019
		(Rupees in '000)	
Dividend income	16	1,110,000	1,107,950
Other income	17	1,397	3,585
Total income		1,111,397	1,111,535
General and administrative expenses	18	(66,463)	(97,597)
Finance costs	19	(192,402)	(210,106)
Total expenses		(258,865)	(307,703)
		852,532	803,832
Reversal of provision against investments - net	6.1.1	101,420	92,720
Recoveries against bad and doubtful loans and advances / lease losses - net		20,893	14,990
Profit before taxation		974,845	911,542
Taxation - net	20	(30,517)	(14,813)
Profit after taxation		944,328	896,729
		(Rupees)	
Earnings per share - basic and diluted	21	6.62	6.29

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

Chief Executive Officer

Chief Financial Officer



Director

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended December 31, 2020

	Note	2020	2019
		(Rupees in '000)	
Profit after taxation		944,328	896,729
Other comprehensive income / (loss)			
Items that will not be subsequently reclassified to the unconsolidated statement of profit or loss			
Surplus / (deficit) on remeasurement of financial assets at fair value through other comprehensive income		1,191	(636)
Total comprehensive income for the year		945,519	896,093

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

Chief Executive Officer

Chief Financial Officer

Director

Unconsolidated Statement of Changes in Equity

For The Year Ended December 31, 2020

	Issued, subscribed and paid-up share capital	Capital Reserves			Revenue reserves		Total
		Premium on issue of shares	Other capital reserves	Deficit on remeasurement of financial assets at fair value through other comprehensive income	General reserve	Unappropri-ated profit	
	(Rupees in '000)						
Balance as at January 1, 2019	1,426,305	434,051	33,267	-	7,297,545	4,114,637	13,305,805
Impact of adoption of IFRS 9	-	-	-	(10,797)	-	10,797	-
Balance as at January 1, 2019	1,426,305	434,051	33,267	(10,797)	7,297,545	4,125,434	13,305,805
Profit after taxation for the year ended December 31, 2019	-	-	-	-	-	896,729	896,729
Other comprehensive loss for the year	-	-	-	(636)	-	-	(636)
Total comprehensive income for the year ended December 31, 2019	-	-	-	(636)	-	896,729	896,093
Transactions with owners directly recorded in equity							
- Final dividend for the year ended December 31, 2018 at the rate of Rs. 3 per share approved on April 26, 2019	-	-	-	-	-	(427,892)	(427,892)
Balance as at December 31, 2019	1,426,305	434,051	33,267	(11,433)	7,297,545	4,594,271	13,774,006
Profit after taxation for the year ended ended December 31, 2020	-	-	-	-	-	944,328	944,328
Other comprehensive income for the year	-	-	-	1,191	-	-	1,191
Total comprehensive income for the year ended December 31, 2020	-	-	-	1,191	-	944,328	945,519
Transactions with owners directly recorded in equity							
- Final dividend for the year ended December 31, 2019 - Rs. 3 per share approved on May 21, 2020	-	-	-	-	-	(427,892)	(427,892)
Balance as at December 31, 2020	1,426,305	434,051	33,267	(10,242)	7,297,545	5,110,707	14,291,633

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

Chief Executive Officer

Chief Financial Officer

Director

Unconsolidated Statement of Cash Flows

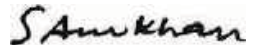
For The Year Ended December 31, 2020

	Note	2020	2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		974,845	911,542
Adjustments for:			
Depreciation	4	262	573
Finance costs	19	192,402	210,106
Gain on disposal of property and equipment	17	(476)	(285)
Gain on disposal of equity investments	17	-	(1,562)
(Reversal of provision) / provision against investments - net	6.1.1	(101,420)	(92,720)
Recovery against bad and doubtful loans and advances / lease losses - net		(20,893)	(14,990)
Profit on saving accounts	17	(857)	(1,738)
Dividend income	16	(1,110,000)	(1,107,950)
		(1,040,982)	(1,008,566)
		(66,137)	(97,024)
Changes in working capital			
Decrease in current assets			
Long term deposits, deposits and prepayments, other receivables		1,813	8,152
(Increase) / decrease in current liabilities			
Trade and other payables other than certificate of deposits		(4,296)	10,673
		(68,620)	(78,199)
Net recovery from long term loans and advances		24,366	11,500
Net recovery from finance leases		927	6,700
Tax paid - net		603	(3,564)
Net cash used in operating activities		(42,724)	(63,563)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of property and equipment		670	372
Proceeds on disposal of equity investments		-	1,698
Dividend received		960,000	1,107,950
Profit / return received		857	1,738
Purchase of property and equipment		(19)	-
Investment in subsidiary company		-	(832,023)
Net cash generated from investing activities		961,508	279,735
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(427,607)	(432,176)
Repayment of certificate of deposits		-	(20)
Loan repayments		(300,000)	(300,000)
Financial charges paid		(206,691)	(191,143)
Net cash used in financing activities		(934,298)	(923,339)
Net decrease in cash and cash equivalents		(15,514)	(707,167)
Cash and cash equivalent at beginning of the year		(1,109,800)	(402,633)
Cash and cash equivalents at end of the year	10.2	(1,125,314)	(1,109,800)

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

Chief Executive Officer

Chief Financial Officer



Director

1 STATUS AND NATURE OF BUSINESS

1.1 IGI Holdings Limited ("the Company"), a Packages Group Company, was incorporated as a public limited company in 1953 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The shares of the Company are quoted on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi. The objects of the Company include to act as an investment holding company and for that purpose invest, acquire, sell and hold the securities and financial instruments subject to compliance by relevant laws prevailing in Pakistan from time to time.

1.2 These unconsolidated financial statements are the separate financial statements of IGI Holdings Limited. In addition to these unconsolidated financial statements, a consolidated financial statements of IGI Holdings Limited and its subsidiary companies, IGI Finex Securities Limited, IGI General Insurance Limited, IGI FSI (Pvt.) Limited, IGI Life Insurance Limited and IGI Investments (Pvt.) Limited (the Group) have also been prepared. As allowed by the International Financial Reporting Standards (IFRSs), the Company opted to present the segment information only in the consolidated financial statements of the Group.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been stated in these unconsolidated financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

There are certain new and amended standards and interpretations that are mandatory for the Company's accounting year beginning on or after January 1, 2021 but are not considered to be relevant or will not have any significant effect on the Company's operations and, therefore, have not been detailed in these unconsolidated financial statements.

2.4 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for certain investments which are carried at fair value and an investment in a subsidiary company which has been carried at cost less accumulated impairment.

2.5 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. The unconsolidated financial

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

2.6 Critical accounting estimates and judgments

The preparation of these unconsolidated financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's unconsolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Determination and measurement of useful life and residual value of property and equipment (notes 3.3.1 and 4);

ii) Classification, valuation and impairment of investments (notes 3.5, 6 and 3.5.1.2);

iii) Impairment of assets (notes 3.5.1.2 and 6.1.1);

iv) Provision for taxation and deferred tax (notes 3.11, 7 and 20); and

v) Provisions and contingencies (notes 3.10 and 15).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the unconsolidated statement of profit or loss.

3.2 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or the groups of CGU, that is expected to benefit from the synergies of the combination. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

3.3 Fixed assets

3.3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress which is stated at cost less accumulated impairment losses, if any. The cost of an item of property and equipment comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

Depreciation on all fixed assets is calculated using the straight line method in accordance with the rates specified in note 4 to these unconsolidated financial statements after taking into account residual values, if significant. The assets' residual values, useful lives and depreciation method are reviewed and adjusted, if significant, at each reporting date.

Depreciation on additions is charged from the date the asset is available for use. For any disposal, depreciation is charged till the date of disposal.

Normal repairs and maintenance are charged to unconsolidated statement of profit or loss as and when incurred.

Gains or losses arising from derecognition of property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the unconsolidated statement of profit or loss when the asset is derecognised.

3.3.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method taking into account residual value, if significant, at the rates specified in note 5 to these unconsolidated financial statements. Amortisation is charged from the date the asset is available for use while in the case of assets disposed of, it is charged till the date of disposal. The useful lives, assets residual value and amortisation method are reviewed and adjusted, if significant, at each reporting date.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. An intangible asset is regarded as having an indefinite useful life, when, based on an analysis of all the relevant factors, there is no foreseeable limit to the period over which asset is expected to generate net cash inflows for the Company. An intangible asset with an indefinite useful life is not amortised. However, the carrying amount is reviewed at each reporting date or whenever there is an indication that the asset may be impaired, to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds the estimated recoverable amount, it is written down to its estimated recoverable amount.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the unconsolidated statement of profit or loss when the asset is derecognised.

3.4 Investments

3.4.1 Investment in associates

Investment in associates are presented in the unconsolidated statement of financial position on the basis of historical cost less accumulated impairment losses. In addition dividend income is accounted for when the Company's right to receive such dividend is established.

3.4.2 Investment in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses, if any.

3.5 Financial instruments

3.5.1 Financial assets

3.5.1.1 Classification and subsequent measurement

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- at amortised cost
- at fair value through other comprehensive income (FVOCI)
- at fair value through profit or loss (FVPL)

The classification requirements for debt and equity instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-ended mutual funds.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.5.1.2.

b) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, recognised and measured as described in note 3.5.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in unconsolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income (OCI) is reclassified from deficit on remeasurement of financial assets at fair value through other comprehensive income to the unconsolidated statement of profit or loss.

c) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the unconsolidated profit or loss in the period in which it arises.

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the unconsolidated statement of financial position at fair value, with gains and losses recognised in the unconsolidated statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income from equity securities classified under FVOCI are to be recognised in the unconsolidated statement of profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the unconsolidated statement of profit or loss on derecognition. Furthermore, on derecognition of a financial asset in its entirety, the difference between:

(a) the carrying amount (measured at the date of derecognition) and;
(b) the consideration received (including any new asset obtained less any new liability assumed)

shall be recognised in the unconsolidated profit or loss.

3.5.1.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.5.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Company transfers substantially all the risks and rewards of ownership; or

(ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

3.5.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

3.5.2 Initial recognition

Financial assets and financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the unconsolidated statement of profit or loss.

3.5.3 Financial liabilities

Financial liabilities are subsequently measured at amortised cost.

3.5.3.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the unconsolidated statement of profit or loss.

3.5.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.6 Cash and cash equivalents

Cash and cash equivalents are measured in the unconsolidated statement of financial position at amortised cost. Cash and cash equivalents include cash in hand, bank balances, short term loan and liquid investments having original maturity of three months or less.

3.7 Foreign currency transactions and translations

Foreign currency transactions are translated into Pakistani Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees using the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Exchange gains or losses are included in the unconsolidated statement of profit or loss currently.

3.8 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the unconsolidated statement of profit or loss over the period of the borrowings using the effective interest method.

3.10 Provisions

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

3.11 Taxation

Income tax expense comprises current and deferred tax. The Securities and Exchang Commission of Pakistan vide its letter dated March 05, 2018 has designated the Company and its wholly-owned subsidiaries IGI Investments (Pvt.) Limited, IGI General Insurance Limited (together the 'Group') as a Group for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001.

Current

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

Deferred

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the unconsolidated statement of profit and loss, except in the case of items credited or charged to equity in which case it is included in equity.

Current and deferred taxes based on the consolidated results of the Group are allocated within the Group on the basis of separate return method, modified for determining realisability of tax credits and

tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to the unconsolidated statement of profit or loss in the year in which they arise.

3.12 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recorded in the period in which dividends and transfers are made.

3.13 Earnings per share (EPS)

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 the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4 PROPERTY AND EQUIPMENT

	Furniture and fixtures	Office equipment	Computer equipment	Leasehold improve-ments	Motor vehicle owned	Total
	(Rupees in '000)					
As at January 1, 2019						
Cost	3,091	3,434	4,295	9,377	5,808	26,005
Accumulated depreciation	(2,988)	(3,420)	(4,276)	(9,025)	(4,252)	(23,961)
Net book value	103	14	19	352	1,556	2,044
Year ended December 31, 2019						
Opening net book value	103	14	19	352	1,556	2,044
Additions during the year	-	-	-	-	-	-
Disposals						
- Cost	-	14	-	-	528	542
- Accumulated depreciation	-	(14)	-	-	(441)	(455)
	-	-	-	-	87	87
Depreciation charge for the year	(79)	(12)	(16)	(161)	(305)	(573)
Closing net book value	24	2	3	191	1,164	1,384
As at December 31, 2019						
Cost	3,091	3,420	4,295	9,377	5,280	25,463
Accumulated depreciation	(3,067)	(3,418)	(4,292)	(9,186)	(4,116)	(24,079)
Net book value	24	2	3	191	1,164	1,384
Year ended December 31, 2020						
Opening net book value	24	2	3	191	1,164	1,384
Additions during the year	-	-	19	-	-	19
Disposals						
- Cost	-	-	-	-	969	969
- Accumulated depreciation	-	-	-	-	(775)	(775)
	-	-	-	-	194	194
Depreciation charge for the year	(17)	(2)	(6)	(125)	(112)	(262)
Closing net book value	7	-	16	66	858	947
As at December 31, 2020						
Cost	3,091	3,420	4,314	9,377	4,311	24,513
Accumulated depreciation	(3,084)	(3,420)	(4,298)	(9,311)	(3,453)	(23,566)
Net book value	7	-	16	66	858	947
Depreciation rate % per annum - 2020	10%	20%	20%	10%	20%	
Depreciation rate % per annum - 2019	10%	20%	20%	10%	20%	

4.1 The cost and accumulated depreciation of fully depreciated property and equipment still in use at the end of the year amounts to Rs. 21.278 million (2019: Rs. 15.075 million).

5 INTANGIBLE ASSET

	2020							
	Cost			Accumulated Amortisation / Impairment			Book value As at Dec 31, 2020	Useful life
	As at Jan 01, 2020	Additions	As at Dec 31, 2020	As at Jan 01, 2020	For the year	As at Dec 31, 2020		
	(Rupees in '000)							
Computer software	4	-	4	4	-	4	-	5 years
	4	-	4	4	-	4	-	

	2019							
	Cost			Accumulated Amortisation / Impairment			Book value As at Dec 31, 2019	Useful life
	As at Jan 01, 2019	Additions	As at Dec 31, 2019	As at Jan 01, 2019	For the year	As at Dec 31, 2019		
	(Rupees in '000)							
Computer software	4	-	4	4	-	4	-	5 years
	4	-	4	4	-	4	-	

5.1 Cost and accumulated amortisation of fully amortised intangible assets still in use at the end of the year amounts to Rs. 0.004 million (2019: Rs. 0.004 million).

6 INVESTMENTS - NET

	Note	2020	2019
		(Rupees in '000)	
Investments in subsidiaries	6.1	15,837,753	15,736,333
Equity instruments			
- Financial assets at 'fair value through other comprehensive income'	6.2	9,496	8,305
Debt instruments - term finance certificates			
- Financial assets at 'fair value through other comprehensive income'	6.3	-	-
		15,847,249	15,744,638

6.1 Investments in subsidiaries

	2020				2019			
	Number of shares	Cost	Impairment (note 6.1.1)	Carrying value	Number of shares	Cost	Impairment (note 6.1.1)	Carrying value
		(Rupees in '000)				(Rupees in '000)		
Quoted								
IGI Life Insurance Limited (note 6.1.2)	141,048,278	1,690,854	-	1,690,854	141,048,278	1,690,854	-	1,690,854
Unquoted								
IGI Finex Securities Limited (note 6.1.3)	52,000,000	441,883	(95,463)	346,420	52,000,000	441,883	(196,883)	245,000
IGI General Insurance Limited (note 6.1.4)	191,838,400	1,918,384	-	1,918,384	191,838,400	1,918,384	-	1,918,384
IGI Investments (Pvt.) Limited (note 6.1.5)	118,820,950	11,882,095	-	11,882,095	118,820,950	11,882,095	-	11,882,095
Total		15,933,216	(95,463)	15,837,753		15,933,216	(196,883)	15,736,333

6.1.1 Movement in impairment

	Note	2020	2019
		(Rupees in '000)	
Opening balance		196,883	289,603
Reversal during the year	6.1.3	(101,420)	(92,720)
Closing balance		95,463	196,883

6.1.2 This represents 82.694% (2019: 82.694%) holding in IGI Life Insurance Limited (IGI Life) having market value of Rs 57.34 (2019: Rs 26.98) per share.

IGI Life is engaged in life insurance, carrying on both participating and non-participating business. IGI Life is also engaged in providing Shariah Compliant family takaful products as an approved window takaful operator.

During the year ended December 31, 2017, 824,910 shares were withheld by IGI Life in respect of issuance of bonus as issuance of bonus shares had been made taxable through Finance Act, 2014.

The Finance Act, 2014 introduced amendments to the Income Tax Ordinance 2001. As a result of these amendments, companies are liable to withhold bonus shares at the rate of 5 percent. In accordance with the requirements of the Ordinance these shares shall only be released if the Company deposits tax equivalent to 5% of the value of the bonus shares issued. The value of tax is computed on the basis of day-end price on the first day of book closure. In this regard, a suit was filed by the Company in the High Court of Sindh, challenging the applicability of withholding tax provisions on bonus shares received by the Company and a stay order was granted by the High Court of Sindh in favour of the Company.

During the year ended December 2019, the above suit was dismissed by the single bench of the Honorable High Court of Sindh on account of decisions made by the single bench in similar cases earlier and vacated the stay order earlier granted by the Court.

The Company has filed an appeal on June 27, 2019 before division bench of the Honorable High Court of Sindh against the above judgment issued by the single bench and has also obtained a stay order against initiation of any recovery proceedings on the basis of judgement made by the single bench of the Honorable High Court of Sindh.

The Company has included these shares in its portfolio, as the management believes that the decision of the appeal will be in favour of the Company.

6.1.3 This represents 100% (2019: 100%) holding in IGI Finex Securities Limited having break - up value of Rs 6.12 (2019: Rs 5.38) per share on the basis of the audited financial statements for the year ended December 31, 2020.

The principal activities of this Company include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

The management on an ongoing basis assesses the future profitability / recoverable amount of the Company's investment in IGI Finex Securities Limited. As a result of this exercise, the management has recognised a reversal of impairment amounting to Rs. 101.420 million against the Company's investment in IGI Finex Securities Limited as at December 31, 2020.

6.1.3.1 In determining the recoverable amount, the management has used certain key assumptions regarding the future business, economic and market conditions. Key assumptions include market share of IGI Finex Securities Limited, average commission rate, growth in market volumes, cost to income ratios, returns on funds deployed, timing of write-offs, discount rate, terminal growth rate etc. A significant change in the assumptions used may impact the value of investment.

The growth rates and margins used to estimate the future profitability are based on past performance, market trends and the management experience of growth rates and margins achievable.

The management believes that the assumptions used in estimating the future profitability are consistent with past performance and trends. The discount rates and growth rates used in the valuation and impairment exercise are as follows:

	2020	2019
	(Rupees in '000)	
Discount rate	21.8%	23.5%
Terminal growth rate	8.7%	9.0%

6.1.4 This represents 100% (2019: 100%) holding in IGI General Insurance Limited (IGI General) having break - up value of Rs 14.49 (2019: Rs 14.47) per share on the basis of the audited financial statements for the year ended December 31, 2020.

The Company incorporated a wholly owned subsidiary namely IGI General Insurance Limited on November 18, 2016. The objective of IGI General is to carry on general insurance business (excluding life insurance) and General Takaful (Islamic Insurance) as Window Takaful Operator.

6.1.5 This represents 100% (2019: 100%) holding in IGI Investments (Pvt.) Ltd (IGI Investments) having break - up value of Rs 332.16 (2019: Rs 369.12) per share on the basis of the audited financial statements for the year ended December 31, 2020.

The Company incorporated a wholly owned subsidiary namely IGI Investments (Pvt.) Limited on October 31, 2016. The objective of IGI Investments is to act as an investment holding Company and to invest, acquire, sell and hold investments.

6.2 Equity Instruments

	Financial assets at fair value through other comprehensive income				Financial assets at fair value through other comprehensive income			
	2020				2019			
	Number of shares	Cost	Deficit on remeasure-ment	Market value	Number of shares	Cost	Deficit on remeasure-ment	Market value
		(Rupees in '000)				(Rupees in '000)		
Quoted								
Agritech Limited	1,352,992	17,156	(10,242)	6,914	1,352,992	17,156	(11,433)	5,723
Unquoted								
DHA Cogen Limited	7,600,000	-	-	-	7,600,000	-	-	-
Techlogix International Limited (note 6.2.1)	1,067,152	2,582	-	2,582	1,067,152	2,582	-	2,582
		2,582	-	2,582		2,582	-	2,582
		19,738	(10,242)	9,496		19,738	(11,433)	8,305

6.2.1 Techlogix International Limited is a company registered in Bermuda. This investment has been made since 2005. Return on investment is in the form of dividend received as reflected in these unconsolidated financial statements. Based on the information available, there are no material litigations against the investee company in foreign jurisdictions.

6.3 Debt instruments - term finance certificates

Number of certificates		Particulars	Issue date	Note	2020	2019
2020	2019				(Rupees in '000)	
		Listed term finance certificates				
5,000	5,000	Azgard Nine Limited II	September 20, 2005	6.3.2	-	-
		Unlisted term finance certificates				
4,000	4,000	Agritech Limited I	November 30, 2007	6.3.2	-	-
861	861	Agritech Limited IV	July 01, 2011	6.3.2	-	-
13,000	13,000	Azgard Nine Limited IV	December 04, 2007	6.3.2	-	-
5,348	5,348	Azgard Nine Limited V	March 31, 2012	6.3.2	-	-
10,000	10,000	Eden Housing Limited	December 31, 2007	6.3.2	-	-
10,000	10,000	New Allied Electronics Industries (Private) Limited	December 03, 2007	6.3.2	-	-
					-	-
		Less: Provision for impairment			-	-
					-	-

6.3.1 These term finance certificates have been fully impaired and written off.

6.3.2 Significant terms and conditions relating to term finance certificates are as follows:

Particulars	Certificates denomination	Profit rate per annum	Profit payment	Maturity date	Redemption
Listed Term Finance Certificates					
Azgard Nine Limited II	5,000	2010-2011: 6 month KIBOR plus 1%, 2012-2015: 6 month KIBOR plus 1.25%, 2016-2017: 6 months KIBOR plus 1.75%	Semi-annually	September 20, 2017	12 semi-annual installments with stepped up repayment plan, 2012-2015: 47% (Rs.699 million), 2016-2017: 53% (Rs.799 million).
Unlisted Term Finance Certificates					
Agritech Limited I	5,000	Average ask rate of six months KIBOR plus 1.75%	Semi-annually	November 29, 2019	12 semi-annual installments with stepped up repayment plan, 2012-2014: 35% (Rs.524,580,000), 2015-2017: 65% (Rs.974,220,000).
Agritech Limited IV	5,000	Zero Coupon	-	January 01, 2015	Principal to be repaid in 6 semi-annual installments as per the schedule, commencing from July 01, 2012
Azgard Nine Limited IV	5,000	2010-2011: 6 month KIBOR plus 1%, 2012-2015: 6 month KIBOR plus 1.25%, 2016-2017: 6 months KIBOR plus 1.75%	Semi-annually	December 04, 2017	12 semi-annual installments with stepped up repayment plan, 2012-2015: 47% (Rs.1,166 million), 2016-2017: 53% (Rs.1,332 million).
Azgard Nine Limited V	5,000	Zero Coupon	-	March 31, 2017	Principal to be repaid in 7 semi-annual installments as per the schedule, commencing from March 31, 2014.
Eden Housing Limited	5,000	Average ask rate of three months KIBOR plus 2.5% per annum from December 31, 2007 to June 29, 2013 (floor 7% and cap 20%) Average ask rate of three months KIBOR plus 3% per annum from June 30, 2013 to June 29, 2014 (floor 7% and cap 20%)	Quarterly	June 29, 2014	Principal to be redeemed in unequal quarterly installments as per schedule.
New Allied Electronics Industries (Private) Limited	5,000	Average ask rate of three months KIBOR plus 2.2% (floor 7% and cap 20%)	Semi-annually	December 03, 2012	Principal redemption will take place in six equal semi annual installments. This will commence from the 30th month of the date of public subscription after a grace period of 24 months.

7 DEFERRED TAXATION - NET

	Note	2020	2019
		(Rupees in '000)	
Deferred tax asset arising on deductible temporary difference:			
- Accelerated tax depreciation		323	1,136
- Impairment of investment in IGI Finex Securities Limited		20,763	42,822
		21,086	43,958

8 LOANS AND ADVANCES

Considered good			
Loans and advances	8.1	7,400	7,400

8.1 These loans pertain to Ex. IGI Investment Bank Limited which had been transferred to the Company under the scheme of amalgamation.

9 OTHER RECEIVABLES

	Note	2020	2019
		(Rupees in '000)	
Net investment in finance lease - considered good	9.1 & 14.2	207,031	212,955
Withholding tax on bonus shares	9.2	6,530	6,530
		213,561	219,485

9.1 This balance represents outstanding amount of old lease portfolio acquired by the Company as part of amalgamation of Ex. IGI Investment Bank Limited w.e.f December 31, 2016 that has been retained by the Company as part of scheme of arrangement and carried at fair value at the time of acquisition.

This includes fair value of collaterals amounting to Rs. 14.590 million (2019: Rs 18.990 million) and residual values relating to net investment in finance lease.

9.2 This represents 50% of the amount paid by the Company to revenue authority in relation to the charge and collection of income tax on issuance of bonus shares by IGI Life Insurance Limited (as more fully explained in note 6.1.2 to these unconsolidated financial statements). The matter is already pending adjudication in the Honorable High Court of Sindh and the management, based on advice from legal advisors, is confident of a favorable outcome of the proceedings.

10 BANK BALANCES

	Note	2020	2019
Cash at bank		(Rupees in '000)	
Savings accounts	10.1	32,075	210
Current accounts		310	11,153
		32,385	11,363

10.1 These savings accounts carry mark-up at 5.5% (2019: 11.25%) per annum.

10.2 Cash and cash equivalents for the purpose of unconsolidated statement of cash flows:

	Note	2020	2019
		(Rupees in '000)	
Bank balances		32,385	11,363
Short term loan		(1,157,699)	(1,121,163)
		(1,125,314)	(1,109,800)

11 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2020	2019		2020	2019
(Number of shares)			(Rupees in '000)	
1,942,187	1,942,187	Ordinary shares of Rs. 10 each issued as fully paid in cash	19,422	19,422
139,351,330	139,351,330	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	1,393,513	1,393,513
1,337,033	1,337,033	Issued for consideration other than cash under scheme of amalgamation	13,370	13,370
142,630,550	142,630,550		1,426,305	1,426,305

12 LONG TERM LOAN - SECURED

	Note	2020	2019
		(Rupees in '000)	
Secured			
Long term loan	12.1	600,000	900,000
Less: current portion of long term loan		(300,000)	(300,000)
		300,000	600,000

12.1 The Company obtained a long term loan amounting to Rs. 1,500 million from Habib Bank Limited during 2017 for the purpose of injecting equity in its subsidiary IGI General Insurance Limited. The loan carries mark-up rate at 6 months KIBOR + 0.03% per annum (2019: 6 month KIBOR + 0.03% per annum). Principal repayment is to be made in 10 equal semi-annual instalments starting from the 6th month after the disbursement and subsequently, every six months thereafter. During the current year, two instalments of Rs. 150 million each have been paid. The facility is secured against pledge of shares held by IGI Investments (Pvt.) Limited, a subsidiary of the Company, against a commission which has been disclosed in note 18.3.

13 SHORT TERM LOAN

This represents short term credit facility available from Habib Bank Limited under a mark-up arrangement amounting to Rs. 1,500 million. Unutilised amount as at December 31, 2020 amounts to Rs. 342.301 million. The rate of mark-up on this facility is 1-month KIBOR + 0.25% per annum (2019: 1-month KIBOR + 0.25% per annum). The facility is secured against pledge of shares held by its wholly owned subsidiary IGI Investments (Pvt.) Limited against a commission which has been disclosed in note 18.3.

14 TRADE AND OTHER PAYABLES

	Note	2020	2019
		(Rupees in '000)	
Certificates of deposit	14.1	594	594
Security deposits under lease contracts	14.2	192,441	193,965
Accrued expenses		12,819	12,882
Accrued interest		22,991	37,280
Others		20,707	23,416
		249,552	268,137

14.1 This represents certificates of deposit acquired by the Company as part of the amalgamation of Ex. IGI Investment Bank Limited (the Investment Bank) with and into IGI Insurance Limited as at December 31, 2016 that has been retained by the Company as part of the Scheme of Arrangement.

The outstanding amount relates to two depositors with aggregate deposits amounting to Rs 0.594 million (2019: Rs. 0.594 million) as they are untraceable. These certificates of deposits have already matured and mark-up payable on these till maturity is Rs. 0.034 million (2019: Rs. 0.034 million). In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter is settled, the Company has placed this amount in a money market fund of NBP Fund Management

Limited with authority to Central Depository Company (CDC) to operate the said account on its behalf and to pay the depositors as and when traced in accordance with the directions of the Securities and Exchange Commission of Pakistan (SECP).

14.2 This represents security deposits under lease contracts acquired as part of the amalgamation of Ex. IGI Investment Bank Limited with effect from December 31, 2016 that has subsequently been retained by the Company as part of the Scheme of Arrangement, against which an equivalent amount of residual value is receivable.

15 CONTINGENCIES AND COMMITMENTS

The following contingencies were acquired by the Company as part of the amalgamation of Ex. IGI Investment Bank Limited (Investment Bank) with effect from December 31, 2016 that has been retained by the Company as part of the scheme of arrangement.

15.1 Income tax returns for the tax years 2011, 2012, 2013, 2014, 2015, 2016 and 2017 have been filed by the Ex. IGI Investment Bank Limited / IGI Holdings Limited on due dates that are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001.

Matters that are being contested mainly include the following:

(a) The rate of tax applied in computing the tax liability of the Investment Bank was the one applicable to a banking company instead of the rate applicable for a public company (Assessment years 1991-92 to 2000-01). The Lahore High Court vide orders in CTR No.04 of 2005 and CTR No. 02 of 2008 for the assessment years 1993-1994 to 1997-98 had decided this issue in favour of the Company by rejecting the reference application filed by the tax department.

(b) The tax payer company is a non banking finance company in accordance with the provisions of section 2(10) of the Income Tax Ordinance, 1979 read with Section 5(b) & 5(c) of the Banking Companies Ordinance ,1962. In light of said provisions the taxpayer company is an investment finance company, so its dividend income should be taxed as a separate block of income at the reduced rate. The above mentioned issue is decided in favour of the taxpayer Company by the Lahore High Court vide orders in CTR No.04 of 2005 and CTR No. 02 of 2008 for the assessment years 1993-1994 to 1997-98.

(c) An addition on account of accounting depreciation as a result of restricting the claim of accounting depreciation upto net income from leased assets (Tax year 2003). The Appellate Tribunal Inland Revenue, Lahore (ATIR) vide order No. ITA No. 1074/LB/2008 dated November 07, 2018 decided the appeal on the said point in favour of the Investment Bank.

(d) Disallowance of certain expenses and additions to taxable income on account of lease key money, lease rentals, excess perquisites and miscellaneous expenses relating to various assessment years (assessment years 1995-96 to 2000-01).

(e) Charging minimum tax under section 113 of the Ordinance without allowing adjustment of tax paid under final tax regime (Tax years 2008 and 2010). The ATIR vide consolidated order No. ITA No. 1716/LB/2013 & ITA No. 1717/LB/2013 dated January 09, 2019 decided the appeals on the said point in favour of the Investment Bank.

(f) Disallowance of initial depreciation on leased commercial vehicles (Tax years 2004, 2005, 2006 and 2007). For Tax years 2004 & 2005, the ATIR vide orders No. ITA No. MA(AG) No. 48/LB/2019 / ITA No. 1581/LB/2011 and ITA No. 1263/LB/2012 dated November 25, 2019 and November 07, 2018 respectively has declared the amended orders for the said years as illegal being time barred. For tax years 2006 & 2007, the ATIR vide consolidated order Nos. ITA No. 498/LB/2012 & ITA No. 499/LB/2012 dated March 26, 2018 has remanded back the case for readjudicating.

(g) Addition as a result of proration of expenses between exempt income (capital gains), dividend

income and business income (Assessment / Tax years 2002-03, 2003, 2004, 2005, 2006 and 2007). For assessment year 2002-03, appeal is pending before ATIR. For Tax years 2004 & 2005, the ATIR vide orders No. ITA No. MA(AG) No. 48/LB/2019 / ITA No. 1581/LB/2011 and ITA No. 1263/LB/2012 dated November 25, 2019 and November 07, 2018 respectively has declared the amended orders for the said years as illegal being time barred. For Tax years 2006 & 2007, the ATIR vide consolidated order Nos. ITA No. 498/LB/2012 & ITA No. 499/LB/2012 dated March 26, 2018 has remanded back the case for readjudicating.

(h) Addition on account of allocation of finance cost to brokerage and commission income amounting to Rs.18.445 million (Tax Year 2009).

(i) Addition on account of specific provisions of Rs. 117.639 million (Tax Year 2009).

The management and its tax advisor are confident that all above matters will eventually be decided in favor of the Company.

15.2 A suit had been filed against the Investment Bank before the High Court of Sindh (the Court) for declaration, damages for Rs. 81.570 million and recovery of Rs. 1 million along with interest & mark-up in connection with the transaction of asset backed securitisation between the parties. Issues had been framed for determination by the Court and the matter is at the stage of the evidence of the parties. The management, based on the advice of its legal advisor is confident that the matter will be decided in favour of the Company.

15.3 A suit had been filed against the Investment Bank impleaded as defendant No. 6 before the High Court of Sindh for declaration, permanent injunctions, specific performance, settlement and / or rendition of accounts and / or cancellation of cheques and damages of Rs.100 million. The Investment Bank arranged lease finance for buses which were given on lease to a customer. The Court granted leave to defend the suit to all the defendants and the matter is at the stage of evidence of the parties. The management, based on the advice of its legal advisor is confident that the matter will be decided in favour of the Company.

15.4 Income tax return for the tax year 2017 was filed by the Company that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. The Company, during year ended December 31, 2018, received notice from Additional Commissioner Inland Revenue (ACIR) for explanations over the matters raised in the notice prior to the amendment in the assessment under section 122 (5A) of the Income Tax Ordinance, 2001.

The principal observations raised by ACIR were related to levy of tax on undistributed profits and super tax, admissibility of tax losses of formerly IGI Investment Bank Limited and deductions claimed on account of write-offs. The Company filed constitutional petitions for the matters pertaining to the levy of tax on undistributed profits and super tax and obtained a stay order against any adverse action in relation thereto and also submitted its response / explanations to ACIR.

During the year ended December 31, 2019, ACIR passed an order against the response submitted by the Company and a raised tax demand of Rs. 435.869 million on matters raised in the notice except for the admissibility of deductions on account of write-offs. The Company filed an appeal with the Commissioner Inland Revenue (Appeals) (CIRA) and the learned CIRA, on the merits of the case, decided appeal in favor of the Company on account of admissibility of tax losses of formerly IGI Investment Bank Limited, while upheld decision of ACIR on the matters pertaining to levy of tax on undistributed profits and super tax which is already pending adjudication at the Honorable High Court of Sindh. As a result of order passed by CIRA, the tax demand has been reduced by Rs. 223.221 million. However, an appeal effect order is pending in this regard.

During the year, the Company has filed an appeal with Appellate Tribunal Inland Revenue (ATIR) on the matters decided in favor of ACIR by the learned CIRA, while ACIR has also filed an appeal with ATIR on the matter of admissibility of tax losses decided in favor of the Company, both of which are currently pending adjudication.

15.5 Income tax return for the tax year 2018 was filed by the Company that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. During the year, the Company received a notice to amend assessment under section 122 (5A) from Additional Commissioner Inland Revenue (ACIR) for explanations over the matters raised in the notice prior to the amendment in the assessment under section 122 (5A) of the Income Tax Ordinance, 2001.

The principal observations raised by ACIR were related to taxation of dividend and commission income at the corporate tax rate, levy of super tax and inadmissible deductions of provision against investments and doubtful debts and impairment of goodwill. The Company filed constitutional petition for the matter pertaining to the levy of super tax and obtained stay order against any adverse action in relation thereto and also submitted its response / explanations to ACIR.

The ACIR passed order against the response submitted by the Company and raised a tax demand of Rs. 475.538 million on matters raised in the notice except for the matters related to admissibility of deductions of provision against investments and doubtful debts. The Company filed an appeal with the Commissioner Inland Revenue (Appeals) (CIRA) and the learned CIRA, on the merits of the case, remanded back matters related to taxation of dividend and commission income at corporate tax rate and impairment of goodwill while confirming decision of ACIR on account of levy of super tax which is already pending adjudication at the Honourable High Court of Sindh.

The Company has filed response to ACIR on the issues remanded back by the learned CIRA and has also filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order of the learned CIRA in the matters related to taxation of dividend and commission income at corporate tax rate, impairment of goodwill and levy of super tax.

During the year, the Honorable High Court of Sindh has passed its judgment in the various constitutional petitions filed by various parties including the Company on the matter of levy of super tax. The Honorable High Court, while dismissing the petitions has held that the Super Tax has been validly levied under the constitution. The Company has challenged the decision of Honorable Sindh High Court in the Supreme Court of Pakistan jointly with the other petitioners. The learned Supreme Court has restrained tax department from any coercive action against petitioners subject to deposit of 50% amount of levy of super tax. Subsequent to the year end the Company has deposited the said amount pertaining to levy of super tax as directed by the Supreme Court.

15.6 Income tax return for the tax year 2019 was filed by the Company that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. During the year, the Company received a notice to amend assessment under section 122 (5A) from Additional Commissioner Inland Revenue (ACIR) for explanations over the matters raised in the notice prior to the amendment in the assessment under section 122 (5A) of the Income Tax Ordinance, 2001.

The principal observations raised by ACIR are related to levy of super tax and apportionment of expenses. The Company filed constitutional petition for the matter pertaining to the levy of super tax and obtained stay order against any adverse action in relation thereto. Subsequent to the year end, the Company has also submitted its responses / explanations to ACIR.

Subsequent to the year end, the ACIR has passed its order creating a tax demand of Rs. 278.750 million on account of apportionment of expenses and disallowance of certain expenses. The management is in process of filling an appeal before Commissioner Inland Revenue (Appeals) against the order passed by ACIR.

The management, based on the advice of its tax advisor, is confident of favorable outcome of the above proceedings.

15.7 There are no material commitments as at December 31, 2020 and December 31, 2019.

16 DIVIDEND INCOME

	Note	2020	2019
		(Rupees in '000)	
Subsidiary Companies			
- IGI General Insurance Limited		520,000	513,348
- IGI Investments (Pvt.) Limited		590,000	594,105
Techlogix International Limited		-	497
		1,110,000	1,107,950

17 OTHER INCOME

From financial assets			
Profit on saving accounts		857	1,738
From non - financial assets			
Gain on disposal of property and equipment		476	285
Gain on disposal of equity investments		-	1,562
Others		64	-
		540	1,847
		1,397	3,585

18 GENERAL AND ADMINISTRATIVE EXPENSES

Salaries, allowances and benefits		27,467	52,144
Depreciation	4	262	573
Auditors' remuneration	18.2	8,968	14,791
Rent, rates and taxes		942	968
Travelling expenses		333	1,026
Telephone, lighting, telex and fax		255	276
Printing, postage and stationery		-	2,437
Insurance		516	229
Repairs and maintenance		-	2
IT related expenses		1,087	949
Commission on pledged shares	18.3	10,007	7,614
Legal and professional fees		12,139	13,710
Subscriptions		3,320	1,895
Advertisement		898	708
Other expenses		269	275
		66,463	97,597

18.1 Certain common expenses (including salaries, allowances and other benefits, staff training, rentals, utilities, repair and maintenance and IT related expenses) are charged to the Company, which are shown under respective administrative and operating expenses accounts, in accordance with the Group Shared Services (GSS) Cost Allocation Review Memorandum, between the Company and the Group companies. During the year, an amount of Rs 30.216 million (2019: Rs. 54.111 million) was charged in respect of common expenses.

18.2 Auditors' remuneration

	2020	2019
	(Rupees in '000)	
Fee for statutory audit	850	850
Fee for interim review	350	300
Fee for the audit of consolidated financial statements	1,100	1,000
Special certifications and sundry services	5,968	11,592
Out of pocket expenses	700	1,049
	8,968	14,791

18.3 This represents commission paid to IGI Investments (Pvt.) Limited (Subsidiary Company) at the rate of 0.2% of the market value of pledged shares which have been kept in order to obtain long and short term loan as disclosed in notes 12 and 13 respectively.

	Note	2020	2019
		(Rupees in '000)	
19 FINANCE COSTS			
Mark-up on long term loan		87,245	132,742
Mark-up on short term loan		105,143	77,335
Bank charges		14	29
		192,402	210,106
20 TAXATION			
For the year			
- Current tax		187,475	184,944
- Prior year		-	(3,026)
- Group adjustment		(179,830)	(178,632)
		7,645	3,286
- Deferred tax		22,872	11,527
		30,517	14,813
20.1 Tax charge reconciliation			
Profit before tax		974,845	911,542
Tax calculation at the rate of 29%		282,705	264,347
Effect of items taxable under lower rates		(155,400)	(155,113)
Effect of group taxation		(179,830)	(178,632)
Effect of permanent differences		82,420	102,599
Prior year tax		-	(3,026)
Impairment on investments		-	(26,889)
Effect of charge of deferred tax		-	11,527
Others		622	-
		30,517	14,813
21 EARNINGS PER SHARE			
Basic / diluted earnings per share			
Profit for the year		944,328	896,729
		(Number of shares)	
Weighted average number of ordinary shares		142,630,550	142,630,550
		(Rupees)	
Earnings per share		6.62	6.29

22 REMUNERATION OF DIRECTORS	2020	2019
	(Rupees in '000)	
Fee for attending board meeting	3,200	1,775
Number of persons	8	8

23 NUMBER OF EMPLOYEES

All the employees are on the payroll of the group companies and their cost is charged to the Company under group shared services agreement.

24 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiaries, associates, related group companies, directors of the Company, key management personnel, major shareholders, post employment benefit plans and other related parties. The Company in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Amounts due to / from and other significant transactions, other than those disclosed else where in these unconsolidated financial statements, are as follows:

	Subsidiaries		Associates		Key management personnel (including directors)		Other related parties	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)							
Transactions								
Commission expense / paid	10,007	7,614	-	-	-	-	-	-
Dividend income	1,110,000	1,107,453	-	-	-	-	-	-
Dividend received	960,000	1,107,453	-	-	-	-	-	-
Dividend paid	-	-	45,099	45,099	116,021	115,920	118,534	115,970
Key management personnel compensation	-	-	-	-	3,200	1,775	-	-
Insurance premium paid	36	145	-	-	-	-	-	-
Expenses incurred under Group Shared Services	16,034	24,801	14,181	29,276	-	-	-	-
Expenses paid by the Company on behalf of under Group Shared Services	4,961	10,772	-	-	-	-	-	-
Receipts against Group Shared Services	4,961	10,772	-	-	-	-	-	-
Payments against Group Shared Services	18,774	14,871	13,130	29,276	-	-	-	14
Balances								
Investment in shares	15,837,753	15,736,333	-	-	-	-	-	-
Dividend receivable	150,000	-	-	-	-	-	-	-
Group shared service payable	7,190	9,930	1,051	-	-	-	-	-

24.1 Maximum amount payable to IGI General Insurance Limited (subsidiary), IGI Finex Securities Limited (subsidiary) and IGI Life Insurance Limited (subsidiary) at the end of any month during the year was Rs 5.4 million, Rs 3.05 million and Rs 9.9 million respectively.

24.2 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S. No.	Name of related party	Basis of association / relationship	Aggregate % of shareholding
1	IGI Life Insurance Limited	Subsidiary	82.694%
2	IGI General Insurance Limited	Subsidiary	100%
3	IGI Investments (Pvt.) Limited	Subsidiary	100%
4	IGI Finex Securities Limited	Subsidiary	100%
5	Packages Limited	Associate	N/A
6	Syed Babar Ali	Chairman	N/A
7	Babar Ali Foundation	Other related party	N/A
8	Industrial Technical and Educational Institute	Other related party	N/A

25 FINANCIAL INSTRUMENTS BY CATEGORY

	2020		
	At amortised cost	*At fair value through other comprehensive income*	*Total*
	(Rupees in '000)		
Financial assets			
Non-current assets			
Investments - net	-	9,496	9,496
Long-term deposits	1,768	-	1,768
	1,768	9,496	11,264
Current assets			
Loans and advances	7,400	-	7,400
Deposits	3,159	-	3,159
Dividend receivable	150,000	-	150,000
Other receivables	207,031	-	207,031
Bank balances	32,385	-	32,385
	399,975	-	399,975
	401,743	9,496	411,239

	2020	
	At amortised cost	Total
	(Rupees in '000)	
Financial liabilities		
Long term loan - secured	300,000	300,000
Current portion of long-term loan - secured	300,000	300,000
Short term loan	1,157,699	1,157,699
Unclaimed dividend	28,749	28,749
Trade and other payables	249,552	249,552
	2,036,000	2,036,000

	2019		
	At amortised cost	*At fair value through other comprehensive income*	*Total*
	(Rupees in '000)		
Financial assets			
Non-current assets			
Investments	-	8,305	8,305
Long-term deposits	1,738	-	1,738
	1,738	8,305	10,043
Current assets			
Loans and advances	7,400	-	7,400
Deposits	3,279	-	3,279
Other receivables	212,955	-	212,955
Bank balances	11,363	-	11,363
	234,997	-	234,997
	236,735	8,305	245,040

	2019	
	At amortised cost	*Total*
	(Rupees in '000)	
Financial liabilities		
Long term loan - secured	600,000	600,000
Current portion of long term loan - secured	300,000	300,000
Short term loan	1,121,163	1,121,163
Unclaimed dividend	28,464	28,464
Trade and other payables	268,137	268,137
	2,317,764	2,317,764

26 RISK MANAGEMENT

Risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise 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 financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

26.1 Financial risk

(i) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest / mark-up rate risk in respect of the following:

	2020							
	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Investments		-	-	-	-	9,496	9,496	9,496
Long term deposits		-	-	-	-	1,768	1,768	1,768
Loans and advances		-	-	-	7,400	-	7,400	7,400
Deposits		-	-	-	3,159	-	3,159	3,159
Dividend receivable		-	-	-	150,000	-	150,000	150,000
Other receivables		-	-	-	207,031	-	207,031	207,031
Bank balances	5.50%	32,075	-	32,075	310	-	310	32,385
		32,075	-	32,075	367,900	11,264	379,164	411,239
Financial liabilities								
Long term loan	7.30%	-	300,000	300,000	-	-	-	300,000
Current portion of long term loan	7.30%	300,000	-	300,000	-	-	-	300,000
Short term loan	7.67%	1,157,699	-	1,157,699	-	-	-	1,157,699
Unclaimed dividend		-	-	-	28,749	-	28,749	28,749
Trade and other payables		-	-	-	249,552	-	249,552	249,552
		1,457,699	300,000	1,757,699	278,301	-	278,301	2,036,000
		(1,425,624)	(300,000)	(1,725,624)	89,599	11,264	100,863	(1,624,761)

	2019							
	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Investments		-	-	-	-	8,305	8,305	8,305
Long term deposits		-	-	-	-	1,738	1,738	1,738
Loans and advances		-	-	-	7,400	-	7,400	7,400
Deposits		-	-	-	3,279	-	3,279	3,279
Other receivables		-	-	-	212,955	-	212,955	212,955
Bank balances	11.25%	210	-	210	11,153	-	11,153	11,363
		210	-	210	234,787	10,043	244,830	245,040
Financial liabilities								
Long term loan	13.48%	-	600,000	600,000	-	-	-	600,000
Current portion of long term loan	13.48%	300,000	-	300,000	-	-	-	300,000
Short term loan	13.89%	1,121,163	-	1,121,163	-	-	-	1,121,163
Unclaimed dividend		-	-	-	28,464	-	28,464	28,464
Trade and other payables		-	-	-	268,137	-	268,137	268,137
		1,421,163	600,000	2,021,163	296,601	-	296,601	2,317,764
		(1,420,953)	(600,000)	(2,020,953)	(61,814)	10,043	(51,771)	(2,072,724)

Sensitivity analysis

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 mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in the respective notes. The table below summarises Company's interest rate risk as of December 31, 2020 and December 31, 2019 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Impact on unconsolidated statement of profit or loss	
	Increase	Decrease
	(Rupees in '000)	
As at December 31, 2020		
Cash flow sensitivity - variable rate financial instruments	17,256	(17,256)
As at December 31, 2019		
Cash flow sensitivity - variable rate financial instruments	20,210	(20,210)

(b) Foreign currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As of the reporting date, the Company does not have material assets or liabilities which are exposed to foreign currency risk.

(c) 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 factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs 6.914 million (2019: Rs 5.723 million) at the reporting date.

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

The carrying value of investments subject to equity price risk are based on market prices as of the reporting date.

Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realised in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarises the Company's equity price risk as of December 31, 2020 and December 31, 2019 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in the Company's equity investment portfolio because of the nature of equity markets. The impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' quity	Hypothetical increase (decrease) in total comprehensive income
	(Rupees in '000)				
2020	9,496	10% increase	10,446	950	950
		10% decrease	8,546	(950)	(950)
2019	8,305	10% increase	9,136	831	831
		10% decrease	7,475	(831)	(831)

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2020			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Long term loan	300,000	300,000	-	300,000
Current portion of long term loan	300,000	300,000	300,000	-
Short term loan	1,157,699	1,157,699	1,157,699	-
Unclaimed dividend	28,749	28,749	28,749	-
Trade and other payables	249,552	249,552	249,552	-
	2,036,000	2,036,000	1,736,000	300,000

	2019			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Long term loan	600,000	600,000	-	600,000
Current portion of long term loan	300,000	300,000	300,000	-
Short term loan	1,121,163	1,121,163	1,121,163	-
Unclaimed dividend	28,464	28,464	28,464	-
Trade and other payables	268,137	268,137	268,137	-
	2,317,764	2,317,764	1,717,764	600,000

(iii) 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 industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors and investment in finance lease is secured against deposits under lease contracts.

	2020	2019
	(Rupees in '000)	
Bank balances	32,385	11,363
Other receivables	207,031	212,955
Long-term deposits	1,768	1,738
Deposits	3,159	3,279
Loans and advances	7,400	7,400
Dividend receivable	150,000	-

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

	Rating Agency	Rating	
		Short Term	Long Term
Bank balances			
MCB Bank Limited	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Habib Bank Limited	VIS	A-1+	AAA
Bank Al-Habib Limited	PACRA	A1+	AA+
United Bank Limited	VIS	A-1+	AAA
Allied Bank Limited	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Bank Alfalah Limited	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Summit Bank Limited	N/A	Not rated	
National Bank of Pakistan	PACRA	A1+	AAA

27 FAIR VALUE MEASUREMENT

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.

Underlying the definition of fair value is the presumption that the Company 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.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from the respective book values.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets 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: quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

As at December 31, 2020 and December 31, 2019, the Company held the following financial instruments measured at fair values:

	2020		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets			
- Investments - at fair value through other comprehensive income	6,914	2,582	-

	2019		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Financial assets			
- Investments - at fair value through other comprehensive income	5,723	2,582	-

28 IMPACT OF COVID-19 ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

The World Health Organisation declared COVID-19 a global pandemic in March 2020. Like other parts of the world, Pakistan also went into lockdown to reduce the spread of the pandemic. The lockdown impacted the economies and businesses in different facets globally. In Pakistan, the financial sector encountered an overall increase in credit risk pertaining to their loans and advances portfolio in certain sectors, reduced income due to slowdown in business activity, operational issues such as preventing spread of virus at work place and managing cyber security threat, etc.

Being an investment holding company, the Company's operations were not disrupted as it has no day to day business activity. The management has evaluated that it does not foresee any going concern risk in the Company due to the pandemic and they believe that the Company's operations, the financial position and the results will not be impacted significantly as the major investments of the Company are investments in subsidiaries. Therefore, it has concluded that there are no material implications of COVID-19 on any balance in the unconsolidated financial statements.

29 GENERAL

29.1 Figures in these unconsolidated financial statements have been rounded off to the nearest thousand of rupees.

29.2 Comparative information has been reclassified, rearranged or additionally incorporated in these unconsolidated financial statements for the purpose of better presentation. There were no material reclassifications during the year.

30 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on March 18, 2021 by the Board of Directors of the Company.

31 EVENTS AFTER REPORTING DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2020 of Rs. 5 per share (2019: Rs. 3 per share), amounting to Rs 713.153 million (2019: Rs 427.892 million) in its meeting held on March 18, 2021 for the approval of the members at the annual general meeting to be held on April 29, 2021. The unconsolidated financial statements for the year ended December 31, 2020 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2021.

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Financial Statements

Directors' Report to the Shareholders on Consolidated Financial Statements for the year ended December 31, 2020

On behalf of the Board, I am pleased to present the consolidated financial statements of IGI Holdings Limited ("IGI Holdings") and its subsidiaries namely; IGI Life Insurance Limited (IGI Life), IGI General Insurance Limited (IGI General Insurance), IGI Investments (Private) Limited (IGI Investments), IGI Finex Securities Limited (IGI Finex) and IGI FSI (Pvt.) Limited (IGI FSI) ("the Subsidiaries") (collectively referred to as 'the Group') for the year ended December 31, 2020.

GROUP PERFORMANCE REVIEW

	2020	2019
	(Rupees in '000)	
Profit before tax	2,222,393	939,097
Taxation	(501,602)	(288,773)
Profit after tax	1,720,791	650,324
Other comprehensive loss	(5,811,677)	(4,981,068)
Total comprehensive loss	(4,090,886)	(4,330,744)

	2020	2019
	(Rupees)	
Earnings per share – basic and diluted	12.18	4.80

During the current year, the Group recorded profit after tax of Rs. 1,721 million compared to Rs. 650 million earned in 2019 representing growth of 2.6 times. The insurance and brokerage businesses have performed better than last year and the share of profit from associates has registered phenomenal growth as well.

Other comprehensive loss of Rs. 5,812 million as compared to that of Rs. 4,981 million during the previous year is due to loss on revaluation of 'Financial assets at fair value through other comprehensive income' portfolio and share of other comprehensive loss from associates. The investments have been classified as 'Financial assets at fair value through other comprehensive income' in IGI Investments. Accordingly, re-measurement loss has been recognized as part of 'Other Comprehensive Income' as per applicable financial reporting framework. This also includes Rs. 1,282 million representing the share in other comprehensive loss of associates compared to that of Rs. 1,202 million in the previous year.

The Group achieved earnings per share of Rs. 12.18 compared to Rs. 4.80 during 2019.

Financial highlights of the subsidiaries are hereunder:

IGI GENERAL

During the current year, IGI General has written gross premium of Rs. 6,013 million (including *Takaful* contributions) as compared to Rs. 5,611 million during the previous year. IGI General has incurred net claims of Rs. 1,097 million compared to Rs. 1,203 million during 2019.

As a result, the Company has generated profit after tax of Rs. 486 million as compared to that of Rs. 573 million for the year 2019. The decrease is mainly attributable to decline in investment income by Rs. 122 million during the current year.

IGI FSI

During the year, IGI General incorporated a wholly subsidiary, IGI FSI which is engaged in providing technology led business solutions including training services in the market. IGI FSI has posted revenue of Rs. 9.191 million and loss after tax of Rs. 0.394 million in its first six months of operations.

IGI INVESTMENTS

Income stream of IGI Investments is primarily derived from dividend income from its investments. During the current year, the Company has earned dividend income amounting to Rs. 1,143 million as compared to Rs. 1,246 million during the previous year. The Company has earned profit after tax of Rs. 727 million compared to Rs. 784 million for the year 2019.

IGI FINEX

During the current year, IGI Finex has generated operating revenues of Rs. 226 million as compared to Rs. 132 million during 2019. The Company has posted a profit after tax of Rs. 36 million compared to Rs. 13 million for the year 2019.

IGI LIFE

During the year, the gross premium (including Takaful contributions) written by IGI Life stood at Rs. 6,160 million as compared to Rs. 4,815 million in 2019.

Individual life regular premium (including Takaful contributions) posted growth of 34% and stood at Rs. 3,220 million from Rs. 2,400 million in last year. Renewal premium base increased to Rs. 1,750 million (2019: Rs. 1,720 million), registering a growth of 2% from last year.

Group life and health premium (including Takaful group family and health) stood at Rs. 1,750 million (2019: Rs. 1,970 million), posting decline of 11% from last year.

Single premium/contribution individual policies increased from Rs. 443 million last year to Rs. 1,190 million posting a significant growth of 168%.

IGI Life has recorded a loss after tax of Rs. 96 million in 2020 against loss after tax of Rs. 177 million in 2019 (including surplus/deficit of statutory funds). The major reason for this loss is due to increase in acquisition costs for expanding its distribution channels of business and adverse loss ratios due to COVID-19.

We value the support and patronage extended by our business partners and all stakeholders and appreciate the dedicated and sincere efforts of our employees.

For and on behalf of the Board

Syed Babar Ali
Chairman
Lahore: March 18, 2021

Tahir Masaud
Chief Executive Officer
Lahore: March 18, 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of IGI Holdings Limited

Opinion

We have audited the annexed consolidated financial statements of **IGI Holdings Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of the 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.

Emphasis of Matter

We draw attention to note 22.4 to the consolidated financial statements describing the matter related to provincial sales tax liability on premium charged to the policyholders in respect of group health and life insurance. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	**Insurance liabilities** (Refer note 4.10 of the annexed consolidated financial statements)	
	Policyholders' liabilities represent the single largest liability of the Group constituting 55% of the total liabilities at December 31, 2020. The Minimum Valuation Basis for determination of actuarial reserve for policyholders' liabilities of a life insurance company is specified under Annexure 5 to Rule 23 of the Insurance Rules, 2017. The Annexure describes the valuation method to be used in determination of	Our audit procedures to assess the determination of actuarial reserve for policyholders' liabilities, amongst others, included the following: • Obtained an understanding from the management of the actuarial assumptions and methodologies used for estimating policyholders' liabilities as at December 31, 2020.

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S.No.	Key Audit Matters	How the matter was addressed in our audit
	the actuarial reserves for policyholders' liabilities with respect to unit linked, universal life and other segments and certain valuation parameters (such as mortality rates, morbidity rates, valuation rates of interest etc.) to be taken into account. The appointed actuary of the Group carries out an investigation as at the end of each year into the financial condition of the life insurance business carried on by the Group, including a valuation of its policyholders' liabilities at December 31, 2020 and issues a report thereon. The determination of policyholders' liabilities involves estimation and judgment. Because of the significance of the impact of these judgments / estimations, we considered the area of insurance liabilities as a key audit matter.	• Inquired from the management about the consistency of the method used for calculation of the policyholders' liabilities and assumptions for the valuation parameters at December 31, 2020 to establish whether they had been subject to any arbitrary discontinuities from those used at December 31, 2019. • Reviewed the report submitted by the appointed actuary expressing his satisfaction over the valuation of policyholders' liabilities in accordance with Annexure 5 to Rule 23 of the Insurance Rules, 2017. • Engaged an independent actuarial expert to assess whether the reserving methodology used with respect to all statutory funds maintained by the Group was in line with the Minimum Valuation Basis given in Annexure 5 to Rule 23 of the Insurance Rules, 2017 and was further in accordance with generally accepted actuarial principles. • Independently verified, on a test basis, the data used by the appointed actuary in the determination of policyholders' liabilities. • Recomputed, on a test basis, the account / cash values of policyholders at December 31, 2020 by applying the relevant parameters (such as management fee charged, cost of insurance charged, return credited etc.) of the respective products. • Recomputed, on a test basis, the element of unearned premium with respect to policies issued under group health and group life business. • Assessed the relevant disclosures made in the consolidated financial statements to determine whether they complied with the accounting and reporting standards as applicable in Pakistan.
2	**Valuation and impairment of investments** (Refer notes 4.15, 4.16, 4.17 and 7 of the annexed consolidated financial statements)	
	The investments of Rs 70,295.781 million as at December 31, 2020 held by the Group constitute the most significant component of total assets of the Group. The proper valuation and assessment of impairment of investments portfolio of the Group as at December 31, 2020 was considered a significant area of estimation and therefore, we considered this as a key audit matter.	Our audit procedures included the following: • Tested the design and operating effectiveness of the key controls for valuation of investments. • Checked that investments were valued appropriately in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan. • Checked that net unrealised gains / losses arising on the subsequent measurement of investments were appropriately accounted for in the consolidated financial statements. • Evaluated the Group's assessment of available-for-sale investments for any additional impairment in accordance with the accounting and reporting standards as applicable in Pakistan and performed an independent assessment of the assumptions and conclusions.

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S.No.	Key Audit Matters	How the matter was addressed in our audit
		• Checked the appropriate recognition of related adjustments to insurance liabilities in other comprehensive income where net unrealised gains / losses on available for sale investments were recognised in other comprehensive income. • Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2020 and reconciled them with the books and records of the Group. • Checked the relevant presentation and disclosures made in the consolidated financial statements to determine whether they comply with the accounting and reporting standards as applicable in Pakistan.
3	**Valuation of Incurred But Not Reported (IBNR) claims reserves** (Refer notes 3.16 and 27 of the annexed consolidated financial statements)	
	As at December 31, 2020, provision for IBNR amounted to Rs 245.529 million. The provision for IBNR claims is calculated by the Group as required under Circular No. 9 of 2016 issued by the Securities and Exchange Commission of Pakistan (SECP). As per the SECP Circular No. 9 of 2016, an insurer shall estimate and maintain the provision for IBNR for each class of business by using the prescribed method which is "Chain Ladder Method" or any other alternate method as allowed under the provisions of the Guidelines. The determination of provision for IBNR claims involves estimation and judgment. Because of the significance of the impact of these judgments / estimations, we considered the area of IBNR as a key audit matter.	Our audit procedures included the following: • Assessed the design and operating effectiveness of key controls over the measurement and calculation of IBNR reserves and evaluated the appropriateness of the methodologies and the assumptions used. • Evaluated the completeness, accuracy and reliability of the underlying data utilised by the management to support the actuarial valuation. • Engaged an independent actuarial expert to test the assumptions and assess the reasonableness of the assumptions used therein. • Checked the adequacy of IBNR reserves and assessed an internal consistency and a reasonableness of basic actuarial figures with the prior year. • Considered whether the disclosures in relation to the valuation of IBNR reserves are compliant with the relevant accounting and reporting standards applicable in Pakistan.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

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Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh.**

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: March 31, 2021

Consolidated Statement of Financial Position

As at December 31, 2020

	Note	2020	2019
ASSETS		(Rupees in '000)	
Non-current assets			
Fixed assets			
- Property and equipment	5	916,467	785,718
- Intangible assets	6	470,640	539,985
Investments	7	59,453,218	68,097,751
Long-term deposits		17,498	17,168
		60,857,823	69,440,622
Current assets			
Insurance / takaful / reinsurance / retakaful receivables	8	2,080,974	1,885,290
Reinsurance recoveries against outstanding claims		2,165,642	1,012,984
Current maturity of investments	7.14	11,842,570	6,795,657
Loans secured against life insurance policies		171,811	167,965
Deferred commission expense		210,775	193,780
Accrued income		107,205	478,341
Deposits, prepayments, loans, advances and other receivables	9	2,463,248	2,244,322
Wakalah fees receivable		57,326	119,261
Taxation recoverable		715,017	675,964
Cash and bank balances	10	1,259,442	660,289
Non-current asset held for sale	11	9,110	9,110
		21,083,120	14,242,963
Total assets		81,940,943	83,683,585
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
200,000,000 (2019: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid up capital	15	1,426,305	1,426,305
Reserves		36,209,960	42,020,412
Unappropriated profit		11,214,257	9,904,587
Equity attributable to the equity holders of the parent		48,850,522	53,351,304
Non-controlling interest	16	345,604	363,600
Total equity		49,196,126	53,714,904
Non-current liabilities			
Insurance liabilities [including policyholders' liabilities and ledger account A & B]		17,936,924	16,597,270
Long term loan	17	300,000	766,665
Lease liabilities against right-of-use assets	18	226,179	158,546
Retirement benefit obligation	12	57,845	43,471
Deferred taxation - net	19	948,365	1,260,947
		19,469,313	18,826,899
Current liabilities			
Provision for outstanding claims (including IBNR)		3,273,288	2,096,866
Provision for unearned premium		1,913,043	1,860,409
Premium deficiency reserve		-	21,111
Commission income unearned		212,055	174,561
Amounts due to other insurers / reinsurers		1,651,448	1,379,652
Unearned Wakalah fee		58,382	42,468
Premium received in advance		399,815	65,851
Short term loans	20	2,800,696	2,614,278
Current portion of long term loans and lease liabilities against right-of-use assets	17 & 18	539,528	702,805
Unclaimed dividend		30,879	30,611
Trade and other payables	21	2,396,370	2,153,170
		13,275,504	11,141,782
TOTAL LIABILITIES		32,744,817	29,968,681
TOTAL EQUITY AND LIABILITIES		81,940,943	83,683,585
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Statement of Profit or Loss

For The Year Ended December 31, 2020

	Note	2020	2019
		(Rupees in '000)	
Operating revenue	23	11,497,868	9,901,680
Operating expenses	24	(8,764,970)	(8,692,097)
		2,732,898	1,209,583
Other income	25	344,651	404,361
General and administrative expenses	26	(438,454)	(432,014)
Other expenses	27	(462,523)	(502,120)
		2,176,572	679,810
Change in insurance liabilities (other than outstanding claims)		(1,253,153)	138,149
Surplus appropriated to shareholders' fund from Ledger B to C		16,121	16,020
Share of profit from associates and joint venture under equity accounting - net	28	1,282,853	105,118
Profit before taxation		2,222,393	939,097
Taxation	29	(501,602)	(288,773)
Profit after taxation		1,720,791	650,324
Profit / (loss) attributable to:			
Equity holders of the parent		1,737,357	684,312
Non-controlling interest		(16,566)	(33,988)
		1,720,791	650,324
		(Rupees)	
Earnings per share - basic and diluted	30	12.18	4.80

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended December 31, 2020

	Note	2020	2019
		(Rupees in '000)	
Profit after taxation		1,720,791	650,324
Other comprehensive income / (loss) - reclassifiable to the consolidated statement of profit or loss			
- Surplus on revaluation of available for sale investments - net of tax		45,400	583,732
- Change in insurance liabilities - net		(50,812)	(527,749)
- Share of other comprehensive loss of associate - net of tax	28	(1,281,978)	(1,202,211)
		(1,287,390)	(1,146,228)
Other comprehensive income / (loss) - not reclassifiable to the consolidated statement of profit or loss			
- Unrealised loss on remeasurement of financial assets classified as 'fair value through other comprehensive income'		(4,523,999)	(3,847,693)
- Remeasurement (loss) / gain on retirement benefits liability - net of tax		(288)	12,853
		(4,524,287)	(3,834,840)
Total comprehensive loss		(4,090,886)	(4,330,744)
Total comprehensive loss attributable to:			
Equity holders of the parent		(4,072,890)	(4,307,854)
Non-controlling interest		(17,996)	(22,890)
		(4,090,886)	(4,330,744)

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Statement of Changes in Equity

For The Year Ended December 31, 2020

	Issued, subscribed and paid-up share capital	Reserves						Equity attributable to equity holders of the parent	Non-controlling Interest	Total
		Capital reserves				Revenue reserves				
		Premium on issue of shares	Other capital reserves	Surplus on revaluation of available for sale invest-ments- net	Surplus / (deficit) on remeasurement of financial assets at fair value through other comprehensive income	General reserve	Unappro-priated profit			
	(Rupees in '000)									
Balance as at December 31, 2018	1,426,305	434,051	33,267	39,217,961	-	7,297,545	9,625,831	58,034,960	215,642	58,250,602
Effect of change in accounting policy relating to IFRS 9 - net of tax	-	-	-	(34,138,760)	34,180,053	-	10,797	52,090	-	52,090
Profit after taxation for the year ended December 31, 2019	-	-	-	-	-	-	684,312	684,312	(33,988)	650,324
Other comprehensive income / (loss) - reclassifiable to the consolidated statement of profit or loss										
- Surplus on revaluation of available for sale investments - net of tax	-	-	-	483,818	-	-	-	483,818	99,914	583,732
- Change in insurance liabilities	-	-	-	(437,619)	-	-	-	(437,619)	(90,130)	(527,749)
- Share of other comprehensive loss of associate - net of tax	-	-	-	(1,202,211)	-	-	-	(1,202,211)	-	(1,202,211)
Other comprehensive income / (loss) - not reclassifiable to the consolidated statement of profit or loss										
- Deficit on remeasurement of financial assets at fair value through other comprehensive income - net of tax	-	-	-	-	(3,847,693)	-	-	(3,847,693)	-	(3,847,693)
- Share of other comprehensive loss of associate - net of tax										
- Remeasurement gain on retirement benefits liability - net of tax	-	-	-	-	-	-	11,539	11,539	1,314	12,853
- Remeasurement of retirement benefits liability - net of tax										
Total comprehensive loss for the year ended December 31, 2019	-	-	-	(1,156,012)	(3,847,693)	-	695,851	(4,307,854)	(22,890)	(4,330,744)
Transactions with owners, recorded directly in equity										
- Subscription of right shares by non - controlling interest	-	-	-	-	-	-	-	-	170,848	170,848
- Final dividend for the year ended December 31, 2018 at the rate of Rs. 3 per share approved on March 29, 2019	-	-	-	-	-	-	(427,892)	(427,892)	-	(427,892)
	-	-	-	-	-	-	(427,892)	(427,892)	170,848	(257,044)
Balance as at December 31, 2019	1,426,305	434,051	33,267	3,923,189	30,332,360	7,297,545	9,904,587	53,351,304	363,600	53,714,904
Profit after taxation for the year ended December 31, 2020	-	-	-	-	-	-	1,737,357	1,737,357	(16,566)	1,720,791
Other comprehensive income / (loss) - reclassifiable to the consolidated statement of profit or loss										
- Surplus on revaluation of available for sale investments - net of tax	-	-	-	37,543	-	-	-	37,543	7,857	45,400
- Change in insurance liabilities	-	-	-	(42,018)	-	-	-	(42,018)	(8,794)	(50,812)
- Share of other comprehensive loss of associate - net of tax	-	-	-	(1,281,978)	-	-	-	(1,281,978)	-	(1,281,978)
Other comprehensive income / (loss) - not reclassifiable to the consolidated statement of profit or loss										
- Deficit on remeasurement of financial assets at fair value through other comprehensive income - net of tax	-	-	-	-	(4,523,999)	-	-	(4,523,999)	-	(4,523,999)
- Remeasurement gain / (loss) on retirement benefits liability - net of tax	-	-	-	-	-	-	205	205	(493)	(288)
Total comprehensive loss for the year ended December 31, 2020	-	-	-	(1,286,453)	(4,523,999)	-	1,737,562	(4,072,890)	(17,996)	(4,090,886)
Transactions with owners, recorded directly in equity										
- Final dividend for the year ended December 31, 2019 at the rate of Rs. 3 per share approved on May 21, 2020	-	-	-	-	-	-	(427,892)	(427,892)	-	(427,892)
Balance as at December 31, 2020	1,426,305	434,051	33,267	2,636,736	25,808,361	7,297,545	11,214,257	48,850,522	345,604	49,196,126

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Statement of Cash Flows

For The Year Ended December 31, 2020

	Note	2020	2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,222,393	939,097
Adjustments for:			
Depreciation and amortisation	5 & 6	284,522	231,506
Financial charges	27	429,251	471,423
Gain on disposal of assets - net	25	(18,462)	(15,417)
Profit on savings accounts and term deposits		(225,281)	(323,313)
Return on government and debt securities		(1,709,854)	(1,680,475)
Change in insurance liabilities		1,253,153	(138,149)
Surplus appropriated to shareholders' fund from Ledger B to C		(16,121)	(16,020)
Share of profit from associates and joint venture under equity accounting - net		(1,282,853)	(105,118)
Gain on sale of available for sale investments - net		(252,959)	(9,884)
Unrealised loss / (gain) on investments		4,368	(76,216)
Dividend income	23	(925,911)	(880,216)
		(2,460,147)	(2,541,879)
		(237,754)	(1,602,782)
Changes in working capital			
Increase in current assets			
Deposit, loans, advances and other receivables		(1,509,179)	(1,124,036)
Increase in current liabilities			
Trade and other payables		848,960	999,926
		(897,973)	(1,726,892)
Income tax paid		(853,237)	(745,661)
Net cash used in operating activities		(1,751,210)	(2,472,553)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(361,229)	(752,082)
Proceeds on disposal of assets		33,765	22,322
Profit received on government and debt securities		1,709,854	1,680,475
Long-term deposits		(330)	4,648
Investments - net		(71,730)	181,704
Dividend received		925,911	880,216
Profits / return received		596,417	133,379
Net cash generated from investing activities		2,832,658	2,150,662
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(428,160)	(423,338)
Repayment of certificates of deposit		-	(20)
Loan repayments		(629,942)	(593,464)
Financial charges paid		(429,251)	(471,423)
Repayment of liability against right-of-use assets		67,633	48,689
Net cash used in financing activities		(1,419,720)	(1,439,556)
Cash and cash equivalent at beginning of the year		(101,382)	1,660,065
Cash and cash equivalents at end of the year	10.3	(439,654)	(101,382)

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Notes to and Forming Part of the Consolidated Financial Statements

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consist of:

Holding Company
- IGI Holdings Limited

Subsidiary Companies	Percentage Shareholding
- IGI Life Insurance Limited	82.69%
- IGI Finex Securities Limited	100%
- IGI General Insurance Limited	100%
- IGI Investments (Pvt.) Limited	100%
- IGI FSI (Pvt.) Limited	100%

1.2 Holding Company

IGI Holdings Limited ("Holding Company or IGI Holdings"), a Packages Group Company, was incorporated as a public limited company in 1953 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is quoted on the Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi. The objects of the Holding Company include to act as an investment holding company and to invest, acquire, sell and hold the securities and financial instruments subject to compliance by relevant laws prevailing in Pakistan from time to time.

1.3 Subsidiary Companies

1.3.1 IGI Life Insurance Limited ("IGI Life") was incorporated in Pakistan on October 9, 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited. IGI Life commenced its operations on May 25, 1995 after registration with the Controller of Insurance on April 30, 1995. IGI Life is engaged in life insurance, carrying on both participating and non-participating business. IGI Life is also engaged in providing Shariah Compliant family takaful products as an approved Window Takaful Operator.

1.3.2 IGI Finex Securities Limited ("IGI Finex") was incorporated in Pakistan on June 28, 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). IGI Finex has a Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited and is a corporate member of Pakistan Mercantile Exchange Limited. The principal activities of IGI Finex include shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

1.3.3 IGI General Insurance Limited ("IGI General"), was incorporated as a public limited company on November 18, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The objects of IGI General include providing general insurance services (mainly Fire, Marine, Motor, Health and Miscellaneous) and general takaful services (mainly Fire, Marine, Motor, Health and Miscellaneous).

1.3.4 IGI Investments (Pvt.) Limited ("IGI Investments"), was incorporated as a private limited company on October 31, 2016 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The objects of IGI Investments include investing, acquiring, selling and holding of debt / equity securities.

1.3.5 IGI FSI (Pvt.) Limited ("IGI FSI"), was incorporated as a private limited company on July 6, 2020 under the Companies Act, 2017 with an authorised capital of Rs 7 million. IGI FSI is engaged in providing technology led business solutions including training services in the market.

1.4 The Holding Company has three associates namely Packages Limited, Dane Foods Limited, Packages Real Estate (Private) Limited and a joint venture S.C. Johnson & Son of Pakistan (Private)

Limited respectively. The details of these companies are disclosed in notes 7.1 and 7.2 to these consolidated financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year:

There are certain new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements.

2.3 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following revised standards, amendments and interpretations with respect to the approved accounting and reporting standards would be effective from the dates mentioned below against the respective standard, amendments or interpretation:

Standard, Interpretations or Amendments	Effective date (accounting periods ending on or after)
- IFRS 16 - 'Leases' (amendments)	June 1, 2020
- IAS 16 - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37 - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023
- IFRS 9 - 'Financial Instruments' *	January 1, 2023

*Effective from January 1, 2019, the Group has adopted IFRS 9, 'Financial instruments' which has replaced IAS 39, 'Financial instruments: recognition and measurement'. However, the Securities and Exchange Commission of Pakistan (SECP), on application of the Holding Company, has allowed the Group to defer application of IFRS 9 till December 31, 2020 to the extent of recognition and disclosure of assets and liabilities of IGI Life and IGI General in the consolidated financial statements of the Group. Accordingly, IFRS 9 has been applied in these consolidated financial statements on assets and liabilities of the Group other than relating to IGI Life and IGI General.

The management is currently in the process of assessing the impact of these standards and amendments on the consolidated financial statements of the Group.

2.3.1 There are certain other new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2021 but are considered not to be relevant or will not have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements.

2.4 Basis of consolidation

Subsidiary company is the entity in which the holding company directly or indirectly controls or beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary company are included in the consolidated financial statements from the date the control commences until the control ceases.

The assets and liabilities of the subsidiary companies have been consolidated on a line by line basis and the carrying value of investments held by the holding company is eliminated against the Holding Company's share in paid up capital of the subsidiary companies.

Intergroup balances and transactions have been eliminated.

Non-controlling interests are the part of net results of the operations and of net assets of the subsidiary companies attributable to interest which are not owned by the holding company. Non-controlling interests are presented as a separate item in the consolidated financial statements.

2.5 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

3 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- Business combination (note 4.1);
- Provision for outstanding claims including IBNR (note 4.6);
- Reinsurance / retakaful recoveries against outstanding claims (note 4.7);
- Premium / contribution deficiency reserve (note 4.9);
- Provision for taxation and deferred tax (notes 4.13, 19 and 29);
- Classification of investments and its impairment (notes 4.16, 4.17 and 7);
- Useful lives and residual values of fixed assets and intangible assets (notes 4.20, 5 and 6);
- Staff retirement benefits (notes 4.24 and 12);
- Policyholders' liabilities (note 4.10); and
- Lease liability and right of use assets (notes 4.21 and 18).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these consolidated financial statements are set out below. These policies are consistently applied in all preceding years presented.

4.1 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired as in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

4.2 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGU, that is expected to benefit from the synergies of the combination. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4.3 Insurance contracts

4.3.1 Conventional business

Insurance contracts represent contracts with policyholders and reinsurers.

Those contracts including riders where the Group (the insurer) accepts significant insurance risk from another party i.e. group and individual policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders are insurance policy contracts.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Group enters into reinsurance contracts with foreign reinsurers in the normal course of business in order to limit the potential for losses arising from certain exposures.

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

4.3.1.1 Non-life business

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

The Group enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, engineering losses and other insurance contracts with corporate clients and individuals residing or located in Pakistan.

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

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

4.3.1.2 Life business

The Group enters into insurance contracts with policyholders which are divided into following two major categories:

Group Insurance contracts
The Group offers group life, group accident & health and pension business to its clients. The Group also underwrites business for consumer banking related schemes. The risk underwritten is mainly death, hospitalisation and disability. The Group insurance contracts are issued typically on Yearly Renewable Term basis (YRT). This business is written through direct sales force as well as bancassurance.

Individual Insurance Contracts
The Group offers Individual Life (Participating), Individual Life (Non-Participating), Individual Accident & Health and Investment Unit Linked Plans which provide financial protection, i.e., protection against the financial consequences of death, disease and disability caused by accidents, sickness or old age and a substantial return at maturity. Investment Unit Linked policies are regular life policies, where policy value is determined as per the underlying assets' value. Various types of riders (Accidental Death, Income Benefit, etc.) are also offered along with the basic policies. Some of these riders are charged through deduction from policyholders' fund value, while others are conventional i.e., additional premium is charged there against. This business is written through direct sales force as well as bancassurance.

4.3.2 Takaful business

4.3.2.1 Non-life business

Takaful contracts are based on the principles of Wakalah. Takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Contracts under which the Participant Takaful Fund (PTF) accept significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non-happening. 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 PTF underwrites non-life takaful contracts relating to fire and property, marine and transport, motor, health and miscellaneous lines of businesses.

4.3.2.2 Life business

The takaful contracts are based on the principles of Wakalah Waqf Model. Takaful is a programme based on Shariah compliant, approved concept funded on the principles of mutual cooperation, solidarity and brotherhood. The obligation of Waqf for Waqf participants' liabilities is limited to the amount available in the Waqf fund. In the event where there are insufficient funds in Waqf to meet their current payments less receipts, the deficit is funded by way of an interest free loan (Qard-e-Hasan) from the operators' sub fund to the statutory fund (Takaful Business Statutory Funds). The amount of Qard-e-Hasan is refundable to the operators' sub fund.

Technical reserves are stated at a value determined by the appointed actuary through an actuarial valuation carried out as at each reporting date, in accordance with section 50 of the Insurance Ordinance, 2000.

Group takaful contracts
The Group offers group family, group accident and health takaful policies to its clients. The Group takaful contracts are issued typically on yearly renewable term basis.

Individual family takaful contracts - unit linked
The Group offers Unit Linked Takaful Plans which provide Shariah compliant financial protection and investment vehicle to individual participants. These plans carry cash value which is determined as per the underlying assets' value. The death benefit design is based on Constant Sum Risk approach i.e. the sum cover is paid in addition to the cash value. The plans offer investment choices to the customer to direct their investment related contribution based on their risk / return objectives. No investment guarantees are offered. The investment risk is borne by the participants. Various type of supplemental benefits (accidental death, disability, income benefit, etc.) are also offered along with basic policies.

4.4 Premiums / contributions

4.4.1 Conventional business

4.4.1.1 Non-life business

Premium received / receivable under a policy is recognised as written from the date of attachment of the risk to the policy to which it relates. 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 the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Group. This liability is calculated by applying 1/24 method as specified in the Insurance Rules, 2017.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Group from policyholders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 5,000 per policy.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivables are impaired, the Group reduces the carrying amount of the receivable and recognises that impairment loss in the consolidated statement of profit or loss.

4.4.1.2 Life business

- First year individual life premium is recognised when the policy is issued after receipt of that premium. Subsequent premiums falling due under the policy are recognised if received before expiry of the grace period, or if advanced by the Group under the Automatic Premium Loan (APL). Single premiums and top-up premiums are recognised once the related policies are issued against the receipt of premium.

- Group premiums are recognised when due.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Group reduces the carrying amount of the receivable accordingly and recognises it as impairment loss.

4.4.2 Takaful business

4.4.2.1 Non-life business

Contribution written under a policy is recognised as income over the period of takaful from the date of attachment of the risk to the policy to which it relates. Where the pattern of incidence of risk varies

over the period of the policy, contribution is recognised as revenue in PTF in accordance with the pattern of the incidence of risk. The portion of contribution written relating to the unexpired period of coverage is recognised as unearned contribution by the PTF. This liability is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

4.4.2.2 Life business

- First year individual life contribution is recognised when the policy is issued after receipt of that contribution. Subsequent contributions falling due under the policy are recognised if received before expiry of the grace period, or if advanced by the Group under the Automatic Contribution Loan (ACL). Single contributions and top-up contributions are recognised once the related policies are issued against the receipt of contribution.

- Group contributions are recognised when due.

Receivables under takaful contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Group reduces the carrying amount of the receivable accordingly and recognises it as impairment loss.

4.5 Reinsurance / retakaful ceded

4.5.1 Conventional business

4.5.1.1 Non-life business

Insurance contracts entered into by the Group with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

The Group enters into reinsurance contracts in its 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 terms of 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 terms of the related reinsurance contract.

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

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired.

The Group assesses its reinsurance assets for impairment on the reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises the impairment loss in the consolidated statement of profit or loss.

4.5.1.2 Life business

Reinsurance premiums are recognised in accordance with pattern of recognition of related premium. It is measured in line with the terms and conditions of the reinsurance arrangements.

Reinsurance liabilities represent balances due to reinsurance companies. Balances 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 terms of 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 as required by the Insurance Ordinance, 2000.

The Group assesses its reinsurance assets for impairment on reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises it as impairment loss.

4.5.2 Takaful business

4.5.2.1 Non-life business

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

The deferred portion of retakaful contribution is recognised as a prepayment in PTF. The deferred portion of retakaful contribution ceded is calculated by using 1/24 method.

4.5.2.2 Life business

These contracts are entered into by the Group with retakaful operators under which the “Waqf Fund” cedes the takaful risk assumed during normal course of its business and according to which Waqf is compensated for losses on contracts issued by it are classified as retakaful contracts held.

Retakaful contribution
Retakaful contribution is recorded at the time the contribution is ceded. Surplus from retakaful operator is recognised in the consolidated statement of profit or loss.

Retakaful expenses
Retakaful expenses are recognised as a liability in accordance with the pattern of recognition of related contribution.

Retakaful assets and liabilities
Retakaful assets represent balances due from retakaful operators. Recoverable amounts are estimated in a manner consistent with the associated retakaful treaties.

Retakaful liabilities represent balances due to retakaful operators. Amounts payable are calculated in a manner consistent with the associated retakaful treaties.

Retakaful assets are not offset against related retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related retakaful contracts as required by the Insurance Ordinance, 2000.

4.6 Claims expense

4.6.1 Conventional business

4.6.1.1 Non-life business

General insurance claims include all claims occurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Group 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 an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

The provision for Incurred But Not Reported (IBNR) claims is determined by the Group as required under circular No. 9 of 2016 issued by the SECP. As per the SECP circular No. 9 of 2016 an insurer shall estimate IBNR claims reserve based on the prescribed method provided in the guidelines. Guidelines also allows the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers are used in the BCL models. Lags are determined to be the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use either IBNP or outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

4.6.1.2 Life business

Claim expense
Insurance claims include all claims occurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims and any adjustments to claims outstanding from previous years. Claims are recognised at the earlier of when the policy ceases to participate in the earnings of the fund or insured event occurs.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the date of the consolidated statement of financial position. The liability for claims expenses relating to "Incurred But Not Reported"(IBNR) is included in policyholders' liabilities.

4.6.1.2.1 Claims provision

a) Reserves have been made in respect of all intimated claims. Most claims require lump sum payments, and reserves have been maintained in each Statutory Fund, where applicable. In certain cases, claims are payable in instalments over a period of more than twelve months after the valuation date. In respect of all such claims, reserves have been calculated using the minimum valuation basis.

b) Adequate reserves have also been maintained for Incurred But Not Reported (IBNR) claims which were determined using the Chain and Ladder Method.

Experience refund of premium

Experience refund of premium payable / receivable to / from Group policyholders is presented in these consolidated financial statements.

4.6.2 Takaful business

4.6.2.1 Non-life business

General takaful claims include all claims occurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Group 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 liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

The provision for Incurred But Not Reported (IBNR) claims is determined by the Group as required under circular No. 9 of 2016 issued by the SECP. As per the SECP circular No. 9 of 2016, an insurer shall estimate IBNR claims' reserve based on the prescribed method provided in the guidelines. Guidelines also allows the use of any other alternative method of determining IBNR, if found more suitable for the risk class, provided that the amount estimated under the alternative method shall not be less than the amount calculated under the prescribed method. The prescribed method for estimating IBNR claim reserve is the chain ladder method based on paid claims hereinafter called 'Incurred But Not Paid' or 'IBNP'. The Basic Chain Ladder (BCL) method uses a run off triangle to estimate the development factors for each accident period which are further used to estimate the ultimate paid claims. Data from settlement registers are used in the BCL models. Lags are determined to be as the difference between the 'date of loss' and 'date of claim payment'. Monthly lags are used since it reflects the claim development pattern within a given year and the back testing supports the same. Once IBNP has been determined using BCL, the outstanding claims are deducted to arrive at IBNR on paid basis.

Under alternative method IBNR is determined on reported basis. IBNR (reported basis) is much similar to IBNR (paid basis) but is calculated using a different methodology. It does not use neither IBNP nor outstanding claims to estimate IBNR rather, is determined using BCL method. Development factors are determined for each accident period to estimate the ultimately reported claims directly. Intimation registers are used in the BCL model where lags are calculated as the difference between the 'date of loss' and 'date of intimation'.

The analysis is carried out separately for each class of business and results determined through this alternative method are compared to the results of prescribed method and higher of the two are set as the final reserve.

4.6.2.2 Life business

Claims expense include all claims occurred during the year, whether reported or not, internal and external claim handling costs that are directly related to the processing and settlement of claims and other recoveries, and any adjustments to claims outstanding from previous years.

The outstanding claims liability includes amounts relating to unpaid reported claims and expected claims settlement costs. Full provision is made for the estimated cost of claims incurred to the reporting date. The liability for claims expenses relating to "Incurred But Not Reported"(IBNR) is included in technical reserves.

4.7 Reinsurance / retakaful recoveries against claims

4.7.1 Non-life business

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

4.7.2 Life business

Claim recoveries receivable from the reinsurer / retakaful company 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.

4.8 Commission and other acquisition costs

4.8.1 Non-life and life Conventional

Commission expense and other acquisition costs are charged to the consolidated statement of profit or loss at the time the policies are accepted. This expense is deferred and brought to consolidated statement of profit or loss as expense in accordance with the pattern of recognition of the gross premium to which it relates. Commission expense is arrived at after taking the impact of opening and closing deferred commission.

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Group. This income is deferred and brought to consolidated statement of profit or loss as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission. Profit commission, if any, which the Group may be entitled to under the terms of reinsurance arrangement, is recognised on accrual basis.

4.8.2 Takaful business

Commission expense and other acquisition costs are charged to OPF at the time the policies are accepted. Retakaful reward from retakaful operator is recognised at the time of issuance of the underlying takaful policy by the PTF. This income is deferred and brought to consolidated statement of profit or loss as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates. Retakaful reward from retakaful operator is arrived at after taking the impact of opening and closing unearned retakaful rebate. Profit on retakaful contracts, if any, which the PTF may be entitled to under the terms of retakaful arrangement, is recognised on accrual basis.

4.9 Premium / contribution deficiency reserve

Non-life conventional business and takaful business

The Group is required, as per Insurance Rules, 2017, to maintain a provision in respect of premium / contribution deficiency for the class of business where the unearned premium / contribution liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business as at the reporting date. Movement in the premium / contribution deficiency reserve is recorded as an expense / income in the consolidated statement of profit or loss for the year.

At each reporting date, liability adequacy tests are performed separately for each class of business 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 inforce as at reporting date with the carrying amount of unearned premium liability. Any deficiency is recognised by establishing a provision (premium deficiency reserve) to meet the deficit. The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The movement in the premium / contribution deficiency reserve is recognised as an expense or income in the consolidated statement of profit or loss for the year. The expected ultimate net claim ratios for the unexpired periods of policies inforce at reporting date for each class of business are as follows:

Fire and property damage	47%
Marine, aviation and transport	43%
Motor	42%
Health	75%
Miscellaneous	29%

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate (except for health class) to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date. The Group has recorded premium / contribution deficiency reserve on the recommendation of actuary for fire and property damage, marine, aviation and transport, health and miscellaneous line of business.

The Group is required as per Insurance Accounting Regulations, 2017, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired takaful contracts in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense in the consolidated statement of profit or loss.

Life conventional and takaful business

No provision has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date as per the advice of appointed actuary.

4.10 Policyholders' liabilities

Policyholders' liabilities including IBNR are stated at a value determined by the appointed actuary through an actuarial valuation / advice carried out at each reporting date, in accordance with section 50 of the Insurance Ordinance, 2000. In determining the value both acquired policy values as well as estimated values which will be payable against risks which the Group underwrites are considered. The basis used are applied consistently from year to year.

4.10.1 Policyholders' liabilities

Mortality, morbidity and interest bases adopted

SECP vide its circular 17/2013 dated September 13, 2013 has stipulated that SLIC(2001 - 05) Individual Life Mortality Table published by Pakistan Society of Actuaries be used as the minimum valuation basis prescribed under SECP's notification S.R.O 16(1)/2012. A test was previously conducted to compare the existing valuation basis i.e. EFU (1961 - 66) mortality table with the minimum valuation basis SLIC (2001 - 05) for the relevant reserves. The test revealed that the existing valuation basis was comparatively more prudent than the minimum valuation basis and therefore it was considered to be more appropriate to continue with the existing valuation basis.

The rate of discount was taken as 3.75%, in line with the requirements under the SECP's notification S.R.O 16(1)/2012, for determining reserves of traditional products and supplementary coverage. Any differential between the assumed rate and the actual rate is intended to be available to the Group for meeting its administrative expenses.

General principles adopted for valuation

The general principles adopted in the actuarial valuation to estimate policyholders' liabilities as at December 31, 2020 in accordance with the Annexure 5 to Rule 23 of Insurance Rules, 2017 are as follows:

a) Reserves for Endowment Policies with term not less than 20 years have been calculated using Full Preliminary Term Method with EFU (1961 - 66) Ultimate Mortality Table at 3.75%.

b) Reserves for Endowment Policies with term less than 20 years have been calculated using combination of Full Preliminary Term Method and Net Level Premium Method with EFU (1961 - 66) Ultimate Mortality Table at 3.75%.

c) Term Policies are calculated using Net Level Premium Method with EFU (1961 - 66) Ultimate Mortality Table at 3.75%.

d) Reduced Paid-ups and Extended Term insurances have been valued by Net Single Premium Method with EFU (1961 - 66) Ultimate Mortality Table at 3.75%.

e) Bonus Reserves have been valued by Net Single Premium Method with EFU (1961 - 66) Ultimate Mortality Table at 3.75%.

f) Loyalty Bonus Reserves have been valued by Net Single Premium Method at 3.75% for active policies.

g) In respect of Unit Linked policies, the reserve for bid value of allocated units is calculated using the latest bid value of units and the total number of units belonging to policyholders' accounts as at the valuation date. The amount is held as a reserve since it represents the current value of amounts that will be payable to policyholders at the time when a maturity, death or surrender claim is filed. The latest bid value is the last "announced" bid price before the valuation date.

h) Universal Life business has been valued using full account values. No deduction has been made for surrender charges.

i) An 'Asset Liability mismatch reserve' has been kept in the Individual Life Non - Participating Fund as a result of the ALM exercise carried out to assess the interest rate risk, credit risk and equity risk.

j) Group Life Insurance, Individual Accident & Health Insurance and Group Accident & Health have been valued using Unearned Gross Premium.

k) Pension business has been valued using full account values.

l) Unearned premium reserves have been maintained for all riders except Level Term rider reserve which is calculated using Net Level Premium Method with EFU (1961 - 66) Ultimate Mortality Table at 3.75%.

m) Reinsurance premium reserves have been maintained on an unearned premium basis.

n) Reserves have been maintained for Incurred But Not Reported (IBNR) claims which were determined using the Chain-Ladder method based on the claims lag pattern experienced over the past few years.

o) Reserves for claims payable in installments have been kept at 3.75%.

p) Unearned Premium Reserve is kept as half month of Cost of Insurance (COI) for Cost of Insurance (COI) of Universal Life and Unit Linked Policies.

q) No policy is treated as an asset and in the system if the reserve is negative, the negative value is excluded and the reserves for the policies is set equal to zero.

r) The Group does not have any insurance policy which is denominated in foreign currency.

s) Reinstatement reserve have been maintained on universal life and ordinary life policies.

The principles adopted in this valuation were same as those followed in previous valuation as at December 31, 2019.

Surrenders
For the purpose of conventional and annuity business, no provision has been made for lapses and surrenders. This gives prudence to the value placed on the liability by not taking any credits for the profits made on surrenders.

4.11 Loans secured against life insurance policies

Interest bearing loans are available to policyholders of the Group to the extent of ninety percent of cash values built in their policies. These are recognised on disbursement.

4.12 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 the future for the services received, whether or not billed to the Group.

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

4.13 Taxation

Current
Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years. The Holding Company, IGI General and IGI Investments are taxed as one fiscal unit under section 59AA of Income Tax Ordinance, 2001.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to the consolidated statement of profit or loss, except in the case of items credited or charged to equity in which case it is included in equity.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of consolidated statement of cash flows, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand and short term finances.

4.15 Investment in associates and joint venture

Investment in associates and joint venture, where the Group has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost, thereafter the Group's share of the changes in the net assets of the associates and joint venture are accounted for at the end of each reporting period. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associates and joint venture by comparing the entire carrying amount with its recoverable amount. Share of profit and loss of associates and joint venture is accounted for in the Group's consolidated statement of profit or loss. Associates and joint venture's accounting policies are adjusted where necessary to ensure consistency with the policies adopted by the Group.

4.16 Financial instruments under IAS 39 (For determining classification and measurement of assets and liabilities of IGI Life and IGI General)

4.16.1 Financial assets

4.16.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase / initial recognition of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Group are categorised as follows:

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified in 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group assets under the loans and receivables category comprise of trade receivables, advances, deposits, bank balances and other receivables in the consolidated statement of financial position.

c) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Group has the positive intent and ability to hold till maturity.

d) Available-for-sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available-for-sale'. Available-for-sale financial instruments are those non-derivative financial assets that are designated as 'available-for-sale' or are not classified as (a) loans and receivables; (b) held-to-maturity; or (c) financial assets at fair value through profit or loss. The Group's certain investments have been classified as available-for-sale.

4.16.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the consolidated statement of profit or loss.

4.16.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) 'Financial assets at fair value through profit or loss' and 'available-for-sale'

Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried in the consolidated statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the consolidated statement of profit or loss in the period in which these arise.

Available-for-sale financial assets are marked to market using the closing market rates and are carried in the consolidated statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in "other comprehensive income" till the time these are sold. At that time, the cumulative gain / loss previously recognised in the "other comprehensive income" is taken to the consolidated statement of profit or loss.

b) 'Loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are carried at amortised cost.

4.16.1.4 Impairment

The Group assesses at each reporting date whether there is an objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of an equity instrument below its cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the consolidated statement of profit or loss.

4.16.1.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the resulting net amount is reported in the consolidated financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.16.1.6 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument.

4.16.1.7 Derecognition

Financial assets are derecognised at the time when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the consolidated statement of profit or loss.

4.16.1.8 Advances and deposits

These are stated at cost less estimates made for any doubtful receivables based on a review of all outstanding amounts as at the date of consolidated statement of financial position. Balances considered bad and irrecoverable are written off when identified.

4.16.1.9 Other receivables

Other receivables are carried at original invoice amount less an estimate for doubtful balances which is determined based on review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off when identified.

4.17 Financial instruments under IFRS 9

4.17.1 Financial assets

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the consolidated statement of profit or loss.

4.17.1.1 Classification and subsequent measurement

The Group has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt and equity instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-ended mutual funds.

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 4.17.1.2.

b) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at fair value through other comprehensive income

(FVOCI). Movements in the carrying amount are taken through Other Comprehensive Income (OCI), except for the recognition of impairment gains or losses, recognised and measured as described in note 4.17.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income (OCI) is reclassified from deficit on remeasurement of financial assets at fair value through other comprehensive income to consolidated statement of profit or loss.

c) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the consolidated profit or loss in the period in which it arises.

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the consolidated statement of financial position at fair value, with gains and losses recognised in the consolidated statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income for equity securities classified under FVOCI are recognised in the consolidated statement of profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is recognised in other comprehensive income and is not recycled to the consolidated statement of profit or loss on derecognition. Furthermore, on derecognition of a financial asset in its entirety, the difference between:

(a) the carrying amount (measured at the date of derecognition) and
(b) the consideration received (including any new asset obtained less any new liability assumed)

shall be recognised in the consolidated statement of profit or loss.

4.17.1.2 Impairment

The Group assesses on a forward-looking basis the Expected Credit Losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

- The time value of money; and

- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.17.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Group transfers substantially all the risks and rewards of ownership; or

(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

4.17.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Group commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the Stock Exchange Regulations.

4.17.2 Financial liabilities

Financial liabilities are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost except for financial liabilities at fair value through profit and loss.

4.17.3 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the consolidated statement of profit or loss.

4.17.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the resulting net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

4.17.5 Investment income

- Income from held to maturity / available for sale investments is recognised using effective interest method. The difference between the redemption value and the purchase price of the held to maturity investments is amortised over the term of the investment and is taken to the consolidated statement of profit or loss.

- Dividend income on investments is recognised when the Group's right to receive the payment is established.

- Gain or loss on sale of investments is included in the consolidated statement of profit or loss.

- Unrealised gain / (loss) on remeasurement of investments is recorded in statement of profit or loss and other comprehensive income on mark to market basis at each reporting date.

- Return on bank deposits, loans to employees and loans to policyholders are recognised on a time proportionate basis taking into account the effective yield.

4.18 Securities under repurchase / resale agreement

Transactions of sale under repurchase (repo) of securities are entered into at contracted rates for specified periods of time. These securities are not derecognised from the consolidated financial statements and are continued to be recognised as investments and measured in accordance with the accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as interest / mark-up expense and accrued over the life of the repo agreement.

Transactions of purchase under resale (reverse-repo) of securities are entered into at contracted rates for specified periods of time. These securities are not recognised in the consolidated statement of financial position as investments, as the Group does not obtain control over the assets. Amounts paid under these arrangements are included in the consolidated statement of financial position as receivable against reverse repurchase transactions. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the life of the reverse-repo agreement.

All purchases and sales of securities that require delivery within the time frame established by the regulations or market convention are recognised at the trade date. Trade date is the date on which the Group commits to purchase or sell the asset.

4.19 Fee, commission and brokerage

Fee, commission and brokerage is recognised to the extent that is probable that the economic benefits will flow to the Group and fee, commission and brokerage can be measured reliably. Fee, commission and brokerage is measured at the fair value of the consideration received or receivable on the following basis:

- Brokerage, consultancy and advisory fee and commission income are recognised as and when such services are rendered;

- Income from bank balance and deposits is recognised on accrual basis;

- Dividend income is recorded when the right to receive the dividend is established;

- Gains / (losses) arising on sale of investments are included in the consolidated statement of profit or loss on the date at which transactions take place; and

- Unrealised gains / (losses) arising from mark to market of investments classified as ‘at financial assets at fair value through other comprehensive income’ are included in the consolidated statement of profit or loss and other comprehensive income in the period in which these arise.

4.20 Fixed assets

Tangible

These are stated at historical cost less accumulated depreciation and impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation on all fixed assets is charged to consolidated statement of profit or loss on the straight line basis so as to write-off depreciable amount of an asset over its useful life at the rates stated in note 5.1 to the consolidated financial statements. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed of.

The assets’ residual values and useful lives are reviewed, at each financial year end, and adjusted, where impact on depreciation is significant. 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 economic benefits associated with the items will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the consolidated statement of profit or loss in the year in which they are incurred.

Disposal of asset is recognised when significant risks and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within ‘Other income’ in the consolidated statement of profit or loss.

Intangible
Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. Amortisation on intangible assets is charged to consolidated statement of profit or loss using the straight line method after taking into account residual amount, if any. The residual values and useful lives are reviewed and adjusted prospectively, if appropriate at each reporting date.

Amortisation on all additions to intangible assets having a finite useful life is charged from the month in which the asset is available for use, while in case of assets disposed of, no amortisation is charged in the month of disposal.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. Intangible assets having an indefinite useful life are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

4.21 Right-of-use assets and their related lease liability

Right-of-use assets
On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which leases are entered into. No depreciation is charged in month in which the leases mature or are terminated.

Lease liability against right-of-use assets
The lease liabilities for lease contracts (other than short term or low value contracts) are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as an adjustment to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the consolidated statement of profit or loss as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.22 Capital work in progress

Capital work in progress is stated at cost less any impairment in its value.

4.23 Asset classified as held for sale

Assets and groups of assets and liabilities which comprise disposal groups are classified as 'held for sale' when all of the following criteria are met:

- a decision has been made to sell;
- the assets are available for sale immediately;
- the assets are being actively marketed; and
- a sale has been or is expected to be concluded within twelve months of the reporting date.

Assets and disposal groups 'held for sale' are valued at lower of the carrying amount and fair value less disposal costs.

4.24 Staff retirement benefits

4.24.1 Non-Life Business

4.24.1.1 Defined contribution plan

IGI General operates an approved contributory provident fund for all its permanent employees. Equal monthly contributions are made by IGI General and eligible employees to the fund at the rate of 10 percent of basic salary.

4.24.1.2 Defined benefit plan

All permanent employees of IGI General participate in an approved funded defined gratuity plan. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out as at December 31, 2020 using the Projected Unit Credit Method. Amounts arising as a result of 'Remeasurements', representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the consolidated statement of financial position immediately, with a charge or credit to 'Other Comprehensive Income' in the periods in which they occur.

4.24.1.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to consolidated statement of profit or loss.

4.24.2 Life Business

4.24.2.1 Defined benefit plan

IGI Life operates an approved defined benefit gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the Fund are made based on actuarial valuation provided by management's expert.

Actuarial gains and losses, past service costs, gains or losses on settlements, and net interest income (expense) are recognised in consolidated statement of profit or loss in the period in which they occur. The measurement differences representing actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost / income are recognised immediately with a charge or credit to other comprehensive income.

In case the benefits paid under the scheme are reduced, it is treated as past service cost in the period in which change takes place.

4.24.2.2 Defined contribution plan

IGI Life operates an approved contributory provident fund which covers all permanent employees. Equal monthly contributions are made both by IGI Life and the employees to the Fund at the rate of 10 percent of basic salary.

4.24.2.3 Employees' compensated absences

IGI Life accounts for the liability in respect of employees' compensated absences in the period in which employees become entitled.

4.24.3 IGI Finex - gratuity scheme

The Group has introduced an unfunded gratuity scheme for its employees of IGI Finex who have completed the prescribed qualifying period of service with effect from January 1, 2020. Provision in respect of gratuity costs is recorded based on actuarial recommendations. The actuarial valuation is carried out using the projected unit credit method. In accordance with IAS 19, remeasurements arising as a result of actuarial valuations, are recorded in other comprehensive income in the period in which these occur.

4.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Holding 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 the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.26 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Group accounts for segment reporting of operating results of general and life insurance business using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The reported operating segments are also consistent with the internal reporting provided to the Board of Directors which is responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

4.26.1 Conventional Business

Non-Life Business
The Group has seven primary business segments for reporting purposes namely fire, marine, motor, health, miscellaneous, brokerage and investment.

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

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

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

Health insurance provides coverage against expenses incurred during the hospitalisation due to sickness, emergency and accidents.

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

Brokerage business covers the brokerage operations as carried on by IGI Finex.

Investment segment includes the investments that are held and managed by IGI Investments.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

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

4.26.2 Takaful Business

The Group has five primary business segments for reporting purposes namely fire, marine, health, motor, and miscellaneous.

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

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

Motor takaful provides comprehensive car coverage and indemnity against third party loss.

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

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

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

4.26.3 Life Business

The Group presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Takaful Rules, 2012. The Group has 10 Operating segments for reporting purposes namely; a) Individual Life participating business, b) Individual Life non-participating business, c) Investment linked d) Accidental & health e) Group Life, f) Group health, g) Pension business h) Individual family takaful, i) Group family takaful and j) Accident & health family takaful.

- The Life (participating) segment provides life insurance coverage to individuals under individual life policies that are entitled to share in the surplus earnings of the statutory fund to which they are referable.

- The Life (non-participating) segment provides life insurance coverage to individuals under individual life policies that are not entitled to share in the surplus earnings of the statutory fund to which they are referable.

- The Life (non-participating) Group segment provides life insurance coverage to employer-employee (and similar) groups of employees / members under a single life policy issued to the employer. The Group policy is not entitled to share in the surplus earnings of the statutory fund to which it is referable.

- The Investment Linked business segment provides life insurance coverage to individuals, whereby the benefits are expressed in terms of units, the value of which is related to the market value of specified assets.

- The Accident and Health - Individual segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals.

- The Accident and Health - Group segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

- The Pension Fund segment provides coverage for the purposes of a pension or a retirement scheme with or without the payments being guaranteed for a minimum period.

Family Takaful

- The individual family takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Group.

- The Group Family Takaful business segments provides family takaful coverage to members of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Group.

- The Group Health Takaful provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

The Group maintains Statutory Funds in respect of each class of its life insurance business. Assets, liabilities, revenues and expenses of the Group are referable to respective Statutory Funds, however, wherever, these are not referable to Statutory Funds, they are allocated to the Shareholders' Fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between the funds are made on a fair and equitable basis and in accordance with the written advice of the Appointed Actuary.

Actuarial valuation of life insurance business is required to be carried out annually at the reporting date. Policyholders' liabilities included in the statutory funds are based on the actuarial valuation carried out by the Appointed Actuary as at December 31, 2020.

The Group reviews the basis of estimation used in respect of allocation of assets, liabilities, income and expenses not referable to specific fund with the consultation of Group's appointed actuary.

4.27 Impairment

The carrying values of the Group's non-financial assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The resulting impairment loss is taken to the consolidated statement of profit or loss.

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the

asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

4.28 Foreign currency transactions and translations

Foreign currency transactions are translated into Pakistani Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

4.29 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

4.30 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which costs such costs are capitalised as part of the cost of that asset. Currently, the Group does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

4.31 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.32 Management expenses

Management expenses allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium revenue. Expenses not allocable to the underwriting business are charged as administrative expenses.

4.33 Dividends and appropriations to reserves

Dividend and appropriation to reserve except appropriations required by the law or determined by the appointed actuary or allowed by the Insurance Ordinance, 2000, are recognised in the year in which these are approved.

5 PROPERTY AND EQUIPMENT

	Note	2020	2019
		(Rupees in '000)	
Operating assets	5.1	871,234	756,137
Capital work in progress	5.4	45,233	29,581
		916,467	785,718

5.1 Movement of operating assets

	2020									
	Furniture, fixtures and office equipment					Buildings / leasehold improvements	Motor vehicles - owned	Right of use asset - vehicles	Right of use asset - Premises	Total
	Furniture and fixtures	Tracker equipment	Office equipment	Computer/ communication equipment	Sub total					
	(Rupees in '000)									
As at Jan 1, 2020										
Cost	86,893	7,991	83,769	112,583	291,236	545,018	103,963	271,304	61,095	1,272,616
Accumulated depreciation	(26,842)	(962)	(41,505)	(73,808)	(143,117)	(211,323)	(71,383)	(73,884)	(16,772)	(516,479)
Net book value	60,051	7,029	42,264	38,775	148,119	333,695	32,580	197,420	44,323	756,137
Year ended December 31, 2020										
Opening net book value	60,051	7,029	42,264	38,775	148,119	333,695	32,580	197,420	44,323	756,137
Additions	13,431	33,071	11,003	51,110	108,615	11,102	14,904	135,975	44,650	315,246
Disposals - note 5.3										
Cost	2,126	-	1,318	2,322	5,766	2,622	24,851	20,471	6,431	60,141
Accumulated depreciation	(1,534)	-	(992)	(2,268)	(4,794)	(2,212)	(21,558)	(9,843)	(6,431)	(44,838)
	592	-	326	54	972	410	3,293	10,628	-	15,303
Depreciation charge for the year	(8,611)	(6,614)	(9,396)	(33,376)	(57,997)	(32,656)	(10,821)	(56,644)	(26,728)	(184,846)
Closing net book value	64,279	33,486	43,545	56,455	197,765	311,731	33,370	266,123	62,245	871,234
As at December 31, 2020										
Cost	98,198	41,062	93,454	161,371	394,085	553,498	94,016	386,808	99,314	1,527,721
Accumulated depreciation	(33,919)	(7,576)	(49,909)	(104,916)	(196,320)	(241,767)	(60,646)	(120,685)	(37,069)	(656,487)
Net book value	64,279	33,486	43,545	56,455	197,765	311,731	33,370	266,123	62,245	871,234
Depreciation rate % per annum	10%	33.33%	10-20%	20-33.33%		5-10%	20-33%	20-33%	5-80%	

	2019									
	Furniture, fixtures and office equipment					Buildings / leasehold improvements	Motor vehicles - owned	Right of use asset - vehicles	Right of use asset - Premises	Total
	Furniture and fixtures	Tracker equipment	Office equipment	Computer/ communication equipment	Sub total					
	(Rupees in '000)									
As at Jan 1, 2019										
Cost	75,918	-	81,306	115,843	273,067	500,501	127,967	184,052	17,893	1,103,480
Accumulated depreciation	(19,759)	-	(37,813)	(57,680)	(115,252)	(186,356)	(86,605)	(43,839)	-	(432,052)
Net book value	56,159	-	43,493	58,163	157,815	314,145	41,362	140,213	17,893	671,428
Year ended December 31, 2019										
Opening net book value	56,159	-	43,493	58,163	157,815	314,145	41,362	140,213	17,893	671,428
Additions	11,805	7,991	8,834	10,966	39,596	44,517	6,604	96,341	43,202	230,260
Disposals - note 5.3										
Cost	127	-	1,386	5,219	6,732	-	30,608	9,089	-	46,429
Accumulated depreciation	(126)	-	(932)	(3,597)	(4,655)	-	(29,057)	(5,812)	-	(39,524)
	1	-	454	1,622	2,077	-	1,551	3,277	-	6,905
Write off										
Cost	703	-	4,985	9,007	14,695	-	-	-	-	14,695
Accumulated depreciation	(621)	-	(4,842)	(8,986)	(14,449)	-	-	-	-	(14,449)
	82	-	143	21	246	-	-	-	-	246
Depreciation charge for the year	(7,830)	(962)	(9,466)	(28,711)	(46,969)	(24,967)	(13,835)	(35,857)	(16,772)	(138,400)
Closing net book value	60,051	7,029	42,264	38,775	148,119	333,695	32,580	197,420	44,323	756,137
As at December 31, 2019										
Cost	86,893	7,991	83,769	112,583	291,236	545,018	103,963	271,304	61,095	1,272,616
Accumulated depreciation	(26,842)	(962)	(41,505)	(73,808)	(143,117)	(211,323)	(71,383)	(73,884)	(16,772)	(516,479)
Net book value	60,051	7,029	42,264	38,775	148,119	333,695	32,580	197,420	44,323	756,137
Depreciation rate % per annum	10%	33.33%	10-20%	20-33.33%		5-10%	20-33%	20-33%	5-80%	

5.2 The cost and accumulated depreciation of fully depreciated operating assets still in use amounts to Rs. 659.699 million (2019: Rs. 660.816 million).

5.3 Disposal of operating fixed assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal	Particulars of purchaser
	(Rupees in '000)					
Furniture and fixtures						
Various furnitures	227	227	-	76	Negotiation	Salas Scrap Centre
Various furnitures	1,763	1,172	591	86	Negotiation	Khurram Muzaffar
Deskrove with side rack	48	48	-	2	Negotiation	Awaami Neelam Ghar
Chairs	88	87	1	4	Negotiation	Awaami Neelam Ghar
	2,126	1,534	592	168		
Leasehold improvements						
Various leasehold improvements	67	67	-	1	Negotiation	Salas Scrap Centre
Various leasehold improvements	2,555	2,145	410	125	Negotiation	Khurram Muzaffar
	2,622	2,212	410	126		
Office equipment						
Various office equipments	258	232	26	24	Negotiation	Salas Scrap Centre
Mobile phone	100	68	32	25	Negotiation	Muhammad Kamran
Mobile phone	76	41	35	28	Group Policy	Ghulam Rabbani*
Various office equipments	274	151	123	64	Negotiation	M.Akhtar
Mobile phone	80	25	55	57	Group Policy	Nomaan Bashir*
Air Conditioner	30	30	-	6	Negotiation	Fazal Cool House
Air Conditioner	79	79	-	20	Negotiation	Mobasher Zaheer
Air Conditioner	401	355	46	22	Negotiation	Iqbal Hussain
Fan	15	8	7	7	Negotiation	Awaami Neelam Ghar
Water dispenser	2	1	1	2	Negotiation	Awaami Neelam Ghar
Telephone set	3	2	1	1	Negotiation	Awaami Neelam Ghar
	1,318	992	326	256		
Computer / Communication equipment						
Various computer equipments	591	558	33	342	Insurance Claim	Alfalah Insurance
Various computer equipments	477	477	-	6	Negotiation	Hashim
Laptop	138	137	1	99	Insurance Claim	Alfalah Insurance
Laptop	51	42	9	27	Group Policy	Rafiq Gatta*
HP Printer	26	23	3	3	Negotiation	Obaid Scrap Dealer
PC Hardware and LEDs	253	245	8	26	Negotiation	Obaid Scrap Dealer
Interlink Servers	570	570	-	10	Negotiation	Obaid Scrap Dealer
HP Laptop Core I7	124	124	-	62	Negotiation	Straight Through Services
UPS	36	36	-	3	Negotiation	Awaami Neelam Ghar
AGM Batteries	56	56	-	3	Negotiation	Awaami Neelam Ghar
	2,322	2,268	54	581		
Motor vehicles - owned						
Toyota Corrolla	1,666	1,666	-	434	Group Policy	Rehan Zahid*
Toyota Corrolla	2,048	1,787	261	809	Group Policy	Akif Zia Malik*
Honda City	1,074	1,074	-	264	Group Policy	Hasan Saeed Khan*
Suzuki Swift	1,072	1,072	-	281	Group Policy	Asif Sultani*
Suzuki Swift	1,070	1,070	-	264	Group Policy	Saqib Burney*
Suzuki Cultus	1,795	181	1,614	1,745	Insurance Claim	General Insurance
Suzuki Cultus	1,055	1,054	1	441	Group Policy	Kamran Khan*
Suzuki Cultus	1,059	1,059	-	250	Group Policy	Asif Hussain*
Suzuki Cultus	1,051	1,051	-	175	Group Policy	Adnan Aslam*
Suzuki Cultus	1,051	1,051	-	449	Group Policy	Sohaib Haider*
Suzuki Mehran	683	683	-	116	Group Policy	Iram Ijaz*
Suzuki Mehran	732	657	75	325	Group Policy	Adeel Safdar*
Suzuki Mehran	693	556	137	521	Group Policy	Muhammad Abid*
UD 70	51	49	2	33	Insurance Claim	Alfalah Insurance
Toyota Corolla	1,447	1,446	1	1,261	Group Policy	Murid Abbad*
Suzuki Cultus	1,113	1,113	-	494	Group Policy	Azeem Munir*
Honda CD 70	67	67	-	30	Group Policy	Muhammad Sajid Peer*
Suzuki Cultus	1,003	1,003	-	750	Auction	Farid Khan
Honda CD 70	72	72	-	32	Group Policy	Muhammad Kamal Hussain*
Honda CD 70	72	72	-	32	Group Policy	Muhammad Ather*
Honda CD 70	67	66	1	30	Group Policy	Robina Gul*
Honda CD 70	67	67	-	1	Group Policy	Ahmed Hayat*
Suzuki Alto	761	761	-	703	Auction	Farid Khan
Toyota Corolla	1,769	1,769	-	1,675	Auction	Muhammad Abbas Akram
UD 70	50	50	-	20	Auction	Irfan Hashmi
UD 70	50	50	-	20	Auction	Irfan Hashmi
UD 70	50	50	-	20	Auction	Irfan Hashmi
Honda City 70	73	36	37	62	Group Policy	Saleem Ahmed*
Honda CG 125	122	35	87	98	Group Policy	Yasir Khursheed*
Mitsubishi Lancer	969	775	194	670	Auction	Irfan J Hashmi
Suzuki Cultus VXL	919	230	689	757	Group Policy	Imran Ahmed*
Suzuki Cultus VXR	522	440	82	197	Group Policy	Muhammad Farhan*
Suzuki Alto VXR	558	446	112	573	Group Policy	M. Ashraf*
	24,851	21,558	3,293	13,532		

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal	Particulars of purchaser
	(Rupees in '000)					
Right-of-use asset - vehicles						
Honda Civic	3,094	1,875	1,219	2,027	Insurance Claim	Alfalah Insurance
Toyota Vitz	1,433	812	621	829	Group Policy	Rafiq Gatta*
Honda City	2,715	1,506	1,209	3,165	Negotiation	Muhammad Saghir
Mercedes Benz	7,495	2,717	4,778	7,708	Insurance Claim	Alfalah Insurance
Toyota Vitz	1,412	878	534	812	Group Policy	Arsalan Zafar*
Honda Civic	3,008	1,576	1,432	3,311	Negotiation	Qasim Khan
Suzuki Cultus	1,314	479	835	1,250	Group Policy	Nasir Mahmood*
	20,471	9,843	10,628	19,102		
Right-of-use asset - property	6,431	6,431	-	-	Negotiation	Lease arrangement terminated
2020	60,141	44,838	15,303	33,765		
2019	46,429	39,524	6,905	22,322		

* These represent persons in employment of the Group.

5.3.1 These include disposal of operating assets having book value of Rs. Nil (2019: Rs. 0.5 million) to key management personnel.

5.4 Capital work in progress

	Note	2020	2019
		(Rupees in '000)	
Advance to suppliers		45,233	29,581

6 INTANGIBLES ASSETS

Software		404,936	461,225
Membership card		250	250
Trading right entitlement certificates		10,999	10,999
Goodwill		-	-
License		-	-
Customer relationships		-	2,109
Distribution channel		30,417	33,521
Value of inforce contracts		12,734	20,577
Pooling arrangements		11,304	11,304
	6.1	470,640	539,985

6.1 Movement of intangible assets

	2020													
	sofware	Member-ship cards (note 6.1.1)	TREC (note 6.1.2)	Good will	License	Customer relationships				Distribution channel	Value of inforce contracts		Pooling Arrangment	Total
						IGI Finex	Life (Non-par-ticipating) - Group	Accident and Health - Group	Accident and Health - Individual	Investment Linked	Life (Non participating) - Individual	Investment Linked	Maxis	
	(Rupees in '000)													
As at January 1, 2019														
Cost	42,358	250	14,999	96,012	1,808	55,731	14,960	10,338	5,275	65,296	31,849	34,776	11,304	384,956
Accumulated amortisation / impairment	(22,039)	-	(4,000)	(96,012)	(1,808)	(55,731)	(11,320)	(7,821)	(5,275)	(28,671)	(16,735)	(21,470)	-	(270,882)
Net book value	20,319	250	10,999	-	-	-	3,640	2,517	-	36,625	15,114	13,306	11,304	114,074
Year ended December 31, 2019														
Opening net book value	20,319	250	10,999	-	-	-	3,640	2,517	-	36,625	15,114	13,306	11,304	114,074
Additions	521,822	-	-	-	-	-	-	-	-	-	-	-	-	521,822
Amortisation	(78,111)	-	-	-	-	-	(2,394)	(1,654)	-	(3,104)	(3,539)	(4,304)	-	(93,106)
Disposals	(2,805)	-	-	-	-	-	-	-	-	-	-	-	-	(2,805)
Net book value	461,225	250	10,999	-	-	-	1,246	863	-	33,521	11,575	9,002	11,304	539,985
As at December 31, 2019														
Cost	564,180	250	14,999	96,012	1,808	55,731	14,960	10,338	5,275	65,296	31,849	34,776	11,304	906,778
Accumulated amortisation / impairment	(102,955)	-	(4,000)	(96,012)	(1,808)	(55,731)	(13,714)	(9,475)	(5,275)	(31,775)	(20,274)	(25,774)	-	(366,793)
Net book value as at December 31, 2019	461,225	250	10,999	-	-	-	1,246	863	-	33,521	11,575	9,002	11,304	539,985
Year ended December 31, 2020														
Opening net book value	461,225	250	10,999	-	-	-	1,246	863	-	33,521	11,575	9,002	11,304	539,985
Additions	30,331	-	-	-	-	-	-	-	-	-	-	-	-	30,331
Amortisation	(86,620)	-	-	-	-	-	(1,246)	(863)	-	(3,104)	(3,539)	(4,304)	-	(99,676)
Net book value	404,936	250	10,999	-	-	-	-	-	-	30,417	8,036	4,698	11,304	470,640
As at December 31, 2020														
Cost	594,511	250	14,999	96,012	1,808	55,731	14,960	10,338	5,275	65,296	31,849	34,776	11,304	937,109
Accumulated amortisation / impairment	(189,575)	-	(4,000)	(96,012)	(1,808)	(55,731)	(14,960)	(10,338)	(5,275)	(34,879)	(23,813)	(30,078)	-	(466,469)
Net book value	404,936	250	10,999	-	-	-	-	-	-	30,417	8,036	4,698	11,304	470,640
"Amortisation rate per annum 2019 and 2020"	20% - 33%	-	-	-	33%	20%	16%	16%	50%	5%	11%	11%-12.5%	Indefinite	

6.1.1 This represents membership card of Pakistan Mercantile Exchange Limited as the IGI Finex Securities Limited is a member of Pakistan Mercantile Exchange Limited.

6.1.2 This represent Trading Right Entitlement Certificate (TREC) of Pakistan Stock Exchange Limited pursuant to the promulgation of Stock Exchanges (Corporation, Demutualization and Integration) Act, 2012.

6.1.3 During the year the management carried out impairment testing of intangible assets recognised on business combination under the requirements of IAS 36 ' Impairment of assets'. The management has determined the recoverable amounts for comparison with the carrying values of each intangible asset. Based on the assessment carried out by the management, no impairment has been recognised during the year.

6.2 The cost and accumulated amortisation of fully amortised intangibles still in use amounts to Rs. 184.124 million (2019: Rs. 158.826 million).

7 INVESTMENTS

	Note	2020	2019
		(Rupees in '000)	
The investments comprise of the following:			
Investments in associates	7.1	15,470,479	15,969,256
Investment in joint venture	7.2	29,192	-
Fair value through profit or loss			
- Mutual funds	7.3	497,299	497,621
- Government securities	7.4	2,256,421	1,837,655
- Debt securities	7.5	150,000	194,025
		2,903,720	2,529,301
Fair value through other comprehensive income			
- Quoted equity securities	7.6	33,679,732	38,196,583
- Unquoted equity securities	7.7	194,759	204,611
		33,874,491	38,401,194
Held to maturity			
- Government securities	7.8	-	322,219
- Term deposit receipts	7.9	1,101,600	1,852,607
		1,101,600	2,174,826
Available for sale			
- Equity securities	7.10	43,143	86,130
- Mutual funds	7.11	4,007,910	3,027,759
- Government securities	7.12	13,640,253	12,247,588
- Debt securities	7.13	225,000	457,354
		17,916,306	15,818,831
		71,295,788	74,893,408
Less: current maturity of investments	7.14	(11,842,570)	(6,795,657)
		59,453,218	68,097,751

7.1 Investments in associates

	Note	2020	2019
- Quoted			
Packages Limited			
26,707,201 (2019: 26,707,201) fully paid ordinary shares of Rs. 10 each	7.1.1	14,718,717	15,133,399
Equity held 29.88% (2019: 29.88%)			
Market value at December 31, 2020: Rs. 596.92 per share (2019: Rs. 398.74 per share)			
- Unquoted			
Dane Foods Limited			
2,643,161 (2019: 2,643,161) fully paid ordinary shares of Rs. 10 each			
Equity held 30.62% (2019: 30.62%)			
Cost		26,432	26,432
Provision for diminution in value of investment		(26,432)	(26,432)
		-	-
Packages Real Estate (Private) Limited			
100,000,000 (2019: 100,000,000) fully paid ordinary shares of Rs. 10 each	7.1.3	751,762	835,857
Equity held 24.84% (2019: 24.84%) having break-up value of Rs 8.24 per share (2019: Rs 8.93 per share)			
		15,470,479	15,969,256

7.1.1 Packages Limited is a public limited company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. It operates as an investment holding company. Its subsidiaries are principally engaged in the manufacture and sale of paper, paperboard, packaging materials and tissue products.

7.1.2 Investments in unquoted associates do not include any goodwill as the investments were made when these associates were incorporated.

7.1.3 Packages Real Estate (Private) Limited is a private limited company incorporated in Pakistan. It is principally engaged in carrying on the business of all types of construction activities and development of real estate.

7.1.4 The summarised financial information and other details of Packages Limited and Packages Real Estate (Private) Limited, based on the audited financial statements, for the year ended December 31, 2020 are as follows:

	Country of incorporation	2020			
		Assets	Liabilities	Revenues	Profit / (Loss)
		(Rupees in '000)			
Packages Limited	Pakistan	101,841,718	44,103,241	64,981,483	4,496,495
Packages Real Estate (Private) Limited	Pakistan	12,773,266	9,517,434	2,660,291	(308,295)

	Country of incorporation	2019			
		Assets	Liabilities	Revenues	Profit / (Loss)
		(Rupees in '000)			
Packages Limited	Pakistan	104,911,077	45,010,369	60,905,852	278,061
Packages Real Estate (Private) Limited	Pakistan	12,018,713	8,425,242	3,479,557	41,735

7.1.5 Movement in associates

	2020				2019			
	Packages Limited	Dane Foods Limited*	Packages Real Estate (Pvt.) Ltd.	Total	Packages Limited	Dane Foods Limited*	Packages Real Estate (Pvt.) Ltd.	Total
	(Rupees in '000)							
Balance as at January 1	15,133,399	-	835,857	15,969,256	16,853,624	-	825,488	17,679,112
Dividend income	(320,486)	-	(7,500)	(327,986)	(400,608)	-	-	(400,608)
Share of profit / (loss) - net	1,414,013	-	(76,595)	1,337,418	94,749	-	10,369	105,118
Share of other comprehensive loss	(1,508,209)	-	-	(1,508,209)	(1,414,366)	-	-	(1,414,366)
Balance as at December 1	14,718,717	-	751,762	15,470,479	15,133,399	-	835,857	15,969,256

7.2 Investment in joint venture

	Note	2020	2019
		(Rupees in '000)	
- Unquoted			
S.C Johnson & Son of Pakistan (Private) Limited			
8,375,670 (2019: Nil) fully paid ordinary shares of Rs. 10 each		29,192	-
Equity held 45% (2019: Nil) having breakup value of Rs. 3.485 per share (2019: Nil)		29,192	-

7.2.1 S.C. Johnson & Son of Pakistan (Private) Limited (Joint Venture) was incorporated in Pakistan as a private limited company on July 10, 1999 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activities of the Company include manufacturing and marketing of consumer household products.

It was a wholly owned subsidiary of S.C. Johnson Netherlands II Cooperatief U.A. During the year ended December 31, 2019, IGI Investments entered into a Joint Venture agreement (the Agreement) with S.C. Johnson Netherlands II Cooperatief U.A. whereby IGI Investments agreed to subscribe 45% of the shares on completion of certain conditions as specified in the Agreement. IGI Investments acquired 45% of the shareholding in S.C. Johnson & Son of Pakistan (Private) Limited on October 3, 2020.

7.2.2 The summarised financial information and other details of S.C Johnson & Son of Pakistan (Private) Limited, based on the reviewed financial statements, for the period ended December 31, 2020 are as follows:

	Country of incorporation	2020			
		Assets	Liabilities	Revenues	Profit / (Loss)
		(Rupees in '000)			
S.C Johnson & Son of Pakistan (Private) Limited	Pakistan	746,439	681,569	258,228	(121,256)

7.2.3 Movement in joint venture

	Note	2020	2019
		(Rupees in '000)	
Balance as at January 1		-	-
Acquisition during the year		83,757	-
Dividend income		-	-
Share of profit - net		(54,565)	-
Share of other comprehensive loss		-	-
Balance as at December 31		29,192	-

7.3 Mutual funds - fair value through profit or loss

	2020					2019				
	Number of units	Carrying value	(Impairment / provision)	Unrealised gain / (loss)	Market value	Number of units	Carrying value	(Impairment / provision)	Unrealised gain / (loss)	Market value
Alfalah GHP Stock Fund	918,254	111,661	-	(461)	111,200	355,961	37,074	-	4,587	41,661
HBL Stock Fund	-	-	-	-	-	365,971	39,000	-	-	39,000
MCB Pakistan Stock Market Fund	1,693,688	160,000	-	6,000	166,000	653,910	60,003	-	(3)	60,000
NBP Stock Fund	-	-	-	-	-	5,611,085	74,895	-	4,546	79,441
UBL Stock Advantage Fund	-	-	-	-	-	289,477	20,000	-	-	20,000
Alfalah GHP Money Market Fund	-	-	-	-	-	2,623,787	260,000	-	(2,525)	257,475
MCB Pakistan Sovereign Fund	293,068	15,855	-	161	16,016	-	-	-	-	-
Faysal Money Market Fund	50	5	-	-	5	-	-	-	-	-
NBP Financial Sector Income Fund	11,823,577	124,481	-	235	124,716	-	-	-	-	-
UBL Income Opportunity Fund	699,780	78,745	-	554	79,299	-	-	-	-	-
Alfalah GHP Islamic Income B Growth Units	116	12	-	-	12	97	10	-	1	11
Al-Ameen Islamic Cash Fund	117	12	-	-	12	101	10	-	1	11
HBL Islamic Money Market Fund	116	12	-	-	12	104	10	-	1	11
MCB Al- Hamra Islamic Fund	113	12	-	-	12	97	10	-	1	11
NBP Riba Free Savings Fund	961	10	-	-	10	-	-	-	-	-
Faysal Islamic Saving Growth Fund	48	5	-	-	5	-	-	-	-	-
	15,429,888	490,810	-	6,489	497,299	9,900,590	491,012	-	6,609	497,621

7.4 Government securities - fair value through profit or loss

Particulars*	Maturity year	Effective yield % per annum	Profit payment	2020	2019
				(Rupees in '000)	
Market Treasury Bills	2020	10.30%	On maturity	-	35,411
Market Treasury Bills	2020	13.07%	On maturity	-	53,378
Market Treasury Bills	2020	10.30%	On maturity	-	33,467
Market Treasury Bills	2021	13.12%	On maturity	75,592	-
Market Treasury Bills	2021	13.29%	On maturity	40,914	-
Market Treasury Bills	2021	9.57%	On maturity	342,949	-
Market Treasury Bills	2021	10.36%	On maturity	62,310	-
Market Treasury Bills	2021	7.14%	On maturity	5,735	-
Market Treasury Bills	2021	6.45%	On maturity	110,603	-
Market Treasury Bills	2021	7.15%	On maturity	123,993	-
Market Treasury Bills	2021	7.14%	On maturity	247,987	-
Market Treasury Bills	2021	7.11%	On maturity	10,415	-
Market Treasury Bills	2021	7.11%	On maturity	408,447	-
Pakistan Investment Bonds	2021	12.00%	Semi-annual	-	32,473
Pakistan Investment Bonds	2021	10.34%	Semi-annual	-	60,307
Pakistan Investment Bonds	2023	12.66%	Semi-annual	-	82,943
Pakistan Investment Bonds	2023	13.71%	Semi-annual	-	67,726
Pakistan Investment Bonds	2023	13.45%	Semi-annual	-	311,540
Pakistan Investment Bonds	2023	13.75%	Semi-annual	-	94,816
Pakistan Investment Bonds	2023	13.80%	Semi-annual	-	189,633
Pakistan Investment Bonds	2023	13.77%	Semi-annual	-	67,726
Pakistan Investment Bonds	2022	9.65%	Semi-annual	-	46,841
Pakistan Investment Bonds	2024	12.38%	Semi-annual	-	47,298
Pakistan Investment Bonds (floaters)	2028	7.86%	Semi-annual	123,628	125,900
Pakistan Investment Bonds (floaters)	2029	7.78%	Semi-annual	125,225	-
Pakistan Investment Bonds (floaters)	2028	7.61%	Semi-annual	578,623	588,196
				2,256,421	1,837,655

*These include Pakistan Investment Bonds which are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000, having market value of Rs. 224.470 million.

7.5 Debt securities- fair value through profit or loss

	2020					2019				
	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount	Number of certificates	Maturity year	Coupon rate	Profit payment	Carrying amount
Unlisted - Term finance certificate										
Habib Bank Limited	500,000	Perpetual	3 months Kibor	Quarterly	50,000	500,000	Perpetual	3 months Kibor	Quarterly	50,000
Bank Alfalah Limited	1,000,000	Perpetual	Higher of 3 year PKRV plus 0.75% or 9%	Quarterly	100,000	-	-	-	-	-
Unlisted - Commercial paper										
Hub Power Company Limited	-	-	-	-	-	1,500,000	2020	6 months Kibor plus 1.5%	Quarterly	144,025
	1,500,000				150,000	2,000,000				194,025

7.6 Quoted equity securities- fair value through other comprehensive income

Company's name	Number of shares				Percentage of equity held		Carrying amount	Market value	Unrealised gain / (loss) on remea-sure-ment
	As at January 1, 2020	Purchased / bonus issued during the year	Sold during the year	As at December 31, 2020	2019	2020			
							(Rupees in '000)		
Tri-Pack Films Limited (related party)	3,750,417	-	-	3,750,417	9.67%	9.67%	401,595	610,418	208,823
Siemens Pakistan Engineering Company Limited	70,031	-	-	70,031	0.85%	0.85%	64,081	38,180	(25,901)
Nestle Pakistan Limited	4,419,666	-	-	4,419,666	9.75%	9.75%	39,557,332	29,457,119	(10,100,213)
Sanofi Aventis Pakistan Limited	1,841,739	-	-	1,841,739	19.10%	19.10%	1,381,304	1,394,823	13,519
International Industries Limited	504,472	-	-	504,472	0.38%	0.38%	70,649	89,090	18,441
Mitchell's Fruit Farms Limited	292,738	-	-	292,738	3.72%	3.72%	63,553	106,000	42,447
Pakistan Stock Exchange Limited	1,602,953	-	-	1,602,953	0.20%	0.20%	21,752	23,756	2,004
Systems Limited	4,606,836	-	-	4,606,836	3.75%	3.75%	460,139	1,931,324	1,471,185
Agritech Limited	1,352,992	-	-	1,352,992	0.34%	0.34%	17,156	6,914	(10,242)
ZIL Limited	199,169	-	-	199,169	3.25%	3.25%	14,930	22,108	7,178
Total as at December 31, 2020							42,052,491	33,679,732	(8,372,759)
Total as at December 31, 2019							42,055,073	38,196,583	(3,858,490)

7.7 Unquoted equity securities- fair value through other comprehensive income

Company's name	Number of shares				Percentage of equity held	Carrying amount	Market value
	As at January 1, 2020	Purchased / bonus issued during the year	Sold during the year	As at December 31, 2020			
						(Rupees in '000)	
Coca Cola Beverages Pakistan Limited	12,433,934	-	-	12,433,934	0.46%	119,940	174,075
LSE Financial Services Limited	843,975	-	-	843,975	0.66%	11,732	11,732
Kissan Fruit Growers (Private) Limited	44	-	-	44	4.87%	4	4
Punjab Fruit Growers (Private) Limited	32	-	-	32	4.83%	3	3
Haider Fruit Growers (Private) Limited	1,705	-	-	1,705	4.87%	16	16
Petroleum Development Pakistan Limited	350	-	-	350	-	1	1
National Steel of Pakistan Limited	500	-	-	500	-	1	1
DHA Cogen Limited	1,900,000	-	-	1,900,000	3.35%	-	-
Techlogix International Limited *	1,422,870	-	-	1,422,870	1.85%	3,504	3,504
Visionet Systems Inc. **	464,827	-	-	464,827	4.55%	5,423	5,423
Total as at December 31, 2020						140,624	194,759
Total as at December 31, 2019						138,042	204,611

* Techlogix International Limited is a company registered in Bermuda. This investment has been made since 2005. Return on investment is in the form of dividend received as reflected in these consolidated financial statements. Based on the information available there are no material litigations against the investee company in foreign jurisdictions.

** Visionet Systems Inc. is located in New Jersey, USA. This investment has been made since 2013 . Return on investment is in the form of dividend received. The investee company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. The management of investee company believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the investee company.

7.8 Government securities - held to maturity

Particulars	Maturity year	Effective yield % per annum	Profit payment	2020	2019
				(Rupees in '000)	
Pakistan Investment Bonds	2020	13.98%	Semi-annual	-	24,679
Pakistan Investment Bonds	2021	13.08%	Semi-annual	-	18,094
Pakistan Investment Bonds	2022	11.99%	Semi-annual	-	63,837
Pakistan Investment Bonds	2022	11.25%	Semi-annual	-	1,018
Pakistan Investment Bonds	2022	12.76%	Semi-annual	-	1,102
Pakistan Investment Bonds	2021	11.92%	Semi-annual	-	213,489
				-	322,219

7.9 Investments in term deposits receipts - held to maturity

	Note	2020	2019
		(Rupees in '000)	
Deposits maturing within 12 months	7.9.1	1,101,600	1,852,607

7.9.1 These represent term deposits with various banks that carry mark-up at rates ranging from 6.00% to 6.75% (2019: 8.25% to 13.5%) per annum. These term deposits will mature by March 2021.

7.10 Equity securities - available for sale

	2020	2019
	Market value	Market value
	(Rupees in '000)	
Quoted securities		
Abbott Laboratories (Pakistan) Limited	264	156
Adamjee Insurance Company Limited	197	1,179
Allied Bank Limited	785	2,304
Amreli Steels Limited	241	433
Attock Cement Pakistan Limited	18	12
Attock Petroleum Limited	395	178
Attock Refinery Limited	-	11
Bank Alfalah Limited	1,897	5,130
Bank Al-Habib Limited	-	4,227
Bank of Punjab	-	1,241
National Bank of Pakistan	107	1,342
Pakistan National Shipping Corporation	-	517
Dynea Pakistan Limited	-	371
Highnoon Laboratories	-	806
ICI Pakistan Limited	190	1,080
Interloop Limited	739	310
Fauji Cement Limited	325	78
D.G Khan Cement Limited	516	-
Engro Corporation Limited	1,930	4,454
Engro Fertilizers Limited	443	2,533
Engro Polymer and Chemicals Limited	1,378	2,126
Fauji Fertilizer Bin Qasim Limited	1,671	2
Fauji Fertilizer Limited	-	2,182
Faysal Bank Limited	315	5
Glaxosmithkline (Pakistan) Limited	-	289
Gul Ahmed Textile Mills Limited	537	1,233
Habib Bank Limited	2,884	4,376
Honda Atlas Cars Limited	427	285
Hub Power Company Limited	2,515	6,560
International Steels Limited	65	243
K-Electric Limited	188	428
Kohat Cement Limited	1,513	619
Kohinoor Textile Mills Limited	486	5
Kot Addu Power Company Limited	-	236
Lucky Cement Limited	2,889	3,749
Maple Leaf Cement Limited	555	806
Mari Petroleum Limited	2,447	4,470
Balance carried forward	25,917	53,976

	2020	2019
	Market value	Market value
	(Rupees in '000)	
Balance brought forward	25,917	53,976
MCB Bank Limited	871	2,090
Meezan Bank Limited	-	447
Millat Tractors Limited	328	211
Mughal Steels Mills Limited	757	881
Nishat Chunian Limited	652	213
Nishat Mills Limited	1,160	1,485
Oil and Gas Development Company Limited	1,920	5,394
Pak Suzuki Motors Limited	363	-
Pakistan Oilfields Limited	992	2,926
Pakistan Petroleum Limited	1,789	6,048
Pakistan State Oil Limited	1,517	2,352
Saif Power Limited	-	272
The Searle Company Limited	-	1,246
Sui Northern Gas Pipeline Limited	280	2,270
Synthetic Products Enterprise Limited	4	4
Tariq Glass Industries Limited	571	535
Thal Limited	-	981
United Bank Limited	1,573	4,047
Systems Limited	1,782	752
Descon Chemicals Limited	235	-
Bank Al Habib Limited	1,322	-
Agha Steels Industries Limited	493	-
Glaxosmithkline (Pakistan) Limited	364	-
The Searle Limited	253	-
	43,143	86,130

7.11 Mutual funds - available for sale

	2020	2019
	Net asset value	Net asset value
	(Rupees in '000)	
Al Ameen Islamic Aggressive Income Fund	32,942	31,579
Al Ameen Islamic Cash Fund	14,894	26,194
Al Ameen Shariah Stock Fund	205,357	179,715
Alfalah GHP Alpha Fund	19,901	19,127
Alfalah GHP Islamic Income Fund	102,467	43,017
Alfalah GHP Islamic Stock Fund	123,962	151,212
Alfalah GHP Money Market Fund	514,478	340,124
Alfalah GHP Stock Fund	231,833	86,456
Atlas Islamic Income Fund	16,356	-
Atlas Islamic Stock Fund	143,587	131,942
Atlas Stock Market Fund	111,439	121,758
HBL Islamic Income Fund	14,102	-
HBL Islamic Stock Fund	70,401	181,662
HBL Stock Fund	21,078	182,968
HBL Government Securities Fund	-	1,390
MCB Islamic Income Fund	143,809	52,241
MCB Pakistan Income Fund	2,550	2,342
MCB Pakistan Islamic Stock Fund	295,690	213,880
MCB Pakistan Stock Market Fund	372,616	325,170
Meezan Islamic Fund	20,563	275
Meezan Cash Fund	9,101	15,262
Meezan Islamic Income Fund	66,600	46,989
Meezan Islamic Stock Fund	-	56,377
NAFA Islamic Stock Fund	-	177,519
NAFA Money Market Fund	-	132
NAFA Stock Fund	-	171,013
UBL Money Market Fund	6,398	7,393
UBL Stock Advantage Fund	480,905	462,022
Balance carried forward	3,021,029	3,027,759

	2020	2019
	Net asset value	Net asset value
	(Rupees in '000)	
Balance brought forward	3,021,029	3,027,759
Alfalah GHP Income Fund	41,008	-
ABL Stock Fund	22,925	-
ABL Islamic Stock Fund	166,576	-
ABL Islamic Income Fund	11,406	-
Meezan Sovereign Fund	8,106	-
NBP Islamic Income Fund	6,109	-
HBL Income Fund	976	-
Atlas Income Fund	13,962	-
Faysal Stock Fund	22,882	-
Faysal Islamic Stock Fund	32,070	-
NBP Islamic Stock Fund	256,740	-
NBP Stock Fund	401,418	-
NBP Savings Fund	347	-
NBP Financial Sector Income Fund	2,095	-
UBL Income Opportunity Fund	261	-
	4,007,910	3,027,759

7.12 Government Securities - available for sale

Particulars	Tenure	Maturity year	Rate of return % per annum	Profit payment	Market Value 2020	Market Value 2019
					(Rupees in '000)	
Pakistan Investment Bonds	10 years	2020	12.00%	Semi-annual	-	496,433
Pakistan Investment Bonds	5 years	2020	9.25%	Semi-annual	-	861,568
Pakistan Investment Bonds	10 years	2024	12.00%	Semi-annual	40,134	43,912
Pakistan Investment Bonds	5 years	2024	9.50%	Semi-annual	-	1,276,855
Pakistan Investment Bonds	4 years	2021	7.25%	Semi-annual	-	253,748
Pakistan Investment Bonds	5 years	2021	7.75%	Semi-annual	151,226	142,048
Pakistan Investment Bonds	5 years	2023	8.00%	Semi-annual	597	2,418,596
Pakistan Investment Bonds (floaters)*	10 years	2028	7.70%	Semi-annual	1,999,396	800,883
Pakistan Investment Bonds (floaters)*	10 years	2028	7.98%	Semi-annual	296,700	629,500
Pakistan Investment Bonds (floaters)*	10 years	2028	7.67%	Semi-annual	162,295	2,312,310
Pakistan Investment Bonds (floaters)*	10 years	2029	7.89%	Semi-annual	124,994	-
					2,775,342	9,235,853
Market Treasury Bills	3 months	2020	13.40%	On maturity	-	152,780
Market Treasury Bills	6 months	2020	13.41%	On maturity	-	471,200
Market Treasury Bills	1 year	2020	13.25%	On maturity	-	2,387,755
Market Treasury Bills	3 months	2021	7.10%	On maturity	7,903,776	-
Market Treasury Bills	6 months	2021	7.20%	On maturity	517,699	-
Market Treasury Bills	6 months	2021	7.10%	On maturity	83,993	-
Market Treasury Bills	1 year	2021	7.40%	On maturity	117,346	-
Market Treasury Bills	1 year	2021	13.10%	On maturity	467,783	-
Market Treasury Bills	1 year	2021	6.40%	On maturity	49,063	-
Market Treasury Bills	1 year	2021	6.90%	On maturity	96,525	-
Market Treasury Bills	1 year	2021	6.50%	On maturity	137,058	-
Market Treasury Bills	1 year	2021	9.50%	On maturity	44,156	-
Market Treasury Bills	1 year	2021	7.60%	On maturity	52,702	-
Market Treasury Bills	1 year	2021	7.20%	On maturity	922,242	-
Market Treasury Bills	1 year	2021	7.10%	On maturity	26,209	-
Market Treasury Bills	1 year	2021	7.30%	On maturity	171,192	-
					10,589,744	3,011,735
GOP Ijara Sukuk	5 years	2025	6.63%	Semi-annual	275,167	-
					275,167	-
					13,640,253	12,247,588

*These represent Pakistan Investment Bonds which are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of the Insurance Ordinance, 2000, having market value of Rs. 193 million (2019: Rs. 192.34 million).

7.13 Debt securities - available for sale

	2020					2019				
	Number of certificates	Maturity year	Coupon rate	Profit payment	Market value	Number of certificates	Maturity year	Coupon rate	Profit payment	Market value
					(Rupees in '000)					(Rupees in '000)
Unlisted Term Finance Certificates										
Bank Alfalah Limited	10,000	5 years	3 months Kibor plus 1.50%	Semi annual	50,000	10,000	5 years	3 months Kibor plus 1.50%	Semi annual	50,000
Soneri Bank Limited	10,000	5 years	6 months Kibor plus 2%	Semi annual	50,000	10,000	5 years	6 months Kibor plus 2%	Semi annual	50,000
UBL Bank Limited	15,000	5 years	3 months Kibor plus 1.55%	Quarterly	75,000	15,000	5 years	3 months Kibor plus 1.55%	Quarterly	75,000
Habib Bank Limited	10,000	5 years	3 months Kibor plus 1.60%	Semi annual	50,000	10,000	5 years	3 months Kibor plus 1.60%	Semi annual	50,000
	45,000				225,000	45,000				225,000
Unlisted Commercial Paper										
Hub Power Company Limited	-		-	-	-	2,500,000	1 year	15.40%		232,354
	45,000				225,000	2,545,000				457,354

7.14 Current maturity of investments

	Note	2020	2019
		(Rupees in '000)	
Government securities		10,740,970	4,516,671
Debt securities		-	426,379
Term deposit receipts	7.9	1,101,600	1,852,607
		11,842,570	6,795,657

8 INSURANCE / TAKAFUL / REINSURANCE / RETAKAFUL RECEIVABLES

	Note	2020	2019
		(Rupees in '000)	
Amount due from policyholder - unsecured			
- Considered good		984,401	970,448
- Considered doubtful		143,047	143,399
	8.1	1,127,448	1,113,847
Provision for doubtful receivables	8.2	(143,047)	(143,399)
		984,401	970,448
Amount due from reinsurer / retakaful - unsecured			
- Considered good		1,096,573	914,842
- Considered doubtful		41,303	41,423
		1,137,876	956,265
Provision for doubtful receivables	8.3	(41,303)	(41,423)
		1,096,573	914,842
Total		2,080,974	1,885,290

8.1 The aggregate amount due from directors, chief executive and executives of the Group amounts to Rs. Nil (2019: Rs 0.171 million).

8.2 Provision for doubtful receivables - insurance contract holders

	2020	2019
	(Rupees in '000)	
Balance as at January 1	143,399	120,338
Provision made during the year	15,682	26,298
Written off during the year	(16,034)	(3,237)
Balance as at December 31	143,047	143,399

8.3 Provision for doubtful receivables - other insurer / reinsurer

Balance as at January 1	41,423	41,423
Written off during the year	(120)	-
Balance as at December 31	41,303	41,423

9 DEPOSITS, PREPAYMENTS, LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2020	2019
		(Rupees in '000)	
Advances			
Advances - unsecured considered good		18,368	13,108
Advances / loans to agents - unsecured considered good		278	278
Advances to employees against expenses - unsecured considered good - executives		921	1,659
Other receivables			
Sales tax recoverable		77,733	57,389
Salvage recoverable		108,104	59,885
Receivable against claim administration services - unsecured considered good- net	9.1	104,427	186,758
Net investment in finance lease - secured considered good	9.2	207,031	212,955
Receivable from clients against purchase of marketable securities and commodity contracts - secured considered good		32,085	122,997
Qard-e-hasan		100,000	60,000
Mudarib fee		6,539	5,110
Experience refund receivable - unsecured considered good		66,356	32,165
Deposits and prepayments			
Security deposits and prepayments		246,746	254,456
Prepaid reinsurance premium ceded		1,001,740	972,374
Exposure deposit with National Clearing Company of Pakistan Limited / Pakistan Stock Exchange Limited		279,901	126,901
Others		213,019	138,287
		2,463,248	2,244,322

9.1 This includes provision against receivable from claim administration services amounting to Rs. 10 million.

9.2 This balance represents outstanding amount of old lease portfolio acquired by the Holding Company as part of amalgamation of Ex. IGI Investment Bank Limited w.e.f December 31, 2016 that has been retained by the Holding Company as part of scheme of arrangement and carried at fair value at the time of acquisition.

This includes fair value of collaterals amountring to Rs. 14.590 million (2019: Rs. 18.990 million) and residual values relating to net investment in finance lease.

10 CASH AND BANK BALANCES

	Note	2020	2019
		(Rupees in '000)	
Cash and other equivalents	10.1	1,206	1,896
Current and other accounts	10.2	1,258,236	658,393
		1,259,442	660,289
10.1 Cash and other equivalents			
Cash in hand		1,206	1,896
10.2 Current and other accounts			
Current accounts		53,065	50,395
Savings accounts	10.2.1	1,205,171	607,998
		1,258,236	658,393

10.2.1 The balances in savings accounts carry mark-up ranging between 3.00% to 12.75% (2019: 5.00% to 12.75%) per annum.

10.3 Cash and cash equivalent

	Note	2020	2019
		(Rupees in '000)	
Cash and bank balances	10	1,259,442	660,289
Term deposit receipts (having original maturity of 3 months or less)	7.9	1,101,600	1,852,607
Short term loans	20	(2,800,696)	(2,614,278)
		(439,654)	(101,382)

11 NON-CURRENT ASSET HELD FOR SALE

	Note	2020	2019
- Unquoted equity securities	11.1	9,110	9,110

Company's name	Number of shares				Carrying amount as at December 31, 2020	Market value as at December 31, 2020	Unrealised gain / (loss) on remea-sure-ment
	As at January 1, 2020	Purchased / bonus issued during the year	Sold during the year	As at December 31, 2020	(Rupees in '000)		
Central Depository Company of Pakistan (note 11.1)	1,299,993	325,002	-	1,624,995	9,110	9,110	-
Total as at December 31, 2020					9,110	9,110	-

11.1 As per Section 8 of the Central Depositories (Licensing and Operations) Regulations, 2016, IGI Investments is not eligible to hold shares of Central Depository Company (CDC) transferred from Holding Company (formerly IGI Insurance Limited) under the sanctioned scheme of arrangement.

Accordingly, under the instruction of Securities Exchange Commission of Pakistan (SECP), IGI Investments intends to dispose or transfer such shares.

12 RETIREMENT BENEFIT OBLIGATION

	Note	2020	2019
		(Rupees in '000)	
Funded gratuity schemes	12.1.3	42,133	43,471
Un-funded gratuity scheme	12.2.3	15,712	-
		57,845	43,471

12.1 Funded gratuity schemes

12.1.1 Salient features

The Group offers separate approved gratuity funds for eligible employees of IGI General and IGI Life. Annual contributions are made to the funds on the basis of actuarial recommendations. The gratuity schemes are governed under the Trust Act, 1882, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Group faces the following risks on account of these gratuity schemes:

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

Asset volatility
Most assets are invested in risk free investments. However, investments in shares, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation
The plan liabilities are calculated using a discount rate 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 plan's bond holdings.

Investment risks
The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investments.

Mortality risks
The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Longevity risks
The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Withdrawal risks
The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

12.1.2 Valuation results

Actuarial valuations are carried out every year and the latest valuations were carried out as at December 31, 2020. The information provided in notes 12.1.3 to 12.1.14 has been obtained from the actuarial valuations carried out as at December 31, 2020. The following significant assumptions have been used for valuation of these schemes:

	2020		2019	
	IGI General	IGI Life	IGI General	IGI Life
	(Per annum)			
a) Expected rate of increase in salary level	9.75%	10.25%	11.25%	13.75%
b) Discount rate	10.25%	10.25%	11.75%	11.75%
c) Expected return on plan assets	10.25%	9.00%	11.25%	9.00%
d) Normal retirement age	58 years	65 years	58 years	65 years

e) Assumptions regarding future mortality experience are based on actuarial recommendations and published statistics.

12.1.3 Amounts recognised in the consolidated statement of financial position:

	Note	2020	2019
		(Rupees in '000)	
Present value of defined benefit obligation	12.1.5	186,144	158,845
Less: fair value of plan assets	12.1.5	(144,011)	(115,374)
Payable to defined benefit plans		42,133	43,471

12.1.4 Movement in liability during the year

Obligation at the beginning of the year	43,471	57,466
Charge to the consolidated statement of profit or loss	29,330	32,506
Other comprehensive gain	(757)	(15,001)
Contribution to the fund during the year	(29,911)	(31,500)
Obligation at the end of the year	42,133	43,471

12.1.5 Movement in defined benefit obligation

	2020		
	Present value of obligation	Fair value of plan assets	Total
	(Rupees in '000)		
As at January 1	158,845	(115,374)	43,471
Current service cost	25,138	-	25,138
Interest expense / (income)	19,538	(15,346)	4,192
	203,521	(130,720)	72,801
Remeasurements:			
- Gain from change in financial assumptions	(4,025)	-	(4,025)
- Loss from change in experience adjustments	1,423	1,845	3,268
	(2,602)	1,845	(757)
Contributions during the year	(3,136)	(26,775)	(29,911)
Benefit payments	(11,639)	11,639	-
As at December 31	186,144	(144,011)	42,133

	2019		
	Present value of obligation	Fair value of plan assets	Total
	(Rupees in '000)		
As at January 1	173,146	(115,680)	57,466
Current service cost	25,627	-	25,627
Interest expense / (income)	21,424	(14,545)	6,879
	220,197	(130,225)	89,972
Remeasurements:			
- Loss from change in demographic assumptions	-	-	-
- Gain from change in financial assumptions	(8,015)	-	(8,015)
- Loss on actual salary increase	(7,321)	335	(6,986)
	(15,336)	335	(15,001)
Contributions during the year	(21,011)	10,700	(10,311)
Benefit payments	(25,005)	3,816	(21,189)
As at December 31	158,845	(115,374)	43,471

12.1.6 Amounts recognised in the consolidated statement of profit or loss:

	Note	2020	2019
		(Rupees in '000)	
Current service cost		25,138	25,627
Interest cost		4,192	6,879
Expense for the year		29,330	32,506

12.1.7 Actual return on plan assets

Expected return on assets		15,346	14,545
Actuarial loss		(1,845)	(335)
		13,501	14,210

12.1.8 Analysis of present value of defined benefit obligation

Split by vested / non-vested			
(i)	Vested benefits	185,270	158,061
(ii)	Non-vested benefits	874	784
		186,144	158,845

12.1.9 Sensitivity analysis

Particulars	2020			2019		
	Change in assumption	Increase /(decrease) in present value of defined benefit obligation		Change in assumption	Increase /(decrease) in present value of defined benefit obligation	
		%	(Rupees in '000)		%	(Rupees in '000)
Discount rate	+1%	-27.18%	(50,597)	+1%	-24.84%	(39,450)
	-1%	32.61%	60,696	-1%	29.84%	47,394
Salary increase rate	+1%	33.01%	61,453	+1%	30.23%	48,021
	-1%	-27.46%	(51,106)	-1%	-25.12%	(39,905)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

12.1.10 Plan assets comprise of the following:

	2020	Percentage composition	2019	Percentage composition
	(Rupees in '000)		(Rupees in '000)	
Equity investments	18,484	12.84%	16,545	14.34%
Cash and bank deposits	70,049	48.64%	27,617	23.94%
Government Securities	55,478	38.52%	71,212	61.72%
Fair value of plan assets	144,011	100.00%	115,374	100.00%

12.1.11 As per the actuarial recommendations, the expected return on plan assets was taken as 9% - 10.25% (2019: 9% - 11.25%), which is representative of yields on long-term Govermment bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

12.1.12 Based on actuarial advice, the Group intends to charge an amount of Rs 30.4 million in the consolidated financial statements in respect of approved gratuity fund for the year ending December 31, 2021.

12.1.13 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2020	Less than a year	Between 1-2 Years	Between 2-5 Years	Over 5 Years	Total
	(Rupees in '000)				
Gratuity	13,288	10,237	42,890	1,851,007	1,917,422

12.1.14 5 year data on the deficit / (surplus) of the plan is as follows:

	2020	2019	2018	2017	2016
	(Rupees in '000)				
Present value of defined benefit obligation	186,144	158,845	173,146	145,854	124,690
Fair value of plan assets	(144,011)	(115,374)	(115,680)	(111,058)	(91,883)
Deficit / (surplus)	42,133	43,471	57,466	34,796	32,807

12.2 Unfunded gratuity scheme

12.2.1 Defined benefit plan - staff retirement gratuity scheme (unfunded)

The Group has introduced an unfunded gratuity scheme for its eligible employees of IGI Finex during the year. Under the service rules, eligible employees are entitled to gratuity after five years of service and thereafter the amount depends on the number of years of service completed by them. The latest actuarial valuation of the scheme was carried out as at December 31, 2020 using the projected unit credit method.

12.2.1.1 The gratuity scheme exposes the Group to the following risks:

Mortality risks
This is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Final salary risks
This is the risk that the final salary at the time of cessation of service is higher than expectation. Since the benefit is calculated on the basis of final salary, the benefit amount increases proportionately.

Withdrawal risks
This is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

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.

12.2.2 Principal actuarial assumptions

The following significant assumptions have been used for valuation of this scheme:

	2020	2019
	Rate per annum	
Discount rate	9.75%	-
Expected rate of increase in salary	8.75%	-
Mortality rate	SLIC 2001-05	

12.2.3 Amounts recognised in the consolidated statement of financial position:

	Note	2020	2019
		(Rupees in '000)	
Present value of defined benefit obligation	12.2.5	15,712	-

12.2.4 Amount recognised in the consolidated statement of profit or loss:

Past service cost	13,609	-
Current service cost	2,103	-
Cost for the year	15,712	-

12.2.5 Movement in the present value of defined benefit obligation

Present value of defined benefit obligation - opening balance	-	-
Past service cost	13,609	-
Current service cost	2,103	-
Interest cost	-	-
Remeasurement loss		
- due to change in financial assumptions	-	-
- due to change in demographic assumptions	-	-
- due to change in experience adjustments	-	-
	-	-
Benefits paid	-	-
Present value of defined benefit obligation - closing balance	15,712	-

12.2.6 Sensitivity analysis:

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

	Change in assumption	2020 Impact on defined benefit obligation (Increase) / Decrease in present value of defined benefit obligation	
		%	(Rupees in '000)
Discount rate	+1%	-2.55%	(401)
	-1%	2.72%	427
Long term salary increase rate	+1%	3.18%	499
	-1%	-3.04%	(477)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

12.2.7 Based on the actuarial advice, the Group intends to charge an amount of approximately Rs. 3.297 million in the financial statements in respect of the unfunded gratuity scheme for the year ending December 31, 2021.

12.2.8 The weighted average duration of defined benefit obligation is 3 years.

12.2.9 Expected maturity analysis of undiscounted obligation

Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
(Rupees in '000)				
5,206	4,206	9,505	13,307	32,224

13 DEFINED CONTRIBUTION PLAN - PROVIDENT FUND

IGI General has set up a provident fund for its permanent employees and contributions were made by it to the Trust in accordance with the requirements of Section 218 of the Companies Act, 2017. The total charge against provident fund for the year ended December 31, 2020 was Rs. 17.570 million. The net assets based on latest available unaudited financial statements of Provident Fund as at June 30, 2020 are Rs. 129.194 million invested in different financial instruments categories as provided in Section 218 of the Companies Act, 2017 and the rules formulated therein. The carrying value of the investments of the provident fund as at June 30, 2020 (unaudited) was Rs. 121.474 million. The above investments out of provident fund have been made in accordance with the requirements of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

IGI Life has also set up a provident fund for its permanent employees and contributions were made by IGI Life to the Trust in accordance with the requirements of Section 218 of the Companies Act, 2017. The total charge against provident fund for the year ended December 31, 2020 was Rs. 14.752 million. The net assets based on latest available unaudited financial statements of Provident Fund as at December 31, 2020 are Rs. 60.907 million invested as provided in Section 218 of the Companies Act, 2017 and the rules formulated for the purpose. The carrying value of investments of the provident fund as at December 31, 2020 was Rs. 60.907 million. The above investments out of provident fund have been made in accordance with the requirement of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

Break up of investments	IGI General		IGI Life	
	(Rupees in '000)	% of the size of the fund	(Rupees in '000)	% of the size of the fund
Government securities	93,860	77.26%	-	0.00%
Listed securities	6,728	5.54%	-	0.00%
Bank deposits	2,546	2.10%	59,361	97.46%
Mutual Funds	13,340	10.98%	-	0.00%
Other assets	-	0.00%	1,546	2.54%
Term finance certificates	5,000	4.12%	-	0.00%
Total	121,474	100.00%	60,907	100.00%

14 STAFF STRENGTH

	Holding Company		Subsidiary Company	
	2020	2019	2020	2019
	(Number of employees)			
Number of employees as at December 31	-	-	471	458
Average number of employees during the year	-	-	463	450

14.1 All the employees are on the payroll of the group companies and their cost is charged to the Holding Company under the group shared services arrangement.

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
(Number of shares)			(Rupees in '000)	
1,942,187	1,942,187	Ordinary shares of Rs. 10 each issued as fully paid in cash	19,422	19,422
139,351,330	139,351,330	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	1,393,513	1,393,513
1,337,033	1,337,033	Issued for consideration other than cash	13,370	13,370
142,630,550	142,630,550		1,426,305	1,426,305

16 NON CONTROLLING INTEREST

	Note	2020	2019
		(Rupees in '000)	
Opening balance		363,600	215,642
Subscription of right shares		-	170,848
Loss for the year		(16,566)	(33,988)
Other comprehensive (loss) / income		(1,430)	11,098
		345,604	363,600

17 LONG TERM LOAN

Long term loan - secured	17.1	766,665	1,399,999
Less: current maturity of long term loans		(466,665)	(633,334)
		300,000	766,665

17.1 This includes long term loan amounting to Rs. 1,500 million obtained from Habib Bank Limited during 2017 for the purpose of injecting equity in IGI General. The loan carries markup rate at 6 month KIBOR + 0.03% per annum (2019: 6 month KIBOR + 0.03% per annum). Principal repayment is to be made in 10 equal semi-annual installments starting from the 6th month after the disbursement and subsequently, every six months thereafter. During the current year, two installments of Rs. 150 million each have been paid. The facility is secured against pledge of shares held by IGI Investments.

This also includes long term finance facility amounting to Rs. 166.665 million (2019: Rs. 499.999 million) from Allied Bank Limited used for the purpose of participation in equity investment in Packages Real Estate (Private) Limited i.e. Packages Mall project. The loan carries markup rate at 6 month KIBOR + 0.3% per annum. Principal repayment is to be made in 6 equal semi-annual installments starting from the 30th month after the disbursement of loan and subsequently, every six months thereafter. This facility is secured against pledge of shares held by the IGI Investments.

18 LEASE LIABILITIES AGAINST RIGHT-OF-USE ASSETS

	2020	2019
	(Rupees in '000)	
Lease liabilities against right-of-assets		
- Motor vehicles	172,303	186,061
- Premises	126,739	41,956
	299,042	228,017
Current portion	72,863	69,471
Non-current portion	226,179	158,546
	299,042	228,017

	2020			2019		
	Minimum Lease Payments	Financial charges	Principal outstanding	Minimum Lease Payments	Financial charges	Principal outstanding
	(Rupees in '000)					
Not later than one year	108,577	35,714	72,863	89,333	19,862	69,471
Later than one year and not later than five years	256,841	30,662	226,179	187,811	29,265	158,546
	365,418	66,376	299,042	277,144	49,127	228,017

19 DEFERRED TAXATION - NET

	Note	2020	2019
		(Rupees in '000)	
Deferred tax (debits) / credits have arisen in respect of:			
Accelerated tax depreciation and amortisation		31,520	30,530
Investment in associates and joint venture		1,336,177	1,395,522
Investment classified as available for sale		(28,897)	15,233
Provision for doubtful receivables		(103,394)	(102,572)
Unused tax losses		(14,474)	(12,134)
Provision for leave encashment		(663)	(240)
Defined benefit plan		(9,387)	(5,615)
Lease liabilities against right-of-use assets		(46,850)	(51,481)
Right-of-use-assets		46,541	52,255
Deficit of statutory funds		(262,208)	(60,551)
		948,365	1,260,947

20 SHORT TERM LOAN

Short term loan	20.1 & 20.2	2,800,696	2,614,278

20.1 This includes short term credit facilities available from various commercial banks under mark-up arrangements amounting to Rs. 2,750 million (2019: Rs. 2,750 million). Unutilised amount as at December 31, 2020 amounts to Rs. 1,107.003 million (2019: Rs. 1,256.885 million). The rates of mark-up on these facilities range from 7.28% to 7.67% per annum (2019: 13.89% to 14.16% per annum). These facilities are secured against pledge of shares held by IGI Investments.

20.2 This also includes short term credit facility available from Habib Bank Limited under a mark-up arrangement amounting to Rs. 1,500 million. Unutilised amount as at December 31, 2020 amounts to Rs. 342.301 million. The rate of mark-up on this facility is 1-month KIBOR + 0.25% per annum (2019: 1-month KIBOR + 0.25% per annum). The facility is secured against pledge of shares held by IGI Investments.

21 TRADE AND OTHER PAYABLES

	Note	2020	2019
		(Rupees in '000)	
Federal excise duty		42,397	39,871
Federal insurance fee		2,887	5,554
Agent commission payable		408,155	276,461
Cash margin		258,329	286,116
Certificates of deposit	21.1	594	594
Deposit under lease contracts	21.2	192,441	193,965
Payable against sale of marketable securities		753,881	469,469
Payable against profit on unutilised funds		3,172	2,863
Accrued expenses		324,734	410,402
Payable to National Clearing Company of Pakistan Limited (NCCPL)		2,553	56,933
Qard-e-hasan		-	32,000
Experience refund payable		31,149	98,106
Others		376,078	280,836
		2,396,370	2,153,170

21.1 This represents certificates of deposit acquired by the Holding Company as part of the amalgamation of IGI Investment Bank Limited (the Investment Bank) with and into IGI Insurance Limited as at December 31, 2016 that has been retained by the Holding Company as part of the Scheme of Arrangement.

The outstanding amount relates to two depositors with aggregate deposits amounting to Rs. 0.594 million (2019: Rs. 0.594 million) as they are untraceable. These certificates of deposits have already matured and mark-up payable on these till maturity is Rs. 0.034 million (2019: Rs. 0.034 million). In order to secure the amount for repayment of such deposits till the time parties are traced or lien matter is settled, the Holding Company has placed this amount in a money market fund of NBP fund management limited with authority to Central Depository Company (CDC) to operate the said account on its behalf and to pay the depositors as and when traced in accordance with the directions of the Securities and Exchange Commission of Pakistan (SECP).

21.2 This represents security deposits under lease contracts acquired as part of the amalgamation of IGI Investment Bank Limited with and into IGI Insurance Limited (now IGI Holdings) with effect from December 31, 2016 that has subsequently been retained by the Holding Company as part of the Scheme of Arrangement, against which an equivalent amount of residual value is receivable.

22 CONTINGENCIES AND COMMITMENTS

22.1 Holding Company

The following contingencies were acquired by the Holding Company as part of amalgamation of Ex. IGI Investment Bank Limited (the Investment Bank) with and into IGI Insurance Limited (now IGI Holdings Limited) with effect from December 31, 2016 that have been retained by the Holding Company as part of the scheme of arrangement.

- A suit had been filed against the Investment Bank before the High Court of Sindh (the Court) for declaration, damages for Rs. 81.570 million and recovery of Rs. 1 million along with interest, mark-up in connection with the transaction of asset backed securitisation between the parties. Issues had been framed for determination by the Court and the matter is at the stage of the evidence of the parties. The management, based on the advice of its legal advisor is confident that the matter will be decided in favour of the Holding Company.

- A suit had been filed against the Investment Bank impleaded as defendant No. 6 before the High Court of Sindh for declaration, permanent injunctions, specific performance, settlement and/or rendition of accounts and/or cancellation of cheques and damages of Rs.100 million. The Investment Bank arranged lease finance for buses which were given on lease to a customer. The Court granted leave to defend the suit to all the defendants and the matter is at the stage of evidence of the parties. The management, based on the advice of its legal advisor is confident that the matter will be decided in favour of the Holding Company.

- There are no material commitments as at December 31, 2020 and December 31, 2019.

22.2 IGI General

The following contingencies were transferred to and vested into IGI General Insurance Limited (IGI General) with effect from close of business on January 31, 2017 that have been retained by IGI General as part of the scheme of arrangement:

- IGI General is defending a suit against it by M/s Nawaz Enterprises for recovery of Rs. 9.45 million on account of insurance claim. The management, based on the advice of the legal counsel, is confident that the outcome of the case is likely to be in favor of IGI General.

- IGI General is defending a suit filed against it and the beneficiary on account of damages by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge. The management, based on the advice of the legal counsel, is hopeful that the outcome of the case is likely to be decided in favor of IGI General.

- An appeal was filed before the Commissioner - Appeals, the Sindh Revenue Board (SRB) against the order passed by the Assistant Commissioner, SRB under section 23(1) of the Sindh Sales Tax on Services Act, 2011 for tax periods July 2011 to December 2012 in respect of re-insurance accepted transactions which was decided against IGI General. The department alleged that IGI General provided re-insurance services to local insurance companies and demanded Sindh sales tax on services under Sindh Sales Tax on Services Act, 2011. The Commissioner Appeals had decided the matter against IGI General. Against the order of the Commissioner - Appeals, further appeal had been filed before the Appellate Tribunal, SRB on January 16, 2015, which was also decided against IGI General. IGI General had filed an appeal in the Honorable High Court of Sindh which is pending adjudication. The management, based on the advice of the legal counsel, is hopeful that the outcome of the case will be decided in favor of IGI General.

- During the year 2018, the Sindh Revenue Board (SRB) raised a demand of tax of Rs 430.412 million under section 23(1) of Sindh Sales Tax on Services Act (SSTA), 2011, in respect of sales tax on reinsurance obtained from foreign re-insurers by IGI General. The department has also imposed a penalty of Rs 21.520 million.

  The department alleged that IGI General has received re-insurance services from foreign re-insurance companies for the period from July 2011 to December 2014 and it is the contention of the department that these services are liable to sales tax under SSTA, 2011. The department attached IGI General's bank account and directed IGI General's banker to issue pay orders to SRB. The pay orders of Rs 58.028 million from IGI General's bank account were issued by IGI General's banker on December 27, 2018 upon direction of SRB.

IGI General has filed an appeal before the Commissioner Appeals on December 28, 2018 against the above order. The management in hearings held, during the year, before the Commissioner (Appeals) SRB has submitted that:

- The payments to foreign re-insurance companies are not a service and is merely a re-distribution of the insurance risk and therefore the insurance premium. There is no value addition involved since in essence it is a sharing of the insurance risk between the insurer and re-insurers. The management believes that the gross premium charged by the insurer was already subject to Sales Tax on the gross amount, hence it is illogical to again subject it to sales tax upon its re-distribution keeping in view the fact that neither any service is being provided to the policy holder nor any value addition is being made.

- These risk sharing arrangements have been made by IGI General with the re-insurance companies incorporated outside Pakistan with no legal or physical presence therefore it is of the view that the provisions of Sindh Sales Tax laws are not applicable to these type of arrangements and are outside the jurisdiction of Sindh Sales Tax laws.

  The management believes that even if it is assumed that Sindh Sales Tax on re-insurance provided to insurer / insurance companies is applicable, the law does not provide any mechanism for calculating the basis on which such tax will be imposed and its related payment and the same would have been claimed as adjustable input tax by IGI General against its output tax liability.

  IGI General had also filed a constitutional petition before the Honorable High Court of Sindh at Karachi (the Court) on December 28, 2018 seeking protection from the above mentioned coercive action taken by the tax department. The Court had suspended the above mentioned attachment notice and also instructed the bank that the said pay orders should not be encashed.

  During the year, the Court of Sindh has disposed of the constitutional petition together with the other similar petitions and has ordered SRB not to enforce recovery of impugned demand before expiry of seven days of the receipt of the final decision in appeal or stay application by the Commissioner (Appeals) SRB, whichever is earlier.

  The management, based on the advice received from their tax and legal advisors, is confident that this matter is likely to be decided in favour of IGI General. IGI General has recorded Rs 58.028 million as 'other receivable' in these consolidated financial statements.

- There are no material commitments as at December 31, 2020 and December 31, 2019.

22.3 IGI Investments

There are no material contingencies and commitments as at December 31, 2020 and December 31, 2019.

22.4 IGI Life

- With effect from November 1, 2018, the Punjab Revenue Authority (PRA), withdrew the exemption on both, life and health insurance, and subjected the same to the levy of Punjab Sales Tax (PST). Previously, the Sindh Revenue Board (SRB) had withdrawn similar exemptions granted in Sindh. However, during 2019, the Sindh Revenue Board, vide notification no. SRB 3-4/5/2019 dated May 8, 2019, restored the exemption on both, life and health insurance business uptil June 30, 2019.

  With effect from July 1, 2019, in Sindh, the SRB, vide its notifications SRB-3-4/16/2019 and SRB-3-4/14/2020, extended the exemption to health insurance upto June 30, 2021. For individual life insurance, the SRB prescribed a reduced rate of 3% on gross premium written. The exemption to Group Life insurance lapsed on June 30, 2019. Hence, Group Life Insurance was made taxable at the full rate of 13%. The SRB, however, vide its notification SRB-3-4/13/2020 dated June 22, 2020, provided exemptions to Individual Life and Group Life Insurance subject to e-deposit of sales tax payable thereon, as were provided or rendered during the period from July 1, 2019 till June 30, 2020. IGI Life, however, has not availed this exemption.

  With effect from April 2, 2020, in Punjab, the Government of the Punjab (Finance department), as part of COVID relief, amended Second Schedule to the Punjab Sales Tax on Services Act, 2012

and changed sales tax rates on health and life insurance to 0% without input tax adjustment for the period from notification's effective date till June 30, 2020. This tax exemption is however retained only in case of Individual Health Insurance through Punjab Finance Act, 2020 which is effective from July 1, 2020.

The Insurance Association of Pakistan (IAP) had taken up the matter extensively with PRA and SRB for restoration of the exemptions that were withdrawn, besides seeking legal advice. The legal advisors of the IAP/IGI Life have confirmed the contention of IGI Life that insurance is not a service, but infact, in sum and substance, a contingent contract under which payment is made on the occurrence of an event, specified in the terms of contract or policy, and is thus a financial arrangement. Superior courts in foreign jurisdictions have held that insurance is not a service.

The legal advisors have also raised the important question of constitutionality of the levy of provincial sales tax on life insurance, which is a Federal subject, and have expressed the view that under Article 142 of the Constitution of Pakistan, only those matters which are not enumerated in the Federal Legislative List, may be legislated upon by the provinces. In their view, since the Federation has retained a legislative mandate over all laws relating to insurance, therefore, only the Federation is entitled to levy any tax in relation to insurance business.

Without prejudice to the main contentions as stated above, even otherwise, the legal advisors have expressed in their opinions a further flaw in the context of the manner in which the entire premium payment, i.e. Gross Written Premium (GWP) is being charged to the levy of provincial sales tax. This is despite the fact that there are two distinct elements of GWP (i) the amount allocated towards the policy holders' investment, which belongs to them and (ii) the difference between the GWP charged and the investment amount allocated. Thus, in their view, if the entire GWP is subjected to provincial sales tax, then this is akin to a direct tax on policy holders, in the nature of income tax, wealth tax, or capital value tax, all of which fall exclusively within the domain of Federal Legislature.

Based on the above contentions, IGI Life and other life insurance / health insurance companies challenged the levy of PST on life and health insurance in the Punjab through a writ petition in the Honorable Lahore High Court (LHC) in September 2019. Subsequent to the filing of the petition, in October 2019, the PRA issued a show cause notice to IGI Life and other life insurance companies, attempting to levy PST on the Pan Pakistan GWP, i.e. beyond their jurisdiction, and for the entire calendar year 2018, besides other inaccuracies. IGI Life and other life insurance companies have filed further Writ Petitions in the Honorable Lahore High Court against the same. The petition is pending adjudication.

In Sindh, extensive discussions were held at the collective level of IAP with the SRB for the restoration of exemption on life insurance, which remained inconclusive. In November 2019, IGI Life, and other life insurance companies received show cause notices from the SRB, requiring the companies to deposit the SST on life insurance. Based on the same contentions as PST, IGI Life and other life insurance companies, have filed a Petition in the Honorable Sindh High Court (SHC) in November 2019, challenging the levy of SST. The Honorable SHC, in their interim order dated December 2, 2019, directed that the request of the petitioners, seeking exemption in terms of Section 10 of the SST Act, 2011, shall be considered by the SRB in accordance with the law. The Petition is pending adjudication.

In January 2020, the SRB, PRA and BRA invited the IAP and insurance industry to hold a dialogue for an amicable settlement of the matter. IGI Life, along with the IAP and other insurance companies participated in the meeting convened by Chairman SRB, and will continue its efforts to convince the provincial revenue authorities about the merits of the case.

The legal advisors, in their opinion, have expressed the view that IGI Life has a reasonably strong case on the merits of the Petitions filed in both, the Honorable LHC and Honorable SHC, against the imposition of the provincial sales taxes on life and health insurance in the Punjab and on life insurance in Sindh.

- There are no material commitments as of December 31, 2020 and December 31, 2019.

22.5 IGI Finex

- During the financial year ended June 30, 2012, a brokerage house filed a lawsuit against IGI Finex in the High Court of Sindh for recovery of Rs. 18.433 million together with mark-up on debit balances outstanding in its books and records on account of various transactions. Initially, IGI Finex had filed a counter affidavit against the application filed by the Complainant to seek an interim order. During the financial year ended June 30, 2013, IGI Finex filed a written Statement in this lawsuit, while the Plaintiff has filed a rejoinder to the counter affidavit filed by IGI Finex. IGI Finex has also filed a lawsuit against the same brokerage house and an ex-official of IGI Finex in the High Court of Sindh to recover the outstanding balance appearing in IGI Finex's books of account before provision. The court has issued notices to the defendants. Both the management and the legal counsel are of the view that there is a reasonable probability of IGI Finex's success in both lawsuits.

- During the financial year ended June 30, 2010, one of the customers of IGI Finex filed a lawsuit against IGI Finex before the High Court of Sindh for the recovery of Rs. 3.5 million along with damages of Rs. 100 million. The aforementioned lawsuit is counterblast to IGI Finex's suit for recovery of Rs. 0.97 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2010 before the Senior Civil Judge Karachi, South, which was subsequently transferred to the Honorable High Court of Sindh at Karachi, on IGI Finex's civil transfer application, moved under section 24 read with section 151 of Civil Procedure Code. Both the management and the legal counsel are of the view that there is a reasonable probability of IGI Finex's success in both lawsuits.

- During the financial year ended June 30, 2010, one of the customers of IGI Finex had filed a lawsuit against IGI Finex in the Court of Senior Civil Judge Karachi, South for the recovery of Rs. 12.6 million along with mark-up thereon. The said lawsuit is counterblast to IGI Finex's suit for recovery of money, declaration and permanent injunction for recovery of Rs. 3.3 million along with liquidated damages at the rate of 24%, filed during the financial year ended June 30, 2009 before the Honorable High Court of Sindh. Both the management and the legal counsel are of the view that there is a reasonable probability of IGI Finex's success in both lawsuits.

- During the year ended June 30, 2009, a brokerage house filed suit before the Honorable Civil Judge, Lahore for declaration and permanent injunction against IGI Finex. The brokerage house filed a contempt petition and a petition under section 33 of the Arbitration Act against IGI Finex before the Honorable Civil Judge, Lahore. Furthermore the brokerage house also filed a civil revision before the Honorable Lahore High Court, Lahore Bench against an order passed by the learned Civil Judge wherein the learned Civil Judge was pleased to dismiss the temporary injunction granted to the brokerage house, the said order was also affirmed in appeal. Further, IGI Finex has filed a suit for recovery for Rs. 53.062 million along with liquidated damages and a petition before National Accountability Bureau (NAB) against the brokerage house. Both the management and legal counsel are of the view that there is a reasonable probability of IGI Finex's success in the lawsuit.

- There are no material commitments as at December 31, 2020 and December 31, 2019.

The contingencies relating to taxation are disclosed in note 29.2 to the consolidated financial statements.

22.6 Associates

Group's share in contingencies of associates accounted for under equity method is Rs. 288.40 million (2019: Rs. 223.30 million).

23 OPERATING REVENUE

	Note	2020	2019
		(Rupees in '000)	
Net premium income		8,255,974	7,042,147
Dividend income		925,911	880,216
Return on government and debt securities		1,709,854	1,680,475
Fee, commission and brokerage		195,825	103,901
Wakalah fee income		140,602	108,841
Reversal of premium deficiency		21,111	-
Unrealised (loss) / gain on investments - net		(4,368)	76,216
Gain on sale of investments - net		252,959	9,884
		11,497,868	9,901,680

24 OPERATING EXPENSES

Net claims		5,390,786	5,971,775
Reversal of premium deficiency		-	608
Commission expense - net		1,805,888	999,590
Management expenses	24.1	1,568,296	1,720,124
		8,764,970	8,692,097

24.1 Management expenses

Salaries, wages and benefits	876,404	884,601
Rent, rates and taxes	31,909	43,549
Utilities	27,950	24,927
Repairs and maintenance	28,563	38,691
System maintenance	73,552	126,160
Education and training	3,618	1,680
Computer expenses	2,479	1,875
Communication	55,521	58,920
Impairment / provision for doubtful receivables	25,682	26,298
Security expenses	63,821	98,569
Consultancy fee	8,840	16,940
Directors' fee	8,195	7,254
Actuary's fees	7,956	8,692
Shariah advisor fees	1,373	1,260
Legal and professional charges	40,587	39,284
Advertisement expenses	10,923	17,665
Stationery and printing	26,637	26,799
Depreciation and amortisation	171,251	126,640
Travelling	58,627	102,237
Miscellaneous	44,408	68,083
	1,568,296	1,720,124

25 OTHER INCOME

From financial assets		
Profit on savings accounts and term deposits	225,281	323,313
Recoveries against bad and doubtful loans and advances / lease losses - net	20,893	14,998
	246,174	338,311
From non-financial assets		
Rental income	-	3,069
Gain on disposal of assets - net	18,462	15,417
Other	80,015	47,564
	98,477	66,050
	344,651	404,361

26 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2020	2019
		(Rupees in '000)	
Salaries, wages and benefits		168,189	138,439
Rent, rates and taxes		11,167	5,544
Repairs and maintenance		4,453	3,570
Insurance expenses		13,084	11,304
Motor car expenses		3,210	-
Tour and travelling		594	1,420
Stationery and printing		859	3,462
Depreciation and amortisation		113,271	104,866
Advertisement expenses		12,764	63,065
Legal and professional		21,162	27,757
Regulators fee		16,700	27,377
Fee & subscription		15,102	11,069
Others		57,899	34,141
		438,454	432,014

27 OTHER EXPENSES

Auditors remuneration	27.1	27,140	30,493
Donations	27.2	6,132	204
Financial charges		429,251	471,423
		462,523	502,120

27.1 Auditors' remuneration*

Fee for statutory audit	5,706	5,166
Fee for interim review	1,475	1,300
Fee for audit of consolidated financial statements	1,400	1,000
Fee for audit of regulatory returns, special certifications and sundry services	13,671	19,213
Other advisory services	2,382	1,620
Out of pocket expenses	2,506	2,194
	27,140	30,493

* This represent auditors remuneration of the Holdings Company and subsidiary companies.

27.2 This represents donation paid to Packages Foundation (a related party) in 2020.

28 SHARE OF PROFIT / (LOSS) OF ASSOCIATES AND JOINT VENTURE UNDER EQUITY ACCOUNTING - NET

Name of associates / joint venture	2020				2019			
	Profit / (loss) after tax	Other comprehensive income after tax	Share of profit / (loss) after tax	Share of other comprehensive income after tax	Profit / (loss) after tax	Other comprehensive income after tax	Share of profit / (loss) after tax	Share of other comprehensive income after tax
Packages Limited	4,496,495	(5,481,888)	1,414,013	(1,508,209)	278,061	(3,747,941)	94,749	(1,414,366)
Dane Foods Limited	-	-	-	-	-	-	-	-
Packages Real Estate (Private) Limited	(308,295)	-	(76,595)	-	41,735	-	10,369	-
S.C Johnson & Son of Pakistan (Private) Limited	(121,256)	-	(54,565)	-	-	-	-	-
	4,066,944	(5,481,888)	1,282,853	(1,508,209)	319,796	(3,747,941)	105,118	(1,414,366)

29 TAXATION

	2020	2019
	(Rupees in '000)	
For the year		
- Current	752,347	612,629
- Prior year	252	(3,007)
- Group tax adjustments	(179,830)	(178,632)
- Deferred	(71,167)	(142,217)
	501,602	288,773

29.1 Tax charge reconciliation

	Note	2020	2019
		(Rupees in '000)	
Profit before tax		2,222,393	939,097
Tax calculation at the rate of 29% (2019: 29%)		644,494	272,338
Effect of items taxable under lower rates		(53,260)	113,986
Effect of permanent differences		83,530	97,507
Prior year		252	(3,007)
Group tax adjustments		(179,830)	(178,632)
Others		6,416	(13,419)
		501,602	288,773

29.2 Contingencies related to tax matters:

29.2.1 Holding Company

- Income tax returns for the tax years 2011, 2012, 2013, 2014, 2015, 2016 and 2017 have been filed by the Ex. IGI Investment Bank Limited (Investment Bank) / now IGI Holdings Limited on due dates that are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001.

Matters that are being contested mainly include the following:

(a) The rate of tax applied in computing the tax liability of the Investment Bank was the one applicable to a banking company instead of the rate applicable for a public company (Assessment years 1991-92 to 2000-01). The Lahore High Court vide orders in CTR No.04 of 2005 and CTR No. 02 of 2008 for the assessment years 1993-1994 to 1997-98 had decided this issue in favour of the Investment Bank by rejecting the reference application filed by the tax department.

(b) The Investment Bank is a non banking finance company in accordance with the provisions of section 2(10) of Income Tax Ordinance, 1979 read with Section 5(b) & 5(c) of the Banking Companies Ordinance ,1962. In light of said provisions the Investment Bank is an investment finance company, so its dividend income should be taxed as a separate block of income at the reduced rate. The above mentioned issue is decided in favour of the Investment Bank by The Lahore High Court, vide orders in CTR No.04 of 2005 and CTR No. 02 of 2008 for the assessment years 1993-1994 to 1997-98.

(c) Addition on account of accounting depreciation as a result of restricting the claim of accounting depreciation upto net income from leased assets (Tax year 2003). The Appellate Tribunal Inland Revenue, Lahore (ATIR) vide order No. ITA No. 1074/LB/2008 dated November 07, 2018 decided the appeal on the said point in favour of the Investment Bank.

(d) Disallowance of certain expenses and additions to taxable income on account of lease key money, lease rentals, excess perquisites and miscellaneous expenses relating to various assessment years (assessment years 1995-96 to 2000-01).

(e) Charging minimum tax under section 113 of the Ordinance without allowing adjustment of tax paid under final tax regime (Tax years 2008 and 2010). The ATIR vide consolidated order No. ITA No. 1716/LB/2013 & ITA No. 1717/LB/2013 dated January 09, 2019 decided the appeals on the said point in favour of the Investment Bank.

(f) Disallowance of initial depreciation on leased commercial vehicles (Tax years 2004, 2005, 2006 and 2007). For Tax years 2004 & 2005, the ATIR vide orders No. ITA No. MA(AG) No. 48/LB/2019 / ITA No. 1581/LB/2011 and ITA No. 1263/LB/2012 dated November 25, 2019 and November 07, 2018 respectively has declared the amended orders for the said years as illegal being Time Barred. For tax years 2006 & 2007, the ATIR vide consolidated order Nos. ITA No. 498/LB/2012 & ITA No. 499/LB/2012 dated March 26, 2018 has remanded back the case for readjudicating.

(g) Addition as a result of proration of expenses between exempt income (capital gains), dividend income and business income (Assessment / Tax years 2002-03, 2003, 2004, 2005, 2006 and 2007). For assessment year 2002-03, appeal is pending before ATIR. For Tax years 2004 & 2005, the ATIR vide orders No. ITA No. MA(AG) No. 48/LB/2019 / ITA No. 1581/LB/2011 and ITA No. 1263/LB/2012 dated November 25, 2019 and November 07, 2018 respectively has declared the amended orders for the said years as illegal being time barred. For Tax years 2006 & 2007, the ATIR vide consolidated order Nos. ITA No. 498/LB/2012 & ITA No. 499/LB/2012 dated March 26, 2018 has remanded back the case for readjudicating.

(h) Addition on account of allocation of finance cost to brokerage and commission income amounting to Rs.18.445 million (Tax Year 2009).

(i) Addition on account of specific provisions of Rs. 117.639 million (Tax Year 2009).

The management and its tax advisor are confident that all above matters will eventually be decided in favor of IGI Holdings.

- Income tax return for the tax year 2017 was filed by IGI Holdings that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. IGI Holdings, during year ended December 31, 2018, received notice from Additional Commissioner Inland Revenue (ACIR) for explanations over the matters raised in the notice prior to the amendment in the assessment under section 122 (5A) of the Income Tax Ordinance, 2001.

  The principal observations raised by ACIR were related to levy of tax on undistributed profits and super tax, admissibility of tax losses of formerly IGI Investment Bank Limited and deductions claimed on account of write-offs. IGI Holdings filed constitutional petitions for the matters pertaining to the levy of tax on undistributed profits and super tax and obtained stay order against any adverse action in relation thereto and also submitted its response / explanations to ACIR.

  During the year ended December 31, 2019, ACIR passed order against the response submitted by the Holding Company and raised tax demand of Rs. 435.869 million on matters raised in the notice except for the admissibility of deductions on account of write-offs. The Holding Company filed an appeal with the Commissioner Inland Revenue (Appeals) (CIRA) and the learned CIRA, on the merits of the case, decided appeal in favor of the Holding Company on account of admissibility of tax losses of formerly IGI Investment Bank Limited, while upheld decision of ACIR on the matters pertaining to levy of tax on undistributed profits and super tax which is already pending adjudication at the Honorable High Court of Sindh. As a result of order passed by CIRA, management estimates that tax demand has been reduced by Rs. 223.221 million. However, an appeal effect order is pending in this regard.

  During the year, Holding Company has filed an appeal with Appellate Tribunal Inland Revenue (ATIR) on the matters decided in favor of ACIR by the learned CIRA, while ACIR has also filed an appeal with ATIR on the matter of admissibility of tax losses decided in favor of the Holding Company, both of which are currently pending adjudication.

- Income tax return for the tax year 2018 was filed the Holding Company that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. During the year, the Holding Company received a notice to amend assessment under section 122 (5A) from Additional Commissioner Inland Revenue (ACIR) for explanations over the matters raised in the notice prior to the amendment in the assessment under section 122 (5A) of the Income Tax Ordinance, 2001.

  The principal observations raised by ACIR were related to taxation of dividend and commission income at corporate tax rate, levy of super tax and inadmissible deductions of provision against investments and doubtful debts and impairment of goodwill. The Holding Company filed constitutional petition for the matter pertaining to the levy of super tax and obtained stay order against any adverse action in relation thereto and also submitted its response / explanations to ACIR.

The ACIR passed order against the response submitted by the Holding Company and raised tax demand of Rs. 475.538 million on matters raised in the notice except for the matters related to admissibility of deductions of provision against investments and doubtful debts. The Holding Company filed an appeal with the Commissioner Inland Revenue (Appeals) (CIRA) and the learned CIRA, on the merits of the case, remanded back matters related to taxation of dividend and commission income at corporate tax rate and impairment of goodwill while confirming decision of ACIR on account of levy of super tax which is already pending adjudication at the Honorable High Court of Sindh.

The Holding Company has filed response to ACIR on the issues remanded back by the learned CIRA and has also filed an appeal with Appellate Tribunal Inland Revenue (ATIR) against order of the learned CIRA in the matters related to taxation of dividend and commission income at corporate tax rate, impairment of goodwill and levy of super tax.

During the year, the Honorable High Court of Sindh has passed its judgment in the various constitutional petitions filed by various parties including IGI Holdings on the matter of levy of super tax. The Honorable High Court, while dismissing the petitions has held that the Super Tax has been validly levied under the constitution. IGI Holdings has challenged the decision of Honorable Sindh High Court in the Supreme Court of Pakistan jointly with the other petitioners. The learned Supreme Court has restrained tax department from any coercive action against petitioners subject to deposit of 50% amount of levy of super tax. Subsequent to the year end, IGI Holdings has deposited the said amount pertaining to levy of super tax as directed by the Supreme Court.

- Income tax return for the tax year 2019 was filed by the Holding Company that is deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001. During the year, the Holding Company received a notice to amend assessment under section 122 (5A) from Additional Commissioner Inland Revenue (ACIR) for explanations over the matters raised in the notice prior to the amendment in the assessment under section 122 (5A) of the Income Tax Ordinance, 2001.

  The principal observations raised by ACIR are related to levy of super tax and apportionment of expenses. The Holding Company filed constitutional petition for the matter pertaining to the levy of super tax and obtained stay order against any adverse action in relation thereto. Subsequent to the year end, IGI Holdings has also submitted its responses / explanations to ACIR.

  Subsequent to the year end, the ACIR has passed its order creating tax demand of Rs. 278.750 million on account of apportionment of expenses and disallowance of certain expenses. The management is in process of filling an appeal before Commissioner Inland Revenue (Appeals) against the order passed by ACIR.

  The management, based on the advice of its tax advisor, is confident of favourable outcome of the above proceedings.

- There are no material commitments as at December 31, 2020 and December 31, 2019.

29.2.2 IGI General

The income tax assessments of IGI General have been finalised up to and including the tax year 2017. However, IGI General has filed appeals in respect of certain assessment years which mainly relate to the following:

- While finalising the assessment for the year 1999-2000 the Taxation Officer had not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.

  IGI General has also filed applications in respect of certain mistakes made in the orders passed under section 124 of the Income tax Ordinance for 2001-2002 and 2002-2003. The applications

filed were rejected by the Tax Officer against which appeals had been filed with the CIT (A) which are pending.

The Additional Commissioner of Income Tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from associates. Against the above notice, IGI General has filed a constitutional petition before the Honorable High Court. The regular hearing of petition is currently pending with the High Court.

- In respect of tax year 2007, all significant issues involved amounting to Rs. 7 billion were decided in favor of IGI General by CIR(A) and then by the ATIR. However, no appeal effect order has been passed. Further, certain matters amounting to Rs. 82 million that were remanded back to DCIR by the CIR(A) were not decided upon by the High Court. IGI General has written a letter to the taxation officer for passing appeal effect orders. The department had filed Income Tax Reference Application before Honorable High Court of Sindh against the deletion of the addition made on account of re-characterisation of actual realized capital gain. The said Income Tax Reference Application was heard by Honorable High Court and the judgment has been passed in favour of IGI General.

  The tax department has further filed a civil petition before the Honorable Supreme Court of Pakistan against the judgement of the Honorable High Court which is pending adjudication.

- In case of tax year 2008, the Additional Commissioner Audit Division-II had issued notice under section 122 (5A) of the Ordinance for passing an amended order on certain issues. IGI General filed a writ petition before the Honorable High Court of Sindh which dismissed the petition by directing IGI General to submit its responses to the assessing authority. Moreover, the Honorable High Court had directed the assessing authority to pass the order, preferably within two months of the service of the Court's order, strictly in accordance with law keeping in view the provisions relating to insurance business and the decisions of the High Court and the Supreme Court on the subject issues. However, to date no notice has been received from the taxation authorities.

  The Additional Commissioner Audit zone III LTU Karachi issued another notice under section 122(5A) of the Ordinance in May 14, 2014 and passed an amended assessment order under section 122(5A) by disallowing provision for IBNR and allocation of expense against capital gains and dividend income. As a result of amended assessment demand of Rs. 63.166 million was created. Against the disallowances made by the ACIR, IGI General has filed an appeal before the Commissioner Inland Revenue (Appeals) and also filed an application for stay of demand. Pursuant to the stay application, the CIR(A) has granted stay of demand to IGI General. Against the above disallowance, IGI General filed an appeal before the learned Appellate Tribunal Inland Revenue. Further, IGI General challenged the assessment order on the ground that the assessment was barred by limitation of time. Moreover, the department filed a cross appeal before the ATIR challenging the relief granted by the CIR(A). The ATIR has decided both the appeals on the point of limitation of law as contained under section 122(2) of the Ordinance and have decided the appeal in favor of IGI General. Moreover, the departmental appeal has also been rejected being treated as infructuous. The department has filed a reference application before the Sindh High Court against the order of the ATIR which is pending adjudication.

  Moreover, pursuant to the decision of the CIR(A), the ACIR has passed an appeal effect order duly incorporating the relief granted by the CIR(A) in respect of allocation of expenses and tax refundable of Rs. 18.030 million has been determined.

- In case of tax year 2009, the Deputy Commissioner of Inland Revenue (DCIR) has passed the amended order under section 122(5A) of the Ordinance by disallowing provisions on account of IBNR, unearned commission and allocation of expenses relating to exempt income. As a result of amended assessment demand of Rs 141 million was created. The DCIR has made certain errors in the order for which application for rectification was filed. Rectified order under Section 221 has been passed and as a result demand has been reduced to Rs. 51 million. The learned CIR(A) has granted partial relief in respect of certain issue and confirmed certain disallowances. IGI General

filed further appeal before the appellate tribunal inland revenue (ATIR) in respect of issues on which relief was not allowed by the CIR(A). The ATIR, pursuant to the appeals filed against the order of CIR(A), has now passed the order whereby the ATIR has confirmed disallowance made on account of provision for IBNR. Further issue of allocation of expenses against investment income has been remanded back to CIR(A). As regards, the issue of addition made on account of provision of unearned commission, the ATIR has upheld the decision of CIR(A) whereby disallowance made on this score is deleted. In respect of issues decided against IGI General, a reference application was filed before Honorable Sindh High Court where the IBNR issue has been decided in favor of IGI General whereas remaining issues are pending adjudication.

The Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income, commission income and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. As a result of the amended assessment demand of Rs.31.420 million was created. IGI General paid an amount of Rs.10 million and obtained stay from the Commissioner Inland Revenue till August 31, 2015 in respect of payment of the remaining tax demand of Rs. 21.420 million. Further, against the above treatment meted out by the ACIR, IGI General has filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. IGI General also filed a petition against the said order before the Honorable Sindh High Court which was disposed off with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

- In case of tax year 2010, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed provision of IBNR under section 34(3) of the Ordinance. As a result of the amended assessment demand of Rs.93.445 million has been created. IGI General has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order. IGI General has also filed a petition against the said order before the Honorable Sindh High Court which is pending adjudication.

  Pursuant to the appeal, the learned CIR(A) vide combined appellate order No.21 and 22/A-1 dated 10 March 2016 has decided all issues in favor of IGI General. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

- In case of tax year 2011, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2008 and refund adjustments for tax years 2004 and 2009 in the amended assessment order . Moreover, Workers' Welfare Fund @ 2% of the accounting profit for the year has also been levied. As a result of the amended assessment demand of Rs.142.414 million has been created. IGI General has filed appeal and application for stay of tax demand before the CIR(A) against the above assessment order.

  Pursuant to the appeal, the learned CIR(A) vide combined appellate order No. 21 & 22/A-1 dated 10 March 2016 has decided the following issues in favor of IGI General:

  (a) Chargeability of tax on dividend income and property income at corporate tax rate;
  (b) Provision for IBNR;
  (c) Levy of Workers' welfare fund for the year.

As regards, credit / adjustment of refunds available to IGI General, the CIR(A) has remanded back the issue with the directions to verify the claim of refunds and allow the adjustment as per law. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

- In case of tax year 2012, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR amounting to Rs. 33 million in the amended assessment order. As a result of the amended assessment, demand of Rs. 106.563 million was created. IGI General has obtained stay from the Honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, IGI General also filed an appeal before CIR(A) which is pending adjudication. The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed. The learned CIR(A) has passed the appellate order wherein both the aforesaid issues have been decided in favor of IGI General.

  The department has filed an appeal before Appellate Tribunal, Inland Revenue (ATIR) against the order passed by the CIR(A) which is pending adjudication.

- In case of tax year 2013, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at corporate tax rate (i.e. 35% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR, claim of brought forward loss for the tax year 2012 and has also made an addition on account of disposal of fixed assets at less than fair market value (FMV) in the amended assessment order. As a result of the amended assessment, demand of Rs. 95.008 million was created. Against the aforesaid order, IGI General has filed an appeal before CIR(A). Pursuant to the appeal, the learned CIR(A) vide appellate order No. 10/A-1 dated 05 October 2016 has decided the following issues in favor of IGI General:

  (a) Chargeability of tax on dividend income and property income at corporate tax rate;
  (b) Provision for IBNR amounting to Rs. 33 million;
  (c) Addition on account of disposal of fixed assets.

  Further the CIR(A) has remanded back the issues in respect of adjustment of brought forward loss for the tax year 2012 and credit of Workers' Welfare Fund paid with the return of income. The tax department has filed further appeal before the Appellate Tribunal Inland Revenue(ATIR) in respect of the issues on which relief was allowed by the CIR(A) which is pending adjudication.

- In case of tax year 2014, case of IGI General was selected for audit under section 177 of the ordinance and subsequently, the Deputy Commissioner Inland Revenue (DCIR) has passed an amended assessment order under section 122(1) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 34% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has also disallowed provision of IBNR and has also made an addition on account of disposal of fixed assets at less than Fair Market Value (FMV) and motor car expenses paid in cash under section 21(l) in the amended assessment order. As a result of the amended assessment, demand of Rs. 148.444 million was created. IGI General has obtained stay from the Honorable Sindh High court in respect of the above tax demand. Further, against the aforesaid order, IGI General has also filed an appeal before CIR(A) . The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures taken by the Tax Authorities till the decision of the CIR(A) on the appeal filed.

  Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issues in respect of levy of tax on dividend income at corporate tax rates, disposal of vehicles at less than

FMV and levy of WWF have been decided in favor of IGI General. However, issues in respect of levy of minimum tax under section 113, provision for IBNR and motor car expenses in cash has been decided against IGI General. IGI General has filed further appeal before the ATIR in respect of the issues decided against IGI General except issue of motor car expenses paid in cash, which is pending adjudication.

- In case of tax year 2015, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend and property income has been charged at the corporate tax rate (i.e. 33% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, ACIR has levied Super tax under section 4B of the Ordinance amounting to Rs. 27.743 million and Workers' Welfare Fund for the year. As a result of the amended assessment, a demand of Rs. 234.287 million was created. IGI General has obtained stay from the Honorable Sindh High Court in respect of the above tax demand. Further, against the aforesaid order, IGI General has also filed an appeal before CIR(A) which is pending adjudication. The stay from the Honorable Sindh High Court has been disposed off subsequently with the directions that no coercive measures would be taken by the tax authorities till the decision of the CIR(A) on the appeal filed which is pending adjudication.

  Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issue of levy of tax on dividend income at corporate tax rates has been decided in favor of IGI General whereas the issue of levy of Super tax under section 4B has been decided against IGI General. Furthermore, the CIR(A) has remanded back the issue of levy of WWF. IGI General has filed further appeal before the ATIR in respect of the issue of levy of Super tax, which is pending adjudication.

  The ACIR also passed an appeal effect order whereby a tax demand of Rs.2.776 million was created. While passing the aforesaid order, the ACIR did not consider the impact of payment of WWF for the year amounting to Rs. 3.635 million. Accordingly, a rectification application was duly filed pursuant to which the ACIR has now passed a rectified order whereby a refund of Rs. 0.859 million has been created.

  The ACIR also passed an order under section 221 of the Ordinance charging Super tax under section 4B amounting to Rs 27.912 million. Without prejudice to the stance in appeal, IGI General made payment of Rs 20 million in respect of the Super tax liability under section 4B whereas the remaining Super tax demand of Rs 7.912 million was adjusted against the refund of tax year 2008. IGI General filed an application with the ACIR requesting to annul the order based on various legal grounds, however, no order was passed in this regard. Moreover, IGI General also filed an appeal before the CIR(A) in respect of the order passed under section 221 of the Ordinance. Pursuant to the above appeal, the CIR(A) passed the appellate order wherein the action of the ACIR in charging super tax under section 221 of the Ordinance was annulled. IGI General has written a letter to the concerned taxation officer for passing appeal effect order in line with the appellate order passed by the CIR(A), which is pending. The tax department has also filed further appeal before the ATIR against the order passed by the CIR(A), which is pending adjudication.

- The case for tax year 2015 was further selected for audit under section 177 of the Ordinance. IGI General submitted all the information requested through the Information and Document Request (IDR) pursuant to which a show-cause notice was issued in December 2017. IGI General has submitted its response in respect of the issues raised in the show-cause notice, however, no assessment order has yet been passed.

- In case of tax year 2016, the Additional Commissioner Inland Revenue (ACIR) has passed an amended assessment order under section 122(5A) of the Ordinance wherein tax on dividend income has been charged at corporate tax rate (i.e. 32% for the year) by treating such income as business income of IGI General under Fourth Schedule to the Ordinance. Further, the ACIR has disallowed the claim of expense on account of health administrative services under section 21(c) of the ordinance and has also made an addition on account of disposal of fixed assets at less than Fair Market Value (FMV) in the amended assessment order. As a result of the amended

assessment, demand of Rs. 105.190 million was created. IGI General has filed stay application in respect of the above tax demand in the Honorable High Court of Sindh and also filed an appeal against the aforesaid order before the CIR(A).

Pursuant to the appeal before CIR(A), the CIR(A) has passed the appellate order whereby issues in respect of levy of tax on dividend income at corporate tax rates and disposal of vehicles at less than FMV have been decided in favor of IGI General whereas the issue of non-deduction of tax on payment for health plan administrative services under section 21(c) of the Ordinance has been decided against IGI General.

The management and tax advisor of IGI General are confident that the above matters will be decided in IGI General's favor. Accordingly, no provision has been recognised in these consolidated financial statements.

29.2.3 IGI Finex

- During financial year 2013, audit proceedings under section 177 of the Income Tax Ordinance, 2001 in relation to the Tax Year 2010 were concluded by the Deputy Commissioner Inland Revenue (DCIR) which led to an eventual tax demand of Rs. 6.672 million. The DCIR disallowed certain expenses claimed by IGI Finex as well as claim of exempt capital gain on sale of listed securities, treated certain trade debtors as trade creditors and treated the difference between the amount of salaries as per the annual statement filed under section 165 of the Income Tax Ordinance, 2001 and that disclosed in the financial statements as unexplained expenditure. IGI Finex had filed an appeal with the Commissioner Inland Revenue (Appeals) against the said demand which was heard by the Commissioner.

  During the year ended June 30, 2014, the Commissioner passed an order under which IGI Finex had been allowed certain expenses which were disallowed by DCIR in earlier assessment. DCIR had filed an appeal in Appellate Tribunal Inland Revenue (ATIR) against the said order. The management also filed a second appeal before ATIR. During the year ended June 30, 2017, ATIR in its Order dated May 31, 2017 had remanded back the matter to DCIR, with a direction to ascertain the true facts of the disallowed matters, rejected the appeal of the tax department and upheld the findings of CIR(A). The findings of CIR(A) included remanding back the matter to DCIR of treating certain trade debtors as trade creditors and of treating the difference in the amount of salaries as unexplained expenditure and allowing appeal of IGI Finex that it was not heard by the DCIR before disallowment of the expenses. IGI Finex has submitted an application to the Deputy Commissioner Inland Revenue to give the appeal effect of these matters at the earliest.

The management and tax advisor of IGI FInex are confident that the above matter will be decided in IGI Finex's favor. Accordingly, no provision has been recognised in these consolidated financial statements.

30 EARNINGS PER SHARE

	2020	2019
	(Rupees in '000)	
30.1 Basic earnings per share		
Profit for the year attributable to equity holders of the parent	1,737,357	684,312
	(Number of shares)	
Weighted average number of ordinary shares	142,630,550	142,630,550
	(Rupees)	
Earnings per share	12.18	4.80

30.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at December 31, 2020 and December 31, 2019 which would have any effect on the earnings per share if the option to convert is exercised.

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES OF HOLDING COMPANY

The aggregate amounts charged in these consolidated financial statements for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Group during the year are as follows:

31.1 Holding Company

	Directors	
	2020	2019
	(Rupees in '000)	
Fee for attending board meeting	3,200	1,775
Number of persons	8	8

31.2 Subsidiary companies

	Chief Executive*		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Fee for attending board meeting	-	-	10,850	9,180	-	-
Managerial remuneration	43,611	40,253	16,177	7,236	219,519	255,603
Bonus	16,222	15,663	4,215	-	44,459	35,365
Retirement benefits (including provident fund)	2,648	4,548	784	-	13,568	32,862
Housing and utilities	13,261	12,201	7,580	2,330	43,816	46,480
Medical expenses	1,580	2,205	-	424	2,603	4,506
Conveyance allowance	703	678	304	-	7,263	8,902
Others	4,121	4,991	1,142	311	8,071	4,682
	82,146	80,540	41,052	19,481	339,299	388,400
Number of persons	3	3	14	15	56	108

Salary expense of Chief Executive of IGI Investments is charged through group shared services agreement and no expense is charged in respect of salary of CEO in the Holding Company.

32 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, other related group companies, directors of the Group, key management personnel, major shareholders and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Remuneration of key management personnel is disclosed in note 31. Amounts due to / from and other significant transactions, other than those disclosed else where in these consolidated financial statements, are as follows:

	Associates / joint venture		Post employment benefit plans		Directors		Key Management personnel		Other related parties	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Transactions										
Premium underwritten	468,163	408,290	-	-	-	-	3,184	3,511	-	76,342
Premium collected	442,222	338,537	-	-	-	-	3,184	-	16,986	-
Claims expense	129,791	59,464	-	-	-	-	46	-	-	-
Claims paid	129,791	29,441	-	-	-	-	-	-	-	33,406
Commission expense	-	1,267	-	-	-	-	-	-	-	-
Commission paid	-	2,199	-	-	-	-	-	-	-	-
Dividend received	327,986	400,608	-	-	-	-	-	-	-	15,002
Dividend paid	45,099	45,099	-	-	-	-	-	-	118,534	115,970
Charge for group shared services	62,306	42,805	-	-	-	-	-	-	-	-
Wakalah fee income	-	-	-	-	-	-	-	-	140,602	108,841
Mudarib's share on investment income - income	-	-	-	-	-	-	-	-	6,539	5,110
Charge in respect of gratuity fund	-	-	45,042	32,506	-	-	-	-	-	-
Charge in respect of provident fund	-	-	32,322	30,223	-	-	-	-	-	-
Contribution to gratuity fund	-	-	29,911	31,500	-	-	-	-	-	-
Contribution to provident fund	-	-	17,570	15,352	-	-	-	-	-	-
Charge for administrative services received	26,484	-	-	-	-	-	-	-	-	-
Charge for administrative services provided	7,027	7,704	-	-	-	-	-	-	-	-
Key Management Personnel compensation	-	-	-	-	44,252	21,256	339,299	388,400	-	-
Disposal of fixed assets	522	-	-	-	-	-	-	-	522	-
Sale proceeds from fixed assets	197	-	-	-	-	-	-	-	196	-
Purchase of marketable securities for and on behalf of	-	-	-	-	196,644	190,757	194,756	3,999	537,812	1,276,770
Sale of marketable securities for and on behalf of	-	-	-	-	218,767	190,496	416	2,213	186,164	-
Brokerage income earned	998	-	-	-	556	348	371	23	998	526
Donation	-	-	-	-	-	-	-	-	6,132	-
Balances										
Premium receivable	28,081	2,140	-	-	-	-	-	-	-	16,986
Commission payable	-	-	-	-	-	-	336	-	-	-
Investment in shares	15,470,479	15,969,256	-	-	-	-	-	-	694,175	315,710
Other receivable	24,939	29,242	-	-	-	-	3	-	807	-
Other payable	17,480	-	-	-	400	-	5	-	-	4,355
Retirement benefit obligation	-	-	(57,845)	(43,471)	-	-	-	-	-	-
(Payable to) / receivable from provident fund	-	-	7,984	(2,811)	-	-	-	-	-	-

32.1 Following are the related parties with whom the Group had entered into transactions or have arrangement / agreement in place:

S.No.	Name of related party	Basis of association / relationship	Aggregate % of shareholding
1	Packages Limited	Associate	10.5%
2	Syed Babar Ali	Chairman	19.0%
3	Babar Ali Foundation	Other related party	10.9%
4	Industrial Technical and Educational Institute	Other related party	16.8%
5	DIC Pakistan Limited	Other related party	N/A
6	Packages Real Estate (Private) Limited	Associate	N/A
7	Syed Maratib Ali Trust	Other related party	N/A
8	Tri-Pack Films Limited	Other related party	N/A
9	Bulleh Shah Packaging Limited	Other related party	N/A
10	Omypack Private Limited	Other related party	N/A
11	Packages Lanka	Other related party	N/A
12	Syed Hyder Ali	Key management personnel	6.1%
13	Perwin Babar Ali	Other related party	2.4%
14	Syeda Henna Babar Ali	Other related party	4.2%
15	Chaudhry Tahir Masaud	Key management personnel	N/A
16	Amina Hyder Ali	Other related party	0.2%
17	S.C.Johsons & Son of Pakistan (Private) Limited	Associate	45%

33 OPERATING SEGMENT

33.1 The Group's business is organised and managed separately according to the nature of services provided with the following segments:

Non-Life Insurance (Conventional and Takaful)

- Fire and property insurance provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

- Marine, aviation and transport insurance provides coverage against cargo risk, war risk, damages occurring in inland transit and other related perils.

- Motor insurance provides comprehensive car coverage, indemnity against third party loss and other related coverage.

- Accident and health insurance provides coverage against personal accident, hospitalisation and other medical benefits.

- Miscellaneous insurance provides coverage against burglary, loss of cash in safe and cash in transit, engineering losses, travel and other coverage.

Life Insurance

- The Life (participating) segment provides life insurance coverage to individuals under individual life policies that are entitled to share in the surplus earnings of the statutory fund to which they are referable.

- The Life (non-participating) segment provides life insurance coverage to individuals under individual life policies that are not entitled to share in the surplus earnings of the statutory fund to which they are referable.

- The Life (non-participating) Group segment provides life insurance coverage to employer-employee (and similar) groups of employees / members under a single life policy issued to the employer. The Group policy is not entitled to share in the surplus earnings of the statutory fund to which it is referable.

- The Investment Linked business segment provides life insurance coverage to individuals, whereby the benefits are expressed in terms of units, the value of which is related to the market value of specified assets.

- The Accident and Health - Individual segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals.

- The Accident and Health - Group segment provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

- The Pension Fund segment provides coverage for the purposes of a pension or a retirement scheme with or without the payments being guaranteed for a minimum period.

Family Takaful

- The individual family takaful business segment provides family takaful coverage to individuals under unit-linked policies issued by the Group.

- The Group Family Takaful business segments provides family takaful coverage to members of business enterprises, corporate entities and common interest groups under group family takaful scheme operated by the Group.

- The Group Health Takaful provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to employer-employee (and similar) groups of employees / members under a single policy issued to the employer.

Brokerage business

- The brokerage business segment deals in shares and commodities brokerage, money market and foreign exchange brokerage and advisory and consulting services.

Investments business

- The investment segment pertains to the operating results of IGI Investments in which strategic investments of the Group are held.

33.2 Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium written by the segments.

	2020																		
	General Insurance					Life Insurance													
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscella-neous	Life (Partici-pa-ting)	Life (Non-Participating)		Invest-ment Linked Business	Accident and Health		Pension Business Fund	Takaful Window				Investment business	Brokerage business	Aggregate Total
							Individual	Group		Individual	Group		Individual family	Accident & Health Individual	Group health	Group health			
	(Rupees in '000)																		
Segment assets	2,693,783	491,379	783,352	153,746	1,105,416	2,321,048	6,259,975	511,011	6,815,239	45,282	318,638	186,812	2,792,129	1,915	24,739	26,011	41,614,553	1,154,484	67,299,512
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,641,431
Consolidated total assets																			81,940,943
Segment liabilities	2,799,138	603,310	1,367,163	369,016	1,218,375	1,828,222	6,039,716	508,705	6,973,693	38,372	295,050	178,490	3,087,111	2,443	11,055	(17,720)	2,146,887	838,113	28,287,139
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,457,678
Consolidated total liabilities																			32,744,817

	2019																		
	General Insurance					Life Insurance													
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscella-neous	Life (Partici-pa-ting)	Life (Non-Participating)		Invest-ment Linked Business	Accident and Health		Pension Business Fund	Takaful Window				Investment business	Brokerage business	Aggregate Total
							Individual	Group		Individual	Group		Individual family	Accident & Health Individual	Group health	Group health			
	(Rupees in '000)																		
Segment assets	1,686,029	354,835	602,623	103,967	841,032	1,985,066	6,651,618	476,296	6,063,115	34,632	423,452	154,271	2,248,967	-	39,250	55,584	46,063,518	854,876	68,639,131
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,044,454
Consolidated total assets																			83,683,585
Segment liabilities	1,782,434	458,270	1,300,780	335,926	990,930	1,985,066	6,651,618	476,296	6,063,115	34,632	423,452	154,271	2,248,967	-	39,250	55,584	2,204,304	575,200	25,780,095
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,188,586
Consolidated total liabilities																			29,968,681

33.3 Segment-wise operating results of the Group are presented below:

	2020																						
	General Insurance										Life Insurance												
						Window Takaful Operations												Takaful Window					
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscella-neous	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscella-neous	Life (Partici-pating)	Life (Non-Participating) Individual	Life (Non-Participating) Group	Investment Linked Business	Accident and Health Individual	Accident and Health Group	Pension Business Fund	Individual family	Accident & Health - Individual	Group health	Group health	Investment business	Brokerage business	Total
	(Rupees in '000)																						
Premium	209,576	259,810	1,289,711	402,522	159,125	-	-	-	-	-	28,117	509,145	490,285	2,084,486	10,814	1,002,794	27,040	1,726,294	2,164	19,184	34,907	-	-	8,255,974
Net claims	(97,785)	(112,311)	(536,905)	(301,381)	(46,415)	-	-	-	-	-	(121,938)	(972,405)	(451,441)	(1,321,686)	161	(831,523)	(10,071)	(491,543)	-	(41,391)	(54,152)	-	-	(5,390,786)
Fee, commission and brokerage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,855	186,970	195,825
Net commission	229,912	121,360	33,756	-	82,960	(12,285)	(4,882)	(28,290)	(4,250)	(1,853)	-	-	-	-	-	-	-	-	-	-	-	-	-	416,428
Wakalah fee income	-	-	-	-	-	24,132	12,937	71,578	27,894	4,061	-	-	-	-	-	-	-	-	-	-	-	-	-	140,602
Net investment income	-	-	-	-	-	-	-	-	-	-	245,346	796,874	2,066	568,427	(24)	(1,418)	14,873	66,397	-	(61)	(21)	568,673	38,575	2,299,707
Expenses	(537,533)	(181,174)	(400,735)	(82,391)	(211,524)	(9,870)	(4,278)	(31,348)	(11,843)	(2,339)	(9,225)	(184,012)	(98,573)	(781,008)	(25,965)	(246,469)	-	(1,268,943)	(901)	(17,505)	(33,419)	(378,331)	(174,203)	(4,691,589)
Other income - net	-	-	-	-	-	-	-	-	-	-	7,213	14,271	5,205	29,287	817	35,146	1,076	97,765	7	1,096	5,316	146,679	773	344,651
Reversal of premium deficiency	-	-	-	-	21,111	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,111
Share of profit from associates and joint venture under equity accounting	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,282,853	-	1,282,853
Add: Policyholders' liabilities at the beginning of year	-	-	-	-	-	-	-	-	-	-	1,558,617	6,093,433	99,126	5,934,041	14,841	352,032	146,962	2,238,892	-	19,872	(2,877)	-	-	16,454,939
Less: Policyholders' liabilities at the end of the year	-	-	-	-	-	-	-	-	-	-	(1,608,424)	(5,889,954)	(173,327)	(6,661,453)	(18,173)	(264,633)	(178,582)	(2,898,419)	(2,014)	12,790	22,991	-	-	(17,659,198)
(Surplus) / deficit taken to shareholders' fund	-	-	-	-	-	-	-	-	-	-	(16,121)	-	-	-	-	-	-	-	-	-	-	-	-	(16,121)
	(195,830)	87,685	385,827	39,861	(15,854)	1,977	3,777	11,940	11,801	(131)	83,585	367,352	(126,659)	(147,906)	(17,529)	45,929	1,298	(529,557)	(744)	(6,015)	(27,255)	1,628,729	52,115	1,654,396
Unallocated operating income																								997,248
Financial charges																								(429,251)
Profit before taxation																								2,222,393

33.3 Segment-wise operating results of the Group are presented below:

	2019																					
	General Insurance										Life Insurance											
						Window Takaful Operations												Takaful Window				
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscella-neous	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscella-neous	Life (Partici-pating)	Life (Non-Participating) Individual	Life (Non-Participating) Group	Investment Linked Business	Accident and Health Individual	Accident and Health Group	Pension Business Fund	Individual family	Group health	Group health	Investment business	Brokerage business	Total
	(Rupees in '000)																					
Premium	182,901	253,310	1,405,888	361,248	193,446	-	-	-	-	-	34,836	513,018	341,878	1,217,624	9,510	1,281,492	26,745	996,996	30,171	176,657	16,427	-	7,042,147
Net claims	(22,716)	(82,094)	(680,618)	(336,912)	(81,133)	-	-	-	-	-	(176,621)	(1,055,231)	(233,052)	(1,729,664)	(4,205)	(1,027,008)	(1,468)	(327,566)	(9,884)	(203,603)	-	-	(5,971,775)
Fee, commission and brokerage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,738	97,163	103,901
Net commission	286,877	105,842	15,749	-	88,763	(8,920)	(2,667)	(19,552)	(3,621)	(971)	-	-	-	-	-	-	-	-	-	-	-	-	461,500
Wakalah fee income	-	-	-	-	-	19,752	7,327	50,197	29,303	2,262	-	-	-	-	-	-	-	-	-	-	-	-	108,841
Net investment income	-	-	-	-	-	-	-	-	-	-	223,503	846,426	10,794	737,834	1,034	783	15,323	100,589	911	1,201	603,016	34,838	2,576,252
Expenses	(511,476)	(180,148)	(456,308)	(81,286)	(227,602)	(1,697)	(548)	(5,143)	(3,211)	(271)	(5,365)	(113,733)	(111,961)	(786,518)	(26,463)	(302,316)	-	(477,718)	(12,960)	(33,196)	(378,331)	(118,190)	(3,834,441)
Other income - net	-	-	-	-	-	-	-	-	-	-	7,601	19,286	4,169	20,807	1,475	35,097	1,796	104,399	2,907	6,074	112,336	210	316,157
Reversal of premium deficiency	-	-	-	-	(608)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(608)
Share of profit from associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	105,118	-	105,118
Add: Policyholders' liabilities at the beginning of period	-	-	-	-	-	-	-	-	-	-	1,569,863	6,075,027	98,103	6,219,006	10,020	320,265	106,582	1,721,067	7,529	33,077	-	-	16,160,539
Less: Policyholders' liabilities at the end of the period	-	-	-	-	-	-	-	-	-	-	(1,558,617)	(6,093,433)	(99,126)	(5,934,041)	(14,841)	(352,032)	(146,962)	(2,238,892)	(19,872)	2,877	-	-	(16,454,939)
(Surplus) / deficit taken to shareholders' fund	-	-	-	-	-	-	-	-	-	-	(16,020)	-	-	-	-	-	-	-	-	-	-	-	(16,020)
	(64,414)	96,910	284,711	(57,558)	(26,526)	9,135	4,112	25,502	22,471	1,020	79,180	191,360	10,805	(254,952)	(23,470)	(43,719)	2,016	(121,125)	(1,198)	(16,913)	465,304	14,022	596,672
Unallocated operating income																							813,848
Financial charges																							(471,423)
Profit before taxation																							939,097

34 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2020	2019
		(Rupees in '000)	
Financial assets and financial liabilities			
Financial assets			
Loans and receivables - amortised cost			
Cash and bank balances and term deposits			
Cash and other equivalents		1,206	1,896
Current and other accounts		1,258,236	658,393
Deposits maturing within 12 months		1,101,600	1,852,607
		2,361,042	2,512,896
Insurance / takaful / reinsurance / retakaful receivables		2,080,974	1,885,290
Accrued income		107,205	478,341
Reinsurance recoveries against outstanding claims		2,165,642	1,012,984
Wakalah fees receivable		57,326	119,261
Loans secured against life insurance policies		171,811	167,965
Deposits, loans, advances and other receivables		1,188,175	1,001,166
		5,771,133	4,665,007
Long-term deposits		17,498	17,168
Investments - held to maturity		-	322,219
Investments - fair value through profit or loss		2,903,720	2,529,301
Investments - fair value through other comprehensive income		33,874,491	38,401,194
Investments - available for sale		17,916,306	15,818,831
Financial liabilities			
Amortised cost			
Provision for outstanding claims (including IBNR)		3,273,288	2,096,866
Amounts due to other insurers / reinsurers		1,651,448	1,379,652
Current portion of long term loans and liabilities against right-of-use assets		539,528	702,805
Trade and other payables		2,351,086	2,107,745
Short term loans		2,800,696	2,614,278
Long term loans		300,000	766,665
Unclaimed dividend		30,879	30,611
Lease liabilities against right-of-use assets		226,179	158,546
		11,173,104	9,857,168

35 RISK MANAGEMENT

35.1 Risk management framework

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

35.1.1 Insurance risk - General Insurance

The Group accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Group is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Group manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Group from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Further, the Group adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

35.1.2 Concentration of insurance risk - General Insurance

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

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of 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 with the commercial / industrial / residential 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 / reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors and physical separation between the buildings within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and decoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardising Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. 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 exposures so the Group determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the

shipments, per carry limits, etc. are fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

35.1.3 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, accumulated losses on net account can also be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Group.

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

35.2 Risk management framework - Life Insurance

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Group manages them.

35.2.1 Life Insurance risk

35.2.1.1 Individual Life (Unit Linked Policies, Universal Life Policies and Traditional Policies)

This section discusses the exposure of insurance risk to the Group under Life Participating, Life Non-participating and Investment Linked statutory funds and the process adopted by the Group to manage these risks.

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Group may get exposed to poor risks due to:

- Unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency.

- Additionally, the risk of poor persistency may result in the Group being unable to recover expenses incurred at policy acquisition.

The Group manages these risks through its:

- **Pricing:**
  All products of this nature are designed by the Actuarial Department along with input from relevant sales team members. Profit testing is conducted for all new products and it is also reviewed by the Appointed Actuary. Embedded value analysis is conducted on a quarterly basis to ensure reasonableness of premiums charged. Additionally, the Group reserves the right to review the charges deductible under the contracts, thus limiting the risk of under-pricing.

- **Underwriting:**
  Adequate underwriting policies and controls have been put in place which cover various aspects like health, location, nature of work of the insured etc. before issuance of policy. Appropriate underwriting authority limits have been assigned to individual underwriters by the underwriting committee. Furthermore, Underwriting & Reinsurance Committee reviews the underwriting performance of the Group on a quarterly basis.

- **Reinsurance:**
  The Group has entered into both excess of loss and quota share reinsurance agreements covering its individual life products and supplementary riders. Since the Group has liaison with the reputed reinsurers in the world, it does not only limit the insurance risks but also the credit risk associated with them. Underwriting & Reinsurance Committee reviews, every quarter, the performance of the treaties to ensure that sound reinsurance arrangements are in place.

- **Claims handling policy:**
  The Group through its claims-handling policies has procedures and controls in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims departments' performance and ensures that adequate claims controls are in place.

- **Persistency:**
  The Group applies controls to curb mis-selling to customers. Persistency for each product, branch and partner bank is closely monitored by the Group and remedial actions are taken immediately upon identifying when persistency level for a distribution channel drops below a certain threshold. Continuous efforts are made to increase and/or maintain the persistency levels for all distribution channels.

- **Concentration Risk:**
  The Group has a good spread of business throughout the country thereby ensuring diversification of geographical risks.

a) Frequency and severity of claims

The Group measures concentration of risk by its exposure to catastrophic events. Concentration of risk as a result of geographical area is not a factor of concern due to spread of risks across different parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Group maintains a catastrophe reinsurance cover which ensures that the Group's liability in respect of catastrophic events remains within reasonable limits.

In order to cover it's mortality risk, the Group makes adequate deductions from the insurance contracts. The Group manages these risks through its systematic underwriting processes and adequate reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Group including exposure in respect of riders attached to the main policies.

Individual Life Participating

Benefits assured per life

	Assured at the end of 2020			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	74,437	1.54%	73,987	2.10%
200,001 - 400,000	227,589	4.71%	226,876	6.44%
400,001 - 800,000	541,592	11.21%	517,403	14.70%
800,001 - 1,000,000	308,023	6.37%	278,346	7.91%
More than 1,000,000	3,680,459	76.17%	2,423,753	68.85%
Total	4,832,100	100.00%	3,520,365	100.00%

Benefits assured per life

Rupees	Assured at the end of 2019 Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	83,577	1.53%	83,527	2.10%
200,001 - 400,000	254,887	4.66%	254,365	6.38%
400,001 - 800,000	590,152	10.79%	565,158	14.19%
800,001 - 1,000,000	340,224	6.22%	308,472	7.74%
More than 1,000,000	4,199,969	76.80%	2,772,312	69.59%
Total	5,468,809	100.00%	3,983,834	100.00%

Individual Life Non - Participating

Benefits assured per life

Rupees	Assured at the end of 2020 Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	253,647	1.21%	250,948	1.87%
200,001 - 400,000	1,029,936	4.90%	1,025,352	7.65%
400,001 - 800,000	2,978,057	14.17%	2,918,606	21.79%
800,001 - 1,000,000	1,637,651	7.79%	1,471,629	10.99%
More than 1,000,000	15,122,050	71.93%	7,729,166	57.70%
Total	21,021,341	100.00%	13,395,701	100.00%

Benefits assured per life

Rupees	Assured at the end of 2019 Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	274,158	1.21%	273,822	1.91%
200,001 - 400,000	1,109,473	4.89%	1,105,694	7.71%
400,001 - 800,000	3,099,765	13.66%	3,041,516	21.20%
800,001 - 1,000,000	1,545,420	6.81%	1,461,131	10.19%
More than 1,000,000	16,668,773	73.44%	8,462,314	58.99%
Total	22,697,589	100.00%	14,344,477	100.00%

Investment Linked

Benefits assured per life

Rupees	Assured at the end of 2020 Total benefits assured			
	Before reinsurance		After reinsurance	
	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	490,903	2.40%	486,172	5.38%
200,001 - 400,000	821,675	4.03%	800,492	8.86%
400,001 - 800,000	2,022,761	9.91%	1,811,462	20.05%
800,001 - 1,000,000	1,130,560	5.54%	816,591	9.04%
More than 1,000,000	15,947,291	78.12%	5,122,171	56.67%
Total	20,413,190	100.00%	9,036,888	100.00%

Benefits assured per life

	Assured at the end of 2019			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	326,101	1.71%	324,129	4.02%
200,001 - 400,000	610,021	3.20%	602,774	7.48%
400,001 - 800,000	1,698,788	8.91%	1,547,748	19.21%
800,001 - 1,000,000	966,078	5.07%	723,230	8.98%
More than 1,000,000	15,458,103	81.11%	4,857,480	60.30%
Total	19,059,091	100.00%	8,055,361	100.00%

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long - term unit linked and universal life insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behavior (this impacts primarily persistency).

c) Process used to decide on assumptions

- Mortality: The expected mortality is assumed at 85% of 1975-80 US SOA Select and Ultimate Mortality Table.
- Persistency: A periodic analysis of the Group's recent and historic experience is performed and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel.
- Expense levels and inflation: A periodic study is conducted on the Group's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.
- Investment returns: The investment returns assumptions are based on assets backing the portfolio.

d) Change in assumptions

There has been no change in assumptions.

35.2.1.2 Group Life

The main risk written by the Group under the Group Life business is mortality. The Group is exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, and difficulty of verification of claims, fraudulent claims or a catastrophe. The Group also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time.

The Group manages these risks through its:

- **Pricing and Underwriting:**

  All products of this nature are prepared by the Group's Underwriting Department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

  Pricing is done in line with the actual experience of the Group. The premium charged takes into account the actual historical experience as well as the future expected mortality, considering various characteristics of the client.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Group ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Also, Underwriting and Reinsurance Committee reviews the underwriting performance on a quarterly basis and tracks the adequacy of premium charged.

- **Reinsurance:**

  Reinsurance agreements are in place to limit the mortality risk exposure. The Group also has a catastrophe cover reinsurance agreement covering group life business. Underwriting and Reinsurance Committee reviews every quarter the performance of the treaties.

- **Claims handling policy:**

  The Group through its claims-handling policies has procedures and controls in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and doubtful claims is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims departments' performance and ensures that adequate claims controls are in place.

- **Concentration Risk:**

  The Group has a good spread of business throughout the country thereby ensuring diversification of geographical risks.

a) Frequency and severity of claims

The Group measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Group maintains a catastrophe excess of loss reinsurance cover which ensures that the Group's liability in respect of catastrophic events remains within reasonable limits.

The following table presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Group.

The amounts presented are showing total exposure of the Group including exposure in respect of riders attached to the main policies.

Group Life

Benefits assured per life

	Assured at the end of 2020			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0-500,000	39,287,298	5.82%	37,885,337	7.10%
500,001-1,000,000	49,750,410	7.37%	47,975,074	8.99%
1,000,001-1,500,000	82,557,329	12.23%	79,611,284	14.92%
1,500,001-2,000,000	50,695,466	7.51%	48,886,406	9.16%
2,000,001-2,500,000	41,852,448	6.20%	40,358,950	7.56%
More than 2,500,000	410,896,536	60.87%	278,968,633	52.27%
Total	675,039,487	100.00%	533,685,684	100.00%

Benefits assured per life

	Assured at the end of 2019			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0-500,000	19,650,233	5.82%	19,650,233	7.09%
500,001-1,000,000	24,883,542	7.37%	24,883,542	8.98%
1,000,001-1,500,000	41,292,499	12.23%	41,292,499	14.90%
1,500,001-2,000,000	25,356,228	7.51%	25,356,228	9.15%
2,000,001-2,500,000	20,933,238	6.20%	20,933,238	7.55%
More than 2,500,000	205,517,124	60.87%	144,987,085	52.32%
Total	337,632,864	100.00%	277,102,825	100.00%

b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Other than conducting a liability adequacy for unearned premium reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the Group's experience.

d) Changes in assumptions

There has been no material change in assumptions.

e) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

	Change in variable	Increase in Liability 2020
		(Rupees in '000)
Worsening of mortality rates for risk policies	10%	5,252,004
Increase in reporting lag	10%	5,252,004

35.2.1.3 Accident & Health

The products in this fund provide cover against accidental death, disability, sickness and critical illness and are mainly offered as yearly renewable plans. The Group may be exposed to the risk of unexpected claim severity or frequency. This can be a result of fraudulent claims and catastrophic event.

The Group manages these risks through its:

- **Pricing and Underwriting:**

  Products of this nature are prepared by the Actuarial department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

  Pricing is done after analysing the actual experience of the group as well as future expectations. The rates are certified by the Appointed Actuary.

  Also, Underwriting Committee reviews the underwriting performance of the Group on a quarterly basis.

- **Claims handling policy:**

  The Group has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and apparently doubtful claims is conducted.

- **Reinsurance:**

  The Group has reinsurance arrangement in place covering A&H business; the treaty's results are reviewed by the Underwriting and Reinsurance Committee on a quarterly basis.

- **Concentration Risk:**

  The Group has a good spread of business throughout the country thereby ensuring diversification of geographical risks.

a) Frequency and severity of claims

The Group measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country.

The following table presents the concentration of insured benefits across five bands of insured benefits. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Group including exposure in respect of riders attached to the main policies.

Individual Accident and Health

Benefits assured per life

	Assured at the end of 2020			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	1,242	0.01%	1,242	0.01%
200,001 - 400,000	610,905	3.24%	610,905	4.20%
400,001 - 800,000	1,406,150	7.45%	1,406,150	9.67%
800,001 - 1,000,000	721,820	3.82%	721,320	4.96%
More than 1,000,000	16,140,257	85.48%	11,805,769	81.16%
Total	18,880,374	100.00%	14,545,386	100.00%

Benefits assured per life

	Assured at the end of 2019			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	1,269	0.02%	1,269	0.02%
200,001 - 400,000	897,855	11.35%	897,605	14.32%
400,001 - 800,000	676,320	8.55%	677,820	10.82%
800,001 - 1,000,000	541,900	6.85%	1,020,900	16.29%
More than 1,000,000	5,796,036	73.24%	3,669,768	58.55%
Total	7,913,380	100.00%	6,267,362	100.00%

b) Sources of uncertainty in the estimation of future benefits payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

The assumptions are set using the data available.

d) Changes in assumptions

There has been no material change in the assumptions.

35.2.1.4 Management of takaful risk and financial risk

The Group is responsible for managing contracts that result in the transfer of Takaful and Financial Risk from the Participant to the respective PTF. This section summarizes the risks and the way the Group manages them, as part of the Group's Window Takaful Operations.

Takaful Risk

The PTF issues Takaful contracts that are classified in the following segments:

- Individual Family Takaful
- Group Family Takaful
- Group Health Takaful

35.2.1.4.1 Individual Family Takaful

These risks are managed along similar lines as explained for individual life unit linked and universal life policies.

a) Frequency and severity of claims

Concentration of risk is not a factor of concern due to spread of risks across various parts of the country. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. However, a risk of concentration of risk on any one Participant of the PTF still exists. The Group caters to this risk by entering into suitable Retakaful arrangements. The Group charges for mortality risk (credited to the PTF) on a monthly basis for all Takaful contracts without fixed term.

Moreover, the Group manages these risks through its underwriting strategy and the results are revised quarterly by the Underwriting and Reinsurance Committee.

The table below presents the concentration of covered benefits across five bands of benefits covered. The benefit covered figures are shown gross and net of the retakaful contracts described above.

The amounts presented are showing total exposure of the PTF including exposure in respect of riders attached to the main policies.

Benefits assured per life

	Assured at the end of 2020			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	229,888	0.97%	229,870	2.36%
200,001 - 400,000	1,389,555	5.88%	1,388,080	14.27%
400,001 - 800,000	2,929,269	12.38%	2,769,298	28.47%
800,001 - 1,000,000	2,457,890	10.39%	1,457,406	14.98%
More than 1,000,000	16,645,219	70.38%	3,884,077	39.92%
Total	23,651,821	100.00%	9,728,731	100.00%

Benefits assured per life

	Assured at the end of 2019			
	Total benefits assured			
	Before reinsurance		After reinsurance	
Rupees	(Rupees in '000)	%	(Rupees in '000)	%
0 - 200,000	126,596	1.00%	126,596	2.35%
200,001 - 400,000	641,834	5.05%	641,834	11.92%
400,001 - 800,000	1,527,514	12.03%	3,000,283	55.73%
800,001 - 1,000,000	1,634,911	12.88%	1,365,321	25.36%
More than 1,000,000	8,766,307	69.04%	250,012	4.64%
Total	12,697,162	100.00%	5,384,046	100.00%

b) Source of uncertainty in the estimate of future benefits payments and contributions receipts

Uncertainty in the estimation of future benefit payments and contribution receipts for long term takaful contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in participants' behavior (this primarily impacts persistency).

c) Process used to decide on assumptions

- Mortality: The expected mortality is assumed at 85% of 1975-80 US SOA Select and Ultimate Mortality Table.

- Persistency: A periodic analysis of the Group's recent and historic experience is performed and persistency is calculated every month. Persistency rates vary by products and more importantly the sales distribution channel.

- Expense levels and inflation: A periodic study is conducted on the Group's current business expenses and future projections to calculate per membership expenses. Expense inflation is assumed in line with assumed investment return.

- Investment returns: The investment returns assumptions are based on the assets backing the portfolio.

d) Changes in assumptions

There has been no change in assumptions.

e) Sensitivity analysis

The size of the fund is not material enough to enable a credible sensitivity analysis due to this immateriality, sensitivity analysis is not conducted.

35.2.1.4.2 Group Life Family Takaful

The main risk written by the Group is mortality. The Group may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, and difficulty of verification of claims, fraudulent claims or a catastrophe. The Group also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of contribution in due time.

The Group manages these risks through its:

a) Pricing and Underwriting:

All products of this nature are prepared by the Group Underwriting Department along with input from relevant sales team members which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Group. The contribution charged takes into account the actual experience of the client and the nature of mortality exposure the group faces.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Group ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Furthermore, the Group also maintains various MIS that are shared with relevant management to track the adequacy of the contribution charged.

Also, Underwriting & Reinsurance Committee reviews the underwriting performance on a quarterly basis.

b) Retakaful:

Retakaful agreements are in place to limit the mortality exposure. Underwriting & Reinsurance Committee reviews every quarter the performance of the treaties to ensure that adequate retakaful coverage is in place.

c) Claims handling policy:

The Group has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all material and apparently doubtful claims is conducted. Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims department's performance and to make sure that adequate claims controls are in place.

d) Frequency and severity of claims:

The Group measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the Group maintains a catastrophe excess of loss retakaful agreement which protects the waqf fund from exposure to the catastrophic events.

Rupees	Covered at the end of 2020			
	Total takaful benefits			
	Before retakaful		After retakaful	
	(Rupees in '000)	%	(Rupees in '000)	%
0-500,000	19,536,800	35.22%	19,536,800	51.27%
500,001-1.000,000	15,408,750	27.78%	10,597,000	27.81%
1,000,001-1,500,000	5,055,647	9.11%	2,747,132	7.21%
1,500,001-2,000,000	6,572,719	11.85%	2,465,236	6.47%
2,000,001-2,500,000	3,287,343	5.93%	1,540,450	4.04%
More than 2,500,000	5,612,590	10.11%	1,220,920	3.20%
	55,473,849	100.00%	38,107,538	100.00%

Rupees	Covered at the end of 2020			
	Total takaful benefits			
	Before retakaful		After retakaful	
	(Rupees in '000)	%	(Rupees in '000)	%
0-500,000	807,575	6.59%	807,575	6.71%
500,001-1.000,000	59,504	0.49%	52,004	0.43%
1,000,001-1,500,000	1,243,401	10.15%	1,243,401	10.33%
1,500,001-2,000,000	1,467,182	11.98%	1,371,182	11.40%
2,000,001-2,500,000	2,015,003	16.45%	1,926,503	16.01%
More than 2,500,000	6,657,619	54.35%	6,631,119	55.11%
	12,250,284	100.00%	12,031,784	100.00%

e) Sources of uncertainty in the estimation of future benefits payments and contribution receipts:

Other than conducting a liability adequacy for unearned contribution reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

f) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

g) Changes in assumptions

There has been no material change in assumptions.

h) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

	Change in variable	Increase in Liability 2020
		(Rupees in '000)
Worsening of mortality rates	10%	559,118
Increase in reporting lag	10%	559,118

35.2.1.4.3 Group Health Takaful

The main risk written by the Group is morbidity. The Group may be exposed to the risk of unexpected claim severity or frequency. This can be a result of high exposure in a particular geographical region, medical expense inflation, fraudulent claims and catastrophic event. The Group potentially faces the risk of lack of adequate claims control (such as for very large groups). The Group also faces a risk of under-pricing to acquire business in a competitive environment and of non-receipt of contribution in due time.

The Group manages these risks through its:

a) Pricing and Underwriting:

Products of this nature are prepared by Group Underwriting Department along with input from relevant sales team members and Actuarial Department which is then reviewed by the Appointed Actuary.

Pricing is done in line with the actual experience of the Group. The contribution charged takes into account the actual experience of the client and the nature of mortality and morbidity exposure the group faces. The rates are certified by the Appointed Actuary for large groups.

At the same time, due caution is applied in writing business in areas of high probability of terrorism. The Group ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure.

Furthermore, the Group also maintains various MIS that are shared with relevant management to track the adequacy of the contribution charged.

Also, Underwriting & Reinsurance Committee reviews the underwriting performance of the Group on a quarterly basis.

b) Claims handling policy:

The Group has procedures in place to ensure that payment of any fraudulent claims is avoided. Detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Also, the claims are reviewed and managed by technical staff and doctors while an on-site monitoring and checking is performed.

The Group has pre-determined charges for certain illnesses with its panel hospitals, and to keep a check on medical inflation, it continues to negotiate these rates. The portfolio has a spread across various geographical regions. On the claims handling side, the Group ensures that payment of any fraudulent claims is avoided.

Moreover, Claims committee has assigned claims process authority limits for processing of claims. Claims committee meets on a quarterly basis to review the claims department's performance and make sure that adequate claims controls are in place.

c) Concentration Risk:

The Group has a good spread of business throughout the country thereby ensuring diversification across geographical regions.

d) Frequency and severity of claims

The Group measures concentration of risk by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country.

Increase in claims severity due to medical inflation is a risk which is being strictly monitored by the Group through annual claims studies and trend analysis. Such trend analysis is also incorporated in Group Health takaful pricing.

e) Sources of uncertainty in the estimation of future benefits payments and contribution receipts

Other than conducting a liability adequacy for unearned contribution reserve, there is no need to estimate mortality for future years because of the short duration of the contracts.

f) Process used to decide on assumptions

Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

An investigation into group's experience is performed periodically, and statistical methods are used to adjust the rates to a best estimate of morbidity. Where data is sufficient to be statistically credible, the statistics generated by the data are assigned appropriate credibility factors to account for the group's experience.

g) Changes in assumptions

There has been no material change in assumptions.

35.2.1.4.4 Concentration of insurance risk

A concentration of risk may arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Group minimises its exposure to significant losses by obtaining reinsurance from foreign reinsurers.

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks e.g. financial underwriting ensuring a reasonable relationship between the income and insurance amount of insured, determination of insurance amount through some mechanism which precludes individual choices and anti-selection.

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

	Gross sum insured		Reinsurance / Retakaful		Net	
	2020	2019	2020	2019	2020	2019
	(Rupees in million)					
Life (participating)	4,832	5,469	1,312	1,485	3,520	3,984
Life (non-participating) – Individual	21,021	22,698	7,625	8,354	13,396	14,344
Life (non-participating) – Group	675,039	337,633	141,353	60,530	533,686	277,103
Investment Linked	20,413	19,059	11,376	11,004	9,037	8,055
Accident & Health – Individual	18,880	7,913	4,335	1,645	14,545	6,268
Family Takaful - Individual	23,652	12,697	13,923	7,313	9,729	5,384
Family Takaful - Group	55,474	12,250	17,366	218	38,108	12,032
Fire and property damage	43,085	132,651	42,878	132,206	207	445
Marine, aviation and transport	19,437	19,711	15,550	11,826	3,887	7,885
Motor	58,000	645	57,995	95	5	550
Health	3,188	2,504	-	-	3,188	2,504
Miscellaneous	45,172	16,704	45,136	16,687	36	17
Window Takaful Operations - Fire and property damage	8,744	3,474	8,569	1,189	175	2,285
Window Takaful Operations - Marine, aviation and transport	8,000	1,800	7,200	90	800	1,710
Window Takaful Operations - Motor	52	44	47	39	5	5
Window Takaful Operations - Health	670	1,889	-	-	670	1,889
Window Takaful Operations - Miscellaneous	2,716	552	2,711	175	5	377
	1,008,375	597,693	377,376	252,856	630,999	344,837

35.2.1.4.5 The table below sets out the concentration of insurance contract liabilities by type of contract for the Group:

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	2020	2019	2020	2019	2020	2019
	(Rupees in million)					
Fire and property damage	2,799,138	1,782,434	2,693,783	1,686,029	105,355	96,405
Marine, aviation and transport	603,310	458,270	491,379	354,835	111,931	103,435
Motor	1,367,163	1,300,780	783,352	602,623	583,811	698,157
Health	369,016	335,926	153,746	103,967	215,270	231,959
Miscellaneous	1,218,375	990,930	1,105,416	841,032	112,959	149,898
Life participating	1,828,222	1,985,066	2,321,048	1,985,066	(492,826)	-
Life non-participating (individual)	6,039,716	6,651,618	6,259,975	6,651,618	(220,259)	-
Life non-participating (group)	508,705	476,296	511,011	476,296	(2,306)	-
Investment linked business	6,973,693	6,063,115	6,815,239	6,063,115	158,454	-
Accident and health business (individual)	38,372	34,632	45,282	34,632	(6,910)	-
Accident and health business (group)	295,050	423,452	318,638	423,452	(23,588)	-
Pension business fund	178,490	154,271	186,812	154,271	(8,322)	-
Family Takaful - individual	3,087,111	2,248,967	2,792,129	2,248,967	294,982	-
Family Takaful - accident & health individual	2,443	-	1,915	-	528	-
Family Takaful - group	11,055	39,250	24,739	39,250	(13,684)	-
Family Takaful - health	(17,720)	55,584	26,011	55,584	(43,731)	-
	25,302,139	23,000,591	24,530,475	21,720,737	771,664	1,279,854

35.2.1.4.6 Unclaimed insurance benefit

Circular 11 of 2014 dated May 19, 2014 issued by the Securities and Exchange Commission of Pakistan (SECP) has established requirement for all insurers to disclose age wise break up of unclaimed insurance benefits in accordance with format prescribed in the annexure to the said circular.

The unclaimed benefits is described in the circular as the amounts which have become payable in accordance with the terms and conditions of an insurance policy but have not been claimed by the policyholders or their beneficiaries. Such unclaimed amounts may fall into the following categories:

	Age-wise Breakup					
	Total Amount	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	(Rupees in '000)					
Unclaimed maturity benefits	2,932	772	615	952	397	196
Unclaimed death benefits	-	-	-	-	-	-
Unclaimed disability benefits	-	-	-	-	-	-
Claims not encashed	47,052	5,747	5,586	12,637	5,939	17,143
Other unclaimed benefits	-	-	-	-	-	-
Total	49,984	6,519	6,201	13,589	6,336	17,339

35.2.2 Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Group is liable for all insured events that occur during the term of the insurance contract.

An estimated amount of the claim is recorded immediately on intimation to the Group. The estimation of the amount is based on the amount notified by the policy holder, 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 incurred but not reported (IBNR), the Group uses historical experience factor based on analysis of the past years claim reporting pattern.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The Group 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 different from recognised amounts.

35.2.3 Key assumptions

The principal assumption underlying the liability estimation of IBNR and premium / contribution deficiency reserve is that the Group's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

35.2.4 Sensitivities

Non-life insurance

As the Group enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below:

	Effect of 10% increase in claims		Effect of 10% decrease in claims	
	Consolidated statement of profit or loss	Equity	Consolidated statement of profit or loss	Equity
	(Rupees in '000)			
Fire and property damage	(6,943)	(6,943)	6,943	6,943
Marine, aviation and transport	(7,974)	(7,974)	7,974	7,974
Motor	(38,120)	(38,120)	38,120	38,120
Health	(21,540)	(21,540)	21,540	21,540
Miscellaneous	(3,295)	(3,295)	3,295	3,295
Window Takaful Operations	(26,094)	(26,094)	26,094	26,094
	(103,966)	(103,966)	103,966	103,966

Life insurance

The liabilities under Universal Life, Unit Linked, Group Life, Group Accident and Health, Individual Accident and Health and Pension business are not dependent on assumptions related to mortality, persistency, expense or interest rates because the liabilities under these lines of business are either based on actual account values or unearned premium reserve. For the traditional endowment plans, no sensitivity testing is carried out because the liability basis prescribed by the regulations are too conservative and the liability under these plans are less than 5% of total liabilities.

Claims development tables

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

Analysis on gross basis

Accident year	2016	2017	2018	2019	2020 (including IBNR)	Total
	(Rupees in '000)					
Estimate of ultimate claims cost:						
At end of accident year	332,103	363,401	575,330	462,385	1,593,639	3,326,858
One year later	358,703	330,493	364,402	468,609	-	1,522,207
Two years later	303,642	305,808	356,781	-	-	966,231
Three years later	371,478	303,591	-	-	-	675,069
Four years later	371,488	-	-	-	-	371,488
Estimate of cumulative claims	371,488	303,591	356,781	468,609	1,593,639	3,094,108
Cumulative payments to date	(367,966)	(278,468)	(327,922)	(293,727)	(532,125)	(1,800,208)
Liability recognised in the consolidated statement of financial position	3,522	25,123	28,859	174,882	1,061,514	1,293,900

The above effects have been worked out on the assumption that increase / decrease in net claims expense pertains to individual segment in isolation.

The following table shows the development of claims over a period of time on gross basis for group life and individual life business:

Accident Year	2016	2017	2018	2019	2020
	(Rupees in '000)				
Group Life					
Estimate of Ultimate Claims Costs:					
At the end of the year	25,326	67,216	79,587	86,210	548,677
1 year later	30,345	79,738	90,509	176,576	-
2 years later	30,345	80,238	90,509	-	-
3 years later	30,345	80,238	-	-	-
4 years later	30,345	-	-	-	-
Current estimates of cumulative claim	30,345	80,238	90,509	176,576	548,677
Cumulative payments to date	29,215	74,720	77,603	144,917	290,141
Liability recognized in statement of financial position	1,130	5,518	12,906	31,658	258,536
Individual Life					
Estimate of Ultimate Claims Costs:					
At the end of the year	107,332	107,381	62,297	108,538	195,184
1 year later	125,586	136,827	101,800	122,332	-
2 years later	126,667	141,881	101,800	-	-
3 years later	126,679	142,843	-	-	-
4 years later	126,679	-	-	-	-
Current estimates of cumulative claim	126,679	142,843	101,800	122,332	195,184
Cumulative payments to date	120,942	134,200	78,953	88,264	99,003
Liability recognised in statement of financial position	5,736	8,643	22,847	34,068	96,181

35.3 Financial risk

(i) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest / mark-up rate risk in respect of the following:

	2020							
	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Cash and bank balances	3.00% to 12.75%	1,205,171	-	1,205,171	54,271	-	54,271	1,259,442
Investments	6.00% to 6.75%	11,842,570	4,279,104	16,121,674	33,874,491	39,674,443	73,548,934	55,796,117
Loans secured against life insurance policies	9.00% - 11.00%	171,811	-	171,811	-	-	-	171,811
Long-term deposits		-	-	-	-	17,498	17,498	17,498
Insurance / takaful / reinsurance / retakaful receivables		-	-	-	2,080,974	-	2,080,974	2,080,974
Accrued income on investments and deposits		-	-	-	107,205	-	107,205	107,205
Reinsurance recoveries against outstanding claims		-	-	-	2,165,642	-	2,165,642	2,165,642
Wakalah fees receivable		-	-	-	57,326	-	57,326	57,326
Loans, advances and other receivables		-	-	-	1,188,175	-	1,188,175	1,188,175
		13,219,552	4,279,104	17,498,656	39,528,084	39,691,941	79,220,025	62,844,190
Financial liabilities								
Provision for outstanding claims [including IBNR]		-	-	-	3,273,288	-	3,273,288	3,273,288
Amounts due to other insurers / reinsurers		-	-	-	1,651,448	-	1,651,448	1,651,448
Trade and other payables		-	-	-	2,351,086	-	2,351,086	2,351,086
Short term loans	7.3% to 7.65%	2,800,696	-	2,800,696	-	-	-	2,800,696
Long term loan	7.28% to 7.67%	-	300,000	300,000	-	-	-	300,000
Current portion of long term loan and lease liabilities against right-of-use assets		539,528	-	539,528	-	-	-	539,528
Unclaimed dividend		-	-	-	30,879	-	30,879	30,879
Lease liabilities against right-of-use assets	7.85% to 8.00%	-	226,179	226,179	-	-	-	226,179
		3,340,224	526,179	3,866,403	7,306,701	-	7,306,701	11,173,104
		9,879,328	3,752,925	13,632,253	32,221,383	39,691,941	71,913,324	51,671,086

	2019							
	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Cash and bank balances	5% - 12.75%	607,998	-	607,998	52,291	-	52,291	660,289
Investments	8.25%-13.50%	6,795,657	8,069,159	14,864,816	38,401,194	44,059,336	82,460,530	58,924,152
Loans secured against life insurance policies	9.00% - 11.00%	167,965	-	167,965	-	-	-	167,965
Long term deposits		-	-	-	-	17,168	17,168	17,168
Insurance / takaful / reinsurance / retakaful receivables		-	-	-	1,885,290	-	1,885,290	1,885,290
Accrued income on investments and deposits		-	-	-	478,341	-	478,341	478,341
Reinsurance recoveries against outstanding claims		-	-	-	1,012,984	-	1,012,984	1,012,984
Wakalah fee receivable		-	-	-	119,261	-	119,261	119,261
Loans, advances and other receivables		-	-	-	1,001,166	-	1,001,166	1,001,166
		7,571,620	8,069,159	15,640,779	42,950,527	44,076,504	87,027,031	64,266,616
Financial liabilities								
Provision for outstanding claims [including IBNR]		-	-	-	2,096,866	-	2,096,866	2,096,866
Amounts due to other insurers / reinsurers		-	-	-	1,379,652	-	1,379,652	1,379,652
Trade and other payables		-	-	-	2,107,745	-	2,107,745	2,107,745
Short term loan	13.89% to 14.16%	2,614,278	-	2,614,278	-	-	-	2,614,278
Long term loan	11.36% to 12.47%		766,665	766,665	-	-	-	766,665
Current portion of long term loan and lease liabilities against right-of-use assets		702,805	-	702,805	-	-	-	702,805
Unclaimed dividend		-	-	-	30,611	-	30,611	30,611
Lease liabilities against right-of-use assets	10.55% - 12.80%	-	158,546	158,546	-	-	-	158,546
		3,317,083	925,211	4,242,294	5,614,874	-	5,614,874	9,857,168
		4,254,537	7,143,948	11,398,485	37,335,653	44,076,504	81,412,157	54,409,448

Sensitivity analysis

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 mismatches of financial assets and liabilities that mature or re-price in a given period. The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. Borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes. The table below summarises the Group's interest rate risk as of December 31, 2020 and 2019 and shows the effects of a hypothetical 1% increase and a 1% decrease in interest rates as at the year end.

	Impact on consolidated statement of profit or loss	
	Increase	Decrease
As at December 31, 2020	(Rupees in '000)	
Cash flow sensitivity - variable rate financial liabilities	(38,664)	38,664
Cash flow sensitivity - variable rate financial assets	174,987	(174,987)
As at December 31, 2019		
Cash flow sensitivity - variable rate financial liabilities	(42,423)	42,423
Cash flow sensitivity - variable rate financial assets	161,191	(161,191)

(b) Foreign currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As of the balance sheet date, the Group does not have material assets or liabilities which are exposed to foreign currency risk.

(c) 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 factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Group is exposed to price risk since it has investments in quoted equity securities and mutual funds amounting to Rs. 38,228 million (2019: Rs. 41,808 million) at the reporting date.

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

The carrying value of investments subject to price risk are based on quoted market prices as of the reporting date except for investments in associates which are carried under equity method of accounting.

Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realised in the sale of a particular security may be affected by the relative quantity of the security being sold. The Group has no significant concentration of price risk.

Sensitivity analysis

The table below summarises the Group's price risk as of December 31, 2020 and 2019 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Group's investment portfolio because of the nature of markets. The impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase/(decrease) in shareholders' equity	Hypothetical increase(decrease) in profit / (loss) before tax
2020	54,694,517	10% increase	60,163,969	5,469,452	5,469,452
		10% decrease	49,225,065	(5,469,452)	(5,469,452)
2019	56,749,326	10% increase	62,424,259	5,674,933	5,674,933
		10% decrease	51,074,393	(5,674,933)	(5,674,933)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Group maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained. All financial liabilities of the Group are short term in nature.

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date on an undiscounted cash flow basis.

	2020			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Provision for outstanding claims [including IBNR]	3,273,288	3,273,288	3,273,288	-
Amount due to other insurers / reinsurers	1,651,448	1,651,448	1,651,448	-
Trade and other payables	2,351,086	2,351,086	2,351,086	-
Short term loans	2,800,696	2,800,696	2,800,696	-
Long term loans	300,000	300,000	-	300,000
Current portion of long term loan and lease liabilities against right-of-use assets	539,528	539,528	539,528	-
Unclaimed dividend	30,879	30,879	30,879	-
Lease liabilities against right-of-use assets	226,179	226,179	-	226,179
	11,173,104	11,173,104	10,646,925	526,179

	2019			
	Carrying amount	Contractual cash flow	Upto one year	More than one year
	(Rupees in '000)			
Provision for outstanding claims	2,096,866	2,096,866	2,096,866	-
Amount due to other insurers / reinsurers	1,379,652	1,379,652	1,379,652	-
Trade and other payables	2,107,745	2,107,745	2,107,745	-
Short term loan	2,614,278	2,614,278	2,614,278	-
Long term loan	766,665	766,665	-	766,665
Current portion of long term loan and liabilities against right-of-use assets	702,805	702,805	702,805	-
Unclaimed dividend	30,611	30,611	30,611	-
Lease liabilities against right-of-use assets	158,546	158,546	-	158,546
	9,857,168	9,857,168	8,931,957	925,211

(iii) 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 Group attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

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

is not significantly different from that reflected in the financial statements. The management monitors and limits the Group's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

	2020	2019
	(Rupees in '000)	
Cash and bank balances	1,259,442	660,289
Investments	5,484,510	5,531,745
Loans secured against life insurance policies	171,811	167,965
Long-term deposits	17,498	17,168
Amounts due from other insurers / reinsurers - unsecured	2,080,974	1,885,290
Accrued income on investments and deposits	107,205	478,341
Reinsurance recoveries against outstanding claims	2,165,642	1,012,984
Wakala fees receivable	57,326	119,261
Loans, advances and other receivables	1,188,175	1,001,166
	12,532,583	10,874,209

The Group did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. The movement in the provision for doubtful receivables account is shown in notes 8.2 and 8.3. 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 recent history of default.

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

Bank deposits	Rating Agency	Rating	
		Short Term	Long Term
Albaraka Bank (Pakistan) Limited	VIS	A-1	A+
Allied Bank Limited	PACRA	A1+	AAA
Bank Alfalah Limited	VIS	A-1+	AA+
Bank Al-Habib Limited	PACRA	A1+	AA+
BankIslami Pakistan Limited	PACRA	A1	A+
Bank of Punjab	PACRA	A1+	AA
Dubai Islamic Bank Pakistan Limited	VIS	A-1	AA
Faysal Bank Limited	PACRA	A1+	AA
FINCA Microfinance Bank Limited	PACRA	A1	A
Habib Bank Limited	VIS	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
Khushali Microfinance Bank Limited	VIS	A1	A+
MCB Bank Limited	PACRA	A1+	AAA
MCB Islamic Bank Limited	PACRA	A-1	A
Meezan Bank Limited	VIS	A-1+	AA+
Mobilink Microfinance Bank Limited	PACRA	A1	A
National Bank of Pakistan	PACRA	A1+	AAA
NRSP Microfinance Bank Limited	PACRA	A1	A
Samba Bank Limited	VIS	A1	AA
Silk Bank Limited	VIS	A-2	A-
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Summit Bank Limited	VIS	Not rated	Not rated
Telenor Microfinance Bank Limited	PACRA	A-1	A
The First Microfinance Bank Limited	VIS	A-1	A+
U Microfinance Bank Limited	VIS	A1	A
United Bank Limited	VIS	A1+	AAA

** The age analysis of premiums / contributions due but unpaid, amounts due from other insurers / reinsurers / other takaful companies / re-takaful operators and receivable from clients securities and commodity contracts against purchase of marketable is as follows:

	2020	2019
	(Rupees in '000)	
Upto 1 year	1,740,670	1,604,459
1-2 years	239,476	199,174
2-3 years	122,094	58,699
Over 3 years	249,961	204,573
	2,352,201	2,066,905

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial assets subject to credit risk is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

Sector wise analysis of premiums due but unpaid	2020	2019
	(Rupees in '000)	
Foods and beverages	27,093	44,295
Financial services	62,788	178,654
Pharmaceuticals	36,646	76,227
Textile and composites	77,814	160,094
Plastic industries	2,548	24,710
Engineering, Technology and Communication	68,069	83,910
Other manufacturing	424,164	159,168
Miscellaneous	428,326	386,789
	1,127,448	1,113,847

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2020	2019
	(Rupees in '000)				
A- or above (including PRCL)	1,034,403	1,951,034	902,471	3,887,908	2,267,444
BBB and B+	37,772	78,341	36,237	152,350	111,977
Others	65,701	136,267	63,032	265,000	379,474
Total	1,137,876	2,165,642	1,001,740	4,305,258	2,758,895

36 FAIR VALUE MEASUREMENT

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Group to classify assets 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:

- Fair value measurements using quoted price (unadjusted) in an active market for identical assets or liabilities.

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

- Fair value measurement using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2020, the Group held the following financial instruments measured at fair value:

	2020		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Assets carried at fair value			
Available-for-sale investments	43,143	17,873,163	-
Fair value through other comprehensive income	33,679,732	194,759	
Fair value through profit or loss	-	2,903,720	-

	2019		
	Level 1	Level 2	Level 3
	(Rupees in '000)		
Assets carried at fair value			
Available-for-sale investments	86,130	15,732,701	-
Fair value through other comprehensive income	38,196,583	204,611	
Fair value through profit or loss	-	2,529,301	-

37 CAPITAL MANAGEMENT

The Holding Company's objectives when managing capital are to safeguard the Holding Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Holding Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

38 IMPACT OF COVID-19 ON THE CONSOLIDATED FINANCIAL STATEMENTS

The World Health Organisation declared COVID-19 a global pandemic in March 2020. Like other parts of the world, Pakistan also went into lockdown which impacted the economies and businesses in different facets globally. After the outbreak of COVID-19, the Group had invoked necessary measures to ensure the safety and health of its staff and an uninterrupted service to its clients. These include implementing mandatory adherence to the recommended standard operating procedures within the Group. The remote work capabilities for critical staff have been assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Group has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Group has made an assessment in order to evaluate the impact of COVID-19 pandemic on the business, operations and profitability of the Group as well as on the going concern assessment of the Group. The result of evaluation is as follows:

- The Investment Business segment of the Group will not be impacted significantly as the major investments of the Group are strategic investments. The investment portfolio is subject to risks of impairment and non-payment of dividend in case COVID-19 pandemic impacts operations, profitability and liquidity profile of the investee companies. The management continuously monitors these investments. As a result of a high-level assessment, the management has not identified any material adverse impact on the business continuity of the investee companies due to COVID-19 pandemic situation.

- The management has evaluated that it does not foresee any going concern risk in Life and Non-Life Insurance segment due to the pandemic and they believe that segment's operations, financial position and results will not be impacted significantly as the operations are gradually returning to normal and the market is still showing a positive outlook and upward trend subsequent to the financial year-end.

- In Brokerage Business segment, segment's operations were not disrupted as it continued its client dealings through telephone and IT platforms. Further, following decline in PSX index significantly towards the end of March 2020, Pakistan's stock market saw a significant growth of around 60.47% which significantly improved the segment's operations due to increased activity by its clients. The positive momentum in the stock market has resulted in an increase in segment earnings. We have been informed by the management that it has performed an evaluation and it does not foresee any going concern risk due to the pandemic and they believe that the segment's operations, financial position and results will not be impacted significantly as the market is still showing a positive outlook and upward trend subsequent to the financial year-end.

Based on above evaluation, the Group management does not foresee any going concern risk in the Group due to the pandemic and they believe that the Group's operations, financial position and results will not be impacted significantly as the operations are gradually returning to normal and the market is still showing a positive outlook and upward trend subsequent to the financial year-end.

39 CORRESPONDING FIGURES

Corresponding figures has been rearranged or reclassified, wherever necessary. There has been no significant reclassification during the year.

40 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 18, 2021 by the Board of Directors of the Holding Company.

41 EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company has proposed a final dividend out of its profits for the year ended December 31, 2020 of Rs. 5.00 per share (2019: Rs. 3.00 per share), amounting to Rs. 713.153 million (2019: Rs 427.892 million) in its meeting held on Mrach 18, 2021 for the approval of the members at the annual general meeting to be held on April 29,2021. The consolidated financial statements for the year ended December 31, 2020 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2021.

Chief Executive Officer

Chief Financial Officer

Director

Notice of the Annual General Meeting of IGI Holdings Limited

NOTICE IS HEREBY GIVEN that the 67th Annual General Meeting **(AGM)** of IGI Holdings Limited **(the Company)** will be held on Thursday, the 29th day of April, 2021 at 12:30 p.m. via video-link facility.

Please note that due to the recent surge in COVID-19 reported cases and in order to control the spread of the virus, the Company shall hold its AGM only through video-link facility. Members are requested to attend the meeting through video-link facility managed by the Company as per the instructions given below in the notes section.

Following business will be transacted at the meeting:

ORDINARY BUSINESS

1. To confirm the minutes of the AGM of the Company held on May 21, 2020.

2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2020 together with the Chairman's Review Report and Directors' and Auditors' Reports thereon.

3. To consider and approve the payment of cash dividend of Rs. 5/- (50%) per share for the financial year ended December 31, 2020 as recommended by the Board of Directors of the Company to the shareholders of the Company.

4. To appoint external auditors for the financial year 2021 and to fix their remuneration. The retiring auditors, M/s A.F. Ferguson & Co., Chartered Accountants have consented to be reappointed as auditors for the financial year 2021 and the Board of Directors has recommended their appointment.

ANY OTHER BUSINESS

5. To consider and transact any other business with the permission of the Chairman.

By Order of the Board

Iqra Sajjad
Company Secretary

Karachi
April 08, 2021

PARTICIPATION IN THE 67th AGM PROCEEDINGS VIA VIDEO-LINK FACILITY:

To ensure wellbeing of our members and keeping in view the current COVID-19 situation, the AGM proceedings shall be held via video-link facility only. To attend through video-link, members can download the app/software through https://zoom.us/download and login via video-link to participate in the AGM proceedings.

The members/proxies registering to connect through video-link facility to participate in the meeting are required to mention their Name, Folio Number and CNIC Number in an email to agm.igiholdings@igi.com.pk with subject 'Registration for IGI Holdings AGM 2021'. Video-link and login credentials will be shared with the members/proxies whose email containing all the required particulars as mentioned above is received at the given email address before 03:00 p.m. on April 27, 2021. The same email address can be used by the members to provide their comments and questions on agenda items of the AGM.

Other Notes:

1. The Share Transfer Books of the Company will remain closed from April 22, 2021 to April 29, 2021 (both days inclusive).

2. A member entitled to attend and vote at the AGM is entitled to appoint another person as a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. The proxy forms duly completed and signed by the member(s) appointing the proxy must be deposited with the Company's Share Registrar, FAMCO Associates (Private) Limited, 8F, next to Hotel Faran, Nursery Block 6, P.E.C.H.S., Sharah-e-Faisal, Karachi, not later than forty-eight (48) hours before the time appointed for the AGM.

3. In accordance with the Companies (Postal Ballot) Regulations, 2018, for any agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017 (the Act), shareholders will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.

4. Any individual beneficial owner having an account or sub-account with the Central Depository Company ("CDC"), entitled to vote at this AGM, must provide Computerized/Smart National Identity Card (CNIC/SNIC) to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC/SNIC. The representatives of corporate bodies should provide attested copies of their board of directors' resolution/power of attorney and/or all such documents as are required under Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP) for the purpose.

Members (Non-CDC) are requested to promptly notify the Company's Share Registrar of any change in their particulars including IBAN details and postal and email address.

5. Pursuant to Section 223(7) of the Act, the financial statements and the reports accompanying them have been placed on website of the Company and can be accessed on https://www.igi.com.pk/holdings

6. Members are hereby informed that pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 and the Act, companies have been allowed to circulate the Annual Report to members through email. The Company shall, however additionally provide hard copies of the annual report to members on request, free of cost. For this purpose, we have attached the request form in the Annual Report and have also uploaded the same on our Company's website https://www.igi.com.pk/holdings

7. Further, in accordance with S.R.O. 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' consent for the same in the Extraordinary General Meeting held on October 8, 2018.

8. In accordance with the provisions of Section 242 of the Act, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividends directly into bank account, members are requested to complete the particulars in e-Credit Dividend Mandate Form. This form has been attached with the Annual Report and is also available on our Company's website https://www.igi.com.pk/holdings

   In case of shares held in the CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In absence of members' valid bank account details and/or IBAN, the Company will be constrained to withhold the payment of dividend to such members till provision of prescribed details.

9. Shareholders, who for any reason, could not claim their dividend/physical/bonus shares are advised to contact our Share Registrar at the address mentioned above.

10. In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 and Section 100BA read with the Tenth Schedule of the Income Tax Ordinance, 2001, withholding tax on dividend income will be deducted as follows:

    For shareholders whose names appear in the Active Taxpayers List (ATL): 15%
    For shareholders whose names do not appear in the ATL: 30%

    To enable the Company to withhold tax at 15%, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30%.

    Withholding tax exemption from dividend income shall only be allowed to a corporate shareholder if a copy of valid tax exemption certificate is made available to the Share Registrar of the Company by the first day of book closure.

11. The FBR has clarified that in case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to the Company's Share Registrar. Otherwise it will be assumed that the shares are equally held by the joint shareholders:

Company Name	Folio / CDC Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

12. Shareholders are advised to ensure that they have provided their passport/NTN/CNIC/SNIC/valid tax exemption certificates (for tax exemption, where applicable) and valid Zakat declaration under *Zakat & Ushr* Ordinance, 1980 (for *Zakat* exemption) to their respective Participant/CDC Investor Account Services/Company's Share Registrar.

13. Members holding shares in physical form are encouraged to convert their physical shares into Book-Entry-Form (CDC) pursuant to the requirements of Section 72 of the Act.

For any query/problem/information, the members/investors may contact the Company and/or the Share Registrar at the following phone numbers and email addresses:

Contact Persons:

Taha Naqvi (Financial Controller)
Phone: 111-308-308
Email: taha.naqvi@igi.com.pk

Salman Rauf (Share Registrar)
Phone : 92-21-34380101-5
Email: salman.rauf@famco.com.pk

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The Company Secretary
IGI Holdings Limited
7th Floor, The Forum, Suite No. 701-713,
G-20, Block-9, Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan

Form of Proxy

67th Annual General Meeting

I/We _____

of _____ being member(s) of

IGI Holdings Limited and holder of _____

Ordinary Shares as per Share Register Folio _____ and/or CDC Participant I.D. No. and

Sub Account No. _____ hereby appoint _____ of

_____ or failing him / her _____

of _____ as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the Sixty-Seventh Annual General Meeting of the Company to be held on Thursday, the 29th day of April 2021, at 12:30 p.m. through video link facility and at any adjournment thereof.

Signed _____ this day of _____ 2021.

1. Witness

Signature:

Name: _____

Address: _____

_____

CNIC or _____

Passport No. _____

2. Witness

Signature:

Name: _____

Address: _____

_____

CNIC or _____

Passport No. _____

Signature

Please affix Rupees five revenue stamp

(Signature should agree with the specimen signature registered with the Company)

Note: Proxies, in order to be effective, must be received by the Share Registrar of the Company not less than 48 hours before the meeting.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

The shareholders having shares deposited with the Central Depository Company (CDC) are requested to send their original Computerized National Identity Cards and CDC account number for verification.

AFFIX
CORRECT
POSTAGE

The Company Secretary
IGI Holdings Limited
7th Floor, The Forum,
Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami,Clifton
Karachi-75600, Pakistan

Request for Annual Report and Notices Through Post

The Share Registrar
FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran,
Block-6, Nursery, P.E.C.H.S.,
Shahrah-e-Faisal,
Karachi-74000

Dear Sir,

I hereby request you to send me the Annual Report of IGI Holdings Limited for the year ended December 31, 2020 and all notices under the Companies Act, 2017 at my postal address given below:

_____

(Postal address of the shareholder)

The above address will be recorded in the members register maintained under Section 119 of the Companies Act, 2017. I will inform the Company and its Share Registrar about any change in my postal address immediately.

Regards,

_____
(Signature)
Name of the Shareholder

Folio No: _____
(In case of physical shareholding)

CDC Account No.:_____
Note: Individual CDC Account holders should submit copy of their Computerized National Identity Card (CNIC) alongwith this request form.

AFFIX
CORRECT
POSTAGE

The Company Secretary
IGI Holdings Limited
7th Floor, The Forum,
Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami,Clifton
Karachi-75600, Pakistan

Electronic Credit Mandate Form

Dear Shareholder,

We wish to inform you that in accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive your dividends directly into your bank account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your Computerized / Smart National Identity Card (CNIC/SNIC) to the Share Registrar of the Company, M/s FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

CDC shareholders are requested to submit their Dividend Mandate Form and CNIC/SNIC directly to their broker (participant)/CDC.

Yours faithfully
For IGI Holdings Limited

(Iqra Sajjad)
Company Secretary

SHAREHOLDERS'S SECTION:

I hereby communicate to receive my future dividends directly in my Bank account as per details given below:

Name of shareholder: ----------

Folio Number / CDC Account No.: ----------

Contact number of shareholder: ----------

Title of bank account of shareholder: ----------

IBAN Number (see below Note No.1): ----------

Name of Bank: ----------

Bank branch & full mailing address: ----------

CNIC/SNIC No. (Copy attached): ----------

NTN (in case of corporate entity): ----------

It is stated that the above particulars given by me are correct and to the best of my knowledge. I shall keep the Company/broker (participant)/CDC informed in case of any changes in the said particulars in future.

_____ _____

Shareholder's Signature CNIC/SNIC No.
(Copy attached)

Date:_____

Note:

1. Please provide complete International Bank Account Number (IBAN), after checking with your concerned branch to enable electronic credit directly into your bank account.
2. Please provide declaration for non-deduction of Zakat, if applicable.
3. The payment of cash dividend will be processed based on the bank account number alone. The Company is entitled to rely on the account number as per your instructions. The Company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary
IGI Holdings Limited
7th Floor, The Forum,
Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami,Clifton
Karachi-75600, Pakistan

الیکٹرونک کریڈٹ مینڈیٹ فارم

معزز شیئر ہولڈر

آپ کو مطلع کیا جاتا ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کی شقوں کے مطابق ایک لسٹڈ کمپنی کے لئے یہ ضروری ہے کہ وہ اپنے شیئر ہولڈرز کو نقد منافع منقسمہ کی ادائیگی صرف بذریعہ الیکٹرونک طریقہ کار براہ راست شیئر ہولڈرز کی جانب سے نامزد کردہ بینک اکاؤنٹ میں کرے۔

اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں وصولی کی غرض سے برائے مہربانی ذیل میں درج کوائف کو مکمل کریں اور اس خط کو باقاعدہ دستخط کر کے اپنے کمپیوٹرائزڈ/ اسمارٹ شناختی کارڈ کی کاپی کے ہمراہ کمپنی کے رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-ایف، نزد ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو جمع کرادیں۔

سی ڈی سی شیئر ہولڈرز سے درخواست ہے کہ اپنے منافع منقسمہ کے مینڈیٹ اور کمپیوٹرائزڈ شناختی کارڈ کی کاپی کو براہ راست اپنے بروکر (پارٹیسپنٹ)/سی ڈی سی کو جمع کرادیں۔

آپ کی مخلص

برائے آئی جی آئی ہولڈنگز لمیٹڈ

(اقراء سجاد)

کمپنی سیکریٹری

شیئر ہولڈرز پُر کریں:

میں بذریعہ ہٰذا اطلاع دیتا ہوں کہ آئندہ میں اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں درج ذیل تفصیل کے مطابق وصول کروں گا۔

شیئر ہولڈر کا نام	:	----------
فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر	:	----------
شیئر ہولڈر کا رابطہ نمبر	:	----------
شیئر ہولڈر کا بینک اکاؤنٹ کا ٹائٹل	:	----------
آئی بی اے این نمبر (نیچے درج نوٹ نمبر 1 ملاحظہ فرمائیں)	:	----------
بینک کا نام	:	----------
بینک برانچ اور ڈاک کا مکمل پتہ	:	----------
کمپیوٹرائزڈ شناختی کارڈ نمبر (کاپی منسلک کریں)	:	----------
این ٹی این (کارپوریٹ ادارے کی صورت میں)	:	----------

آگاہ کیا جاتا ہے کہ میری جانب سے فراہم کردہ مذکورہ بالا کوائف درست اور میری معلومات کے عین مطابق ہیں اور میں آئندہ ان کوائف میں کسی بھی تبدیلی کی صورت میں کمپنی/ پارٹیسپنٹ/ سی ڈی سی انویسٹر اکاؤنٹ سروسز کو مطلع کرتا رہوں گا۔

----------	----------
شیئر ہولڈر کے دستخط	کمپیوٹرائزڈ /اسمارٹ شناختی کارڈ نمبر (کاپی منسلک)

مورخہ:----------

نوٹ:

1- **برائے مہربانی اپنا مکمل آئی بی اے این اپنی متعلقہ برانچ سے چیک کرنے کے بعد فراہم کریں تاکہ الیکٹرونک کریڈٹ براہ راست آپ کے بینک اکاؤنٹ میں ممکن ہو سکے۔**

2- نقد منافع منقسمہ کی ادائیگی صرف بینک اکاؤنٹ نمبر کی بنیاد پر عمل میں لائی جائے گی۔ کمپنی آپ کی ہدایات کے مطابق اکاؤنٹ نمبر پر انحصار کرنے کا استحقاق رکھتی ہے۔ کمپنی ایسے کسی بھی نقصان، ضیاع، مالی ذمے داری یا دعویٰ کے لئے بلواسطہ یا بلاواسطہ قطعی ذمے دار نہ ہوگی جو کسی غلطی، تاخیر ایسی کسی مالی ادائیگی کی پرفارمنس میں ناکامی کی صورت میں سامنے آئے جو ادائیگی کی غلط اور نامناسب ہدایات کی وجہ سے ہو اور/ یا کسی ایسے واقعے کے باعث پیش آئے جس پر کمپنی کا کوئی اختیار نہ ہو۔

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Suite No. 701-713, G-20,
Block-9, Khayaban-e-Jami,Clifton
Karachi-75600, Pakistan

درخواست برائے سالانہ رپورٹ اور نوٹسیز بذریعہ ڈاک

دی شیئر رجسٹرار
فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ
ایف-8، نزد ہوٹل فاران
نرسری بلاک-6، پی ای سی ایچ ایس
شاہراہ فیصل، کراچی

عزیز محترم

میں بذریعہ ہذا آپ سے درخواست کرتی / کرتا ہوں کہ آئی جی آئی ہولڈنگز لمیٹڈ کی سالانہ رپورٹ اور نوٹسیز برائے 2020 کمپنیز ایکٹ 2017 کے تحت میرے درج ذیل ڈاک ایڈریس پر ارسال کئے جائیں۔

(شیئر ہولڈر کا ڈاک ایڈریس) _____

مذکورہ بالا ڈاک ایڈریس کمپنیز ایکٹ 2017 کے سیکشن 119 کے تحت تیار کردہ ممبران کے رجسٹر میں ریکارڈ کرلیا جائے۔ میں کمپنی اور اس کے شیئر رجسٹرار کو اپنے ڈاک ایڈریس میں کسی بھی تبدیلی کے بارے میں فوری طور پر اطلاع کردوں گا/گی۔

منجانب

(دستخط) _____

شیئر ہولڈر کا نام _____

فولیو نمبر: _____

(فزیکل شیئر ہولڈنگ کی صورت میں)

سی ڈی سی اکاؤنٹ نمبر: _____

نوٹ: انفرادی سی ڈی سی اکاؤنٹ ہولڈرز کو اس درخواست فارم کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) کی کاپی جمع کرانی ہوگی۔

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Karachi-75600, Pakistan

تشکیل نیابت داری

67 واں سالانہ اجلاس عام

دی کمپنی سیکریٹری
آئی جی آئی ہولڈنگز لمیٹڈ
7 ویں منزل، دی فورم
سوئٹ نمبر 713-701، جی-20، بلاک 9
خیابان جامی، کلفٹن، کراچی- 75600، پاکستان

میں / ہم ---------- بابت ---------- بحیثیت ممبر (ممبران) برائے آئی جی آئی ہولڈنگز لمیٹڈ اور ہولڈر بابت ---------- عمومی شیئرز بمطابق شیئر رجسٹر فولیو نمبر ---------- اور / یا سی ڈی سی پارٹیسپنٹ ---------- اور سبسکرپشن نمبر ---------- بذریعہ ہٰذا ---------- بابت ---------- یا ان کی عدم حاضری پر ---------- کو اپنا/ ہمارا پراکسی مقرر کر رہا ہوں/ کر رہے ہیں جو کمپنی کے 67 ویں سالانہ اجلاس عام منعقدہ بروز جمعرات 29 اپریل 2021 بوقت 12:30 بجے سہ پہر وڈیو لنک کے ذریعے منعقد ہوگا۔ کسی زیر التوا تاریخ پر منعقد ہونے والے اجلاس میں میری/ ہماری غیر موجودگی کی صورت میں میری/ ہماری جگہ شرکت کرنے اور ووٹ دینے کے لئے بطور نیابت داری شریک ہوں گے۔

دستخط مورخہ ---------- 2021

1- گواہ:

دستخط: ----------

نام: ----------

پتہ: ----------

سی این آئی سی نمبر ----------

پاسپورٹ نمبر ----------

2- گواہ:

دستخط: ----------

نام: ----------

پتہ: ----------

سی این آئی سی نمبر ----------

پاسپورٹ نمبر ----------

ریونیو ٹکٹ چسپاں کریں۔

(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہئے)

نوٹ: نیابت داری کے موثر ہونے کے لئے لازمی ہے کہ وہ اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے شیئر رجسٹرار کو موصول ہو جائیں۔

سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ کمپنی کو نیابت داری فارم جمع کرانے سے قبل اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی اس نیابت داری فارم کے ساتھ لازماً منسلک کر دیں۔

سینٹرل ڈیپازٹری کمپنی (سی ڈی سی) کے پاس شیئرز جمع کرانے والے شیئر ہولڈرز سے درخواست ہے کہ وہ تصدیق کیلئے اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ اور سی ڈی سی اکاؤنٹ نمبر ہمراہ لائیں۔

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Karachi-75600, Pakistan

کمپنی کو 15 فیصد ٹیکس منہا کرنے کے قابل بنانے کیلئے، تمام حصص یافتگان کو مشورہ دیا جاتا ہے کہ وہ ایف بی آر کی ویب سائٹ پر دستیاب تازہ ترین اے ٹی ایل میں اپنے نام کا اندراج کریں، بصورت دیگر ان کے نقد منافع منقسمہ سے ٹیکس کی 30 فیصد کٹوتی کی جائے گی۔

منافع منقسمہ سے ودہولڈنگ ٹیکس میں استثنیٰ صرف ان کارپوریٹ حصص یافتگان کو دیا جائے گا جو کمپنی کی حصص منتقلی کی کتب کی بندش سے ایک دن قبل کمپنی کے شیئر رجسٹرار کو فعال ٹیکس ایگزیمشن سرٹیفکیٹ کی ایک کاپی فراہم کردیں گے۔

11- فیڈرل بورڈ آف ریونیو کی وضاحت کے مطابق مشترکہ اکاؤنٹ کی صورت میں، ہر ہولڈر کا انفرادی طور پر تعین کیا جائے گا، کیونکہ فائلر یا نان فائلر سے ٹیکس ہر مشترکہ ہولڈر کی شیئر ہولڈنگ کی بنیاد پر وصول کیا جائے گا، جس کیلئے حصص یافتگان کی جانب سے کمپنی کے شیئر رجسٹرار کو تحریری طور پر مندرجہ ذیل کے حساب سے مطلع کیا جائے۔، بصورت دیگر یہ تصور کیا جائے گا کہ مشترکہ حصص یافتگان کے حصص کا تناسب مساوی ہے۔

کمپنی کا نام	فولیو/سی ڈی سی اکاؤنٹ نمبر	مجموعی حصص	پرنسپل شیئر ہولڈر		مشترکہ ہولڈر	
			نام اور سی این آئی سی نمبر	شیئر ہولڈنگ کا تناسب (حصص کی تعداد)	نام اور سی این آئی سی نمبر	شیئر ہولڈنگ کا تناسب (حصص کی تعداد)

12- حصص یافتگان کو یہ مشورہ دیا جاتا ہے کہ وہ اطمینان کرلیں کہ اپنے پاسپورٹ/ این ٹی این/ سی این آئی سی/ ٹیکس استثنائی سرٹیفکیٹس (برائے ٹیکس استثنیٰ جہاں قابل اطلاق ہو) اور زکوٰۃ وعشر آرڈیننس مجریہ 1980ء کے تحت کارآمد زکوٰۃ اعلامیہ (برائے زکوٰۃ استثنیٰ) اپنے متعلقہ شرکاء/ سی ڈی سی انویسٹرا کاؤنٹ سروسز/ کمپنی کے شیئر رجسٹرار کو فراہم کرچکے ہیں۔

13- کاغذی صورت میں حصص رکھنے والے ممبران کو ایکٹ کی دفعہ 72 کے تقاضوں کے مطابق اپنے کاغذی حصص کو کتب انٹری فارم (سی ڈی سی) میں تبدیل کرنے کی ترغیب دی جاتی ہے۔

کسی بھی سوال/ مسئلہ/ معلومات کیلئے سرمایہ کار اور ممبران مندرجہ ذیل فون نمبروں اور ای میل پتوں پر کمپنی اور/ یا شیئر رجسٹرار سے رابطہ کرسکتے ہیں۔

متعلقہ افراد:

طحہ نقوی (فنانشل کنٹرولر)
ٹیلیفون: 111-308-308
ای میل: taha.naqvi@igi.com.pk

سلمان رؤف (شیئر رجسٹرار)
ٹیلیفون: 92-21-34380101-4
ای میل: salman.rauf@famco.com.pk

دیگر گزارشات:

1- کمپنی کی حصص منتقلی کی کتب (شیئر ٹرانسفر بکس) مورخہ 22 اپریل 2021ء تا 29 اپریل 2021ء تک بند رہیں گی (بشمول دونوں ایام)۔

2- سالانہ اجلاس عام میں شرکت اور رائے دہی کا/ کی اہل ممبر اپنی جانب سے شرکت کرنے اور رائے دہی کے لئے دوسرے فرد کو بطور پراکسی مقرر کرسکتا/ سکتی ہے۔ پراکسی کا کمپنی کا ممبر ہونا ضروری نہیں ہے۔ پراکسی مقرر کرنے والے ممبر کے ذریعہ باقاعدہ طور پر مکمل اور دستخط شدہ پراکسی فارمز کمپنی کے شیئر رجسٹرار، میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8 ایف، متصل ہوٹل فاران، نرسری بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل کراچی کو اجلاس ہٰذا کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل موصول ہوجانے چاہئیں۔

3- کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018ء کے مطابق کسی بھی ایجنڈا آئٹم کیلئے کمپنیز ایکٹ مجریہ 2017ء کی دفعہ 143 اور 144 کی ضروریات سے مشروط، حصص یافتگان کو بذریعہ پوسٹل بیلٹ یعنی بذریعہ ڈاک یا ای ووٹنگ مذکورہ بالا قواعد وضوابط کی شرائط کے مطابق اپنے ووٹ کا حق استعمال کرنے کی اجازت ہوگی۔

4- انفرادی مالکان (Beneficial Owner)/ ممبران جن کے اکاؤنٹ یا سب اکاؤنٹ سینٹرل ڈیپازٹری کمپنی ("سی ڈی سی") کے پاس ہوں، جو اجلاس ہٰذا عام میں ووٹ ڈالنے کے اہل ہیں وہ اپنی شناخت کیلئے اپنا کمپیوٹرائزڈ/ اسمارٹ قومی شناختی کارڈ (CNIC/SNIC) فراہم کریں، اور پراکسی (شیئر ہولڈرز) کی صورت میں اپنی کارآمد کمپیوٹرائزڈ/ اسمارٹ قومی شناختی کارڈ (CNIC/SNIC) کی تصدیق شدہ ایک عدد کاپی لازمی منسلک کریں۔ جبکہ اس مقصد کی حصولی کے لئے کارپوریٹ ممبران کے نمائندگان سیکیورٹیز ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے سرکلر نمبر 1 بتاریخ 26 جنوری 2000ء کے مطابق اپنے بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی اور/ یا ایسے تمام دستاویزات کی تصدیق شدہ نقل فراہم کردیں- غیر سی ڈی سی ممبران سے گزارش ہے کہ کمپنی کے شیئر رجسٹرار کو اپنی تفصیلات (بشمول پتہ، IBAN نمبر اور ای میل ایڈریس) میں کسی بھی قسم کی تبدیلی کے بارے میں فوری طور پر مطلع کریں۔

5- کمپنیز ایکٹ مجریہ 2017ء کی دفعہ (7) 223 کے تحت مالیاتی گوشوارے اور رپورٹس کمپنی کی ویب سائٹ پر فراہم کردیے گئے ہیں اور https://www.igi.com.pk/holdings سے حاصل کئے جاسکتے ہیں۔

6- ممبران کو بذریعہ ہٰذا آگاہ کیا جاتا ہے کہ ایس ای سی پی کے ایس آر او 787(1)/2014 بتاریخ 8 ستمبر 2014ء اور کمپنیز ایکٹ مجریہ 2017ء کے تحت، کمپنیوں کو ممبران کو ای میل کے ذریعے سالانہ رپورٹ بھیجنے کی اجازت دی گئی ہے۔ تاہم، کمپنی اضافی طور پر سالانہ رپورٹ کی کاغذی کاپیاں ممبران کی درخواست پر بلا معاوضہ فراہم کرے گی۔ اس مقصد کیلئے ہم نے درخواست فارم کو سالانہ رپورٹ کے ساتھ منسلک کیا ہے اور اپنی کمپنی کی ویب سائٹ https://www.igi.com.pk/holdings پر بھی اپ لوڈ کردیا ہے۔ وہ ممبران جو اس سہولت سے فائدہ اٹھانا چاہتے ہیں ان سے گزارش ہے کہ وہ درخواست فارم مکمل کرکے شیئر رجسٹرار کو جمع کروادیں۔

7- مزید براں ایس آر او 470(I)/2016 بتاریخ 31 مئی 2016ء کے تحت ایس ای سی پی نے کمپنیز کو اپنے ممبران سے شیئر ہولڈرز کی رضامندی اور کچھ دیگر شرائط کی تعمیل کے عوض اپنے رجسٹرڈ شدہ پتوں پر کاغذی کاپیاں ترسیل کرنے کے بجائے سی ڈی/ ڈی وی ڈی/ یو ایس بی کے ذریعہ سالانہ آڈٹ شدہ اکاؤنٹس کی مورخہ 8 اکتوبر 2018ء کو منعقدہ غیر معمولی اجلاس عام میں ارسال کی اجازت دی ہے۔

8- کمپنیز ایکٹ 2017ء کے سیکشن 242 کی شقوں کے مطابق، یہ ایک لسٹڈ کمپنی کے لئے لازمی ہے کہ وہ حصص یافتگان کو صرف الیکٹرانک موڈ کے ذریعے حصص یافتگان کے فراہم کردہ بینک اکاؤنٹ میں نقد منافع ادا کرے۔ اپنے منافع کو براہ راست اپنے بینک اکاؤنٹ میں حاصل کرنے کیلئے، براہ کرم ای کریڈٹ ڈیوڈنڈ مینڈیٹ فارم میں تفصیلات مکمل کریں۔ یہ فارم سالانہ رپورٹ کے ساتھ منسلک کیا گیا ہے اور ہماری کمپنی کی ویب سائٹ https://www.igi.com.pk/holdings سے بھی دستیاب ہے۔ سی ڈی سی میں موجودہ حصص کی صورت میں کمپنی کی آگاہی اور فراہمی کیلئے معلومات ہٰذا سی ڈی ایس کے شرکاء کو فراہم کرنی ہوگی۔ کسی ممبر کے فعال بینک اکاؤنٹ کی تفصیلات اور/ یا IBAN کی عدم موجودگی میں، کمپنی ایسے ممبران کو منافع منقسمہ کی ادائیگی کو طے شدہ تفصیلات کی فراہمی تک روکنے کی پابند ہے۔

9- وہ حصص یافتگان جو کسی بھی وجہ سے اپنے منافع منقسمہ/ فزیکل/ بونس حصص کا دعوی دائر نہیں کرسکے، اوپر دیئے گئے پتے پر ہمارے شیئر رجسٹرار سے رابطہ کریں۔

10- انکم ٹیکس آرڈیننس 2001ء کی دفعہ 150 انکم ٹیکس آرڈیننس، 2001ء کے پہلے شیڈول کے حصہ III کے ڈویژن کے ساتھ اور انکم ٹیکس آرڈیننس 2001ء، کی دفعہ 100BA انکم ٹیکس آرڈیننس 2001ء کے دسویں شیڈول کے تحت منافع منقسمہ کی ادائیگیوں پر ود ہولڈنگ ٹیکس کی کٹوتی کیلئے مختلف نرخوں کا تعین حسب ذیل ہے۔

(الف)	وہ ممبران جو فعال ٹیکس دہندگان کی فہرست (اے ٹی ایل) میں شامل ہیں، ان حصص یافتگان کیلئے ٹیکس کٹوتی	15 فیصد
(ب)	وہ ممبران جو فعال ٹیکس دہندگان کی فہرست (اے ٹی ایل) میں شامل نہیں ہیں، ان حصص یافتگان کیلئے ٹیکس کٹوتی	30 فیصد

آئی جی آئی ہولڈنگز لمیٹڈ

اطلاع برائے سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ آئی جی آئی ہولڈنگز لمیٹڈ (کمپنی) کا 67واں سالانہ اجلاس عام مورخہ 29 اپریل 2021ء بروز جمعرات بوقت دوپہر 12:30 بجے ویڈیو لنک کے انتظامات کے ذریعے منعقد کیا جائے گا۔

براہ کرم نوٹ فرمالیں کہ COVID-19 کے حالیہ اضافے کی وجہ سے اور وائرس کے پھیلاؤ پر قابو پانے کے لئے، کمپنی کا سالانہ اجلاس عام صرف ویڈیو لنک کے ذریعے ہی منعقد کیا جائے گا۔ ممبران سے استدعا ہے کہ وہ نوٹس سیکشن میں موجود ہدایات کے مطابق کمپنی کے زیر انتظام ویڈیو لنک کی سہولت کے ذریعہ اجلاس میں شرکت کریں۔

اجلاس میں مندرجہ ذیل امور کی انجام دہی کی جائے گی:

عمومی کاروائی:

1- کمپنی کے گزشتہ سالانہ اجلاس عام منعقدہ مورخہ 21 مئی 2020ء کی کارروائی کی توثیق۔

2- مورخہ 31 دسمبر 2020ء کو ختم ہونے والے گزشتہ سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں معہ چیئرمین رپورٹ، آڈیٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔

3- مالیاتی سال مختتمہ 31 دسمبر 2020ء کیلئے نقد منافع منقسمہ بشرح 5 روپے (50%) فی شیئر کی ادائیگی پر غور و خوض اور منظوری جیسا کہ کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کے حصص یافتگان کیلئے سفارش کی ہے۔

4- سال 2021ء کیلئے بیرونی آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین۔ سبکدوش ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹ) نے مالی سال 2021ء کیلئے بطور آڈیٹر تقرری کیلئے رضامندی ظاہر کی ہے اور بورڈ آف ڈائریکٹرز نے ان کی تقرری کی سفارش کی ہے۔

دیگر امور:

5- چیئرمین کی اجازت سے کسی بھی دیگر امور کی انجام دہی۔

بحکم بورڈ

اقراء سجاد

کمپنی سیکرٹری

مورخہ 08 اپریل 2021ء

کراچی

ویڈیو لنک سہولت کے ذریعہ 67ویں سالانہ اجلاس عام میں شرکت کا طریقہ کار:

ہمارے ممبران کی حفاظت کو یقینی بنانے اور موجودہ COVID-19 صورتحال کو مدنظر رکھتے ہوئے، سالانہ اجلاس عام کی کارروائی صرف ویڈیو لنک سہولت کے ذریعہ ہوگی۔ ویڈیو لنک کے ذریعے شرکت کرنے کیلئے، ممبران سالانہ اجلاس عام کی کارروائی میں حصہ لینے کیلئے https://zoom.us/download کے ذریعے ایپ/ سافٹ ویئر ڈاؤن لوڈ کر سکتے ہیں اور ویڈیو لنک کے ذریعے لاگ ان کر کے سالانہ اجلاس عام کی کارروائی میں حصہ لے سکتے ہیں۔

جو ممبران/ پراکسیز ویڈیو لنک سہولت کے ذریعہ رابطہ قائم کرنے کے لئے اندراج کرنے کے خواہاں ہیں ان کیلئے لازم ہے کہ وہ اپنا نام، فولیو نمبر، اور شناختی کارڈ نمبر (CNIC) بعنوان "رجسٹریشن برائے آئی جی آئی لائف اے جی ایم 2021" درج کر کے agm.igiholdings@igi.com.pk پر ای میل کریں۔ ویڈیو لنک اور لاگ ان کی اسناد ان ممبران/ پراکسیوں کو فراہم کی جائیں گی جن کے ای میل میں تمام مطلوبہ تفصیلات شامل ہوں اور مذکورہ بالا ای میل ایڈریس پر مورخہ 27 اپریل 2021ء کو شام 03:00 بجے سے قبل موصول ہو جائیں۔

ممبران سالانہ اجلاس عام کے امور کیلئے اپنے تاثرات اور سوالات اوپر دیئے گئے ای میل ایڈریس پر بھی فراہم کر سکتے ہیں۔

انفرادی لائف ریگولر پریمیم (بشمول تکافل زرتعاون) میں 34 فیصد اضافہ ہوا اور یہ گذشتہ سال کے 2,400 ملین روپے کے مقابلے میں 3,220 ملین روپے ریکارڈ ہوا۔ تجدید شدہ بنیادی پریمیم میں گزشتہ سال کی نسبت 2 فیصد اضافہ ریکارڈ کرتے ہوئے کمپنی نے 1,750 ملین روپے (1720:2019 ملین روپے) تک اضافہ ریکارڈ کیا۔

گروپ لائف اینڈ ہیلتھ پریمیم (بشمول تکافل گروپ فیملی اینڈ ہیلتھ) 1750 ملین روپے (1970:2019 ملین روپے) رہا جس میں گذشتہ سال کے برخلاف 11 فیصد کمی واقع ہوئی۔

سنگل پریمیم/ زرتعاون انفرادی پالیسیاں گذشتہ سال 443 ملین روپے سے بڑھ کر 1,190 ملین روپے ہوگئیں، جس کے باعث 168 فیصد کی نمایاں نمو حاصل ہوئی۔

آئی جی آئی لائف نے سال 2019ء میں 177 ملین روپے بعد از ٹیکس خسارہ (بشمول اضافہ/ قانونی فنڈ زخسارہ) کے مقابلہ میں 2020 میں 97 ملین روپے بعد از ٹیکس خسارہ ریکارڈ کیا۔ اس خسارے کی اہم وجوہات COVID-19 کی وجہ سے نقصان کے تناسب اور کاروبار کی پہنچ اور تقسیم کے ذرائع میں اضافہ ہیں۔

ہم اپنے کاروباری شراکت داروں اور تمام اسٹیک ہولڈرز کی طرف سے توسیع کی حمایت اور سرپرستی کی قدر کرتے ہیں اور اپنے ملازمین کی سرشار اور مخلصانہ کوششوں کو سراہتے ہیں۔

برائے اور منجانب بورڈ

سید بابر علی
چیئرمین
لاہور:
18 مارچ 2021

طاہر مسعود
چیف ایگزیکٹو آفیسر
لاہور:
18 مارچ 2021

وابستہ دیگر جامع خسارے میں حصص کی نمائندگی کرنے والے 1,282 ملین روپے بھی شامل ہیں۔

گروپ نے 2019 کے دوران حاصل شدہ 4.80 روپے کے مقابلے میں رواں سال میں 12.18 روپے فی حصص کی آمدنی حاصل کی۔

ذیلی اداروں کی مالیاتی جھلکیاں حسب ذیل ہیں:

آئی جی آئی جنرل انشورنس

رواں سال کے دوران آئی جی آئی جنرل نے گذشتہ سال کی اسی مدت کے دوران 5,611 ملین روپے کے مقابلے میں 6,013 ملین روپے کا مجموعی تحریری پریمیم حاصل کیا۔ آئی جی آئی جنرل نے 2019 کے دوران 1,203 ملین روپے کے مقابلے میں 1,097 ملین روپے کا خالص کلیم صرف کیا۔ اس کے نتیجے میں، کمپنی نے سال 2019 کے 573 ملین روپے کے مقابلے میں 486 ملین روپے بعد از ٹیکس منافع حاصل کیا ہے۔ یہ کمی بنیادی طور پر موجودہ سال کے دوران 122 ملین روپے کی سرمایہ کاری کی آمدنی میں کمی کے باعث واقع ہوئی۔

آئی جی آئی ایف ایس آئی

رواں سال کے دوران آئی جی آئی جنرل نے ایک مکمل ذیلی ادارہ، آئی جی آئی ایف ایس آئی تشکیل دیا جو مارکیٹ میں تربیت کی خدمات سمیت ٹیکنالوجی کی مدد سے کاروباری سہولیات فراہم کرنے میں مصروف عمل ہے۔ آئی جی آئی ایف ایس آئی نے اپنی ابتدائی چھ ماہ کی کاروائیوں میں 9.191 ملین روپے کی آمدنی اور 0.394 ملین روپے کا بعد از ٹیکس خسارہ اٹھایا ہے۔

آئی جی آئی انویسٹمنٹ

آئی جی آئی انویسٹمنٹ کی آمدنی بنیادی طور پر اس کی سرمایہ کاری سے منافع منقسمہ کی آمدنی ہے۔ رواں سال کے دوران، کمپنی نے گزشتہ سال کے دوران 1,246 ملین روپے کے مقابلے میں 1,144 ملین روپے منافع منقسمہ آمدنی حاصل کی۔ کمپنی نے سال 2019 کے 784 ملین روپے کے برخلاف رواں سال میں 727 ملین روپے بعد از ٹیکس منافع کمایا ہے۔

آئی جی آئی فائنیکس

رواں سال کے دوران آئی جی آئی فائنیکس نے سال 2019 کے اسی عرصے میں 132 ملین روپے کے مقابلے میں 226 ملین روپے کی انتظامی آمدنی حاصل کی ہے۔ سال 2019 کے 13 ملین روپے کے مقابلے میں کمپنی نے 36 ملین روپے بعد از ٹیکس منافع ریکارڈ کیا۔

آئی جی آئی لائف

سال 2019 میں 4,815 ملین روپے کے مقابلے میں رواں سال کے دوران آئی جی آئی لائف کا تحریری مجموعی پریمیم (بشمول تکافل زرتعاون) 6,160 ملین روپے رہا۔

31 دسمبر 2020ء کو ختم ہونے والے مالیاتی سال کیلئے مشترکہ مالیاتی بیانات کی ڈائریکٹرز رپورٹ برائے حصص یافتگان

میں بورڈ کی جانب سے آئی جی آئی ہولڈنگز لمیٹڈ (آئی جی آئی ہولڈنگز) اور اس کی ذیلی کمپنیوں بنام؛ آئی جی آئی لائف انشورنس لمیٹڈ (آئی جی آئی لائف)، آئی جی آئی جنرل انشورنس لمیٹڈ (آئی جی آئی جنرل انشورنس)، آئی جی آئی انوسٹمنٹ (پرائیویٹ) لمیٹڈ (آئی جی آئی انوسٹمنٹ)، آئی جی آئی فائنیکس سیکیورٹیز لمیٹڈ (آئی جی آئی فائنیکس) اور آئی جی آئی ایف ایس آئی (پرائیویٹ) لمیٹڈ (آئی جی آئی ایف ایس آئی) ("ذیلی کمپنیاں") (اجتماعی طور پر "گروپ") کے 31 کے دسمبر 2020ء کو اختتام پذیر سال کے مشترکہ مالیاتی گوشوارے پیش کرتے ہوئے انتہائی مسرت محسوس کر رہا ہوں۔

گروپ کارکردگی کا جائزہ:

	2020	2019
	روپے ہزاروں میں	
منافع قبل از ٹیکس	2,222,393	939,097
ٹیکس کاری	(501,602)	(288,773)
منافع بعد از ٹیکس	**1,720,791**	**650,324**
دیگر جامع (خسارہ)	(5,811,677)	(4,981,068)
کل جامع (خسارہ)	**(4,090,886)**	**(4,330,744)**
	روپے	
آمدنی فی حصص (روپے)	**12.18**	**4.80**

رواں سال کے دوران گروپ نے 1721 ملین روپے بعد از ٹیکس منافع ریکارڈ کیا جو کہ 2019 کی آمدنی 650 ملین روپے کے مقابلے میں 2.6 گنا اضافہ ہے۔ انشورنس اور بروکریج کے کاروبار نے گذشتہ سال کے مقابلے میں بہتر کارکردگی کا مظاہرہ کیا ہے اور اس سے وابستہ منافع میں بھی غیر معمولی اضافہ ہوا ہے۔

دیگر جامع خسارہ گزشتہ سال کے دوران 4,981 ملین روپے کے مقابلے میں 5,812 ملین روپے رہا، جو کہ دیگر جامع آمدنی پورٹ فولیو کے ذریعہ مالیاتی اثاثوں کی جائز قیمت کی از سر نو تشخیص پر ہونے والے خسارے اور اس سے وابستہ دیگر جامع نقصان کے حصے کے نتیجے میں ہوا۔ آئی جی آئی انویسٹمنٹ میں ان سرمایہ کاریوں کو دیگر جامع آمدنی کے ذریعے مالیاتی اثاثوں کی جائز قیمت' کے طور پر منقسم کیا گیا ہے۔ اس کے تحت، تشخیص نو پر ہونے والے نقصان کو قابل اطلاق مالیاتی رپورٹنگ فریم ورک کے مطابق دیگر جامع آمدنی کا حصہ قرار دیا گیا ہے۔ جس میں گزشتہ سال کے 1,202 ملین روپے کے برخلاف

HR&RC نے رواں سال کے دوران ایک اجلاس منعقد کیا۔ ہر ممبر کی حاضری درج ذیل کے مطابق رہی:

ڈائریکٹر کے نام	حاضری
محترمہ فریال جمعہ	1
سید یاور علی	1
سید شاہد علی	-
سید حیدر علی	-
جناب طاہر مسعود (سی ای او)	1

HR&RC نے ان ڈائریکٹرز کو غیر حاضری کی رخصت کی منظوری دی جو اجلاس میں شرکت نہیں کر سکتے تھے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ 67ویں سالانہ اجلاس عام کے اختتام پر سبکدوش ہو رہے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے اور آڈٹ کمیٹی کی سفارش کی بنیاد پر بورڈ نے ان کی دوبارہ تقرری کی توثیق کی ہے۔

شیئر ہولڈنگ کا طریقہ کار

رپورٹنگ فریم ورک کے تحت مطلوب 31 دسمبر 2020ء تک حصص یافتگان کے کچھ طبقات کے متعلق بیانیہ منسلکہ حصص یافتگان کی معلومات میں شامل ہے۔

مستقبل کا جائزہ:

کوویڈ-19 نے عمومی طور پر معیشت اور کاروبار پر سنگین اثرات مرتب کیے ہیں۔ تاہم آئی جی آئی ہولڈنگز ایک ہولڈنگ کمپنی ہے، اور جن کاروباروں میں ہمارے ذیلی ادارے کام کر رہے ہیں وہ ان اثرات سے براہ راست متاثر نہیں ہوئے ہیں۔ ہم پرعزم ہیں کہ ہمارے ذیلی ادارے مستقبل میں یکساں اور منافع بخش نمو فراہم کریں گے۔

اعتراف

ہم اپنے تمام اسٹیک ہولڈرز کے خود پر کئے جانے والے اعتماد کے لئے ان کے شکر گزار ہیں جس کی بدولت ہمیں کامیابی اور ترقی کے حصول میں مدد ملی۔

برائے اور منجانب بورڈ

سید بابر علی
چیئرمین
لاہور: 18 مارچ 2021ء

طاہر مسعود
چیف ایگزیکٹو آفیسر
لاہور: 18 مارچ 2021ء

- ڈائریکٹرز اوران کی شریک حیات کے ذریعہ کمپنی کے حصص میں کی گئی تجارت کا ذکر مندرجہ ذیل ہے:

ڈائریکٹراوران کے شریک حیات:

مسز پروین بابر علی نے	69,900 حصص خریدے
سید حیدر علی، ڈائریکٹر نے	50,000 حصص خریدے
محترمہ فریال صادق، ڈائریکٹر نے	100 حصص خریدے

رواں سال کے دوران سی ای او، سی ایف او، کمپنی سیکریٹری اور ایگزیکٹوز نے کمپنی کے حصص میں تجارت نہیں کی۔

-ٹیکسوں اور محصولات کے بارے میں معلومات مالیاتی رپورٹ میں درج ہیں۔

-بورڈ نے رواں سال کے دوران چار اجلاس منعقد کیے اور ہر ممبر کی حاضری درج ذیل کے مطابق رہی:

ڈائریکٹر کے نام	حاضری
سید بابر علی	4
جناب شمیم احمد خان	4
سید یاور علی	4
سید شاہد علی	2
سید حیدر علی	4
جناب حسن عسکری (10 مارچ 2020ء کو مستعفی ہوئے)	1
محترمہ فریال جمعہ	4
محترمہ فریال صادق (رواں سال منتخب ہوئیں)	2
جناب طاہر مسعود (سی ای او)	4

بورڈ نے ان ڈائریکٹرز کو غیر حاضری کی رخصت کی منظوری دی جو بورڈ کے اجلاسوں میں شرکت نہیں کر سکتے تھے۔

آڈٹ کمیٹی نے رواں سال کے دوران چار اجلاس منعقد کیے اور ہر ممبر کی حاضری درج ذیل کے مطابق رہی:

ڈائریکٹر کے نام	حاضری
محترمہ فریال جمعہ	4
جناب شمیم احمد خان	4
سید یاور علی	4
سید حیدر علی	4

ڈائریکٹرز کا معاوضہ

بورڈ نے ڈائریکٹرز کی معاوضہ پالیسی کی باضابطہ منظوری دی ہے۔ اس پالیسی کا مقصد غیر ایگزیکٹو ڈائریکٹرز کی جانب سے فراہم کردہ اضافی/تکنیکی خدمات کے معاوضے کے تعین کے ساتھ ڈائریکٹرز کے معاوضے کو مقرر کرنے کیلئے ایک شفاف طریقہ کار کو مرتب کرنا ہے۔ طے شدہ معاوضے پر نظر ثانی کا فیصلہ وقتاً فوقتاً بورڈ آف ڈائریکٹرز کے ذریعہ HR&RC کمیٹی کی سفارش پر کیا جائے گا۔

کارپوریٹ اور فنانشل رپورٹنگ کا فریم ورک

آپ کی کمپنی کے ڈائریکٹرز کی رائے میں:

- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، کمپنی کے امور و معاملات، اس کے انتظامات کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کو غیر جانبدارانہ اور شفاف انداز میں پیش کیا گیا ہے۔

- کمپنی کے کھاتوں کی کتب کو باقاعدگی سے برقرار رکھا گیا ہے۔

- مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیز کا اطلاق کیا گیا ہے اور تمام تخمینوں کو معقول اور محتاط فیصلوں کی بنیاد پر مرتب کیا گیا ہے۔

- ان مالیاتی گوشواروں کو پاکستان میں لاگو ہونے والے کمپنیز ایکٹ 2017ء اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرز کے اصولوں کے مطابق تیار کیا گیا ہے اور کسی قسم کی کوئی روگردانی نہیں کی گئی ہے۔

- انٹرنل کنٹرول سسٹم نظام کے لحاظ سے مرتب، متوازن اور موثر انداز میں نافذ العمل ہے اس کی نگرانی بھی کی جاتی ہے۔

- کمپنی کے انتظامات کو مستقبل میں بھی جاری و ساری رکھنے کیلئے کمپنی کی صلاحیتوں میں کوئی شک نہیں ہے۔

- کارپوریٹ گورننس کی بیسٹ پریکٹس سے انحراف یا روگردانی نہیں کی گئی ، جیسا کہ ریگولیشنز میں واضح کیا گیا ہے۔

- گزشتہ چھ سالوں کی کلیدی انتظامی اور مالیاتی اعداد و شمار کی اختصاری رپورٹ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

- جہاں ٹیکس، ڈیوٹیز، چارجز اور محصولات کی مد میں کسی قسم کی قانونی ادائیگیاں واجب الادا ہیں، ان کی رقم بشمول مختصر وضاحت کو ان مالیاتی گوشواروں کا حصہ بنایا گیا ہے۔

- اہم منصوبے اور احکامات، جیسے کارپوریٹ کی تنظیم نو، کاروبار میں توسیع اور آپریشنز کی بندش بشمول مستقبل کے امکانات، خطرات اور غیر یقینی صورتحال، اگر کوئی ہے تو انہیں سالانہ رپورٹ میں شامل کیا گیا ہے۔

- آئی جی آئی ہولڈنگز اور اس کے ذیلی ادارے اپنے ملازمین اور قریبی کمیونٹی کی صحت، حفاظت اور دفتری ماحول کی بہتری کیلئے اقدامات پر عمل درآمد کیلئے کوشاں ہیں۔

- آئی جی آئی ہولڈنگز اور اس کے ذیلی ادارے معاشرے کے غیر مراعت یافتہ طبقات کو تعلیم اور صحت کی سہولت فراہم کرنے کے اسباب پر عملدرآمد کرا رہے ہیں۔ ایسی سہولیات فراہم کرنے والے اداروں کو، متعلقہ بورڈز کی منظوری کے تحت عطیات کی فراہمی کی جاتی ہے۔

- کمپنی کے بورڈ آف ڈائریکٹرز کے پاس بورڈ اور کمیٹیوں کی کارکردگی کی سالانہ تشخیص کیلئے ایک منظور شدہ طریقہ کار موجود ہے، جو کہ ریگولیشنز میں موجود طریقہ کار کے مطابق ہے۔ بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیاں سالانہ بنیاد پر یہ مشقیں کرتی ہیں۔

- ریگولیشنز میں موجود قواعد و ضوابط کے مطابق، بورڈ ڈائریکٹرز کے تربیتی پروگرام کے تقاضوں کی تعمیل کر رہا ہے۔

ڈائریکٹرز کی کل تعداد	
مرد	6
خواتین	2
مرکب	
آزاد ڈائریکٹرز	2
غیر ایگزیکٹو ڈائریکٹرز	5
ایگزیکٹو ڈائریکٹر/سی ای او	1
خواتین ڈائریکٹرز (بشمول آزاد ڈائریکٹرز)	2

کمپنی کے چیف ایگزیکٹو آفیسر، جناب طاہر مسعود کمپنیز ایکٹ 2017ء مجریہ کی دفعہ 188(3) کے تحت موزوں ڈائریکٹر ہیں۔

مورخہ 31 دسمبر 2020ء تک ڈائریکٹرز کے نام درج ذیل ہیں:

سید بابر علی	چیئرمین، نان ایگزیکٹو ڈائریکٹر
جناب شمیم احمد خان	نان ایگزیکٹو ڈائریکٹر
سید یاور علی	نان ایگزیکٹو ڈائریکٹر
سید شاہد علی	نان ایگزیکٹو ڈائریکٹر
سید حیدر علی	نان ایگزیکٹو ڈائریکٹر
محترمہ فریال جمعہ	آزاد ڈائریکٹر
محترمہ فریال صادق	آزاد ڈائریکٹر
جناب طاہر مسعود	ایگزیکٹو ڈائریکٹر/سی ای او

بورڈ نے مندرجہ ذیل ڈائریکٹرز پر مشتمل آڈٹ کمیٹی اور ہیومن ریسورسز اینڈ ریمونریشن کمیٹی (HR&RC) کمیٹی بھی تشکیل دی ہے۔

آڈٹ کمیٹی	ہیومن ریسورس اور ریمونریشن کمیٹی
محترمہ فریال جمعہ، چیئرپرسن	محترمہ فریال جمعہ، چیئرپرسن
جناب شمیم احمد خان، ممبر	سید یاور علی، ممبر
سید یاور علی، ممبر	سید شاہد علی، ممبر
سید حیدر علی، ممبر	سید حیدر علی، ممبر
	جناب طاہر مسعود، ممبر

خطرات کی تخفیف اور ادراک

بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی باقاعدگی سے کمپنی کو درپیش خطرات کا جائزہ لیتی ہے جس میں ان کے وقوع پذیر ہونے کے امکانات اور ذیلی ممکنات شامل ہیں۔ چیف ایگزیکٹو آفیسر کی سربراہی میں سینئر مینجمنٹ ٹیم، خطرات محدود کرنے کے اقدامات کے ذمہ دار ہے۔ مارکیٹ کی شرائط کا باقاعدگی سے جائزہ لینے کیلئے کمپنی کی قابلیت اور ان پر بروقت عمل درآمد کمپنی کو مؤثر طریقے سے خطرات سے حفاظت کا انتظام کرنے میں مدد دیتی ہے۔

سرمایہ انتظام اور لیکویڈیٹی

کمپنی اپنے معاہدوں کے برخلاف اپنے اثاثوں کے مماثلت کے ساتھ اپنے سرمایہ کاری میں تنوع اور کریڈٹ کی کوالٹی کی فعال طور پر منظّم نگرانی کرتی ہے۔ بحیثیت ایک ہولڈنگ کمپنی اس کی آمدنی کا سب سے بڑا ذریعہ منافع منقسمہ ہے، جس کا استعمال مستقبل میں ہونے والی سرمایہ کاری کے ذریعے حصص یافتگان کیلئے منافع کے حصول اور مالی معاہدوں کی تکمیل کے بعد حصص یافتگان کو معقول ادائیگی کو برقرار رکھنے کیلئے استعمال کیا جاتا ہے۔

شرح سود کے خطرات

سود کی شرح کو درپیش اتار چڑھاؤ کے خطرات کے مقابلے میں قبل از ادائیگی کا آپشن موجود ہے۔ اس کے ذریعے متغیر شرح طویل مدتی فنانسنگ سے معاشی استحکام فراہم کیا جاتا ہے، جو سود کی بنیادی شرحوں میں کسی بھی منفی نقل و حرکت کے نتیجے میں لاحق ہوسکتا ہے۔

متعلقہ فریقوں سے لین دین

کمپنیز ایکٹ 2017ء (ایکٹ) کی دفعہ 208 اور کمپنیز (متعلقہ پارٹی ٹرانزیکشنز اور متعلقہ ریکارڈوں کی بحالی) ریگولیشنز 2018ء کے تحت، آپ کی کمپنی نے مندرجہ ذیل نکات پر عمل کیا ہے:

1) بورڈ نے باضابطہ طور پر منظور شدہ متعلقہ فریقوں سے لین دین کی پالیسی مرتب کی ہے،
2) متعلقہ فریقوں سے لین دین کیلئے بطور "آرم لینتھ لین دین" درجہ بندی کیلئے شرائط مرتب کی ہیں، اور
3) متعلقہ فریقوں سے لین دین کی تفصیلات ڈائریکٹرز کی منظوری کیلئے پیش کی گئیں۔

ریگولیشنز کی پیروی

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے جاری کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء (ریگولیشنز) کا اطلاق کمپنی پر ہوتا ہے اور اس کی دفعات کی مکمل طور پر پیروی کی گئی ہے۔ اس سلسلے میں ایک بیانیہ اس سالانہ رپورٹ کے ہمراہ منسلک ہے۔

قابل غور اور ضروری تبدیلیاں

31 دسمبر 2020ء کے بعد کوئی اہم یا ضروری تبدیلی نہیں آئی ہے اور کمپنی نے کسی معاہدے کو منظور نہیں کیا ہے، جو مذکورہ تاریخ پر اس کی مالیاتی حیثیت کو متاثر کرے ماسوائے وہ مزید معلومات جو مورخہ 31 دسمبر 2020ء کو ختم ہونے والے سال کے کمپنی کے آڈٹ شدہ مالی گوشواروں میں درج ہیں۔

بورڈ آف ڈائریکٹرز

آئی جی آئی ہولڈنگز کے بورڈ آف ڈائریکٹرز میں چیئرمین اور سی ای او سمیت آٹھ ڈائریکٹرز شامل ہیں:

ڈائریکٹر رپورٹ برائے حصص یافتگان

آئی جی آئی ہولڈنگز لمیٹڈ ("آئی جی آئی ہولڈنگز") کے ڈائریکٹرز 31 دسمبر 2020ء کو ختم ہونے والے مالی سال کے آڈٹ شدہ مالیاتی گوشوارے بشمول، آپ کی کمپنی کی سالانہ رپورٹ پیش کرنے میں انتہائی مسرت محسوس کرتے ہیں۔

آئی جی آئی ہولڈنگز بحیثیت ایک ہولڈنگ کمپنی کام کر رہی ہے اور اپنے حصص یافتگان کیلئے اپنے ذیلی اداروں بنام آئی جی آئی انویسٹمنٹ (پرائیوٹ) لمیٹڈ، آئی جی آئی جنرل انشورنس لمیٹڈ، آئی جی آئی لائف انشورنس لمیٹڈ اور، آئی جی آئی فائنیکس سیکیورٹیز لمیٹڈ سے منافع حاصل کرتی ہے۔ منافع منقسمہ آمدنی کمپنی کی آمدنی کا ایک اہم ذریعہ ہے اور اس کے تحت اس کی آمدنی کا طریقہ ذیلی اداروں کے منافع کی تقسیم کے طریقہ کار کی پیروی کرتا ہے۔

کمپنی کی کارکردگی کا جائزہ:

	نصف سال مختتمہ 31 دسمبر 2020ء	نصف سال مختتمہ 31 دسمبر 2019ء
	روپے ہزاروں میں	
انتظامی محصول	1,110,000	1,107,950
انتظامی آمدنی	852,532	803,832
منافع قبل از ٹیکس	974,845	911,542
ٹیکس کاری	(30,517)	(14,813)
منافع بعد از ٹیکس	944,328	896,729
آمدنی فی حصص (روپے)۔(بنیادی اور ڈائیلوٹڈ)	6.62	6.29

آپریٹنگ آمدنی سال کے دوران 6 فیصد اضافے کے ساتھ 853 ملین روپے رہی جبکہ اس کے مقابلے میں 2019 کے دوران 804 ملین روپے کی آمدنی ہوئی تھی۔ 2019 کے دوران 897 ملین روپے بعد از ٹیکس منافع کے مقابلہ 2020 میں 944 ملین روپے بعد از ٹیکس منافع ہوا۔

رواں سال کے دوران، گزشتہ سالوں کے توثیق شدہ 101 ملین روپے بے اختیاری خسارے کو کمپنی کی کلی ملکیتی ماتحت ادارہ آئی جی آئی فائنیکس سیکیورٹیز لمیٹڈ میں سرمایہ کاری کے سلسلے میں الٹ کیا گیا ہے۔ اس تبدیلی کی بنیادی وجوہات چند اہم مفروضات ہیں جن میں پاکستان اسٹاک ایکسچینج میں تجارتی حجم میں اضافہ، کمیشن کے نرخوں میں اضافی نظر ثانی اور آئی جی آئی فائنیکس سیکیورٹیز لمیٹڈ کے مارکیٹ شیئر میں اضافہ شامل ہیں۔

اختصاصات

کمپنی نے موجودہ سال کے دوران 944 ملین روپے کا منافع حاصل کیا ہے، جس کے مطابق، ڈائریکٹرز نے 50 فیصد نقد منافع منقسمہ کی تجویز پیش کی ہے (یعنی 5 روپے فی حصص) (2019: 30 فیصد، 3 روپے فی حصص) لہذا، کمپنی نے حتمی نقد منافع منقسمہ کی ادائیگی کیلئے 713.1 ملین روپے (2019: 427.9 ملین روپے) مختص کیے ہیں۔

چیئرمین جائزہ رپورٹ

میں بمسرت طور پر سال مختتمہ مورخہ 31 دسمبر 2020ء کیلئے آئی جی آئی ہولڈنگز لمیٹڈ کی کارکردگی کا جائزہ پیش کر رہا ہوں۔ کمپنی بحیثیت ایک ہولڈنگ کمپنی مصروف عمل اور اپنے حصص یافتگان کیلئے اپنے ذیلی اداروں بنام آئی جی آئی انویسٹمنٹ (پرائیوٹ) لمیٹڈ، آئی جی آئی جنرل انشورنس لمیٹڈ، آئی جی آئی لائف انشورنس لمیٹڈ اور، آئی جی آئی فائنیکس سیکیورٹیز لمیٹڈ سے منافع حاصل کرتی ہے۔

منافع منقسمہ کمپنی کی آمدنی کا ایک اہم ذریعہ ہے اور اس کے تحت اس کی آمدنی کا طریقہ ذیلی اداروں کو منافع کی تقسیم کے طریقہ کار کی پیروی کرتا ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل مختلف انوع پس منظر اور کاروبار، مالیات، انشورنس اور ضوابط کے شعبوں میں بھرپور تجربے کا مرکب ہے۔ بورڈ مشاورتی حکمت عملی کے ساتھ انتظامیہ کو رہنمائی بھی فراہم کرتا ہے۔ بورڈ انتظامیہ کی جانب سے نظم وضبط کے تقاضوں پر عمل درآمد کو بھی یقینی بناتا ہے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019ء) کے ضوابط کے مطابق بورڈ اپنے تشکیل کردہ ضابطہ کار کے ذریعے اپنی کارکردگی کا اندازہ لگاتا ہے، جبکہ میں بطور چیئرمین ہر ڈائریکٹر کی کارکردگی کا جائزہ لیتا ہوں۔

بورڈ کی معاونت اس کی کمیٹیاں کرتی ہیں۔ آڈٹ کمیٹی مالیاتی حسابات کا جائزہ لیتی ہے اور اس امر کو یقینی بناتی ہے کہ وہ کمپنی کی مالیاتی حیثیت کو شفاف انداز میں پیش کرے۔ یہ کمیٹی اندرونی مالیاتی نظم وضبط کو موثر بنانے میں کردار ادا کرتی ہے۔ بورڈ نے ہیومن ریسورسس اور معاوضہ کمیٹی بھی تشکیل دی ہے جو انسانی وسائل اور معاوضے کی منصوبہ بندی اور ترقی سے متعلق امور کو طے کرتی ہے۔ ہر ذیلی ادارہ اپنے بورڈ آف ڈائریکٹرز اور متعلقہ کمیٹیوں کا حامل ہے۔

میں اللہ سے دعا گو ہوں کہ کمپنی اور اس کے ذیلی ادارے مستقبل میں بھی ترقی کی راہ پر گامزن رہیں۔

برائے اور منجانب بورڈ

سید بابر علی

چیئرمین

لاہور: 18 مارچ 2021ء

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