



INVESTMENTS

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**786 INVESTMENTS LIMITED**

**ANNUAL REPORT  
2020**



## CONTENTS

<b>Corporate Information</b>	<b>02</b>
<b>Mission/Vision Statement</b>	<b>03</b>
<b>Notice of Annual General Meeting</b>	<b>04</b>
<b>Financial Highlights</b>	<b>07</b>
<b>Chairman's Report</b>	<b>08</b>
<b>Directors' Report</b>	<b>09</b>
<b>میںجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ</b>	<b>23</b>
<b>Review Report to the Share Holders on Statement of Compliance with the Best Practices of the Code of Corporate Governance</b>	<b>24</b>
<b>Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2020</b>	<b>25</b>
<b>Auditors' Report to the Members</b>	<b>27</b>
<b>Statement of Financial Position</b>	<b>32</b>
<b>Statement of Profit &amp; Loss Account</b>	<b>33</b>
<b>Statement of Comprehensive Income</b>	<b>34</b>
<b>Cash Flow Statement</b>	<b>35</b>
<b>Statement of Changes in Equity</b>	<b>36</b>
<b>Notes to the Financial Statements</b>	<b>37</b>
<b>Pattern of Shareholding</b>	<b>61</b>
<b>Form of Proxy</b>	<b>63</b>

## CORPORATE INFORMATION

<b>Board of Directors</b>	Ms. Shafqat Sultana	Chairperson
	Miss Tara Uzra Dawood	Chief Executive Officer
	Ms. Charmaine Hidayatullah	Director
	Mr. Ahmed Salman Munir	Director
	Syed Shabahat Hussain	Director
	Mr. Tahir Mehmood	Director
	Syed Farhan Abbas	Director
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Noman Shakir	
<b>Audit Committee</b>	Syed Shabahat Hussain	Chairman
	Mr. Tahir Mehmood	Member
	Syed Farhan Abbas	Member
<b>Human Resource Committee</b>	Ms. Shafqat Sultana	Chairperson
	Miss Tara Uzra Dawood	Member
	Mr. Tahir Mehmood	Member
<b>Legal Advisor</b>	Rauf & Ghaffar Law Associates (Advocates & Consultants) Suite # 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar – Karachi, Pakistan.	
<b>Registrars</b>	F.D. Registrar Services (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
<b>Banker:</b>	Habib Metropolitan Bank Limited JS Bank Limited Al Baraka Bank (Pakistan) Limited	
<b>Rating:</b>	PACRA: AM3	



## ***Mission Statement***

*To offer our unit holders the best possible return by expertly diversifying the Fund's investment portfolio into minimal risk and high yielding instruments and at all time to be a good corporate citizen.*



## BUILDING RESILIENT COMPANIES

By T. U. Dawood

When I launched 786 Investments Ltd. in 2003, then known as Dawood Capital Management Ltd., from the start, the plan was to build a legacy company: One to last generations, as others have in our First Dawood Group, as well as to serve the community with top notch money management and personalized customer service. After a five-year honeymoon period, the global financial crisis of 2008 made clear that intent was meaningless without not just solid foundations, but built-in business resilience, sustainability checks and balances, as well as ensuring that while obstacles, market distress and unpredictable disrupters can arise at any moment, at all times, we could safeguard people and assets while maintaining continuous business operations. As a publicly listed company - the first publicly listed asset management company in Pakistan - we had the added responsibility of protecting and managing shareholders' interests in the company.

In 2008, when the industry decided to suspend equity funds, we had an immediate massive run of over 90% of our PKR 6.9 billion Dawood Money Market Fund in redemptions. The SECP immediately suspended redemptions, fearing how could we pay off so many people at once, and decided that until we could redeem everyone, we could not redeem anyone. As a relatively young company, just 5 years old, we had no experience with such a crisis, nor could we find solid precedent for what to do, but knew that our clients' money was their money, and they had a right to it at all times. Our Board had also made the decision that unlike so many of our colleagues in the industry, we did not want to give a haircut to our investors. We had to be resourceful, think outside the box and come up with a solution. I thought back to an old black and white movie I loved, "It's a Wonderful Life" (1939) starring Jimmy Stewart. The way that financial institution saved itself was calling upon friends in the community to be patient and flexible in other ways of claiming their funds. We had some liquidity and we had some term finance certificates so we called up our bigger investors and asked them if they would take equivalent amounts of the redemption they required as instrument instead. They graciously agreed. Now that we had proven we could redeem all clients who had filed for redemption, the SECP whose responsibility it is to protect the investors, added another condition, we had to do all redemptions the same day! With the wonderful support of the business community and our amazing clients, we were able to fulfill all redemptions, without any haircuts, take all losses ourselves as an asset management company. But then, what? How do we begin again and how to build this time stronger.

As the 2008 crisis was a crippling one, it was a slow journey upward, and there have been numerous obstacles, disruptors and even technological changes along with way, but the most amazing thing was how much these war wounds prepared us to be resilient for COVID-19, so that we could embrace change and stress-test our resilience very mindfully.

So, when I started getting hints of coronavirus incapacitating Italy early 2020 and then slowly many Western countries beginning lockdowns, and seeing the panic on the faces of many of our retail clients, we started contingency plans, strengthened our back-up office, virtual office drills, and so forth. The goal was to safeguard our people - our greatest assets - as well as our clients and their monetary assets, while maintaining continuous business operations. It was also to test and see how efficiently we could operate, given any obstacle, whether a pandemic, terrorist threat (sadly the PSX incident came a couple of months after) or even financial meltdown. Once the government announced lockdown, it was clear daily wage workers, restaurants, malls, etc. would lose their income, but that was only the start of an economic decline. One thing we were now experts with at 786 Investments Ltd. was economic declines. We were determined to be braced and ride the wave of this one, rather than be drowned by it.

Mindful business resilience strategy can mitigate the impacts of a disruption and facilitate your company to continue to function or to return to normal more quickly, and ideally improve overall performance.

So many people have asked me to share my top 5 tips for building a resilient business, so here goes:

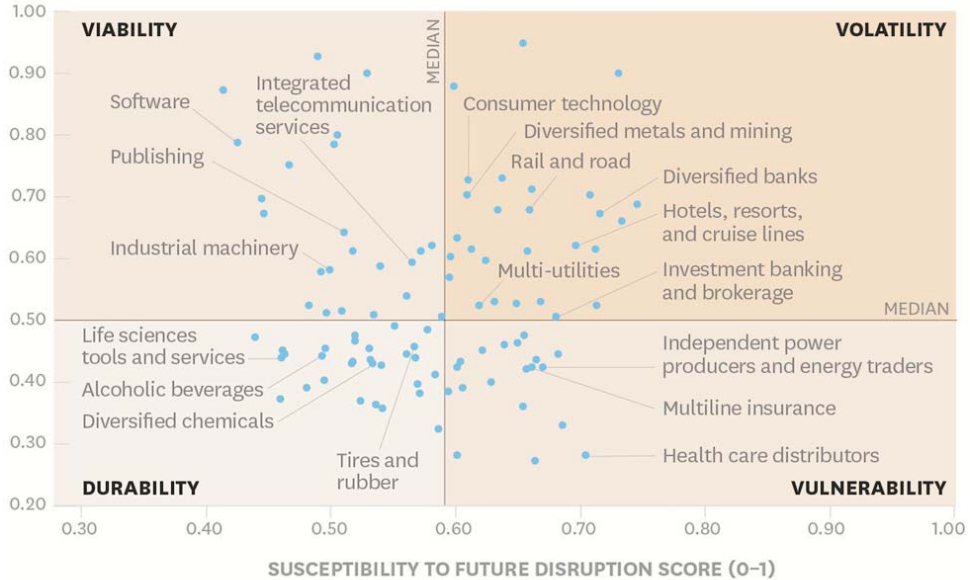
### Tip #1: Understand Disruption Inside and Out

Accenture developed a Disruptability Index to help business leaders better understand industry disruption, which positioned 20 industry sectors - and 98 segments within those sectors - against those a measure of an industry's current level of disruption as well as its susceptibility to future disruption. According to a Harvard Business Review article, "for the former, [they] examined the presence and market penetration of disruptor companies; we also considered incumbents' financial performance. For the latter, [they] measured incumbents' operational efficiency, commitment to innovation, and defenses against attack. They then used the median scores as dividing points to highlight four distinct states of disruption: durability, vulnerability, volatility and viability."

## The Four States of Disruption

How susceptible is your industry?

CURRENT LEVEL OF DISRUPTION SCORE (0-1)



SOURCE ACCENTURE RESEARCH'S DISRUPTABILITY INDEX, SEPTEMBER 2017

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It's not a question of if our industry will be disrupted, but when and how often! Studying about and mastering disruption is a must these days.

### Tip #2: Welcome Disruption

Whether it is a market crisis, a technological development or a pandemic, ultimately disruptions are going to happen so embrace them, be vigilant for them and welcome them as opportunities for upgrading your model and at all times, putting your customer needs first. I remembered well Shahid Ghaffar, who was MD of NIT, which had a 10% stake in 786 Investments Ltd., once telling me, "If you put your customers first, everything else will fall into place." So, we ensured that we wrote to each and every investor prior to any government enforced lockdowns to 1) share COVID-19 health tips and safety guidelines 2) how safely to interact with us during this period 3) to let them know we were on top of things 4) to inform them that we cared about them, their health and safety and the protection of their assets. We also shared with them how we were protecting our own team members, recognizing that purpose-driven, good citizen businesses are a big priority for clients in 2020.

### Tip #3: Cut Out The Fat

While many resilience strategies talk about product diversification and spreading risk across products, markets, services, and investments, we've found a lean, streamlined approach can be more powerful, as you focus your energy and talent in what you do best. Tightening your ship not only reduces costs, but cuts out a lot of fat. In this age of technology, COVID-19 has taught us how little needs to be done in person and how much more work can be achieved, if you are not wasting time with commute, tea breaks, and so forth. So, not only are our team meetings on Zoom, but so are our board meetings, client meetings, audit meetings, discussions with regulators, and so forth. However, cutting out the fat refers to much more than just video conferencing. Cash flow, HR, communications, product offerings, all must be examined from a lens of adaptability and redundancy.

### Tip #4: Gear Your Team for Disruption

It goes without saying that it's not enough for senior management or C-level to be trained in disruption, your entire company should be mentally aware and prepared. That's why we had virtual office drills in the two weeks prior to lockdown. Disruption is even more significant in Pakistan as we have such a young population, who are entering the workforce having grown up more connected than any previous generation. Their expectations and



demands with regard to speed of communication and ease of access to information can be overwhelming to and put a lot of pressure on traditional enterprises to adopt a more digital culture. For example, if a junior team member had a complaint ten years back, it would go through proper chains of review. Now, it comes often as a whatsapp group message demanding an immediate response. So, build flexibility, openness and evolution into your culture and then when external disruptions come, you will also be geared and your team more prepared for such changes, or at least more prepared than a company with a rigid corporate culture.

#### Tip #5: Ride the Wave, Rather Than Fight It

Several companies and colleagues in the business community viewed the pandemic and lockdowns as quick, one offs, and were eager to get back to day to day. We didn't. We remained vigilant, alert and eager to understand what was happen holistically, realizing there was a larger shift taking place, not only in how business would be done, but in how day to day life would be run. Jahangir Siddiqui once shared with me how one of the keys to his success was vigilance and quick exits. So, rather than fighting the growing signs of COVID-19 being a game changer, I started observing its impact on our corporate community, both in terms of clients as well as in terms of team members, regulators, colleagues, et al. We decided to make each decision one step at a time, being calm and open, prepared for more unexpected, not denying that change was happening. This choice to ride the wave, rather than fight it, was one of the best decisions we made, as not only did it ensure no hasty mistakes at the time, but it helped protect the mental health of our team and clients, which is vital to a long-term strategy for any company.

*T. U. Dawood is CEO and Founder of 786 Investments Ltd., one of Pakistan's oldest asset management companies, launched in 2003. It is publicly listed on the Pakistani Stock Exchange. She also sits on the boards of Pakistan State Oil, Pakistan Refinery Ltd. and is an incoming Director of the Mutual Funds Association of Pakistan.*

*Note: This article was originally published in the Mutual Funds Association of Pakistan 2020 yearbook.*



## NOTICE OF ANNUAL GENERAL MEETING (AGM XXIX)

Notice is hereby given that the 29th Annual General Meeting of the shareholders of the Company will be held on Monday, October 26, 2020, at 08:45, am via zoom video, keeping in mind COVID-19 to transact the following business:

### Ordinary Business

- 1- To confirm the Minutes of the 28th Annual General Meeting.
- 2- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020 together with Directors and Auditors Reports thereon.
- 3- To appoint the Auditors and fix their remuneration.
- 4- Any other Business with the permission of the Chair.

By Order of the Board

September 28, 2020  
Karachi

**Noman Shakir**  
Company Secretary

### Notes:

#### 1 Book Closure

The share transfer books of 786 Investments Ltd. will remain closed from October 20, 2020, to October 26, 2020 (both days inclusive). The transfers received in order by our share registrar, FD Registrar Services (Pvt) Ltd situated on the 17th floor, Saima Trade Tower A, I.I. Chundrigar Road, Karachi by the close of business on October 19, 2020, will be considered in time to attend and vote at the meeting.

In light of the COVID-19 situation, the Securities and Exchange Commission of Pakistan ("SECP"), in terms of its Circular No.5 dated March 17, 2020, and Circular No. 25 dated August 31, 2020, has advised companies to modify their usual planning for general meetings for the safety and wellbeing of shareholders and the public at large with minimal physical interaction. Hence, the proceedings of the meeting will be carried out through a video-link facility. In this regard, special arrangements have been made for the AGM which are as under:

- a) AGM will be held through Zoom application - a video link facility.
- b) Shareholders requested to attend the AGM through Zoom application it is requested to get themselves registered with FD Registrar Services situated on the 17th floor, Saima Trade Tower A, I.I. Chundrigar Road, Karachi (Video Conferencing Service Provider) at least 48 hours before the time of AGM at (info@fdregistrar.com) by providing the following details:

Folio/ AC no	Company	Name of Shareholder	CNIC number	Cell number	Email Address
	786 Investments Limited				





A video-link for the meeting will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.

The login facility will be opened fifteen (15) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to log in and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

- c) Shareholders are encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

## **2 Appointment of Proxy**

- a) A member entitled to attend the meeting may appoint any other member as his/her proxy to attend the meeting through video-link. A proxy form is enclosed.
- b) A member entitled to attend and vote at Annual General Meeting shall be entitled to appoint another member, as a proxy to attend and vote on his/her behalf. The proxies in order to be effective must be received to FD Registrar not less than forty-eight (48) hours before the meeting.
- c) Members are requested to notify changes immediately, if any, in their registered addresses to FD Registrar.

## **3 For Appointment of Proxy**

The shareholders will further have to follow the under mentioned guidelines:

- a) In case of individuals having physical shareholding or the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form accordingly.
- b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
- c) Notarized copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- d) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

## **4 Submission of copy of CNIC/NTN (Mandatory):**

Individual members who have not yet submitted photocopy of their valid CNIC to the Company/Share Registrar, are once again requested to send their CNIC (copy) at the earliest directly to FD Registrar. Corporate Entities are requested to provide their National Tax Number (NTN). Please also give Folio Number with the copy of CNIC/NTN details.

## **5 Availability of Annual Audited Financial Statements on the Company's website:**

In terms of Securities and Exchange Commission of Pakistan's (SECP) S.R.O. 634 (1)/ 2014, the Annual Report for the year ended 30 June 2020 will also be placed on 786 Investments Ltd. website [www.786investments.com](http://www.786investments.com) and is readily accessible to the shareholders.

## **6 Transmission of Financial Statements to the Members through e-mail:**

As per the directives issued by the Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O.787(1)2014 dated 08 September 2014 and in pursuance of Circular No. 10 dated April 1, 2020, respectively regarding Regulatory Relief to dilute the impact of Corona Virus (COVID 19) for Corporate Sector companies are allowed the circulation of Audited Financial Statements along with Notice of Annual General Meeting to their shareholders through email to those shareholders whose emails addresses are present in the records of Share Registrar/database of CDC. The shareholders who wish to receive the Annual Report via email in the future are requested to fill the consent form to FD Registrar.

In case any shareholder who has provided consent to receive Audited Financial Statements and Notice through email subsequently requests for a hard copy for Audited Financial Statements the same shall be provided free of cost within seven days of receipt of such request, but due to health and safety concerns in these COVID-19 times and our sustainable policy to be as paperless and plastic-free as possible, we request shareholders to view the annual report as pdf.

## **7 Deposit of Physical Certificates in CDC Account**

As per Section 72 of the Companies Acts, 2017, every AMC shall be required to replace its physical certificate with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act.

The AMC having physical shareholders are encouraged to open the CDC sub-account with any of the brokers or investor Account directly with CDC to place their physical certificate into scrip less form.

## FINANCIAL HIGHLIGHTS

	2020	2019	2018	2017	2016	2015
	Rupees In Million					
Authorized Capital	200.0000	200.00	200.00	200.00	200.00	200.00
Paid-Up Capital	149.7375	149.74	149.74	149.74	149.74	149.74
Shareholders' Equity	208.7028	200.38	245.45	270.89	210.53	237.40
Total Assets	227.8785	219.07	264.07	287.20	231.65	254.63
Short-Term Investment in Securities	22.4283	10.07	8.63	7.65	2.43	4.29
Income From Investments	0.2696	(1.35)	0.04	-	-	0.50
Management Fee	9.5667	12.02	11.50	10.01	14.07	14.91
Other Income	2.8357	3.74	0.56	0.67	1.56	0.26
Impairment Loss on Investment	-	-	(0.15)	(0.57)	(1.73)	(0.89)
Profit/(Loss) Before Taxation	4.3370	(39.96)	(24.84)	64.81	(24.86)	33.52
Taxation	1.5122	3.25	1.58	9.66	0.16	0.16
Profit/(Loss) After Taxation	2.8247	(43.21)	(26.42)	55.14	(25.02)	33.36
Book Value Per Share	13.9379	13.38	16.39	18.09	14.06	15.86
Earnings Per Share	0.1886	(2.89)	(1.76)	3.68	(1.67)	2.23



## **CHAIRMAN'S REPORT**

During the year, all Directors of 786 Investments Ltd performed their due job with professionalism, demonstrable skills, and determination to support management turning around the company. I wish to record my appreciation to the Board Members.

The Company got the approval of SECP with regard to the Merger of 786 Rising Star Fund and First Dawood Mutual Fund with and into 786 smart Fund through its vide letter having reference No: SCD/AMCW/786IL/153/2019 dated December 02, 2019. The Board of Directors approved the effective date of the merger as on December 20, 2019 which has been successfully merged and all the compliances have been met. As of now 786 Investments Limited managing only one single fund i.e. **786 Smart Fund previously known as Dawood Income Fund** which falls in the category of Islamic Income Fund.

The Company has revisited its strategy, keenly observed, and analyzed the situation of the economy during the pandemic COVID-(19). During these bad lights on the economy and continuous lockdowns in the city, Karachi. Company managed to improve the position of the fund with the available resources with the company and turned it into profits.

On behalf of the Company, I would like to express my gratitude to the Securities and Exchange Commission of Pakistan, the management of the Pakistan Stock Exchange Limited for their continued support and cooperation and all other stakeholders who are contributing in our success.

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**Shafqat Sultana**  
Chairperson

Date: September 28, 2020  
Karachi

## **REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY**

The Board of Directors of 786 Investments Limited. ("786" or the "Company") is pleased to present the annual report and the audited financial statements of the Company for the year ended June 30, 2020.

### **Principle Business:**

786 Investments Ltd is a public listed company incorporated in Pakistan. The Company is registered as NBFC under the NBFC Rules, 2003. The Company has obtained the license to carry out Asset Management Services and in process of obtaining the license of Investment Advisory Services and under the NBFC Rules, 2003, and NBFC Regulation, 2008.

### **Company Performance Review:**

	June 30, 2019	June 30, 2019
	..... Rupees.....	
Management Fees	<b>9,566,707</b>	12,017,853
Other Operating Income	<b>2,835,672</b>	3,743,568
Gross Revenue	<b>20,045,919</b>	2,939,351
Other operating charges		
Administration and Operating Expenses	<b>(25,709,479)</b>	(31,962,858)
Financial Charges	<b>(6,874)</b>	(5,220)
Total Expenses	<b>(25,716,353)</b>	(31,968,078)
Share of Associates' Profit/(Loss)	<b>10,007,405</b>	(10,928,383)
Impairment Loss on Investments	-	-
(Loss)/Profit Before Taxation	<b>4,336,970</b>	(39,957,110)
(Loss)/Profit After Taxation	<b>2,824,729</b>	(43,207,504)

The Company recorded a Profit of PKR 2.82 million during the period ended June 30, 2020, as compared to a loss of (PKR (43.20) million FY19. The Company Income which comprised of Management Fees decreased by PKR 2.45 million representing a 20.39% decreased in Management Fees. But Simultaneously the administrative and operating expenses decreased by PKR 6.25 million representing a 19.55% decrease in administrative and operating expenses. Other income also contributed to turning around the company losses into profits. Further Share of Associates' shows a profit of PKR 10.00 million as compared to the loss of (PKR (10.92) million FY19).

The earnings per share (EPS) of the Company for the period ended June 30, 2020, was PKR 0.19 as compared to PKR (2.88) per share as of June 30, 2019.

The Board of Directors of the Company has a responsibility to ensure that the internal financial control system of the company is adequate and is operating effectively.

The Company got approval from the Securities & Exchange Commission of Pakistan (SECP) through its vide letter having reference No: SCD/AMCW/786IL/153/2019, on dated December 02, 2019, for the merger of three funds.

The effective date merger was announced by the Board of Directors as of December 20, 2019, and successfully executed and completed. The Merging Schemes stood merged with and into the surviving scheme 786 Smart Fund on the basis of swap ratio calculated on the basis of Net Asset Values (NAV) of the Merging and the Surviving



Schemes at the close of the business day on December 19, 2019 (the day immediately preceding the effective date of the merger). For one unit of 786 Rising Star Fund (786RSF), 1.256 units of 786 Smart Fund (786SF) were issued, and for one unit of First Dawood Mutual Fund (FDMF), 0.2044 units of 786 Smart Fund (786SF) were issued. Assets and Liabilities of 786 Rising Star Fund (RSF) and First Dawood Mutual Fund (FDMF) have been recorded / Merged at the fair value as of the merging date.

As a result of this Merger, an appropriate number of units of 786 Smart Fund (786SF) (based on Swap ratio) were issued to those eligible persons whose names appeared in the Register of Unitholders of 786 Rising Star Fund (786RSF) and First Dawood Mutual Fund (FDMF) as at the close of the business day on December 19, 2019 (the day immediately preceding the effective date of the merger) without charge of any load by the Management. Upon the allotment of units of 786 Smart Fund (786SF) to the eligible persons, all units representing their holding in 786 Rising Star Fund (786RSF) and First Dawood Mutual Fund (FDMF) stood canceled.

All formalities of the merger were done with the consent of the Central Depository Company of Pakistan Limited (CDC), the Trustee of 786 Rising Star Fund, and First Dawood Mutual Fund, MCB Financial Services Ltd (MCBFSL), the Trustee of 786 Smart Fund and Al-Hilal Shariah Advisors (Pvt.) Limited our Shariah advisor and SECP.

The merger effectively facilitated the benefit of economies of scale and turned our losses into profits. As of now, the return from the Fund is also showing an upward/increasing trend which means an increase in daily Net Asset Value (NAV).

The Company's focus is to grow Asset Under Managements (AUMs). 786IL manages one fund which categorized into Islamic Income Fund, which is the surviving fund called 786 Smart Fund (formerly Dawood Income Fund), having AUMs of PKR 626.50 million as of the year ended June 30, 2020. During the fiscal year, the AUMs decreased by 4.32%.

#### **Future Plans:**

786IL is building a strategy focused on times of COVID-19, and in anticipation of post COVID-19, with a focus on ease of both operations and customer access to information and our team, during periods of lockdown and with an emphasis on virtual, safer communications and elimination of paper for reasons of health and safety, as well as to be a more sustainable, purpose-driven, eco-friendly role model among asset management companies.

Our objective for the year is to grow Asset under Managements (AUM) through an effective virtual, social media driven sales strategy.

#### **Economic Review:**

Pakistan's debt burden used to be already significant, and the post COVID-19 situation has made it nearly impossible for it to service the massive debt comparable to a number of developing countries. So far, Pakistan has managed to attain a loan worth USD1.4 bn under the Rapid Financing Instrument. Pakistan Institute of Development Economics and the World Bank have estimated large increase in poverty rate. Pakistan's economy is predicted to witness an adverse GDP growth of 0.4% in the current fiscal year as against positive 3.3% in FY19, particularly due to the effect of COVID-19 currency devaluation and inflationary pressures were the primary reason for the negative growth rate. Investment to GDP ratio was 15.4% for third quarter 20 vs 15.6% for the same period last year. National Savings to GDP was 13.9% for 9m20 compared to 10.8% for the same period last year. The reduction in the Saving-Investment Gap was possible due to reduction of trade deficit and increase in workers remittances.

The fine increase in agriculture recorded a strong growth of 2.7% which is considerably higher than the 0.6% achieved in the past year. The crop sector experienced a significant growth of 3.0% due to the increase in the

growth of major crops (wheat, rice, maize, sugarcane, cotton) by 2.9% Agricultural credit as at 9m20 was PKR 912 B which is 13.3% higher than same period last year. The industrial and services sectors has been estimated at -2.6% mainly due to a -8.8% and -7.8% plunge in the mining & quarrying and large-scale manufacturing sectors respectively. The services sector was also significantly impacted due to the lockdown situation in the country, especially the Wholesale & Retail Trade and Transport Sectors, which declined by -3.4% and -7.1% respectively.

To stimulate growth, the government has announced a PKR 1.2 trillion fiscal stimulus package and a construction industry related package which includes tax exemptions, an amnesty scheme and PKR 30 B subsidy. In FY20, the government approved the first-ever E-Commerce (EC) policy framework. SBP states that Pakistan can increase its GDP by USD 36 B and create 4 million jobs by 2025 via an increase in the use of digital financial services alone.

During FY20, the government decided to privatize 33 state owned entities including six public sector enterprises. During FY20, some CPEC projects achieved their commercial operation date. These include the Hubco & Engro Coal Projects, as well as substantial portions of road projects namely the Peshawar- Karachi motorway & KKH Phase-II road. Given the impacts of the COVID-19 pandemic, sustaining the focus and pace on CPEC, in its present state, seems difficult.

Pakistan's current account deficit shrunk to USD 3.3 B in 10m20, as in contrast to USD 11.5 B in the identical period last year, registering a decline of 71%. This contraction is attributable to a reduction in imports by means of 17% and will increase in remittances by means of 5.6%. Over the last five years, remittances have grown by way of a CAGR of approximately 7% providing robust support to current account balance in opposition to trade deficit. During the period 10m20, remittances grew by means of 5.5% to USD 19 B in contrast to USD 18 B in 10m19. The average CPI for 11m20 was 10.9%, as in contrast to the average inflation of 6.7% at some point of the identical period last year. IMF forecasts inflation to reduce to 9% in the following year. Pakistan's total revenue registered a growth of 31% during 9m20, while expenditure increased by 16% resulting in decline in the fiscal deficit from 5.1% in 9m19 to 4% in 9m20.

### **Money Market Review:**

The average inflation rate in Pakistan stood at approximately 11% for 11m20. The inflation peaked to 14.6% on January 20 which was an end result of energy tariff adjustments and the adoption of the market-based exchange rate. A downward trend was determined in inflation after January, whereby, it reduced in size to 8.2% on May 20 registering a drop of 6% in the closing 4 months due to declining oil prices and falling demand due to pandemic. The rate of decline, however, decreased on May 20 in contrast to prior months as an end result of a spike in prices of some essential food items offsetting the influence of reduced petroleum product prices. The declining inflation rate has given room to SBP which has aggressively slashed the policy rate to 8%. The policy price was once kept on the greater side at 13.25% from July 19 until March 20 to contain inflation.

The depreciation of PKR for the 11m20 towards USD was 3.2% as compared to 21.7% the identical period last year. On April 20, PKR recorded its historic low of 167.9 towards USD exceptionally reflecting the ongoing COVID-19 crisis and the reduction in the policy rate.

In secondary markets, T-bill 3 months, 6 months and 12 months yields were down in the range of 60bps to 89bps, whereas a mixed trend was witnessed in PIB yields. PIB 3 years was down by 4 bps (7.53%), 5 years yield was up by 20 bps to 8.11% and 10 years PIB yield was also increased by 18 bps to close at 8.69%. In the primary market, two T-bill auctions and PIB oater auctions were conducted closing of the year 2020. In total Rs. 390 billion were accepted against a target and maturity of Rs. 520 billion & Rs.485 billion respectively. A fixed-rate PIB auction was also conducted in which participation was witnessed at Rs. 177 billion against a target of Rs. 140 billion; SBP accepted Rs. 112 billion across all tenors.

The country's total foreign exchange reserves fell 10% to USD 16.9 billion on May 20 placing extra pressure on the currency due to outflows. Post COVID-19 crisis, remittances being a fundamental support for the CAD of Pakistan are predicted to decline due to the sluggish growth in advanced economies thereby having a negative impact on PKR.

### **Stock Market Review:**

During the start of financial year 2020 witnessed the oscillating trend previously determined at the Pakistan Stock Exchange (PSX) throughout FY19. The turnover of KSE100 index shares on PSX all through 10m20 used to be PKR 41 billion, compared to PKR 34 billion in the identical duration of FY19.

The index averaged 34,787 factors for the duration of 10m20, in contrast to 39,995 throughout the identical duration of FY19. Subsequent border tensions, withdrawals by using foreign investors, high-interest rates, declines in returns stemming from forex devaluations & a perceived negative outlook on the economy led to a decrease in the benchmark KSE100 index.

### **Future Outlook**

The financial year 2021 is expected to continue to be underneath the shadow of the pandemic. The IMF has anticipated a tremendous increase of 2% but this seems constructive at this stage. Inflation is expected to stay low as given the suppressed demand and falling global commodity prices. SBP policy rate is predicted to be reduced similarly given the decrease inflation blended with the need to jump-start the economy. PKR is expected to depreciate in addition towards the USD. The extent of such depreciation relies upon mainly on debt restructuring initiatives.

Remittances are expected to be lower due to the negative impact on the Pakistani employees in Middle Eastern countries both due to the pandemic as well as declining oil prices. Exports are expected to be extensively impacted in the coming fiscal 12 months on the grounds that Pakistan's main export destinations, China, UK, US, France, Italy, Spain, and Germany, are among the countries most affected through the COVID-19 pandemic. Imports are expected to remain suppressed due to decrease economic undertaking and decreased oil prices. Compliance with FATF conditionalities continues to be an essential factor and whilst the government is confident, all efforts need to be made to obtain most feasible compliance ahead of the evaluation in September 2020.

### **Asset Management Industry Overview**

The Company's Asset Under Management (AUM) as of June 30, 2020, was 626.50 million which was decreased by 4.32% as compared to three merged funds June 30, 2019 (PKR 654.76 million).

The total Net Asset of the mutual fund industry reached PKR 772 billion as of June 30, 2020, showing an increase of 43% in comparison with June 30, 2019 (PKR 540 billion).

The total Net Asset of Shariah Compliant funds reached PKR 344 billion as of June 30, 2020, and has been increased by 61% as compared to June 30, 2019. Funds other than Shariah total Net Asset reached at PKR 428 billion have also been increased by 31% compared with the same period last year.

The total 19 AMCs are currently operating in Pakistan the total number of funds as of June 30, 2020, was 300 as compared to June 30, 2019 (290).

### **Corporate Social Responsibility and Impact on Environment**

During the year, 786 Investments Ltd managed CSR activities, we followed Pakistan's Health and Safety protocol, during the worldwide spread of the Novel Coronavirus which causes COVID-19. These were unprecedented times that call for prudence and not panic.



We held an awareness event for 786 stakeholders a preventive information session for Coronavirus led by three (03) medical practitioners on Wednesday, March 11, 2020 session timings were 6:00 pm to 7:30 pm at our registered office. The said event organized with collaboration Dawood Global Foundation and Murshid Hospital. Many of the stakeholders of 786 Investment Ltd participate and were trained by these medical practitioners who were certified by Murshid Hospital on Coronavirus safety, information, prevention, and tips.

786 Investments Ltd. is always proactive and takes an abundance of caution. As the situation continues to unfold, we will operate virtually with full business hours and ensure preventative measures based on the guidance from the Government of Sindh Public Health.

Our team members also volunteered for 1) educating girls vocationally, 2) distributing food rations 3) 11th LADIESFUND Women's Awards for Pakistan 2019. Our approach and commitment are to you, our clients, our shareholders, our employees, and the community.

### **Principle Risk & Uncertainties**

The Asset Management industry size increased during the year but due to Covid-19 the industry faced a sharp decrease in discount rate.

The Company is maintaining one Islamic Income Fund, which is the surviving fund of the merger, and is called 786 Smart Fund (formerly Dawood Income Fund). Most of the Fund's value is being invested in commercial banks to counter the risk of market but they were influenced by the macroeconomic, and political factors which impact the Company's performance. Due to Covid -19, the discount rate decreased with the increasing rate. The value of currency devaluation also impacts the performance of the market and hence the profitability of the Company. But some of the Fund's value is invested in different Sukuks for diversification and to optimize performance in a low-risk manner.

The Company's risk management policies and procedures ensure that risks are effectively identified, evaluated, monitored and managed. Risk management is a dynamic function and management must continuously monitor its internal risk procedures and practices in order to reduce earnings variability.

### **Board Evaluation**

Listed Companies (Code of Corporate Governance) Regulation, 2019 require evaluation of the Board of Directors as a whole and its committees. In this regard, a comprehensive range of self-evaluation survey were conducted in the Company with respect to the performance of its Board of Directors and Board Committee. Feedback from all the Board members was solicited on areas of strategic clarity & beliefs, direction of business plan and functional adequacy of its role.

### **Corporate Governance and Financial Reporting Framework**

The Directors are pleased to state as follows:

- The financial statements, prepared by the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the company. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.

- The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- There are no significant doubts upon the company's ability to continue as a going concern. There has been no material departure from the best practices of Corporate Governance except as disclosed in the statement of compliance annexed with these financial statements.
- There has been no trading during the year in the units of the Fund carried out by the Directors, Chief Executive Officer, Company Secretary and their spouses and their minor children except as disclosed in the relevant notes to the financial statement.
- There is no statutory payment on account of taxes, duties, levies and charges outstanding.

The Company has complied with the requirement of the Regulation and LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 in the following manner.

**The total number of directors are seven (7) as per the following:**

- a) Male: 4  
b) Female: 3

The Composition of board is as follows:

Category	Names	Designation
Independent Directors	Ms. Shafqat Sultana	Chairperson
	Ms. Charmaine Hidayatullah	Director
	Syed Shabahat Hussain	Director
	Mr. Ahmed Salman Munir	Director
Executive Director	Ms. Tara Uzra Dawood	Chief Executive Officer
Non -Executive Directors	Syed Farhan Abbas	Director
	Mr. Tahir Mehmood	Director
Female Directors	Ms. Shafqat Sultana	Chairperson
	Ms. Tara Uzra Dawood	Chief Executive Officer
	Ms. Charmaine Hidayatullah	Director

### Board of Directors Meetings

During the year, four meetings were held. The attendance of each Director is as follows:

Names	No of Meetings held	No of Meetings attended	Leave granted
Ms. Shafqat Sultana	4	4	-
Ms. Tara Uzra Dawood	4	4	-
Ms. Charmaine Hidayatullah	4	2	2**
Mr. Tahir Mehmood	4	4	-
Syed Farhan Abbas	4	4	-
Syed Shabahat Hussain	4	4	-
Ahmed Salman Munir	4	4	-

\*\*Leave of absence was granted.

### Audit Committee Meeting

During the year, four meetings were held. The attendance of each member is as follows:

Names	No of Meetings held	No of Meetings attended	Leave granted
Syed Shabahat Hussain	4	4	-
Mr. Tahir Mehmood	4	4	-
Syed Farhan Abbas	4	4	-

\*\*Leave of absence was granted.

### Directors Remuneration

The remuneration of the Non-Executive Directors, Independent Directors and Chief Executive Officer for attending Board and its Committees meetings is determined by the Company in the General Meeting. The remuneration of the Directors is determined on the basis of prevailing industry trends and business practices. The details of remuneration paid to the Chief Executive Officer and Directors are available in note 30 to the financial statements.

### Auditors

The present Auditors, Haroon Zakaria & Co. Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board Audit Committee have recommended their re-appointment as statutory auditors for the year ending June 30, 2021 and the Board have endorsed the communication.

### Auditors' Report

The Auditors have given their unqualified opinion on the financial statements of the Company for the year ended June 30, 2020.

**Statement of Ethics and Business Practices**

The Board of Directors of Company has adopted a Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

**Dividend**

Based on the above, the Board of Directors of the Company has decided not to distribute any dividend to the shareholders for the year.

**Credit Rating**

The Pakistan Credit Rating Agency Limited (PACRA) has assigned an asset manager rating of "AM3", to the Company.

**Trading in shares of the Company**

During the year no transaction in shares were carried out by the Directors, Chief Executive Officer, Chief Financial Officer & Company Secretary and their spouses of minor children.

**Transaction with Connected Persons/Related Parties**

Transactions between the Fund and its connected persons as disclosed in notes to the financial statements are carried out on an arm's length basis.

**Pattern of Share Holding as on June 30, 2020**

The pattern of shareholding holding as on June 30, 2020 is annexed to these financial statements.

**Key Financial Highlights**

Key financial highlights are summarized and annexed to these financial statements.

**Staff Retirement Benefits**

786 operates a provident fund scheme for all permanent employees' details are included in these financial statements.

**Events after the Balance Sheet Date**

There was no subsequent event after the Balance sheet date and only one non-adjusting event after the end of financial year. The Company obtained a subordinated loan of PKR 22 million to meet the Minimum Equity Requirement for renewal of license as Asset Management Services under the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules.

**Acknowledgement**

The Board of Directors of the Management Company is thankful to the Securities and Exchange Commission of Pakistan and the management of the Pakistan Stock Exchange Limited for their continued support and cooperation. The Directors also appreciate the efforts put in by the employees of the Company for their commitment and dedication and shareholders for their confidence in the Company.

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Director

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Shafqat Sultana  
Chairperson

September 28, 2020  
Karachi, Pakistan

## کمپنی کے حصص میں تجارت

سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر اور کمپنی سیکرٹری، ان کے زوج اور نابالغ بچوں کی طرف سے حصص کی کوئی تجارت نہیں کی گئی ہے۔

## منسلک افراد / متعلقہ پارٹیوں کے ساتھ لین دین

فنانڈ اور اس سے متعلقہ افراد کے درمیان لین دین جیسا کہ مالی گوشواروں میں انکشاف کیا گیا، قابل رسائی بنیاد پر کیا جاتا ہے۔

## 30 جون 2020 کو پونٹ ہولڈنگ کا نمونہ

30 جون 2020 کو پونٹ ہولڈرز کا نمونہ ان مالی گوشواروں سے منسلک کر دیا گیا ہے۔

## اہم مالیاتی جھلکیاں

کلیدی مالیاتی جھلکیوں کا خلاصہ ان مالیاتی گوشواروں کے ساتھ منسلک کر دیا گیا ہے۔

## اسٹاف کوریٹائرمنٹ کے فوائد

786 تمام مستقل ملازمین کے لئے ایک پرائیویٹ فنڈ اسکیم چلا رہی ہے جس کی تفصیلات ان مالیاتی گوشواروں میں شامل ہے۔

## بعد از بیلنس شیٹ واقعات

بیلنس شیٹ کی تاریخ کے بعد، کوئی واقعہ رونما نہیں ہوا ہے۔ مالی سال کے اختتام کے بعد صرف ایک نان ایڈجسٹمنٹ واقعہ ہوا۔ کمپنی نے نان بینکنگ فنانس کمپنیز (اسٹیلیمینٹ اینڈ ریگولیشن) رولز کی ضروریات کے تحت ایسٹ میٹجمنٹ سروسز کے طور پر لائسنس کی تجدید کے لئے کم از کم ایکویٹی ضروریات کو پورا کرنے کے لئے 22 ملین روپے کا ماتحت قرضہ حاصل کیا ہے۔

## اظہار تشکر

میٹجمنٹ کمپنی کے بورڈ آف ڈائریکٹرز قابل قدر معاونت، مدد اور رہنمائی پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی انتظامیہ کے شکر گزار ہیں۔ ڈائریکٹرز عزم، لگن اور محنت پر کمپنی کے ملازمین اور انتظامیہ کا اور کمپنی میں اعتماد پر شیئرز ہولڈرز کا بھی شکریہ ادا کرتے ہیں۔

شفقت سلطانہ

چیئر پرسن

ڈائریکٹر

کراچی: 28 ستمبر 2020ء

سیدفرحان عباس	4	4	-
سید شہباز حسین	4	4	-
احمد سلمان منیر	4	4	-

\*\* غیر حاضری کی چھٹی دی گئی۔

### آڈٹ کمیٹی کا اجلاس

سال کے دوران، چار اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام	منعقدہ اجلاسوں کی تعداد	تعداد حاضری اجلاس	تغییل
جناب سید شہباز حسین	4	4	-
جناب طاہر محمود	4	4	-
سیدفرحان عباس	4	4	-

\*\* غیر حاضری کی چھٹی دی گئی۔

### ڈائریکٹرز کا مشاہرہ

بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لئے نان ایگزیکٹو ڈائریکٹرز، آزاد ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کے مشاہرہ کا تعین کمیٹی اجلاس عام میں کرتی ہے۔ ڈائریکٹرز کا مشاہرہ موجودہ انڈسٹری رجحانات اور کاروباری پیکسز کی بنیاد پر معین کیا جاتا ہے۔ چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ کی تفصیلات مالی حسابات کے نوٹ 30 میں دستیاب ہیں۔

### آڈیٹرز

موجودہ آڈیٹر ہارون زکریا اینڈ کمپنی رٹائر ہو گئے اور اہلیت کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2021 کو ختم ہونے والے سال کے لئے قانونی آڈیٹر کی حیثیت سے تقرری کی سفارش کی ہے اور بورڈ نے اس کی منظوری دے دی ہے۔

### آڈیٹرز کی رپورٹ

آڈیٹر نے 30 جون 2020 کو ختم ہونے والے سال کے لئے کمیٹی کے مالی گوشواروں پر اپنی رائے دی ہے، جس میں انہوں نے چند معاملات پر زور دیا ہے۔

• ہم مالیاتی گوشواروں کے نوٹ 1.5 پر توجہ دلاتے ہیں جس میں انویسٹمنٹ ایڈوائسری انٹرنیشنل کی تجدید کے مقصد کے لئے کم از کم ایکٹیو ضروریات کی وضاحت کی گئی ہے۔

مذکورہ بالا معاملے میں ہماری رائے کو ایفائیڈ نہیں ہے۔

### اخلاقیات اور کاروباری طریقوں کا بیان

کمیٹی کے بورڈ آف ڈائریکٹرز نے اخلاقیات اور کاروباری طریقوں پر عمل کیا ہے۔ تمام ملازمین کو اس بیان بارے میں مطلع کیا گیا ہے اور کاروباری قواعد و ضوابط کے سلسلے میں ان اصولوں پر عمل کرنا ضروری قرار دیا گیا ہے۔

### ڈیویڈنڈ

مذکورہ بالا کی بنیاد پر، کمیٹی کے بورڈ آف ڈائریکٹرز نے سال کے لئے شیئرز ہولڈرز کو کوئی ڈیویڈنڈ آمدنی تقسیم نہ کرنے کا فیصلہ کیا ہے۔

### کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمیٹی کو "AM3" کی ایسٹ فیچر ریٹنگ تفویض کی ہے۔

- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے اور کسی انحراف کا واضح انکشاف اور وضاحت کی گئی ہے۔
  - اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
  - کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
  - کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے سوائے جن کامی گوشتواروں کے ساتھ منسلک تعمیلی بیان میں انکشاف کیا گیا۔
  - فنڈ کے پونٹ میں کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، کمپنی سیکرٹری اور ان کے زوج اور ان کے نابالغ بچوں کی طرف سے سال کے دوران کوئی تجارت نہیں کی گئی سوائے جن کامی گوشتواروں سے متعلقہ نوٹس میں انکشاف کیا گیا۔
  - میکسیمز، ڈیویڈز، لیویز اور بقایا چارجز کی مد میں کوئی قانونی ادائیگی نہیں ہے۔
  - کمپنی نے درج ذیل انداز میں اسٹیک ہولڈرز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور ریگولیشنز کے تقاضوں کی تعمیل کی ہے۔
- ڈائریکٹرز کی کل تعداد سات (7) درج ذیل کے مطابق ہے:

(a) - مرد 4

(b) - خاتون 3

بورڈ کی ترتیب درج ذیل ہے:

کمیٹی	نام	عہدہ
آزاد ڈائریکٹر	محترمہ شفقت سلطانہ مس چارمان ہدایت اللہ سید شاہت حسین جناب احمد سلمان منیر	چیئر پرسن ڈائریکٹر ڈائریکٹر ڈائریکٹر
ایگزیکٹو ڈائریکٹر	محترمہ متا راعز راداد	چیف ایگزیکٹو آفیسر
نان ایگزیکٹو ڈائریکٹر	سید فرمان عباس جناب طاہر محمود	ڈائریکٹر ڈائریکٹر
خاتون ڈائریکٹر	محترمہ شفقت سلطانہ محترمہ متا راعز راداد محترمہ چارمان ہدایت اللہ	چیئر پرسن چیف ایگزیکٹو آفیسر ڈائریکٹر

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران، چار اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری حسب ذیل ہے:

نام	منعقدہ اجلاسوں کی تعداد	تعداد حاضری اجلاس	تغییل
محترمہ شفقت سلطانہ	4	4	-
محترمہ متا راعز راداد	4	4	-
محترمہ چارمان ہدایت اللہ	4	2	2**
جناب طاہر محمود	4	4	-

## ایسٹ اینڈسٹری کا جائزہ

30 جون 2020 کو کمپنی کے ایسٹ اینڈسٹری (AUM) کی مالیت 626.50 ملین تھی جو 30 جون 2019 (654.7 ملین روپے) کے مقابلے 4.32 فیصد کم ہوئی۔ میوچل فنڈ اینڈسٹری کا مجموعی نیٹ ایسٹ 30 جون 2020 تک (AUM) کی مالیت 772 ملین تک پہنچ گئی جو 30 جون 2019 (540 ملین) کے مقابلے میں 43 فیصد کا اضافہ کر رہا ہے۔

شریک کپیٹل فنڈز کا کل نیٹ ایسٹ 30 جون 2020 کو 344 ملین روپے پہنچ گیا، اور 30 جون 2019 تک کے مقابلے 61 فیصد تک زیادہ ہوا۔ شریعہ کے علاوہ فنڈز کا کل نیٹ ایسٹ 428 ملین روپے پہنچ گیا جو گزشتہ سال کی اسی مدت کے مقابلے 31 فیصد زیادہ ہوا۔

30 جون 2020 کو فنڈز کی کل تعداد 300 جس میں سے پاکستان میں اس وقت فعال کل 19 AMC ہیں جبکہ 30 جون 2019 میں 290 تھیں۔

## کارپوریٹ سماجی ذمہ داری اور ماحول پر اثرات:

سال کے دوران، 786 انویسٹمنٹس لمیٹڈ نے CSR سرگرمیاں منظم کیں، ہم نے COVID-19 کے باعث نول کرونا وائرس کے پوری دنیا میں پھیلاؤ کے دوران پاکستان کے صحت اور حفاظتی پروڈکٹوں پر عملدرآمد کیا۔ یہ غیر معمولی اوقات جو گھبرانے کی نہیں، مدد برکھانا کر رہے ہیں۔

ہم نے 786 سٹیک ہولڈرز کے لئے کورونا وائرس کے لئے ایک احتیاطی معلوماتی سیشن کا انعقاد کیا جو تین (03) میڈیکل پریکٹیشنرز کی سربراہی میں 11 مارچ 2020 کو چارے رجسٹرڈ آفس میں شام 6:00 بجے سے شام 7:30 بجے تک جاری رہا۔ مذکورہ تقریب کا انعقاد ڈاکٹر ڈیوگولن فاؤنڈیشن اور مرشد اسپتال کے تعاون سے کیا گیا۔ 786 انویسٹمنٹس لمیٹڈ کے بہت سارے سٹیک ہولڈرز نے حصہ لیا اور ان میڈیکل پریکٹیشنرز سے تربیت حاصل کی جنہیں مرشد اسپتال نے کورونا وائرس کی حفاظت، معلومات، روک تھام، اور علامات سے متعلق سفر (اہم کی تھی)۔

786 انویسٹمنٹس لمیٹڈ ہمیشہ فعال ہوتا ہے اور بہت زیادہ احتیاط برتتا ہے۔ جب صورتحال بدستور کشیدہ ہو، ہم عملی طور پر پورے کاروباری اوقات میں کارکن گے اور حکومت سندھ کی صحت عامہ کی ہدایت پر مبنی حفاظتی اقدامات کو یقینی بنائیں گے۔

ہماری ٹیم کے ارکان نے (1) لڑکیوں کو پیشہ ورانہ تعلیم دینا، (2) فوڈ راشن تقسیم کرنے کے لئے رضا کارانہ خدمات انجام دیں (3) پاکستان 2019 کے لئے 11 واں لیڈر فنڈ خواتین ایوارڈ دیا۔ ہمارا نقطہ نظر اور ہمارا عزم آپ، ہمارے کلائنٹس، ہمارے حصص داران، ہمارے ملازمین اور کمیونٹی سے ہے۔

## اصل خطرہ اور بے یقینی

ایسٹ اینڈسٹری انڈسٹری کا سائز سال کے دوران بڑھ گیا لیکن Covid-19 کی وجہ سے اینڈسٹری کو ڈسکانٹ شرح میں تیز ترین کی کا سامنا کرنا پڑا۔

کمپنی ایک اسلامی انکم فنڈ برقرار رکھے ہوئے ہے، جو انعام کارمریوگ فنڈ ہے، اور اسے 786 سمارٹ فنڈ (سابقہ ڈاکٹر انکم فنڈ) کہا جاتا ہے۔ مارکیٹ کے خطرے کا مقابلہ کرنے کے لئے فنڈ کی زیادہ تر قیمت تجارتی ٹیکوں میں لگائی جا رہی ہے لیکن وہ معاشی، اور سیاسی عوامل سے متاثر ہوئے جس سے کمپنی کی کارکردگی متاثر ہوئی۔ کوویڈ-19 کی وجہ سے، زیادہ شرح کے ساتھ ڈسکانٹ شرح کم ہوئی۔ کرنسی کی قدر میں کمی نے بھی مارکیٹ کی کارکردگی اور اس کی وجہ سے کمپنی کے فیصلے متاثر کیا ہے۔ لیکن تنوع اور کم خطرہ انداز میں کارکردگی کو بہتر بنانے کے لئے فنڈ کی کچھ قدر مختلف سٹاک میں لگائی گئی ہے۔

کمپنی کی رسک مینجمنٹ پالیسیاں اور پروسیجرز یقینی بناتے ہیں کہ رسک کی مؤثر طریقہ سے شناخت، تشخیص، نگرانی اور انتظام کیا گیا ہے۔ رسک مینجمنٹ ایک متحرک فنکشن ہے اور مینجمنٹ آمدنی میں تغیر کو کم کرنے کے لئے اپنے داخلی رسک پروسیجرز اور عوامل کی مسلسل نگرانی لازمی بناتی ہے۔

## بورڈ کی تشخیص

لنڈیکینیئر (کارپوریٹ گورننس کا ضابطہ) ریکمیشن 2019 کے تحت تمام بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشخیص ضروری ہوتی ہے۔ اس سلسلے میں، کمپنی کے بورڈ آف ڈائریکٹرز اور بورڈ کمیٹی کی کارکردگی کا جائزہ لینے کے لئے کمپنی میں ایلویاٹیشن سروس کی ایک وسیع رینج منعقد کی گئی تھیں۔ بورڈ کے تمام ارکان کے تاثرات اسٹرٹجک وضاحت اور عقائد، کاروباری منصوبہ کی سمت اور اس کے کردار کی فعال کفایت کے شعبوں پر تلی پیش تھے۔

## کارپوریٹ گورننس اور مالیاتی رپورٹنگ کا دائرہ کار

ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے نتیجہ جات مناسب اور دستاویز فیصلوں پر مبنی ہیں۔



سال 19 کے 10 ماہ میں 18 بلین امریکی ڈالر تھیں۔ مالی سال 20 کے 11 ماہ کے لئے اوسط سی پی آئی 10.9 فیصد تھی، جو کہ پچھلے سال کے اسی عرصے کے اوسط 6.7 فیصد کی افراط زر کے برعکس تھی۔ آئی ایم ایف نے اگلے سال میں افراط زر 9 فیصد تک کم ہونے کی پیش گوئی کی ہے۔ مالی سال 20 کی نو ماہی کے دوران پاکستان کی کل آمدنی میں 31 فیصد کا اضافہ ریکارڈ ہوا، جبکہ اخراجات میں 16 فیصد اضافہ ہوا جس کے نتیجے میں مالی خسارہ مالی سال 19 کی نو ماہی میں 5.1 فیصد سے کم ہو کر مالی سال 20 کی نو ماہی میں 4 فیصد رہ گیا۔

### معی مارکیٹ کا جائزہ:

مالی سال 20 کے 11 ماہ تک پاکستان میں افراط زر کی اوسط شرح تقریباً 11 فیصد رہی۔ 20 جنوری کو افراط زر کی شرح 14.6 فیصد تک پہنچ گئی جو توانائی کے نرخوں میں ایڈجسٹمنٹ اور مارکیٹ پر مبنی شرح تبادلہ کو اپنانے کا نتیجہ تھا۔ افراط زر میں جنوری کے بعد مندی کا رجحان طے کیا گیا تھا، اس کے نتیجے میں، تیل کی قیمتوں میں کمی اور دہائی بیماری کے باعث گرتی ہوئی طلب کی وجہ سے آخری 4 مہینوں میں اس کی شرح 6 فیصد کم ہو کر 8.2 فیصد ہو گئی۔

تاہم، پیرویلیم مصنوعات کی قیمتوں میں کمی کے اثرات سے کچھ ضروری اشیائے خورد و نوش کی قیمتوں میں اضافے کے نتیجے میں گزشتہ مہینوں کے مقابلہ میں 20 مئی کو کمی کی شرح کم ہو گئی۔ گرتی ہوئی افراط زر کی شرح نے اسٹیٹ بینک کو موقع دیا جس نے جاریہ طور پر پالیسی شرح 8 فیصد تک کم کر دیا ہے۔ مہنگائی پر قابو پانے کے لئے 19 جولائی سے 20 مارچ تک پالیسی کی قیمت 13.25 فیصد پر رکھی گئی تھی۔ مالی سال 20 کے 11 ماہ تک امریکی ڈالر کے لحاظ سے پاکستانی روپے کی قدر میں کمی 3.2 فیصد ہوئی جبکہ پچھلے سال کی اسی مدت میں 21.7 فیصد کم ہوئی تھی۔ اپریل 20 کو، پاکستانی روپے نے اپنی تاریخی کم قیمت 167.9 امریکی ڈالر ریکارڈ کی جو غیر معمولی طور پر جاری COVID-19 بحران اور پالیسی شرح میں کمی کی عکاسی کرتی ہے۔

ٹائمر مارکیٹ میں، ٹی بل 3 ماہ، 6 ماہ اور 12 ماہ کی پیداوار 60bps سے 89bps کی حد میں تھی، جبکہ ٹی آئی بی کی پیداوار میں ملا جلا رجحان دیکھا گیا۔ ٹی آئی بی 3 سال 4bps (7.53 فیصد) تک کم 5 سال کی پیداوار 20bps کے اضافے سے 8.11 فیصد اور ٹی آئی بی 10 سال کی پیداوار بھی 18bps کے اضافہ سے 8.69 فیصد پر بند ہوئی۔ پرائمری مارکیٹ میں، دو ٹی بل نیلامیاں اور ٹی آئی بی اوٹر نیلامیاں سال 2020 کے اختتام پر متوقع کی گئیں۔ 520 بلین اور 485 بلین روپے بالترتیب کے ہدف اور سچوٹری کی مد میں کل 390 ارب روپے قبول کئے گئے۔ ایک مقررہ شرح ٹی آئی بی نیلامی کا بھی انعقاد کیا گیا جس میں 140 ارب روپے کے ہدف کے مقابلہ میں 177 ارب روپے کی شراکت دیکھی گئی؛ اسٹیٹ بینک نے تمام مدتوں میں 112 بلین روپے قبول کئے۔ 20 مئی کو لکھنؤ کی اخراج کے سبب کرنسی پراخانہ ڈاکو کی وجہ سے ملک کے زرمبادلہ کے ذخائر 10 فیصد کم ہو کر 16.9 بلین امریکی ڈالر ہو گئے۔ کوویڈ-19 کے بحران کے بعد، ترسیلات زر کی کمی کی پیش گوئی کی جا رہی ہے کہ اعلیٰ درجے کی معیشتوں میں کم شرح نمو کی وجہ سے پاکستانی روپیہ پر اثر پڑ سکتا ہے۔

### اسٹاک مارکیٹ کا جائزہ:

مالی سال 2020 کے آغاز کے دوران مالی سال 2019 میں پاکستان اسٹاک ایکسچینج (PSX) میں پہلے سے طے شدہ اوسط رجحان کا مشاہدہ کیا گیا۔ PSX میں مالی سال 20 کے 10 ماہ تک KSE-100 انڈیکس حصص کا وزن اور 41 بلین روپے رہا، جبکہ مالی سال 19 کی اسی مدت میں 34 بلین روپے تھی۔ مالی سال 19 کے اسی عرصہ میں 39,995 کے برعکس، مالی سال 20 کے 10 ماہ میں انڈیکس اوسط 34,787 غاٹل ہیں۔ اس کے بعد سرحدی تناؤ، غیر ملکی سرمایہ کاروں کی واپسی، سود کی زیادہ شرح، فاریکس کی قدر میں کمی کی وجہ سے منافع میں کمی اور معیشت پر منفی نقطہ نظر کے نتیجے میں شیخ مارک KSE-100 انڈیکس میں کمی ہوئی۔

### مستقبل کا نقطہ نظر:

توقع کی جا رہی ہے کہ مالی سال 2021 دہائی بیماری کے سائے میں ہی رہے گا۔ آئی ایم ایف نے 2 فیصد کے زبردست اضافے کی پیش گوئی کی ہے لیکن اس مرحلے پر یہ تعبیری معلوم ہوتا ہے۔ توقع کی جاتی ہے کہ کم طلب اور عالمی اجناس کی گرتی قیمتوں کے پیش نظر مہنگائی کم رہے گی۔ معیشت کو ابھارنے کی ضرورت کے ساتھ مہنگائی کی کمی کے باعث ایس بی بی کی پالیسی شرح میں بھی اسی طرح کمی کی پیش گوئی کی جا رہی ہے۔ توقع کی جاتی ہے کہ پاکستانی روپیہ کے علاوہ امریکی ڈالر کی قیمت میں بھی کمی ہوگی۔ اس قدر فرسودگی کی حد بنیادی طور پر قرض کی تنظیم نو کے اقدامات پر منحصر ہے۔ توقع ہے کہ دہائی بیماری کے باعث مشرق وسطیٰ کے تمام ممالک میں پاکستانی ملازمین پر پائے جانے والے منفی اثرات اور تیل کی قیمتوں میں کمی کی وجہ سے ترسیلات زر کم ہوں گی۔ آئندہ 12 ماہ میں برآمدات پر بڑے پیمانے پر اثر پڑنے کی توقع ہے جس کی بڑی وجہ یہ ہے کہ پاکستان کی برآمدات کی اہم منزلیں، چین، برطانیہ، امریکہ، فرانس، اٹلی، اسپین اور جرمنی ہیں جو کوویڈ 19 دہائی بیماری سے سب سے زیادہ متاثر ہونے والے ممالک میں شامل ہیں۔ توقع ہے کہ اقتصادی اقدامات اور تیل کی قیمتوں میں کمی کی وجہ سے درآمدات کم ہوں گی۔ کیفیت کی شرائط کی تبدیل ایک لازمی عنصر ہے اور جب کہ حکومت کا بخیر ارادہ ہے کہ ستمبر 2020 میں تشخیص سے پہلے کمزور تیل حاصل کرنے کی تمام تر کوششوں کی اشد ضرورت ہے۔

انضمام کی تمام فارمیگز سیکٹرل ڈیپازٹری کی کینی آف پاکستان لمیٹڈ (CDC)، 786 راتزنگ اسٹارٹس کے فرسٹ، اور فرسٹ واؤڈ میو جیل فنڈ MCB، فنڈ ٹرانسفل سروسز لمیٹڈ (MCBFSL)، 1786 سارٹ فنڈ کے فرسٹ اور الہلال شریعہ ایڈوائزر (پرائیویٹ) لمیٹڈ ہمارے شرعی مشیر اور SECP کی رضامندی سے کی گئیں۔

انضمام نے سکیل کی معیشتوں کو فائدہ مند انداز میں سہولت فراہم کی اور ہمارے نقصانات کو منافع میں بدل دیا۔ ابھی تک، فنڈ سے منفعت میں بھی اضافہ/بڑھتا ہوا رجحان نظر آ رہا ہے جس کا مطلب ہے روزانہ نیٹ اثاثہ قدر (NAV) میں اضافہ ہو رہا ہے۔

کینی کی توجہ زراعت نظام اثاثوں (AUMs) کو بڑھانے پر مرکوز کر رہی ہے۔ 786IL ایک فنڈ کو منظم کرتی ہے جس کو اسلامی انکم فنڈ کا درجہ دیا گیا ہے، جو سرمایہ کاری کا فنڈ ہے، 1786 سارٹ فنڈ (سابقہ) واؤڈ انکم فنڈ کہلاتا ہے، جس میں 30 جون 2020 کو ختم ہونے والے سال تک 626.50 ملین روپے کی AUMs ہے۔ مالی سال کے دوران، AUMs میں 4.32 فیصد کی کمی واقع ہوئی ہے۔

### مستقبل کے منصوبے

786IL کو یڈ 19 کے اوقات پر مرکوز ایک حکمت عملی تیار کر رہی ہے، اور COVID-19 کے بعد کی پیش گوئی کے مطابق، لاک ڈاؤن کے عرصے کے دوران معلومات اور ہماری ٹیم دونوں تک آپریشنز اور صارفین کو آسانی فراہم کرنے پر توجہ مرکوز رکھتے ہوئے سچت اور حفاظت کی وجوہات کی بناء پر محفوظ مواصلات اور کاغذ کے خاتمہ، نیز اثاثہ جات کی انتظامی کمپنیوں میں سب سے زیادہ پائیدار، با مقصد، ماحول دوست رول ماڈل بنانا ہے۔

سال کے لئے ہمارا مقصد ایک مؤثر روپے پیکل، سوشل میڈیا پر پھیلنے والی فروخت کی حکمت عملی کے ذریعہ ایسٹ انڈیٹری جنٹ (AUM) کو بڑھانا ہے۔

### اقتصادی جائزہ

پاکستان پر قرضوں کا بوجھ پہلے ہی قابل ذکر تھا، اور COVID-19 کے بعد کی صورتحال نے متعدد ترقی پذیر ممالک کے مقابلے میں بڑے پیمانے پر قرض کی فراہمی کو تھرا بنا دیا ہے۔ اب تک، پاکستان نے ریپڈ ٹرانگ اسٹرومنٹ کے تحت 1.4 بلین ڈالر کا قرض حاصل کیا ہے۔ پاکستان انسٹی ٹیوٹ آف ڈیولپمنٹ اکائیس اور ورلڈ بینک نے غربت کی شرح میں بڑے پیمانے پر اضافہ کا اندازہ لگایا ہے۔ پاکستان کی معیشت میں مالی سال 19 میں 3.3 فیصد کے مقابلے میں مالی سال 20 میں 0.4 فیصد منفی نمو کی پیش گوئی کی گئی ہے۔ خاص طور پر یڈ 19 کے اثرات کے باعث کرنسی کی قدر میں کمی کی اور افراط زر کے، ڈاؤ کی وجہ سے منفی شرح نمو تھی۔ گزشتہ سال کی اسی مدت کے لئے 15.6 فیصد کے برعکس تیسری سہ ماہی 20 کے لئے جی ڈی پی تناسب میں سرمایہ کاری 15.4 فیصد تھی۔ جی ڈی پی میں قومی بچت نو ماہی 20 کے لئے 13.9 فیصد رہی جبکہ پچھلے سال کی اسی مدت میں یہ 10.8 فیصد تھی۔ تجارتی خسارے میں کمی اور کارکنوں کی ترسیلات زر میں اضافے کی وجہ سے سیونگ انویسٹمنٹ گپ میں کمی ممکن ہوئی۔

زراعت میں زیادہ اضافے نے 2.7 فیصد کی مضبوط نمو ریکارڈ کی جو پچھلے سال کے 0.6 فیصد کے مقابلے میں کافی زیادہ ہے۔ اہم فصلوں (گندم، جاول، مکی، گنے، روٹی) کی نمو میں 2.9 فیصد تک اضافہ کی وجہ سے فصل کے شعبے میں 3.0 فیصد کی نمایاں نمو ہوئی ہے۔ 9m20 میں زرعی قرضہ 912 بلین روپے تھا جو پچھلے سال کی اسی مدت سے 13.3 فیصد زیادہ ہے۔ صنعتی اور خدمات کے شعبوں کا تخمینہ 2.6 فیصد لگایا گیا ہے جس کی بنیادی وجہ کارکنوں کی اور کھدائی اور بڑے پیمانے پر مینوفیکچرنگ کے شعبوں میں بالترتیب 8.8 فیصد اور 7.8 فیصد تھی ہے۔ ملک میں لاک ڈاؤن کی صورتحال کی وجہ سے خدمات کے شعبے پر بھی نمایاں طور پر اثر پڑا، خاص طور پر تھوک اور پرچون تجارت اور زراعت سپورٹ سیکٹر، جن میں بالترتیب 3.4 فیصد اور 7.1 فیصد کی واقع ہوئی۔ نمونہ فروغ دینے کے لئے، حکومت نے 1.2 ٹریلین روپے کے مالیاتی محرک پیکیج اور تعمیراتی صنعت سے متعلق پیکیج کا اعلان کیا ہے جس میں ٹیکس رعایت، ایمنسٹی اسکیم اور 30 بلین روپے کی سسڈی شامل ہے۔

مالی سال 20 میں، حکومت نے پہلی بار ای کامرس (EC) پالیسی فریم ورک کی منظوری دی۔ اسٹیٹ بینک پاکستان کا کہنا ہے کہ پاکستان فیڈرل ڈیجیٹل مالیاتی خدمات کے استعمال میں اضافے کے ذریعہ اپنے جی ڈی پی کو 36 بلین امریکی ڈالر تک بڑھاوا 2025 تک 40 لاکھ روزگار پیدا کر سکتا ہے۔

مالی سال 20 کے دوران، حکومت نے سرکاری شعبوں کے 33 اداروں کی نجکاری کا فیصلہ کیا جن میں چھ پبلک سیکٹر انٹرپرائزز شامل ہیں۔ مالی سال 20 کے دوران، ہی پبلک کے کچھ پروجیکٹس نے اپنے تجارتی آپریشن کی تاریخ حاصل کی۔ ان میں جیکو اور اینیگرو کوئل منصوبہ، اور ساتھی سڑک کے منصوبوں کے خاطر خواہ جیسے، یعنی پشاور کراچی موٹروے اور KKH فیئر II اور شامل ہیں۔ COVID-19 وبا کی مرض کے اثرات کو دیکھتے ہوئے، موجودہ حالات میں، CPEC پر توجہ اور اس کی رفتار کو برقرار رکھنا مشکل لگتا ہے۔

پاکستان کا کرنٹ اکاؤنٹ خسارہ مالی سال 20 کے 10 ماہ میں 3.3 بلین امریکی ڈالر کم ہو گیا، جبکہ پچھلے سال کے اسی عرصے میں 11.5 بلین امریکی ڈالر کے مقابلے میں اس میں 7.1 فیصد کمی ریکارڈ کی گئی۔ یہ اجازت 17 فیصد تک درآمدات میں کمی سے منسوب ہے اور 5.6 فیصد تک ترسیلات زر میں اضافہ کرے گا۔ پچھلے پانچ سالوں میں، ترسیلات زر میں اضافہ ہوا ہے جس نے تقریباً 7 فیصد CAGR کے ذریعہ تجارتی خسارے کی مخالفت میں کرنٹ اکاؤنٹ بتلیس کو مضبوط دفرہ اہم کی ہے۔ مالی سال 20 کے 10 ماہی مدت کے دوران، ترسیلات زر 5.5 فیصد تک بڑھ کر 19 بلین امریکی ڈالر ہو گئیں جبکہ مالی

### منجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

786 انویسٹمنٹ لمیٹڈ (786 پبلیک کمپنی) کے بورڈ آف ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کی سالانہ رپورٹ اور نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

#### اصل کاروبار

786 انویسٹمنٹ لمیٹڈ ایک پبلک لمیٹڈ کمپنی جو پاکستان میں قائم ہے۔ کمپنی این بی ایف سی قواعد 2003 کے تحت این بی ایف کے طور پر رجسٹرڈ ہے۔ کمپنی نے این بی ایف سی قواعد 2003 اور این بی ایف سی ریکولیشن 2008 کے تحت سرمایہ کاری مشاورتی خدمات اور ایسٹ منجمنٹ سروسز سرانجام دینے کا لائسنس حاصل کر رکھا ہے۔

#### کمپنی کی کارکردگی کا جائزہ

	June 30, 2019	June 30, 2019
	..... Rupees.....	
Management Fees	9,566,707	12,017,853
Other Operating Income	2,835,672	3,743,568
Gross Revenue	20,045,919	2,939,351
Other operating charges		
Administration and Operating Expenses	(25,709,479)	(31,962,858)
Financial Charges	(6,874)	(5,220)
Total Expenses	(25,716,353)	(31,968,078)
Share of Associates' Profit/(Loss)	10,007,405	(10,928,383)
Impairment Loss on Investments	-	-
(Loss)/Profit Before Taxation	4,336,970	(39,957,110)
(Loss)/Profit After Taxation	2,824,729	(43,207,504)

کمپنی نے 30 جون 2020 کو ختم ہونے والی مدت کے دوران 2.82 ملین روپے کا منافع جبکہ مالی سال 19 میں (43.20) ملین روپے کا نقصان درج کرایا تھا۔ کمپنی کی آمدنی جو بنیادی طور پر منجمنٹ فیس پر مشتمل ہے 2.45 ملین روپے تک کم ہوئی۔ منجمنٹ فیس میں 20.39 فیصد کمی ظاہر کر رہی ہے۔ لیکن بالترتیب انتظامی اور آپریٹنگ اخراجات 6.25 ملین روپے تک کم ہو گئے انتظامی اور آپریٹنگ اخراجات میں 19.55 فیصد کمی ظاہر کر رہے ہیں۔ دیگر آمدنی نے بھی کمپنی کے نقصانات کو منافع میں تبدیل کرنے میں حصہ شامل کیا۔ اس کے علاوہ ایسوسی ایٹس کا شیئر مالی سال 19 میں (10.92) ملین روپے نقصان کے مقابلے 10.00 ملین روپے کا منافع ظاہر کرتا ہے۔

30 جون 2020 کو ختم ہونے والی مدت کے لئے کمپنی کی فی شیئر آمدنی (ای پی ایس) 0.19 روپے فی شیئر تھی جو 30 جون 2019 کو (2.88) روپے فی شیئر تھی۔

کمپنی کے ڈائریکٹر بورڈ کی یہ ذمہ داری ہے کہ اس بات کو یقینی بنائیں کہ کمپنی کا داخلی مالی کنٹرول سسٹم کافی اور مؤثر طریقے سے کام کر رہا ہے۔

کمپنی نے تین فنڈز کے انضمام کے لئے، بیکورٹیز اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان (SECP) سے اپنے رفرنس نمبر SCD/AMCW/786IL/153/2019 لیٹر کے ذریعے منظوری حاصل کی ہے۔ بورڈ آف ڈائریکٹرز کی طرف سے 20 دسمبر 2019 کو مؤثر تاریخ انضمام کا اعلان، کامیابی کے ساتھ عمل اور اس کو مکمل کیا گیا تھا۔ انضمام سیکسین 19 دسمبر 2019 کو کاروباری دن (انضمام کی تاریخ کے اگلے ہی دن) کے اختتام پر ختم ہونے والی اور سرور ٹیوٹیکس کی نیٹ اثاثہ قدر (NAV) کی بنیاد پر شمار کردہ سویپ تناسب کے حساب پر مبنی سرور ٹیوٹیکس 786 سمارٹ فنڈ کے ساتھ اور میں ضم ہو گئیں۔ 786 رازنگ اسٹارٹ اپ فنڈ (786RSF) کے ایک یونٹ کے لئے 786 سمارٹ فنڈ (786SF) کے 1.256 یونٹ جاری کئے گئے، اور فرسٹ داؤد میوچل فنڈ (FDMF) کے ایک یونٹ کے لئے 786 سمارٹ فنڈ (786SF) کے 0.2044 یونٹ جاری کئے گئے۔ انضمام کی تاریخ تک 786 رازنگ اسٹارٹ اپ فنڈ (RSF) اور فرسٹ داؤد میوچل فنڈ (FDMF) کے اثاثے اور واجبات مناسب قیمت پر ریکارڈ/انضمام ہو گئے ہیں۔

اس انضمام کے نتیجے میں 786 سمارٹ فنڈ (786SF) کے یونٹس کی ایک مناسب تعداد (بتبادلہ تناسب پر مبنی) ان اہل افراد کو جاری کی گئی جن کے نام 19 دسمبر 2019 کو کاروباری دن (انضمام کی مؤثر تاریخ سے فوری طور پر اگلاؤں) کے اختتام پر بغیر کسی انتظام کے کسی بوجھ کے 786 رازنگ اسٹارٹ اپ فنڈ (786RSF) اور فرسٹ داؤد میوچل فنڈ (FDMF) کے یونٹ ہولڈرز کے رجسٹر میں درج تھے۔ اہل افراد کو 786 سمارٹ فنڈ (786SF) کے یونٹوں کی الاٹمنٹ کے بعد 786 رازنگ اسٹارٹ اپ فنڈ (786RSF) اور فرسٹ داؤد میوچل فنڈ (FDMF) میں ان کے ملکیتی تمام یونٹ منسوخ ہو گئے۔

**REANDA****Reanda Haroon Zakaria & Company**  
Chartered Accountants**INDEPENDENT AUDITOR'S REVIEW REPORT***To the members of 786 Investments 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 **786 Investments Limited** (the company) for the year ended June 30, 2020 in accordance with the requirement of regulation 40 of the Regulation.

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 Regulation 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the Related party transaction by the board of directors upon recommendations of the Audit committee. We have not carried out procedures to assess and determine the company's process for identification of the related party and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the note reference where it is stated in the Statement of Compliance:

<i>Note Reference</i>	<i>Description</i>
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10	Chief Financial Officer of the Company also holds the office of the Company Secretary.
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*Reanda Haroon Zakaria's Sign*  
**Reanda Haroon Zakaria & Company**  
Chartered Accountants

**Place: Karachi****Date: 28 SEP 2020**

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Civil Lines Quarter, Beaumont Road, Near Dawood Centre, Karachi-75530 Pakistan.  
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**SATATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF  
CORPORATE GOVERNANANCE) REGULATIONS, 2019  
FOR THE YEAR ENDED JUNE 30, 2018.**

The Company has complied with the requirement of the Regulation in the following manner:

1. The total number of directors are seven (7) as per the following:
  - a) Male: 04
  - b) Female: 03
2. The Composition of board is as follows:

Category	Names	Designation
Independent Directors	Ms. Shafqat Sultana Ms. Charmaine Hidayatullah Syed Shabahat Hussain Mr. Ahmed Salman Munir	Chairperson Director Director Director
Executive Director	Ms. Tara Uzra Dawood	Chief Executive Officer
Non-Executive Director	Syed Farhan Abbas Mr. Tahir Mehmood	Director Director
Female Directors	Ms. Shafqat Sultana Ms. Tara Uzra Dawood Ms. Charmaine Hidayatullah	Chairperson Chief Executive Officer Director

3. The Directors have confirmed that none of them is serving as a director in more than Seven listed companies, including this company.
4. The Management 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
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 Act and these 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 requirement of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. The directors of the Company are experienced and seasoned corporate professionals and are well-conversant with the relevant laws applicable to the Company, its policies and procedures, and provisions of memorandum and articles of association and are aware of their duties and responsibilities. The Chief Executive Officer had been awarded the Certificate of Director Education from PICG in March 2017, Similarly, Miss Charmaine

Hidayatullah as the Director also awarded from ICMAP the Certified Director Certificate in September 2018. This year, due to COVID-19 and continuous lockdown in the city the Directors enrollment was postponed till June 2021, when two or more Directors will acquire the required director's training certification.

10. The Board has approved the appointment of Chief Financial Officer, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with the relevant requirement of the Regulations. The Chief Financial Officer, simultaneously hold the office of Company Secretary as well.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed following committees comprising of members given below:

Category	Names	Committees	Designation
Independent Directors	Syed Shabahat Hussain	Audit Committee	Chairman Audit Committee
Non-Executive Director	Syed Farhan Abbas		Member
Non-Executive Director	Mr. Tahir Mehmood		Member
Independent Directors	Ms. Shafqat Sultana	Human Resource & Remuneration Committee	Chairperson HR&RC
Executive Director	Ms. Tara Uzra Dawood		Member
Non-Executive Director	Mr. Tahir Mehmood		Member

13. The terms of reference of the aforesaid committees have committee have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
  - a) Audit Committee : 04 meeting were held during the FY 2019-2020
  - b) HR & Remuneration Committee: 02 meeting were held during the FY 2019-2020
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are 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 International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the
17. 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
18. executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied.

Shafqat Sultana  
Chairperson

Karachi: \_\_\_\_\_



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF 786 INVESTMENTS LIMITED  
REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

***Opinion***

We have audited the annexed financial statements of **786 Investments Limited** which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the 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 June 30, 2020 and of the profit, other comprehensive profit, the changes in equity and its cash flows for the year then ended.

***Basis for Opinion***

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

***Key Audit Matter(s)***

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

*Following are the Key audit matter(s):*

<i>S. No.</i>	<i>Key audit matter(s)</i>	<i>How the matter was addressed in our audit</i>
1)	<p><b>Transactions with the related parties</b></p> <p>As referred in note 8 and 31 to the financial statements, 786 Investments Limited is the Fund Manager of 786 Smart Fund (formerly Dawood Income Fund), First Dawood Mutual Fund and 786 Rising Star Fund (Formerly Dawood Islamic Fund).</p> <p>With the above related parties transactions are undertaken in the normal course of business, the fee charged mechanism adopted which involves the determination of profit margins to be included in the management fee on a daily basis, may potentially impact the operating results of the Company in a significant manner.</p> <p>We have Considered these to be a key audit matters due to their materiality, nature and significance in terms of judgments involved.</p>	<p>Our key audit procedures with respect to related party sales transactions included:</p> <ol style="list-style-type: none"> <li>1) Examination of the service agreement which sets out the terms and conditions of such transactions and also fee mechanism to be followed for the same</li> <li>2) Obtaining confirmation from 786 Smart Fund for transactions and balance, approval of the said agreement and pricing policies by the Board of Directors of the respective Funds and compliance with the relevant requirements of the companies Act 2017 and Code of Corporate Governance with respect to such related party transactions.</li> <li>3) We also evaluated the appropriateness of the disclosures of such related party transactions in accordance with the requirements of the applicable financial reporting standards. In doing so, we considered the adequacy and relevance of the information disclosed in the financial statements to comply with the requirements of "IAS 24 – Related Party Disclosure.</li> </ol>
2)	<p><b>Valuation of Investments</b></p> <p>The value of investment comprising long and short term is Rs. 192.006 Million as at June 30, 2020 (2019: Rs. 191.547 Million) held by the company at the year end is considered to be a key audit matter due to significance of amount and use of judgement in assessing impairment.</p> <p>Refer to note 5.4 for the accounting policy on investments and details of the investments are disclosed in note 8 and 11.</p>	<p>Test of detail are performed on investments held by the company including inspecting source documents and evaluating quoted market rates and fair values where applicable.</p> <p>Further valuation of investment has been substantiated in accordance with appropriate and relevant accounting standards.</p>



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

Management is responsible for the other information. The Other Information comprises the information included in the Company's Annual Report does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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


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

***Report on Other Legal and Regulatory Requirements***

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the 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) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is **Farhan Ahmed Memon**.

  
**Reanda Haroon Zakaria & Company**  
Chartered Accountants

**Place:** Karachi

**Dated:** 28 SEP 2020

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property and Equipment	7	3,621,242	5,569,923
Intangible Asset	8	1,108,080	1,246,590
Long-Term Investments	9	169,578,338	181,475,932
Long-Term Deposits and Prepayments	10	536,300	1,036,300
Deferred Tax Assets	11	-	-
		<b>174,843,960</b>	<b>189,328,745</b>
<b>Current Assets</b>			
Short-Term Investments	12	22,428,330	10,071,630
Loans and Advances	13	22,003	39,667
Prepayments and Other Receivable	14	7,609,372	7,401,153
Trade Receivable	15	2,308,583	2,487,149
Accrued Markup	16	2,804,667	153,119
Tax Refund Due from Government	17	5,819,256	5,046,837
Cash at Bank	18	12,042,370	4,539,920
		<b>53,034,581</b>	<b>29,739,475</b>
<b>Total Assets</b>		<b>227,878,541</b>	<b>219,068,220</b>
<b><u>EQUITY and LIABILITIES</u></b>			
<b>Share Capital and Reserves</b>			
<b>Authorised Capital</b>			
20,000,000 (2019: 20,000,000) Ordinary Shares of Rs. 10 Each		<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued, Subscribed and Paid Up Capital</b>			
14,973,750 (2019: 14,973,750) Ordinary Shares of Rs. 10 Each	19	149,737,500	149,737,500
General Reserves		33,630,264	33,630,264
Surplus on Revaluation of Investments - At Fair Value			
Through Other Comprehensive Income		5,454,357	(13,777)
Share of Unrealised Gain on Remeasurement of Investments in Associates		236,114	210,748
Unappropriated Profit		19,644,591	16,819,862
		<b>208,702,826</b>	<b>200,384,597</b>
<b>Current Liabilities</b>			
Trade and Other Payables	20	18,176,973	17,684,881
Unclaimed Dividend	21	998,742	998,742
		19,175,715	18,683,623
<b>Contingencies and Commitments</b>			
<b>Total Equities and Liabilities</b>	22	<b>227,878,541</b>	<b>219,068,220</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.

786 Investments Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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

## STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2020

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
<b>Income</b>			
Remuneration from Funds Under Management	23	9,566,707	12,017,853
Capital Gain/(Loss) on Sale of Investment		269,631	(1,349,926)
Income on TFC's		3,635,148	
Gain/(Loss) on Redemption of Units of Associates' Investment		2,068,124	(11,472,144)
Income on Pakistan Investment Bond		1,670,636	-
		<u>17,210,247</u>	<u>(804,217)</u>
<b>Expenses</b>			
Administrative and Operating Expenses	24	(25,709,479)	(31,962,858)
Financial Charges	25	(6,874)	(5,220)
		<u>(25,716,353)</u>	<u>(31,968,078)</u>
<b>Operating Loss</b>		<u>(8,506,106)</u>	<u>(32,772,295)</u>
Other Operating Income	26	2,835,672	3,743,568
Share of Associates' Profit/(Loss)	27	<u>10,007,405</u>	<u>(10,928,383)</u>
<b>Profit/(Loss) Before Taxation</b>		<u>4,336,970</u>	<u>(39,957,110)</u>
Taxation	28	(1,512,241)	(3,250,394)
<b>Net Profit/(Loss) for the Year</b>		<u><u>2,824,729</u></u>	<u><u>(43,207,504)</u></u>
<b>Earnings/(Loss) Per Share - Basic and Diluted</b>	29	<u><u>0.19</u></u>	<u><u>(2.89)</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements.

786 Investments Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
<b>Net Profit/(Loss) for the Year</b>	<b>2,824,729</b>	<b>(43,207,504)</b>
<b>Other Comprehensive Income/(Loss)</b>		
Surplus/(Deficit) on Revaluation of Investments - At Fair Value Through Other Comprehensive Income	<b>5,468,134</b>	<b>(1,994,977)</b>
Share of Unrealised Loss/Gain From Associates on Remeasurement of Investments	<b>25,366</b>	<b>139,905</b>
<b>Total Comprehensive Income/(Loss) for the Year</b>	<b><u>8,318,229</u></b>	<b><u>(45,062,576)</u></b>

The annexed notes from 1 to 39 form an integral part of these financial statements.

786 Investments Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2020

	2020 <i>Rupees</i>	2019 <i>Rupees</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) Before Taxation</b>	4,336,970	(39,957,110)
<b>Adjustments for Items Not Involving Movement of Funds:</b>		
Depreciation on Property and Equipment	2,006,890	2,340,363
Amortization	138,510	138,510
Financial Charges	6,874	5,220
Gain on Disposal of Property and Equipment	-	(702,795)
Mark-Up Earned on Saving Account	(1,290,040)	(352,923)
Loss on Sale of Investment	(269,631)	1,349,926
Loss/(Gain) on Redemption of Units of Associates' Investment	(2,068,124)	11,472,144
Share of Loss From Associates'	(10,007,405)	10,928,383
	(11,482,925)	25,178,828
<b>Operating Cash Out Flows Before Working Capital Changes</b>	(7,145,956)	(14,778,282)
<b>(Increase)/Decrease in Current Assets</b>		
Loans and Advances	17,664	484,683
Trade Receivable	178,566	(82,345)
Prepayments and Other Receivable	(208,219)	(61,507)
	(11,989)	340,831
<b>Increase/(Decrease) in Current Liabilities</b>		
Trade and Other Payables	492,092	73,350
	(6,665,853)	(14,364,100)
Income Taxes Paid - Net	(2,284,660)	(3,643,107)
Financial Charges Paid	(6,874)	(5,220)
<b>Net Cash Used in Operating Activities</b>	(8,957,387)	(18,012,428)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments - Net	17,379,554	19,317,420
Long-Term Deposits and Prepayments	500,000	(1,000,000)
Proceeds From Disposal of Ppe	-	2,508,200
Receipt of Mark Up on Savings Account	(1,361,509)	224,803
Capital Expenditure Incurred	(58,209)	(1,811,724)
<b>Net Cash Generated From Investing Activities</b>	16,459,836	19,238,699
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	7,502,450	1,226,271
<b>Cash and Cash Equivalents At Beginning of The Year</b>	4,539,920	3,313,649
<b>Cash and Cash Equivalents At End of The Year</b>	12,042,370	4,539,920

The annexed notes from 1 to 39 form an integral part of these financial statements.

786 Investments Limited  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	<i>Share Capital</i>		<i>Reserves</i>			<i>Total</i>
	<i>Capital</i>	<i>Capital</i>	<i>Revenue</i>	<i>Revenue</i>	<i>Revenue</i>	
	<i>Issued, Subscribed and Paid-Up Capital</i>	<i>General Reserve</i>	<i>Surplus on Measurement of Available for Sale Investments</i>	<i>Share of Unrealised Gain on Remeasurement of Associates' Investments</i>	<i>Unappropriated Profit</i>	
<hr/> <hr/> <i>Rupees</i> <hr/> <hr/>						
<b>Balance as at July 1, 2018</b>	149,737,500	33,630,264	5,075,025	70,843	56,933,541	245,447,173
<b>Loss for the Year</b>	-	-	-	-	(43,207,504)	(43,207,504)
<b>Other Comprehensive Income/(Loss)</b>						
Deficit on Revaluation of Investments						
- At Fair Value Through Other Comprehensive Income	-	-	(1,994,977)	-	-	(1,994,977)
Transfer to Equity on Account of Disposal of Investment - At Fair Value - Through Other Comprehensive Income	-	-	(3,093,825)	-	3,093,825	-
Share of Unrealised Gain on Remeasurement of Associates' Investments	-	-	-	139,905	-	139,905
<b>Total Comprehensive Income for the Year</b>	-	-	(5,088,802)	139,905	(40,113,679)	(45,062,576)
<b>Balance as at June 30, 2019</b>	<b>149,737,500</b>	<b>33,630,264</b>	<b>(13,777)</b>	<b>210,748</b>	<b>16,819,862</b>	<b>200,384,597</b>
<b>Profit for the Year</b>	-	-	-	-	2,824,729	2,824,729
<b>Other Comprehensive Income/(Loss)</b>						
Surplus on Revaluation of Investments						
- At Fair Value Through Other Comprehensive Income	-	-	5,468,134	-	-	5,468,134
Share of Unrealised Gain on Remeasurement Of Associates' Investments	-	-	-	25,366	-	25,366
<b>Total Comprehensive Income for the Year</b>	-	-	5,468,134	25,366	2,824,729	8,318,229
<b>Balance as at June 30, 2020</b>	<b>149,737,500</b>	<b>33,630,264</b>	<b>5,454,357</b>	<b>236,114</b>	<b>19,644,591</b>	<b>208,702,826</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.

786 Investments Limited  
(Management Company)

Chief Financial Officer

Director

Chief Executive Officer



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 1 STATUS AND NATURE OF BUSINESS

- 1.1 786 Investments Limited, the Company was incorporated on September 18, 1990 as a public limited Company in Pakistan, with its registered office at G-3, Ground Floor BRR Tower, Hassan Ali Street, Off I. I. Chundrigar Road, Karachi 74000. The Company is listed on the Pakistan Stock Exchange Limited. The Company has changed its name to 786 Investments Limited from Dawood Capital Management Limited with effect from 20 January, 2017 after completing regulatory formalities.

The Company is registered as a Non Banking Finance Company under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Company has obtained the licenses to carry out investment advisory services and asset management services under the NBFC Rules and the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). Renewal of license for investment advisory services is in process as explained in Note - 1.5 & Note - 36 and company is currently not carrying investment advisory services.

- 1.2 Company has successfully renewed his license to carry out "Asset Management Service" dated May 28, 2019 under Rule 5 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 amended through S.R.O 1131(1) 2007, S.R.O 271(1) 2010, S.R.O 570(1)/2012 and S.R.O 1002(1)/2015 respectively.
- 1.3 During the Year, the SECP vide its letter reference No: SCD/AMCW/786IL/153/2019 dated December 02, 2019 granted approval under regulation 58(1)(m) of Non -Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations, 2008) read with circular No: 20 of June 23, 2009 for the merger of 786 Rising Star Fund (786RSF), First Dawood Mutual Fund (FDMF) with and into 786 Smart Fund (786SF) Surviving scheme in terms of Scheme of Merger as approved by the Board of Directors of 786 Investments Ltd. and the Unit Holders of the respective Scheme of Merger in their General Meeting held on September 23, 2019 and October 16, 2019 respectively.
- 1.4 The Whole of the Undertaking 786 Rising Star Fund (786RSF) and First Dawood Mutual Funds (FDMF) Which Includes All Assets, Rights, Liabilities, Bank Balances, Obligations, Mandates, Undertaking, Securities, Contracts Documents, Record etc. were transferred to and vested in 786 Smart Fund (786SF) from December 20, 2019 ("Effective Date of Merger"). Accordingly, the balances as of December 19, 2019 for 786 Rising Star Fund (786RSF), First Dawood Mutual Fund (FDMF) are as follows:

<i>Description</i>	<i>786 Rising Star Fund</i>	<i>First Dawood Mutual Fund</i>
Assets	107,015,830	116,526,613
Less: Liabilities	2,042,844	8,569,389
<b>Net Assets</b>	<b>104,972,986</b>	<b>107,957,224</b>

The Merging Schemes stood merged with and into the surviving scheme on the basis of swap ratio calculated on the basis of Net Asset values (NAV) of the Merging and the Surviving Schemes at the close of the business day on December 19, 2019 (the day immediately preceding the effective date of merger) For one unit of 786 Rising Star Fund (786RSF), 1.256 units of 786 Smart Fund (786SF) were issued, and For one unit of First Dawood Mutual Fund (FDMF) 0.2044 units of 786 Smart Fund (786SF) were issued. Assets and Liabilities of 786 Rising Star Fund (RSF) and First Dawood Mutual Fund (FDMF) have been recorded/Merged at the fair value as of the merging date.

As a result of Merger, an appropriate number of units of 786 Smart Fund (786SF) (based on Swap ratio) were issued to those eligible persons whose names appeared in the Register of Unitholders of 786 Rising Star Fund (786RSF) and First Dawood Mutual Fund (FDMF) as at the close of business day on December 19, 2019 (the day immediately preceding the effective date of merger) without charge of any load by the Management. Upon the allotment of units of 786 Smart Fund (786SF) to the eligible persons, all units representing their holding in 786 Rising Star Fund (786RSF) and First Dawood Mutual Fund (FDMF) stood cancelled.

- 1.5 In accordance with Regulation 4 of part I of Non Banking Finance Companies and Notified Entities Regulations, 2008 an NBFC licensed by the Commission to undertake Asset Management Services and Investment Advisory Services is required to maintain equity amounting to Rs. 230 Million. As at the year end the Company's equity amounted to Rs. 208.702 (2019: Rs. 200.38) Million due to which license relating to Investment Advisory Services has not been renewed. The Company's financial statements for the year ended June 30, 2020 are being prepared on a going concern basis as the management has complied with the minimum equity requirement in respect of Asset Management Services and submitted the renewal fees relating to Investment Advisory services which in the opinion of the Company will be renewed as the CEO injected further equity by way of subordinated loan as explained in Note - 36. Asset Management services License is renewed successfully dated May 28, 2019 under Rule 5 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 amended through S.R.O 1131(1) 2007, S.R.O 271(1) 2010, S.R.O 570(1)/2012 and S.R.O 1002(1) / 2015 respectively.

### 2 EFFECTS OF COVID-19 ON THE BUSINESS OPERATIONS AND FINANCIAL CONDITIONS OF THE COMPANY

A novel strain of coronavirus (COVID - 19) that first surfaced in China was classified as pandemic by the World Health Organization (WHO) on March 11, 2020 impacting countries globally. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of business, travel bans, quarantines, social distancing, and closure of non - essential services etc. These measures have resulted in an overall economic slowdown, disruptions to businesses and significant volatility in Pakistan Stock Exchange (PSX). However,

currently, the potential impact of COVID-19 remain uncertain, including among other things on economic conditions, businesses and consumers. The company is conducting business with some modifications to employees working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOP's). The company will continue to actively monitor the situation and may take further action that alter its business operations as may be required by federal, provisional and local authorities or that are in the best interest of the employees, customers and stock holders. However management based on its assessment considered that there would be no significant impact that will adversely affect its business, results of operations and financial conditions in future periods.

### **3 BASIS OF PREPARATION**

#### **3.1 Statement of Compliance**

These 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 Standard Boards (IASB) as notified under the Companies Act, 2017.
- Provision of and directives issued under the Companies Act, 2017.
- The Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (The NBFC Rules), and the Non Banking Finance Companies and Notified Entities Regulations, 2008 (The NBFC Regulations); and
- Directives issued by the SECP

Where provisions of and directives issued under the Companies Act, 2017, The NBFC Rules, The NBFC Regulations and by the SECP differ with the requirements of IFRS the provisions of and directives issued under the Companies Act, 2017, The NBFC Rules, The NBFC Regulations and SECP have been followed.

#### **3.2 Basis of Measurement**

These financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

#### **3.3 Functional and Presentation Currency**

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

#### **3.4 New or Amendments/interpretations to existing standards, interpretation and forth coming requirements:**

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July, 2019 other than those disclosed in note 4 are considered not to be relevant or do not have any significant effect on the company's financial statements and are therefore not stated in these financial statements.

#### **3.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July, 2019:

- 3.5.1** IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC - 15 'Operating Leases - Incentives' and SIC - 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on - balance sheet lease accounting model for lessees. A lessee recognizes a right - of - use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low - value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analyzing the potential impacts on adoption of this standard.
- 3.5.2** IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.
- 3.5.3** Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortized cost or FVOCI, IFRS 9 requires its contractual cash

flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortized cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

- 3.5.4** Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as Long Term Interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.
- 3.5.5** Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.
- 3.5.6** Amendment to IFRS 3 'Business Combinations'- Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- 3.5.7** Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- 3.5.8** On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- 3.5.9** Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
  - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual periods beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

#### **4 NEW/REVISED ACCOUNTING STANDARDS, AMENDMENTS TO PUBLISHED ACCOUNTING STANDARDS, AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE**

- 4.1** Standards, interpretations and improvements to approved accounting standards that are not yet effective.

The following standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective for the accounting periods beginning on or after 1st July 2020.

***Standards or interpretation***

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

Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business

1st January 2020

Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach

1st January 2023

Amendments to IFRS 7 'Financial Instruments - Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments - Recognition and Measurement': Amendments regarding pre-replacement issues in the context of the IBOR reform

1st January 2020

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture

Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

Amendments to IFRS 16 'Leases': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification

1st January 2020

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material

January 1, 2020

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

Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities

January 1, 2022

Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use

January 1, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous

January 1, 2022

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

January 1, 2020

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 'First Time Adoption of International Financial Reporting Standards'

IFRS 17 'Insurance Contracts'

## 5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 5.1 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies if any, resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

#### (i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

#### (ii) Classification and measurement of financial assets and financial liabilities

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss

experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and no historical loss rates/bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and/or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, therefore no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

## 5.2 Property and Equipment

### 5.2.1 Owned

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Depreciation is charged to profit and loss account over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The residual values and useful lives of assets are reviewed at each financial year end and adjusted, if appropriate.

Gains and losses on disposals, if any, are included in the profit and loss account.

## 5.3 Impairment of Non-Financial Asset

The carrying amounts of the Company's assets, for which policy is given separately, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount, being higher of value in use and fair value less cost to sell, is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are charged to profit and loss account.

## 5.4 Financial Assets and Liabilities

### 5.4.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

### 5.4.2 Classification of Financial Assets

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income ("FVTOCI"), or
- at fair value through profit or loss ("FVTPL").

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

#### Financial Assets at Amortized Cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial Assets at Fair Value through OCI

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

#### **Financial assets at fair value through profit or loss**

A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value through OCI.

### **5.4.3 Classification of Financial Liabilities**

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

### **5.4.4 Subsequent Measurement**

#### **Financial assets at FVTOCI**

These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

#### **Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

#### **Financial assets and liabilities at FVTPL**

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

### **5.4.5 Impairment of Financial Assets at Amortized Cost**

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost.

The company measures loss allowance at an amount equal to life time ECLs, except for the following, which are measured at 12 months ECL:

- Debt security that are determined to have low credit risk at the reporting date.
- Other debt security and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information n and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company initially makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.



#### 5.4.6 Derecognition

##### Financial Assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

##### Financial Liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

#### 5.5 Settlement Date Accounting

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

#### 5.6 Financial Instruments

##### 5.6.1 Financial Assets and Liabilities

Financial assets include investments, deposits, loans, advances, other receivables, receivable from funds and cash and bank balances.

Financial liabilities include accrued expenses and other liabilities and liabilities against assets subject to finance lease. Financial liabilities are classified according to the substance of the contractual agreement entered into.

At the time of initial recognition, all the financial assets and liabilities are measured at cost, which is the fair value of the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs that may be incurred on disposal. The particular recognition method adopted for recognition of financial assets and liabilities subsequent to initial recognition is disclosed in the policy statement associated with each item.

##### 5.6.2 Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Corresponding income on the asset and charge on the liability is also off-set.

##### 5.6.3 Related Party Transactions and Transfer Pricing

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at arm's length prices which are determined in accordance with the methods prescribed in the Companies Act, 2017.

##### 5.7 Employee Retirement Benefits-Defined Contribution Plan

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

##### 5.8 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalent consist of bank balances and running finances under mark-up arrangements.



## 5.9 Trade Debts, Loans, Deposits, Interest Accrued and Other Receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

## 5.10 Trade and Other Payables

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

## 5.11 Proposed Dividend and Transfer Between Reserves

Dividends declared and transfer between reserves, except appropriations which are required by the law, made subsequent to the balance sheet date are considered as non adjusting events and are recognized in the financial statements in the year in which such dividends are declared or transfers between reserves are made.

## 5.12 Revenue Recognition

Commission income is recognised on accrual basis.

Gains and losses on sale of marketable securities are recognised on the date of sale.

Dividend income is recorded when the right to receive the dividend is established. Return on securities other than shares is recognised on accrual basis.

Return on bank deposits are recognised on accrual basis. Other income is recognised as and when earned.

## 5.13 Provisions

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

## 5.14 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

## 5.15 Taxation

### Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into consideration available tax credits, rebates and tax losses, if any. However, for income covered under final tax regime, taxation is based on applicable tax rules under such regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed/finalised during the year.

### Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary timing differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

## 6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires 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 and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- a) Recognition of taxation and deferred taxation;
- b) Determining the useful lives of operating fixed assets;
- c) Classification of investments; and
- d) Impairment of financial assets.

## 7 PROPERTY AND EQUIPMENT

### 7.1 The following is the statement of property and equipment:

<i>Description</i>	<i>Furniture and Fixtures</i>	<i>Vehicles</i>	<i>Office Equipment</i>	<i>Computers</i>	<i>Total</i>
<i>----- Rupees -----</i>					
<b>Year Ended June 30, 2020</b>					
Opening net book value (NBV)	468,289	3,443,542	611,449	1,046,643	5,569,923
Additions (at cost)	-	-	-	58,209	58,209
<b>Disposals</b>					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Net Book value</b>	-	-	-	-	-
Depreciation charge	(72,633)	(1,118,674)	(158,122)	(657,461)	(2,006,890)
<b>Closing net book value</b>	<b>395,656</b>	<b>2,324,868</b>	<b>453,327</b>	<b>447,391</b>	<b>3,621,242</b>
<b>Gross carrying value basis</b>					
Cost	1,487,514	5,593,370	1,494,502	5,280,475	13,855,861
Accumulated depreciation/impairment	(1,091,858)	(3,268,502)	(1,041,175)	(4,833,084)	(10,234,619)
<b>Net book value</b>	<b>395,656</b>	<b>2,324,868</b>	<b>453,327</b>	<b>447,391</b>	<b>3,621,242</b>
<b>Year ended June 30, 2019</b>					
Opening net book value (NBV)	540,922	6,703,416	523,567	852,810	8,620,715
Additions (at cost)	-	-	220,304	874,672	1,094,976
	540,922	6,703,416	743,871	1,727,482	9,715,691
<b>Disposals</b>					
Cost	-	2,424,000	-	41,500	2,465,500
Depreciation	-	(646,400)	-	(13,695)	(660,095)
<b>Net Book value</b>	-	1,777,600	-	27,805	1,805,405
Depreciation charge	(72,633)	(1,482,274)	(132,422)	(653,034)	(2,340,363)
<b>Closing net book value</b>	<b>468,289</b>	<b>3,443,542</b>	<b>611,449</b>	<b>1,102,253</b>	<b>5,569,923</b>
<b>Gross carrying value basis</b>					
Cost	1,487,514	5,593,370	1,494,502	5,222,266	13,797,652
Accumulated depreciation/impairment	(1,019,225)	(2,149,828)	(883,053)	(4,175,623)	(8,227,729)
<b>Net book value</b>	<b>468,289</b>	<b>3,443,542</b>	<b>611,449</b>	<b>1,046,643</b>	<b>5,569,923</b>
<b>Depreciation rate % per annum</b>	<b>10</b>	<b>20</b>	<b>20</b>	<b>33</b>	

<b>8 INTANGIBLE ASSET</b>	<i>Note</i>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Computer software		<u><b>1,108,080</b></u>	<u><b>1,246,590</b></u>
<b>8.1 Computer software</b>			
<b>Opening Net Book Value</b>		<b>1,246,590</b>	<b>-</b>
Addition		<b>-</b>	<b>1,385,100</b>
Amortization Charge		<b>(138,510)</b>	<b>(138,510)</b>
<b>Closing Net Book Value</b>		<u><b>1,108,080</b></u>	<u><b>1,246,590</b></u>
Cost		<b>1,385,100</b>	<b>1,385,100</b>
Accumulated Amortization		<b>(277,020)</b>	<b>(138,510)</b>
<b>Closing Net Book Value</b>		<u><b>1,108,080</b></u>	<u><b>1,246,590</b></u>
<b>Amortization rate</b>		<u><b>10%</b></u>	<u><b>10%</b></u>
<b>9 LONG-TERM INVESTMENTS</b>			
<b>Investments in Associates - Units of Mutual Funds - Equity Method</b>			
<b>First Dawood Mutual Fund (Open-End - Fund) - an associate (Using Equity Method)</b>			
Nil (June 30, 2019: 3,442,963) Units, Representing 0% (June 30, 2019: 55.72%) Holding.		<b>-</b>	<b>59,702,020</b>
<b>786 Smart Fund (Formerly Dawood Income Fund) (Open - End - Fund) - an associate (Using Equity</b>			
1,825,406 (June 30, 2019: 1,372,100) Units, Representing 23.60% (June 30, 2019: 24.67%) Holding.	9.1	<b>147,858,793</b>	<b>110,362,938</b>
<b>786 Rising Star Fund (Formerly Dawood Islamic Fund) (Open-End- Fund) - an associate (using equity method)</b>			
Nil (June 30, 2019: 109,323) Units, Representing Nil (June 30, 2019: 11.20%) Holding.		<b>-</b>	<b>11,410,974</b>
		<u><b>147,858,793</b></u>	<u><b>181,475,932</b></u>
<b>Government Securities - Pakistan Investment Bonds having Face Value of 20 Million</b>	9.2	<b>21,719,545</b>	<b>-</b>
<b>At fair value - through other comprehensive income - Shares - unquoted</b>			
<b>Al Baraka Bank (Pakistan) Limited</b>			
Nil (June 30, 2019: Nil) Shares		<b>-</b>	<b>22,655</b>
Less: Sale of 2,961 shares		<b>-</b>	<b>(22,655)</b>
		<b>-</b>	<b>-</b>
<b>Dawood Family Takaful Limited - A related party</b>			
Nil (June 30, 2019: Nil) Shares		<b>-</b>	<b>11,710,186</b>
Less: Sale of 2,372,500 Shares		<b>-</b>	<b>(11,710,186)</b>
		<b>-</b>	<b>-</b>
		<u><b>169,578,338</b></u>	<u><b>181,475,932</b></u>

- 9.1 The abridged audited financial information of 786 Smart Fund (formerly Dawood Income Fund) (the Fund) based on audited financial statements as at June 30, 2020 is as follows:

	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<b><i>Associate's Statement of Assets and Liabilities</i></b>		
Total assets	<b>654,498,285</b>	454,559,584
Total liabilities	<b>27,994,546</b>	8,867,811
<b><i>Net assets</i></b>	<b>626,503,739</b>	445,691,773
<b><i>Number of units in issue</i></b>	<b>7,734,563</b>	5,541,116.0
<b><i>Units held as at June 30</i></b>	<b>1,825,406</b>	1,372,100.4
<b><i>Net assets value per unit</i></b>	<b>81.00</b>	80.43
<b><i>Share of Company's net assets</i></b>	<b>147,858,793</b>	110,362,938
<b><i>Associate's Income Statement</i></b>		
Total income	<b>62,970,841</b>	62,022,773
Net (loss)/income	<b>(12,653,700)</b>	(11,590,373)
<b><i>Net Income Before Taxation</i></b>	<b>50,317,141</b>	50,432,400
Taxation	-	-
<b><i>Net Income After Taxation</i></b>	<b>50,317,141</b>	50,432,400

9.1.1 The 786 Smart Fund has been classified as an associate owing to holding in excess of Twenty percent (June 30, 2019: Despite the fact that the Company holds less than twenty percent holding in the Fund for the reason that the Company is also an investment advisor of the fund by virtue of which it participates in the financial and operating policies of the Fund and hence has significant influence over its investee).

9.2 This Government securities - Pakistan Investment Bonds will mature latest by September 19, 2029 and carry interest at the rate of 12.14821%

	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>10 LONG TERM DEPOSITS AND PREPAYMENTS</b>		
<b>Deposits</b>		
With CDC	<b>25,000</b>	25,000
Against Utilities	<b>11,300</b>	11,300
	<b>36,300</b>	36,300
<b>Prepayments</b>		
License Renewal Fee	<b>1,000,000</b>	1,500,000
Current Portion Shown Under Current Assets	<b>(500,000)</b>	(500,000)
	<b>500,000</b>	1,000,000
	<b>536,300</b>	1,036,300

10.1 This represents fee paid in respect of renewal of licenses of Asset Management Services (AMC) and Investment Advisory Services (IAS) till June 2022.

		<i>2020</i>	<i>2019</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>11 DEFERRED TAX ASSET</b>			
<b><i>Relating To Deductible Temporary Differences</i></b>			
Accelerated Accounting Depreciation		<b>382,430</b>	50,282
Carried Forward Assessed Tax Losses		<b>21,172,189</b>	16,913,722
Unabsorbed Tax Depreciation & Amortization		<b>1,403,051</b>	1,063,196
		<b>22,957,670</b>	18,027,200
Unrecognized Deferred Tax Asset	11.1	<b>(22,957,670)</b>	(18,027,200)
		-	-

11.1 Deferred tax asset has not been recognized on the ground that sufficient taxable profits are not expected in foreseeable future against which the asset could be utilized.

## 12 SHORT TERM INVESTMENTS

Note	2020		2019	
	Face Value	Fair Value	Face Value	Fair Value
	----- Rupees -----			
<b>At fair value through OCI</b>				
Listed shares-Related party	12.1	-	-	1,385,910
Term finance certificate	12.2	21,133,786	22,428,330	9,189,514
		21,133,786	22,428,330	10,575,424
Cumulative gain on revaluation of investment		1,294,544	-	(503,794)
		22,428,330	22,428,330	10,071,630

### 12.1 Listed shares - related party

Number of Shares		Name of Companies	Note	2020		2019	
2020	2019			Face value	Fair value	Face value	Fair value
				----- Rupees -----			
		<b>Financial services</b>					
-	930,141	First Dawood Investment Bank Limited - related party	12.1.1	-	-	1,385,910	1,376,609
				-	-	1,385,910	1,376,609

12.1.1 SECP has granted permission for unfreezing the shares of First Dawood Investment Bank Limited. Vide letter SC/NBFC-5/FDIBL-CDC/2018 dated July 31, 2018.

### 12.2 Term Finance Certificates - Unlisted

Number of Certificates		Name of Company	Note	2020		2019	
2020	2019			Cost	Fair Value	Cost	Fair Value
				----- Rupees -----			
		<b>Financial services</b>					
5,000	2,000	Silk Bank Limited	12.2.1	21,133,786	22,428,330	9,189,514	8,695,021

12.2.1 Term Finance Certificates are valued using rate prevailing on MUFAP (Mutual Fund Association of Pakistan) which is 86.9763% of face value at the statement of financial position date.

12.2.2 Term finance certificates carry profit equal to 6 month KIBOR plus 1.85% receivable half yearly in arrears and will mature in August 2025. The Instrument is structured to redeem 0.14% of the Issue Amount during the first 7 years and remaining 99.86% in last two (2) equal semi annual installments of 49.93% each. The instrument is unsecured and subordinated as to payment of Principal and Profit to all other indebtedness of the bank, including deposits.

## 13 LOANS AND ADVANCES

	Note	2020 Rupees	2019 Rupees
<b>Unsecured - Considered Good</b>			
Advance against salary	13.1	22,003	39,667

### 13.1 Advance against Salary

Name of the Employee	Terms of the Loans	Security	Purpose	Maximum Aggregate Amount Outstanding at any Time with Reference to Month End Balances		Provision	Written Off
				2020	2019		
				Rupees	Rupees		
Muhammad Naveed	Monthly Installment Basis and Interest Free	Unsecured	Family Commitment	77,000	28,000	-	-
Tauqir Shamshad	Monthly Installment Basis and Interest Free	Unsecured	Family Commitment	-	295,500	-	-
Muhammad Abbas	Monthly Installment Basis and Interest Free	Unsecured	Family Commitment	-	137,200	-	-
Kamran Rafique	Monthly Installment Basis and Interest Free	Unsecured	Family Commitment	-	66,500	-	-
Talal Ismail Pasha	Monthly Installment Basis and Interest Free	Unsecured	Family Commitment	-	30,000	-	-

14 PREPAYMENTS AND OTHER RECEIVABLE	Note	2020 Rupees	2019 Rupees
<b>Prepayments</b>			
Insurance		470,831	169,514
Rent		124,862	124,862
Current portion of License Renewal Fee	10	500,000	500,000
		<u>1,095,693</u>	<u>794,376</u>
<b>Other receivable</b>			
Federal excise duty	14.1	6,513,679	6,513,679
Dawood Equities Limited - Related party	14.2	-	93,098
		<u>7,609,372</u>	<u>7,401,153</u>

14.1 This represents amount receivable from funds in lieu of Federal Excise Duty the break up of which is as follows:

	Note	2020 Rupees	2019 Rupees
<b>Associates</b>			
786 Smart Fund (formerly Dawood Income Fund)	1.4	6,513,679	1,797,106
786 Rising Star Fund (Formerly Dawood Islamic Fund)		-	475,723
First Dawood Mutual Fund		-	4,240,850
	22.1.2	<u>6,513,679</u>	<u>6,513,679</u>

14.1.1 The Maximum amount outstanding at any time during the year with reference to month end balances from the funds is Rs. 6.51 (2019: Rs. 6.51) Million.

14.2 The Maximum amount outstanding at any time during the year with reference to month end balance is Rs. 0.093 (2019: Rs.0.093) Million.

15 TRADE RECEIVABLE	2020 Rupees	2019 Rupees
786 Smart Fund (Dawood Income Fund) - an associate	2,308,583	1,183,182
786 Rising Star Fund (Formerly Dawood Islamic Fund)	-	317,373
First Dawood Mutual Fund - an associate	-	986,594
	<u>2,308,583</u>	<u>2,487,149</u>

### 15.1 Aging analysis of trade receivables

#### Balance Outstanding

	2020		2019	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Past due 1 - 60 days	856,463	-	1,170,835	-
Past due 61 - 90 days	1,452,120	-	56,579	-
Past due 91 - 180 days	-	-	190,608	-
Past due 181 - 365 days	-	-	358,738	-
More than 365 days	-	-	710,389	-
	<b>2,308,583</b>	<b>-</b>	<b>2,487,149</b>	<b>-</b>

15.2 Maximum aggregate amount outstanding at any time during the year with reference to month end balances from each fund is as follows:

	2020	2019
	Rupees	Rupees
<b>Associates</b>		
786 Smart Fund (formerly Dawood Income Fund)	2,658,864	2,715,344
786 Rising Star Fund (Formerly Dawood Islamic Fund)	-	833,024
First Dawood Mutual Fund	-	5,590,862

### 16 ACCRUED MARKUP

On Saving Accounts	644,940	153,119
On TFCs	1,489,091	-
On PIBs	670,636	-
	<b>2,804,667</b>	<b>153,119</b>

### 17 TAX REFUND DUE FROM GOVERNMENT

	2020	2019
	Rupees	Rupees
Opening	5,046,837	4,654,124
Tax paid during the year	2,284,660	3,643,107
Prior year tax adjustment	108,535	155,107
Provision for the year	(1,620,776)	(3,405,501)
Closing	<b>5,819,256</b>	<b>5,046,837</b>

### 18 CASH AT BANK

<b>Cash in hand</b>		1,005	4,646
<b>Cash at bank</b>			
Current Accounts		101,609	101,609
Saving Accounts	18.1	11,939,756	4,433,665
		<b>12,041,365</b>	<b>4,535,274</b>
		<b>12,042,370</b>	<b>4,539,920</b>

18.1 The balance in savings accounts carry profit at rates ranging from 5.5% to 11.25% per annum (2019: 4% to 5.75% per annum).

### 19 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		2020	2019
----	----		Rupees	Rupees
<b>10,000,000</b>	10,000,000	Ordinary shares of Rs. 10/- each issued as fully paid in cash	<b>100,000,000</b>	100,000,000
<b>4,973,750</b>	4,973,750	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	<b>49,737,500</b>	49,737,500
<b>14,973,750</b>	<b>14,973,750</b>		<b>149,737,500</b>	<b>149,737,500</b>

19.1 The following shares are held by the Related Parties with whom the Company has entered into transactions or has arrangements in place.

<i>Name of related party</i>	<i>2020</i>	<i>2019</i>
	<i>---- No. of Shares ----</i>	
First Dawood Investment Bank Limited	<u><b>2,246,070</b></u>	<u>2,246,070</u>
BRR Guardian Modaraba	<u><b>1,935,505</b></u>	<u>1,935,505</u>
Tara Uzra Dawood - Chief Executive Officer	<u><b>1,768,458</b></u>	<u>1,768,458</u>

<b>20 TRADE AND OTHER PAYABLES</b>	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
Accrued Expenses	20.1	<b>9,668,859</b>	7,503,662
Sindh Workers' Welfare Fund Payable	20.2	<b>1,130,400</b>	2,596,844
Fed Payable	22.1.2	<b>6,513,677</b>	6,513,677
Sales Tax Payable		<b>863,347</b>	1,061,845
Wht Payable		<u><b>690</b></u>	<u>8,853</u>
		<u><b>18,176,973</b></u>	<u>17,684,881</u>

**20.1** This includes an amount of Rs. 5.57 (June 30, 2019: Rs. 5.57) Million received from NCCPL being refund of tax amount with respect to funds under management. This amount will be disbursed to unit holders'.

**20.2** During the year Company made payments amounting to Rs. 1.47 Million to the SRB in respect of Sindh Workers' Welfare Fund.

<b>21 UNCLAIMED DIVIDEND</b>	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
	21.1	<u><b>998,742</b></u>	<u>998,742</u>

## **22 CONTINGENCIES AND COMMITMENTS**

### **22.1 Contingencies**

**22.1.1** The Additional Commissioner of Income Tax (ACIT) has amended the assessment order under section 122(5A) of the Income Tax Ordinance, 2001, resulting in an additional tax of Rs. 1.005 million and Rs. 0.820 million for Tax Years 2003 and 2004 respectively. The Company has filed appeals with the Commissioner of Income Tax Appeals-II (CIT-A). The said appeals are pending for hearing. The management is confident that the appeal will be decided in favour of the Company and therefore no provision in this respect has been made in these financial statements. Appeals have been filed before Income Tax Appellate Tribunal (ITAT) for the Tax Year 2003 and 2004 against the order of CIT-A. Hearing has been fixed and ITAT has finalized the order for the Tax Year 2004, which partially allowed and partially remanded back the order to the CIT-A for passing an order. The case has been decided in favour of the Company by the Appellate Tribunal in Tax Year 2017.

**22.1.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) with effect from 13 June 2013. As the Asset Management Services rendered by the Management Company of the Fund were already subject to provincial sales tax levied by Sindh Revenue Board, which is being charged to the Fund, the Company was of the view that further levy of FED was not justified.

On 4 September 2013, a Constitutional Petition was filed in the Honorable Sindh High Court (SHC) jointly by various Asset Management Companies, together with their representative Collective Investment Schemes through their trustees, challenging the levy of FED.

The matter is still pending. With effect from 1 July 2016, FED on services provided or rendered on Non Banking Financial Institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

In view of the above, the Company has discontinued making further provision in respect of FED on Management Services with effect from 1 July 2016. However, as a matter of abundant caution the provision made for FED for the period from 13 June 2013 till 30 June 2016 aggregating to Rupees 6.51 (June 30, 2019: Rs. 6.51) Million is being retained with a corresponding receivable from the funds of the same amount in financial statements as the matter is pending before the Supreme Court of Pakistan.

### **22.2 Commitments**

There was no commitment during the year (2019: Nil)



<b>23 REMUNERATION FROM FUNDS UNDER MANAGEMENT</b>		<b>2020</b>	<b>2019</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>Open-End funds</b>			
786 Smart Fund (Formerly Dawood Income Fund )		<b>8,868,146</b>	8,021,088
786 Rising Star Fund (Formerly Dawood Islamic Fund)		<b>822,560</b>	1,804,276
First Dawood Mutual Fund - an associate		<b>1,119,673</b>	3,754,810
		<b>10,810,379</b>	13,580,174
<b>Less:</b> Sales tax on remuneration		<b>(1,243,672)</b>	(1,562,321)
		<b>9,566,707</b>	12,017,853
		<b>2020</b>	<b>2019</b>
		<b>Remuneration for services</b>	<b>rendered as an asset</b>
		<b>management company</b>	
		<b>----- Percentage -----</b>	
<b>23.1 During the year the company has charged Management fee as under;</b>			
<b>Associates - Open - End Funds</b>			
786 Smart Fund (Formerly Dawood Income Fund ) - An Associate		<b>1.5</b>	1.5
786 Rising Star Fund (Formerly Dawood Islamic Fund) - An Associate		<b>1.5</b>	1.5
First Dawood Mutual Fund - An Associate		<b>2</b>	2
<b>24 ADMINISTRATIVE AND OPERATING EXPENSES</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>Rupees</b>	<b>Rupees</b>
Salaries and Allowances	24.1	<b>13,854,180</b>	19,996,502
Rent, Rates and Taxes		<b>1,519,341</b>	1,538,641
Postage and Telephones		<b>349,595</b>	304,700
Legal and Professional Charges		<b>1,451,615</b>	1,544,050
Printing and Stationery		<b>217,246</b>	174,665
Travelling and Conveyance		<b>16,095</b>	117,873
Vehicles Running		<b>1,342,771</b>	1,953,817
Advertisement Expense		<b>317,700</b>	128,700
Electricity		<b>639,582</b>	496,949
Repairs and Maintenance		<b>228,122</b>	121,083
Auditors' Remuneration	24.2	<b>638,880</b>	629,640
Entertainment		<b>97,458</b>	282,014
Insurance		<b>418,443</b>	502,953
Depreciation	7	<b>2,006,890</b>	2,340,363
Amortization	8.1	<b>138,510</b>	138,510
Fee and Subscriptions		<b>2,742,964</b>	1,906,718
Newspapers and Periodicals		<b>570</b>	329
Directors' Fee		<b>316,000</b>	348,000
Commission		<b>27,904</b>	43,575
Marketing Expenses		<b>-</b>	39,000
Others		<b>127,340</b>	80,589
		<b>26,451,206</b>	32,688,670
<b>Less:</b> Reimbursement of Fees and Expenses	24.3	<b>(741,727)</b>	(725,812)
		<b>25,709,479</b>	31,962,858

**24.1** This includes amount of Rs. 0.73 (2019: Rs. 1.18) Million relating to Staff Retirement Benefits.

	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>24.2 Auditors' remuneration</b>		
Annual Audit	<b>280,000</b>	280,000
Certification Fee	<b>111,000</b>	111,000
Half Yearly Review	<b>145,000</b>	145,000
Sales Tax	<b>42,880</b>	46,640
Out of Pocket Expenses	<b>60,000</b>	47,000
	<b>638,880</b>	629,640

**24.3** In accordance with the provisions of the NBFC Regulations amended vide S.R.O 1160(I)/2015 dated November 25, 2015, the Management Company of the Fund is entitled for reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to Fund maximum up to 0.1% of average annual net assets of the Scheme or actual whichever is less. Accordingly, Company has charged accounting and operational charges to the Fund at the rate of 0.1% per annum of the average annual net assets of the Fund. The breakup in respect of each fund is as follows:

	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>24.3.1 Reimbursement of Fees and Expenses Breakup:</b>		
<i>Associates</i>		
786 Smart Fund (formerly Dawood Income Fund)	<b>523,194</b>	453,221
786 Rising Star Fund (formerly Dawood Islamic Fund)	<b>107,663</b>	106,450
First Dawood Mutual Fund	<b>110,870</b>	166,141
	<b>741,727</b>	725,812

## 25 FINANCIAL CHARGES

Bank charges	<b>6,874</b>	5,220
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## 26 OTHER OPERATING INCOME

### *Income from financial assets*

Mark-up earned on saving accounts	<b>1,290,040</b>	352,923
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### *Income from non - financial assets*

Gain on disposal of property and equipment	-	702,795
Liabilities written back	<b>1,545,632</b>	2,687,850
	<b>1,545,632</b>	3,390,645
	<b>2,835,672</b>	3,743,568

## 27 SHARE OF ASSOCIATES' (LOSS)/PROFIT

786 Smart Fund ( Formerly Dawood Income Fund )	<b>10,007,405</b>	7,694,130
786 Rising Star Fund (Formerly Dawood Islamic Fund)	-	(1,356,263)
First Dawood Mutual Fund	-	(17,266,250)
	<b>10,007,405</b>	(10,928,383)

## 28 TAXATION

Current year tax	28.1	<b>1,620,776</b>	3,405,501
Prior year charge		<b>(108,535)</b>	(155,107)
		<b>1,512,241</b>	3,250,394

**28.1** Numerical reconciliation between the average effective tax rate and the applicable tax rate has not been presented in these financial statements due to available tax losses brought forward from tax years 2014, 2016, 2017, 2018 and 2019. The provision for current year income tax has been made under Minimum Tax section 153(1)(b) of the Income Tax Ordinance, 2001.

Deferred tax asset amounting to Rs. 2,295,824.27(2019: Rs. 19,351,431) has not been recognised in these financial statements as the Company is of the view that it is not probable that sufficient taxable profits will be available in the foreseeable future against which deductible temporary differences, unused tax losses and unused tax credits can be utilized. The accumulated tax losses, unabsorbed depreciation and amortization as at June 30, 2020 amounting to Rs. 77,908,255 (2019: Rs. 70,810,952).

**28.2** Management has provided sufficient tax provision in financial statements in accordance with income tax ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years:

	<i><b>Deemed Assessment Rupees</b></i>	<i><b>Provision Rupees</b></i>
Tax year 2019	<b>3,296,966</b>	3,405,501
Tax year 2018	<b>920,089</b>	1,075,196
Tax year 2017	<b>5,506,417</b>	4,805,585
Tax year 2016	<b>155,402</b>	155,401

<b>29 EARNINGS/(LOSS) PER SHARE - Basic and diluted</b>	<i><b>2020 Rupees</b></i>	<i><b>2019 Rupees</b></i>
Net (loss)/profit for the year	<u><b>2,824,729</b></u>	<u>(43,207,504)</u>
Weighted average number of ordinary shares	<u><b>14,973,750</b></u>	<u>14,973,750</u>
(Loss)/earnings per share - basic and diluted	<u><b>0.19</b></u>	<u>(2.89)</u>

**30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	<i><b>2020</b></i>			<i><b>2019</b></i>		
	<i><b>Chief Executive</b></i>	<i><b>Directors</b></i>	<i><b>Executives</b></i>	<i><b>Chief Executive</b></i>	<i><b>Directors</b></i>	<i><b>Executives</b></i>
	<i><b>----- Rupees -----</b></i>			<i><b>----- Rupees -----</b></i>		
Managerial Remuneration	<b>4,416,000</b>	-	-	4,416,000	-	4,088,333
House Rent	<b>1,766,400</b>	-	-	1,766,400	-	1,635,333
Bonus	<b>368,000</b>	-	-	-	-	-
Medical	<b>14,450</b>	-	-	5,130	-	44,285
Utilities	<b>441,600</b>	-	-	441,600	-	408,833
Provident Fund	<b>441,600</b>	-	-	441,600	-	408,833
E.O.B.I	<b>4,680</b>	-	-	5,760	-	11,520
Meeting Fee	-	<b>316,000</b>	-	-	348,000	-
	<u><b>7,452,730</b></u>	<u><b>316,000</b></u>	<u>-</u>	<u>7,076,490</u>	<u>348,000</u>	<u>6,597,138</u>
Number of Persons	<u><b>1</b></u>	<u><b>6</b></u>	<u>-</u>	<u>1</u>	<u>6</u>	<u>1</u>

**30.1** The Chief Executive and Executives have been provided with company maintained cars.

**30.2** Executive means an employee other than Director and Chief Executive Officer, whose basic salary exceeds Rs. 1,200,000 in a financial year.

	<b>2020</b>	<b>2019</b>
<b>31 DISCLOSURE RELATING TO PROVIDENT FUND</b>		
Size of the Fund	<b>168,075,539</b>	148,864,984
Cost of Investments Made	<b>39,972,762</b>	28,054,010
Percentage of Investments Made	<b>85.13%</b>	92.73%
Fair Value of Investments	<b>143,080,475</b>	138,035,078

	2020	2019
<b>Breakup of Investments (Rupees)</b>		
<i>Investments in</i>		
Defence Saving Certificates'	43,000,000	37,101,096
Term Finance Certificates'	18,874,987	22,233,573
Sukuks'	4,813,861	7,536,692
Listed Securities	37,453,895	21,761,709
Mutual Funds	38,937,732	49,402,007
	<b>143,080,475</b>	<b>138,035,078</b>

	<i>% age of investment as size of the fund</i>	
<b>Breakup of Investments (Percentage)</b>		
<i>Investments in</i>		
Defence Saving Certificates'	30.05%	26.88%
Term Finance Certificates'	13.19%	16.11%
Sukuks'	3.36%	5.46%
Listed Securities	26.18%	15.77%
Unlisted Securities	0.00%	0.00%
Mutual Funds	27.21%	35.79%
	<b>100.00%</b>	<b>100.00%</b>

The Provident Fund (the Fund) is maintained for its permanent employees and the employees of its associated companies/undertakings. Accordingly, the information is based upon the latest unaudited financial statements of the Fund as at June 30, 2020 and audited financial statements as at June 30, 2019. As per Trustees, Investments out of Provident Fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the Rules formulated for this purpose.

## 32 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, directors, their close family members, senior executives, retirement benefit plans, major shareholders of the Company and funds under management. Transactions with the related parties during the year are as follows:

<i>Relationship with the Company</i>	<i>Nature of Transactions</i>	2020	2019
		<i>Rupees</i>	<i>Rupees</i>
	<b><i>Transactions During the year</i></b>		
<b><i>Mutual Funds managed by the Company</i></b>	Management Fee Charged	10,810,379	13,580,174
	Sales Tax on Management Fee	1,243,672	1,562,321
	Accounting and Operational Charges	741,727	725,812
	786 Smart Fund (formerly Dawood Income Fund) - Purchase of 1,002,084 (June 30, 2019: 1,267,921 ) Units	85,143,724	100,865,359
	786 Smart Fund (formerly Dawood Income Fund) Redemption of 548,779 (June 30, 2019: 244,208) Units	45,000,000	20,000,000
	786 Smart Fund (formerly Dawood Income Fund) - Dividend Received During the Year	-	9,505,854
	786 Rising Star Fund - Conversion of 109,323 Unit due to Merger	11,779,074	-
	786 Rising Star Fund - Gain on Conversion of Units due to Merger	368,100	-
	First Dawood Mutual Fund - Conversion of 3,442,963 Unit due to Merger	60,331,730	-
	First Dawood Mutual Fund - Gain on Conversion of Units due to Merger	629,710	-
	786 Rising Star Fund (Formerly Dawood Islamic Fund) - Purchase of Nil (June 30, 2019: 68,643) Units	-	7,997,225
	786 Rising Star Fund (Formerly Dawood Islamic Fund) - Dividend	-	15,597
	First Dawood Mutual Fund - Purchase of Nil (June 30, 2019: 447,033 ) Units	-	10,142,222
	First Dawood Mutual Fund - Redemption of 5,073,797 (June 30, 2019: 5,073,797 ) Units	-	101,500,000
	First Dawood Mutual Fund - Dividend Received	-	359,277
	First Dawood Mutual Fund - Purchase of 3,000 TFCs' of Silk Bank Limited (June 30, 2019: 2,000) Units	12,937,584	9,189,514

<i>Relationship with the Company</i>	<i>Nature of Transactions</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
<b>Other Related Party</b>			
First Dawood Investment Bank Limited & Others Employees' Provident Fund	Provident Fund Contribution	<b>730,279</b>	1,184,229
B.R.R Guardian Modaraba	Rent Charge During the Year - <i>New office</i>	<b>1,498,341</b>	1,498,341
Key Management Personnel	Remuneration	<b>11,436,335</b>	13,673,628
	Sale of 930,141 Shares of First Dawood Investment Bank Limited	<b>1,655,541</b>	
	Gain on Disposal of Shares of First Dawood Investment Bank Limited	<b>269,631</b>	
	Sale of 2,372,500 Shares of Dawood Family Takaful Limited	-	12,313,275
	Sale of 2,961 Shares of Al Baraka Bank (Pakistan) Limited	-	23,777
Dawood Family Takaful Limited	Insurance Expense Charge During the Year	-	44,349
Dawood Equities Limited	Brokerage Commission Paid on Disposal of Shares	-	43,575
	<b>Balances at Year End</b>		
<b>Associated companies/other related parties</b>			
	<b>Units Held:</b>		
<b>Mutual Funds Managed by the Company</b>			
	786 Smart Fund (formerly Dawood Income Fund) 1,825,406 (June 30, 2019: 1,372,100) Units	<b>147,858,793</b>	110,362,938
	First Dawood Mutual Fund Nil (June 30, 2019: 3,442,964) Units	-	59,702,020
	786 Rising Star Fund (Formerly Dawood Islamic Fund)		
	Nil (June 30, 2019: 109,323) Units	-	11,410,974
	Trade Receivable	<b>2,308,583</b>	2,487,149
<b>First Dawood Investment Bank Limited</b>			
	Nil (June 30, 2019: 930,141) shares	-	1,376,609
	Prepaid Life Insurance	<b>12,996</b>	-
<b>B.R.R Guardian Modaraba</b>			
	Prepaid Rent - <i>New Office</i>	<b>124,862</b>	124,862
<b>Dawood Equities Limited</b>			
	Receivable in Respect of Disposal of Shares	-	93,098

The Company has not entered into any transaction with director and senior executives other than those provided under the Company's policies and terms of employment.

### 33 FINANCIAL RISK MANAGEMENT POLICIES

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

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

#### 33.1 Market Risk

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

##### 33.1.1 Foreign Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

##### 33.1.2 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. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company has diversified its investments and has major portion of its investments based on floating interest rate for which the finance function is responsible to manage the risk by measuring the mismatch of interest rate sensitivity gap of financial assets and liabilities.

Interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of the contractual repricing or maturity date.

### 33.1.3 Price Risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

As at June 30, 2020, the fair values of marketable securities exposed to price risk are as follows:

	2020 Rupees	2019 Rupees
Exposure classified as Fair value through OCI	<b>22,428,330</b>	<b>10,071,630</b>

The Management Company manages the above market risks through diversification of investment portfolio in accordance with the internal risk management policies.

### 33.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company attempts to control credit risk by entering into transactions with diverse credit worthy counter parties by monitoring credit exposure.

The maximum exposure to credit risk as at June 30, 2020 is as follows: -

Description	2020		2019	
	Carrying Amount	Maximum Exposure	Carrying Amount	Maximum Exposure
	----- Rupees -----			
Long-Term Investments	169,578,338	-	181,475,932	-
Long-Term Deposits	536,300	536,300	1,036,300	1,036,300
Short-Term Investments	22,428,330	22,428,330	10,071,630	10,071,630
Trade Receivable	2,308,583	2,308,583	2,487,149	2,487,149
Accrued Markup	2,804,667	2,804,667	153,119	153,119
Cash at Bank	12,042,370	12,042,370	4,535,274	4,535,274
	<b>209,698,588</b>	<b>40,120,250</b>	<b>199,759,404</b>	<b>18,283,472</b>

The Company kept its funds with banks having strong credit ratings. Currently the funds are kept with banks having rating of A1+ to AA+.

#### 33.2.1 Financial instruments by category

##### Financial assets

##### Investment in associates' - Equity Method

	2020 Rupees	2019 Rupees
Long-Term Investments	<b>169,578,338</b>	<b>181,475,932</b>

##### At fair value through - Other comprehensive income

Short-Term Investments - Equity	-	1,376,609
Short-Term Investments - TFCs	<b>22,428,330</b>	<b>8,695,021</b>
	<b>22,428,330</b>	<b>10,071,630</b>

##### At Amortized Cost

Long-Term Deposits and Prepayments	<b>536,300</b>	<b>1,036,300</b>
Trade Receivable	<b>2,308,583</b>	<b>2,487,149</b>
Accrued Markup	<b>2,804,667</b>	<b>153,119</b>
Cash and Bank Balance	<b>12,042,370</b>	<b>4,539,920</b>
	<b>62,548,580</b>	<b>8,216,488</b>
	<b>254,555,248</b>	<b>199,764,050</b>

##### Financial Liabilities

##### At Amortized Cost

Trade and Other Payables	<b>9,668,859</b>	<b>7,503,662</b>
--------------------------	------------------	------------------

### 33.3 Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulty in raising funds to meet its obligations and commitments associated with financial instruments. The Company is not materially exposed to the liquidity risk as all obligations/commitments of the Company are short-term in nature and restricted to the extent of available liquidity and all assets of the Company are readily disposable in the market.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	On Demand	Not Later Than One Month	Up to Three Months	More Than Three Months and Up to One Year	More Than One Year	Total
	----- Rupees -----					
<b>As at June 30, 2020</b>						
Trade and Other Payable	9,668,859	-	-	-	-	9,668,859
<b>As at June 30, 2019</b>						
Trade and Other Payable	7,503,662	-	-	-	-	7,503,662

### 33.4 Capital Risk Management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure the Company may adjust the amount of dividend, return on capital to shareholders or issue new shares. Currently the Company has an equity of 208.640 Million against the minimum equity requirement of Rs. 200 Million set by the Securities and Exchange Commission of Pakistan for the Non Banking Finance Company providing Asset Management Services for the year ended June 30, 2020.

### 34 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

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

The following table shows financial instruments recognised at fair value, analyzed between those whose fair value is based on:

**Level 1:** Quoted prices in active markets for identical assets or liabilities.

**Level 2:** Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

**Level 3:** Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	June 30, 2020			June 30, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees -----					
Short - Term Investment - Listed Shares	-	-	-	1,376,609	-	-
Long - Term Investment - Units	169,578,338	-	-	181,475,932	-	-
Short - Term Investment - Unlisted TFC's	-	22,428,330	-	-	8,695,021	-
	169,578,338	22,428,330	-	182,852,541	8,695,021	-

#### Valuation techniques

For Level 2 the Company values the investment using rates mentioned on MUFAP (June 30, 2019: at breakup value which approximate the fair value of the investment).

#### Transfers during the period

During the year ended June 30, 2020 there were no transfers into or out of Level 3.

	2020 Rupees	2019 Rupees
<b>35 CASH AND CASH EQUIVALENTS</b>		
Cash and Bank Balance	<u>12,042,370</u>	<u>4,539,920</u>
<b>36 NON ADJUSTING EVENT</b>		

After the end of financial year, the Company obtained a subordinated loan of Rs.22 million from CEO to maintain the Minimum Equity Requirement for Asset Management Services under the requirements of Non Banking Finance Companies (Establishment and Regulation) Rules.

#### 37 NUMBER OF EMPLOYEES

The number of employees as at year end was 9 (2019: 12) and average number of employees during the year was 10 (2019: 14).

#### 38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue in Board of Directors of the management company on 30 September, 2020.

#### 39 GENERAL

**39.1** In accordance with the requirement of Rule 9, of the Non-Banking Finance Companies (Establishment and regulation) Rules, 2003, the company has obtained sufficient insurance coverage from Jubilee General insurance Company Limited against any loss that against financial losses that may be incurred as a result of employee's fraud or gross negligence. The insurance company has been assigned a credit rating of AA+ by the Pakistan Credit Rating Agency limited (PACRA).

**39.2** Figures have been rounded off to the nearest rupee.

**786 Investments Limited**  
(Management Company)

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

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



**Pattern of Shareholding  
As on June 30, 2020**

Number Of Shareholders	Shareholding			Total Shares Held
	From		To	
146	1	-	100	3,594
131	101	-	500	29,431
152	501	-	1000	114,247
71	1001	-	5000	163,261
18	5001	-	10000	126,184
2	10001	-	15000	24,883
4	15001	-	20000	109,821
3	25001	-	30000	84,824
1	30001	-	35000	33,000
1	35001	-	40000	40,000
1	45001	-	50000	50,000
1	50001	-	55000	53,500
1	55001	-	60000	60,000
1	60001	-	65000	60,690
1	70001	-	75000	71,000
1	95001	-	100000	100,000
3	115001	-	120000	352,779
1	205001	-	210000	205,604
1	210001	-	215000	213,999
1	235001	-	240000	240,000
1	240001	-	245000	243,500
1	320001	-	325000	325,000
1	340001	-	345000	341,000
1	345001	-	350000	350,000
1	390001	-	395000	392,452
1	645001	-	650000	648,845
1	1307001	-	1310000	1,307,500
1	1375001	-	1380000	1,376,006
1	1420001	-	1425000	1,425,000
1	1935001	-	1940000	1,935,505
2	2245001	-	2250000	4,492,125
<b>553</b>				<b>14,973,750</b>

**Categories of Share Holders As on June 30, 2020**

Categories Of Shareholders	Number Of Shareholders	Total Shares Held	Percentage %
Individuals	552	6,503,417	43.43
Joint Stock Companies	12	669,144	4.47
Financial Institutions	5	4,494,815	30.02
Investment Companies	2	549	0.00
Modarabas	1	1,935,505	12.93
Others	3	1,370,320	9.15
	<b>575</b>	<b>14,973,750</b>	<b>100.00</b>

S. No.	Categories of Share holders	Numbers	Shares Held	% Age
1	<b>Associated Companies</b>	3	<b>6,427,630</b>	<b>42.93</b>
	B.R.R. Guardian Modaraba		1,935,505	
	First Dawood Investment Bank Limited		2,246,070	
	The Bank of Khyber		2,246,055	
2	<b>NIT &amp; ICP</b>	2	<b>1,024</b>	<b>0.01</b>
	Investment Corporation of Pakistan		500	
	IDBP (ICP UNIT)		524	
3	<b>Directors, CEO their Spouses and Minor Children</b>	7	<b>1,783,774</b>	<b>11.91</b>
	Miss Tara Uzra Dawood		1,768,458	
	Mrs. Shafqat Sultana		2,816	
	Ms. Charmaine Hidayat Ullah		2,500	
	Mr. Muhammad Izqar Khan		2,500	
	Syed Shabahat Hussain		2,500	
	Mr. Tahir Mehmood		2,500	
	Mr. Farhan Abbas		2,500	
4	<b>Banks, DFIs, NBFIs, Insurance Companies, Takaful, Modarabas and Pension Funds</b>	18	<b>2,041,679</b>	<b>13.64</b>
5	<b>General Public</b>	545	<b>4,719,643</b>	<b>31.52</b>
	<b>Total</b>	<b>575</b>	<b>14,973,750</b>	<b>100.00</b>

**Shareholders holding ten percent or more shares in the Company**

First Dawood Investment Bank Limited	2,246,070	15.00
The Bank of Khyber	2,246,055	15.00
B.R.R. Guardian Modaraba	1,935,505	12.93
Miss Tara Uzra Dawood	1,768,458	11.81



**FORM OF PROXY**  
**29th Annual GENERAL MEETING**

I/We \_\_\_\_\_ of  
\_\_\_\_\_ (full address)

being a member of 786 Investments Limited Folio # \_\_\_\_\_ do hereby appoint

Mr./Ms \_\_\_\_\_ Folio # \_\_\_\_\_

of \_\_\_\_\_ (full address) (or failing him)

Mr./Ms \_\_\_\_\_ Folio# \_\_\_\_\_

of \_\_\_\_\_ (full address)

being another member of the Company as my/our proxy to attend and vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on October 26, 2020 at 8:45 hours and to every adjournment thereof.

And witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2020, signed by the said  
\_\_\_\_\_ in the presence of

Mr./Ms. \_\_\_\_\_

of \_\_\_\_\_ (full address)

**REVENUE  
STAMP  
Rs. 5/-**

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature(s) and or Seal

**Important Notes :**

1. The share transfer books of the Company will remain closed from October 20, 2020 to October 26, 2020 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of the Power or Authority, in order to be valid, must be deposited at the Registered office of the Company, 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. If more than one instrument of proxy appointing more than one person is deposited with the Company, all such instruments of proxy shall be rendered invalid.
5. This signature on the Instrument of Proxy must conform to the specimen signature recorded with the Company.
6. CDC account holders will in addition have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the meeting

## Corporate Social Responsibility of 786 Investments Ltd.

### 1. 11th LADIESFUND Women's Awards for Pakistan 2019



Sindh Governor House  
Chief Guest Sindh Governor Imran Ismail  
Special Guest State Bank Governor Dr. Reza Baqir



Team 786 volunteered for this prestigious and impactful event.

## 2. Educate a Girl



Team 786 volunteered for vocational trainings of deserving girls across the country.

## 3. The Buraq Center



Team 786 went out into the community and distributed food rations for the most downtrodden in Sindh, including minorities, transgender, Christian widows, Katchi abadis and of course Zakat-accepting families, all distraught from Covid-19 and the floods.

## 4. Food Rations



Team 786 volunteered at Pakistan's first incubation space for women, inaugurated by Sindh Governor Imran Ismail.

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## BOOK POST

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