

# A N N U A L   R E P O R T   2 0 2 0



Challenge  
Today

Change  
Tomorrow

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## Vision & Mission

Taking  
Entrepreneurship  
to Scale

## Company Information

### Board of Directors

Hasan Reza-ur Rahim - (Chairman) Independent Director  
Kulsum Dawood - Non-Executive Director  
Inam Ur Rahman - Non-Executive Director  
Kamran Nishat - Independent Director  
Shafiq Ahmed - Non-Executive Director  
Sulaiman S. Mehdi - (Chief Executive) Executive Director  
Faisal Nadeem - (Chief Financial Officer) Executive Director  
Ahsan Iqbal - (Secretary)

### Board Audit Committee

Kamran Nishat (Chairman)  
Shafiq Ahmed  
Inam Ur Rahman  
Kiran Hassan (Secretary)

### Board HR & Remuneration Committee

Kamran Nishat (Chairman)  
Inam Ur Rahman  
Hasan Reza-ur Rahim  
Faisal Nadeem (Secretary)

### Board Investment Committee

Hasan Reza-ur Rahim (Chairman)  
Inam Ur Rahman  
Shafiq Ahmed  
Faisal Nadeem (Secretary)

### Chief Financial Officer

Faisal Nadeem

### Company Secretary

Ahsan Iqbal

### Head of Internal Audit

Kiran Hassan

### Executives\*

Sulaiman S. Mehdi (CEO)  
Faisal Nadeem (CFO)  
Ahsan Iqbal (Company Secretary)  
Kiran Hassan (Head of Internal Audit)  
Muhammad Anas Karimi (Senior Manager Finance)  
Naresh Kumar (Investment Associate)  
Faisal Irfan (Investment Analyst)  
Zulqarnain (Manager)

\*As determined by the Board of Directors

### Auditors

A.F. Ferguson & Co.  
(Chartered Accountants)  
State Life Building 1-C,  
I.I. Chundrigar Road, Karachi.  
Website: [www.pwc.com/pk](http://www.pwc.com/pk)

### Tax Consultants

A.F. Ferguson & Co.  
(Chartered Accountants)  
State Life Building 1-C,  
I.I. Chundrigar Road, Karachi.  
Website: [www.pwc.com/pk](http://www.pwc.com/pk)

### Share Registrar/Transfer Agent

CDC Share Registrar Services Limited  
CDC House, 99 – B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal  
Karachi-74400  
Tel # (92-21) 111-111-500  
Fax: (92-21) 34326053  
Email: [info@cdcrsl.com](mailto:info@cdcrsl.com)  
Website: [www.cdcrsl.com](http://www.cdcrsl.com)

### Legal Advisors

Mohsin Tayebally & Co.  
1<sup>st</sup> Floor, Dime Centre,  
BC-4, Block 9, Kheকাশan,  
Clifton, Karachi

### Rating Agency

JCR – VIS Credit Rating Agency  
VIS House, 128/C,  
25<sup>th</sup> Lane Off Khayaban-e-Ittehad,  
Phase VII, DHA, Karachi

### Bankers

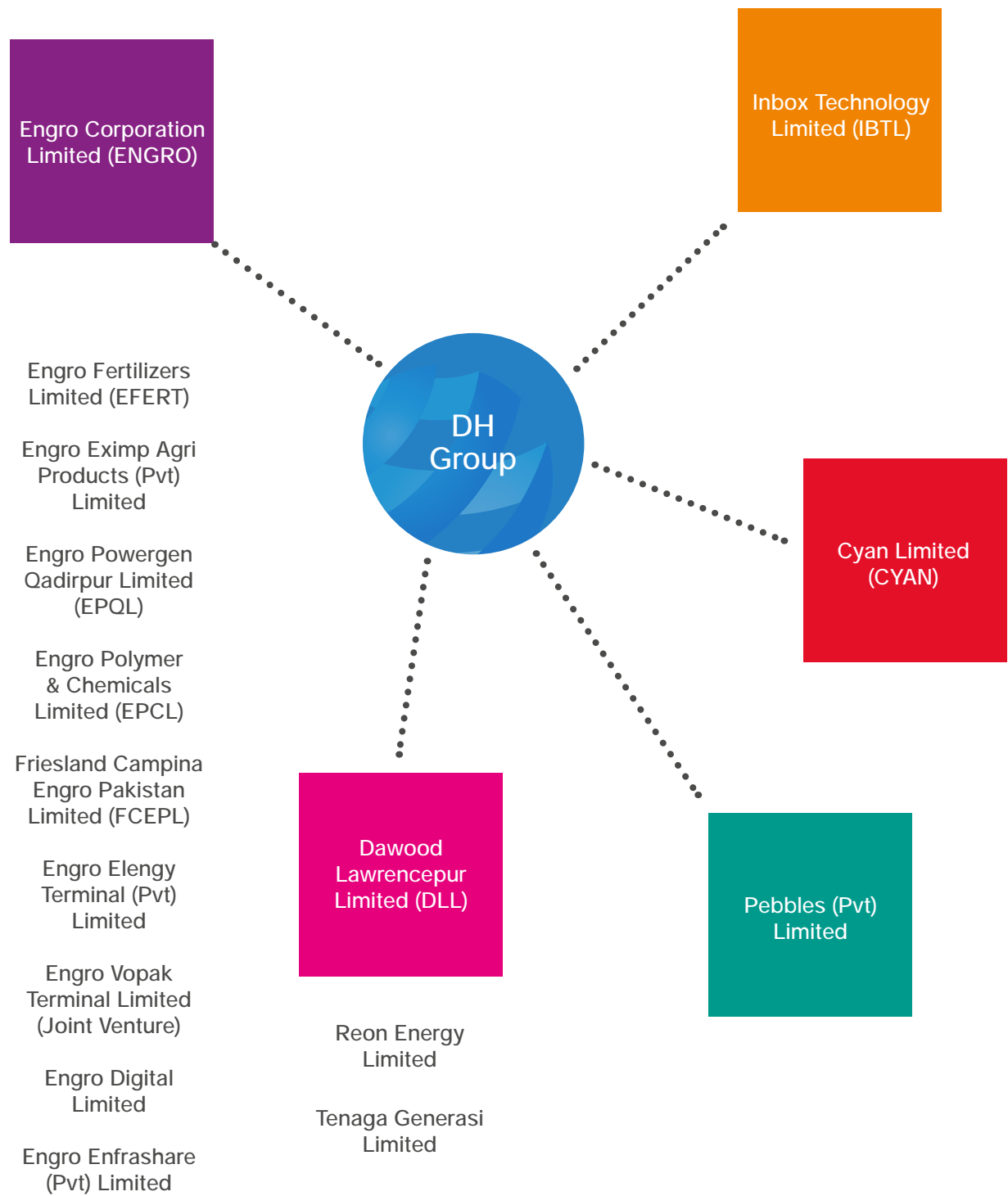
Bank Al Habib Limited  
Bank Al Falah Limited  
Habib Bank Limited  
National Bank of Pakistan  
MCB Bank Limited

### Registered Office

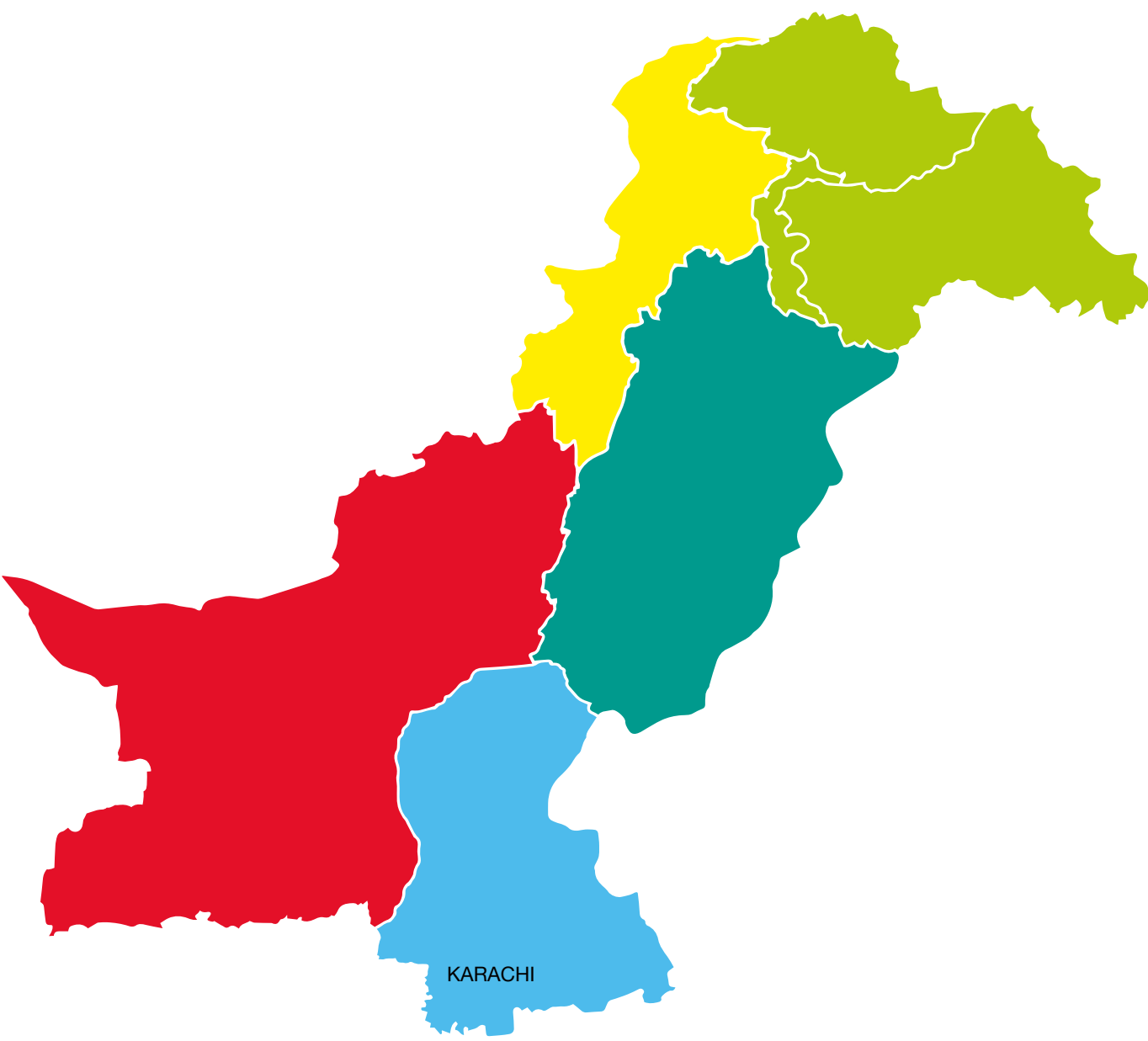
Dawood Centre, M.T. Khan Road  
Karachi-75530

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

Group Structure



Geographical Presence only in Karachi





Core Values



Commitment to Pakistan



Openness and Transparency



Integrity



Social Responsibility



Strong Work Ethics



Teamwork and Partnership

Strategic Objectives

Overall strategic objectives, management’s objectives and strategies for meeting those objectives

At Cyan Limited, our aim is to solicit our strategic objectives in such a manner that our approach and endeavor to create a positive impact, remains intact.

Objectives

FOCUS:

Generate attractive returns on Equity Portfolio. Our success is a result of achieving growth through indepth analysis and management of risk while taking into account the ever changing investment environment. As we move ahead, our focus remains steadfast and impeccable. We are committed to generate attractive returns on the Equity Portfolio.

AIM:

Maximize Shareholders’ Wealth Our aim is to maximize shareholders’ wealth as we believe that our growth projectiles and their success are all connected with the trust and confidence that we get from our valued shareholders. Our strong business strategies only work with superior execution, so we endeavor that our strategic planning is aligned with the increase in wealth of our stakeholders.

PURSUE:

Private Transactions Cyan Limited believes in committing its employees, capital and ideas to help entrepreneurs and high potential companies to thrive in Pakistan. We further believe that by taking private companies to PSX can help better growth prospects for the target companies.

Strategy to Meet Objective

<b>Monitoring our portfolio of investments frequently.</b>	<b>Maximizing resource utilization in the best possible manner.</b>	<b>Continuously seeking profitable avenues in high-growth sectors.</b>
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# Code of Conduct

## FOR EMPLOYEES:

This code is developed and adopted with a view to develop and promote the highest standards of ethical behavior, professionalism, integrity and commitment amongst the employees of the company. It is adopted with the end view of promoting good corporate governance.

The company makes it mandatory for all its employees to perform their duties and responsibilities in accordance with this code.

The company is guided by the following principles in all activities for attainment of the organizational objectives:

### 1. ABIDANCE OF LAWS / RULES

- a. All employees shall conform to and abide by the company policies, applicable laws, regulations and directives which may from time to time be in force.
- b. The employees shall not take part in, subscribe in aid of, or assist in any way, any political movement that is in disinterest of Cyan.

### 2. INTEGRITY

- a. Conduct themselves with the highest standards of ethics, professional integrity and dignity in all dealings with the public, clients, investors and employees, and not engage in acts discreditable to Cyan and the profession. If they become aware of any irregularity that might affect the interests of Cyan, they shall inform the senior management immediately.
- b. Maintain all books, data, information and records with scrupulous integrity, reporting in an accurate and timely manner all transactions/reports.
- c. Avoid all such circumstance in which there is personal interest conflict, or may appear to be in conflict, with the interests of Cyan or its clients.
- d. Not use their employment status to seek personal gain from those doing business or seeking to do business with Cyan, nor accept such gain, gift, favor, entertainment or other benefits, if offered.

### 3. CONFIDENTIALITY

Maintain the privacy and confidentiality of all the information acquired during the course of professional activities and refrain from disclosing the same unless otherwise required by statutory authorities/law. All such information will remain as a trust and will only be used for the purpose for which it is intended and will not be used for the personal benefits of any individual(s). Inside information about Cyan's clients/affairs shall not be used for their own gain, or for that of others either directly or indirectly.

### 4. PROFESSIONALISM

Serve Cyan honestly and faithfully and strictly serve Cyan's affairs and the affairs of its constituents. Disclose and assign to Cyan all interest in any invention, improvement, discovery or work of authorship that they may make or conceive and which may arise out of their employment with Cyan. If their employment is terminated, all rights to property and information generated or obtained as part of their employment relationship will remain the exclusive property of Cyan.

### 5. BUSINESS/WORK ETHICS

- a. Respect fellow colleagues and work as a team. They shall at all times be courteous and not let any personal differences affect their work.
- b. Ensure good attendance and punctuality and demonstrate a consistently good record in this area.
- c. Maintain a standard of personal hygiene and dress appropriately for attendance at work.
- d. As a personal responsibility, safeguard both the tangible and intangible assets of Cyan that are under their personal control and shall not use Cyan assets for their personal benefits except where permitted by Cyan.
- e. Not indulge in any kind of harassment including sexual harassment or intimidation whether committed by or against any senior/junior, co-worker, customer, vendor or visitor. They shall not use language, written or spoken in intra office communication(s) or communication(s)

with individual(s) outside the office that may contain any statement or material that is offensive to others.

- f. Employees shall also not indulge in any of the following activities except with the prior permission of the competent authority:
  - i. Borrow money from or in any way place themselves under pecuniary obligation to broker or money lender or any employee of Cyan or any firm or person having dealings with Cyan;
  - ii. Buy or sell stock, share or securities of any description without funds to meet the full cost in the case of purchase or scrip's for delivery in the case of sale. However, they can make a bona fide investment of their own funds in such stock, shares and securities in line with the employees trading policy;
  - iii. Lend money in their private capacity to a constituent of Cyan or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government paper or any other securities;
  - iv. Guarantee in their private capacity the pecuniary obligation of another person or agree to indemnify in such capacity any person from loss;
  - v. Act as agent for an insurance company otherwise than as agent for on behalf of Cyan;
  - vi. Be connected with the formation or management of a joint stock company;
  - vii. Engage in any other commercial business or pursuit either on their own account or as agent for another or others;
  - viii. Accept or seek any outside employment or office whether stipendiary or honorary; and
  - ix. Undertake part time work for a private or public body or private person, or accept fee thereof.

## FOR DIRECTORS:

The Code is developed and adopted with a view

to focus the Board and each Director on areas of ethical risk; provide guidance to directors to help them recognize and deal with ethical issues; provide mechanisms to report unethical conduct; and help foster a culture of honesty and accountability.

### 1. CONFLICT OF INTEREST

Directors including the Chairman must avoid any conflicts of interest between the director and the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the the Board of Directors. A "conflict of interest" can occur when:

- a. A director's personal interest is adverse to or may appear to be adverse to the interests of the Company as a whole;
- b. A director, or a member of his or her immediate family, receives improper personal benefits as a result of his or her position as a director of the Company;

Some of the more common conflicts which directors should avoid are listed below:

- c. **Relationship of Company with third-parties.** Directors may not receive a personal benefit from a person or firm which is seeking to do business or to retain business with Cyan. A director shall recuse him or herself from any Company Board decision involving another firm or Company with which the director is affiliated;
- d. **Compensation from non-Company sources.** Directors may not accept compensation (in any form) for services performed for the Company from any source other than the Company;
- e. **Gifts.** Directors may not offer, give or receive gifts from persons or entities who deal with Cyan in those cases where any such gift is being made in order to influence the directors' actions as members of the Board, or where acceptance of the gifts could create the appearance of a conflict of interest; and
- f. **Personal use of Company assets.** Directors may not use Company assets, labor or information for personal use unless approved by the Chairman of the Board or as part of

a compensation or expense reimbursement program available to all directors.

## 2. CORPORATE OPPORTUNITIES

### Directors are prohibited from:

- a. Taking for themselves or their companies opportunities that are discovered through the use of Company property, Company information or position as a director;
- b. Using the Company's property or information for personal gain; or
- c. Competing with the Company for business opportunities. However, if the Company is disinterested and the directors determine that the Company will not pursue an opportunity that relates to the Company's business, a director may then do so.

## 3. CONFIDENTIALITY

Directors must maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company that comes to them, from whatever source, in their capacity as a director, except when disclosure is authorized or legally mandated. For purposes of this Code, "confidential information" includes all non-public information relating to the Company.

## 4. COMPLIANCE WITH LAWS, RULES AND REGULATIONS; FAIR DEALING

Directors must comply, and oversee compliance by employees, officers and other directors, with laws, rules and regulations applicable to the Company, including insider trading laws. Directors must deal fairly, and must oversee fair dealing by employees and officers, with the Company's customers, suppliers, competitors and employees.

## 5. ENCOURAGING THE REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOR.

Directors should promote ethical behavior and take steps to ensure the Company:

- a. Encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; and
- b. Encourages employees to report violations of laws, rules, regulations or the Company's Code of Conduct to appropriate personnel.

## 6. COMPLIANCE STANDARDS

Directors should communicate any suspected violations of this Code promptly to the Chairman of the Audit Committee. Violations will be investigated by the Board or by persons designated by the Board, and appropriate action(s) will be taken in the event of any violations of the Code.

# Cyan Seven

## Committed Management Team

Company has a strong management team with demonstrated commitment to ethical values and a proven track record.

## Sizeable Market Share

Company has a sizeable market share or a clearly defined road map to achieve one.

## Scalable Business Model

Company has a proven and scalable business model with an operational record of at least three years.

## Target Margin

Company has an EBITDA of at least PKR 200 million and has remained positive for the past three years.

## Target Revenue

Company has revenues of at least PKR 500 million or a tangible growth plan to achieve this target in the short term.

## Minimum Investment Size

The Company is seeking to raise at least PKR 100 million.

## Exit Potential

The ability of an exit for Cyan i.e. to sell its stake in 1-3 years via trade sale, IPO, share buyback/ redemption, etc.

Capital market expertise of public equities portfolio managed over the last 9 years and a team that has combined 50 years' experience in public equities

Knowledge base of various industries (Agribusiness, Power, Consumers etc.) and Operations (Governance, Board Level Involvement) due to the DH group platform.

Combining the two, Cyan can help to formalize and grow companies leading their way to list themselves on the PSX for increased representation of companies on the stock exchange.



## Animal Protein

The contribution of livestock sector is around 13.1% in the country's GDP and 58% towards the agriculture sector. It mainly provides milk and meat for human consumption. According to our estimate, the per capita local consumption of meat stands at 22 Kg.

### Did you know?

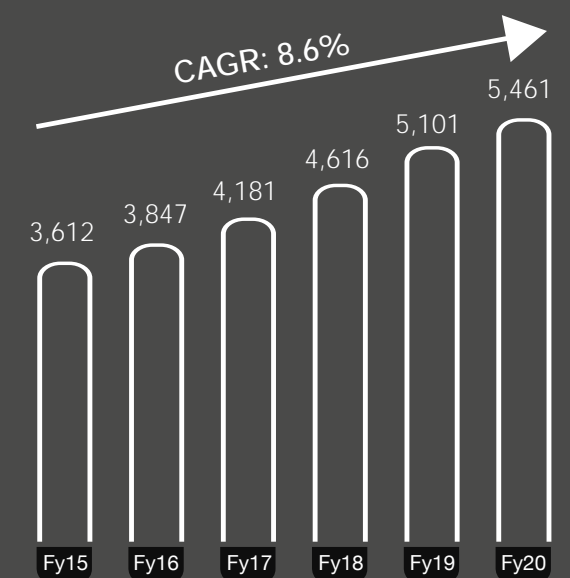
- More than 8 million rural families are engaged in livestock production and deriving more than 35-40% of their income from this sector.
- Beef consumption in Pakistan is 6.4 Kg per year per person as compared to 4.2 Kg and 5.8 Kg in China and Iran respectively.

CAGR  
**8.6%**  
(last 5 years)

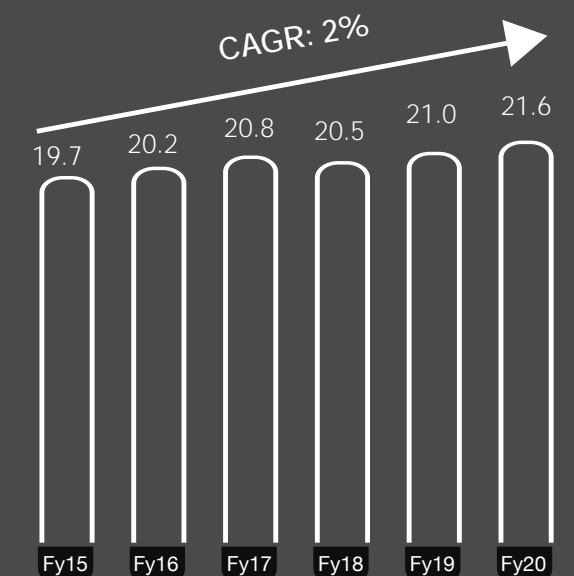
#### Market Size:

Livestock expenditure in Pakistan was PKR 5,460 billion in FY20, according to Pakistan Economic Survey. The biggest proportion of overall meat produced consists of beef (49%) followed by chicken (35%) and mutton (16%).

Livestock Expenditure (PKR Billion)

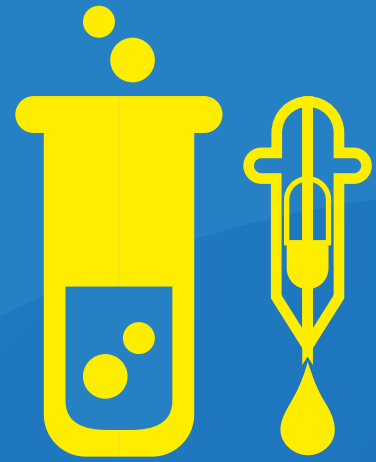


Local Meat Consumption Kg/Capita



Source: Pakistan Economic Survey, Trade Development Authority of Pakistan, OECD and Cyan Research





## Pharmaceutical

There are approximately 650 pharmaceutical companies in Pakistan. The total contribution of this sector in the country's GDP is around 1%. The industry's growth (5-year CAGR) is 10%, but it will increase substantially in the wake of rising healthcare spending after the novel Corona Virus. Amongst the regional countries, China has the highest spending per capita of USD 97 while Pakistan has the lowest spending per capita of USD 12.

## Did you know?

- Top 25 companies have the 60% market share of the pharmaceutical industry.
- Out of the 1,465 active molecules used in the manufacturing of drugs in Pakistan, none of the molecule is the outcome of the research in Pakistani pharmaceutical sector.

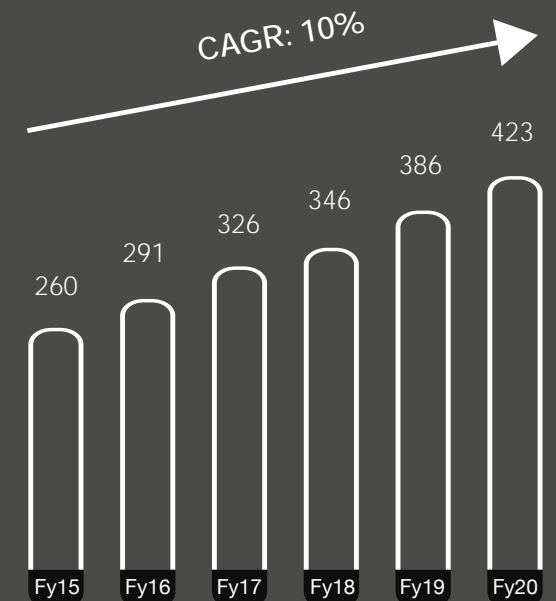
### Market Size:

The pharmaceutical industry in Pakistan is valued at PKR 423 billion (USD 2.7 billion). Pakistan's per capita pharmaceutical expenditure is USD 12, lower than the regional average of USD 40.

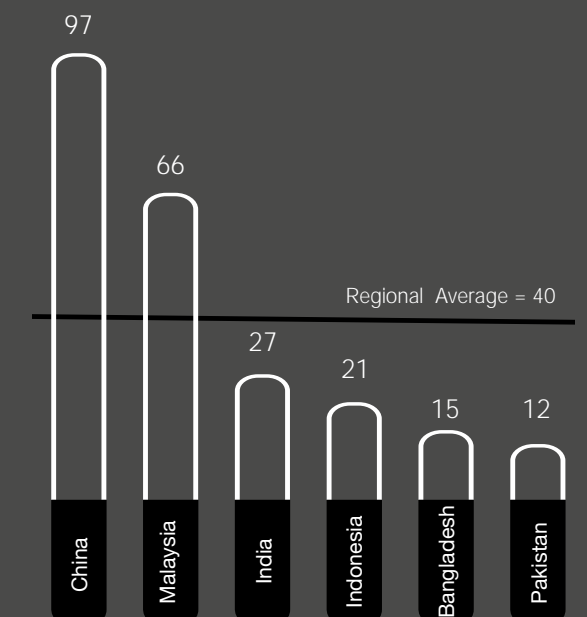
CAGR

**10%**  
(last 5 years)

Pharmaceutical Market Size (PKR Billion)



Regional Expenditure per capita (USD)



Source: Pakistan Pharmaceutical Manufacturers' Association, Pakistan Economic Survey and State Bank of Pakistan, ICAP, PACRA, Cyan Research



## Healthcare

It is one of the most important sectors that lays foundation for strong economic growth of the country. According to Pakistan Economic Survey 2020, the registered number of doctors, dentists and nurses are 233,261, 24,930 and 112,123, respectively. Accordingly, population per doctor, dentist and nurse for the country are 934, 8,742 and 1,944, respectively.

## Did you know?

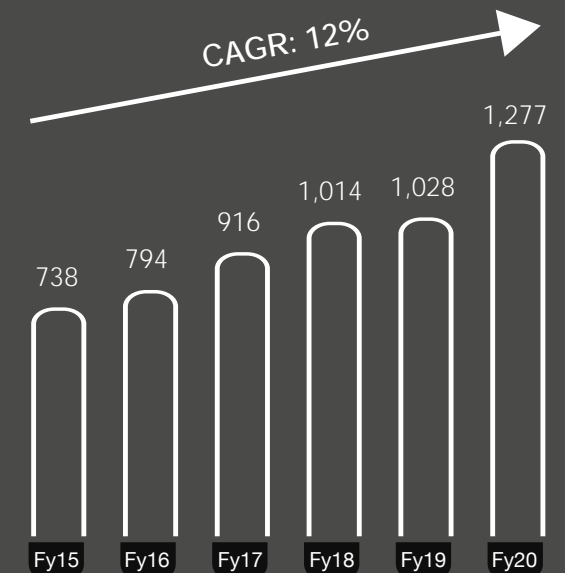
- Pakistan has the highest infant mortality rate of 57 per thousand births in the region, the regional average is 21 per thousand births.
- Around 24 million Pakistani adults use tobacco in varied forms, resulting in the death of approximately 160,100 Pakistanis every year.

### Market Size:

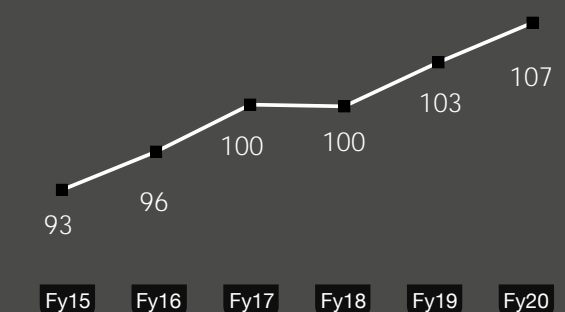
Healthcare industry of Pakistan is valued at PKR 1,277 billion (USD 8.1 billion), constituting 3.1 % of Pakistan's GDP. The contribution of public healthcare in the country's GDP is 1.1%, whereas the remaining contribution is of private healthcare segment. The demand for healthcare services in Pakistan has increased steadily due to rising income levels, high population growth, increase in lifestyle diseases (such as diabetes and cardiac issues) and increased accessibility within rural areas. It is also expected to increase further as the novel Corona Virus has devastated the health of people globally.

CAGR  
**12%**  
(last 5 years)

Health Expenditure (PKR Billion)



Doctors per 100,000 Population



Source: World Bank, Pakistan Economic Survey and State Bank of Pakistan, WHO, Cyan Research



## Education

Pakistan's literacy ratio (10 years and above) is 60% that is one of the lowest amongst the regional peers. At a provincial level, Punjab has the highest literacy ratio of 64% followed by Sindh, KPK and Baluchistan with 57%, 55% and 40%, respectively.

## Did you know?

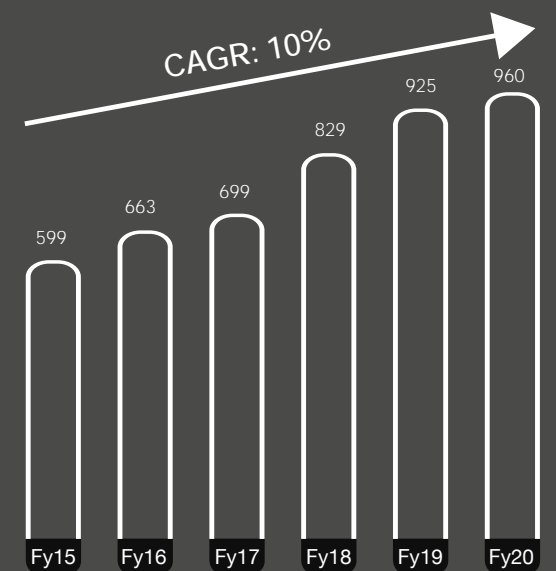
- Primary School dropout rate of Pakistan is 22.7% which is 3rd highest in the region after Bangladesh (33.8%) and Nepal (26.5%).
- Pakistan ranks at 152nd position globally according to the Human Development Index as compared to Bangladesh at 135th and India at 129th.

### Market Size:

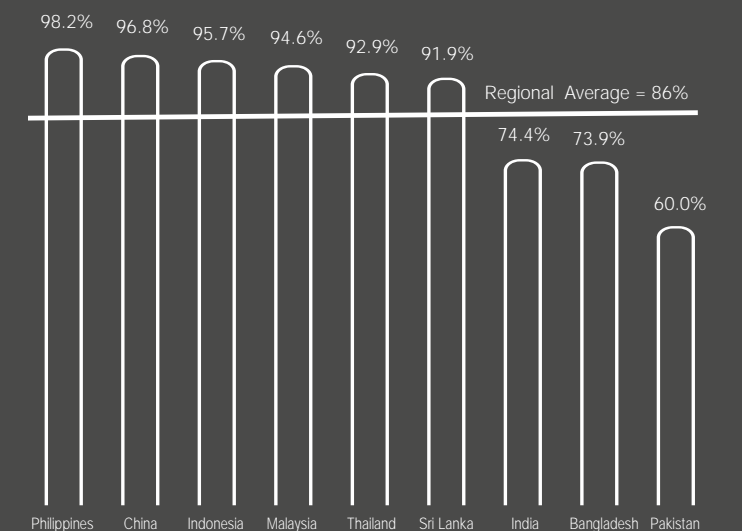
The total share of educational industry (public sector) is about 2.3% in the country's GDP, resulting in a total expenditure of about PKR 960 billion (USD 6.1 billion). However, in absolute terms, expenditure on education is growing at a 5-year CAGR of 10%. The sector is divided between public and private institutions, along with several non-government organizations running charitable education foundations. The Government of Pakistan is determined to enhance the resources available to education sector by ensuring proper and timely utilization of funds in order to increase its share to 4% of GDP.

CAGR  
**10%**  
(last 5 years)

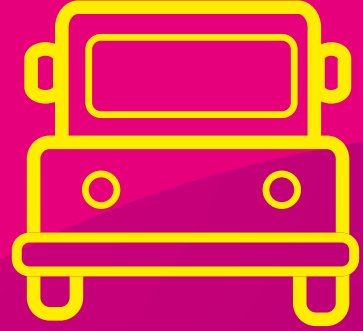
Total Public Expenditure (PKR Billion)



Regional Literacy Rates (%)



Source: Pakistan Economic Survey, State Bank of Pakistan, Worldbank, Cyan Research



## Transport & Logistics

Logistics industry contributes about 9.6% in Pakistan's GDP with a significant share of the sector outside the formal economy. The sector holds immense importance within any economy because it helps streamline the processes and improve efficiency. However, in Pakistan the sector is marred with fragmentation, unorganized businesses, and poor infrastructure. With the advent of CPEC and resulting upgradation of infrastructure, the sector is expected to grow at a fast pace. Besides, the sector might experience increased share of formal industry as a result of increasing infrastructure activity. The total length of new road network under the economic corridor is estimated at 966 km along with expansion and reconstruction of 1,830 km rail network.

## Did you know?

- According to Logistics Performance Index (LPI) of the world Bank, Pakistan is ranked at 122nd position lower as compared to India (44th) and Bangladesh (100th).
- Pakistan ranks at 22nd position worldwide for 263,775Km length of its road networks. 13,000 Km of National Highways and Motorways along with 93,000Km of provincial highways and district roads.

### Market Size:

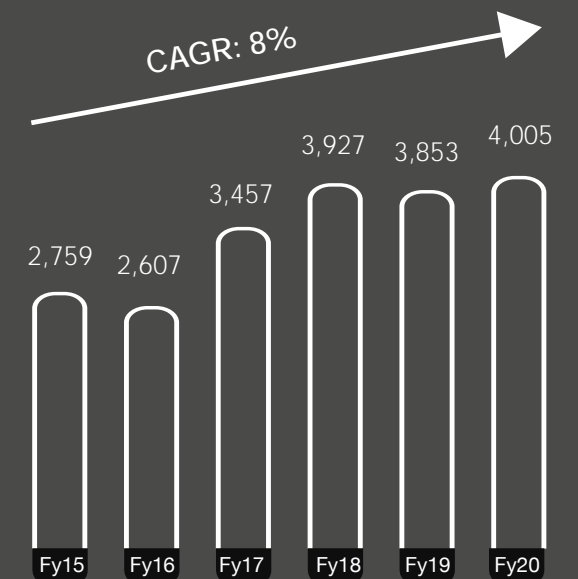
According to Cyan's estimate, the market size of the industry is around PKR 4,005 billion (USD 25 billion). The sector has overdependence on road transportation due to weak rail infrastructure, which if countered, could make the industry more profitable and efficient.

CAGR

8%

(last 5 years)

Logistics Expenditure (PKR Billion)



Source: Pakistan Economic Survey, State Bank of Pakistan, CPEC, Cyan Research



## Technology

The Information Technology (IT) sector is one of the fastest growing industries in Pakistan witnessing a 3-year CAGR of 37% and contributing around 2.5% towards the country's GDP. The sector consists of two major segments namely, IT solutions and E-Commerce. The IT solution division has been growing at a 3-year CAGR of 32% whereas E-Commerce division has grown by 60% during the same time period. The proliferation of tech-startups and their buyouts by foreign companies is likely to enhance the sector contribution and it may witness exponential growth in coming years.

## Did you know?

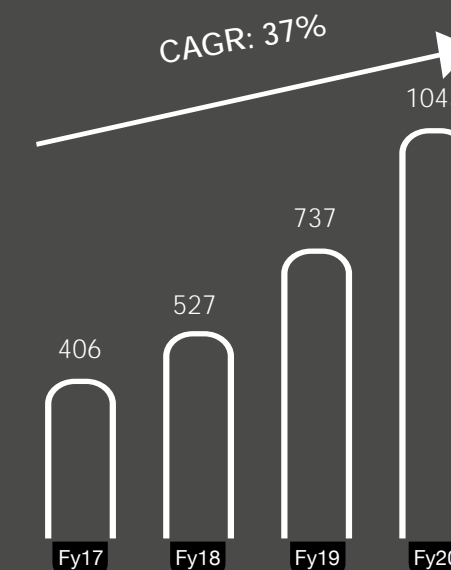
- Cellphone penetration in Pakistan is nearly 82% with a total of 176 million mobile connections, one of the highest in South Asia.
- Pakistan achieved 4th highest revenue growth rate of 47% in the freelance market.

CAGR  
**37%**  
(last 3 years)

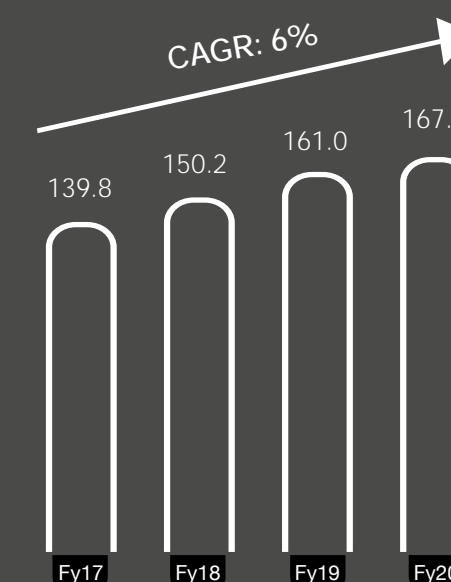
### Market Size:

The total market size stands at PKR 1,043 Billion (USD 6.6 Billion), with IT solutions contributing 78% to the total expenditure, while the remaining share is of E-Commerce. The market has been largely untapped and vast potential exists to contribute strongly in the future. There is a total of 300,000 IT experts in Pakistan, with 10,000 new professionals produced each year.

Technology Industry (PKR Billion)



Cellular Mobile Subscribers (PKR Billion)



Source: State Bank of Pakistan, Pakistan Economic Survey, Kamyu (now known as Daraz) and Ministry of Information Technology, Board of Investment Pakistan, Pakistan Telecommunication Authority, Cyan Research





## Retail

Retail industry is one of the largest subsectors of services sector, contributing around 18% in Pakistan's GDP. The sector has been growing at a 5-year CAGR of 9%, consistently surpassing the GDP growth rate. The advent of e-commerce has completely revolutionized the retail industry, providing specific customer segments with ample new growth opportunities. This is supported by the fact that the broadband penetration has increased to 43.5% compared to 36.2% last year.

### Did you know?

- According to UN, rising rate of urbanization will lead to higher growth rate in the retail sector with proportion of city dwellers climbing to more than 50% by 2035.
- According to Bloomberg, almost two-third of Pakistan's population is aged under 30, who could be classified as the new millennials, inclined to spend more than save.

CAGR

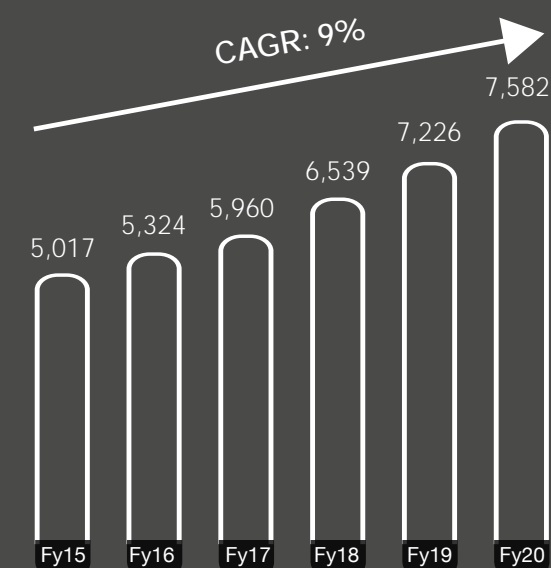
9%

(last 5 years)

#### Market Size:

The retail sector is valued at PKR 7,582 billion (USD 48 billion). Digitization of retail through e-commerce has resulted in robust growth of the sector over the last few years. The growing young population has provided an impetus to the sector in terms of growing demand. This growth is beneficial for the country as it aids in economic expansion, creates job opportunities, and attracts foreign investment into the country through appealing global brands into the local market. The sub-sectors that have huge growth potential are food & beverages, apparel and footwear.

Retail Expenditure (PKR Billion)



Source: Pakistan Economic Survey & State Bank of Pakistan, Pakistan Telecommunication Authority, Cyan Research



## Chemicals

Chemicals are one of the most integral driving forces behind industrial progress in any economy, with direct usage as raw material in production of over 70,000 industrial and consumers products. One of the most essential sub-categories of chemicals is Petrochemicals that account for around 41% of the total chemical imports in the country. This presents a huge opportunity for setting up an integrated petrochemical complex in Pakistan, that can help to substantially reduce the country's import bill by around USD 2.2 billion per annum.

## Did you know?

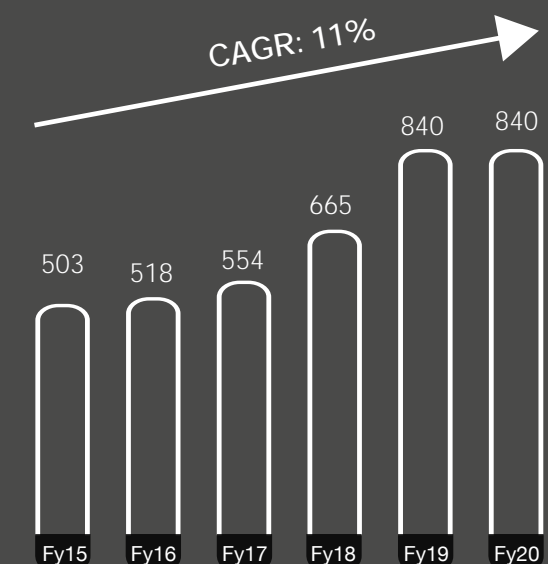
- Pakistan does not have any naphtha cracker plant compared to nine plants in India and 8 in Iran.
- For every \$1 generated by the chemical industry, a further \$4.20 is generated elsewhere in the global economy.

### Market Size:

Pakistan is mainly reliant on imports to cover its chemical needs. Over the last 5 years, the import of chemicals has been growing rapidly and the import bill for FY20 stood at PKR 840 billion (USD 5.3 billion), almost 12% of Pakistan's total import bill. Petrochemicals have the largest share in chemical imports. The chemical sector is set for a robust growth in the upcoming years mainly due to the strong growth outlook of major downstream sectors including textile, plastics, electronics, construction, and automobiles.

CAGR  
**11%**  
(last 5 years)

Chemical Imports (PKR Billion)



Source: Pakistan Economic Survey & State Bank of Pakistan, Pakistan Telecommunication Authority, Cyan Research

## Notice of the 61<sup>st</sup> Annual General Meeting

Notice is hereby given that the sixty first (61st) Annual General Meeting (AGM) of Cyan Limited will be held at **11:30 a.m. on Wednesday the March 31, 2021** virtually via video link facility to transact the following businesses:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2020 together with the Auditors' and Directors' Reports thereon and Chairman's Review Report.
2. To approve the payment of final cash dividend at the rate of Rs. 5/- per share i.e. 50% for the year ended December 31, 2020 as recommended by the Board of Directors.
3. To appoint Auditors for the year ending December 31, 2021 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

By order of the Board

AHSAN IQBAL  
Karachi, March 10, 2021      Company Secretary

### **NOTES:**

### **CORONA VIRUS CONTINGENCY PLANNING**

- In pursuance of SECP's Circular No. 5 dated March 17, 2020, Circular No. 10 dated April 1, 2020, Circular No.33 dated November 05, 2020, Circular No. 4 of 2021 dated February 15, 2021 and Circular No. 6 of 2021 dated March 04, 2021 respectively pertaining to Regulatory Relief to dilute the impact of Corona Virus (COVID 19) for the Corporate Sector, Companies have been advised to modify their usual planning for annual general meetings for the well-being of the shareholders and avoid large gatherings by provision of video link facilities.
- Considering the restriction imposed by the Government on public gatherings and SECP's directives, the Company intends to convene this AGM virtually via video link facilities

managed from the Registered Office of the Company, Dawood Centre, M.T. Khan Road, Karachi for the safety and well-being of the shareholders of the Company. The general meeting can be attended using smart phones/tablets/computers while ensuring compliance with the quorum requirements and requests the Members to consolidate their virtual attendance and voting at the AGM through proxies. We recognize that our shareholders value the AGM as an opportunity to engage with the Board; however, the Company must ensure to put safety first and protect all stakeholders in these exceptional circumstances.

- To attend the AGM through video-link, Members are required to register their particulars by sending an email at companysecretary@cyanlimited.com. The Members registering to connect through video-link facility are required to mention their Name, Folio Number, valid email address and Number of Shares held in their name in the email with subject 'Registration for CYAN's AGM'. Video link and login credentials will be shared with those Members whose emails, containing all the required particulars, are received at the given email address before (5:00 p.m.) on March 22, 2021. Shareholders can also provide their comments and questions for the agenda items of the AGM on the same email address.

### **Notice of Closure of Share Transfer Books for Attending AGM and Dividend Entitlement**

The Share transfer books of the Company will remain closed from Thursday March 25, 2021 to Wednesday March 31, 2021 (both days inclusive). Transfers received in order at the office of our Registrar, M/s. CDC Share Registrar Services Limited, CDC House-99B, Block 'B', S.M.C.H.S., main Shahrāh-e-Faisal, Karachi-74000, by the close of business (5:00 p.m.) on Wednesday March 24, 2021 will be treated in time for the purpose of payment of final cash dividend to the transferees and to attend and vote at the AGM.

### **Participation in the Annual General Meeting**

A member entitled to attend and vote at the meeting may appoint any other member as his/her proxy to attend and vote. A Corporation being a member may appoint any person, whether or not a member of the

Company, as its Proxy. A Proxy, duly appointed, shall have such rights as respects speaking and voting at the Meeting as are available to a member.

In order to be effective, Proxy Forms, duly filled and signed, must be received at the Registered Office of the Company, not less than forty-eight (48) working hours before the Meeting. A blank Proxy Form is attached at the end of the report.

CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

### **A. For Attending the Meeting**

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid Computerized National Identity Card (CNIC) or the original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution /power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

### **B. For Appointing Proxies**

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
- ii. Attested copies of valid CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form.
- iii. The proxy shall produce original valid CNIC or original passport at the time of the meeting.
- iv. In case of corporate entity, the Board of Directors' resolution /power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along

with the proxy form to the Company.

- v. Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the forms.

### **Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001 ("Income tax Ordinance")**

The rate of deduction of withholding tax is 15% for filers and non-filers as prescribed under:

- a. For filers (persons whose names are appearing in Active Taxpayers List): 15%
- a. For non-filer (persons whose names are not appearing in Active Taxpayers List): 30%

### **Deposit of Physical Shares into CDC Accounts**

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares 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 the Companies Act, 2017 i.e. May 30, 2017.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange limited.

### **Postal Ballot and E-Voting**

Pursuant to the Companies (Postal Ballot) Regulations, 2018 for the purpose of election of directors and for any other agenda item subject to the requirements of sections 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

**Withholding tax on Dividend in case of Joint Account Holders**

Members who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his/her shareholding.

If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher side, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the Annual General Meeting date.

Folio/CDC A/c No.	Total No of Shares	Name of Principal Shareholder and CNIC #	Share Holding	Name of Joint Shareholders and CNIC #	Share Holding

**Valid Tax Exemption Certificate for Exemption from Withholding Tax**

A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 and wish to seek an exemption must provide a copy of their valid tax exemption certificate to the Shares Registrar prior to the date of commencement of Book closure otherwise tax will be deducted according to the applicable law.

shall be deposited to the Federal Government in case of unclaimed dividend.

**Change of Address and Zakat Deduction**

Shareholders (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Company's Registrar. All the shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their participants.

**Unclaimed Dividend**

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar CDC House-99B, Block 'B', S.M.C.H.S., main Shahrah-e-Faisal, Karachi-74000 to collect / enquire about their unclaimed dividend, if any.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable

failing which we will not be responsible if we are not able to pay the dividend.

**Dividend Mandate**

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Accordingly, the

shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.



# Directors' Report

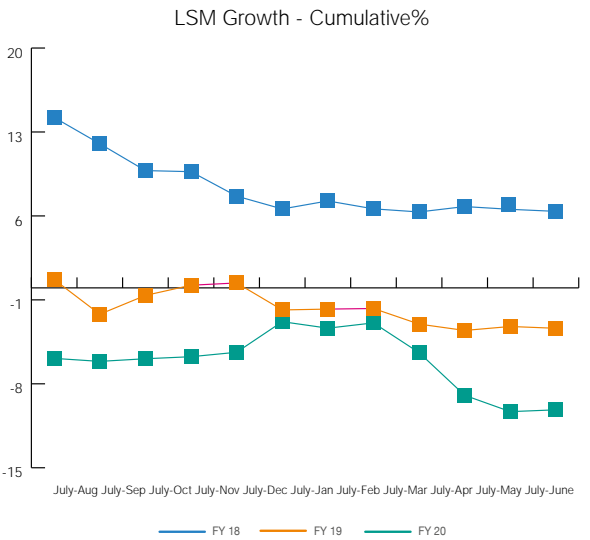
The Board of Directors is pleased to present the 61st Annual Report of the company together with the audited financial statements for the financial year ended December 31, 2020.

## Economy Review

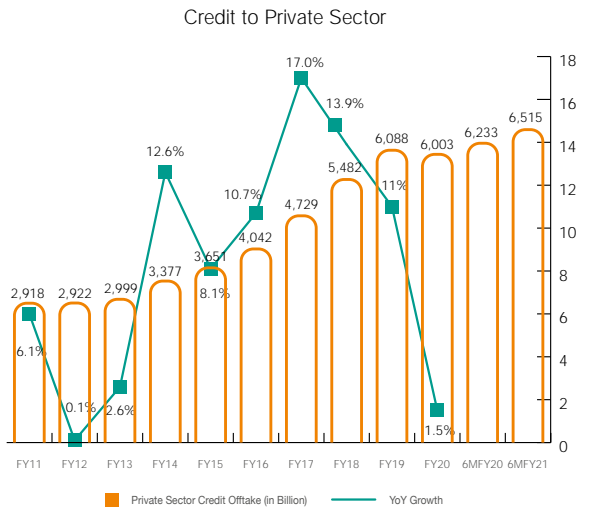
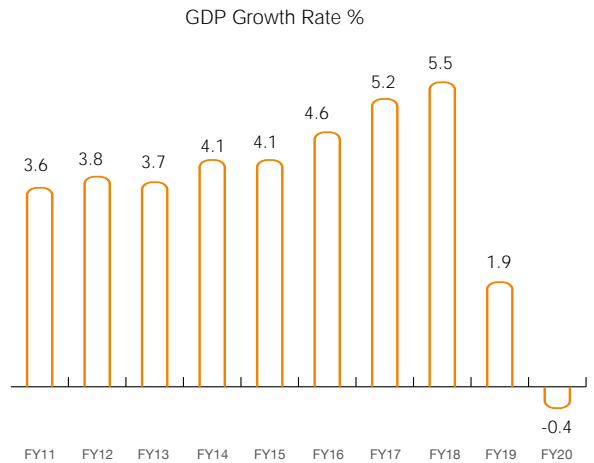
The economy was on track for a strong and steady growth when the first case of Covid-19 surfaced in the country in February 2020. Following other countries, a lockdown was imposed in Pakistan that brought economic activities to almost complete halt. Hence, the country's GDP contracted by 0.38% after 68 years as compared to the growth of 1.9% in FY19. The agriculture sector managed to post a modest growth of 2.7%, the Industrial and services sector contracted by 2.6% and 0.6% during FY20.

The agriculture sector's performance improved considerably during FY20 because of higher production of important crops such as wheat and rice. The industrial activity contracted during the year because of decline in large-scale manufacturing activities. The industrial activity in the country contracted consecutively twice for the first time. The monetary and fiscal tightening along with change in exchange rate regime curtailed the economic growth, however, when the signs of revival started emerging, the Covid-19 struck the economy in the last quarter of FY20. Likewise, the services sector also contracted during the year because of decline in 'Wholesale & retail' and Transport sector. The slowdown in manufacturing activities, reduction in imports and suspension of transport services for 6-weeks due to Covid-19 severely affected the growth of the sector.

The Large-Scale Manufacturing (LSM) contracted by 10.1% during FY20 because of decline in Automobiles (-43.8%), Electronics (-34.8%) coke & petroleum products (-20.1%) and Textiles (-10.4%). A high interest rate environment, uptick in energy prices, lockdown due to Covid-19 and lost textile export orders resulted in decline in LSM activities.



The inflation clocked in at 10.7% for FY20 as compared to 6.8% in the preceding year. The uptick in the average inflation rate is attributed to inflationary pressures resulting from local currency depreciation against the greenback, rise in utility prices, higher taxes, and interim supply disruption due to Covid-19. Nonetheless, the average inflation for the period remained lower than the SBP's projected range of 11-12%. The resolution of supply side issues, decline in international oil prices, weakening domestic demand and higher base effect pushed the inflation down in 1HFY21 to 8.6% against 11.1% in the same period last year.



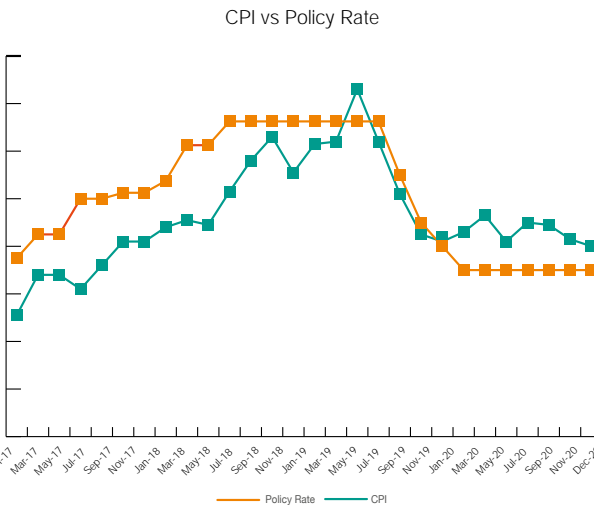
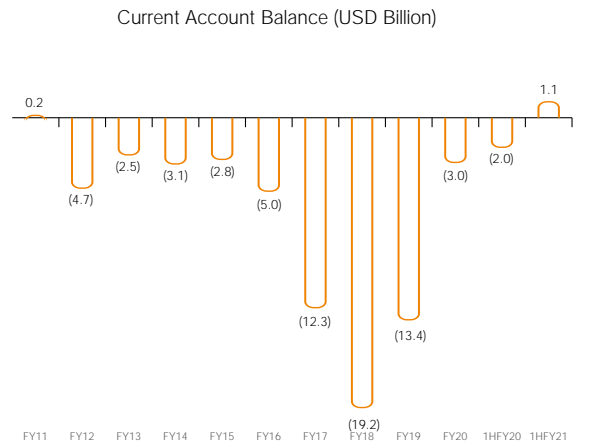
The private sector credit offtake in FY20 increased meagerly by PKR 94 billion resulting in the growth of 1.5% YoY. The major reasons behind this slowdown were depressed industrial activities and companies preferred to repay their debt to avoid high finance cost post Covid-19 outbreak. The sectors that witnessed strong growth during the year were Textiles, Other Non-metallic mineral products, Telecommunications, Land transport and transport via pipelines and wearing apparel.

On the external front, the Current Account Deficit (CAD) improved massively to clock in at USD 3.0 billion against the deficit of USD 13.4 in FY19. As a result, the CAD balance fell to its 5-year low. Similarly, the CAD as a % of GDP clocked in at 1.1% in FY20 against 4.8% posted in FY19. The major reasons for decline in CAD are contraction of trade balance and high remittances. The trade deficit balance declined by 30.2% YoY because of strict import compression and monetary tightening policies. Also, the devaluation of PKR against greenback encouraged investors toward import substitution within the country. Further, the country witnessed record high remittance inflows where it clocked in

at USD 23.1 billion in FY20 compared to USD 21.7 billion in the same period last year.

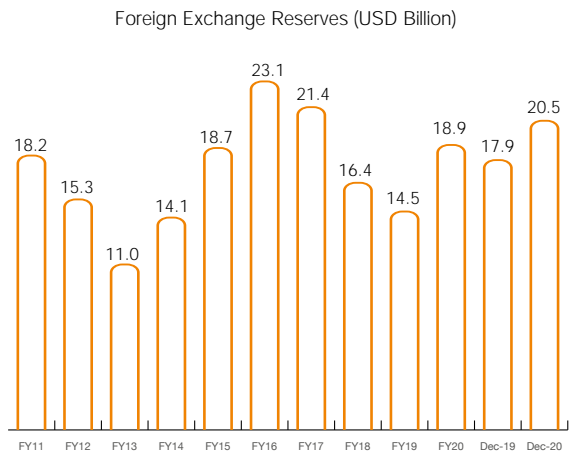
The crackdown against Hawala/Hundi and reduced air travel due to corona resulted in significantly higher remittance inflows where it consecutively crossed USD 2 billion mark during 1HFY21. As a result, the country Current Account deficit of USD 2.0 billion in 1HFY20 turned into Current Account Balance Surplus of USD 1.1 billion during 1HFY21.

On the fiscal front, Pakistan's deficit as % of GDP clocked in at 8.1% as compared to 8.9% in FY19. Although, the fiscal balances were showing signs of considerable improvement till 3QFY20, the outbreak of Covid-19 took a toll on the performance in 4QFY20. The total revenue of the country grew by 28%YoY during FY20 mainly on the back of 257%YoY rise in Non-tax revenues. The total expenditure of the country increased by 16%YoY during FY20 because of 20%YoY rise in current expenditure mainly resulting from 25%YoY growth in Mark-up Payments. However, the government expects to post fiscal and primary deficit of 7.0% and 0.5% during FY21.





During CY20, the outbreak of Covid-19 prompted SBP to adopt proactive stance where it organized multiple emergency meetings to reduce the policy rate by 625 bps to 7% within 3 months. The reduction in policy rate reduced the financial burden on businesses and households during tough times. Further, a host of supportive measures were provided to businesses such as low markup financing schemes and reprofiling of loans that provided support to them in testing times.



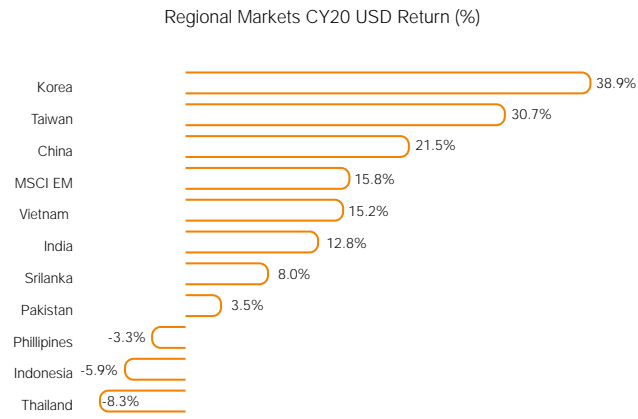
Despite the outbreak of Covid-19, the foreign exchange reserves continued its upward trajectory where it rose from USD 17.9 billion at the start of CY20 to USD 20.5 billion at the end of the calendar year. The major reasons for the uptick were record high remittances especially during 1HFY21, balance of payment support from multi-lateral organizations such as IMF, loans from friendly nations and temporary debt relief from organizations, such as G20.

The change in exchange rate regime to market based acted as automatic stabilizer post Covid-19 outbreak. However, the outflow of portfolio investments especially from debt securities post Covid-19 and reduction in policy rate, the local currency came under pressure and depreciated significantly as witnessed by other emerging market currencies. However, the foreign exchange provided support to the local currency where it appreciated against the greenback. Nonetheless, the local currency depreciated by 3.1% against the greenback during CY20.

Going ahead, the development of multiple vaccines around the globe and their efficacy against the novel Corona virus may prove to be a boon for the whole world. The economic growth is expected to bounce back from negative to positive territory as indicated

by most of the indicators. SBP projects the GDP growth rate for FY21 to remain between 1.5%-2.5%. However, the fiscal deficit may continue to pose challenges during FY21 because of a need to support the most vulnerable segment of the society through social security programs and government subsidies on various items to keep the inflation range bound.

### Stock Market Review



KSE-100 provided a total return of 7.4% (3.5% in USD terms) in CY20 to close at 43,755 points. In fact, after touching a year low of 27,228.80 level in Mar'20 when the whole world was in a grip of the novel Corona virus, the local bourse reversed the trajectory and provided a return of 60.7% at the end of CY20. The main reasons for the positive performance were effective handling of Covid-19, continuation of economic activities amid following SOPs, monetary easing where the policy rate was reduced by 625 bps within 4 months, fiscal stimulus provided by both the government and SBP, debt relief provided by multilateral agencies resulting in stability at the external front and revival of aggregate demand within the country.

The index performance was on track for posting a strong growth before the Covi-19 breakout in the country. However, when the first case of Covid-19 surfaced in the country, the index started to falter. The oil price war between Saudi Arabia and Russia further exacerbated the situation. The international oil prices began crashing and for a brief period the oil future even turned negative. Thereafter, an increase in the number of Covid-19 cases within the country led to countrywide lockdown. Hence, the local bourse nosedived in Mar'20.

Afterwards, a proactive stance was observed by the SBP where it held multiple emergency meetings to

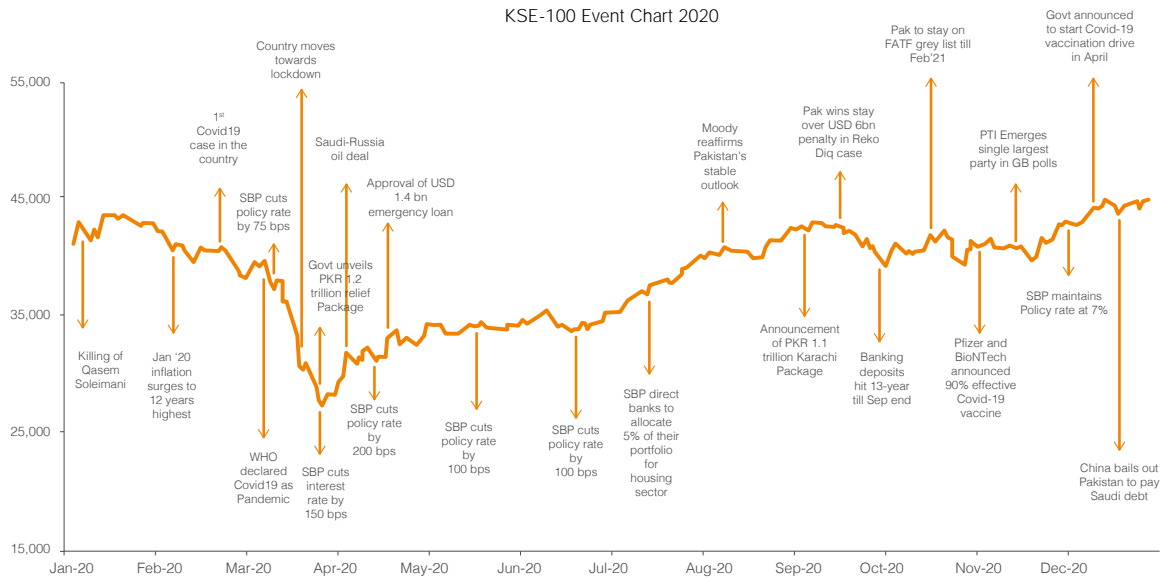
reduce the policy rate by 625 bps. It also introduced measures such as TERF financing, Principal deferment, and low markup loans to support the businesses. The government also introduced various packages for different industries such as construction and agriculture. As a result, the cyclical sectors came into limelight and led the upward rally for the local bourse.

Consequently, the overall trading activity improved as average daily traded values increased to PKR 12.3 billion in CY20 from PKR 5.9 billion in the same period last year. However, average daily traded volumes decreased to 329.9 million shares in CY20 from 377.6 million in CY19.

The foreigners' remained cautious of the investment in KSE100 index as they divested shares of worth USD 571.5 million. In terms of sector-wise outflow, Banks (USD 168.1 million) witnessed the highest outflow, followed by Oil exploration companies (USD 119.6 million) and Cements (USD 100.9 million).

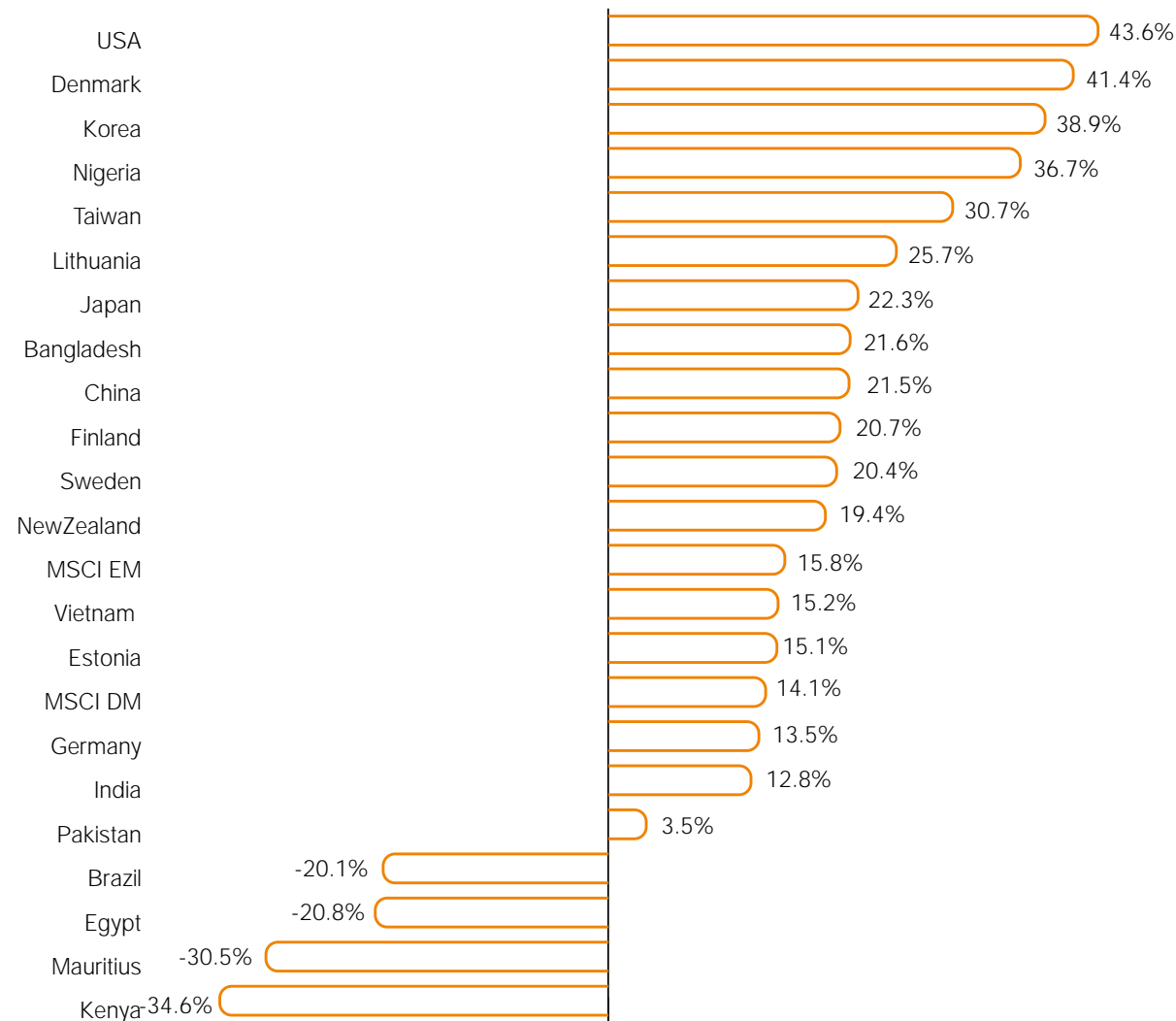
Since 2015, Foreigners have divested shares of more than USD 2 billion. However, the locals absorbed the selling with individuals, insurance, and companies bought shares of worth USD 232.3, USD 229.9, and USD 110.6 million, respectively.

We believe that Pakistan fared better than most of the regional countries during the first and second wave of Covid-19 pandemic. As a result, the investors' gained confidence and sentiments improved greatly. With the balance of payments crises being largely curtailed and macro-economic stabilization being further strengthened, the economy is all set for sustainable growth in the future. Further, the lower interest rates will entice the investors to convert their debt savings into equity investments in pursuing better and higher return. As a result, the market is expected to remain buoyant. The KSE-100 index is currently trading at a forward P/E of 6.7x, magnifying the potential to deliver double digit returns in CY21.



Worldwide Indices Performance in CY20

CY20 Dollar Based Returns (%)



Sectors Review

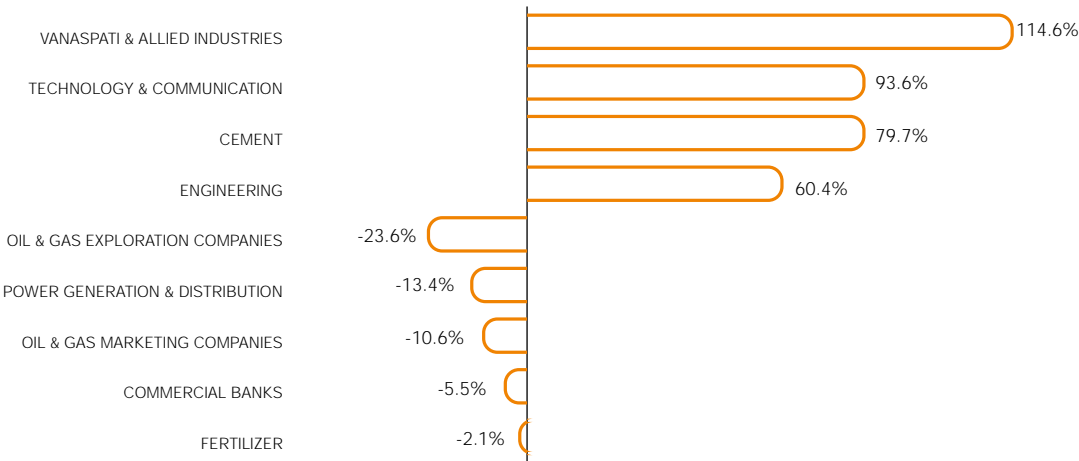
2020 was a year for cyclical sectors. Almost all the cyclical sectors along with Vanaspati & allied industries outperformed the KSE-100 index whereas defensive sectors such as Banks, Fertilizers, Oil & gas exploration, and marketing companies underperformed the market.

Sectors that contributed the highest to the local bouse in terms of points contribution were Cement, Technology & Communication, Pharmaceuticals, Textile Composite, Auto Assembler; sectors that dragged the index most were Power Generation & Distribution, Commercial Banks and Oil & Gas Exploration Companies.

Vanaspati & Allied industries outperformed the local bouse because of robust sales and rise in palm oil prices. Cement sector returned to limelight post reduction in the policy rate of 625 bps by SBP within a short span of 4 months. Further, the announcement of construction package along with tax benefits in the Budget 2021 improved the sector's dynamics. The lockdown resulted in greater than expected adoption of technologies in which also increased IT exports driving optimism for the sector.

The oil & gas exploration sector underperformed the KSE-100 index because of Saudi-Russia oil price war that resulted in international oil prices tumbling to historic low levels. Further, the issue of circular debt and hurdles in privatization of state-

CY20 Sector Performance (%)



owned E&Ps limited the upside potential for the sector. Likewise, the build-up of circular debt and power losses dragged performance of the Power Generation and Distribution sector. Further, the reduction in policy rates, expected uptick in non-performing loans amid Covid-19 and moratorium on dividends by SBP resulted in sub-par performance of the banking sector.

Company Performance

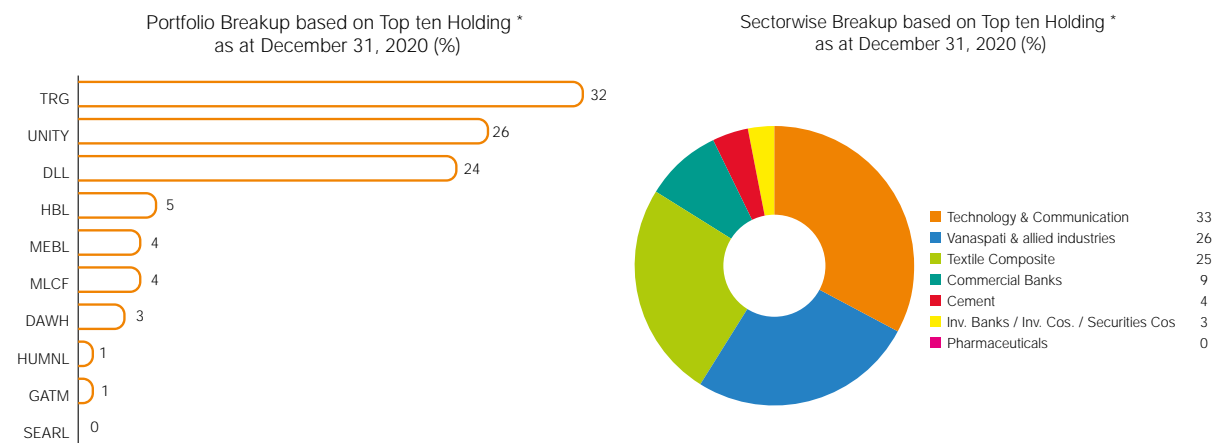
During the year the company maintained its exposure towards public equities at 97% (average), whereas 3% was vested towards mutual fund and Government Securities. The equity exposure was based on the clarity on economic front after entry into the IMF programme and favorable balance of payment outlook after PKR depreciation against the USD.

Overall improvement in the key macroeconomic metrics, particularly FX reserves and inflation in single digits. The equity portfolio was realigned to have a balance between high growth and high yield investments to this effect, sizable investments were made in Technology and Communication, Vanaspati and allied industries, Commercial Banks, textile composite and Cements. Dividends of Rs.51 million for the year 2020 were earned compared to last year dividend of Rs. 94 million. The company also earned realized capital gains of Rs.454 million (2019: Rs.138 million) and unrealized gains of Rs.230 million as compared to unrealized loss of Rs.2 million in the corresponding period last year.

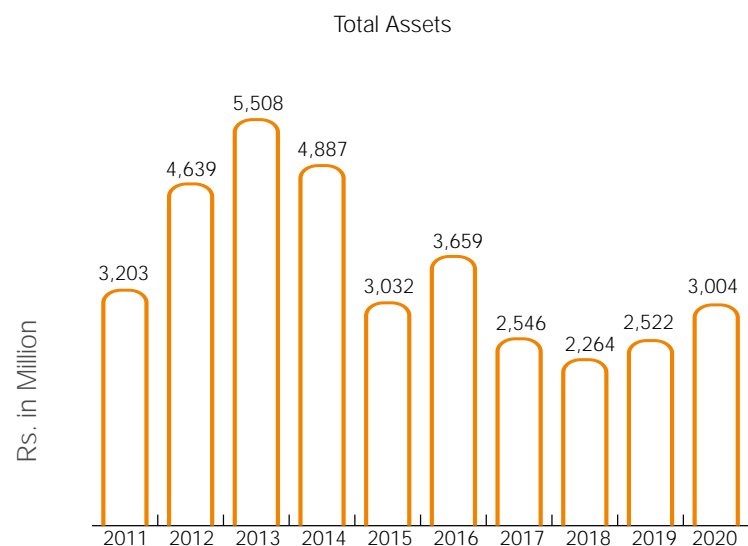
During the year 2020 profit after tax stood at Rs.357 million as compared to Rs.98 million reported last year.

The brief summary of the financial highlights for the year ended December 31, 2020 and 2019 is as under:

Rs. in Million			
	2020	2019	Change
Return on investments	57	100	(43%)
Gain on sale of investments - net	455	138	230%
Other income	14	16	(13%)
	526	253	108%
Unrealized appreciation/ (diminution)	230	(2)	11600%
	756	251	201%
Operating & administrative expenses	(245)	(144)	70%
Financial charges	(42)	(11)	282%
Profit before tax	470	95	395%
Taxation	(112)	3	3757%
Profit after tax	357	98	263%
Earnings per share – Rupees	5.80	1.59	263%



\*Top Ten Holding represent 100% of Total Equity Portfolio



## Earnings per Share

During the year, the company posted earnings per share of Rs.5.80 compared to Rs.1.59 (restated) in 2019.

## Appropriation and Dividend

The Company's profit after tax for the year ended December 31, 2020 stood at Rs.357 million compared to Rs.98 million last year.

The Board recommends the final cash dividend of 50% (Rs.5.00 per share) for the year ended December 31, 2020

## Objectives and Corporate Strategy

Company's sound and satisfactory performance for last five years as compared to KSE-100 Index is backed by achievement of our corporate objectives. We are committed to mounting good asset quality portfolio and continuously build the Company at sound footing with diversified pool of income stream.

The key elements of our corporate strategy have been to effectively employ available resources and maximize profitability while managing and mitigating related risks.

## Liquidity, Cash Flows and financing arrangement

The Company has an effective cash management system, powered by a team of dedicated and competent employees, preparing forecasts and regularly monitoring Company's cash needs. Inflows and outflows of cash and other liquid assets, including investments, are managed on net adjusted return basis. The Company has running finance facility of Rs.2,000 million which has been partially utilized during the year and will be used as and when any investment opportunity arises.

## Capital Structure

In the past years the Company has issued bonus shares which increased paid-up capital of the Company to Rs. 615.591 million. Shareholders' fund at the year-end totaled Rs.2452 million. The liquidity position of the Company remains strong

with a year-end current ratio of 6.

## Risk management & Strategy for Mitigating Risks

Company also manages a portfolio of short-term investments, made after thorough financial evaluation. The credit risk in short term investments is minimized through diversification in investments among Government Securities and highly rated money market mutual funds. Short term investments include public equities having good financial health and highly rated money market mutual funds.

## Credit risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Company's credit risk mainly arises from deposits with banks, loan to employees, Investments in mutual funds and trade and other receivables. For banks and financial institutions, management keeps deposits with reputed institutions. For investment in mutual funds, management keeps surplus funds in high rated mutual funds. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. Further, risk of investment in mutual funds is also minimal as Company is exposed to high rated money market funds for liquidity management.

## Market risk

Market risk is the risk of change in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. However, the Company is exposed to interest rate risk and equity price risk.

The Company is exposed to market risk with respect to its investments, long term loans, short term deposits and bank balances. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the equity market. The market risks associated with the Company's business activities are interest rate risk and price risk. The Company is not exposed to material currency risk.

## Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Since the Company only consider exposure towards money market mutual funds therefore it is

exposed to interest rate risk, however the same is mitigated via investing in these funds with less than 90 days duration.

## Equity price risk

The Company is exposed to equity price risk because of investments held by the Company and classified on the Statement of Financial Position as at fair value through profit or loss and Other Comprehensive Income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks.

## Foreign currency risk

The Company is not exposed to risk from foreign currency exchange rate fluctuations.

## Relationships with Stakeholders

The Company recognizes and respects the rights of each and every stakeholder including shareholders, employees, creditors, local communities and others. The Company encourages active participation of shareholders in all general meetings of the Company and values their views towards better governance and operational management. The Company is also aware of its legal and constructive obligations towards its stakeholders where it operates and takes proper actions to timely respond to their expectations after taking into account a realistic view of their interests associated with the Company. A detailed overview is made at all shareholders meeting for keeping them abreast with the overall performance of the Company.

## Information Technology

We strongly believe that role of IT is very important for progress of any business. In order to achieve better market infrastructure and implementations of sound techniques for controls of risks, the role of IT is very important. The company implemented certain key applications, i.e. human resource management, enterprise general ledger and fixed assets module. Due to implementation of above modules, the operational capabilities of relevant department of the Company improved and these developments supported the improvement of internal controls and effective management information system.

## Human Resources Development, Training & Succession Planning

The Company has employed experienced and qualified human resources to meet the challenges ahead. Company also plans to strengthen its team, use employee performance evaluation methods and benchmark surveys to further strengthen organization structure and effectiveness. Staff training is carried out on a continuous basis throughout the year, based on the employee training need particularly in the area of knowledge



enhancement and skills. Training and human resources development always remains very important for the Company. The Company HR Manual is designed in such a way that always gives proper reward, sense of encouragement and motivation amongst the staff members.

The Company not only attracts the best talent but also grooms and develops their abilities for future leadership roles. The Company believes in empowering employees by providing them with challenging opportunities to enhance their potential and develop their abilities. Clear roles and job descriptions are defined, based on which, succession plan is prepared for sensitive and critical positions in the Company.

Internal Control

The internal control framework has been effectively implemented through an in-housed Internal Audit function established by the Board which is independent of the External Audit function. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy. The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders' wealth at all levels within the Company. The Internal Audit function has carried out its duties under the charter defined by the audit Committee. The Audit Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required. Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

Corporate Social Responsibility (CSR)

Sustainable and responsible development is not only binding by local laws on corporate entities, but it is more about moral obligation which needs to be followed and practiced with the best spirit. Cyan strongly believes that improving its environmental and social performance is inevitable for its financial success. The management will spend at least 1% of profit before tax annually on CSR. The Company always emphasizes on culture of excellence, good governance, transparency, integrity and accountability. We continued with our CSR program with focus on:

- Education
- Health Sector
- Community Building
  - Children Welfare
  - Heritage Preservation
  - Relief Activities

Energy Conservation

The Company's energy conversation measures include usage of LEDs all around the Company areas and shutting down auxiliaries and equipment's wherever possible.

Occupational Health, Safety & Environment Protection

We are committed to achieve excellence in health, safety and environment across our business. Cyan maintains a safe working environment and takes responsibility for the health and wellbeing of its staff and stakeholders. All new employees are required to go through a compulsory medical checkup at the time of appointment.

Community investment & welfare schemes

Support of community development continued to be a significant element of Cyan's CSR policy. The Company is committed to work with community in a way that delivers positive and lasting change for people in need.

Corporate Relations

Corporate relations promote efficiency, productivity and decent work. Indeed, a participative and mutually respecting relations, advance cooperation, enhance productivity and promote trust thereby reducing dislike and exploitation. During the year recreational and motivational activities in the form of cricket matches were organized with other institutions.

Employment of special persons

Being a caring employer, Cyan takes special interest in creating employment opportunities for special persons.

Business Ethics and Anti-Corruption Measures

It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest ethical and legal standards. Unethical practices of any sort are not to find their way into our business. All employees must act at all times in the interest of Company's shareholders and no employee shall ever commit an illegal or an unethical act, or instruct and encourage another employee to do so.

The Company has communicated the Code of Conduct to all its directors and employees and has also placed it on its website.

Contribution to National Exchequer

Cyan made a sizeable contribution of Rs.9.213 million to the National Exchequer by way of taxes, during the year 2020.

Credit Rating

On January 01, 2021 JCR-VIS Credit Rating Company Limited has reaffirmed the entity ratings of 'A/A-1' (A /A-One) to Cyan Limited (CL). Outlook on ratings is 'Negative'.

Related Party Transactions

During the year, all transactions made with associated companies/related parties were duly recommended by Board's Audit Committee and approved by the Board of Directors of the Company. All transactions with related parties are on arm's length basis.

Board of Directors

The total numbers of Directors are seven (07) as per the following:

- a. Male: 06
- b. Female: 01

The composition of board is as follows:

Category	Names
Independent Directors	Hasan Reza-Ur Rahim Kamran Nishat
Non-Executive Directors	Inam ur Rahman Shafiq Ahmed
Executive Directors	Sulaiman S. Mehdi Faisal Nadeem
Female Director	Kulsum Dawood

Conflict of Interest among BOD Members

Any conflict of interest is managed as per provisions of the Cyan's Code of Conduct for Directors, Acts, and rules and regulations of SECP and Pakistan Stock Exchange.

CEO Performance Review

Each year, the Board reviews performance of the CEO against pre-determined operational and strategic goals. The Board adopts the monitoring role, giving full authority to the CEO to manage the Company, implement strategic decisions and policies of the Board and align the Company's direction.

Directors' Remuneration Policy

The Company in its 51st AGM held on April 30, 2011 approved the Director's Remuneration (other than Group Executives) for attending the Board and the Board Committees' meetings in compliance with the requirements of Article 78(a) of the Company's Article of Association.

Directors' Training Program

All seven directors have a minimum of fourteen years of education. All the directors have obtained certification under the directors' training program stipulated in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Safeguarding of Company Records

Due to increasing dependence on IT for recording and reporting of financial transactions, due attention has been given to IT enabled tools for security of financial records. We archived financial and supporting record using Cloud services

enabling timely and convenient retrieval of relevant documents. For ensuring safety of documentation, the Company has hired services of Data Recall, an organization responsible for maintaining documents in a sealed box at the state of the art designed facility. At the location, each box and cabinet are bar coded providing efficient and effective traceability.

Board Meetings

During the year under review, six (6) meetings of the Board of Directors were held, which were presided over by the Chairman. The Chief Financial Officer and Company Secretary also attended the meetings required by the Listed Companies (Code of Corporate Governance) Regulations, 2019. Attendance by each director was as follows:

	No. of meetings held	No. of meetings attended
Hassan Reza-ur Rahim (Chairman/Director)	6	6
Kulsum Dawood (Director)	6	6
Kamran Nishat (Director)	6	6
Inam Ur Rahman (Director)	6	6
Shafiq Ahmed (Director)	6	6
Sulaiman S. Mehdi (CEO/Director)	6	6
Faisal Nadeem (CFO / Director)	6	6

Board Audit Committee Meetings

	No. of meetings held	No. of meetings attended
Kamran Nishat (Chairman)	6	6
Inam Ur Rahman (Member)	6	5
Shafiq Ahmed (Member)	6	6

Board Investment Committee Meetings

	No. of meetings held	No. of meetings attended
Hasan Reza-Ur Rahim (Chairman)	1	1
Inam Ur Rahman (Member)	1	1
Shafiq Ahmed (Member)	1	1

Board HR & Remuneration Committee Meetings

	No. of meetings held	No. of meetings attended
Kamran Nishat (Chairman)	1	1
Hasan Reza-Ur Rahim (Member)	1	1
Inam Ur Rahman (Member)	1	1

Code of Conduct

The board of directors adopted the Code of Conduct for Directors and for employees and the same has been circulated to board members and employees in terms of requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The code of conduct is also placed at the company's website.

Corporate and Financial Reporting Framework

- a) The financial statements prepared by the management of the Company, present fairly its State of Affairs, the Results of its Operations, Cash Flows and Statement of Changes in Equity.
- b) The Company has maintained proper books of accounts as required under the Companies Act, 2017.
- c) The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. All changes, wherever made during the year have been adequately disclosed and accounting estimates are on the basis of prudent and reasonable judgment.
- d) The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) The fundamentals of the Company are strong and it has the ability to continue as a going concern free from uncertainties.
- g) The Company has followed the best practices of the Corporate Governance as laid down in the Listed Companies (Code of Corporate Governance) Regulations, 2019 and there has been no material departure there from.
- h) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding except in the ordinary course of business and described in the financial statements.
- i) The value of investments of the Provident Fund as maintained by the Company on the basis of audited accounts as on June 30, 2020 is Rs.57.03 million.
- j) All of the company directors are Certified Directors under Directors' Training Program from approved institutes as prescribed by SECP.

Ownership

As at December 31, 2020, there were 1,654 shareholders on the record of the Company.

Pattern of Shareholding

The pattern of Shareholding of the Company as at December 31, 2020, along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by Directors, executives and their spouses including minor children during 2020 is shown in the shareholding section of this report.

Auditors

The present auditors M/s. A.F. Fergusons & Co. (Chartered Accountants) being eligible, has provided their consent for appointment at the 61st annual general meeting. The Audit Committee has recommended the appointment of M/s. A.F. Ferguson & Co. as Statutory Auditors of the company for the year ending December 31, 2021. The Board has endorsed this recommendation.

Key operating and financial data

A Statement summarizing the key financial and operating data for the last nine years along with the current year is included in the report.

Forward Looking Information

Pakistan's economy is on track with CPEC turning from a dream to reality, Pakistan has attained serious attention from the world at large. There is optimism within the business community and overall improved economic activity. The Company is actively undertaking portfolio management business and corporate finance advisory business and the outlook is positive. The management team under its CEO is fully committed to deliver a superior risk adjusted return to the shareholders.

Acknowledgement

We would like to thank all our stakeholders, especially our valued investors, who have placed their confidence in us and also appreciate the efforts put in by the management team for their unwavering commitment and hard work. The Board would also like to place its appreciation for the Securities & Exchange Commission of Pakistan, State Bank of Pakistan and the management of the Pakistan Stock Exchange for their continued support and cooperation.

On behalf of the Board

Hasan Reza Ur Rahim  
Chairman

Sulaiman S. Mehdi  
CEO

Karachi: February 23, 2021

CEO's Message

The CY20 remained a challenging year for the whole world. The outbreak of Covid-19 infected many people around the globe with few losing their battle against the virus. Further, the lockdown in the most parts of the world halted economic activities and resulted in a loss of employment for many. However, the story of Pakistan is a bit different. Although the country's economic growth turned negative during FY20, Pakistan managed to deal much better than most of the developed countries to limit the virus spread and its economic effect. Thus, the KSE-100 index provided a positive return of 7.4% in CY20 against the return of 9.9% in CY19. In USD terms, the index provided a return of 3.5% during CY20 as compared to the negative return of -1.5% in CY19.

The monetary and fiscal packages during the year helped subside the devastating effects of Covid-19 on the economy. Therefore, the country resumed the track for strong economic growth as depicted by the improvements in most of the major economic fundamentals. Further, the resumption of IMF program will also restore the confidence of foreign investors as well as major multi-lateral agencies on the future economic prospects.

The foreigners remained prudent as they sold shares of worth USD 571.5 million during CY20. The crash in international oil prices, spread of Covid-19 around the globe and uncertainty regarding economic outlook forced foreigners to divest shares. Among sectors, the Banking sector witnessed the largest selling (USD 168.1 million) followed by Oil & Gas Exploration companies (USD 119.6 million) and Cements (USD 100.9 million).

Amongst the best performing sectors of the index, Vanaspati & Allied industries remained in limelight because of strong demand outlook and increased palm oil prices followed by Technology and Cements. The lockdown in the country spurred the need for technological propagation, hence, the sector remained prominent throughout the year. Further, the announcement of construction package and reduction in the policy rate stirred enthusiasm amongst all the construction and its related sectors. On the other hand, the reduction in the policy rate and ban on dividends for two consecutive quarters took the toll on the banking sector.

Cyan's portfolio increased by 39.30% during the year against 7.41% return posted by the KSE-100 Index. Average exposure to equities during the year remained at 97%, whereas 3% was invested in cash and debt securities. The equity portfolio was aligned towards high growth investments and to this effect significant investments were made in Technology and Vanaspati & Allied industries.

Achieving Milestones

Nine years ago, the market capitalization of the Company was PKR1.95 billion, which has increased to PKR 2.27 billion in 2020. During this period, the Company managed to pay a total dividend of PKR 5.6 billion providing the shareholders with a total return of 303% The benchmark KSE-100 Index provided a return of 286% during the same period reflecting Cyan's outperformance of 17% points.

Engaging New Opportunities

We are also aggressively looking to explore corporate advisory services for adding new stream of revenue.

Economic Outlook

Although the country's GDP turned negative for the first time in sixty-eight years, the economic recovery on the back of pent-up demand after easing in lockdown has exceeded expectations. There is stark improvement in the external sector where the country managed to post Current Account surplus of USD 1.1 billion during 1HFY21 against the deficit balance of USD 2.0 billion in the corresponding period last year. The remittances for each month during the current fiscal year have remained above USD 2 billion mark.

The debt relief facilities provided by G20 countries and other institutional lenders have provided much needed relief to the balance of payment position. Further, the emergency lending programs offered by IMF bolstered the foreign exchange reserves. As a result, the country's foreign exchange reserves increased to USD 20.5 billion at the end of CY20 as compared to USD 17.9 billion at the end of CY19.

The fruit of accommodative monetary policy stance has begun to offer its benefits. The large-scale manufacturing has increased by 8.16% during 1HFY21 as compared to the corresponding period last year. The auto sales observed an increase of 18% YoY during 1HYF20. The cement dispatches clocked in at 28.56 million metric tons during 1HFY21 as compared to 24.75 million metric tons in 1HFY20, depicting a growth of 15.4% YoY. Thus, the uplift in economic activities in all the major sectors is started to surface and is expected to continue in the foreseeable future.

Acknowledgments

I would like to thank all our Shareholders and the Board of Directors for their immense support. The Company's accomplishments and present standing could not have been possible without the commitment and efforts of our employees who deserve full compliment. I am confident that the team will continue to grow and constantly deliver on expectations of all stakeholders.

Sulaiman S. Mehdi  
Cheif Executive Officer

Karachi: February 23, 2021



# Chairman's Review

We are pleased to present the Annual Report of Cyan Limited for the year ended December 31, 2020.

The economic indicators were showing some improvement until February 2020 when the novel Corona virus hit Pakistan. The country went into strict lockdown for almost six weeks which halted all economic activities and expectations of recovery by 2QCY20 were reversed as the pandemic impacted Pakistan's overall aggregate demand. GDP growth contracted by 0.38% in FY 2020. This was the lowest in 68 years. Industrial and Services sectors witnessed negative growth rates of 2.6% and 0.6%, respectively whereas Agriculture sector posted a positive growth of 2.7%.

After much turbulence in the KSE-100 index due to Covid-19, it provided a total return of 7.4% in CY20. It is attributed to successfully containing cases of the corona virus, allowing industries to operate within SOPs, surge in demand after easing in lockdown, substantial cut in the policy rate (625 bps) and debt relief provided by multilateral agencies. Foreign Portfolio Investors remained net sellers in CY20 as they sold shares of worth USD 572 million though they were the net-buyers during CY19. Despite the depreciation of the PKR, market capitalization of the KSE-All share index remained intact at USD 50.3 billion.

Going ahead, the challenges to the economy due to Covid-19 may be lower on account of the development in vaccines. The economy is expected to recover from recession and GDP growth is expected to grow between 1.5% to 2% during FY21. Balance of payments is expected to remain stable owing to growing remittances and contained trade balances. Although the fiscal space may deteriorate due to weak tax collection and higher expenditures and disciplined spending will allow the government to implement pro-growth policies and bring economic stability.

During the year, the Board of Directors of Cyan Limited performed its duties diligently and in conformity with the Companies Act 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Rule Book of Pakistan Stock Exchange, where the Company is listed. It upheld the best interests for the shareholders and provided adequate advice and oversight to management. The key areas that were focused upon and assessed included, but were not limited to, the strategic process, key business drivers & performing milestones, impact of global & domestic economic environments, operational & reputational risks affecting business, Board dynamics, managerial capability and information flows. All significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision-making process, which led to a harmonious partnership with management.

I would like to conclude by extending my gratitude and thanks to the Directors, for their energy, knowledge, advice and earnest contributions towards the advancement of Cyan Limited. I am also thankful to you, the Shareholders for placing your trust in the Board and management's ability to deliver results. Furthermore, the Board also thanks the entire management team for its selfless contributions as we look forward to future successes in the Company's endeavors.

**Hasan Reza Ur Rahim**

Chairman

Karachi: February 23, 2021

# Corporate Social Responsibility

At Cyan, we consider it our social responsibility to build a more enlightened and empowered society in Pakistan that can contribute towards the progress and growth of the country as a whole. Whilst we continue to make efforts to grow our business, we also recognize that our success in the long-term is defined by our ability to add value to all our stakeholders, which includes those involved in our business operations, as well as those who are part of the larger community in which we co-exist.

Since inception, Cyan's Corporate Social Responsibility (CSR) efforts in Pakistan have been multi-pronged and have included a drive to protect our natural environment and to ensure that our businesses operate in an ethical, sound and responsible manner.

Over the past years we have continued supporting our beliefs by contributing with the renowned institutions who strive to generate maximum social value to build a better, more sustainable realm for all. They include;

- The Dawood Foundation
- The Citizen Foundation (TCF)
- Marie Adelaide Leprosy Centre (MALC)
- Fatimid Foundation
- Indus Hospital
- SIUT
- Patients Aid Foundation
- Make A Wish Foundation
- Education Trust Nasra School
- HANDS
- Layton Rahmatulla Benevolent Trust (LRBT)
- Patients Behbood Society

Cyan considers the following factors while shortlisting the project:

- Associating to a cause which is in-line with the identified sectors
- Credibility and repute of the charity organization seeking assistance

The focus of our endeavors includes following areas;

- Education
- Health Sector
- Community Building
  - Children Welfare
  - Sports Development
  - Relief Activities
  - Women Empowerment
  - Heritage Preservation



## EDUCATION

During the past few years, Pakistan's adult literacy rate has declined from 60% to 58%, clearly indicating decreasing penetration in the country. Education is a state responsibility as per the constitution; however, quality education remains accessible to only a few with the Net Primary Enrolment Ratio static at 57% since past five years. 65% of all primary school children do not end up studying further than 5th grade. 30% of the adult population has not received even a single year of schooling. And to accommodate new population, Pakistan needs ~3.3 schools per hour for the next 5 years.

At Cyan, we certainly believe that the way to uplift Pakistan is by investing in the education of our future generations.



## HEALTH SECTOR

The accessibility and quality of healthcare is a common metric to assess the developmental stage of a country. According to estimates provided by the Pakistan Bureau of Statistics, there are 1,283 hospitals, 5,438 labs & diagnostic centers, 196,000 clinics and over 7,300 pharmacies. However, the quality of healthcare infrastructure ranks low amongst peer countries. There are 2,000 people per hospital bed in Pakistan. On average, only 3,500 beds are added while ~4 million people are added to population each year. There are twice the numbers of doctors in the country than nurses.

Cyan is cognizant of the fact that healthcare system should exist as a fundamental element that assures life and high standards of living, and it should be available to everyone.



## COMMUNITY BUILDING

Cyan also encourages and participates in efforts to build and sustain the culture and community of Pakistani society. Our endeavors are aimed at sustaining values of society by preserving the richly diversified culture and heritage of Pakistan.

## Calendar of Major Events

### FEBRUARY 2020

Cyan Board of Directors meeting was held to approve the financial statements for the year ended December 31, 2019 and recommended 10% final cash dividend alongwith 5% bonus shares to the shareholders.

### AUGUST 2020

Cyan Board of Directors meeting was held to approve the interim Financial Statements for the half year ended June 30, 2020.

### OCTOBER 2020

Cyan Limited has been awarded "Certificate of Merit Award" for Best Corporate Reports Award 2019. The ICAP and ICMA Pakistan jointly organized the BCSR Awards every year with the objective to recognize excellence in corporate reporting, promote accountability & transparency, recognizing the responsible reporting by companies covering economic, environment and social performance of the business.

Cyan Board of Directors meeting was held to approve the Financial Statements for the nine months and quarter ended September 30, 2020.

### MAY 2020

60th Annual General Meeting of the shareholders of the Company was held on 21st May 2020 to adopt financial statements for the year ended December 31, 2019 and approved 10% final cash dividend alongwith 5% bonus issue to the shareholders.

Election of Director was also held in 60th AGM on 21st May 2020.

Cyan's Board of Directors meeting was also held to constitute the Board Committees.

### DECEMBER 2020

Cyan Corporate briefing session was held where the Company's senior management discuss the financial performance of the company and future outlook.

# Risk and Opportunity Report

The Company's business activities are subject to significant risk factors that could affect Company's operations, earnings, cash flows and other financial performance. Cyan management strives to manage risks in an organized manner in order to conduct business in a well-controlled environment.



## STRENGTHS

### • Successful track record of managing public equities portfolio

We aim to generate consistent alpha by constructing a portfolio based on proprietary fundamental and quantitative research. The portfolio combines our style exposures with unrecognized value identified through both top-down and bottom-up approaches by maintaining strict risk control measures.

### • Group foot print in multiple sectors

The Dawood Hercules (DH) Group is one of the largest Pakistani conglomerates having presence in various sectors of the economy comprising Fertilizers, Real Estate, Food, Power Generation, Technology, Financial Services and Petrochemicals. This diversity allows the Group to develop human and intellectual capital across multiple industries and helps Cyan in various business engagements.

### • Team with diversified skill sets

Our greatest asset is the team we have assembled at Cyan. We believe that diversity of ideas and experiences contribute to the development of the company. Our team has a thorough understanding of myriad industries and high-growth companies operating in private space. Our team is fully resourced and capable of meeting the demands required by the changing financial landscape.

### • Successful history of PIPE deals

Private Investments in Public Equity (PIPE) deals have become an important source of financing for many public companies. These are appealing for public companies because they usually face fewer hurdles than stock offerings. Cyan in tandem with the Group has executed a couple of PIPE deals which has resulted in considerable value for the shareholders.

### • Good understanding of high potential sectors

Footprint of DH group in food, energy and infrastructure sectors enables us to have profound knowledge of potential sectors such as Retail, Food, Health, Education, Logistics and Pharma. Besides, our team has extensive experience and brings a combination of deep industry knowledge and expert perspectives from other industries to offer our shareholders sustainable return.



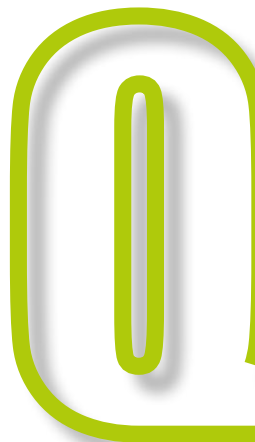
## WEAKNESSES

### • Quality Human Resource

Cyan seeks candidates who are not only qualified and possess technical abilities, but also competent to meet given deadlines. Keeping pace with rapid changes in technology is a cause of concern amongst talent management. Despite better hiring practices and training programmes, finding and retaining high-caliber talent is difficult and hinders Cyan from realizing its full potential.

### • Small Capital

Cyan operates with a small capital which impedes its capacity to undertake stake in large entities in private space. Additionally, as a small investor, it's difficult to build diversified portfolio and spread capital across various industries.



## OPPORTUNITIES

### • Using network to identify new investment opportunities

DH Group has established various business concerns in petrochemicals, fertilizer, real estate, IT and power generation sectors and has proved its business standing by virtue of its outstanding achievements. Capitalizing on the wide network of group, Cyan can explore and tap huge investment potential.

### • Targeting new high potential growth sectors

It is widely acknowledged that Pakistan has immense economic potential. It has an abundance of natural resources. Nature has blessed the country with many types of fossil fuels and minerals which can put the country on a path to prosperity. We strongly believe that there are many industries which have not yet been evaluated to its full potential and can be targeted to achieve spectacular returns.

### • Turnaround Companies

To succeed and maintain that success every business needs a combination of several factors. But not all of them are able to, due to lack of funds, ineffective teams or inefficient products and services. Cyan's team is dedicated to working with companies experiencing financial and structural challenges and has the expertise to bringing these companies' performance on track.



## THREATS

### • Key Team members being poached

Like every business, employee turnover is one of the most profound risks our business faces and can cut across every major area of exposure. It is possible that our top talent may be at a risk of being enticed away by a competitor. A succession plan which includes training existing staff and planning other risk-management activities help us to cope with this threat.

# Corporate Governance

## Shareholder’s Information

Registered Office Cyan Limited Dawood Centre, M. T. Khan Road, Karachi. Tel # (92-21) 35634290-3 Fax # (92-21) 35680218 Web site: www.cyanlimited.com Email: info@cyanlimited.com	Share Registrar Office CDC Share Registrar Services Limited 4th Floor, CDC House, 99 – B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal Karachi-74400 Tel # (92-21) 111-111-500 Fax: (92-21) 34326053 Website: www.cdcrsl.com Email: info@cdcrsl.com
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### Listing on Stock Exchanges

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

### Listing Fees

The annual listing fee for the financial year 2020-2021 has been paid to the stock exchange within the prescribed time limit.

### Stock Code

The stock code for dealing in equity shares of Cyan Limited at PSX is CYAN.

### Investor Service Centre

Cyan Limited share department is operated by CDC Share Registrar Services Limited. It also functions as an Investor Service Centre and is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Abdul Samad at Registrar Office and Company Secretary at Cyan Registered Office.

The share department undertakes activities pertaining to dematerialization of shares, shares transfer and transmission, issue of duplicate/ re-validated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

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

### Contact Person:

Cyan Limited  
Mr. Ahsan Iqbal  
Tel# (92-21) 35634290-3

### Contact Person:

Registrar Office  
Mr. Mohsin Rajab Ali  
Tel # (92-21) 111-111-500

### Services Standards

Cyan has always endeavored to provide investors with prompt services. Well reputed and experienced firm of the share registrar services has been entrusted with the responsibility of ensuring that services are rendered within the specified time limits.

### Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns / forms and furnished all the relevant information as required under the Companies Act, 2017 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations, wherever applicable.

### Withholding of Tax on Dividend:

The rates of deduction of withholding tax is 15% for filers and non-filers as prescribed under:

- (a) For filers (persons whose names are appearing in Active Taxpayers List): 15%
- (b) For non-filer (persons whose names are not appearing in Active Taxpayers List): 30%

### General Meetings & Voting Rights

Pursuant to section 132 of The Companies Act, 2017, Cyan holds a General Meeting of Shareholders atleast once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Sindh, Punjab and FATA.

All shares issued by the Company carry equal voting rights. Generally, matters at the General Meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of “One Member-One Vote”. If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

### Proxies

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every member of the Company who is entitled to attend and vote at a General Meeting of the Company, can appoint another member as his / her proxy to attend and vote instead of himself / herself.

The instrument appointing proxy duly signed by the shareholder appointing that proxy should be deposited at the office of the Company not less than forty-eight hours before the meeting.

### Web Presence

The website of the Company has been maintained in accordance with directives of SECP vide various SROs. Updated information regarding the Company can be accessed at Cyan web site, www.cyanlimited.com. The web site contains the latest financial results of the Company.

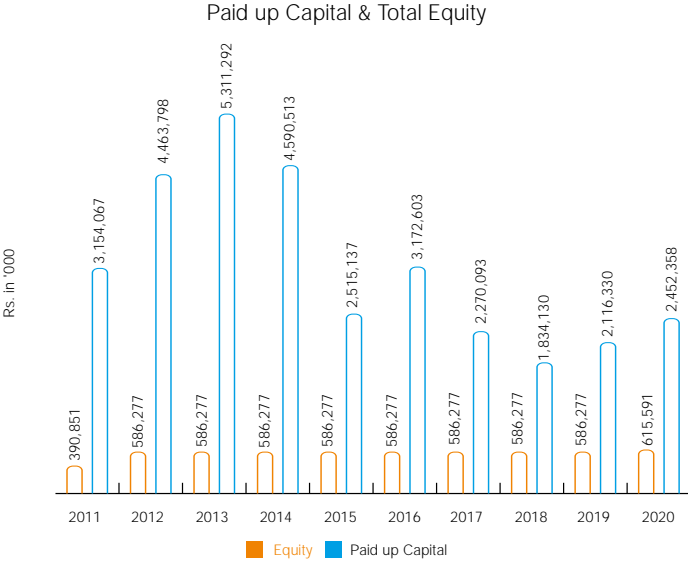
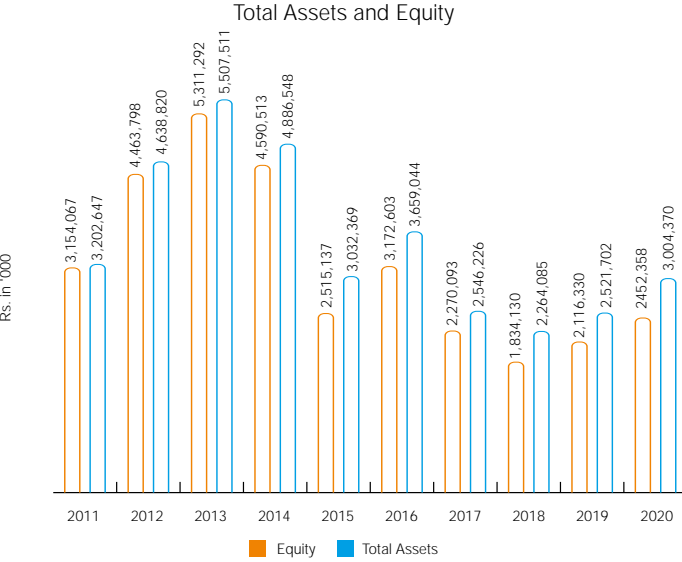
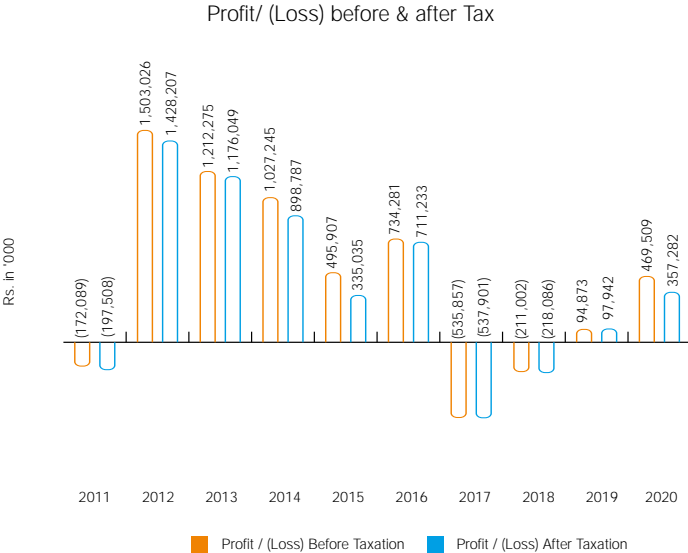
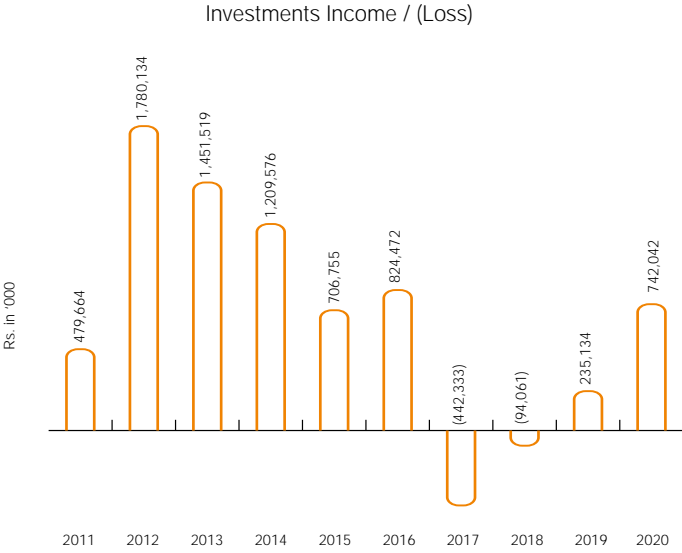
# Critical Performance Indicator

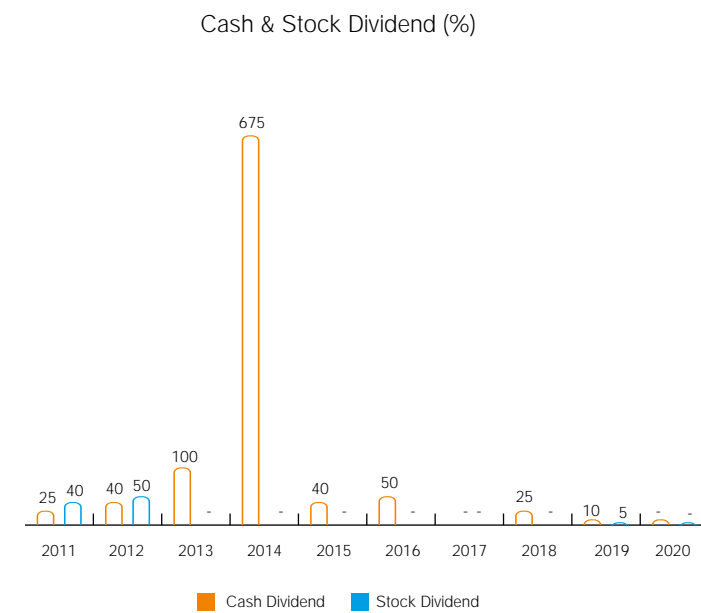
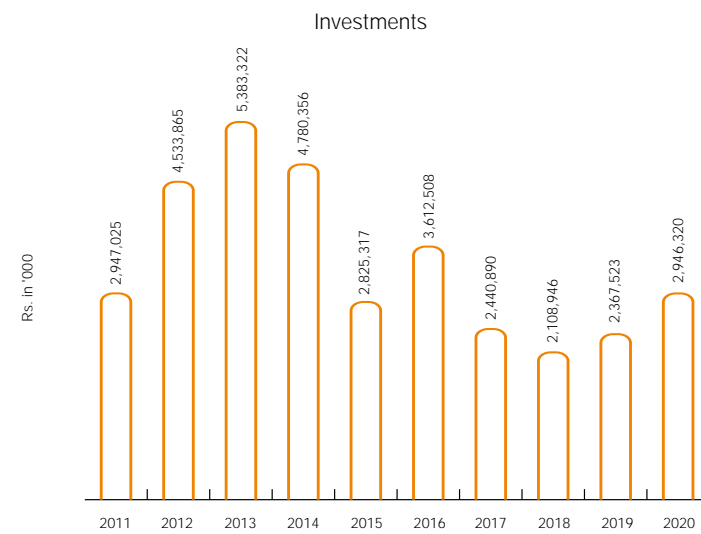
Ten Years at a Glance

Particulars	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Rupees in ‘000						Rupees in ‘000			
Investments Income / (Loss)	479,664	1,780,134	1,451,519	1,209,576	706,755	824,472	(442,333)	(94,061)	235,134	742,042
Profit / (Loss) Before Taxation	(172,089)	1,503,026	1,212,275	1,027,245	495,907	734,281	(535,857)	(211,002)	94,873	469,509
Profit / (Loss) After Taxation	(197,508)	1,428,207	1,176,049	898,787	335,035	711,233	(537,901)	(218,086)	97,942	357,282
Pay Out Information %										
Cash Dividend	25	40	100	675	40	50	-	25	10	50
Stock Dividend	40	50	-	-	-	-	-	-	5	-
Balance Sheet										
Paid Up Capital	390,851	586,277	586,277	586,277	586,277	586,277	586,277	586,277	586,277	615,591
Equity	3,154,067	4,463,798	5,311,292	4,590,513	2,515,137	3,172,603	2,270,093	1,834,130	2,116,330	2,452,358
Investments	2,947,025	4,533,865	5,383,322	4,780,356	2,825,317	3,612,508	2,440,890	2,108,946	2,367,523	2,946,320
Cash & Bank Balances	19,230	13,494	17,835	21,844	159,891	906	5,269	9,570	1,869	7,803
Fixed Assets	1,590	26,194	22,814	18,752	15,623	14,017	14,088	13,471	39,345	28,320
Total Assets	3,202,647	4,638,820	5,507,511	4,886,548	3,032,369	3,659,044	2,546,226	2,264,085	2,521,702	3,004,370
Operating Performance										
Earning / (Loss) per share (Rupees)	(3.37)	24.36	20.06	15.33	5.71	12.13	(9.17)	(3.72)	1.67	5.80
Break up value per share (Rupees)	80.7	76	91.00	78.30	42.90	54.11	38.72	31.28	36.10	39.84
Return on investments %	(5.61)	37.49	24.10	22.47	14.78	29.18	(12.24)	(3.85)	11.15	31.34



# Key Financial Highlights





## Ratios

Ratios	Unit	2015	2016	2017	2018	2019	2020
<b>Profitability</b>							
Profit before tax ratio	%	70	85	126	258	38	62
Gross yield on earning assets	%	24	24	(17)	(4)	11	26
Cost / income ratio	%	30	15	(26)	(158)	62	39
Return on equity	%	13	22	(24)	(12)	5	15
Return on capital employed	%	9	25	(20)	(11)	5	16
<b>Liquidity Ratios</b>							
Current ratio	Times	6	8	9	5	6	6
<b>Investment / Market Ratios</b>							
Earnings / (loss) per share - Basic	Rs.	5.71	12.13	(9.17)	(3.72)	1.67	5.80
Price earnings ratio	Times	15.60	6.35	(3.66)	(10.50)	18.86	6.36
Price to book ratio	Times	1.72	1.24	0.77	1.01	0.73	0.76
Dividend yield ratio	%	4	6.49	-	6.40	3.17	13.55
Dividend payout ratio	Times	0.70	0.41	-	-	0.60	0.86
Dividend cover ratio	%	70	41	-	-	90	86
<b>Market Value per share</b>							
• At the end of the year	Rs.	89.10	77.08	33.56	39.06	31.50	36.89
• High during the year	Rs.	150.50	94.90	91.70	50.57	40.63	41.54
• Low during the year	Rs.	65.17	62.50	31.50	28.75	16.40	18.32
<b>Capital Structure Ratios</b>							
Earning assets to total assets ratio	Times	0.99	0.99	0.96	0.94	0.94	0.98
Net assets per share	Times	42.90	54.11	38.72	31.28	36.10	39.84

# Comments on Ratios

## Comments on six years Earning Asset Ratios

More than 90% of the assets of the company were used to generate earnings for the company during the preceding 6 years indicating the efficient use of resources.

## Comments on six years Profitability Ratios

The earnings of the company have been quite volatile in the last 6 years primarily because of the active portfolio management. The company reported negative performance in 2017 and 2018 as the KSE-100 index's performance remained dismal. However, the ratios improved in subsequent years because of market performance.

## Comments on six years Balance Sheet Analysis

The total assets and equity of the company have decreased over the years because of decline in investments due to bumper dividend and negative performance of the market. However, in 2020 total assets and equity increased by 19% and 16%, respectively.

## Comments on six years Liquidity ratios

The company has maintained a current ratio of greater than 1.0x in last six years demonstrating sufficient capacity to meet its short-term obligations. Further, all investments are categorized as short-term investment with an objective to use these funds as and when required.

## Comments on six years Profit and Loss Analysis

Performance of the equity market can be considered as the major driver of the earnings of the company. Consequently, variation in the earnings per share can be witnessed. Apart from that, dividends and capital appreciation (realized and unrealized capital gains) in value of the overall portfolio including the strategic investments are the main contributors for revenues and hence profitability.

# Share Price Sensitivity Analysis

## Cyan Share Price on the PSX

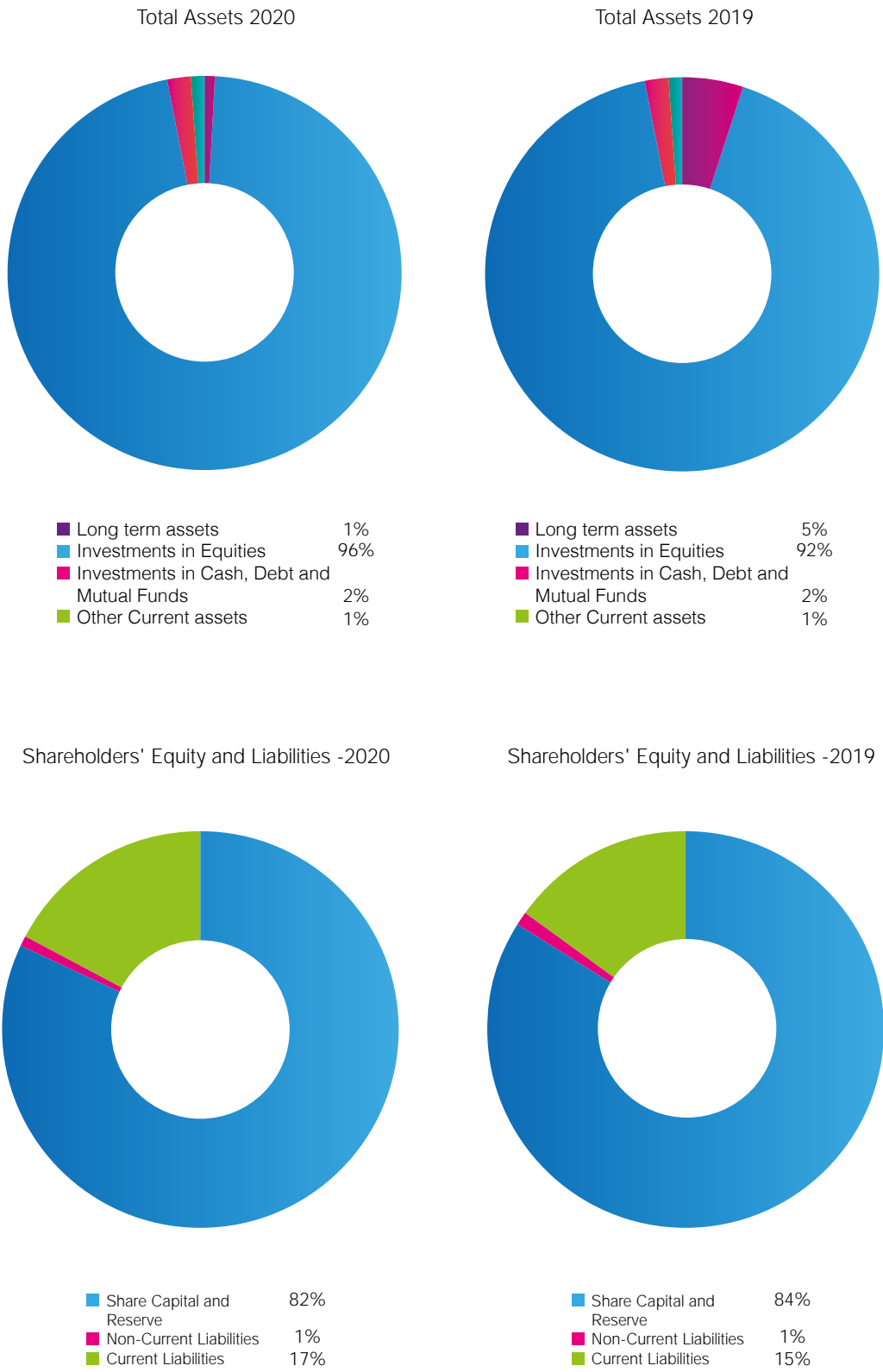
Month	Highest	Lowest	Volume
Jan-20	34.25	28.98	392,500
Feb-20	30.88	27.26	161,500
Mar-20	30.49	18.32	143,500
Apr-20	25.42	19.21	366,000
May-20	25.75	22.02	99,000
June-20	25.13	21.55	151,000
Jul-20	31.50	21.86	726,000
Aug-20	37.88	27.80	2,524,500
Sep-20	41.54	31.60	1,552,000
Oct-20	35.01	28.81	729,500
Nov-20	31.45	28.20	208,500
Dec-20	37.80	30.90	1,050,000

# Statement of Value Addition

Value added	2020		2019	
	Rs. 000	%	Rs. 000	%
Return on investments	57,247		99,841	
Capital gain	454,494		137,591	
Unrealized loss - Net	230,301		(2,298)	
Other income	14,190		15,695	
Gross Revenue	756,232		250,829	
Less: Administrative expenses	102,282		51,218	
	653,950	100	199,611	100
Value Allocated				
To Employees				
Salaries, allowances and other benefits	170,891	26	115,541	58
To Shareholders				
Cash Dividend	307,796	47	58,628	29
Bonus	-		29,314	15
To Government				
Company Taxation	112,227	17	(3,069)	-3
To expansion				
Depreciation and amortization	13,550	2	13,443	7
To growth				
As Reserve and Retained earning	49,486	8	(14,246)	-6
	653,950	100	199,611	100

# Key Operating Highlights

## BALANCE SHEET COMPOSITION





Key Figures & Highlights

Net Assets Per Share  
(Rupees)

2020	2019	2018
39.84	36.10	31.28

Profit / (loss) after tax  
(Rs. in million)

2020	2019	2018
357.28	97.94	(218.09)

Total Equity  
(Rs. in million)

2020	2019	2018
2,452.36	2,116.33	1,834.13

Total Revenue  
(Rs. in million)

2020	2019	2018
756.23	250.83	(81.64)

Total Assets  
(Rs. in million)

2020	2019	2018
3,004.37	2,521.70	2,264.08

EBITDA  
(Rs. in million)

2020	2019	2018
525.245	119.779	(192.62)

Key Figures & Highlights

Number of Shareholders  
(Numbers)

2020	2019	2018
1,654	1,668	1,757

Market Capitalization  
(Rs. in million)

2020	2019	2018
2,270.92	1,846.77	2,289.99

Market Price Per Share  
(Rupees)

2020	2019	2018
36.89	31.50	39.06

Dividend  
(Percentage %)

2020	2019	2018
Cash 50 —	Cash 10 Stock 5	Cash 25

Earnings / (Loss) Per Share  
(Rupees)

2020	2019	2018
5.80	1.67	(3.72)

Return on Equity  
(Percentage %)

2020	2019	2018
14.57	4.63	(11.89)

## Horizontal Analysis

### Balance Sheet

Particulars	2015	2016	2017	2018	2019	2020	16 Over 15	17 Over 16	18 Over 17	19 Over 18	20 Over 19
	Rupees in '000			Rupees in '000			Percentage Change				
Cash and bank deposits	159,891	906	5,269	9,570	1,869	7,803	-99.43%	481.57%	81.63%	-80.47%	317.50%
Loan to employee	14,060	12,315	10,463	8,484	6,376	4,362	-12.41%	-15.04%	-18.91%	-24.85%	-31.59%
Investments	2,825,317	3,612,508	2,440,890	2,108,946	2,367,523	2,946,320	27.86%	-32.43%	-13.60%	12.26%	24.45%
Deferred tax	-	-	52,235	74,051	83,815	-	-	100.00%	41.77%	13.19%	-100.00%
Amounts due from other insurers / reinsurers	2,464	2,464	2,464	-	-	-	-	-	-	-	-
Accrued investment income	-	-	3,875	-	-	-	-	100.00%	100.00%	-	-
Reinsurance recoveries against outstanding claims	5,406	5,406	5,406	5,406	5,406	5,406	-	-	100.00%	-	-
Advances, prepayments deposit & sundry receivables	9,608	11,428	10,536	44,157	17,368	12,159	18.94%	-7.81%	319.11%	-60.67%	-29.99%
Fixed assets	15,623	14,017	15,088	13,471	39,345	28,320	-10.28%	7.64%	-10.72%	192.07%	-28.02%
	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>3,032,369</b>	<b>3,659,044</b>	<b>2,546,226</b>	<b>2,264,085</b>	<b>2,521,702</b>	<b>3,004,370</b>	<b>20.67%</b>	<b>-30.41%</b>	<b>-11.08%</b>	<b>11.38%</b>	<b>19.14%</b>
Issued, subscribed and paid up share capital	586,277	586,277	586,277	586,277	586,277	615,591	-	-	-	-	5.00%
Unappropriated profit	1,378,815	1,708,968	1,024,498	659,843	757,785	1,027,125	23.94%	-40.05%	-35%	14.84%	35.54%
Reserves	133,088	133,088	133,088	133,088	133,088	133,088	-	-	-	-	-
Remeasurement of post employees benefits	(3,480)	(2,611)	(2,142)	(1,855)	(384)	1,831	-24.97%	-17.96%	-13.40%	-79.30%	-576.82%
Surplus on revaluation - OCI investments	420,437	746,881	528,372	456,777	639,564	674,723	77.64%	-29.26%	-13.55%	40.02%	5.50%
Provision for outstanding claims [including IBNR]	8,805	8,805	8,805	8,805	8,805	8,805	-	-	-	-	-
Deferred liabilities	8,369	10,528	12,237	15,281	17,358	19,235	25.80%	16.23%	24.88%	13.59%	10.81%
Deferred tax	45,166	13,803	-	-	-	17,147	-69.44%	100.00%	-	-	-
Other non current liability	-	-	-	-	9,143	-	-	-	-	100.00%	-100.00%
Amounts due to other insurers / reinsurers	587	587	587	587	587	587	-	-	-	-	-
Accrued expenses and Other creditor and accrual	245,295	48,112	5,624	29,157	66,805	171,338	-74.60%	-88.31%	418.44%	129.12%	156.47%
Accrued mark-up	-	1,796	400	6,346	5,464	8,839	-	-99.78%	1,486.50%	-13.90%	61.77%
Short term running finance	-	183,265	-	211,800	189,982	217,085	-	-	100.00%	-10.30%	100.00%
Taxation - net	179,522	187,197	217,809	125,380	80,501	83,457	4.28%	16.35%	-42.44%	-35.79%	3.67%
Unclaimed dividend	29,488	32,348	30,671	32,599	26,727	25,519	9.70%	-5.18%	6.29%	-18.01%	-4.52%
	-	-	-	-	-	-	-	-	-	-	-
<b>Total Shareholders' Equity and Liabilities</b>	<b>3,032,369</b>	<b>3,659,044</b>	<b>2,546,226</b>	<b>2,264,085</b>	<b>2,521,702</b>	<b>3,004,370</b>	<b>20.67%</b>	<b>-30.41%</b>	<b>-11.08%</b>	<b>11.38%</b>	<b>19.14%</b>

## Vertical Analysis

### Balance Sheet

Particulars	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
		Rupees in '000			Rupees in '000				Percentage Change			
Cash and bank deposits	159,891	906	5,269	9,570	1,869	7,803	5.27%	0.02%	0.21%	0.42%	0.07%	0.26%
Loan to employee	14,060	12,315	10,463	8,484	6,376	4,362	0.46%	0.34%	0.41%	0.37%	0.25%	0.15%
Investments	2,825,317	3,612,508	2,440,890	2,108,946	2,367,523	2,946,320	93.17%	98.73%	95.86%	93.16%	93.90%	98.07%
Deferred tax	-	-	52,235	74,051	83,815	-	-	-	2.05%	3.27%	3.32%	-
Amounts due from other insurers / reinsurers	2,464	2,464	2,464	-	-	-	0.08%	0.07%	0.10%	-	-	-
Accrued investment income	-	-	3,875	-	-	-	-	-	0.15%	-	-	-
Reinsurance recoveries against outstanding claims	5,406	5,406	5,406	5,406	5,406	5,406	0.18%	0.15%	0.21%	0.24%	0.21%	0.18%
Advances, prepayments deposit & sundry receivables	9,608	11,428	10,536	44,157	17,368	12,159	0.32%	0.31%	0.42%	1.95%	0.69%	0.40%
Fixed assets	15,623	14,017	15,088	13,471	39,345	28,320	0.52%	0.38%	0.59%	0.59%	1.56%	0.94%
<b>Total Assets</b>	<b>3,032,369</b>	<b>3,659,044</b>	<b>2,546,226</b>	<b>2,264,085</b>	<b>2,521,702</b>	<b>3,004,370</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
Issued, subscribed and paid up share capital	586,277	586,277	586,277	586,277	586,277	615,591	19.33%	16.02%	23.03%	25.89%	23.25%	20.49%
Unappropriated profit	1,378,815	1,708,968	1,024,498	659,843	757,785	1,027,125	45.47%	46.71%	40.24%	29.14%	30.06%	34.19%
Reserves	133,088	133,088	133,088	133,088	133,088	133,088	4.39%	3.64%	5.23%	5.88%	5.28%	4.43%
Remeasurement of post employees benefits	(3,480)	(2,611)	(2,142)	(1,855)	(384)	1,831	-0.11%	-0.07%	-0.08%	-0.08%	-0.02%	0.06%
Surplus on revaluation - OCI investments	420,437	746,881	528,372	456,777	639,564	674,723	13.86%	20.41%	20.75%	20.17%	25.36%	22.46%
Provision for outstanding claims [including IBNR]	8,805	8,805	8,805	8,805	8,805	8,805	0.29%	0.24%	0.34%	0.39%	0.35%	0.29%
Deferred liabilities	8,369	10,528	12,237	15,281	17,358	19,235	0.28%	0.29%	0.48%	0.67%	0.69%	0.64%
Deferred tax	45,166	13,803	-	-	-	17,147	1.49%	0.38%	-	-	-	0.57%
Other non current liability	-	-	-	-	9,143	-	-	-	-	-	0.36%	-
Amounts due to other insurers / reinsurers	587	587	587	587	587	587	0.02%	0.01%	0.02%	0.03%	0.02%	0.02%
Accrued expenses and Other creditor and accrual	245,295	48,112	5,624	29,157	66,805	171,338	8.09%	1.31%	0.22%	1.29%	2.65%	5.70%
Accrued mark-up	-	1,796	400	6,346	5,464	8,839	-	0.05%	0.02%	0.28%	0.22%	0.29%
Short term running finance	-	183,265	-	211,800	189,982	217,085	-	5.00%	-	9.35%	7.53%	7.23%
Taxation - net	179,522	187,197	217,809	125,380	80,501	83,457	5.92%	5.12%	8.55%	5.55%	3.19%	2.78%
Unclaimed dividend	29,488	32,348	30,671	32,599	26,727	25,519	0.97%	0.88%	1.20%	1.44%	1.06%	0.85%
<b>Total Shareholders' Equity and Liabilities</b>	<b>3,032,369</b>	<b>3,659,044</b>	<b>2,546,226</b>	<b>2,264,085</b>	<b>2,521,702</b>	<b>3,004,370</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



# Horizontal Analysis

## Profit and Loss Account

Particulars	2015	2016	2017	2018	2019	2020	16 Over 15	17 Over 16	18 Over 17	19 Over 18	20 Over 19
		Rupees in '000			Rupees in '000				Percentage Change		
Investment income / (Loss)	706,755	824,472	(442,333)	(94,061)	235,134	742,042	16.66%	-153.65%	-78.74%	349.98%	215.58%
Other income	7,319	35,882	17,525	12,422	15,695	14,190	390.26%	-51.16%	-29.12%	26.35%	-9.59%
Financial charges	(83)	(13,040)	(14,622)	(14,689)	(11,463)	(42,186)	15,610.84%	12.13%	0.46%	-21.96%	268.02%
General and administration expenses	(218,084)	(113,033)	(96,427)	(114,674)	(144,493)	(244,537)	-48.17%	-14.69%	18.92%	26.00%	69.24%
Taxation	(160,872)	(23,048)	(2,044)	(7,084)	3,069	(112,227)	-85.67%	-91.13%	246.58%	-143.32%	-3,756.79%
Profit / (Loss) after tax	335,035	711,233	(537,901)	(218,086)	97,942	357,282	112.00%	-175.63%	-59.46%	144.91%	264.79%
Earnings / (Loss) per share - Rupees (Basic)	5.71	12.13	(9.17)	(3.72)	1.67	5.80	112.00%	-175.63%	-59.46%	144.91%	264.79%

# Vertical Analysis

## Profit and Loss Account

Particulars	2015	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
		Rupees in '000			Rupees in '000				Percentage Change		
Investment income / (Loss)	706,755	824,472	(442,333)	(94,061)	235,134	742,042	115.92%	82.23%	43.13%	240.07%	207.69%
Other income	7,319	35,882	17,525	12,422	15,695	14,190	5.04%	-3.26%	-5.70%	16.02%	3.97%
Financial charges	(83)	(13,040)	(14,622)	(14,689)	(11,463)	(42,186)	-1.83%	2.72%	6.74%	-11.70%	-11.81%
General and administration expenses	(218,084)	(113,033)	(96,427)	(114,674)	(144,493)	(244,537)	-15.89%	17.93%	52.58%	-147.53%	-68.44%
Taxation	(160,872)	(23,048)	(2,044)	(7,084)	3,069	(112,227)	-3.24%	0.38%	3.25%	3.14%	-31.41%
Profit / (Loss) after tax	335,035	711,233	(537,901)	(218,086)	97,942	357,282	100%	100%	100%	100%	100.00%

# Comments on Horizontal & Vertical Analysis

## Comments on Horizontal Analysis of Balance Sheet

The investment portfolio is highly correlated with KSE-100 index, which has led to significant volatility in investments during the last six years. Deferred liabilities grew over past six years as the Company operates an unfunded approved gratuity scheme for all permanent employees. Reserves remained constant during the last six years on account of unchanged general reserve and reserve for exceptional losses. The surplus on revaluation and unappropriated profit have improved as compared to last year due to positive performance of KSE-100 index and hence the Portfolio.

## Comments on Vertical Analysis of Balance Sheet

More than 90% of the assets of the Company contributed towards the earnings of the Company during the preceding years indicating the efficient use of assets. Ratio of surplus on revaluation has increased over the years due to positive performance of KSE-100 index.

## Comments on Horizontal Analysis of Profit & Loss

The investment income of the company has significantly improved during the current year due to positive performance of the local bourse. Financial charges have increased in CY20 in order to enhance the profitability of the Company. The Company reported profit during CY20 on account of gains on investments.

## Comments on Vertical Analysis of Profit & Loss

Ratio of investment income has significantly improved during the year 2020 and 2019 due to positive returns posted by the KSE-100 index.

# Summary of Six Years Cash Flow at a glance

	2015	2016	2017	2018	2019	2020
		-----Rupees in '000-----				
Cash & Cash equivalents at the beginning of the year	24,844	162,891	(179,359)	8,269	(199,230)	(185,113)
Net Cash flow used in operating activities	(2,520,881)	(505,975)	(173,198)	(278,834)	(27,459)	(153,851)
Net Cash flow from investing activities	2,658,928	163,725	360,826	71,341	47,857	140,705
Net Cash flow from financing activities	-	-	-	-	(6,281)	(8,023)
Net increase/(decrease) in cash & cash equivalent	138,047	(342,250)	187,628	(207,499)	14,117	(21,169)
Cash & Cash equivalents at the end of the year	162,891	(179,359)	8,269	(199,230)	(185,113)	(206,282)

## Comments on Cash Flows

Over the years, the company has effectively managed its cash flows as reflected in the above summary.

Cash Flow from investing activities has remained positive since 2015 as proceeds from sale of investments exceeds the investments in securities.

# Quarterly Analysis

For the Year Ended December 31, 2020

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
----- Rupees in 000 -----					
<b>Revenue</b>	<b>(602,046)</b>	<b>169,954</b>	<b>557,641</b>	<b>630,683</b>	<b>756,232</b>
Return on investments	16,141	3,713	23,148	14,245	57,247
Gain / (loss) on sale of investments - net	(114,460)	(55,952)	166,950	457,956	454,494
Other income	3,522	3,513	3,374	3,781	14,190
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	(507,249)	218,680	364,169	154,701	230,301
Profit /(loss) after taxation	(569,591)	125,882	426,044	374,947	357,282
Net assets	1,444,961	1,429,169	1,944,323	2,452,358	2,452,358

## Comments

### Analysis of Quarterly results

Significant portion of the Company's investments are marked to market; and the interim operating results of the Company reflect the fluctuations in the capital market and shifts in allocations. Notable outperformance of the equity market was witnessed during the third and last quarter of CY20, where KSE-100 posted a positive return of 16.29% and 7.85%, respectively. Moreover, dividend income was reduced as many portfolio companies, especially banks were prohibited to decalre dividends due to Covid-19.

### Operating revenues

The company reported a positive revenue of PKR 756 million during CY20 as compared to PKR 251 million in the preceding calendar year. The improvement in revenue has been mainly on the back of 7.4% return posted by KSE-100 during CY20. Unrealized gain has been reported during the three quarters in line with the performance of the KSE-100 index on account of declining interest rates and reopening of economy after Covid-19.

### Profit after tax

Except for the first quarter, the company generated unrealized gain on investments in the remaining three quarters, which were the main contributors towards positive performance.

# Dupont Analysis

Year	Asset Turnover Ratio	Equity Mulitplier	Net Profit Margin (%)	ROE (%)
2019	0.10	1.19	39.05%	4.63%
2020	0.25	1.23	47.2%	14.57%

As per Dupont Analysis, ROE improved from 4.63% in 2019 to 14.57% due to higher Net Profit Margins.

Positive return on investments (revenue) was reported in 2020 as the performance of Cyan is highly correlated with stock market which provided positive return during the year. Asset turnover ratio increased during the year, reflecting efficient usage of company resources.

Equity Multiplier slightly increased due to an increase in short term investments.

## Board of Directors



**HASAN REZA-UR RAHIM**  
(Chairman)

Mr. Rahim is an accomplished professional who has over 35 years of domestic and international experience in the Banking and Financial Services industry. Currently he is the Chairman of Cyan Limited and he also serves on the Boards of Dawood Hercules Corporation Limited, Dawood Lawrencepur Limited, Atlas Insurance Limited and Hascol Petroleum Limited. Previously, he was the Executive Director in-charge of the Chairman's Corporate Office of the Dawood Hercules Group ("DHG") which consists of several listed and unlisted companies and is one of the largest entrepreneurial groups in Pakistan. DHG has a market capitalization exceeding USD 3.5 Billion for companies listed on the Pakistan Stock Exchange.

Furthermore, Mr. Rahim spent 15 years at JPMorgan where he held several senior positions both in Pakistan and abroad. His accomplishments include assisting in establishing and heading the Global Corporate Bank in Bahrain, Qatar and Saudi Arabia, was Senior Country Officer of Pakistan and was an integral part of the Regional Corporate Finance team based in Singapore. He has originated, led and executed large complex M&A transactions and Privatizations totaling USD 5.0 billion, Sovereign Debt and Bond issues of over USD 2.0 billion in the Telecom, Airlines, Banking, Oil & Gas and Petrochemical industries.

Earlier in his career Mr. Rahim, also had senior position with MashreqBank psc and ANZ Grindlays Bank plc. He has worked in several international locations that included Zurich, Singapore, Bahrain and Dubai. He received his Bachelor's degree from the University of Delaware in USA.



**KULSUM DAWOOD**  
(Director)

Kulsum Dawood is a philanthropist and passionately promotes education and human development. She is the Lead Trustee on the Board of The Dawood Foundation (TDF) which was established in 1961. TDF has been involved with the construction of schools and colleges, and is now undertaking scalable content and technology-based projects for knowledge dissemination through informal learning spaces. It has recently invested in the MagnifiScience Center, which will be the first-of-its-kind interactive science museum of Pakistan.

Mrs. Dawood is a certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance (PICG). She has attended courses on Family Business at the International Institute for Management Development (IMD) in Switzerland, and at the Institute European d' Administration des Affaires (INSEAD). She is a graduate from Government College of Home Economics, Karachi.

For the last two decades, Mrs. Dawood has been a regular participant at the Annual Meeting of the World Economic Forum in Davos, Switzerland.



**KAMRAN NISHAT**  
(Director)

Mr. Kamran Nishat is a qualified Chartered Accountant and currently serving M&P Pakistan as its Managing Director & Chief Executive Officer. In addition to being a Director of AGPL, he serves on the board of Briogene Private Limited. He also holds the boards of Cyan Limited and Dawood Hercules Corporation Limited in the capacity of independent director.

He also serves as the CEO of M&P Express Logistics (Private) Limited, Tech Sirat (Private) Limited, TechSirat Technologies (Pvt) Limited, M&P Logistics (Pvt) Ltd, Logex (Pvt) Ltd and VeriBest brands (Pvt) Ltd.

Moreover, Mr. Nishat has had variety of experiences which include being the member of Accounting and Auditing Standards Committee (South) of the Institute of Chartered Accountants of Pakistan, member of Information Technology Committee (South) of the Institute of Chartered Accountants of Pakistan, member of Management Association of Pakistan, Ex-Officio Member (Former President) Of American Business Counsel.

He has worked in the capacity of Senior Manager at Sidat Hyder Morshed Associates (Private) Limited from the years 1997 till 1999, Group Financial Controller at MIMA Group in 1997, General Manager Corporate Affairs at Dawood Hercules Chemicals Limited, Deputy Managing Director at Central Cotton Mills Limited from 1988 till 1996 and Manager Finance at Al-Ghazi Tractors.



**INAM UR RAHMAN**  
(Director)

Inam ur Rahman joined the Board of Directors of Cyan Limited in March 2017.

Bringing more than 27 years of experience across diversified industries including energy and renewables, education, enterprise technology, foods, textiles, fashion & apparel, lifestyle, and business consulting. Inam ur Rahman currently serves in corporate governance roles across various public-listed firms associated with the 100-year old Dawood Hercules Group. He was appointed as Chief Executive Officer of the group's parent investment company, Dawood Hercules Corporation, on 1st December 2016. He is also the Chairman of Inbox Business

Technologies and Chairman of EmpiricAI Pvt Ltd.

An environmentalist at heart, Inam launched Reon Energy, an enterprise solar power EPC, and has also served as Chief Executive of Tenaga Generasi Limited, a 50 megawatt wind power plant.

His passion is to develop and grow people. He has taught at the undergraduate level, and at present devotes his time in governance roles Karachi School of Business & Leadership.

He holds an MBA degree from Lahore University of Management Sciences (LUMS), in addition to an engineering degree from UET Lahore.



## Board of Directors



**SHAFIQ AHMED**  
(Director)

Mr. Shafiq Ahmed joined The Dawood Group in 2007 and has worked for several Group concerns in different senior positions, including the Chief Executive Officer of Dawood Lawrencepur Limited and Tenaga Generasi Limited and currently looking after the Group's private companies comprising of Patek (Private) Limited, Dawood Corporation (Private) Limited and Towershare (Private) Limited as Chief Executive Officer. He is also serving on the Board of Directors of Dawood Lawrencepur Limited, Tenaga Generasi Limited, Reon Alpha Limited, Patek (Private) Limited, Dawood Corporation (Private) Limited, Towershare (Private) Limited and Inbox Business Technologies Limited.

Prior to joining Dawood Group, he served in senior management position in Pakistan National Shipping Corporation and has also been associated with Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants for nine years. Having a flair for textiles, energy and accounting, his career spans over 25 years working with industry leaders and pioneers in these fields.

He is a Chartered Accountant from the Institute of Chartered Accountants of Pakistan and a degree in Law from University of Karachi. Shafiq is also a certified director from Pakistan Institute of Corporate Governance.



**SULAIMAN S. MEHDI**  
(Director / Chief Executive Officer)

Sulaiman is the CEO Cyan Limited, formerly Central Insurance Company Limited (CICL). In 2011, Sulaiman orchestrated the business restructuring of CICL (insurance) to Cyan (investments), a landmark transaction, and the first of its kind in Pakistan.

Before Cyan, he has served PICIC DFI, PICIC Asset Management Company Ltd., Allied Bank (ABL) and ABL Asset Management Company Limited. He has had the privilege of establishing two leading AMCs of this country.

As a senior executive, he has been working on strategy, organization, mergers and acquisitions. He is a proven business leader with a track record of delivering sustainable change and superior results in Pakistan. Sulaiman's experience spans over 19 years in multiple areas of financial services including investments, operations, marketing, legal and corporate affairs.

Amongst his prominent achievements have been the acquisition of HUBCO from National Power in June 2012. The acquisition value was PKR 6bn and was sold in March 2018 for PKR 22bn resulting in gains of app. PKR 23bn (incl dividends) in less than 6 years. He also had the privilege of leading the election process of HUBCO for DH Group twice in 2012 and 2015 and managed 8 out of 11 seats with just 17.5% shareholding.

He is the youngest Chairman of the Pakistan Stock Exchange Limited. He is also Chairman of Pebbles (Pvt.) Limited. - the real estate arm of Dawood Hercules (DH) Group and is spearheading all real estate initiatives of the Group. He is an independent director on the Board of Bank Islami Pakistan Limited and serves on

the Board of Governors of The Institute of Business Management (IOBM). He is the Founding member of the Presidential Initiative for Artificial Intelligence and Computing (PIAIC) and a Member of the Committee on Emerging Technologies of MOIT. He represents Sindh as an Independent Member on Private Power and Infrastructure Board (PPIB) and is also an Independent Director on Sind Energy Holding Company Pvt Ltd.

He has also served on the Board of Dawood Lawrencepur Limited, FOCUS Pakistan (an Aga Khan Foundation backed NGO), Inbox Business Technologies (Pvt.) Ltd., Inbox Consulting (Pvt.) Ltd., Inbox Corporation (Pvt.) Ltd. and Sach International (Pvt.) Ltd.

He holds a master's degree and is also a fellow member of The Institute of Corporate Secretaries of Pakistan (FCIS). He is also a Certified Director from the Pakistan Institute of Corporate Governance (PICG).



**FAISAL NADEEM**  
(Director / Chief Financial Officer)

Mr. Faisal is a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and Qualified Chartered Management Accountant from Chartered Institute of Management Accountants (CIMA-UK). He worked at the senior executive level in the leading financial institutions where he was involved in the areas of financial management, core finance, risk management and internal control. He is a Certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance (PICG) and presently on the Board of Cyan Limited and Pebbles Pvt. Ltd. – the real estate arm of Dawood Hercules (DH) Group.

Before joining Cyan, he served as the Chief Financial Officer and Company Secretary at ABL Asset Management Company Limited, a subsidiary of Allied Bank Limited.

# Management Team



**AHSAN IQBAL**  
(Company Secretary)

Mr. Ahsan started his career with Cyan in January 2016. He is an ACCA member. He has more than ten years of diversified experience of Financial Reporting, Taxation and corporate statutes & compliance services applicable on a Public Listed Company.

Previously, he was associated with A.F. Ferguson & Co., Chartered Accountants and Ernst & Young Ford Rhodes.



**KIRAN HASSAN**  
(Head of Internal Audit)

Ms. Kiran Hassan is the Head of Internal Audit of Cyan. She began her profession with Cyan in July 2019. She is a Fellow Cost and Management Accountants (FCMA) and has more than 11 years of diversified experience in the field of Finance, Internal Audit, Controls & Risk Management in local and multinational companies.

Prior to joining Cyan, she was associated with Orix Leasing, Alkaram Textile, First Women Bank Limited and Griffin Nagda (UAE).



**NARESH KUMAR**  
(Investment Associate)

Mr. Kumar joined Cyan in August 2017. He is a CFA Charter holder and a fellow member of Association of Chartered Certified Accountants (ACCA). He has more than eleven years of diversified experience of investment analysis, private equity, portfolio management and investment advisory.

Prior to joining Cyan, he was working with ABL Asset Management Company Limited (ABL AMC) as the Equity Fund Manager, where he managed equity funds of worth USD 120 million. Before ABL AMC, he was associated with Magnus Investment Advisors Limited where he spearheaded various departments including the Portfolio Management and Wealth Management Departments.



**M. HASSAAN KHAN**  
(Investment Analyst)

Mr. Hassaan is working as an Investment Analyst at Cyan Limited. He joined Cyan in March 2018 and has been the core member of the investment team. He started his career in 2017 and has gained considerable experience of Capital Markets. He brings expertise in investment analysis, financial modelling, portfolio management and investment advisory. Prior to joining Cyan, he was associated with Alfalah GHP where he was part of their investment advisory and portfolio management department.

Mr. Hassaan holds bachelor's degree in Accounting & Finance from Lahore University of Management Sciences (LUMS). He was placed on Dean's Honor List at the end of the program and graduated with Distinction. Presently, he is also a CFA level III candidate.



**ASJAD HUSSAIN**  
(Investment Analyst)

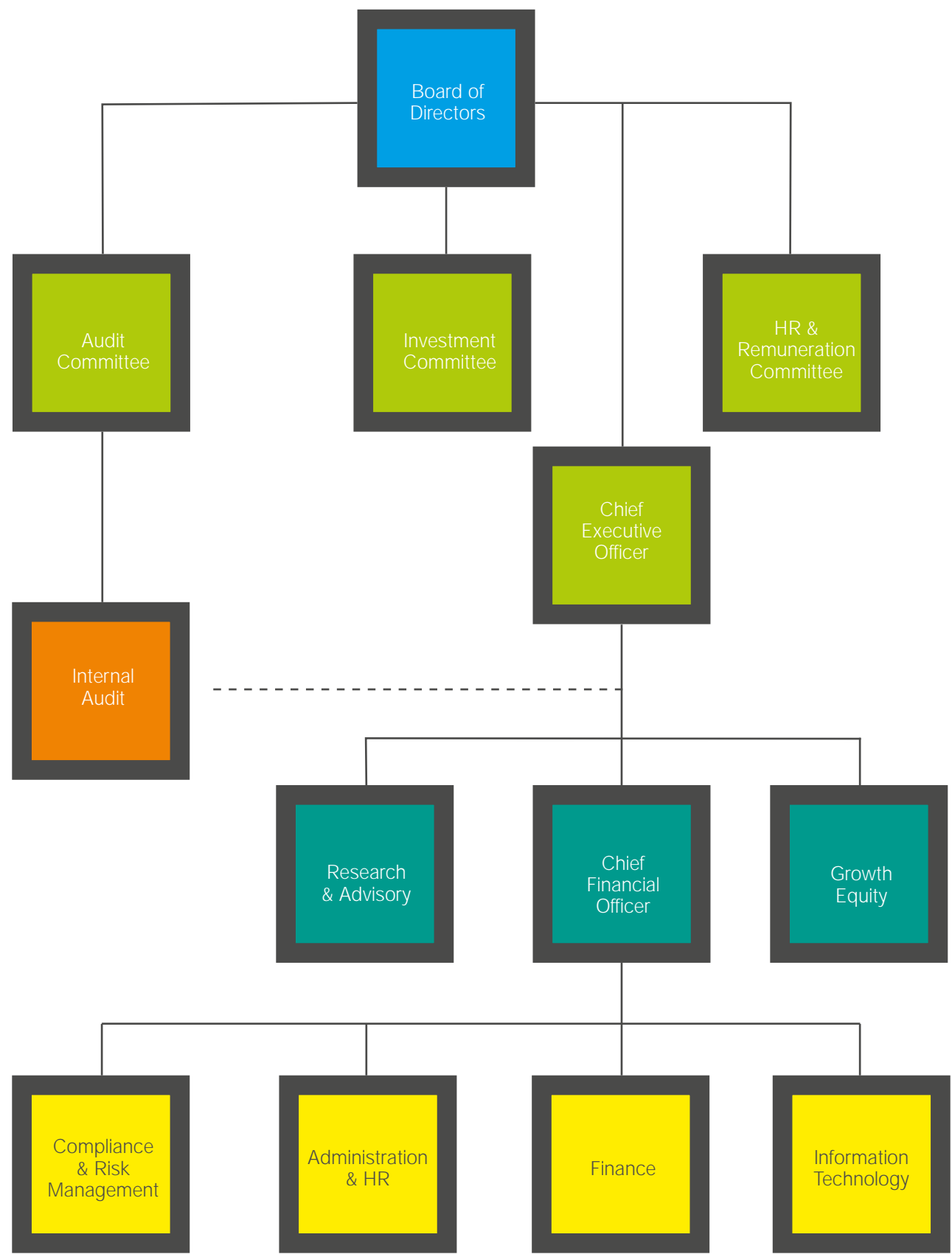
Asjad started off his career in June 2018 as a Management Trainee at Bank Alfalah Limited. After working with Taurus Securities Limited as a sell-side Equity Analyst, he joined Cyan as an Investment Analyst in December 2020. He covers the Cement and Oil Marketing Companies sectors and also assist the senior management in analyzing private projects. He holds a Bachelor's degree in Accounting and Finance from Lahore University of Management Sciences (LUMS) and a candidate for CFA level III.



**FAISAL IRFAN**  
(Investment Analyst)

Faisal joined Cyan as an investment analyst in November 2020. He does not only cover Commercial Banking and Automobiles sectors in public space, but also assists senior management in evaluating private projects. Prior to joining Cyan, Faisal was working with KASB Securities as a Research Analyst. Faisal has a Bachelor's degree in Accounting & Finance from Lahore University of Management Sciences (LUMS) and a CFA level 3 candidate.

# Organizational Structure



# Board Committees

The Board has established three Committees namely Board Audit Committee, Board HR & Remuneration Committee and Board Investment Committee for effective governance of the Company.

The compositions, role and responsibilities of the Board Committees are clearly defined in their respective Terms of References.

**Board Audit Committee**

The Board Audit Committee is composed of the following Directors:

- |                      |          |
|----------------------|----------|
| • Mr. Kamran Nishat  | Chairman |
| • Mr. Inam Ur Rahman | Member   |
| • Mr. Shafiq Ahmed   | Member   |

**Terms of Reference**

The Committee shall ensure that adequate internal control policies and procedures for safeguarding of company's assets have been developed by the company. The Committee shall review the efficiency and effectiveness of the operations including non-financial control of the entity. The Committee shall also review the Company's Statement of Compliance, which includes statement on internal control systems, prior to endorsement by the Board of Directors.

It shall perform the following functions:

**a. External Audit Function**

- The Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the company in addition to audit of its financial statements;
- The Committee shall evaluate on an annual basis, the qualification, independence, performance and scope of work of the external auditor; and
- The Committee shall ensure that significant findings and recommendations made by external auditor and management response thereon are discussed and appropriately acted upon.

**b. Internal Controls**

The Committee shall:

- Ascertain that the integrity of internal control system including financial and operational controls, risk management, accounting system and reporting structure are adequate and effective;
- Determine the appropriateness of measures to safeguard the Company's assets;
- Evaluate the security of computer systems and applications and any contingency plans for processing financial and other information in the event of a computer systems breakdown;
- Review the Company's system for monitoring compliance with laws, regulations and other external requirements and with management policies and directives and other internal requirements;
- Review the details of any investigation, review or inquiry made by any statutory body concerning the conduct of the Company's activities or the preparation of its financial statements; and
- Monitor the compliance with the best practices of Corporate Governance and identification of significant violations thereof.

**c. Internal Audit Function**

The Committee shall:

- Review and discuss the adequacy of structure, responsibilities, staffing, resources and functioning of the Company's internal audit department;
- Review the preparation, execution and results of the Company's annual internal audit work program;
- Review and discuss the periodical internal audit reports; and
- Ensure that significant internal audit findings and recommendations and Management's responses are considered.

**d. Financial Reporting**

- The Committee shall review the quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on;



- ii. Significant accounting and reporting issues, including professional and regulatory pronouncements and assess their impact on the Company's financial statements;
- iii. Legal matters which could significantly impact the financial statements;
- iv. Annual financial statements and assess whether the financial statements reflect appropriate accounting principles;
- v. The judgments made in preparing the Company's financial statements, including any valuation of assets and liabilities, litigation, and other commitments and contingencies;
- vi. Significant or unusual events or transactions or adjustments resulting from the audit;
- vii. The going-concern assumption; and
- viii. Changes in accounting policies & practices and compliance with applicable accounting standards.

#### e. Other responsibilities

Other responsibilities of the Committee shall also include:

- i. Review of preliminary announcements of results prior to publication;
- ii. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- iii. Review of management letter issued by external auditors and management's response thereto;
- iv. Ensuring coordination between the internal and external auditors of the Company;
- v. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- vi. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external

- auditors or to any other external body;
- vii. Consideration of any other issue or matter as may be assigned by the Board of Directors;
- viii. Appointment of the Head of Internal Audit shall be made by the BOD subject to recommendation of the Committee; and
- ix. Details of all related party transactions shall be placed before the Audit Committee of the Company for review and recommendation to the Board of Directors. The related party transactions which are not executed at arm's length price will also be placed separately at each Board meeting along with necessary justification for consideration and approval of the Board after clearance from the Audit Committee of the Company.

#### Board HR & Remuneration Committee

The Board HR & Remuneration Committee is composed of the following Directors:

- Mr. Kamran Nishat Chairman
- Mr. Inam Ur Rahman Member
- Mr. Hasan Reza-ur Rahim Member

#### Terms of Reference

The general duties and responsibilities of the Committee shall be as follows:

- (i) To develop the compensation philosophy for Executive Management and present the recommendations to the Board for approval;
- (ii) To meet with Executive Management to establish Corporate objectives and, subsequently, to meet independently of Executive Management to assess progress in relation to these objectives;
- (iii) To undertake the performance evaluation of the CEO and review for each member of the Executive Management in consultation with the Chair of the Board;
- (iv) To review, establish and recommend to the Board, approval of the compensation of each member of the Executive Management;
- (v) To recommend to the Board for consideration, approval and establishment of stock option plans, incentive plans or employee benefit plans to be granted to, Executive Management and other key employees of the Company and guidelines with respect thereto. The Committee may suggest amendments to any stock option

plans or incentive plans, provided that all amendments to such plans shall be subject to consideration and approval of the Board;

- (vi) To review and recommend compensation packages for the Executive Directors that realistically reflect the responsibilities and risks involved in being an Executive Director;
- (vii) To consider and make recommendations to the Board for its approval on all matters concerning perquisites and benefits to be granted to Executive Management, including levels and types of benefits, within guidelines, if any, established by the Board with respect thereto;
- (viii) To review and recommend compensation packages for the non-executive directors and the Chair of the Board that realistically reflect the responsibilities and risks involved in being a non-executive director;
- (ix) To regularly review the organization structure and report any significant organization changes to the Board;
- (x) To review succession plans for Executive Management, including specific development plans, methods of achieving recommended action, and career planning for potential successors; and
- (xi) To engage, through its Chair and in appropriate circumstances, at the expense of the Company, independent counsel and advisors; and to fulfill such other powers and duties as delegated to it by the Board.

#### Board Investment Committee

The Board Investment Committee is composed of the following Directors:

- Mr. Hasan Reza-ur Rahim Chairman
- Mr. Inam Ur Rahman Member
- Mr. Shafiq Ahmed Member

#### Terms of Reference

The Board Investment Committee shall:

- (i) Recommend asset allocation strategy for liquid and illiquid investments to the Board;
- (ii) Review and monitor business development activities for illiquid investments;
- (iii) Recommend sector focus for illiquid investments;
- (iv) Recommend all illiquid transactions to the Board for approval;
- (v) Recommend Employees Trading Policy for approval of the Board;
- (vi) Recommend Investment Policy for approval of the Board;
- (vii) Continually review the Investment Policy, Employee Trading Policy and approve changes (if necessary) subject to ratification of the BOD;
- (viii) Consider any other issue or matter as may be assigned by the BOD; and

The BIC will periodically review the performance of the MIC for company's liquid investments in purview of the various classes of assets and on overall basis, based on the following factors:

- (i) Achievement of budgetary revenues;
- (ii) Adherence to investment policy objectives;
- (iii) Compliance with laws and regulations;
- (iv) Performance relative to hurdles / benchmarks approved by the BOD; and
- (v) Performance vis-a-vis industry performance.

# Criteria to Evaluate Board’s Performance

A Company’s success is ultimately reflective of the capacity of its directors to provide direction which is in line with the vision in order to expand and flourish. The Company, hence, endeavors to develop the capacity of its Board of Directors to improve both their personal and collective contributions to the overall development of the Company.

A quality Board that really adds value is not just a panel of high performing individuals but a balanced team with harmonizing skill sets and a culture that allows them to function as a single unit to make the most effective decisions for the Company. While the guidance from the Chair is the key, the participation of every Board member is also vital for its effectiveness.

One of the most significant responsibilities of the Board of Directors is to ensure that the company has a strong leadership and an effective executive management. The Board establishes company policies and then delegates authority and responsibility to the CEO for the organization’s smooth operations.

Performance evaluation continues to gain profile and momentum within Boardrooms. Regulators and institutional investors increasingly endorse performance evaluation as a prerequisite for good corporate governance. The Board of Directors acts as a guardian of the shareholders money and translates the same into the Company’s mission and goals. In order to uphold the trust of stakeholders, the Board of Directors’ performance warrants assessment.

The evaluation of the performance will examine those key areas where the Board requires clarity in order to provide high level oversight, including: the strategic process; key business drivers and performance milestones; the global economic environment

and competitive context in which the Company operates; the risks faced by the business; Board dynamics; capability and alignment; reputation; and information flows.

The Board of Directors has set the following evaluation criteria to judge its performance;

- Compliance with the legislative system in which Company operates, including Companies Act 2017, Regulations of Pakistan Stock Exchange; and the Memorandum and Articles of Association of the Company;
- Active participation in strategic planning process, enterprise risk management system, policy development, financial structure, monitoring and approval;
- Hiring, evaluating, compensating and supporting the Executive Directors and other key positions including Chief Executive.
- Appropriate constitution of Board Committees with members possessing adequate technical know-how and experience;
- Establishingadequate system of internal controls in the Company and its regular assessment through self-assessment mechanism or/and internal audit activities;
- Ensuring presence of required quorum in Board and Committees’ meeting; and
- Ensuring orientation and training of Board of Directors to enable them to perform their duties in an effective manner

# Roles and Responsibilities of Chairman

The Chairman is responsible for leadership of the Board. In particular, he will:

1. Manage the business of the Board and preside over its meetings and all general body meetings.
2. Ensure that minutes of the meetings of the Board of Directors and all general body meetings are appropriately recorded and circulated within the prescribed time.
3. Set the agenda, style and tone of Board discussions (taking full account of the issues and the concerns of all Board members) to promote constructive debate and effective decision-making.
4. Ensure that members of the Board receive accurate, timely and clear information, in particular about the Company’s performance, to enable effective performance of their duties.
5. Manage the Board’s time to ensure that sufficient time is allowed for discussion of complex or contentious matters.
6. Build an effective and complementary Board, initiating change and planning succession on Board and executive appointments.
7. Ensure that all Board committees are properly established, composed and operated.
8. Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance.
9. Facilitate the effective contribution of non-executive directors and ensure constructive relationships and open communication, both between non- executive directors and executive directors and between the Board and investors.

10. Ensure comprehensive induction programs for new directors and updates for all directors as and when necessary.
11. Monitor and address the development needs of individual directors and of the Board as a whole and ensure that the performance of individual directors and of the Board and its committees are formally evaluated at least once a year.
12. Monitor progress towards the timely and effective achievement and implementation of the objectives, policies and strategies set by the Board and of other decisions taken by or on behalf of the Board.
13. Ensure effective communication with shareholders and other relevant constituencies and that the views of these groups are understood by the Board.
14. Establish a constructive, harmonious and open relationship with the Chief Executive Officer and support him in the development of strategy and, more broadly advise the Chief Executive.
15. Lead the ongoing monitoring and annual evaluation of the performance of the Chief Executive Officer.
16. Maintain access to senior management as is necessary and useful, but not intrude on the Chief Executive’s responsibilities.



# Roles and Responsibilities of CEO

The Chief Executive is responsible for leadership of the business and managing it within the authorities delegated by the Board. In particular, he will:

- 1. Manage the day to day business of the Company, taking account of the policies and directions of the Board and its Committees.
- 2. Develop strategy proposals for recommendation to the Board and ensure that agreed strategies are reflected in the business.
- 3. Develop annual plans, consistent with agreed strategies, for presentation to the Board for support.
- 4. Plan human resourcing to ensure that the Company has the capabilities and resources required to achieve its plans.
- 5. Develop an organizational structure and establish processes and systems to ensure the efficient organization of resources.
- 6. Ensure that such actions are taken as are necessary to secure the timely and effective implementation of the objectives, policies and strategies set by the Board and of other decisions taken by the Board or by its Committees on its behalf and be responsible to the Board for the performance of the business consistent with agreed plans, strategies and policies.
- 7. Act as Chairman of the Management Committee(s), set agendas, taking full account of the issues and concerns of members of the Committee(s), and ensure that Management Committee members receive clear and timely information.
- 8. Lead the executive team; monitor and address the development needs of the team and ensure

that the performance of individuals is evaluated at least once a year.

- 9. Ensure that the financial results, business strategies and, where appropriate, targets and milestones are communicated to the investment community.
- 10. Develop and promote effective communication with shareholders and other relevant constituencies.
- 11. Ensure that business performance is consistent with the Business Principles.
- 12. Ensure that robust management succession and management development plans are in place and presented to the Board from time to time.
- 13. Develop processes and structures to ensure that capital investment proposals are reviewed thoroughly, that associated risks are identified and appropriate steps taken to manage the risks.
- 14. Develop and maintain an effective framework of internal controls over risk in relation to all business activities.
- 15. Ensure that the flow of information to the Board is accurate, timely and clear. Ensure an effective dialogue between the executives and the Board and in particular ensure that the Chairman and the Board are regularly updated on matters affecting the Company's performance, competitive position and risk profile;
- 16. Establish a close relationship of trust with the Chairman, reporting key developments to him in a timely manner and seeking advice and support as appropriate.

# CEO's Performance Review

The Board of Directors of Cyan Limited regularly evaluates the performance of the CEO based on the financial and non-financial KPIs presented by him and agreed by the Board at the start of the year. The Board has reviewed the performance of the CEO for the current financial year and is truly content with the achievements for the year. The Board wishes to further report that Mr. Sulaiman S. Mehdi is committed to following best practices and the Code of Corporate Governance in true spirit. All Board meetings are attended by Mr. Sulaiman S. Mehdi, where he provides details and explanations for each agenda item. The Board has full confidence in his abilities to manage the affairs of the Company in the most professional and competent manner. He is also responsible for setting the corporate objectives and its alignment with the KPIs for his management team and regularly updates the Board about the performance of the management team in achieving the desired results. The Board ensures that the vision and mission sets the direction for the overall corporate strategy and Cyan's future endeavors in making investments in organizations with realized high growth potential as well as to remain committed in maximizing the wealth of its shareholders. The Board is pleased to note that Mr. Sulaiman Mehdi's endeavors result from following and applying the corporate strategy that is conceived with the aid of the Company's vision and mission. The entire organization is connected and driven by this purpose and it serves as the main decision making criterion.

# Attendance of Board and Committee Meetings During the Year 2020

## Board of Directors

S. No.	Name	Dates						No. of meetings held	No. of meetings attended
		24-Feb-20	20-Apr-20	21-May-20	24-Aug-20	19-Oct-20	14-Dec-20		
1	Hasan Reza Ur Rahim	√	√	√	√	√	√	6	6
2	Kulsum Dawood	√	√	√	√	√	√	6	6
3	Kamran Nishat	√	√	√	√	√	√	6	6
4	Inam ur Rahman	√	√	√	√	√	√	6	6
5	Shafiq Ahmed	√	√	√	√	√	√	6	6
6	Sulaiman Mehdi	√	√	√	√	√	√	6	6
7	Faisal Nadeem	√	√	√	√	√	√	6	6

## Board Audit Committee

S. No.	Name	Dates						No. of meetings held	No. of meetings attended
		14-Jan-20	21-Feb-20	17-Apr-20	21-Aug-20	16-Oct-20	11-Dec-20		
1	Kamran Nishat	√	√	√	√	√	√	6	6
2	Inam Ur Rahman		√	√	√	√	√	6	5
3	Shafiq Ahmed	√	√	√	√	√	√	6	6

## Board Investment Committee

S. No.	Name	Dates	No. of meetings held	No. of meetings attended
		03-Dec-20		
1	Hasan Reza-ur Rahim	√	1	1
2	Inam Ur Rahman	√	1	1
3	Shafiq Ahmed	√	1	1

## Board HR & Remuneration Committee

S. No.	Name	Date	No. of meeting held	No. of meeting attended
		03-Dec-20		
1	Kamran Nishat	√	1	1
2	Hasan Reza-ur Rahim	√	1	1
3	Inam Ur Rahman	√	1	1

# Whistle Blowing Policy

Cyan (“the Company”) has an established Code of Conduct which sets out the standards of conduct expected in the management of its business. All employees are expected to carry out their duties in a manner that is consistent with the Code. If employees become aware of circumstances which are not in compliance with the Code then they should communicate their suspicions using the “whistle blowing” policy.

The term “whistle blowing” is most commonly used to describe when an employee discloses wrong doing within the Company. Such wrong doing can include unlawful conduct, financial malpractice or dangers to the public or the environment. Public disclosure of confidential information about the company could clearly be a breach of an employee’s contract, therefore special arrangements are needed to protect both the employee and the company. It is important that the employee’s concerns about illegal or unethical activities can be raised without fear of victimization and that the company is alerted to malpractice early so that it can be stopped and the perpetrators dealt with.

A whistle blowing procedure allows employees to raise concerns with management about the conduct of others which they consider to be in some way damaging to the company or others within it.

There may sometimes be circumstances in which people feel uncomfortable raising issues directly with their managers/superiors. Hence we plan to provide a confidential “whistle blowing” mechanism throughout the Company which the Cyan stakeholders i.e. Employees, Service Providers, Contractors, Dealers, Customers as well as Vendors

will be able to use to report to the management instances of unethical behavior / acts, actual or suspected fraud or violation of the Company’s code of conduct or ethics policy.

The purpose of this document is to provide a framework to promote responsible and secure whistle blowing. It protects the stakeholders wishing to raise a concern about serious irregularities within the Company. The policy neither exempts employees from their duty of confidentiality in the course of their work, nor it is a route for taking up personal grievance / act with a malafide intentions against fellow employee.

The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior.

The Company is committed to developing a culture where it is safe for stakeholders i.e. employees, Service Providers, Contractors, dealers, customers as well as vendors for Cyan to raise concerns about any poor or unacceptable practice and any event of misconduct.

There is no incidence reported during the year to the Audit Committee.



# IT Governance Policy



Cyan Limited has a well conceived and implemented IT Governance Policy which seeks to ensure that IT is aligned with Cyan's organizational goals and strategies and delivers value to the organization. The policy is designed to promote effective, efficient, timely, and informed decision-making concerning Cyan's IT investments and operations. Specifically the policy aims to establish the IT governance structure and its associated procedures, roles, and responsibilities, as a critical component of the overall IT Management (ITM) Framework, which guides the management, implementation, and monitoring of IT investments for Cyan Limited. Cyan's IT Governance Policy is mainly charged with:

- Establishing a shared vision of how information technology can add value to the organization;
- Establishing information technology goals, and the strategies for achieving those goals;

- Establishing principles and guidelines for making information technology decisions and managing initiatives;
- Overseeing the management of institutional information technology initiatives;
- Establishing and communicating organizational information technology priorities;
- Determining information technology priorities in resource allocation;
- Establishing, amending and retiring, as necessary, organizational information technology and other technology related policies, and
- Determining the distribution of responsibility between the IT Department and end users.

# Level of Materiality



The board of directors shall define the level of materiality, keeping in view the specific circumstances of the company and the recommendations of any technical or executive subcommittee of the board that may be set up for the purpose.

International Standard on Auditing (UK and Ireland) 320 "Materiality in planning and performing an audit" (ISA 320) explains that misstatements and omissions, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users of the financial statements. The users are considered as a group of users of the financial statements rather than as individual users.

Judgment comes into play when deciding whether a misstatement or omission is immaterial, as although it may be below the calculated materiality level, by its very nature it is material to the users of the financial statements and should therefore be adjusted and/ or disclosed in the financial statements e.g. related party transactions.

The first consideration when calculating materiality is the assessed risk associated with the business. There is an inverse relationship between risk and materiality. The higher the assessed risk of material misstatement within the financial statements, the lower the materiality and vice versa. This means that

larger samples will be selected in response to the higher assessed risk and as such low materiality results in larger samples, higher materiality levels result in smaller sample sizes.

There are a number of benchmarks which can be selected to help calculate materiality and a range of materiality percentages that could be used when calculating materiality. ISA 320 doesn't specifically mention the ranges of percentages that can be used as again this is left to the auditor's judgment, however, common percentages used are shown below. Ideally the one selected by the auditor should be the benchmark that most represents the needs of the users of the financial statements. Examples of the more common benchmarks and percentages are as follows:

- Revenue (0.5% to 1%)
- Total Assets (1% to 2%)
- Net assets (2% to 5%)
- Profit after tax (5% to10%)

Keeping in view that Cyan limited is a company mainly involved in investing in public and private equities, therefore the appropriate materiality level should be calculated based on percentage of Net Assets. The Board has recommended minimum percentage allocation of 0.5% of Net Assets as Material level. However, this level does not include the related party transactions.



## Investors' Relations Policy



### • Policy Statement

The Investors' Relations policy has been developed to define broad parameters on how Cyan Limited ("the Company") shall deal with the investors in context of general awareness, complaints and communications.

### • Broad Parameters

This Investor Relations Policy (IRP) will:

- Serve as a statement to the shareholders and other stakeholders of how Cyan intends to keep them informed of material developments, and maintain effective communications with them.
- Provide a framework of processes and procedures upon which Cyan can successfully implement its Investor Relations program. This Policy is meant to serve the company's shareholders and stakeholders.

### • General Principles

Cyan strives to maintain its corporate credibility and instill investor confidence by practicing a structured approach to the communication of price sensitive information. The Investor Relations program, which is designed to be both proactive and interactive, will be based on Cyan's commitment to:

- always report its financial results and material developments to the Exchange, its shareholders and other stakeholders in a timely, open and comprehensive manner.
- communicate only through its Company Secretary or CEO.
- proactively address reports and rumors, so

as to avoid unnecessary volatility in the stock price

- use its website as an additional communications channel.

The company has setup an Investor Service Centre for the facilitation of shareholders.

### • Communications

Cyan will make every effort to ensure that all price sensitive information concerning the company is made accessible. The company's communication will be characterized by the following attributes:

- Transparency: price sensitive information will be released, whether it is favorable or not, in a balanced and fair manner that is not misleading.
- Consistency: all stakeholders will receive the same information, only formats may differ depending on the audience and forum.
- Accuracy: information shall be complete and accurate when released and material errors will be immediately corrected and clarified, if any.
- Timeliness: price sensitive information will be released as soon as it is known, unless there are exceptional legitimate reasons to withhold, which will be no longer than absolutely necessary.
- Non-selective: equality of access to price sensitive information will be achieved through broad public dissemination; no stakeholder will be given undisclosed price sensitive information in any form.

### • Spokesperson

Cyan has a well-defined structure for governance and management which provides specific authority and responsibility for policy implementation. The Company shall designate Head of Compliance / Manager Compliance or in their absence any other senior management officer whose name shall be available in the Annual Report and on the website to handle

investor complaints, grievances. The Company Secretary shall also be responsible for communication to the shareholders regarding announcements of general meetings, dividends, and any other price sensitive information.

### • Price Sensitive Information

The Company will always fully comply with its disclosure obligations in line with regulatory requirements. Information shall be considered price sensitive if it falls in the definition of price sensitive information as provided in Section 96 of the Securities Act, 2015 or any superseding Act/Ordinance together with taking into account all the circulars or notifications by the Exchange or Commission.

### • Confidentiality

In general, all information regarding the Company, its operations, financial condition and future prospects, should be regarded as material and price sensitive, and must be treated as confidential unless it is already in the public domain.

Employees and third parties, such as the Company's auditors, bankers, lawyers or other professional advisors who require such information to properly execute their duties, are to protect the confidentiality of such information.

### • Major Corporate Developments

The Company will strictly enforce its procedures for the protection of confidentiality until such time as the development of any major corporate development, such as a merger or acquisition or the launch of a significant new business, has received all requisite approvals. Thereafter, special attention will be paid to ensure the widest and most complete dissemination of information concerning the development, in line with the provisions of this Policy, Companies Act and the Listing Regulations of the Exchange.

### • Amendment

The BOD may on its own motion or on recommendation of the BAC, if it considers that it would be in the interest of the Company to do so, alter, amend, modify or relax any restriction or terms and conditions of the IRP as it may deem fit.

Any provision(s) of this IRP in contravention of any applicable rules and regulation and any guidelines or circulars issued from time to time by the Securities and Exchange Commission of Pakistan (SECP)/Regulators, the latter shall supersede and prevail over the provisions contained in the IRP.

# Health & Safety Policy



In order to improve job satisfaction of the workforce, ensuring a safe and secure environment for employees is always considered important for any organization. To improve the safety and health conditions on an on-going basis, it is necessary to continuously monitor the health and safety issues in the environment and update the current procedures accordingly.

Commonsense and basic good housekeeping are the predominant factors influencing the maintenance of high standards of health and safety in offices and staff should always be conscious of dangers to themselves and their colleagues, presented by their working environment and activities.

Any unsafe conditions, e.g. faulty lifts, faulty fire doors, missing fire extinguishers, missing Fire Notices, defective equipment (particularly defective gas connections), poor lighting, damaged floor coverings, unsafe furniture and so on, should be

reported at once to immediate supervisor, admin officer or safety officer so that necessary remedial action can be taken.

Recognizing the importance of employee health and safety, the Company is committed to ensure that employees must know and follow all health and safety requirements of their specific job requirement.

The following items are considered for incorporation of Health & Safety Policy:

- Health and safety are to be given equal consideration with all other business functions.
- Health and safety are everyone's responsibility. Employees shall actively participate in all elements of the Health & Safety program.
- The organization is committed to comply with all corporate policies, procedures and applicable legislation.
- Health and safety are among our highest values and a key indicator of organizational excellence.
- All work-related injuries and illness are preventable by identifying and controlling risks.
- Hazard identification, risk assessment and risk control represent the foundation of a successful Health & Safety management system.
- Our Health & Safety management system is based on continuous improvement.

# Corporate Social Responsibility Policy



- Cyan recognizes that we must integrate our business values and operations to meet the expectations of our stakeholders. They include customers, employees, suppliers, the community and the environment.
- We recognize that our social, economic and environmental responsibilities to these stakeholders are integral to business. We aim to demonstrate these responsibilities through our actions and within our corporate policies.
- We take seriously all feedback, complaints and compliments that we receive from our stakeholders and, where possible maintain open dialogue to ensure that we fulfill the requirements outlined within this policy.
- We shall be open and honest in communicating our policies, strategies, targets, performance and governance to our stakeholders in our continual commitment to sustainable development.
- Cyan will, where reasonable, make the necessary resources available to realize our corporate responsibilities. The responsibility for delivery lies with all employees.
- In relation to community involvement, Cyan will identify a charity each year and staff will work together to raise funds and aid the charity as and when possible in a practical way.

- In selecting either a charity for this support or working with a charity in a team building scenario, Cyan will only support programs which are inclusive in nature and reach across all social and community backgrounds. Support will not be given to individuals or groups with political or sectarian connections.
- The management will spend at least 1% of profit before tax annually on CSR.

Cyan CSR activities will be focused on the following areas:

- Education
- Health Sector
- Community Building
- ✓ Children Welfare
- ✓ Women Empowerment
- ✓ Sports Development
- ✓ Heritage Preservation
- ✓ Relief Activities

Cyan considers the following factors while shortlisting the project:

- Associating to a cause which is in-line with the identified sectors
- Credibility and reput of the charity organization seeking assistance



# Insider Trading Policy



Cyan Limited has taken definitive steps in ensuring that all employees, officers, members of the Board and all such relevant persons follow strict guidelines while trading in the shares of the Company. The Insider Trading Policy codifies the Company's standards on trading and enabling the trading of securities of the Company or other publicly-traded companies while in possession of material non-public information.

The general guidelines within the policy state that:

- i. No trading in the securities of the Company is permitted for directors and all employees who are "Executives" as defined in the PSX Regulations, within the Closed Periods announced by the Company.
- ii. No insider may purchase or sell any Company's security while in possession of material non-public information about the Company, its customers, suppliers, consultants or other companies with which the Company has contractual relationships or may be negotiating transactions.

- iii. No insider who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.
- iv. In addition, no insider may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company in the way of conducting official business. No insider who knows of any such material non-public information may communicate that information to any other person, including family and friends.

## The Company's Responsibility to Disclose Inside Information

The Company's responsibility, in case of inside information made known to a third party, shall be to ensure that in such case the knowledge is given full public disclosure or if such information still needs to be kept non-public then the Company must ensure that the third party, is placed under legal obligation to maintain confidentiality.

# Governance, Risk Management and Compliance Policy



Cyan Limited (the "Company") aims to develop strong governance practices across the spectrum of the Company's activities along with a risk management framework to ensure that risks across the business are monitored and managed effectively.

## Governance

The CEO is responsible to ensure that the governance procedures are in place. The CFO and department heads are responsible for the implementation of necessary controls to ensure that the strategies, directions and instructions allocated to the departments and employees are carried out systematically and effectively. Detailed governance procedures are covered in the Code of Corporate Governance, Code of Conduct, Chairman and Chief Executive Responsibilities and the Authority Policy.

## Risk Management

### Board's Role in the Oversight of the Risk

As per the SECP Code of Corporate Governance, the Board must ensure that a risk management policy is in place and that all risk issues are reviewed and discussed by the Boards of Directors. This also includes reputational risk. Further the Board is required to address risk analysis, risk management and risk communication including any uncertainties surrounding the listed company in its annual report.

The Board's role will comprise the following with the objective to oversee the risks:

- Review the process that management has put in place and ensure that it is as per risk appetite approved by the Board and meets the risk tolerances established by them
- Discuss key issues and confirm the risk strategies implemented by management

- Ensure that the risk is communicated to the shareholders, stakeholders, regulators, stock exchange and other external parties in a timely manner

## Risk Management

Risk management is the logical and systematic method of identifying, analyzing, evaluating, treating and monitoring risks in a way that will enable the organization to meet its objectives and minimize losses and maximize opportunities.

While the CEO will be accountable for risk management, the Department heads will be responsible for the identification, assessment and prioritization of risks. The methods and goals will be determined by the objectives of the department i.e. financial, public health and safety, environmental, security etc. Risk will be managed by having controls in place or by transferring the risk to another party or by avoiding the risk. Risk register

will be maintained by each department and the risk mitigation plan will be approved by the appropriate level of authority.

## Risk Management Plan

Department Heads will be responsible for setting the appropriate controls or counter measures for each risk. Hence the department heads need to ensure that:

- Business processes have adequate built-in risk control and containment measures
- Risk is transferred to an external agency (e.g. an insurance company) where this is possible and appropriate
- Risks are avoided altogether (e.g. by closing down a particular high-risk business area)

## Leadership and Commitment

The responsibility of the CEO and CFO will comprise the following:

1. Develop and maintain a risk management system
2. Create general risk awareness within the company
3. Review and monitor risk
4. Nominate risk owners
5. Oversee the operations of risk management policy

6. Form a staff induction training program

2. Changes in the possible risk levels in the business environment

**Monitoring, Review and Reporting of risk**

A regular schedule for the review of risk needs to be in place to ensure that risk is monitored and managed as per the risk appetite of the company. As per the schedule given in the department's risk register, the departments will develop:

- Consistent and comprehensive reporting procedures
- Risk monitoring and contingency procedures
- Procedure for analyzing all feedback received in order to mitigate future risk assessment and allocation

A schedule will be established for the review of the risk management plans which will evaluate:

1. Applicability and effectiveness of the previously selected security controls and;

The risk register is a dynamic document that will be reviewed by the management on a quarterly basis and by BAC on a half year/annual basis. The risk review report prepared by each departmental head will include a statement on the effectiveness of internal controls. If any unanticipated risks emerge and the risk's impact is greater than the expected planned response or if risk's impact is significant to the business, this must be brought immediately to the CEO and CFO's attention.

**Compliance**

The CEO will be responsible for all external legal and regulatory compliance risks which will be managed within the above risk management framework.

**Adoption and Statement of Adherence with the International Integrated Reporting Framework (IR)**

Cyan Limited always strategizes in integration of financial, social and environmental information so to report its performance and activities by linking sustainability issues to business strategies.

Cyan focuses on economic, societal, technological and environmental factors and their impacts in Company's core strengths in order to achieve sustainable corporate value. The aim of our integrated reporting approach is to enable our stakeholders, including investors, to make a more informed assessment of the value of Cyan and its prospects that covers risk and the aspect of conformance. Cyan also ensures accurate measurement of operational, financial and sustainable performance against its strategy that ensures comparability with the industry and beyond.

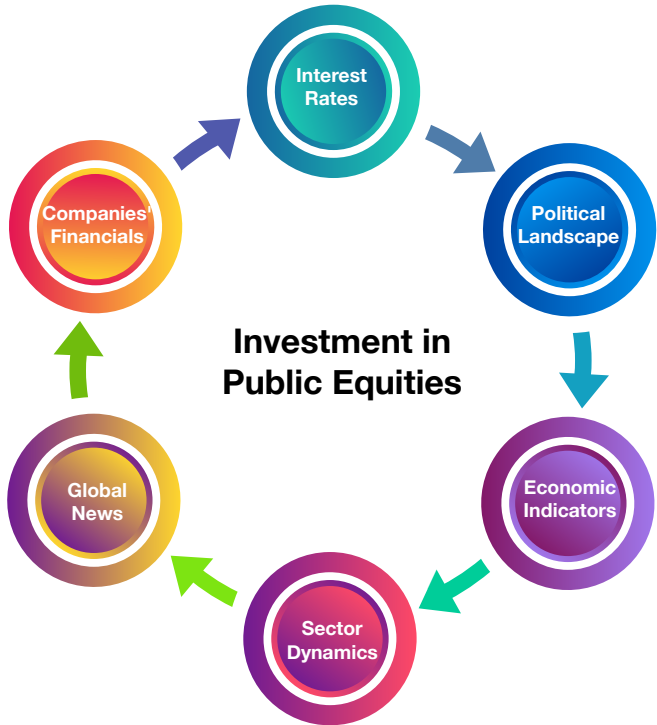
Adoption of International Integrated Reporting Framework depends on the individual circumstances of an entity and is still considered to be a practice in its early stages. We will continue to improve the information produced to make it even easier to understand, while taking into account the opinion of stakeholders reading this report. Initially, the Company has included following content elements for the users of this report:

- Organizational overview and external environment
- Risks, opportunities and internal controls
- Strategic objectives and strategies to achieve those objectives
- Governance and Remuneration
- Performance
- Outlook

The Management acknowledges that reasonable care has been taken in preparation and presentation of this Integrated Report presented herewith which comprises the discussion, analysis and disclosures pertaining to stewardship, which should be read in conjunction with the audited financial statements. The role of stewardship brings upon it an obligation to be transparent and accountable, which is thoroughly recognized in this report.

**Business Model:  
(As per the guidelines under section 4C of the International Integrated Reporting Framework)**

At Cyan, we base our investment decisions by analyzing economic indicators, political landscape, interest rates, sector dynamics and companies' financials, which we believe aligns our goals with the interests of our stakeholders. Our dynamic strategies helped the company to generate alpha as compared to the benchmark KSE -100 index.



Our aim is to make such investments which maximize benefits and creating value for all stakeholders. Maintaining high standards of corporate governance, transparency and best business practices are the key to our success. We continuously raise our bar via following focused business strategies:

- Compliance with all applicable laws and regulations.
- Diversification through sector allocations.
- Develop better operational capacity of human resource via proper training.

**Directors’ Orientation and Training**

All the Directors of the Company are well experienced and have diverse backgrounds. At the time of induction of any new director, he or she is given proper orientation about the operations of the Company and his or her fiduciary responsibilities. The Company is compliant in respect of certification of all directors under the directors’ training program offered by institutions that meet criteria specified by SECP.

**Policy on Directors’ Remuneration**

The Directors’ Remuneration policy has been developed to remunerate Directors in line with the market norms in the largest interest of Cyan Limited ("the Company"). The objective of the remuneration policy is to create a remuneration structure that will allow the Company to attract, reward and retain qualified Directors who will lead the Company in achieving its strategic objectives. The Company in its 51st AGM held on April 30, 2011 approved the Director’s Remuneration (other than Group Executives) for attending the Board and the Board Committees’ meetings in compliance with the requirements of Article 78(a) of the Company’s Article of Association.

The Board of Directors may on its own motion or on recommendation of the BHR & RC, if it considers that it would be in the interest of the Company to do so, alter, amend, modify or relax any restriction or terms and conditions of the Directors’ Remuneration Policy as it may deem fit subject to approval of Shareholders in the general meeting. Any provision(s) of this Directors’ Remuneration Policy in contravention of any applicable rules and regulation and any guidelines or circulars issued from time to time by the Securities and Exchange Commission of Pakistan (SECP)/Regulators, the latter shall supersede and prevail over the provisions contained in the Directors’ Remuneration Policy.

**Matters Delegated to the Management**

Responsibility for implementing the strategies, conducting the routine business operations of the Company in accordance with the strategies and goals as approved by the Board of Directors is the primary responsibility of the Management. Management is also concerned in keeping the Board members updated regarding any changes in the operating environment. It is also the responsibility of management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the

Company in accordance with applicable accounting standards and legal requirements.

**Governance Practices Exceeding Legal Requirements**

Cyan Limited is proud to have successfully adapted practices to reflect the changing standards of evolving governance regulations. Today we meet, and often exceed, all mandatory legal compliances under the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Companies Act 2017 and other applicable rules, regulations and standards. In addition, we have also carried out the following activities in addition to the legal requirements;

- Voluntary adoption of best reporting practices as prescribed by ICAP/ICMAP/SAFA with view to make Company’s financials more transparent.
- Cyan has developed and implemented health and safety standards to ensure to ensure proper safety of its people and equipment.

**Related Parties**

Disclosure requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards have been complied and presented in note 26 to the financial statements presented afterwards in this annual report.

**POLICY ON TRANSACTIONS/CONTRACTS WITH ASSOCIATED COMPANIES / RELATED PARTIES**

CYAN Limited shall ensure that all transactions/ contracts with related parties/subsidiary and associated companies are carried out on arm’s length basis and in line with the market norm for all commercial transactions. No undue favors shall be accorded to any related party/subsidiary and associated company while entering into any transactions. All transactions with related parties/ subsidiary and associated companies shall be duly declared as per prescribed Regulations of SECP.

**Statement of Managements Responsibility Towards the Preparation and Presentation of Financial Statements and Directors Compliance Statements**

The Company, its Board of Directors and the management have always been keen to follow the standards set down by governing institutions. In lights of the same strict compliance of all standards

set out by ICAP, the Companies Act, the international Accounting Reporting Standards have been adhered to and otherwise good and responsible reporting has been our general practice.

**Conflict of Interest Policy**

Cyan Limited provides a code of conduct for all directors of the Company to avoid any conflicts of Interest between the director and the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company, should be disclosed promptly to the Board of Directors.

This policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

Directors should communicate any suspected violations of the above policy promptly to the Chairman of the Audit Committee. Violations will be investigated by the Board or by persons designated by the Board, and appropriate action will be taken in the event of any violations of the Code.

**Human Resource Policies**

The primary goal of our human resource department is to ensure that we have the right people at the right time in the right position. Our HR department, through continuous consultation with other departments, determines our future HR requirement. We then aim to meet such requirements through talent acquisition, talent development and succession planning.

Our objective always remains to recruit dynamic people whose caliber and capabilities are best suited for the job, which we conform to through our recruitment and selection process. In addition to recruiting employees externally, we seek to meet our HR requirements through job rotations. This enables us to create more career opportunities for our people and enhances both lateral and upward mobility in our organization.

Our employees are reviewed against their job objectives annually depending on their job roles. Our performance appraisal process enables us to emphasize on the growth of our employees as well as identify their learning and career development needs. As a part of this process, through constructive dialogue, our employees are also encouraged to work on areas where there is scope of improvement. We also get to identify our high-

potential employees for our succession-planning program. This process also helps us to ensure that the contributions of our employees are properly recognized and appropriately rewarded.

Succession planning is critical to us, as it enables us to ensure leadership continuity and avoid extended and costly leadership vacuum. We prefer to promote from within the organization so that we can create greater career opportunities for our people.

The Company has a complete set of other HR policies referred as HR Manual for appointment and commencement of service, Salary and other perquisites, Medical and Life Insurance facilities, Training and development, Performance evaluation etc.

**Diversity Policy**

Cyan is committed to fostering, cultivating and preserving a culture of diversity and inclusion.

Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and company’s achievement as well.

We embrace and encourage our employees’ differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

Cyan’s diversity initiatives are applicable but not limited to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.



- Work/life balance through flexible work schedules to accommodate employees' varying needs.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity.

#### Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB)

Cyan Limited is preparing statutory financial statements in accordance with the IFRS issued by IASB as notified under the Companies Act 2017 including the disclosure requirements of fourth schedule.

In addition to this, note 3 to the financial statement specify few standards and interpretations which are yet to be effective in Pakistan. The Company believes that that the impact of the above standards does not have any material impact to the financial statements.

#### Presence of the Chairman Audit Committee at the AGM

Honoring the trust reposed in the Company by our shareholders, we strive to enforce a transparent relationship in all our dealings. To address any concerns and queries raised by our esteemed shareholders, all members of the Board including the Chairman Audit Committee, Chief Executive and other senior management personnel were present at the General Meeting held during the year.

#### Quarterly and Annual Financial Statements

Quarterly and Annual Financial statements of the Company are duly endorsed by Chief Executive and Chief Financial Officer for circulation to the Directors. The financial statements are then approved, published, and circulated to shareholders within one month of the closing date in case of quarterly financial statements and within permitted limit in case of half yearly financial statements. The half yearly financial statements of the Company were duly reviewed by the external auditors. Annual financial statements are audited by the External Auditors and recommended by the Board for shareholders' approval within permitted limit after the closing date and presented to the shareholders in the Annual General Meeting for approval. Other non-financial information to be circulated to other stakeholders is also delivered in

an accurate and timely manner in accordance with the applicable regulatory requirements

#### Compliance with the Best Practices of Code of Corporate Governance:

The Company adheres to the best practices of governance. The Statement of Compliance with the Code of Corporate Governance along with Auditor's review report thereon also form part of the Annual Report.

#### Code of Conduct

Cyan Limited continues robust corporate governance practices help the Company to create sustainable and long-term value. Our commitment to good corporate behavior is reflected in our standards of business conduct, which ensure that business objectives are met in a transparent and accountable manner. In order to apprise employees of the Code of Conduct, all employees upon joining the Company are required to read and understand the Code of Conduct and sign a declaration of compliance with it. As a refresher on the Code, renewal of the declaration to directors and employees is also carried out electronically on annual basis.

#### Roles and Responsibilities of the Board of Directors:

The Board of Directors is responsible for corporate governance and is committed to creating enduring value for all stakeholders of the Company. The Board performs its functions in conformity with applicable statutes including the Companies Act, 2017. Some of the key functions of the Board include approval of Company's vision and mission, yearly budgets, strategies, policies of the Company, financial statements, appointment of key management positions, sanction of major capital expenditures and investments, periodic review of the risks facing the business and periodic review of the Company's operational performance. The Board is also assisted by a number of subcommittees composed of independent and non-executive Directors.

#### Companies Where Executive Directors are Serving as Non-Executive Directors of the Companies:

The Company has two executive Directors, Mr. Sulaiman S. Mehdi (CEO) and Mr. Faisal Nadeem (CFO). The details of their directorships on the Board of other companies are mentioned in their respective profiles in this Report.

#### Role of External Search Agency in the Appointment of the Chairman or Non-Executive Director:

The Directors were elected unopposed in the Annual General Meeting (AGM) held on May 21, 2020. The justification regarding independent Directors has stated in statement under section 166(3) of the Companies Act, 2017 accompanying the notice of AGM. No search or consultancy firm was involved.

#### Investor Relations Section on Website

Cyan's Board has approved the Investor Relations Policy to provide accurate, transparent and timely information to shareholders. The Company has provided a dedicated section on its website (<http://www.cyanlimited.com>) in order to facilitate the stakeholders and in compliance with the regulatory requirements. The website is being maintained in English and Urdu. The website is regularly updated to ensure that the Company meets its regulatory requirements and provides all information relevant to all stakeholders.

#### Issues Raised in Last Annual General Meeting:

Annual General Meeting (AGM) of the Company was held on May 21, 2020, where queries regarding the operational and financial performance including the future profitability were raised by the shareholders and the same were answered to their satisfaction.

#### Steps Taken by the Management to Encourage Minority Shareholders:

The Company encourages all shareholders including minority shareholders to attend the Annual General Meeting (AGM). The Company complies with all the regulatory requirements to facilitate the shareholders to attend the AGM. Notice is sent to all shareholders within the regulatory timeframe. Besides that, the notice is also published on PUCAR Portal and also printed in English and Urdu Newspaper having nationwide circulation. The notices are also placed on Company's corporate website as soon as the same are announced.

#### Stakeholders Engagement Process:

Company believes in providing fair and timely information to its stakeholders. Stakeholders' Engagement ensures management communication with all stakeholders across the wide spectrum of its activities. Continuous feedback is also sought to bring the plan in line with global best practices.

The Company's financial and other information is also available in the Annual Report and on the Company's corporate website ([www.cyanlimited.com](http://www.cyanlimited.com)). A dedicated email ID has also been provided on

the corporate website to encourage all stakeholders to share their queries and feedback. The Company regularly interacts with the shareholders through PSX announcements, corporate briefings, notices to shareholders and its website. Further the Company also maintains a dedicated section on the corporate website for investor relations to facilitate shareholder queries. The Company also arranged a corporate briefing session on December 16, 2020 which was attended by shareholders and analysts.

#### Policy for Safety Records of the Company:

In compliance with the regulatory requirements, the Company maintains relevant records both in physical and electronic form. In addition to that, IT Disaster Recovery Plan has also been prepared and implemented by the Company to ensure smooth functioning of the business in case of any disaster.

#### Business Continuity Plan/ Disaster Recovery Plan:

The Company has a detailed disaster recovery plan and business continuity plan for each business. CYAN Limited too has made substantial investment in IT and is using different IT systems and services including the Local Area Network ("LAN"), Wide Area Network ("WAN"), database, servers & storage, Internet, Communication Services, email system and different business applications for the efficient running of its daily business operations.

CYAN has established IT setup and has subscriptions & agreements with external hosting and service providers to fulfill the data processing needs for different business functions. The plan outlines the strategies and processes to ensure timely restoration and smooth functioning of the business in case of any catastrophe or calamity. The plan aims to ensure that all critical Business functions continue to operate during a calamity on an interim basis without disruption. The plan is reviewed by the Board and changes are suggested, if any.

#### Evaluation of the Chief Executive's Performance

The performance of the CEO is reviewed on annual basis as per assigned targets. This also includes assessment of his roles and responsibilities as prescribed under the regulatory framework.

#### Risk Management

The Company conducts regular assessments of its risk landscape to effectively identify emerging risks that could affect its performance, stability or business model.

The Board holds apex responsibility for ensuring that the Company's risks are identified and mitigated effectively. The Board is supported by the Audit Committee in discharging its risk management related responsibilities and the Audit Committee reviews the effectiveness of the Company's risk management and internal control systems semi-annually. The Company's risk management framework is characterized by defined mandates, comprehensive Risk Management Approach, Risk Identification, Risk Management Monitoring Assessment and Evaluation policy frameworks and clear governance structures.

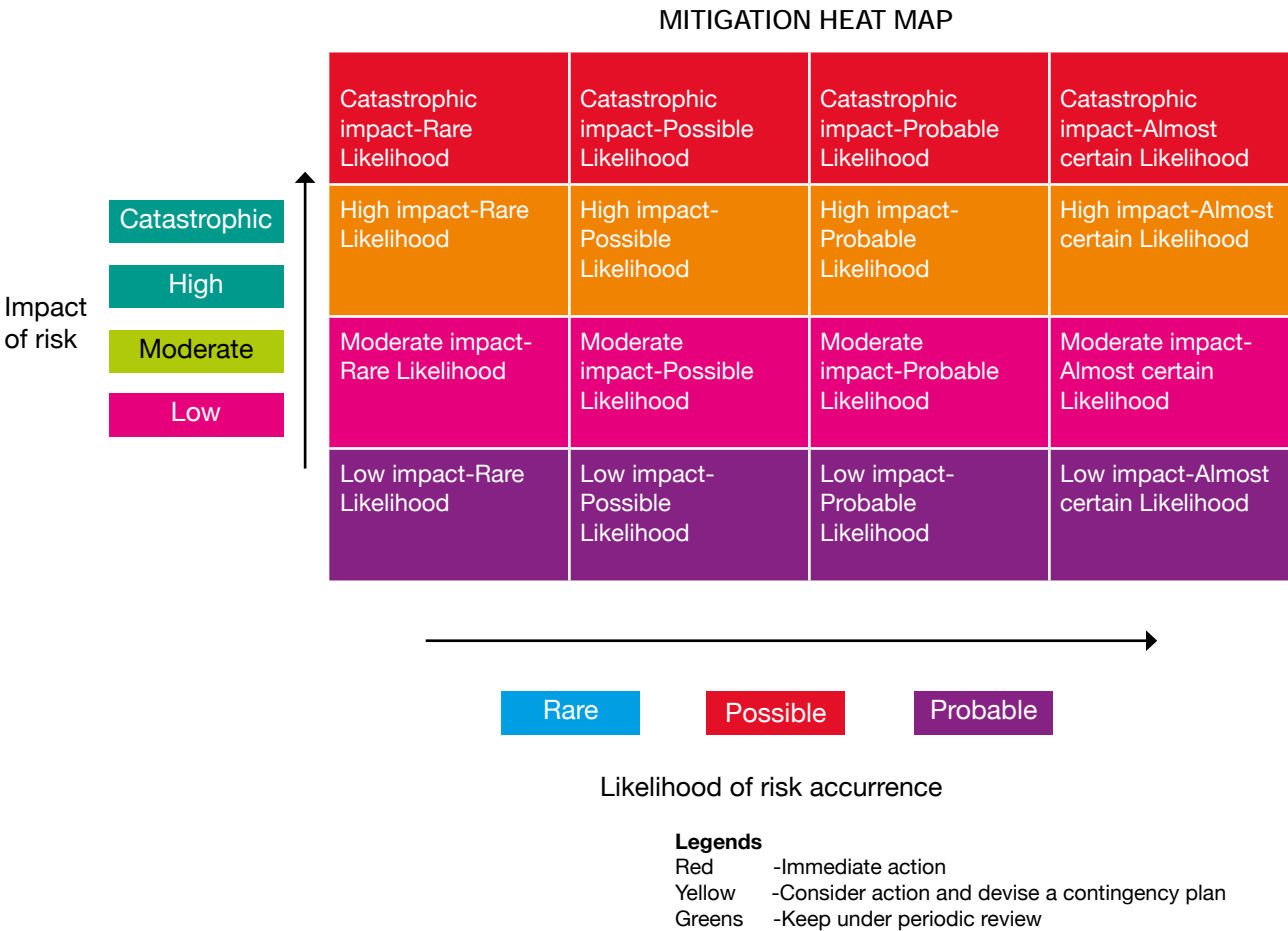
**a. Risk Identification** - Every quarter, a risk assessment is carried out to identify the principal variables and uncertainties faced by the Company, including those that would threaten its business model, future performance, solvency or liquidity. Financial and non-financial risks are identified at a functional level, with inputs from relevant subject matter experts in the organization. The identified

risks are reviewed for completeness on a regular basis and reported to the Audit Committee.

**b. Assessment and Evaluation** - A risk register, which is standardized across the Company, is maintained to assess and evaluate risks. All identified risks are assessed at three levels (high/medium/low) with reference to the likelihood of occurrence and the potential impact. Tolerance levels and trigger points are also defined for each identified risk.

**c. Risk Management** - Based on the risk scores derived from the risk assessment, the respective functions formulate strategies to curtail and mitigate these risk exposures. Responsibility for managing each identified risk is allocated to the head of function best placed to manage it as the risk owner.

**d. Monitoring** - Risks are monitored at multiple levels in the organization. Identified risks, the risk register, mitigation plans, and performance of each identified risk are evaluated at each levels throughout the year.



**Connection of External Search Consultancy for Selection of Independent Directors**

Selection of independent directors is carried out from a list maintained by the Pakistan Institute of Corporate Governance (PICG) under the Companies (Manner and Selection of Independent Directors) Regulations, 2018. PICG has no other connections with the Company, except for providing access to the database on independent directors besides directors' training and evaluation of Board and / or individual directors' performance.

**Policy of Retention of Board Fee by the Executive Director in Other Companies**

Cyan's CEO who is an executive director of the Company is also non-executive director on the Boards of other Companies as disclosed in their respective profiles in this Report. Fees paid by these companies follow their respective policies which have been approved by their Boards of Directors. Cyan does not have any policy that requires retention of meeting fee earned by executive director against his services as non-executive director in other companies.

**Statement of Unreserved Compliance of International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB)**

Cyan Limited is preparing statutory financial statements in accordance with the IFRS issued by IASB as notified under the Companies Act 2017 including the disclosure requirements of fourth schedule.

In addition to this, note 3 to the financial statement specify few standards and interpretations which

are yet to be effective in Pakistan. The Company believes that the impact of the above standards does not have any material impact to the financial statements.

**Presence of the Chairman Audit Committee at the AGM**

Honoring the trust reposed in the Company by our shareholders, we strive to enforce a transparent relationship in all our dealings. To address any concerns and queries raised by our esteemed shareholders, all members of the Board including the Chairman Audit Committee, Chief Executive and other senior management personnel were present at the General Meeting held during the year.

**Quarterly and Annual Financial Statements**

Quarterly and Annual Financial statements of the Company are duly endorsed by Chief Executive and Chief Financial Officer for circulation to the Directors. The financial statements are then approved, published, and circulated to shareholders within one month of the closing date in case of quarterly financial statements and within permitted limit in case of half yearly financial statements. The half yearly financial statements of the Company were duly reviewed by the external auditors. Annual financial statements are audited by the External Auditors and recommended by the Board for shareholders' approval within permitted limit after the closing date and presented to the shareholders in the Annual General Meeting for approval. Other non-financial information to be circulated to other stakeholders is also delivered in an accurate and timely manner in accordance with the applicable regulatory requirements.



# Report of the Audit Committee

The Audit Committee has concluded its annual review of the conduct and operations of the Company during 2020, and reports that:

- The Company has issued a “Statement of Compliance with the Code of Corporate Governance” as stipulated in listed Companies (Code of Corporate Governance) Regulations 2019, which has also been reviewed and certified by the Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management, and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the Annual Financial Statement for the year ended December 31, 2020. All cores & other applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended December 31, 2020, which present fairly the State of Affairs, Results of Operations, Profits, Cash Flows and Changes in Equities of the Company.
- The Chief Executive and the Chief Financial Officer have reviewed the Financial Statements of the Company and the Directors’ Report. They acknowledge their responsibility for true and fair presentation of the Company’s financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgments. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Act, 2017 and the external reporting is consistent with Management processes and adequate for shareholder needs.
- Closed periods were duly determined and announced by the Company, limiting the Directors, the Chief Executive and Executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim /final results or distribution to shareholders or any other business decision, which could materially affect the share market price of Company.

## RISK MANAGEMENT

- The Board of Directors have established a robust framework of Enterprise Risk Management-ERM with a clearly documented policy and detailed procedures defining therein the roles & responsibilities of the Board, senior management as well as individual managers of the Company. The framework defines a formal and uniform process for risk identification, capturing relevant details, categorization, assessment of likelihood and impact, prioritization based on risk exposure, appropriate assignment of ownership and the pertinent action plan. The ERM process is diligently established in the organization and is reviewed and monitored annually by the Board Audit Committee for further recommendation to the Board.

## INTERNAL AUDIT

- The internal control framework has been effectively implemented; the Board has established an effective internal audit function within the Company.
- The Company’s system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.

- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.
- The Internal Audit function has carried out its duties under the charter approved by the Committee. The Committee has reviewed material Internal Audit findings and taken appropriate action and also brought the matters to the Board’s attention where required.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the function has all necessary access to Management and the right to seek information and explanations.

## EXTERNAL AUDITORS

- The statutory Auditors of the Company, A. F. Ferguson & Company, Chartered Accountants, have completed their Audit assignment of the “Company’s Financial Statements” and the “Statement of Compliance with the Code of Corporate Governance” for the financial year ended December 31, 2020 and shall retire on the conclusion of the 61st Annual General Meeting.
- The Audit Committee has reviewed and discussed Audit Report with the External Auditors.
- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors attended the Annual General Meetings of the Company during the year and have confirmed attendance of the 61st Annual General Meeting scheduled to be held on March 31, 2021 and have indicated their willingness to continue as Auditors.
- The Audit Committee has recommended the appointment of A.F. Ferguson & Co. Chartered Accountants as External Auditors of the Company for the year ending December 31, 2021.

Karachi: February 22, 2021

**Kamran Nishat**  
Chairman - Audit Committee

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

## CYAN LIMITED

Year Ended December 31, 2020

The company has complied with the requirements of the Regulations in the following manner:

- The total number of directors are seven (07) as per the following:
  - Male: 06
  - Female: 01
- The composition of board is as follows:

Category	Names
Independent Directors*	Hasan Reza-Ur Rahim Kamran Nishat
Non-executive Directors	Inam ur Rahman Shafiq Ahmed
Executive Directors	Sulaiman S. Mehdi Faisal Nadeem
Female Director	Kulsum Dawood

**\*Notes:** Numbers of directors are seven and one third is 2.33 and as a general principal 0.33 is not rounded off to one.

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
- The Board has developed a vision/mission statement, overall corporate strategy, and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- The company is compliant in respect of certification of all directors under the Director's Training program;
- The Board has approved appointment of company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

- Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
- The board has formed committees comprising of members given below:

### a) Audit Committee

Name	Designation	Category
Mr. Kamran Nishat	Chairman	Independent Director
Mr. Inam Ur Rahman	Member	Non-Executive Director
Mr. Shafiq Ahmed	Member	Non-Executive Director

### b) Human Resource and Remuneration Committee

Name	Designation	Category
Mr. Kamran Nishat	Chairman	Independent Director
Mr. Hasan Reza Ur Rahim	Member	Independent Director
Mr. Inam Ur Rahman	Member	Non-Executive Director

### c) Investment Committee

Name	Designation	Category
Mr. Hasan Reza Ur Rahim	Chairman	Independent Director
Mr. Inam Ur Rahman	Member	Non-Executive Director
Mr. Shafiq Ahmed	Member	Non-Executive Director

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
- The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
  - Audit Committee: 06 meetings held during the year ended on December 31, 2020.
  - HR and Remuneration Committee: 01 meeting held during the year ended on December 31, 2020.
  - Investment Committee: 01 meeting held during the year ended on December 31, 2020.
- The Board has set up an effective internal audit function managed by a suitably qualified and experienced professional who is conversant with the policies and procedures of the Company;
- 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 Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
- 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; and
- We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

Karachi: February 23, 2021

**HASAN REZA UR RAHIM**  
Chairman



# INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cyan 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 prepared by the Board of Directors of Cyan Limited (the Company) for the year ended December 31, 2020 in accordance with the requirements of regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions 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 transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties 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 December 31, 2020.



A. F. Ferguson & Co.  
Chartered Accountants  
Karachi  
Dated: March 2, 2021

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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KARACHI LAHORE ISLAMABAD

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF CYAN LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Cyan Limited (the Company), which comprises the statement of financial position as at December 31, 2020, and statement of profit or loss and other 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, the statement of profit or loss and other 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 December 31, 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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 is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
(i)	<b>Investments</b> (Refer note 9 to the financial statements)	
	The total assets of the Company aggregate to Rs. 3,004 million out of which investments amounts to Rs. 2,946 million. These investments are measured at fair value through profit or loss, fair value through other comprehensive income and amortised cost.	Our audit procedures included: <ul style="list-style-type: none"> <li>Reviewed the design and tested the operating effectiveness of the key controls for valuation of investments;</li> </ul>



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KARACHI LAHORE ISLAMABAD



S.No.	Key Audit Matter	How the matter was addressed in our audit
	Due to the significance of these investments to the overall statement of financial position of the Company as at December 31, 2020, the valuation of these investments in accordance with the adopted accounting policy was a significant risk and considered a key audit matter.	<ul style="list-style-type: none"> <li>Obtained independent confirmations for verifying the existence of the investment portfolio as at December 31, 2020 and reconciled it with the books and records of the Company;</li> <li>Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies; and</li> <li>Reviewed the presentation and disclosures related to investments and assessed whether it complied with the applicable financial reporting framework.</li> </ul>

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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.

The 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 judgement 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss and 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;





A·F·FERGUSON&Co.

- (c) investments made and expenditure incurred during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Shahbaz Akbar**.

*Afferguson*

Chartered Accountants

Karachi

Date: March 2, 2021

# Financial Statements





# Statement of Financial Position

As at December 31, 2020

	Note	2020 (Rupees in '000)	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	28,074	39,236
Intangible assets	7	246	109
Deferred taxation	16	-	83,815
Long term investment	9	44,110	42,248
Long term loans	8	3,445	4,282
Long term deposits		2,500	2,500
		<u>78,375</u>	172,190
<b>Current assets</b>			
Short term investments	9	2,902,210	2,325,275
Long term loans - current portion	8	917	2,094
Trade and other receivables	10	11,872	11,976
Advances and short-term prepayments	11	3,193	8,298
Cash and bank balances	12	7,803	1,869
		<u>2,925,995</u>	2,349,512
<b>TOTAL ASSETS</b>		<u><u>3,004,370</u></u>	<u><u>2,521,702</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital			
100,000,000 (2019: 100,000,000) Ordinary shares of Rs. 10 each		<u>1,000,000</u>	1,000,000
Issued, subscribed and paid-up share capital	13	615,591	586,277
Unappropriated profit		1,027,125	757,785
Reserves	14	133,088	133,088
Remeasurement on post retirement benefits obligation - net of tax		1,831	(384)
Surplus on revaluation of investments carried at fair value through other comprehensive income		674,723	639,564
		<u>2,452,358</u>	2,116,330
<b>Non-current liabilities</b>			
Deferred liability - gratuity	15	19,235	17,358
Deferred taxation	16	17,147	-
Lease liability against right-of-use asset		-	9,143
		<u>36,382</u>	26,501
<b>Current liabilities</b>			
Trade and other payables	17	171,586	68,174
Current portion of lease liability against right-of-use asset		9,144	8,023
Unclaimed dividend		25,519	26,727
Short term borrowings	18	225,924	195,446
Taxation - net		83,457	80,501
		<u>515,630</u>	378,871
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>3,004,370</u></u>	<u><u>2,521,702</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	19		

The annexed notes 1 to 36 form an integral part of these financial statements.

**Faisal Nadeem**  
Chief Financial Officer

**Sulaiman S. Mehdi**  
Chief Executive

**Kamran Nishat**  
Director

# Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2020

	Note	2020 (Rupees in '000)	2019
Return on investments	20	57,247	99,841
Gain on sale of investments - net		454,494	137,591
Other income	21	14,190	15,695
		<u>525,931</u>	253,127
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net		<u>230,301</u>	(2,298)
		<u>756,232</u>	250,829
<b>EXPENSES</b>			
Operating and administrative expenses	22	(244,537)	(144,493)
Financial charges	23	(42,186)	(11,463)
		<u>(286,723)</u>	(155,956)
<b>Profit before taxation</b>		<u>469,509</u>	94,873
Taxation - current year	24	(12,169)	(20,400)
- prior year	24	-	13,105
- deferred	24	(100,058)	10,364
		<u>(112,227)</u>	3,069
<b>Net profit for the year after taxation</b>		<u>357,282</u>	97,942
<b>Other comprehensive income for the year</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Surplus on revaluation of investments carried at fair value through other comprehensive income		35,159	182,787
Remeasurement of post retirement benefits obligation - net of tax		2,215	1,471
<b>Total comprehensive income for the year</b>		<u><u>394,656</u></u>	<u><u>282,200</u></u>
		(Rupees)	(Restated)
<b>Basic and diluted earnings per share</b>	31	<u>5.80</u>	<u>1.59</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

**Faisal Nadeem**  
Chief Financial Officer

**Sulaiman S. Mehdi**  
Chief Executive

**Kamran Nishat**  
Director

# Statement of Changes in Equity

For the year ended December 31, 2020

	Share capital	Capital reserves			Revenue reserves		Remeasurement on post retirement benefits obligation - net of tax	Surplus / (deficit) on revaluation of investments at fair value through other comprehensive income	Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	Reserve for bonus shares	Capital gain reserve	General reserve	Unappropriated profit			
----- (Rupees in '000) -----									
Balance as at January 1, 2019	586,277	10,535	-	2,553	120,000	659,843	(1,855)	456,777	1,834,130
Total comprehensive income / (loss) for the year ended December 31, 2019									
Net profit for the year	-	-	-	-	-	97,942	-	-	97,942
Other comprehensive income	-	-	-	-	-	-	1,471	182,787	184,258
	-	-	-	-	-	97,942	1,471	182,787	282,200
Balance as at December, 31 2019	586,277	10,535	-	2,553	120,000	757,785	(384)	639,564	2,116,330
Transactions with owners recorded directly in equity									
Transfer to reserve for issue of bonus shares	-	-	29,314	-	-	(29,314)	-	-	-
Issue of bonus shares @ 5% for the year ended Dec 31, 2019	29,314	-	(29,314)	-	-	-	-	-	-
Final dividend @ Rs.1 per share for the year ended Dec 31, 2019	-	-	-	-	-	(58,628)	-	-	(58,628)
	29,314	-	-	-	-	(87,942)	-	-	(58,628)
Total comprehensive income for the year ended December 31, 2020									
Net profit for the year	-	-	-	-	-	357,282	-	-	357,282
Other comprehensive income	-	-	-	-	-	-	2,215	35,159	37,374
	-	-	-	-	-	357,282	2,215	35,159	394,656
Balance as at December 31, 2020	615,591	10,535	-	2,553	120,000	1,027,125	1,831	674,723	2,452,358

The annexed notes 1 to 36 form an integral part of these financial statements.

Faisal Nadeem  
Chief Financial Officer

Sulaiman S. Mehdi  
Chief Executive

Kamran Nishat  
Director

# Statement of Cash Flows

For the year ended December 31, 2020

	Note	2020 (Rupees in '000)	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		469,509	94,873
<b>Adjustment for non cash charges and other items:</b>			
Depreciation on owned fixed asset		5,396	5,306
Depreciation on right-of-use asset		8,039	8,039
Amortisation		115	98
Gain on sale of property and equipment		(210)	(990)
Gain on sale of investments - net		(454,494)	(137,591)
Amortisation of premium on government securities		(1,862)	(3,235)
Financial charges		42,186	11,463
Unrealised appreciation / (diminution) on re-measurement of investments classified as financial assets at fair value through profit or loss - net		(230,301)	2,298
		(631,131)	(114,612)
<b>Operating loss before working capital changes</b>		<b>(161,622)</b>	<b>(19,739)</b>
<b>Decrease / (increase) in operating assets</b>			
Trade and other receivables		104	31,796
Long term loans		2,014	2,108
Advances and short-term prepayments		5,105	(5,007)
		7,223	28,897
<b>Increase in operating liabilities</b>			
Deferred liability		4,996	4,149
Trade and other payables		103,412	29,625
		108,408	33,774
<b>Net cash (used in) / generated from operations</b>		<b>(45,991)</b>	<b>42,932</b>
Taxes paid		(9,213)	(52,174)
Financial charges paid		(38,811)	(12,345)
Dividend paid		(59,836)	(5,872)
<b>Net cash used in operating activities</b>		<b>(153,851)</b>	<b>(27,459)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments		7,825,715	4,946,983
Investment in securities		(7,682,695)	(4,884,246)
Capital expenditure incurred		(2,617)	(16,506)
Proceeds from sale of property and equipment		302	1,626
<b>Net cash generated from investing activities</b>		<b>140,705</b>	<b>47,857</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Principal portion of lease liability against right-of-use asset		(8,023)	(6,281)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(21,169)</b>	<b>14,117</b>
Cash and cash equivalents at the beginning of the year		(185,113)	(199,230)
<b>Cash and cash equivalents at the end of the year</b>	12.2	<b>(206,282)</b>	<b>(185,113)</b>

The annexed notes 1 to 36 form an integral part of these financial statements.

Faisal Nadeem  
Chief Financial Officer

Sulaiman S. Mehdi  
Chief Executive

Kamran Nishat  
Director

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

## 1 LEGAL STATUS AND NATURE OF BUSINESS

Cyan Limited ("the Company"), a DH Group Company, is a Public Limited Company incorporated in Pakistan on April 23, 1960 under the Companies Act, 1913 (now Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 4th Floor Dawood Centre, Molvi Tamizuddin Khan Road, Karachi. The Company is a subsidiary of Dawood Corporation (Private) Limited (the Parent Company).

The Company is engaged in making equity investments in companies with high growth potential.

## 2 BASIS OF PREPARATION

### 2.1 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 Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

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

### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis, except for certain investments which are measured at fair value as described in note 4.5 and certain staff retirement benefits which are carried at present value as described in note 4.12.

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest thousand rupees.

### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- (a) Classification of investments (note 4.5 and 9).
- (b) Accounting for defined benefit plan (note 4.12 and 15).

- (c) Depreciation / amortisation of operating fixed assets and intangible assets (note 4.1, 4.6, 6 and 7)
- (d) Provision for taxation (current and prior years) and deferred taxation (note 4.3, 16 and 24)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

## 3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

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

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after January 1, 2020. These are considered either to not be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

### 3.2 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following new standards and interpretations of and amendments to existing published accounting and reporting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

Amendments	Effective date (accounting period beginning on or after)
- IFRS 16 - 'Leases' (amendments)	June 01, 2020
- IAS 1 - 'Presentation of financial statements' (Amendments)	July 01, 2022
- IAS 16, - 'Property, plant and equipment' (amendments)	July 01, 2022
- IAS 37, - 'Provision, contingent liabilities and contingent assets' (amendments)	July 01, 2022

The management is in the process of assessing the impact of these standards on the financial statements of the Company.

There are certain new standards, amendments to the published accounting and reporting standards and new interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2021. However, these will not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

## 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

## 4.1 Property and Equipment

### 4.1.1 Tangible

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Maintenance and normal repairs are charged to the profit or loss as and when incurred. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is possible that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably.

Depreciation on tangible fixed assets is charged to the profit or loss by applying the reducing balance method except in the case of cell phones in which case the straight line method is applied, whereby the depreciable amount of an asset is written-off over its estimated useful life at the rates specified in note 6. Depreciation is charged on additions from the date the asset is available for use whereas depreciation on disposals is charged till the date of disposal.

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

The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end. Gain or loss on disposal of fixed assets is charged to the profit or loss.

### 4.1.2 Intangibles

Intangible assets comprise software license, and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged over the useful life of the asset on a systematic basis to profit or loss by applying the straight line method at the rates specified in note 7 to the financial statements.

## 4.2 Lease liability and right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be

payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

## 4.3 Taxation

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

### 4.3.1 Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

### 4.3.2 Deferred

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

The Company recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 4.4 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, stamps in hand, deposits, short term placements with banks and short term borrowings which form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## 4.5 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchase and classifies its investments as at fair value through profit or loss, fair value through other comprehensive income and amortised cost. The classification depends on the purpose for which the investments were acquired.



# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

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

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

## 4.5.2 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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.

On adoption of IFRS-9, the Company has made an irrevocable election in respect of equity securities categorized under Available for sale, to present changes in fair value in other comprehensive income rather than profit or loss. When this election is used, fair value gains and losses recognised in other comprehensive income are not subsequently reclassified to profit or loss, including on disposal.

## 4.5.3 Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses and gain or loss arising on derecognition are recognised directly in profit or loss.

## 4.6 Impairment

### 4.6.1 Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

### 4.6.2 Non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 4.7 Financial instruments

Financial instruments carried on the statement of financial position include investments, deposits, loans, advances, cash and bank, sundry receivables, loans to employees, accrued expenses, other creditors and accruals, unclaimed dividends and short term borrowings.

Financial assets are recognised at the time the Company becomes a party to the contractual

provisions of the instruments. These are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transactions costs are recognised in the profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Any gain or loss on derecognition of financial assets is taken to the profit or loss except for investment in equity securities classified as fair value through other comprehensive income.

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instruments. These are initially recognised at fair values and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the profit or loss.

## 4.8 Off-setting of financial assets and liabilities

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

## 4.9 Trade and other payables

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

## 4.10 Provisions

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

## 4.11 Revenue recognition

### Return on Investments

- i) Dividend income on equity securities is recognised in the profit or loss when the right to receive the dividend is established.
- ii) Realised capital gain / (losses) arising on sale of investments classified as financial assets 'at fair value through profit or loss' are recognised in the profit or loss on the date at which the transaction takes place.
- iii) Unrealised capital gains / (losses) arising on mark to market of investments classified as 'Financial assets at fair value through profit or loss' and at 'fair value through other comprehensive income' are recognised in the profit or loss and other comprehensive income in the period in which they arise.

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

- iv) Income on government securities is recognised on time proportion basis using the effective yield method.

## Other income

- v) Income on long term loans, bank deposits and placements is recognised on accrual basis.
- vi) Income on advisory services is recognised on delivery of services

## 4.12 Employee Benefits

### 4.12.1 Defined contribution plan

The Company operates a recognised contributory provident fund scheme for all its eligible employees. Equal contributions are made by the Company and the employees at the rate of 15% of the basic salary.

### 4.12.2 Defined benefit plan

The Company operates an unfunded approved gratuity scheme for all permanent employees who have completed the minimum qualifying period of service. Contributions to the scheme are made in accordance with an independent actuarial valuation using the Projected Unit Credit Method. Amounts arising as a result of remeasurements, representing actuarial gains and losses are recognised directly in equity through 'other comprehensive income' as they occur. The latest actuarial valuation of the scheme has been carried out as at December 31, 2020.

### 4.12.3 Employees' compensated absences

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

## 4.13 Regular way contracts

Regular purchases and sale of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset.

## 4.14 Earnings per share (EPS)

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

## 4.15 Foreign currencies

Transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the reporting date. Exchange gains or losses, if any, are taken to the profit or loss.

## 4.16 Dividend declaration and reserve appropriations

Dividend distribution and reserve appropriations are recorded in the period in which the distribution and appropriations are approved.

## 4.17 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incurs expenses that relates to transactions with any of the other components of the entity.

The Board of Directors and Chief executive have been identified as the Chief operating decision makers who are responsible for allocating resources and assessing the performance of the operating segments. Currently the Company is functioning as single operating segment .

## 4.18 Discontinued operations

A discontinued operation is a separate major line of business, which is a distinct part of the business both operationally and for financial reporting purposes and which is in the process of being discontinued by the entity. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

## 5 DISCONTINUED OPERATIONS

In 2011, the Board of Directors and shareholders of the Company in their respective meetings held on January 27, 2011 and March 10, 2011 had approved a business restructuring plan (BRP), by virtue of which the Company discontinued its insurance business and continues to undertake only strategic and portfolio investment business and investments in other financial instruments. On November 30, 2011, the Securities and Exchange Commission of Pakistan (SECP), in exercise of its powers under section 9 (2) of the Insurance Ordinance, 2000, de-registered the Company as an insurer and revoked its insurance license to carry on insurance business.

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

## 6 PROPERTY AND EQUIPMENT

	Furniture and fixtures	Office equipment	Vehicles	Right-of-use asset	Total
	(Rupees in '000)				
<b>Year ended December 31, 2020</b>					
Opening net book value	8,229	3,704	11,895	15,408	39,236
Additions during the year	82	2,283	-	-	2,365
Disposals during the year					
Cost	-	(609)	-	-	(609)
Accumulated depreciation	-	517	-	-	517
	-	(92)	-	-	(92)
Depreciation charge for the year	(823)	(2,194)	(2,379)	(8,039)	(13,435)
Closing net book value	7,488	3,701	9,516	7,369	28,074
<b>As at December 31, 2020</b>					
Cost	16,894	13,751	15,381	23,447	69,473
Accumulated depreciation	(9,406)	(10,050)	(5,865)	(16,078)	(41,399)
Closing net book value	7,488	3,701	9,516	7,369	28,074
<b>Year ended December 31, 2019</b>					
Opening net book value	8,705	2,401	2,299	-	13,405
Adoption of IFRS 16	-	-	-	23,447	23,447
Additions during the year	403	3,333	12,629	-	16,365
Disposals during the year					
Cost	-	(1,851)	(1,518)	-	(3,369)
Accumulated depreciation	-	1,530	1,203	-	2,733
	-	(321)	(315)	-	(636)
Depreciation charge for the year	(879)	(1,709)	(2,718)	(8,039)	(13,345)
Closing net book value	8,229	3,704	11,895	15,408	39,236
<b>As at December 31, 2019</b>					
Cost	16,812	12,077	15,381	23,447	67,717
Accumulated depreciation	(8,583)	(8,373)	(3,486)	(8,039)	(28,481)
Closing net book value	8,229	3,704	11,895	15,408	39,236
Rate of depreciation	10%	33% & 50%	20%	33%	

## 7 INTANGIBLE ASSETS

### Year ended December 31

	Computer Software	
	2020	2019
	(Rupees in '000)	
Opening net book value	109	66
Additions during the year	252	141
Disposals during the year		
Cost	-	-
Accumulated amortisation	-	-
	-	-
Amortisation charge for the year	(115)	(98)
Closing net book value	246	109

### As at December 31

Cost	7,461	7,209
Accumulated amortisation	(7,215)	(7,100)
Closing net book value	246	109
Rate of amortisation	33.33%	33.33%

7.1 Included in cost of intangibles are fully amortised items which are still in use aggregating to Rs. 7.068 million (2019: Rs. 7.068 million).

## 8 LONG TERM LOANS

Considered good		
-due from executives	8.1	4,362
		6,376
		4,362
		6,376
Current portion of long-term loans		(917)
		(2,094)
		3,445
		4,282

8.1 House loan given to Chief Financial Officer (2019: Chief Executive Officer and Chief Financial Officer) as per terms of his employment, which is repayable in ten years in equal monthly installments at a mark-up of 6% per annum. The loans have been provided against collateral of property documents.

### 8.2 Following is the movement of long term loans to employees:

<b>Long term</b>		
Opening balance	6,376	8,484
Repayments	(2,107)	(2,330)
Add: Interest receivable	93	222
Closing balance	8.3	4,362
		6,376

8.3 The maximum aggregate amount of loans and advances outstanding at any time since the previous statement of financial position was Rs. 6.376 million (2019 : Rs. 8.484 million).

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

9	INVESTMENT	Note	2020 (Rupees in '000)	2019												
	Long term investment	9.1	44,110	42,248												
	Short term investment	9.2	2,902,210	2,325,275												
			<u>2,946,320</u>	<u>2,367,523</u>												
9.1	Long term investment															
	Financial assets carried at amortised cost	9.1.1 & 9.1.2	<u>44,110</u>	<u>42,248</u>												
9.1.1	These are five year Pakistan Investment Bonds placed with the State Bank of Pakistan as statutory deposit in accordance with the requirements of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000. The Pakistan Investment Bonds have a face value of Rs. 50 million and market value of Rs. 49.773 million as at December 31, 2020 (December 31, 2019: 45.151). These will be released once the outstanding claims and balances relating to insurance business are settled.															
9.1.2	These carry a profit yield at 13.71% per annum (December 31, 2019: 13.71%) payable at six month interval. These PIB's are maturing on July 12, 2023 (2019: July 12, 2023).															
9.2	Short term investments															
	Financial assets comprise of the following:															
	- Investments carried at amortised cost	9.2.1	10,500	10,500												
	- Investments carried at fair value through other comprehensive income	9.2.2	792,665	757,506												
	- Investments carried at fair value through profit or loss	9.2.3	2,099,045	1,557,269												
			<u>2,902,210</u>	<u>2,325,275</u>												
9.2.1	Investments carried at amortised cost															
	Deposits maturing within one month	9.2.1.1	3,000	3,000												
	Deposits maturing within one year	9.2.1.2	7,500	7,500												
			<u>10,500</u>	<u>10,500</u>												
9.2.1.1	These 'Term Deposit Receipts' carry mark-up at 5.5% per annum (2019: 11.25% per annum) and are due to mature on January 29, 2021 (2019: January 10, 2020).															
9.2.1.2	These 'Term Deposit Receipts' carry mark-up at 7.3% per annum (2019: 11.7%) and are due to mature on April 28, 2021 (2019: June 24, 2020).															
9.2.2	Investments carried at fair value through other comprehensive income															
	<table><tr><th></th><th></th><th>Market Value</th><th></th></tr><tr><th></th><th></th><th>2020</th><th>2019</th></tr><tr><th></th><th></th><th>(Rupees in '000)</th><th></th></tr></table>						Market Value				2020	2019			(Rupees in '000)	
		Market Value														
		2020	2019													
		(Rupees in '000)														
	Un-quoted shares	9.2.2.1	-	-												
	Un-quoted debentures	9.2.2.2	-	-												
	Quoted shares - related parties	9.2.2.3	792,665	757,506												
			<u>792,665</u>	<u>757,506</u>												

9.2.2.1	Un-quoted Shares								
	Name of investee company	Note	Number of Shares		Cost				
			31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	Rupees in '000'		
	Bankers Equity Limited	9.2.2.1.1	13,465	13,465	117	117			
	Cost as on December 31				117	117			
	Less: Provision for Impairment				(117)	(117)			
	Carrying Value				-	-			
9.2.2.1.1	The company is in the process of liquidation, therefore, the name of the Chief Executive is not available.								
9.2.2.2	Un-quoted debentures								
	Name of investee company		Number of Bonds		Cost				
			31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	Rupees in '000'		
	Hyson Sugar Mills Limited		120	120	60	60			
	Cost as on December 31				60	60			
	Less: Provision for Impairment				(60)	(60)			
	Carrying Value				-	-			
9.2.2.3	Quoted Shares - Related Parties								
	Name of investee company	Note	Number of Shares		Cost	Market value			
			31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-20	31-Dec-19	Rupees in '000'	
	Inv. Bank / inv. Cos / Sec. Cos								
	Dawood Hercules Corporation Limited		794,380	794,380	47,652	96,550	122,501		
	Equity held: 0.17% (2019: 0.17%)								
	Textile Composite								
	Dawood Lawrencepur Limited		2,965,095	2,965,095	222,111	696,115	635,005		
	Equity held: 5.02% (2019: 5.02%)								
					269,763	792,665	757,506		
	Less: Provision for Impairment				(151,821)				
	Carrying Value				117,942				
	Market Value as at December 31, 2020				792,665				
	Unrealised gain				674,723				

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

## 9.2.3.1 Quoted Shares

Name of investee company	Note	Number of Shares		Carrying Value	Market Value		Market value as a percentage of total value of Investment	Investment as a percentage of paid-up capital of investee company	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-20	31-Dec-19			
----- Rupees '000'-----									
<b>Cement</b>									
Lucky Cement Limited		-	200,000	-	-	85,680	-		
Maple Leaf Cement Factory Limited	9.2.3.1.3	2,500,000	-	104,014	112,525	-	3.82%	0.23%	
				104,014	112,525	85,680	3.82%		
<b>Paper and board</b>									
Century Paper and Board Mills Limited		20,000	-	2,360	2,503	-	0.08%	0.01%	
<b>Commercial banks</b>									
Bank Alfalah Limited		-	5,000,000	-	-	228,500	-	-	
Faysal Bank Limited		-	8,305,000	-	-	157,961	-	-	
Habib Bank Limited	9.2.3.1.3	1,000,000	1,000,000	145,734	132,280	157,420	4.49%	0.07%	
Meezan Bank Limited		1,000,000	2,000,000	86,482	104,440	190,260	3.54%	0.07%	
United Bank Limited		-	600,000	-	-	98,700	-	-	
				232,216	236,720	832,841	8.03%		
<b>Food and personal care products</b>									
At-Tahur Limited		-	2,756,050	-	-	57,739	-	-	
<b>Oil and gas exploration companies</b>									
Oil and Gas Development Company Limited		-	500,000	-	-	71,160	-	-	
<b>Oil and gas marketing companies</b>									
Pakistan State Oil Company Limited		-	550,000	-	-	105,402	-	-	
Sui Northern Gas Pipelines Limited		-	1,250,000	-	-	95,213	-	-	
				-	-	200,615	-		
<b>Pharmaceuticals</b>									
Searle Pakistan Limited		13,000	250,000	3,077	3,240	47,185	0.11%	0.01%	
<b>Technology and communication</b>									
Netsol Technologies Limited		-	1,218,400	-	-	80,244	-	-	
Hum Network Limited		5,000,000	-	30,000	27,200	-	0.92%	0.53%	
TRG Pakistan Limited	9.2.3.1.2	10,000,000	6,000,000	703,729	914,100	147,300	31.03%	1.83%	
				733,729	941,300	227,544	31.95%		
<b>Textile composite</b>									
Gul Ahmad Textile Mills Limited	9.2.3.1.3	1,029,000	-	44,258	37,816	-	1.28%	0.24%	
<b>Vanaspati and allied industries</b>									
Unity Foods Limited		23,788,298	2,000,000	746,805	762,653	32,220	25.88%	2.39%	
				1,866,459	2,096,757	1,554,984	71.15%		
Unrealised gain on quoted shares				230,298					

9.2.3.1.1 million shares (2019: Nil) of TRG Pakistan Limited having market value of Rs. 182.820 million (2019: Nil) as at December 31, 2020 have been pledged as collateral in favor of National Clearing Company of Pakistan Limited against exposure margins and mark to market losses.

9.2.3.1.2 6.5 million shares (2019: Nil) of TRG Pakistan Limited having a market value of Rs. 594.165 million (2019: Nil) as at December 31, 2020, have been pledged with National Bank of Pakistan Limited as collateral against running finance facility obtained from the bank.

9.2.3.1.3 1.029 million shares (2019: Nil) of Gul Ahmed Textile Mills Limited having a market value of Rs. 37.816 million (2019: Nil), 2.5 million shares (2019: Nil) of Maple Leaf Cement Factory Limited having a market value of Rs. 112.525 million (2019: Nil) and 1 million shares (2019: Nil) of Habib Bank Limited having a market value of Rs. 132.280 million (2019: Nil) as at December 31, 2020, have been pledged with MCB Bank Limited as collateral against running finance facility obtained from the bank.

## 9.2.3.2 Mutual Funds

Name of fund	Note	Number of Units		Carrying Value		Market Value	
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-20	31-Dec-20	31-Dec-19
							----- Rupees '000'-----
NBP Government Securities Liquid Fund	9.2.3.2.1	223,871	223,871	2,285	2,288	2,285	
Carrying cost as at December 31, 2020				2,285	2,288	2,285	
Market value as at December 31, 2020				2,288			
Unrealised gain on mutual funds				3			

9.2.3.2.1 223,871 units (2019: 223,871 units) of NBP Government Securities Liquid Fund having a market value of Rs. 2.288 million (2019: Rs. 2.285 million) have been kept under pledge with National Bank of Pakistan pending settlement of a claim in litigation.

10	TRADE AND OTHER RECEIVABLES	Note	2020	2019
			(Rupees in '000)	
	Amounts due from other insurers / reinsurers -			
	Discontinued Operations	10.1	-	-
	Reinsurance recoveries against outstanding claims - Discontinued Operations		5,406	5,406
	Interest receivable		1,880	1,880
	Sundry receivables	10.2	4,586	4,690
			11,872	11,976
<b>10.1</b>	<b>Amounts due from other insurers / reinsurers - unsecured</b>			
	Considered good			
	- Foreign		-	-
	- Local		-	-
	Considered doubtful		2,129	2,129
			2,129	2,129
	Provision against amounts due from other insurers / reinsurers		(2,129)	(2,129)
			-	-
<b>10.2</b>	<b>Sundry receivables</b>			
	Profit on bank deposits			
	- Savings accounts		3	14
	- Term deposits		374	479
	Others		2,778	2,778
	Receivable from related party	10.3 & 10.4	1,431	1,419
			4,586	4,690

10.3 This includes amount receivable from related party (Pebbles Private Limited) in respect of advisory services provided.

10.4 The maximum aggregate amount of receivable at the end of any month during the year was Rs. 1.474 million (2019: Rs 1.705 million).



# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

	Note	2020 (Rupees in '000)	2019
<b>11 ADVANCES AND SHORT-TERM PREPAYMENTS</b>			
Advances and deposits		2,153	7,250
Prepayments		1,040	1,048
		<u>3,193</u>	<u>8,298</u>
<b>12 CASH AND BANK BALANCES</b>			
Cash in hand		28	22
<b>Current and other accounts</b>			
Current accounts		18	27
Savings accounts	12.1	7,757	1,820
		<u>7,775</u>	<u>1,847</u>
		<u>7,803</u>	<u>1,869</u>
<b>12.1</b>	These balances are placed under mark-up arrangement with mark-up ranging between 5.5% to 11.75% (2019: 0.48% to 11.25%) per annum.		
<b>12.2 Cash and cash equivalents</b>			
Cash and cash equivalents for the purpose of cash flow statement comprises of the following:			
- Cash and bank balances	12	7,803	1,869
- Short term borrowing	18	(217,085)	(189,982)
- Term deposit receipts	9.2.1	3,000	3,000
		<u>(206,282)</u>	<u>(185,113)</u>
<b>13 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>			
		2020 (Number of shares)	2019
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500
61,309,108	58,377,722	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	583,777
<u>61,559,108</u>	<u>58,627,722</u>	<u>613,091</u>	<u>586,277</u>
<b>13.1</b>	As at December 31, 2020, related parties hold 41,225,966 (2019: 39,682,826) ordinary shares of Rs. 10 each.		
<b>13.2</b>	As at December 31, 2020, Dawood Corporation (Private) Limited holds 62.03% (2019: 62.03%) holding in Cyan Limited.		

	Note	2020 (Rupees in '000)	2019
<b>14 RESERVES</b>			
Capital reserves			
- Reserve for exceptional losses	14.1	10,535	10,535
- Capital gain reserve	14.2	2,553	2,553
		<u>13,088</u>	<u>13,088</u>
Revenue reserve			
- General reserve		120,000	120,000
		<u>133,088</u>	<u>133,088</u>
<b>14.1</b>	The reserve for exceptional losses is a specific purpose reserve created to provide for possible losses on exceptional insurance claims which the Directors do not consider to be available for dividend distribution.		
<b>14.2</b>	The reserve for capital gains is a specific purpose reserve created to provide for possible losses on exceptional capital losses which the Directors do not consider to be available for dividend distribution.		
<b>15 DEFERRED LIABILITY</b>			
<b>15.1 Defined Benefit Plan</b>			
As explained in note 4.12.2 the Company operates an unfunded approved gratuity scheme for all permanent employees.			
The latest actuarial valuation of the gratuity scheme was carried out as of December 31, 2020. The principal actuarial assumptions used for the purpose of the valuation were as follows:			
<b>Principal actuarial assumptions</b>			
The following significant assumptions have been used for valuation of this scheme.			
		2020	2019
a. Valuation discount rate		10.25%	12.50%
b. Salary increase rate		10.25%	12.50%
c. Average expected service length of employees (in years)		5	4
d. Assumption regarding future mortality experience are based on actuarial recommendations and published statistics. The rates assumed are based on the SLIC 2001-05 mortality rates, related down by one year.			
The gratuity scheme exposes the entity to the following risks:			
<b>Mortality risks</b>			
The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.			
<b>Final salary risks</b>			
The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.			

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

**15.2** The amount recognised in the statement of financial position is determined as follows:

	2020 (Rupees in '000)	2019
Present value of defined benefit obligation	<u>19,235</u>	<u>17,358</u>
<b>15.3 Reconciliation of payable to defined benefit plan</b>		
Present value of defined benefit obligation	19,235	17,358
Net actuarial gains / (losses) not recognised	-	-
Balance at the end of the year	<u>19,235</u>	<u>17,358</u>
<b>15.4 Movement in present value of defined benefit obligation</b>		
At January 1	17,358	15,281
Current service cost	2,915	2,868
Interest expense / (income)	2,165	2,048
	<u>22,438</u>	<u>20,197</u>
Remeasurements:		
- Gain from change in demographic assumptions	-	-
- Gain from change in financial assumptions	(1,249)	(32)
- Experience adjustments	(1,870)	(2,040)
	<u>(3,119)</u>	<u>(2,072)</u>
Benefit payments	(84)	(767)
At December 31	<u>19,235</u>	<u>17,358</u>

**15.5 Movement in net liability / (asset) in the statement of financial position**

Opening balance of net liability / (asset)	17,358	15,281
Charge for the year	5,080	4,916
Benefit payments	(84)	(767)
Net remeasurement (gain) / loss for the year	(3,119)	(2,072)
Closing balance of net liability	<u>19,235</u>	<u>17,358</u>

**15.6 Amounts recognised in profit or loss**

Current service cost	2,915	2,868
Net interest income	2,165	2,048
	<u>5,080</u>	<u>4,916</u>

**15.7** The sensitivities of the defined benefit obligation to changes in the weighted principal assumptions are as under:

	2020			2019		
	Impact on defined benefit obligation - increase / (decrease)			Impact on defined benefit obligation - increase / (decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption	Change in assumption	Increase in assumption	Decrease in assumption
	----- (Rupees in '000) -----					
Discount rate	+ / (-) 100 bps	17,028	(21,816)	+ / (-) 100 bps	15,346	(19,717)
Salary increase rate	+ / (-) 100 bps	21,832	(16,975)	+ / (-) 100 bps	19,721	(15,305)

The above sensitivities analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the balance sheet.

**15.8** The weighted average duration of the defined benefit obligation is 12 years.

**15.9** Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2020	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees in '000 -----				
Gratuity	<u>807</u>	<u>839</u>	<u>2,941</u>	<u>290,397</u>	<u>294,984</u>
	2020	2019	2018	2017	2016
	----- Rupees in '000 -----				
Defined benefit obligation	19,235	17,358	15,281	12,237	10,528
Fair value of plan assets	-	-	-	-	-
(Surplus) / Deficit	<u>19,235</u>	<u>17,358</u>	<u>15,281</u>	<u>12,237</u>	<u>10,528</u>
Remeasurement (Gain) / Loss on obligation	(3,119)	(2,072)	(447)	(671)	(1,314)
Remeasurement (Gain) / Loss on plan assets	-	-	-	-	-
	<u>(3,119)</u>	<u>(2,072)</u>	<u>(447)</u>	<u>(671)</u>	<u>(1,314)</u>

**15.9.1** Historical information

**15.9.2** Gratuity cost comprising the service cost and the net interest cost for the next year works out to Rs. 4.604 million as per the actuarial valuation report of the Company as of December 31, 2020.

The disclosure made in notes 15.1 to 15.9.2 are based on the information included in the actuarial valuation report of the Company as of December 31, 2020.

**16 DEFERRED TAXATION**

**Deductible temporary differences**

Staff gratuity	5,578	5,034
Revaluation of investments	-	14,354
Capital loss	-	64,732
Lease liability against right of use asset	2,652	4,978
Leave encashment	1,074	-
	<u>9,304</u>	<u>89,098</u>

**Taxable temporary differences**

Revaluation of investments	(22,054)	-
Right of use asset	(2,137)	(4,468)
Accelerated tax depreciation	(2,260)	(815)
	<u>(26,451)</u>	<u>(5,283)</u>
	<u>(17,147)</u>	<u>83,815</u>

**16.1 Reconciliation of deferred tax liability**

Opening balance	83,815	74,051
Recognised in profit or loss	(100,058)	10,364
Recognised in equity	(904)	(600)
Closing balance	<u>(17,147)</u>	<u>83,815</u>

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

	Note	2020 (Rupees in '000)	2019
<b>17 TRADE AND OTHER PAYABLES</b>			
Amounts due to other insurers / reinsurers -			
Discontinued Operations	17.1	587	587
Accrued expenses	17.2 & 17.3	115,920	55,113
Provision for outstanding claims -			
Discontinued Operations		8,805	8,805
Payable against purchase of investment - net		41,738	-
Other creditors and accruals	17.4	4,536	3,669
		<u>171,586</u>	<u>68,174</u>
<b>17.1 Amounts due to other insurers / reinsurers</b>			
This includes amounts due to local companies.			
<b>17.2</b>	The amount includes balance of compensated absences of key management personnel amounting to Rs. 3.704 million as at December 31, 2019 (2019: Rs. Nil).		
<b>17.3</b>	The amount includes provision for donation amounting to Rs. 4.744 million (2019: Rs. 0.974 million). The last year provision for donation amounting to Rs. 0.974 million was paid during the current year to the related party of the Company.		
<b>17.4 Other creditors and accruals</b>			
Brokerage payable		4,336	2,370
Sundry creditors		200	1,299
		<u>4,536</u>	<u>3,669</u>
<b>18 SHORT TERM BORROWINGS</b>			
<b>Secured</b>			
Short term running finance		217,085	189,982
Mark-up accrued		8,839	5,464
		<u>225,924</u>	<u>195,446</u>
<b>18.1</b>	The Company has running finance facility of Rs. 500 million (2019: Rs. 500 million) under mark-up arrangement with Bank Al Habib Limited. The facility carries mark-up at 3 months KIBOR plus 1% per annum (2019: 3 month KIBOR + 1% per annum) and will expire on March 31, 2021. The amount utilised as at December 31, 2020 was Nil.		
<b>18.2</b>	The Company has running finance facility of Rs.500 million (2019: Rs. 500 million) under mark-up arrangement with National Bank of Pakistan. The facility carries mark-up at 3 months KIBOR plus 0.20% per annum (2019: 3 month KIBOR + 0.20% per annum) and will expire on March 31, 2021. The amount utilised as at December 31, 2020 was Rs.133.319 million.		
<b>18.3</b>	The Company has running finance facility of Rs.1,000 million (2019: Rs. 1,000 million) under mark-up arrangement with MCB Bank Limited. The facility carries mark-up at 1 month KIBOR plus 0.5% per annum (2019: 1 month KIBOR + 0.25% per annum) and will expired on March 31, 2021. The amount utilised as at December 31, 2020 was Rs. 83.766 million.		

## 19 CONTINGENCIES AND COMMITMENTS

Contingencies and commitments other than those disclosed elsewhere in these financial statements are as follows:

	2020 (Rupees in '000)	2019
<b>19.1</b>	Guarantees issued on behalf of the Company by commercial bank	<u>2,800</u> 2,800
<b>19.2</b>	Matters relating to taxation are given in note 24.1.	
<b>20 RETURN ON INVESTMENTS</b>		
<b>Amortised cost</b>		
Interest earned on Pakistan investment bonds	4,000	2,263
Amortisation on		
- Treasury bills	-	2,272
- Pakistan investment bonds	1,862	963
	<u>5,862</u>	<u>5,498</u>
<b>Fair value through other comprehensive income and fair value through profit or loss</b>		
Dividend income:		
- Related parties	19,010	46,121
- Others	32,375	48,222
	<u>51,385</u>	<u>94,343</u>
	<u>57,247</u>	<u>99,841</u>
<b>21 OTHER INCOME</b>		
<b>Income from financial assets</b>		
Profit on bank deposits	1,772	2,474
Income from long term loans	93	223
<b>Income from non-financial assets</b>		
Gain on sale of property and equipment	210	990
Others	115	8
Advisory income from related party	12,000	12,000
	<u>14,190</u>	<u>15,695</u>

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

	Note	2020 (Rupees in '000)	2019
<b>22 OPERATING AND ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	22.1, 22.2 & 22.3	170,891	115,541
Levy, cess and insurance		1,894	1,743
Depreciation on owned fixed asset	6	5,396	5,306
Depreciation on right-of-use asset	6	8,039	8,039
Amortisation	7	115	98
Legal and professional charges		2,556	2,756
Printing and stationery		1,436	1,369
Utilities		1,478	1,059
Vehicle running expenses		292	324
Advertisement, promotion and event expenses		1,185	1,255
Security guards expenses		1,386	1,386
Auditor's remuneration	22.4	1,376	1,977
Entertainment		1,835	2,180
Travelling and communication expenses		1,686	2,296
Fees and subscription		5,708	4,954
Postage and telegram		69	101
Books and periodicals		22	6
Repairs, renewal and decoration		1,591	1,497
Brokerage and commission expense		23,200	9,542
Bank and settlement charges		2,274	1,254
Employee training fee		263	445
Research expense		300	2,659
Donation		4,744	1,501
Other expenses		1,589	1,451
Reversal of provision for workers' welfare fund		-	(24,246)
Due diligence expense		5,212	-
		<u>244,537</u>	<u>144,493</u>
<b>22.1</b>	This includes Rs. 4.604 million (2019: Rs. 4.398 million) in respect of staffs' provident fund.		
<b>22.2</b>	This includes Rs. 5.080 million (2019: Rs. 4.916 million) in respect of employees' gratuity scheme.		
<b>22.3</b>	This includes provision amounting to Rs. 104.138 million (2019: 52.407) in respect of variable compensation to employees.		
<b>22.4 Auditor's remuneration</b>			
Annual audit fee		480	480
Review and certifications		365	365
Out of pocket expenses		96	47
Taxation services		360	1,014
		<u>1,301</u>	<u>1,906</u>
Sindh sales tax on services		75	71
		<u>1,376</u>	<u>1,977</u>
<b>23 FINANCIAL CHARGES</b>			
Interest on short term borrowings		40,710	9,109
Interest expense on lease liabilities against right-of-use asset		1,476	2,354
		<u>42,186</u>	<u>11,463</u>

	Note	2020 (Rupees in '000)	2019
<b>24 TAXATION</b>			
Current year		12,169	20,400
Prior years		-	(13,105)
Deferred		100,058	(10,364)
		<u>112,227</u>	<u>(3,069)</u>

**24.1** Tax returns have been filed up to the Tax Year 2020 (Accounting year December 31, 2019) which are deemed as assessments completed in terms of section 120(1) of the Income Tax Ordinance 2001 (ITO). However, the Company and the Department have filed appeals in respect of certain assessment years which relate to the following:

For the Tax Year 2007, the return filed by the Company was amended by the Deputy Commissioner of Income Tax by making additions to taxable income on account of proration of expenses allocated under section 67 of the Income Tax Ordinance 2001, disallowance of amortisation of computer software and addition on account of non-deduction of withholding tax from commission and provision for incurred but not reported claims (IBNR) resulting in additional tax demand of Rs. 13.03 million. These additions were disputed by the Company at various appellate levels including Appellate Tribunal Inland Revenue (ATIR). Currently, a miscellaneous application has been filed with the ATIR for rectification of additional tax demand of Rs. 1.01 million arising out of disallowance of amortisation of computer software and non-deduction of withholding tax from commission and the ATIR directed the Commissioner Inland Revenue (CIR(A)) to pass appeal effect order. Further, the Commissioner Inland Revenue has filed appeal in the High Court of Sindh against the order of the learned ATIR on deletion of addition on account of proration of expenses allocated under section 67 of the Income Tax Ordinance, 2001 of Rs. 37.42 million, which was adjudicated in favour of the Company. The Commissioner Inland Revenue filed a civil review petition in the Supreme Court of Pakistan against the judgment of the High Court of Sindh which is pending.

For the Tax Year 2009, Additional Commissioner Inland Revenue (ACIR) Audit has passed amended order under Section 122(5A) of Income Tax Ordinance, 2001 and treated dividend income amounting to Rs. 102 million as normal business income and charged normal tax rate i.e. 35% instead of reduced rate of 10%. thus creating tax demand of Rs. 30 million. The Company has filed an appeal against the said order before the ATIR. Subsequently, a stay was granted by ATIR subject to 15% payment of the demand amount, amounting to Rs. 4.53 million. Thereafter, an order was issued by ATIR confirming that tax on dividend for insurance companies must be charged at reduced rate of 10% and therefore the tax liability of Rs. 30 million is no more payable. The tax department has filed a civil petition in the Sindh High Court against the order of ATIR which is pending.

For the Tax Year 2010, the Commissioner Inland Revenue (Appeals) vide appellate order deleted the proration of expenses against dividend income and exempt capital gains. However, the CIR (Appeals) has maintained the disallowance of the provision for IBNR amounting to Rs. 7.46 million having tax implications of Rs. 2.61 million. The Company has filed appeal before the ATIR which is pending. The department has also filed appeal before the ATIR against the deletion of proration of expenses against dividend income, and exempt capital gains and disallowance of provision for IBNR.

The management, based on the opinion of its tax advisor, is confident about the favourable outcome of the above matters and hence, no additional provision has been considered necessary in these financial statements.



# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

	2020 (Rupees in '000)	2019
<b>24.2 Relationship between tax expense and accounting profit</b>		
Accounting profit before taxation	<b>469,509</b>	94,873
Tax at applicable rate of 29% (2019: 29%)	<b>136,158</b>	27,513
Tax impact of prior year	-	(13,105)
Others	<b>(23,931)</b>	(17,477)
	<b>112,227</b>	(3,069)

## 25 REMUNERATION OF DIRECTORS AND EXECUTIVES

Aggregate amounts charged in the financial statements for the year for remuneration, including all benefits, to the directors and executives of the Company are as follows:

	Chief Executive		Directors		Executives*		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)							
Fees	-	-	1,350	1,250	-	-	1,350	1,250
Managerial remuneration	12,868	12,868	-	-	11,895	8,817	24,763	21,685
House rent, conveyance and other allowances	40,537	10,995	-	-	26,026	8,198	66,563	19,193
Contribution to provident fund	1,930	1,930	-	-	1,745	1,454	3,675	3,384
	<b>55,335</b>	25,793	<b>1,350</b>	1,250	<b>39,666</b>	18,469	<b>96,351</b>	45,512
Number of persons	<b>1</b>	1	<b>3</b>	3	<b>4</b>	3	<b>8</b>	7

**25.1** Executive means an employee of a listed company other than the chief executive and directors whose basic salary exceeds Rs. 1.2 million in a financial year. The Chief Executive Officer and an Executive are provided with company paid club memberships.

**25.2** \* This includes remuneration paid to an executive director amounting to Rs. 23.923 million (2019: Rs. 10.641 million).

**25.3** The Chief Executive Officer (CEO) is provided with Company owned and maintained car.

**25.4** In addition, the Company has made an accrual of Rs.104.138 million (2019: 52.407) in respect of variable compensation. The allocation of this amount,if any, to chief executive and executives has not been determine so far and will be reflected in future financial statements on payment basis.

## 26 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise companies with common directors, group companies, associated companies, defined contribution plan and defined benefit plan, directors and key management personnel and their close family members. Transactions with related parties are entered into at rates negotiated with them. Remuneration to key management personnel are in accordance with their terms of engagement.

Following are the details of related parties with whom the Company had entered into transactions or had agreements and arrangements in place during the year:

Name Of Related Party	Relationship with the Company	Percentage of shareholding in the company	Common Directorship
Dawood Corporation (Private) Limited	Parent Company	62.03%	N/A
Pebbles (Private) Limited	Associated Company	2.67%	Common Directorship
Dawood Hercules Corporation Limited	Associated Company	0.00%	Common Directorship
Dawood Lawrencepur Limited	Associated Company	0.00%	Common Directorship
The Dawood Foundation	Associated Company	0.88%	N/A
Kulsum Dawood	Non-Executive Director	0.72%	N/A
Hasan Reza Ur Rahim	Non-Executive Director	-	N/A
Kamran Nishat	Independent Director	-	N/A
Inam Ur Rahman	Non-Executive Director	-	N/A
Shafiq Ahmed	Non-Executive Director	-	N/A
Sulaiman S. Mehdi	Key management personnel	-	N/A
Faisal Nadeem	Key management personnel	-	N/A
Cyan Limited Staff Provident Fund	Associated Company	N/A	N/A
Cyan Limited Employees' Gratuity Scheme	Associated Company	N/A	N/A

Key management personnel of the Company comprise of the Directors, Chief Executive Officer and Executives. Their remuneration has been disclosed in note 25 of the financial statements.

For the year ended December 31

	2020 (Rupees in '000)	2019
<b>Parent company</b>		
Dividend paid	<b>36,365</b>	-
Bonus shares issued	<b>18,183</b>	-
<b>Associated companies</b>		
Rendering of service	<b>12,000</b>	12,000
Purchase of service	<b>9,499</b>	8,995
Dividend Income	<b>19,010</b>	46,121
Dividend paid	<b>2,897</b>	-
Bonus shares issued	<b>1,449</b>	-
Donation paid	<b>974</b>	-
<b>Other related parties</b>		
Provision relating to staff retirement gratuity scheme	<b>5,080</b>	4,916
Membership fee & other subscription	<b>-</b>	75
Contribution to staff provident fund	<b>4,604</b>	4,398
<b>Key management personnel</b>		
Director fee	<b>1,350</b>	1,250
Remuneration	<b>95,001</b>	44,263
Loan recovery	<b>2,107</b>	2,330
Dividend paid	<b>428</b>	-
Bonus shares issued	<b>214</b>	-

## 26.1 Balances outstanding at December 31

<b>Balances outstanding</b>		
Loan to Chief Executive Officer	-	880
Loan to other executive	<b>4,362</b>	5,496
Receivable from related party	<b>1,431</b>	1,419
Payable to related party	<b>352</b>	117
Security deposit with related party	<b>1,740</b>	1,740

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

## 27 FINANCIAL INSTRUMENTS BY CATEGORY

As at December 31, 2020, the financial assets carried on the statement of financial position are categorised either as 'financial assets at fair value through profit or loss', 'financial assets at amortised cost' or 'financial assets at fair value through other comprehensive income'. The financial liabilities carried on the statement of assets and liabilities are categorised as other financial liabilities i.e. liabilities other than 'at fair value through profit or loss'.

-----As at December 31, 2020-----			
At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Total
----- Rupees in '000 -----			
<b>Financial assets</b>			
Loans to employees	4,362	-	4,362
Long term deposits	2,500	-	2,500
Trade and other receivables	11,872	-	11,872
Advances	2,153	-	2,153
Cash and bank balances	7,803	-	7,803
Investments	54,610	792,665	2,099,045
	<u>83,300</u>	<u>792,665</u>	<u>2,946,320</u>
		<u>2,099,045</u>	<u>2,975,010</u>

----- As at December 31, 2020 -----		
Liabilities 'at fair value through profit or loss'	At amortised cost	Total
-----Rupees in '000 -----		
<b>Financial liabilities</b>		
Deferred liability - gratuity	-	19,235
Lease liability against right-of-use asset	-	9,144
Trade and other payables	-	171,586
Unclaimed dividend	-	25,519
Short term borrowings	-	225,924
	<u>-</u>	<u>451,408</u>
		<u>451,408</u>

-----As at December 31, 2019-----			
At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Total
<b>Financial assets</b>			
Loans to employees	6,376	-	6,376
Long term deposits	2,500	-	2,500
Trade and other receivables	11,976	-	11,976
Advances	7,250	-	7,250
Cash and bank balances	1,869	-	1,869
Investments	52,748	757,506	1,557,269
	<u>82,719</u>	<u>757,506</u>	<u>2,367,523</u>
		<u>1,557,269</u>	<u>2,397,494</u>

----- As at December 31, 2019 -----		
Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
-----Rupees in '000 -----		
<b>Financial liabilities</b>		
Deferred liability - gratuity	-	17,358
Lease liability against right-of-use asset	-	17,166
Trade and other payables	-	68,174
Unclaimed dividend	-	26,727
Short term borrowings	-	195,446
	<u>-</u>	<u>324,871</u>
		<u>324,871</u>

## 28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest/ mark-up rate risk, foreign exchange risk and equity price risk). The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company actively monitors the key factors that affect the stock market. The Company consistently manages its exposure to financial risk in the manner described in the notes below.

### 28.1 Risk management framework

The Board of Directors has the overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### 28.2 Credit risk

Credit risk represents the risk of a loss if the counterparties fail to perform as contracted. The Company's credit risk mainly arises from deposits with banks, loan to employees, advances and trade and other receivables. For banks and financial institutions, management keeps deposits with reputed institutions. Credit risk on account of dividend receivable is minimal due to the statutory protection. All transactions in listed securities are settled / paid for upon delivery using the system of National Clearing Company of Pakistan Limited. The risk of default in these transactions is considered minimal due to inherent systematic measures taken therein. The details on account of certain classified equity and debt securities and provision held there against are stated in note 9.2.2.1, 9.2.2.2 and 9.2.2.3 to these financial statements. Investments amounting to Rs: 44.110 million (2019: Rs: 42.248 million) relate to Government Securities and are not considered as exposed to credit risk due to government guarantee.

#### 28.2.1 Exposure to credit risk

The book value of financial assets represents the maximum credit exposure, as specified below:

	Note	2020 (Rupees in '000)	2019
<b>Financial assets</b>			
Long term loan	28.2.1.3	4,362	6,376
Long term deposits		2,500	2,500
Trade and other receivables	28.2.1.1	11,872	11,976
Advances		2,153	7,250
Bank balances	28.2.1.2	7,775	1,847
Investments		10,500	10,500
		<u>39,162</u>	<u>40,449</u>

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

**28.2.1.1** The maximum exposure to credit risk for trade and other receivables at the balance sheet date are as follows:

	2020			2019		
	Gross	Impairment	Net	Gross	Impairment	Net
------(Rupees in '000)-----						
Not past due	6,466	-	6,466	6,570	-	6,570
Past due but not impaired	5,406	-	5,406	5,406	-	5,406
Past due and impaired	2,129	(2,129)	-	2,129	(2,129)	-
	<u>14,001</u>	<u>(2,129)</u>	<u>11,872</u>	<u>14,105</u>	<u>(2,129)</u>	<u>11,976</u>

**28.2.1.2** The credit quality of the Company's bank balances other than statutory deposits with SBP can be assessed with reference to external credit ratings as follows:

2020	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Habib Bank Limited	A-1+	AAA	JCR - VIS	335
Bank Al-Habib Limited	A-1+	AA+	PACRA	7,409
Bank Islami Pakistan Limited	A-1	A+	PACRA	13
Bank Al Falah Limited	A-1+	AA+	PACRA	18
MCB Bank Limited	A-1+	AAA	PACRA	-
National Bank of Pakistan	A-1+	AAA	PACRA	-
				<u>7,775</u>
2019	Rating		Rating Agency	(Rupees in '000)
	Short term	Long term		
Habib Bank Limited	A-1+	AAA	JCR - VIS	548
Bank Al-Habib Limited	A-1+	AA+	PACRA	1,248
Bank Islami Pakistan Limited	A-1	A+	PACRA	13
Bank Al Falah Limited	A-1+	AA+	PACRA	27
MCB Bank Limited	A-1+	AAA	PACRA	-
National Bank Of Pakistan	A-1+	AAA	PACRA	-
Summit Bank Limited *	-	-	JCR - VIS	11
				<u>1,847</u>

\* The credit rating of the bank has been suspended.

**28.2.1.3** The credit risk on long term loan is minimal as these loans are given to employees and are deductible from their remuneration.

## 28.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration in terms of the overall funding mix.

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

	2020					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	Over 5 years
------(Rupees in '000)-----						
<b>On balance sheet financial liabilities and others</b>						
Deferred liability - gratuity	19,235	19,235	-	-	-	(19,235)
Lease liability against right-of-use asset	9,144	9,144	(9,144)	-	-	-
Trade and other payables	171,586	171,586	(171,586)	-	-	-
Short term borrowings	225,924	225,924	(225,924)	-	-	-
Unclaimed dividend	25,519	25,519	(25,519)	-	-	-
	<u>451,408</u>	<u>451,408</u>	<u>(432,173)</u>	<u>-</u>	<u>-</u>	<u>(19,235)</u>
	2019					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-5 years	Over 5 years
------(Rupees in '000)-----						
<b>On balance sheet financial liabilities and others</b>						
Deferred liability - gratuity	17,358	17,358	-	-	-	(17,358)
Lease liability against right-of-use asset	17,166	17,166	(8,023)	(9,143)	-	-
Trade and other payables	68,174	68,174	(68,174)	-	-	-
Short term borrowings	195,446	195,446	(195,446)	-	-	-
Unclaimed dividend	26,727	26,727	(26,727)	-	-	-
	<u>324,871</u>	<u>324,871</u>	<u>(298,370)</u>	<u>(9,143)</u>	<u>-</u>	<u>(17,358)</u>

## 28.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. However, the Company is exposed to interest rate risk and equity price risk.

The Company is exposed to market risk with respect to its investments, long term loan, short term deposits and bank balances. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in the equity market. The market risks associated with the Company's business activities are interest rate risk and price risk. The Company is not exposed to material currency risk.

### 28.4.1 Interest rate risk

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

Financial Assets	Carrying amounts (Rupees in '000)		Effective interest rate in %	
	2020	2019	2020	2019
<b>Fixed rate instruments</b>				
- Government Securities	44,110	42,248	13.71%	13.49% to 13.72%
- TDR	10,500	10,500	5.5% to 7.3%	11.25% to 11.7%
<b>Variable rate instruments</b>				
- Saving accounts	7,757	1,820	5.5% to	0.48% to
- Short term deposits	-	-	11.75%	11.25%
<b>Sensitivity analysis for fixed rate instruments</b>				

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

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

### Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would increase or decrease net assets by Rs. 0.5189 million (2019: Rs. 0.4407 million). The analysis assumes that all other variables remain constant.

#### 28.4.1.1 Maturity profile of financial assets and liabilities

2020						
Profit rate % per annum	Interest / mark-up bearing			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and up to one year	More than one year			
----- Rupees in '000) -----						
<b>Financial assets</b>						
Long term investments	13.71%	-	-	44,110	-	44,110
Loan to employees	6%	172	745	3,445	-	4,362
Long term deposits		-	-	-	2,500	2,500
Advances		-	-	-	2,153	2,153
Short term investments	5.5% to 7.3%	3,000	7,500	-	2,891,710	2,902,210
Trade and other receivables		-	-	-	11,872	11,872
Cash and bank balances	5.5% to 11.75%	7,757	-	-	46	7,803
		10,929	8,245	47,555	2,908,281	2,975,010
<b>Financial liabilities</b>						
Deferred liability - gratuity		-	-	19,235	-	19,235
Lease liability against right-of-use asset	12.91%	2,284	6,860	-	-	9,144
Trade and other payables		-	-	-	171,586	171,586
Unclaimed dividend		-	-	-	25,519	25,519
Short term borrowings	7.45% to 8.25%	225,924	-	-	-	225,924
		228,208	6,860	19,235	197,105	451,408
<b>On-balance sheet gap (a)</b>		<u>(217,279)</u>	<u>1,385</u>	<u>28,320</u>	<u>2,711,176</u>	<u>2,523,602</u>
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<u>(217,279)</u>	<u>1,385</u>	<u>28,320</u>	<u>2,711,176</u>	<u>2,523,602</u>
<b>Cumulative interest rate sensitivity gap</b>		<u>(217,279)</u>	<u>(215,894)</u>	<u>(187,574)</u>		

2019						
Profit rate % per annum	Interest / mark-up bearing			Not exposed to yield / interest rate risk	Total	
	Upto three months	More than three months and up to one year	More than one year			
----- Rupees in '000) -----						
<b>Financial assets</b>						
Long term investments	13.71%	-	-	42,248	-	42,248
Loan to employees	6%	-	2,094	4,282	-	6,376
Long term deposits		-	-	-	2,500	2,500
Advances		-	-	-	7,250	7,250
Short term investments	11.25% to 11.7%	3,000	7,500	-	2,314,775	2,325,275
Trade and other receivables		-	-	-	11,976	11,976
Cash and bank balances	0.48% to 11.25%	1,820	-	-	49	1,869
		4,820	9,594	46,530	2,336,550	2,397,494
<b>Financial liabilities</b>						
Deferred liability - gratuity		-	-	17,358	-	17,358
Lease liability against right-of-use asset	12.91%	1,803	6,220	9,143	-	17,166
Trade and other payables		-	-	-	68,174	68,174
Unclaimed dividend		-	-	-	26,727	26,727
Short term borrowings	8.52% to 9.13%	195,446	-	-	-	195,446
		197,249	6,220	26,501	94,901	324,871
<b>On-balance sheet gap (a)</b>		<u>(192,429)</u>	<u>3,374</u>	<u>20,029</u>	<u>2,241,649</u>	<u>2,072,623</u>
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-
<b>Off-balance sheet gap (b)</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total interest rate sensitivity gap (a) + (b)</b>		<u>(192,429)</u>	<u>3,374</u>	<u>20,029</u>	<u>2,241,649</u>	<u>2,072,623</u>
<b>Cumulative interest rate sensitivity gap</b>		<u>(192,429)</u>	<u>(189,055)</u>	<u>(169,026)</u>		

### 28.4.2 Equity price risk

The Company is exposed to equity price risk because of investments held by the Company and classified on the Statement of Financial Position as at fair value through other comprehensive income and at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio within the eligible stocks.

In case of 5% increase / decrease in KSE 100 index on December 31, 2020, net profit for the year would increase / decrease by Rs. 31.642 million (2019: Rs. 37.548 million) as a result of gains / losses on equity securities at fair value through profit or loss and fair value through other comprehensive income.

The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the KSE 100 index, having regard to the historical volatility of the index. The composition of the Company's investment portfolio and the correlation thereof to the KSE index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of December 31, 2020 is not necessarily indicative of the effect on the Company's net assets of future movements in the level of the KSE 100 index.

### 28.4.3 Foreign currency risk

The Company is not materially exposed to risk from foreign currency exchange rate fluctuations.

## 29 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from carrying value as the items are short-term in nature or periodically repriced.

As per the requirements of the IFRS 13, the Company shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).



# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

The table below analyses financial instruments carried at fair value, by valuation method.

----- As at December 31, 2020 -----				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000-----				
<b>ASSETS</b>				
Investment in securities - financial assets at fair value through profit or loss				
- Quoted shares	2,096,757	-	-	2,096,757
- Mutual fund units	-	2,288	-	2,288
Investment in securities - financial assets at fair value through other comprehensive income				
- Quoted shares	792,665	-	-	792,665

----- As at December 31, 2019 -----				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000-----				
<b>ASSETS</b>				
Investment in securities - financial assets at fair value through profit or loss				
- Quoted shares	1,554,984	-	-	1,554,984
- Mutual fund units	-	2,285	-	2,285
Investment in securities - financial assets at fair value through other comprehensive income				
- Quoted shares	757,506	-	-	757,506

The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1, 2 and 3 during the year.

## 30 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

		2020	2019
		(Rupees in '000)	
<b>31 EARNING PER SHARE – basic and diluted</b>			
Net profit for the year attributable to ordinary shareholders		<u>357,282</u>	<u>97,942</u>
			(Number of shares)
Weighted average number of ordinary shares outstanding during the year		<u>61,559,108</u>	<u>61,559,108</u>
			(Rupees)
Basic earning per share		<u>5.80</u>	<u>1.59</u>

**31.1** During the year 2,931,386 bonus shares were issued (i.e. 5 bonus shares for every 100 shares held) by the Company. Accordingly weighted average number of shares for the corresponding period have been adjusted.

## 32 PROVIDENT FUND RELATED DISCLOSURES

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

The following information is based on the latest unaudited financial statements of the Fund for the half year ended December 31, 2020:

		2020	2019
		(Rupees in '000)	
Size of the fund - Total assets		<u>588</u>	<u>44,430</u>
Cost of investments made		<u>588</u>	<u>43,227</u>
Percentage of investments made		<u>100.0%</u>	<u>97.3%</u>
Fair value of investments		<u>588</u>	<u>45,110</u>

### 32.1 The break-up of fair value of investments is

		2020	2019	
(Rupees in '000)	-----%-----	(Rupees in '000)	-----%-----	
Treasury Bills	- 0%	12,303	27%	
Pakistan Investment Bonds	- 0%	30,700	68%	
Collective Investment Scheme	- 0%	2,044	5%	
Cash and Bank deposits	588 100%	63	0%	

The investments of the 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.

# Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2020

## 33 NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at December 31, 2020 and 2019 respectively are as follows:

	2020	2019
	No of employees	
Average number of employees during the year	<u>17</u>	<u>18</u>
Number of employees as at December 31	<u>17</u>	<u>18</u>

## 34 GENERAL

**34.1** No significant rearrangements or reclassifications have been made in the financial statements during the current year.

### 34.2 COVID-19

The COVID-19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over the business, operations and profitability of the Company as well as a going concern assessment. As a result of such assessment, the management has not identified any adverse impact on the profitability, liquidity and continuity of the Company due to COVID-19 pandemic situation.

## 35 SUBSEQUENT EVENTS

The Board of Directors in its meeting held on February 23, 2021 have proposed a final cash dividend in respect of the year ended December 31, 2020 of Rs. 5 per share (50%) (December 31, 2019: 10%). and bonus shares Nil (31 December 2019: 5%). These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

## 36 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 23, 2021 by the Board of Directors of the Company.

**Faisal Nadeem**  
Chief Financial Officer

**Sulaiman S. Mehdi**  
Chief Executive

**Kamran Nishat**  
Director

# Pattern of Shareholding

The Companies Act, 2017 (Section 227 (2) (f))

## Cyan Limited

Pattern of holding of the shares held by the Shareholders as at December 31, 2020

Number of Shareholders	Shareholdings' Slab		Total Shares Held
297	1	to 100	5,066
151	101	to 500	44,308
260	501	to 1000	170,864
596	1001	to 5000	1,249,911
142	5001	to 10000	1,001,213
56	10001	to 15000	659,836
40	15001	to 20000	684,501
28	20001	to 25000	616,159
15	25001	to 30000	424,853
10	30001	to 35000	323,787
7	35001	to 40000	266,316
6	40001	to 45000	252,903
2	45001	to 50000	98,036
4	50001	to 55000	210,349
3	55001	to 60000	170,250
4	60001	to 65000	248,385
2	65001	to 70000	138,966
3	70001	to 75000	221,185
2	75001	to 80000	153,000
4	80001	to 85000	326,785
1	85001	to 90000	90,000
1	90001	to 95000	91,000
1	95001	to 100000	98,431
2	105001	to 110000	216,510
1	115001	to 120000	118,110
1	120001	to 125000	124,000
2	130001	to 135000	264,700
1	180001	to 185000	180,674
1	185001	to 190000	185,380
1	200001	to 205000	200,025
1	440001	to 445000	441,000
1	520001	to 525000	525,000
1	535001	to 540000	538,996
1	855001	to 860000	857,850
1	1640001	to 1645000	1,642,602
2	1865001	to 1870000	3,735,584
1	1875001	to 1880000	1,876,886
1	4920001	to 4925000	4,922,773
1	38180001	to 38185000	38,182,914
<b>1654</b>			<b>61,559,108</b>

# Pattern of Shareholding

The Companies Act, 2017 (Section 227 (2) (f))

S.No.	Categories of Shareholders	Share held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	5,373,223	9%
2	Associated Companies, undertakings and related parties.	41,225,966	67%
3	NIT and ICP	45	0%
4	Banks Development Financial Insititutions, Non Banking Financial Institutions.	23,143	0%
5	Insurance Companies	-	0%
6	Modarabas and Mutual Funds	1,253	0%
7	Shareholders holding 10% or more	38,182,914	62%
8	General Public		
	a. Local	14,380,785	23%
	b. Foreign	10,005	0%
9	Others	503,943	1%

# Pattern of Shareholding

The Companies Act, 2017 (Section 227 (2) (f))

Disclosure Requirement under Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG) as on December 31, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
Hussain Dawood	1	4,922,773	8%
Kulsum Dawood	1	441,000	1%
Hasan Reza Ur Rahim	1	1,575	0%
Kamran Nishat	1	1,575	0%
Inam Ur Rahman	1	1,575	0%
Shafiq Ahmed	1	1,575	0%
Sulaiman Sadruddin Mehdi	1	1,575	0%
Faisal Nadeem	1	1,575	0%
<b>Associated Companies, undertakings and related parties</b>			
Dawood Corporation (Pvt.) Ltd.	1	38,182,914	62%
Pebbles (Pvt) Limited	1	1,642,602	3%
Hajiani Hanifa Bai Memorial Society	1	857,850	1%
Dawood Foundation	1	538,996	1%
Dawood Industries (Pvt.) Ltd.	1	3,604	0%
<b>NIT &amp; ICP</b>	2	45	0%
<b>Public Sector Companies and Corporations</b>	3	40,745	0%
<b>Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>	3	23,143	0%
<b>Mutual Funds</b>	1	1,253	0%
<b>General Public</b>			
a. Local	1,610	14,380,785	23%
b. Foreign	2	10,005	0%
<b>Others</b>	20	503,943	1%
<b>Totals</b>	<b>1,654</b>	<b>61,559,108</b>	<b>100%</b>

Share holders holding 5% or more voting rights	Shares Held	Percentage
Dawood Corporation (Pvt.) Ltd.	38,182,914	62%
Hussain Dawood	4,922,773	8%

# Pattern of Shareholding

The Companies Act, 2017 (Section 227 (2) (f))

Trades in the shares of the Company.

Following trades in the shares of the Company were made by the Directors:

Name	Date of Transaction	Nature of Transaction	Price per share	No. of share
Mr. Shafiq Ahmed	19-Mar-2020	Purchased	23.88	1500
Mr. Inam Ur Rahman	4-May-2020	Purchased	24.00	1500
Mr. Faisal Nadeem	4-May-2020	Purchased	25.00	1500
Mr. Hasan Reza-Ur Rahim	5-May-2020	Purchased	24.86	1100
Mr. Sulaiman S. Mehdi	5-May-2020	Purchased	24.56	1500
Mr. Kamran Nishat	6-May-2020	Purchased	23.73	1500
Mr. Hasan Reza-Ur Rahim	8-May-2020	Purchased	23.97	400

# Glossary

Abbreviation	Description
AuM	Assets under Management
AGM	Annual General Meeting
BOD	Board of Directors
BIC	Board Investment Committee
BAC	Board Audit Committee
BHR & RC	Board HR & Remuneration Committee
CEO	Chief Executive Officer
CS	Company Secretary
CFO	Chief Financial Officer
Co.	Company
Co-worker	Company worker
CAGR	Compound Annual Growth Rate
CNIC	Computerized National Identity Card
CDC	Central Depository Company
CY 20	Calendar Year 2020
CPI	Consumer Price Index
CYTD	Calendar year to date
CSR	Corporate Social Responsibility
CCG	Code of Corporate Governance
DH Group	Dawood Hercules Group
DR	Discount Rate
DFI	Development Financial Institution
EBITDA	Earnings before interest, taxes, depreciation and amortization
EFF	Extended Fund Facility
EU GSP	European Generalised System of Preferences
EPS/(LPS)	Earnings per share/(Loss per share)
Ext. Hardrive	External hardrive
FY 20	Fiscal Year 2020
FX Reserves	Foreign Exchange Reserves
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product
GoP	Government of Pakistan
HR	Human Resource
1HFY 20	First Half Year 2020
2HCY 20	Second Half Calendar Year 2020
IA & C	Internal Audit and Compliance
Info.	Information
IPO	Initial Public Offering
Incl	Including
IMF	International Monetary Fund
ICH	International Clearing House
IFRS	International Financial Reporting Standards
IBNR	Incurred but not reported

Abbreviation	Description
IFAC	International Federation of Accountants
IAS	International Accounting Standards
KG	Kilo Grams
KPK	Khyber Pakhtunkhwa
Labs	Laboratories
LSM	Large Scale Manufacturing
LBT	Loss before tax
MIC	Management Investment Committee
Mgmt.	Management
NTN	National Tax Number
NBFI	Non-Bank Financial Institution
NIT	National Investment Trust
PkR	Pakistani Rupee
P/E	Price Earnings Ratio
PAT/(LAT)	Profit after tax/(Loss after tax)
PBT	Profit before tax
SME	Small and medium enterprises
SOEs	State Owned Enterprise
TOR	Terms of Reference
YoY	Year-over-year
5yr	Five years



ملین روپے ہے۔

(j) کمپنی کے تمام ڈائریکٹرز SECP کی تصدیقات کے مطابق منظور کردہ اداروں سے ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفائیڈ ڈائریکٹرز ہیں۔

## ملکیت

31 دسمبر 2020 تک کمپنی کے ریکارڈ پر حصص یافتگان کی تعداد 1,654 تھی۔

## حصص یافتگی کی ساخت

31 دسمبر 2020 تک کمپنی کی حصص یافتگی کی ساخت بمعہ ضروری معلومات اور 2020 کے دوران ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات مع نابالغ بچوں کی جانب سے شیئرز کی خرید و فروخت کا بیان اس رپورٹ کے اختتام پر دستیاب ہے۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) نے اہل ہونے کے باعث 61 ویں سالانہ اجلاس عام میں اپنی تقرری کی رضامندی ظاہر کی ہے۔ آڈٹ کمیٹی نے 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے میسرز اے ایف فرگوسن اینڈ کمپنی کی بطور قانونی آڈیٹرز تقرری کی تجویز پیش کی ہے۔ بورڈ نے اس تجویز کی توثیق کر دی ہے۔

## عملی کارکردگی اور مالیات کی اہم معلومات

گزشتہ نو سال بشمول زیر جائزہ سال کی عملی کارکردگی اور مالیات کی اہم معلومات کا مختصر بیان اس رپورٹ میں شامل ہے۔

## مستقبل کے آثار کی معلومات

پاک چین اقتصادی راہداری (CPEC) کے خواب کے حقیقت بن جانے کے ساتھ ہی پاکستانی معیشت بھی بہتری کی راہ پر گامزن ہے اور دنیا بھر کی توجہ پاکستان کی جانب مبذول ہو گئی ہے۔ کاروباری برادری خاصی پُر امید ہے اور مجموعی طور پر معاشی سرگرمی میں مزید بہتری آئی ہے۔ کمپنی سرگرمی سے پورٹ فولیو مینجمنٹ اور کارپوریٹ فنانس ایڈوائزری بزنس کر رہی ہے اور آئندہ آثار مثبت نظر آتے ہیں۔ مینجمنٹ ٹیم اپنی سی ای او کی قیادت میں اپنے حصص یافتگان کو بہترین رسک ایڈجسٹ منافع فراہم کرنے کے لئے پُر عزم ہے۔

## اظہار تشکر

ہم اپنے تمام شریکانِ کار، بالخصوص اپنے قابلِ قدر سرمایہ کاران کے تہہ دل سے مشکور ہیں جنہوں نے ہم پر اعتماد کیا اور اس کے ساتھ ہی مینجمنٹ ٹیم کے غیر متزلزل وابستگی اور انتھک محنت کے لئے ان کی کاوشوں کو سراہتے ہیں۔ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کو بھی ان کے تعاون اور رہنمائی کے لئے خراج تحسین پیش کرتا ہے۔

## منجانب بورڈ

حسن رضا الرحیم

سلیمان الیس مہدی

## چیئرمین

سی ای او

کراچی: 23 فروری، 2021

## بورڈ آڈٹ کمیٹی کے اجلاس

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
6	6	کامران نشاط (چیئر مین)
6	5	انعام الرحمان (ممبر)
6	6	شفیق احمد (ممبر)

## بورڈ انویسٹمنٹ کمیٹی کے اجلاس

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
1	1	حسن رضا الرحیم (چیئر مین)
1	1	انعام الرحمن (ممبر)
1	1	شفیق احمد (ممبر)

## بورڈ HR اور مشاہرہ کمیٹی کے اجلاس

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
1	1	حسن رضا الرحیم (چیئر مین)
1	1	کامران نشاط (ممبر)
1	1	انعام الرحمن (ممبر)

## ضابطہ اخلاق

دوران سال، بورڈ آف ڈائریکٹرز نے ڈائریکٹرز اور ملازمین کے لئے ایک ضابطہ اخلاق اختیار کیا ہے اور سڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضروریات کے مطابق اسے تمام ممبران کے درمیان تقسیم کیا گیا ہے۔ ضابطہ اخلاق کمپنی کی ویب سائٹ پر بھی جاری کیا گیا ہے۔

## کاروباری اور مالیاتی رپورٹنگ کا دائرہ کار

(a) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی حسابات کمپنی کے حالات، عمل کاری کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلی کا راست جائزہ پیش کرتے ہیں۔

(b) کمپنی نے کمپنیز ایکٹ، 2017 کی ضروریات کے مطابق کھاتوں کی کتابیں باقاعدہ طور پر مرتب کی ہیں۔

(c) کمپنی نے مالیاتی حسابات کی تیاری میں مستقل اور موزوں اکاؤنٹنگ پالیسیاں اختیار کی ہیں۔ دوران سال اس میں جہاں بھی تبدیلیاں کی گئیں انہیں مناسب انداز سے ظاہر کیا گیا ہے اور اکاؤنٹنگ تخمینے محتاط اور معقول تجزیات کی بنیاد پر مکمل کئے گئے ہیں۔

(d) مالیاتی حسابات کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS)، جیسے کہ پاکستان میں قابل اطلاق ہیں، کا خیال رکھا گیا ہے اور ان سے کسی بھی قسم کے انحراف کو مناسب انداز میں ظاہر کیا گیا ہے۔

(e) انٹرئل کنٹرول کا نظام مستحکم ہے اور اس کی موثر انداز سے جانچ اور اطلاق کو یقینی بنایا گیا ہے۔

(f) کمپنی کی بنیادیں مضبوط ہیں اور اس میں بغیر کسی غیر یقینی صورت حال کے معمول کے انداز سے کارگزار رہنے کی صلاحیت موجود ہے۔

(g) کمپنی نے سڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے بہترین طریقہ کار پر عمل درآمد کیا ہے اور اس سے کسی بھی قسم کا مادی انحراف نہیں ہے۔

(h) ٹیکسز، ڈیوٹیز، محصولات اور چارجز کی مد میں کسی بھی طرح کی مالی ادائیگیاں واجب الادا نہیں ہیں سوائے ان کے جو عمومی کاروبار میں ہیں اور مالیاتی نکات میں انہیں بیان کیا گیا ہے۔

(i) کمپنی کے پاس موجود پراویڈنٹ فنڈ کی سرمایہ کاریوں کی مالیت آڈٹ شدہ اکاؤنٹس کی بنیاد پر 30 جون، 2020 تک 57.03

## بورڈ آف ڈائریکٹرز کے ممبران کے درمیان مفادات کا تضادم

کسی قسم کے مفادات کے تضادم کو CYAN کے قانون کی شکوں اور SECP اور پاکستان اسٹاک ایکسچینج کے قواعد و ضوابط کے مطابق منظم کیا جاتا ہے۔

## CEO کی کارکردگی کا جائزہ

ہر سال بورڈ پہلے سے متعین کردہ عملیاتی اور ترویقاتی مقاصد کی بنیاد پر سی ای او کی کارکردگی کا جائزہ لیتا ہے۔ بورڈ جائزہ کار کا کردار اختیار کرتے ہوئے سی ای او کو کمپنی کے نظم و نسق، ترویقاتی فیصلوں اور بورڈ کی پالیسیوں کے اطلاق اور کمپنی کا رخ متعین کرنے کی مکمل آزادی فراہم کرتا ہے۔

## ڈائریکٹرز کے مشاہروں کی پالیسی

کمپنی نے اپنے 51 ویں سالانہ اجلاس عام منعقدہ 30 اپریل، 2011 میں کمپنی کے دستور کے آرٹیکل (a) 78 کی ضروریات کی تکمیل میں بورڈ کے اجلاس اور بورڈ کمیٹی کے اجلاسوں میں شرکت کے لئے ڈائریکٹرز کے معاوضے (گروپ ایگزیکٹو کے علاوہ) کی منظوری دی تھی۔

## ڈائریکٹرز کی تربیت کے پروگرام

تمام سات ڈائریکٹرز کم از کم 14 سالہ تعلیم کے حامل ہیں۔ تمام ڈائریکٹرز نے لسطہ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں مقرر کردہ ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفکیشن حاصل کر لی ہے۔

## کمپنی کے ریکارڈز کی حفاظت

مالیاتی لین دین کے ریکارڈ اور معلومات رکھنے کے لئے انفارمیشن ٹیکنالوجی پر بڑھتے ہوئے انحصار کے باعث، مالیاتی ریکارڈز کی حفاظت کے لئے انفارمیشن ٹیکنالوجی کے آلات پر مناسب توجہ دی جاتی ہے۔ ہم نے کلاؤڈ سروسز استعمال کرتے ہوئے مالیاتی اور معاون ریکارڈز کو محفوظ کیا ہے جس سے متعلقہ دستاویزات کی بروقت اور آسان بازی گیری ممکن ہو گئی ہے۔ دستاویزات کی حفاظت کو یقینی بنانے کے لئے، کمپنی نے ڈیٹا ری کال نامی تنظیم کی خدمات حاصل کی ہیں، یہ ادارہ جدید ترین طرز پر تیاری گئی فیسیلیٹی پر دستاویزات کو سر ہمہ رکس میں مرتب رکھنے کے فرائض انجام دیتا ہے۔ اس مقام پر ہر بکس اور کیبنٹ بار کوڈڈ ہے جس سے بھرپور اور موثر تلاش میں مدد ملتی ہے۔

## بورڈ کے اجلاس

زیر جائزہ سال میں بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد ہوئے جن کی صدارت چیئر مین نے کی۔ لسطہ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضروریات کے مطابق چیف فنانشل آفیسر اور کمپنی سیکریٹری نے بھی ان تمام اجلاسوں میں شرکت کی۔ ہر ڈائریکٹر کی حاضری کی تفصیلات درج ذیل ہیں:

منعقدہ اجلاس کی تعداد	حاضری کی تعداد	
6	6	حسن رضا الرحیم (چیئر مین / ڈائریکٹر)
6	6	کلثوم داؤد (ڈائریکٹر)
6	6	کامران نشاط (ڈائریکٹر)
6	6	انعام الرحمن (ڈائریکٹر)
6	6	شفیق احمد (ڈائریکٹر)
6	6	سلیمان ایس مہدی (سی ای او / ڈائریکٹر)
6	6	فیصل ندیم (سی ایف او / ڈائریکٹر)

## سماجی تعاون اور فلاح و بہبود کی اسکیمیں

سماجی بہبود میں مسلسل تعاون سیان لمیٹڈ کی CSR پالیسی کا ایک اہم عنصر ہے۔ کمپنی کمیونٹی کے ساتھ ایسے طریقے سے کام کرنے کے لئے پُر عزم ہے جس سے ضرورت مند افراد کی زندگیوں پر مثبت اور دیر پا اثرات مرتب ہوں۔

### کاروباری مراسم

کاروباری مراسم استعداد، پیداواریت اور مناسب کام کے فروغ میں مدد دیتے ہیں۔ سرمایہ کاران کے ساتھ شراکت کارانہ اور باہمی احترام پر مبنی تعلقات اور اضافی تعاون پیداواریت اور باہمی اعتماد میں اضافہ کرتے ہیں جس سے ناپسندیدگی اور استحصال میں کمی آتی ہے۔ اس سال دیگر اداروں کے ساتھ کرکٹ میچز کی صورت میں تفریحی اور تحرکی سرگرمیاں منعقد کی گئیں۔

### ملازمت برائے خصوصی افراد

ایک ذمہ دار آجر کی حیثیت سے CYAN خصوصی افراد کے لئے ملازمت کے مواقع پیدا کرنے میں خاص دلچسپی رکھتی ہے۔

### کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

کاروبار کو ایمانداری، دیانتداری اور اعلیٰ ترین اخلاقی اور قانونی معیارات کے مطابق چلانا کمپنی کی بنیادی پالیسی ہے۔ کسی بھی قسم کے غیر اخلاقی رویوں کی ہمارے کاروبار میں کوئی گنجائش نہیں ہے۔ تمام ملازمین کو ہمیشہ کمپنی کے حصص یافتگان کے مفاد کے لئے کام کرنا چاہئے اور کسی بھی ملازم کو نہ تو کوئی غیر قانونی و غیر اخلاقی کام خود کرنا چاہئے اور نہ ہی کسی دوسرے ملازم کو اس کی ہدایت اور ترغیب دینی چاہئے۔

کمپنی نے اپنا ضابطہ اخلاق تمام ڈائریکٹرز اور ملازمین کو فراہم کر دیا ہے اور اسے اپنی ویب سائٹ پر بھی جاری کر دیا ہے۔

### قومی خزانے میں حصہ

Cyan نے سال 2020 کے دوران ٹیکسوں کی شکل میں قومی خزانے میں 9.213 ملین روپے کا خاصا بڑا حصہ ڈالا ہے۔

### کریڈٹ ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے 1 جنوری، 2021 کو سیان لمیٹڈ (CL) کی اینٹی ریٹنگ A/A-1 ((A/A-one) کی دوبارہ توثیق کی ہے۔ ریٹنگ کے آثار ”منفی“ ہیں۔

## متعلقہ فریقین سے لین دین

اس سال کے دوران شریک کار کمپنیوں/متعلقہ فریقین سے کی جانے والی تمام تر لین دین بورڈ کی آڈٹ کمیٹی کی جانب سے تجویز کردہ اور کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے منظور کردہ تھی۔ متعلقہ پارٹیوں سے تمام لین دین مناسب فاصلے کی بنیاد پر کیا گیا۔

### بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز سات ڈائریکٹرز پر مشتمل ہے جو درج ذیل ہے:

(a) مرد: 06

(b) خواتین: 01

بورڈ کی تشکیل درج ذیل ہے:

قسم	نام
آزاد ڈائریکٹرز	حسن رضا الرحیم کامران نشاط
نان ایگزیکٹو ڈائریکٹرز	انعام الرحمان شفیق احمد
ایگزیکٹو ڈائریکٹرز	سلیمان ایس مہدی فیصل ندیم
خاتون ڈائریکٹر	کلثوم داؤد



مندرجہ بالا ماڈیولز کے اطلاق کے باعث کمپنی کے متعلقہ شعبے کی عمل کار صلاحیتوں میں بہتری آئی ہے اور یہ پیش رفت انٹرئل کنٹرول اور موثر مینجمنٹ سسٹم کی بہتری میں معاون ثابت ہوگی۔

ہیومن ریسورسز ڈویلپمنٹ، ٹریننگ اور سکسیشن پلاننگ

کمپنی میں آگے آنے والے چیلنجز سے نمٹنے کے لئے تجربہ کار اور قابل افراد کو ملازمت فراہم کی جاتی ہے۔ کمپنی اپنی ٹیم کو مزید مضبوط کرنے کی منصوبہ بندی کر رہی ہے، ملازمین کی کارکردگی کی جانچ کے لئے جائزے اور پنچ مارک سروے کا استعمال کرتے ہوئے ادارے کی تنظیمی ساخت اور افادیت کو مزید مستحکم کیا جاتا ہے۔

عملے کی تربیت کا عمل پورا سال تسلسل سے جاری رہتا ہے جس کی بنیاد تربیت کی ضروریات کی تشخیص بالخصوص معلومات اور مہارتوں میں اضافے کے شعبہ جات پر استوار ہوتی ہے۔ تربیت اور ہیومن ریسورسز ڈویلپمنٹ ہمیشہ کمپنی کے لئے نہایت اہمیت کے حامل رہے ہیں۔

کمپنی میں HR کے رہنما اصول اس طریقے سے وضع کئے گئے ہیں جو ہمیشہ عملے کے ارکان کو معقول معاوضے، حوصلہ افزائی کا احساس اور ترغیب فراہم کرتے ہیں۔

کمپنی نہ صرف بہترین صلاحیتوں کے حامل افراد کو شامل کرتی ہے بلکہ مستقبل میں قائدانہ کردار کے لئے ان کی صلاحیتوں میں نکھار اور ارتقا پیدا کرتی ہے۔ کمپنی اپنے ملازمین کو آزمائشی مواقع فراہم کر کے انہیں باصلاحیت بنانے پر یقین رکھتی ہے تاکہ ان کی استعداد میں اضافہ اور صلاحیتوں میں بہتری لائی جائے۔ واضح فرائض منصبی اور ملازمت کی تصریحات متعین کی جاتی ہیں جن کی بنیاد پر کمپنی کے حساس اور نہایت اہم عہدوں کے لئے سکسیشن کا منصوبہ تیار کیا جاتا ہے۔

## انٹرئل کنٹرول

انٹرئل کنٹرول کے لائحہ عمل کا اطلاق بورڈ کی جانب سے قائم کردہ ایک خود مختار اندرونی انٹرئل آڈٹ فنکشن کے ذریعے موثر انداز سے کیا گیا ہے جو ایکسٹرئل آڈٹ فنکشن سے آزاد ہے۔ کمپنی کا انٹرئل کنٹرول کا نظام ساخت کے اعتبار سے مستحکم ہے اور اس کی فعالیت اور موزونیت کی تسلسل کے ساتھ جانچ کی جاتی ہے۔ آڈٹ کمیٹی نے آپریشنل، کمپلائنس، رسک مینجمنٹ، فنانشل رپورٹنگ اور کنٹرول کے مقاصد کے حصول اور کمپنی کے تمام تر اثاثوں اور کمپنی کے درمیان ہر سطح پر حصص یافتگان کے سرمائے کی حفاظت کو یقینی بنایا ہے۔ انٹرئل آڈٹ فنکشن نے کمیٹی کے مقرر کردہ منشور کے مطابق اپنے فرائض انجام دیئے ہیں۔ کمپنی نے انٹرئل آڈٹ کے ٹھوس نتائج کا جائزہ لیا ہے اور مناسب اقدامات کئے ہیں یا جہاں ضرورت ہو معاملات کو بورڈ کے سامنے پیش کیا ہے۔ ایکسٹرئل اور انٹرئل آڈیٹرز کے درمیان ہم آہنگی کو آسان بنایا گیا تاکہ استعداد کار اور کمپنی کے مقاصد، بشمول ایک قابل اعتبار مالیاتی رپورٹنگ نظام کے قیام اور قواعد و ضوابط سے مطابقت کو یقینی بنایا

جائے۔

## کارپوریٹ سماجی ذمہ داری (CSR)

پائیدار اور قابل اعتماد ترقی کے لئے نہ صرف کاروباری اداروں کو مقامی قوانین کے ذریعے پابند کیا گیا ہے بلکہ اس سے بڑھ کر یہ ایک اخلاقی ذمہ داری ہے جس پر اس کی پوری روح کے مطابق پیروی اور عمل درآمد کیا جانا چاہئے۔ Cyan اس بات پر پختہ یقین رکھتی ہے کہ اس کی مالی کامیابی کے لئے اس کی ماحولیاتی اور سماجی کارکردگی میں اضافہ ناگزیر ہے۔ کمپنی ہمیشہ مہارت، بہتر تنظیم، شفافیت، دیانتداری اور احتساب کی روایات پر زور دیتی ہے۔ ہم نے اپنا CSR پروگرام درج ذیل شعبوں پر توجہ مرکوز کرتے ہوئے جاری رکھا ہوا ہے:

## تعلیم

## صحت کا شعبہ

## سماجی بہبود

## بچوں کی فلاح و بہبود

## ثقافتی ورثہ کا تحفظ

## امدادی سرگرمیاں

## توانائی کی بچت

کمپنی کی جانب سے توانائی کی بچت کے اقدامات میں کمپنی کے تمام مقامات پر انرجی سیورز کا استعمال اور جہاں تک ممکن ہو معاون اور بنیادی آلات کی بندش شامل ہیں۔

## پیشہ ورانہ صحت، تحفظ اور ماحول کی حفاظت

ہم اپنے کاروبار میں صحت، تحفظ اور ماحول کے شعبوں میں امتیاز کے حصول کے لئے پرعزم ہیں۔ Cyan کام کے لئے ایک محفوظ ماحول برقرار رکھتی ہے اور اپنے عملے اور شراکت داران کی صحت اور بہبود کی ذمہ دار ہے۔ تقرری کے وقت تمام نئے ملازمین کو ایک لازمی میڈیکل چیک اپ اور ٹیسٹ کے عمل سے گزارا جاتا ہے۔

## رسک مینجمنٹ اور رسک کی تخفیف کے لئے حکمت عملی

کمپنی کم مدتی سرمایہ کاریوں کے پورٹ فولیو کا بھی انتظام کرتی ہے جو جامع مالیاتی جائزے کے بعد ترتیب دیا جاتا ہے۔ قلیل مدتی سرمایہ کاریوں میں کریڈٹ رسک کو حکومتی سیکورٹیز اور اعلیٰ درجے کے منی مارکیٹ میوچل فنڈز کے درمیان متنوع سرمایہ کاری کے ذریعے کم کیا جاتا ہے۔ قلیل مدتی سرمایہ کاریوں میں اچھی مالی حالت کی حامل پبلک ایکویٹیز اور اعلیٰ درجے کے منی مارکیٹ میوچل فنڈز شامل ہیں۔

## کریڈٹ رسک

کریڈٹ رسک فریق ثانی کے معاہدے کے مطابق کارکردگی دکھانے میں ناکامی کے نقصان کی عکاسی کرتا ہے۔ کمپنی کا کریڈٹ رسک خاص طور پر بینک کے ساتھ ڈپازٹس، ملازمین کو دیئے گئے قرضوں، میوچل فنڈز میں سرمایہ کاریوں اور تجارت اور دیگر قابل وصول اثاثہ جات سے پیدا ہوتا ہے۔ بینکوں اور مالیاتی اداروں کے لئے انتظامیہ معروف اداروں کے ساتھ ڈپازٹس رکھتی ہے۔ میوچل فنڈز میں سرمایہ کاری کے لئے انتظامیہ اعلیٰ درجے کے میوچل فنڈز میں اضافی فنڈز رکھتی ہے۔ قابل وصولی ڈیویڈنڈ کے سلسلے میں کریڈٹ رسک قانونی تحفظ کے باعث انتہائی کم ہے۔ لسٹڈ سیکورٹیز میں ٹرانزیکشنز بشل کلیرنگ کمپنی آف پاکستان لمیٹڈ کا نظام استعمال کرتے ہوئے ترسیل کے بعد تصفیہ/اداکی جاتی ہیں۔ ان ٹرانزیکشنز میں نادہندگی کا خطرہ اس معاملے میں اٹھائے جانے والے بنیادی طور پر موجود منظم اقدامات کے باعث کم تصور کیا جاتا ہے۔ مزید برآں، میوچل فنڈز میں سرمایہ کاریوں کا خطرہ بھی نہایت کم ہے کیونکہ کمپنی لکویڈیٹی مینجمنٹ کے لئے معقول حد تک اعلیٰ درجے کے منی مارکیٹ فنڈز سے متعارف ہے۔

## مارکیٹ رسک

مارکیٹ رسک کا مطلب مارکیٹ کی قیمتوں جیسے کہ غیر ملکی زرمبادلہ کی شرح، شرح سود اور ایکویٹی کی قیمتوں میں تبدیلی کا خطرہ ہے جو کمپنی کی آمدنی یا ان کے مالیاتی ذرائع کی ملکیت کی قدر پر اثر انداز ہو سکتا ہے۔ مارکیٹ رسک مینجمنٹ کا مقصد منافع میں اضافہ کے ساتھ قابل قبول گنجائش کے اندر رہتے ہوئے مارکیٹ رسک ایکسپوزر کی تنظیم اور اس پر قابو پانا ہے تاہم کمپنی کو شرح سود کے رسک اور ایکویٹی پرائس رسک کا سامنا ہے۔

کمپنی کو اس کی سرمایہ کاریوں، طویل مدتی قرضوں، قلیل مدتی ڈپازٹس اور بینک بیلنسز میں مارکیٹ رسک کا سامنا ہے۔ کمپنی ایک متنوع پورٹ فولیو کے قیام اور ایکویٹی مارکیٹ میں پیش رفت کی مسلسل نگرانی کے ذریعے مارکیٹ رسک کو محدود کرتی ہے۔ کمپنی کی کاروباری سرگرمیوں کے متعلقہ مارکیٹ رسک میں شرح سود کا رسک اور قیمتوں کا رسک شامل ہے۔ کمپنی کو میٹرل کرنسی رسک کا سامنا نہیں ہے۔

## انٹرسٹ ریٹ رسک (شرح سود کے خطرات)

شرح سود کے خطرات سے مراد مارکیٹ کی شرح سود میں تبدیلیوں کے باعث کسی مالی ذریعے کے مستقبل کے کیش فلو (Cash Flow) کی راست قدر میں اتار چڑھاؤ ہے۔ چونکہ منی مارکیٹ میوچل فنڈز میں کمپنی کا معقول ایکسپوزر ہے لہذا اسے شرح سود کے خطرات کا بھی سامنا ہوتا ہے، تاہم اس خطرہ کو ان فنڈز میں 90 دن سے کم مدت کے لئے سرمایہ کاریوں کے ذریعے محدود کر لیا جاتا ہے۔

## ایکویٹی پرائس رسک

کمپنی کو اس کی ملکیت میں موجود سرمایہ کاریوں اور مالیاتی حالات کے بیان میں بطور برائے فروخت درجہ بندی اور نفع اور نقصان کے ذریعے راست قدر پر ایکویٹی پرائس رسک کا سامنا ہو سکتا ہے۔ ایکویٹی سیکورٹیز میں سرمایہ کاریوں سے پیدا ہونے والے پرائس رسک کا انتظام کرنے کے لئے کمپنی اپنے پورٹ فولیو کو موزوں اسٹاکس کے درمیان متنوع بناتی ہے۔

## فارن کرنسی رسک

کمپنی کو غیر ملکی زرمبادلہ کی شرح میں اتار چڑھاؤ سے مادی طور پر کوئی رسک نہیں ہے۔

## حصہ داران کے ساتھ تعلقات

کمپنی کو تمام حصہ داران بشمول حصص یافتگان، ملازمین، قرض دہندگان، مقامی آبادیوں اور دیگر کے حقوق کا بخوبی ادراک ہے اور کمپنی ان کا احترام کرتی ہے۔ کمپنی، اپنے ہر اجلاس عام میں حصص یافتگان کی بھرپور شرکت کی حوصلہ افزائی کرتی ہے اور بہتر انتظام کاری اور عملیاتی انتظام سے متعلق ان کے خیالات کی قدر کرتی ہے۔ کمپنی جہاں بھی کام کرتی ہے اپنے حصہ داران کے متعلق اپنی قانونی اور اصلاحی ذمہ داریوں سے بخوبی آگاہ ہے اور کمپنی سے وابستہ ان کے مفادات کے حقیقت پسندانہ منظر نامہ کو سامنے رکھتے ہوئے ان کی توقعات پر بروقت پورا اترنے کے لئے مناسب اقدامات کرتی ہے۔ تمام حصص یافتگان کی میٹنگ کے لئے ایک تفصیلی جائزہ کیا گیا تا کہ انہیں کمپنی کی مجموعی کارکردگی میں قدم بہ قدم ساتھ رکھا جائے۔

## انفارمیشن ٹیکنالوجی

ہم اس بات پر پختہ یقین رکھتے ہیں کہ کسی بھی کاروبار کی ترقی میں انفارمیشن ٹیکنالوجی کا کردار نہایت اہم ہے۔ بہتر مارکیٹ انفراسٹرکچر کے حصول اور رسک کنٹرول کے لئے موزوں طریقوں کی تشکیل کے لئے انفارمیشن ٹیکنالوجی کا کردار مسلمہ ہے۔ کمپنی نے متعدد بنیادی اپیلی کیشنز کے اطلاق کے لئے اہم پیش رفت کی ہے جیسے کہ ہیومن ریسورس مینجمنٹ، انٹرپرائز جنرل لیجر اور فکسڈ اسسٹس ماڈیول وغیرہ۔

31 دسمبر، 2020 اور 2019 کو ختم ہونے والے سالوں کے لئے مالیاتی نکات کا مختصر بیان درج ذیل ہے:

روپے ملین میں

	2020	2019	تبدیلی کی شرح
سرمایہ کاریوں پر منافع	57	100	(43%)
سرمایہ کاریوں کی فروخت پر منافع۔ خالص	455	138	230%
دیگر آمدنی	14	16	(13%)
	526	253	108%
غیر موصول شدہ اضافہ (تخفیف)	230	(2)	11600%
	756	251	201%
عمل کاری اور انتظامی اخراجات	(245)	(144)	70%
مالیاتی چارجز	(42)	(11)	282%
منافع قبل از ٹیکس	470	95	395%
ٹیکس	(112)	3	3757%
منافع بعد از ٹیکس	357	98	263%
آمدنی فی حصص۔ روپے	5.80	1.59	263%

## فی حصص آمدنی

اس سال کمپنی کی فی حصص آمدنی 5.80 روپے رہی جبکہ سال 2019 میں 1.59 روپے فی حصص آمدنی (دوبارہ متعین کردہ) تھی۔

## تخصیص اور ڈیویڈنڈ

31 دسمبر، 2020 کو ختم ہونے والے سال کے لئے کمپنی کا بعد از ٹیکس منافع سال 2019 کے 98 ملین روپے کے مقابلے میں 357 ملین روپے رہا۔ سال 31 دسمبر، 2020 کے اختتام پر بورڈ نے 50 فیصد (فی حصص 5 روپے) حتمی نقد ڈیویڈنڈ کی سفارش کی ہے۔

## مقاصد اور کاروباری حکمت عملی

KSE-100 کے مقابلہ میں کمپنی کی گزشتہ پانچ سال کی مستحکم اور تسلی بخش کارکردگی کی بنیاد ہمارے کاروباری مقاصد کے حصول پر ہے۔ ہم اچھے اثاثہ جات کے معیاری پورٹ فولیو میں اضافے اور ذرائع آمدنی کے ایک متنوع مجموعے کے ذریعے کمپنی کو مضبوط بنیادوں پر استوار کرنے کے مقصد پر کاربند ہیں۔ ہماری کاروباری حکمت عملی کے بنیادی عناصر میں دستیاب ریسورسز کو مؤثر انداز سے کام میں لانا اور متعلقہ رسک کا بندوبست اور اس میں تخفیف کرتے ہوئے منافع میں ہر ممکن اضافہ کرنا شامل ہے۔

## لکویڈیٹی، نقدی کا بہاؤ اور مالیاتی انتظامات

کمپنی نقدی کے انتظام (Cash Management) کے ایک مؤثر نظام کی حامل ہے جو پر عزم اور اہل ملازمین کی ٹیم کے ذریعے چلایا جاتا ہے، جو پیشگی منصوبے تیار کرتی ہے اور کمپنی کی نقدی کی ضروریات کی مسلسل نگرانی کرتی ہے۔ نقدی اور دیگر نقد اثاثوں، بشمول سرمایہ کاریوں کے داخلی اور خارجی بہاؤ کا انتظام خالص تسویہ شدہ منافع کی بنیاد پر کیا جاتا ہے۔ کمپنی کے پاس 2,000 ملین روپے کی رنگ فنانس فیسلٹی بھی موجود ہے جسے اس سال جزوی طور پر استعمال کیا گیا اور جیسے اور جہاں کوئی سرمایہ کاری کا موقع پیدا ہوگا، اسے استعمال کیا جائے گا۔

## سرمائے کی ترتیب

گزشتہ سالوں میں کمپنی نے بونس حصص جاری کئے جس سے کمپنی کا ادا شدہ سرمایہ بڑھ کر 615.591 ملین روپے ہو گیا۔ سال کے اختتام تک حصص یافتگان کی قوم 2452 ملین روپے تھیں، کمپنی کی لکویڈیٹی کی صورت حال سال کے اختتام تک 6 کے حالیہ تناسب کے ساتھ مستحکم ہے۔

زیادہ فروخت کا شعبہ رہا، جبکہ اس کے بعد آئل ایکسپلوریشن کمپنیاں (119.6 ملین امریکی ڈالر) اور سیمنٹ (100.9 امریکی ڈالر) کے ساتھ نمایاں شعبہ رہے۔ 2015 کے بعد سے غیر ملکی سرمایہ کار 2 ارب امریکی ڈالر کے حصص فروخت کر چکے ہیں۔ تاہم اس فروخت کو مقامی طور پر جذب کر لیا گیا اور افراد، انشورنس اور کمپنیوں نے بالترتیب 232.3 ملین امریکی ڈالر، 229.9 ملین امریکی ڈالر اور 110.6 ملین امریکی ڈالر مالیت کے حصص خریدے۔

ہم سمجھتے ہیں کہ COVID-19 کی عالمی وبا کی پہلی اور دوسری لہر کے دوران پاکستان خطہ کے زیادہ تر ممالک سے بہتر رہا۔ اس کے نتیجے میں سرمایہ کاروں کا اعتماد بحال ہوا اور ان رجحانات میں زبردست بہتری آئی۔ ادائیگیوں کے توازن کے بحران پر بڑی حد تک قابو پالینے اور میکرو اکنامک استحکام مزید بہتر ہوجانے کے ساتھ معیشت مستقبل میں پائیدار ترقی کے لئے مکمل تیار ہے۔

مزید برآں، کم شرح سود سرمایہ کاروں کو اپنی قرضوں کی بچت (Debt Saving) کو بہتر اور زیادہ منافعوں کے لئے ایکویٹی سرمایہ کاریوں میں تبدیل کرنے پر راغب کرے گی۔ اس کے نتیجے میں مارکیٹ کے بحالی کی جانب گامزن رہنے کی توقع ہے۔ KSE-100 انڈیکس اس وقت 6.7 کے فارورڈ P/E ملٹی پل پر ٹریڈ کر رہا ہے جس سے کیلنڈر سال 2021 میں مارکیٹ کا منافع دوہرے ہندسوں میں رہنے کا امکان بڑھتا ہوا نظر آتا ہے۔

## شعبہ جاتی جائزہ

سال 2020 متدائر (Cyclical) شعبوں کا سال تھا۔ تقریباً تمام متدائر شعبوں بشمول بناسپتی اور لائیو انڈسٹریز نے KSE-100 انڈیکس میں توقع سے زیادہ کارکردگی کا مظاہرہ کیا جبکہ مدافعانہ شعبوں جیسے کہ پینکس، فریڈلانڈرز، آئل اینڈ گیس ایکسپلوریشن اور مارکیٹنگ کمپنیوں کی کارکردگی کم رہی۔

پوائنٹس کے اعتبار سے جن شعبوں نے مقامی مارکیٹ میں سب سے زیادہ حصہ ڈالا ان میں سیمنٹ، ٹیکنالوجی اور کمیونی کیشن، فارماسوٹیکل، ٹیکسٹائل کمپوزٹ، آٹو اسمبلرز شامل تھے، جبکہ مارکیٹ کی سست رو کارکردگی کا باعث بننے والے شعبوں میں پاور جنریشن اور ڈسٹری بیوشن، کمرشل بنکس اور آئل اینڈ گیس ایکسپلوریشن کمپنیاں شامل رہیں۔

بناسپتی اور لائیو انڈسٹریز نے مارکیٹ میں زبردست کارکردگی کا مظاہرہ کیا جس کی وجہ پام آئل کی قیمتوں میں اضافہ اور زیادہ فروخت تھی۔ اسٹیٹ بینک آف پاکستان کی جانب سے محض چار ماہ کے قلیل عرصہ میں پالیسی شرح 625 پیسے پوائنٹس تک کم کرنے کے بعد سیمنٹ کا شعبہ دوبارہ توجہ کا مرکز بنا۔ مزید برآں، تعمیراتی چیک کے اعلان اور اس کے ساتھ بجٹ 2021 میں ٹیکس بینیفٹس (Tax Benefits) نے شعبہ کے محرکات کو بہتر بنایا۔ لاک ڈاؤن کے نتیجے میں نئی ٹیکنالوجیز اختیار کرنے کے رجحان میں توقع سے کہیں زیادہ اضافہ ہوا جس سے آئی ٹی کے شعبہ میں برآمدات میں اضافہ کی امیدیں بڑھ رہی ہیں۔

KSE-100 انڈیکس میں آئل اینڈ گیس ایکسپلوریشن کے شعبہ کی کارکردگی کم رہی، اس کی وجہ سعودی عرب اور روس کے مابین تیل کی قیمتوں کی جنگ تھی جس کے نتیجے میں بین الاقوامی سطح پر تیل کی قیمتیں تاریخ کی کم ترین سطح تک آ گئیں۔ مزید برآں، گردشی قرضوں کے مسئلہ اور حکومتی ملکیت میں موجود E&Ps کی نجکاری میں رکاوٹوں نے شعبہ کی بہتر کارکردگی کے امکانات کو محدود کر دیا۔ اس طرح گردشی قرضوں کے بڑھنے اور پاور لاسز (Power losses) نے پاور جنریشن اور ڈسٹری بیوشن کے شعبوں کی کارکردگی کو بڑھنے نہیں دیا۔ مزید یہ کہ پالیسی شرح میں کمی، COVID-19 کے دوران غیر فعال قرضہ جات میں متوقع اضافے اور اسٹیٹ بینک آف پاکستان کی جانب سے ڈیویڈنڈز کی عارضی بندش کا نتیجہ بینکاری صنعت کی توقع سے کم کارکردگی کا باعث بنا۔

## کمپنی کی کارکردگی

دوران سال کمپنی نے 97 فیصد (اوسط) کے ساتھ اپنی سرمایہ کاری کا رخ پبلک ایکویٹیز کی جانب برقرار رکھا، جبکہ 3 فیصد حصہ سے میوچل فنڈز اور حکومتی سکیورٹیز میں سرمایہ کاری کی۔ ایکویٹی پورٹ فولیو آئی ایم ایف پروگرام میں شمولیت کے بعد واضح ہوتی معاشی صورت حال اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے بعد ادائیگیوں کے توازن کی موزوں صورت حال کی بنیاد پر ترتیب دیا گیا۔

بنیادی میکرو اکنامک اشاروں، بالخصوص غیر ملکی زرمبادلہ کے ذخائر اور یک ہندسی افراط زر میں مجموعی طور پر بہتری آئی۔ زیادہ تیزی سے ترقی کرنے والی اور زیادہ منافع بخش سرمایہ کاریوں میں توازن قائم رکھنے کے لئے ایکویٹی پورٹ فولیو کو دوبارہ ترتیب دیا گیا۔ اس مقصد کے لئے ٹیکنالوجی اینڈ کمیونی کیشن، بناسپتی اینڈ لائیو انڈسٹریز، کمرشل پینکس، ٹیکسٹائل کمپوزٹ اور سیمنٹ کے شعبوں میں بھاری سرمایہ کاری کی گئی۔ ہمارے ایکویٹی پورٹ فولیو سے سال 2020 کے دوران ڈیویڈنڈ آمدنی 51 ملین روپے رہی، جبکہ گزشتہ سال 94 ملین کی آمدنی حاصل ہوئی تھی۔ کمپنی نے اس مدت میں 454 ملین روپے کا موصول شدہ نفع (Realized Capital Gain) حاصل کیا (سال 2019: 138 ملین روپے)، جبکہ 230 ملین روپے غیر موصول شدہ نفع (Unrealized Gain) حاصل کیا، جبکہ گزشتہ سال اسی مدت میں کمپنی کو 2 ملین روپے کے غیر موصول شدہ خسارہ کا سامنا رہا تھا۔

سال 2020 کے دوران بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 98 ملین روپے کے مقابلے میں 357 ملین روپے رہا۔



دوران ملک کے مجموعی اخراجات میں 16% سال بہ سال کا اضافہ ہوا کیونکہ مارک اپ ادائیگیوں میں 25% سال بہ سال اضافہ کی وجہ سے موجودہ اخراجات 20% سال بہ سال بڑھ گئے۔ تاہم حکومت کو توقع ہے کہ مالی سال 2021 کے دوران مالیاتی اور بنیادی خسارہ 7.0% اور 0.5% رہ جائے گا۔

کیلنڈر سال 2020 کے دوران COVID-19 کے پھیلاؤ نے اسٹیٹ بینک آف پاکستان کو ایک فعال اور جرأت مندانہ موقف اختیار کرنے پر مائل کیا جب اس نے تین ماہ کے دوران پالیسی شرح 625 بیس پوائنٹس سے 7% تک کم کرنے کے لئے متعدد ہنگامی اجلاس منعقد کئے۔ پالیسی شرح میں کمی مشکل حالات میں گھرانوں اور کاروبار پر سے معاشی دباؤ کم کرنے میں مددگار ثابت ہوئی۔ مزید برآں، کاروباری اداروں کی اعانت کے لئے متعدد اقدامات کئے گئے جیسے کہ کم مارک اپ کی حامل فنانسنگ اسکیمز اور قرضوں کی ری پروفائلنگ (Reprofiling)، جنہوں نے آزمائشی حالات میں انہیں بھرپور مدد فراہم کی۔

COVID-19 کے پھیلاؤ کے باوجود غیر ملکی زرمبادلہ کے ذخائر میں اضافہ کا رجحان جاری رہا جو کیلنڈر سال 2020 کے آغاز میں 17.9 ارب امریکی ڈالر سے بڑھ کر کیلنڈر سال کے اختتام تک 20.5 ارب امریکی ڈالر ہو گئے۔ زرمبادلہ کے ذخائر میں اضافہ کی بنیادی وجوہات میں غیر ملکی ترسیلات زر میں بالخصوص مالی سال 2021 کے پہلے نصف میں ریکارڈ اضافہ، کثیر فریقی تنظیموں مثلاً آئی ایم ایف کی طرف سے ادائیگی کے توازن میں مدد، دوست ممالک سے ملنے والے قرضہ جات اور 20 G جیسی تنظیموں سے قرضوں کی ادائیگی میں ملنے والی عارضی رعایت جیسے عوامل شامل تھے۔

COVID-19 کے پھیلاؤ کے بعد کی صورتحال میں مارکیٹ کی سطح پر شرح مبادلہ میں تبدیلی خود کار استحکام کا باعث بنی تاہم COVID-19 کے بعد پورٹ فولیو سرمایہ کاریوں بالخصوص Debt Securities سے سرمایہ کے اخراج اور پالیسی شرح میں کمی سے مقامی کرنسی دباؤ کا شکار ہو گئی اور اس میں نمایاں حد تک کمی دیکھی گئی، جیسا کہ دیگر ابھرتی ہوئی مارکیٹس کی کرنسیوں میں دیکھی گئی تھی۔ تاہم غیر ملکی زرمبادلہ نے مقامی کرنسی کو اعانت فراہم کی جب ڈالر کے مقابلے میں اس کی قدر میں بہتری آئی۔ اس کے باوجود کیلنڈر سال 2020 میں ڈالر کے مقابلہ میں مقامی کرنسی کی قدر میں 3.1% کمی واقع ہوئی۔

آگے چل کر دنیا بھر میں مختلف ویکسینز کی تیاری اور نول کرونا وائرس کے خلاف ان کی افادیت پوری دنیا کے لئے ایک رحمت ثابت ہو سکتی ہے۔ معاشی نمو کے منفی سے مثبت سطح پر آنے کی توقع ہے جیسا کہ بیشتر انڈیکسٹرز کے اشاروں سے ظاہر ہے۔ اسٹیٹ بینک آف پاکستان نے مجموعی ترقیاتی پیداوار (GDP) کی شرح مالی سال 2021 کے دوران 1.5% سے 2.5% کے درمیان رہنے کی توقع ظاہر کی ہے۔ تاہم مالی سال 2021 کے دوران مالیاتی خسارہ بدستور آزمائش کن ثابت ہو سکتا ہے کیونکہ معاشرے کے سب سے کمزور اور زبرد پذیر طبقے کو سوشل سیکیورٹی کے مختلف پروگرامز کے ذریعے تحفظ دینے اور افراط زر کی شرح کو کم رکھنے کے لئے مختلف آئٹمز پر حکومت کی جانب سے

سبسڈی دینے کی ضرورت ہے۔

کیلنڈر سال 2020 میں KSE-100 انڈیکس نے 7.4% (امریکی ڈالر کے اعتبار سے 3.5%) کا منافع ظاہر کیا اور 43,755 پوائنٹس پر بند ہوئی۔ درحقیقت مارچ 2020 میں 27,228.80 کی کم ترین سطح کو چھونے کے بعد، جب پوری دنیا نول کرونا وائرس کی لپیٹ میں تھی، مقامی مارکیٹ نے رخ تبدیل کیا اور کیلنڈر سال 2020 کے اختتام پر 60.7% کا منافع ظاہر کیا۔ COVID-19 سے نمٹنے کے لئے کئے گئے مؤثر اقدامات، حفاظتی تدابیر کے ساتھ معاشی سرگرمیوں کا تسلسل، مانیٹری سہولت جس کے تحت چار ماہ میں پالیسی شرح میں 625 بیس پوائنٹس تک کمی کی گئی، حکومت اور اسٹیٹ بینک آف پاکستان کی جانب سے دی جانے والی مالیاتی مراعات، کثیر فریقی ایجنسیز کی جانب سے قرض کی ادائیگی میں سہولت جس سے بیرونی سطح پر استحکام حاصل ہوا اور ملک میں مجموعی طلب میں بحالی جیسے اقدامات اس مثبت کارکردگی کی بنیادی وجہ بنے۔

ملک میں COVID-19 کی وبا کے پھیلاؤ سے قبل انڈیکس کی کارکردگی مستحکم ترقی کے راستے پر گامزن تھی۔ تاہم ملک میں COVID-19 کا پہلا کیس سامنے آتے ہی انڈیکس عدم استحکام کا شکار ہو گئی۔ سعودی عرب اور روس کے درمیان تیل کی قیمتوں کی جنگ نے صورتحال کو مزید بدتر کر دیا۔ عالمی سطح پر تیل کی قیمتیں انتہائی کمی کا شکار ہو گئیں اور کچھ وقت کے لئے تیل کا مستقبل منفی ہو گیا۔ اس کے بعد ملک میں COVID-19 کے کیسز میں اضافہ کے بعد ملک گیر لاک ڈاؤن نافذ کر دیا گیا۔ نتیجتاً مارچ 2020 میں مقامی اسٹاک مارکیٹ کم ترین سطح پر آ گئی۔

بعد ازاں، اسٹیٹ بینک آف پاکستان کی جانب سے فعال اور جرأت مندانہ موقف اختیار کیا گیا جب اس نے پالیسی شرح 625 بیس پوائنٹس تک کم کرنے کے لئے متعدد ہنگامی اجلاس منعقد کئے۔ اسٹیٹ بینک آف پاکستان نے متعدد دیگر اقدامات بھی متعارف کروائے جیسے کہ TERF فنانسنگ، قرض کی بنیادی رقم کی مؤخر ادائیگیاں، اور کاروباری شعبہ کی اعانت کے لئے کم مارک اپ پر قرضوں کی فراہمی۔ حکومت نے بھی مختلف صنعتوں جیسے کہ تعمیرات اور زراعت کے لئے متعدد دیگر متعارف کروائے۔ ان اقدامات کے نتیجے میں متدائر (Cyclical) شعبے توجہ کا مرکز بنے اور مقامی مارکیٹ کے لئے بہتری کے رجحان کا باعث بنے۔ نتیجتاً مجموعی تجارتی سرگرمی میں بہتری آئی جب کیلنڈر سال 2020 میں اوسط یومیہ تجارتی قدر گزشتہ سال کی اسی مدت کے 5.9 ارب روپے کے مقابلہ میں بڑھ کر 12.3 ارب روپے ہو گئی۔ تاہم کیلنڈر سال 2020 میں اوسط یومیہ تجارتی حجم کیلنڈر سال 2019 کے 377.6 ملین حصص کے مقابلہ میں کم ہو کر 329.9 ملین حصص رہ گئی۔

غیر ملکی سرمایہ کار KSE-100 انڈیکس میں سرمایہ کاری کے سلسلے میں بدستور محتاط رہے اور انہوں نے 571.5 ملین امریکی ڈالر کے حصص فروخت کئے۔ شعبہ جاتی فروخت کے حوالے سے دیکھا جائے تو بینکنس (168.1 ملین امریکی ڈالر) کے ساتھ سب سے

## ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹر 31 دسمبر، 2020 کو ختم ہونے والے سال کے لئے کمپنی کی 61 ویں سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرنے میں مسرت محسوس کرتے ہیں۔

### معیشت کا جائزہ

فروری 2020 میں جب ملک میں COVID-19 کا پہلا کیس سامنے آیا اس وقت ملکی معیشت متوازن اور مستحکم ترقی کی راہ پر گامزن تھی۔ دیگر ممالک کی طرح پاکستان میں بھی لاک ڈاؤن نافذ کیا گیا جس نے معاشی سرگرمیوں کو تقریباً مکمل طور پر جمود کا شکار کر دیا۔ اس کے نتیجے میں مجموعی ترقیاتی پیداوار (GDP) ملک کی 68 سالوں کی تاریخ میں 0.38% سے کم ہو گئی ہے جبکہ مالی سال 2019 میں 1.9% اضافہ ریکارڈ کیا گیا تھا۔ مالی سال 2020 میں زرعی شعبہ 2.7% کی معتدل نمو حاصل کرنے میں کامیاب رہا جبکہ صنعت اور خدمات کے شعبوں میں 2.6% اور 0.6% کی کمی واقع ہوئی۔ مالی سال 2020 میں گندم اور چاول جیسی اہم فصلوں کی زیادہ پیداوار کے حصول کے باعث زرعی شعبہ کی کارکردگی میں خاطر خواہ اضافہ ہوا۔ بڑے پیمانے کی پیداواری سرگرمیوں میں کمی کے باعث صنعتی شعبہ میں سرگرمیاں محدود رہیں۔ پہلی بار ایسا ہوا کہ ملک میں معاشی سرگرمیاں مسلسل دو بار کمی کا شکار ہوئیں۔ شرح تبادلہ میں تبدیلی کے ساتھ ساتھ مانیٹری اور مالیاتی سختی معاشی سرگرمیوں میں رکاوٹ کا باعث بنی۔ تاہم جب بحالی کے آثار ظاہر ہونا شروع ہوئے تو مالی سال 2020 کی آخری سہ ماہی میں COVID-19 سے معیشت کو دھچکا لگا۔ اسی طرح ”ہول سیل اور ریٹیل“ اور ٹرانسپورٹ کے شعبہ میں کم شرح نمو کی وجہ سے خدمات کا شعبہ بھی گراوٹ کا شکار رہا۔ COVID-19 کی وجہ سے 6 ہفتوں تک صنعتی سرگرمیوں میں سست روی، درآمدات میں کمی اور ٹرانسپورٹ سروسز کی معطلی نے اس شعبہ کی ترقی کو بری طرح متاثر کیا۔

بڑے پیمانے کی پیداوار کا شعبہ (LSM) مالی سال 2020 میں 10.1% کمی کا شکار رہا جس کی وجہ آٹوموبائلز میں (-43.8%)، الیکٹرانکس میں (-34.8%)، کوک اور پیٹرولیم پروڈکٹس میں (-20.1%) اور ٹیکسٹائلز میں (-10.4%) کی کمی تھی۔ زیادہ شرح سود، توانائی کی بڑھتی قیمتیں، COVID-19 کی وجہ سے لگنے والا لاک ڈاؤن اور ٹیکسٹائل کے برآمدی آرڈرز بند ہو جانے کا نتیجہ بڑے پیمانے کی پیداواری سرگرمیوں میں کمی کی صورت میں برآمد ہوا۔

افراط زر کی شرح گزشتہ سال کے 6.8% کے مقابلہ میں مالی سال 2020 میں 10.7% رہی۔ افراط زر کی اوسط شرح میں اضافہ ڈالر کے مقابلہ میں مقامی کرنسی کی قدر میں کمی، اشیائے ضروریہ کی قیمتوں میں اضافہ، زیادہ ٹیکسوں اور COVID-19 کے باعث سپلائی میں عارضی رکاوٹ کے باعث پیدا ہونے والے افراط زر کے دباؤ کی وجہ سے ہوا۔ اس کے باوجود زیر جائزہ مدت کے دوران افراط زر کی اوسط شرح اسٹیٹ بینک آف پاکستان کی متوقع 11-12% کے مقابلہ میں کم رہی۔ سپلائی کے مسائل، بین الاقوامی سطح پر تیل کی قیمتوں میں

کمی، گرتی ہوئی مقامی طلب اور زیادہ Base Effect کی وجہ سے مالی سال 2021 کے پہلے نصف میں افراط زر کی شرح گزشتہ سال کی اسی مدت کے 11.1% کے مقابلہ میں کم ہو کر 8.6% رہی۔

مالی سال 2020 میں نجی شعبہ کی جانب سے قرضوں کے حصول میں 94 ارب روپے کا معمولی اضافہ ہوا جس کے نتیجے میں 1.5% سال بہ سال اضافہ دیکھنے میں آیا۔ اس سست روی کی بنیادی وجوہات یہ تھیں کہ صنعتی سرگرمیاں انتہائی کم رہیں اور کمپنیوں نے COVID-19 کے پھیلاؤ کے بعد فنانس کی زیادہ لاگتوں سے بچنے کے لئے اپنے موجودہ قرضوں کی ادائیگی کو ترجیح دی۔ دوران سال مستحکم کارکردگی اور نمو کا مظاہرہ کرنے والے شعبوں میں ٹیکسٹائلز، دیگر نان میٹالک منرل پروڈکٹس، ٹیلی کمیونی کیشنز، لینڈ ٹرانسپورٹ اور ٹرانسپورٹ بذریعہ پائپ لائنز اور ویزنگ اپیرل شامل تھے۔

بیرونی سطح پر کرنٹ اکاؤنٹ خسارہ (CAD) بڑی حد تک بہتری کے بعد 3.0 ارب امریکی ڈالر پر پہنچ گیا جبکہ مالی سال 2019 میں 13.4 ارب امریکی ڈالر خسارہ تھا۔ نتیجتاً کرنٹ اکاؤنٹ خسارے کا توازن 5 سال کی کم ترین سطح پر آ گیا۔ اس طرح مجموعی ترقیاتی پیداوار (GDP) کے فیصد کے طور پر کرنٹ اکاؤنٹ خسارہ مالی سال 2020 میں، مالی سال 2019 کے 4.8% کے مقابلہ میں 1.1% پر بند ہوا۔ تجارتی توازن میں سکڑاؤ اور زیادہ تر سیلات زر کرنٹ اکاؤنٹ خسارہ میں کمی کی بنیادی وجوہات ہیں۔ درآمدات کے لئے کمی میں کمی گئی سختی اور سخت مالیاتی پالیسیوں کی وجہ سے تجارتی خسارہ کے توازن میں 30.2% سال بہ سال کی کمی واقع ہوئی۔ اسی طرح ڈالر کے مقابلہ میں پاکستانی روپے کی قدر میں کمی نے سرمایہ کاران کو ملک میں درآمدات کے متبادل تلاش کرنے کی جانب راغب کیا۔ مزید برآں، ملک میں ترسیلات زر کی آمد میں بھی یکاؤ اضافہ ہوا جو مالی سال 2020 میں گزشتہ سال کی اسی مدت کے 21.7 ارب امریکی ڈالر کے مقابلہ میں بڑھ کر 23.1 ارب امریکی ڈالر ہو گئیں۔

حوالہ / ہنڈی کے خلاف سخت قانونی اقدامات اور کرونا وائرس کی وجہ سے فضائی سفر میں کمی کا نتیجہ ترسیلات زر کی آمد میں نمایاں حد تک اضافے کی صورت میں برآمد ہوا جب مالی سال 2021 کے پہلے نصف میں مسلسل 2 ارب امریکی ڈالر کا ہدف عبور کیا۔ اس کے نتیجے میں مالی سال 2020 کے پلے نصف میں 2.0 امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ مالی سال 2021 کے پہلے نصف میں 1.1 ارب امریکی ڈالر کے سرپلس کرنٹ اکاؤنٹ بیلنس میں بدل گیا۔

مالی سطح پر مجموعی ترقیاتی پیداوار کی شرح فیصد کے طور پر پاکستان کا خسارہ مالی سال 2019 کے 8.9% کے مقابلہ میں 8.1% رہا۔ اگرچہ مالی سال 2020 کی تیسری سہ ماہی تک مالیاتی توازن میں خاطر خواہ بہتری کے آثار نظر آرہے تھے، تاہم مالی سال 2020 کی چوتھی سہ ماہی میں COVID-19 کی وبا کے پھیلاؤ نے کارکردگی کو متاثر کیا۔ مالی سال 2020 میں ملک کی نان ٹیکس آمدنی میں 257% سال بہ سال کے اضافے کی وجہ سے ملک کی مجموعی آمدنی میں 28% سال بہ سال کا اضافہ ہوا۔ مالی سال 2020 کے

# Electronic Dividend Mandate Form Cyan Limited

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circular No. 18 of 2017 dated August 01, 2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid in the manner prescribed only.

Shareholders are requested to send the attached Form duly filled and signed, along with attested copy of their CNIC to the Company's Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, SMCHS, Main Shahrah-e-Faisal, Karachi. CDC shareholders are requested to submit their Dividend Mandate Form and attested copy of CNIC directly to their broker (participant)/CDC.

I hereby communicate to receive my future dividends directly in my Bank account as detailed below:

Name of shareholder : \_\_\_\_\_  
Folio Number/CDC Account No. : \_\_\_\_\_ of Cyan Limited.  
Contact number of shareholder : \_\_\_\_\_  
Title of Account : \_\_\_\_\_  
IBAN (\*) : \_\_\_\_\_  
Name of Bank : \_\_\_\_\_  
Bank branch : \_\_\_\_\_  
Mailing Address of Branch : \_\_\_\_\_  
CNIC No. (attach attested copy) : \_\_\_\_\_  
NTN (in case of corporate entity) : \_\_\_\_\_

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future.

\_\_\_\_\_  
Shareholder's Signature

\_\_\_\_\_  
Date

NOTES:

\*Please provide complete IBAN (International Bank Account Number), after checking with your concerned Bank branch to enable electronic credit directly into your bank account.

## Proxy Form

**cyan** Limited

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a member of CYAN LIMITED and holder of \_\_\_\_\_ Ordinary Shares as  
per Share Register Folio No. \_\_\_\_\_ and/or CDC participant ID No. \_\_\_\_\_  
and Account / Sub Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my proxy to  
vote for me and on my/our behalf at the Annual General Meeting (AGM) of the company  
to be held Virtually Via Video Link Facility on March 31, 2021 at 11:30 a.m. and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2021

Witness 1

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. or \_\_\_\_\_  
Passport No. \_\_\_\_\_  
Address \_\_\_\_\_

Signature on Revenue  
Stamps of Rupees Five

Signature should agree with specimen  
signature with the Company.

Witness 2

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC No. or \_\_\_\_\_  
Passport No. \_\_\_\_\_  
Address \_\_\_\_\_

### Notes:

- A member entitled to attend and vote at the meeting may appoint any member as his/her proxy to attend the meeting and vote.
- If a member is unable to attend the meeting, they may complete and sign this form and send it to the Company Secretary, Cyan Limited at the registered office 4th floor, Dawood Centre, M.T Khan Road, Karachi so as to reach not less than 48 hours before the time appointed for holding the Meeting.
- For CDC Account Holders / Corporate Entities  
In addition to the above the following requirements have to be met.
  - (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.
  - (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
  - (iii) The proxy shall produce his original CNIC or original passport at the time of the meeting. In case of a corporate entity, the Board of Director resolution / power of attorney with the specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the company.



**cyan**<sub>Limited</sub>

The Company Secretary,  
Cyan Limited  
4<sup>th</sup> Floor, Dawood Centre  
M.T. Khan Road  
Karachi

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## نمائندگی کا فارم

### سیان لمیٹڈ

میں/مسمیٰ/مسماء ساکن \_\_\_\_\_ ساکن \_\_\_\_\_ ضلع \_\_\_\_\_

بحیثیت ممبر سیان لمیٹڈ، / مسمیٰ / مسماء ساکن \_\_\_\_\_ کو بطور مختار

(پراکسی) مقرر کرتا ہوں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاس عام جو کہ بذریعہ وڈیولنک بتاریخ ۳۱

مئی ۲۰۲۱ بوقت صبح ۱۱:۳۰ بجے منعقد ہو رہا ہے اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط \_\_\_\_\_ بروز \_\_\_\_\_ ۲۰۲۱

گواہ (۱)

دستخط گواہ :

نام :

قومی شناختی کارڈ نمبر یا :

پاسپورٹ نمبر :

گواہ (۲)

دستخط گواہ :

نام :

قومی شناختی کارڈ نمبر یا :

پاسپورٹ نمبر :

مطلوبہ (پانچ روپے کا)  
ریونیوئلٹ چسپال کریں اور دستخط کریں

دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے  
ضروری ہیں۔

نوٹس :

- کمپنی کا ایسا حصص یافتگان/ ممبر جو اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ہو وہ اپنی جگہ کسی اور ممبر کو اجلاس میں شرکت اور ووٹ ڈالنے کے لیے نامزد کر سکتا ہے۔
- تمام نامزدگیاں اسی صورت میں موثر ہوں گی جب پراکسی فارم بنام کمپنی سیکرٹری، رجسٹرڈ آفس چوتھی منزل، داؤد سینٹر، ایم۔ٹی۔خان روڈ، کراچی، کو اجلاس کے انعقاد کے مقررہ وقت سے ۴۸ گھنٹے قبل موصول ہوں۔
- CDC اکاؤنٹ رکھنے والے/ کا رپورٹ ممبر ان کے لیے مندرجہ بالا ضوابط کے علاوہ درج ذیل شرائط کو بھی پورا کرنا لازمی ہے
  - (۱) نامزدگی فارم دو اشخاص کی گواہی، پتے اور قومی شناختی کارڈ نمبر کے ساتھ پُر ہونے چاہیں۔
  - (۲) نامزدگی فارم کے ساتھ سادہ حصص یافتگان اور مجاز وکیل کے شناختی کارڈ کی تصدیق شدہ نقول منسلک ہونی چاہیں۔
  - (۳) مجاز وکیل (پراکسی ہولڈر) کے اجلاس کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ ضرور پیش کریں۔ ادارے کی صورت میں نامزد فارم (پراکسی فارم) کے ساتھ بورڈ آف ڈائریکٹرز کی قرار دایا مختار نامہ بمعہ نامزد کردہ شخص کے دستخطی نمونہ کے ساتھ کمپنی ہڈامیں جمع کروائیں۔

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**cyan** Limited

The Company Secretary,  
Cyan Limited  
4<sup>th</sup> Floor, Dawood Centre  
M.T. Khan Road  
Karachi

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



4th Floor, Dawood Centre, M.T. Khan Road, Karachi-75530  
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