



ANNUAL REPORT 2021

MCB-Arif Habib Savings and Investments Limited

TABLE OF CONTENTS

1	Vision, Mission and Core Values	02
2	Company Information	03
3	Notice of Annual General Meeting	04
4	Conversion Of Physical Shares Into Book-Entry Form	13
5	Payment Of Cash Dividend Electronically (mandatory Requirement)	14
6	Chairman's Review Report	15
7	Directors' Report	17
8	Pattern of Shareholding	36
9	Statement of Compliance with the Code of Corporate Governance	38
10	Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance	41
11	Financial and Business Highlights	43
12	Auditors' Report to the Members	44
13	Statement of Financial Position	49
14	Statement of Profit and Loss Account	50
15	Statement of Comprehensive Income	51
16	Statement of Changes in Equity	52
17	Statement of Cash Flow	53
18	Notes to the Financial Statements	54
19	Form of Proxy	85
20	E-Dividend Mandate Form	89

Vision

To become synonymous with Savings

Mission

To become a preferred Saving and Investment Manager in the domestic and regional markets while maximizing stakeholders' value

Core Values

The Company takes pride in its orientation towards client service. It believes that its key success factors include continuous investment in staff, systems and capacity building and its insistence on universal best practices at all times.

COMPANY INFORMATION

Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating & Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Share Registrar	CDC Share Registrar Services Limited CDC House, 99-B, Block 'B', S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcsrsl.com	
Bankers	MCB Bank Limited Bank Al-Falah Limited Faysal Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited Summit Bank Limited	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants 1st Floor, Shaikh Sultan Trust, Building No. 2, Beaumont Road, Karachi - 75530	
Legal Advisor	Akhund Forbes D-21, Block-4, Scheme-5 Clifton, Karachi Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Registered Office	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

NOTICE OF ANNUAL GENERAL MEETING

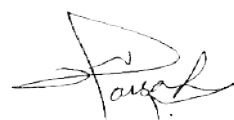
Notice is hereby given to the members that the Twenty-first (21st) Annual General Meeting of MCB-Arif Habib Savings and Investments Limited The “Company” will be held at Karachi via videoconferencing on Tuesday, October 26, 2021 at 11:30 a.m. to transact the following businesses.

Due to the current situation caused by COVID-19 pandemic, shareholders are requested to attend the meeting through video conference facility managed by the Company as per the instructions given in the notes section.

Ordinary Businesses:

1. To confirm the minutes of the last Annual General Meeting held on October 19, 2020;
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2021 together with Directors’ and Auditors’ Reports thereon;
3. To declare and approve final cash dividend of 27.5 per cent i.e. Rs. 2.75 per ordinary share of Rs. 10/- each for the year ended June 30, 2021, as recommended by the Board of Directors. This is in addition to the interim cash dividend of 22.5 per cent i.e. Rs. 2.25 per ordinary share of Rs. 10/- each, paid to the shareholders during the year, thus making a total cash dividend of 50.0 per cent i.e. Rs. 5.00 per ordinary share of Rs. 10/- each for the year ended June 30, 2021;
4. To appoint external auditors of the Company for the year ending June 30, 2022 and fix their remuneration. The members are hereby notified that the Board’s Audit Committee and the Board of Directors have recommended the name of M/s A.F. Ferguson & Co., Chartered Accountants, as auditors of the Company in place of retiring auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants.; and
5. To transact any other business with the permission of the Chair.

By Order of the Board



Altaf Ahmad Faisal
Company Secretary

September 30, 2021
Karachi

Notes:

1. Participation in the AGM proceeding via the video conference facility

Due to current COVID-19 situation, the AGM proceedings shall be held via video conference facility only.

Shareholders interested to participate in the meeting are requested to email their Name, Folio Number / participant’s ID number, Cell Number, CNIC / Passport Number with subject **“Registration for MCBAH AGM”** along with valid copy of both sides of Computerized National Identity Card (CNIC)

NOTICE OF ANNUAL GENERAL MEETING

at **agm@mcbah.com**, Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address **agm@mcbah.com**.

Name of shareholder	CNIC No.	Folio / CDS No.	Cell No.	Email address

Login facility will be opened thirty minutes before the meeting time to enable the participants to join the meeting after identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders; and Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

2. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from Tuesday, October 19, 2021 to Tuesday, October 26, 2021 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi – 74400, by the close of business (5:00 p.m.) on Monday, October 18, 2021, will be considered in time for the determination of the entitlement of the shareholders to final cash dividend and to attend and vote at the meeting.

3. Appointment of Proxy and Participation in the AGM

A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company. A proxy shall also have the right to demand and join in demanding a poll and vote on a poll.

The instrument appointing proxy, together with the power of attorney or other authority under which it is signed, as the case may be, or a notarially certified copy of the power or authority, must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. 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 proxy form to the Company. Form of Proxy is enclosed with this annual report (in English and Urdu language).

Beneficial owners of the physical shares and the shares deposited with the Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their **original Computerized National Identity Card (CNIC) or Passport for identification purpose at the time of attending the meeting.**

4. Notice of Submission of Valid CNIC Copies (Mandatory)

SECP vide SRO No. 831(1)/2012 dated July 05, 2012 directed the companies to issue dividend warrant only crossed as "A/c Payee only" which should bear the Computerized National Identity Card (CNIC) of the registered member or authorized person. Moreover, pursuant to the Companies (Distribution of Dividends) Regulations, 2017, CNIC numbers of shareholders are mandatorily required to be mentioned on Tax/Zakat/dividend certificate.

Members, who have not yet submitted attested photocopy of their valid CNIC, are requested to submit the same along with folio number, at the earliest, directly to the Company's Share Registrar.

NOTICE OF ANNUAL GENERAL MEETING

5. Conversion of Physical Shares in to Book-Entry Form:

As per Section 72 of the Companies Act, 2017, every existing Listed 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 this Act, i.e., May 30, 2017. The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to replace their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

6. Payment of Cash Dividend Electronically (mandatory requirement)

Under section 242 of Companies Act, 2017 (the Act) and the Companies (Distribution of Dividends) Regulations, 2017, every listed company is required to pay dividend, if any, to their members compulsorily through electronic mode by directly crediting the same in their bank account provided by them. The Company shall be bound to withhold dividend of those members who do not provide their bank details.

Members are required to provide to the Company's Share Registrar, particulars relating to name, folio number, complete bank account number (IBAN), and title of bank account,. CDC account holders should submit their request directly to their broker (participant)/CDC.

Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. CDC Share Registrar Services Limited (CDCSRL), CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 (in case of shareholding in Physical Form).

A Dividend Mandate Form is available at the Registered Office of the Company and the same is also placed on the Company's website.

7. Deduction of Withholding Tax on the Amount of Dividend under Section 150 the Income Tax Ordinance, 2001 (Mandatory)

(i) Pursuant to the provisions of the Finance Act 2019, effective July 1, 2019, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 were revised as follows:

- a) Rate of tax deduction for persons appearing in the Active Tax Payers List: **15 per cent**
- b) Rate of tax deduction for persons not appearing in the Active Tax Payers List: **30 per cent**

The tax deduction on the amount of cash dividend @ 15 per cent shall be made for the payment of dividend to shareholders whose names are entered in the Active Tax Payers List provided on the website of FBR, before close of business hour (5:00 p.m.) on Monday, October 18, 2021 otherwise tax on the cash dividend will be deducted @ 30 per cent. Active Tax Payers List is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

The required information must reach our Share Registrar M/s CDC Share Registrar Services Limited by the close of business (5:00 p.m.) on Monday, October 18, 2021; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

NOTICE OF ANNUAL GENERAL MEETING

In this regard, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Folio/CDC A/c No.	Total number of shares	Principal Shareholders		Joint Holder (s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers.

For any query/problem/information, the investors may contact the Company and/or the Share Registrar at the following phone Numbers, email addresses:

Company: **MCB-Arif Habib Savings and Investments Limited**
UAN: 11-11-622-24 email: info@mcbah.com
Share Registrar: **CDC Share Registrar Services Limited**
Tel #: 0800-23275 email: info@cdcsrsl.com

8. Change in Members Addresses

Members' are requested to immediately notify any change in their address to the Share Registrar of the Company.

9. Unclaimed Dividend

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar M/s CDC Share Registrar Services Limited 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 dividends outstanding for a period of 3 years or more from the date due and payable shall be deposited by the Company to the Federal Government in case of unclaimed dividend.

10. Placement of Audited Financial Statements on the Website

The Annual Report of the Company (comprising of annual Financial Statements) for the year ended June 30, 2021 has been placed on the Company's website: www.mcbah.com.

11. Circulation of Annual Audited Financial Statements and Notice of AGM through emails

In terms of Section 223(7) of the Companies Act, 2017, the Company is allowed to send Financial Statements and Reports to its members electronically. Moreover, pursuant to S.R.O. 787(I)/2014 dated September 8, 2014, issued by the SECP, companies are permitted to circulate Annual Audited Financial Statements along with the Notice of Annual General Meeting to its members through e-mail who opt for purpose.

Shareholders who wish to receive Annual Reports and notices of general meetings through e-mails are requested to provide, through a Consent Form, available at the Company's website: www.mcbah.com, duly signed by them, their particulars i.e. Name, Folio / CDC A/C No., email address, contact number, CNIC number or valid passport (in case of foreign shareholder). Shareholders are also requested to notify immediately any change in their email address to the Share Registrar of the Company. It will be the responsibility of members to intimate any change in their valid registered email address to the Company in timely manner.

اطلاع برائے سالانہ اجلاس عام

ارکان کو مطلع کیا جاتا ہے کہ ایم سی بی-عارف حبیب سیونگزن اینڈ انویسٹمنٹس لمیٹڈ کا ایکسواں (۲۱ واں) سالانہ عمومی اجلاس بمقام کراچی بذریعہ ویڈیو کانفرنسنگ مؤرخہ 26 اکتوبر 2021ء بوقت صبح 11:30 بجے منعقد ہوگا جس میں مندرجہ ذیل امور زیر غور لائے جائیں گے:

کووڈ-۱۹ کے باعث پیدا ہونے والی موجودہ صورتحال کے پیش نظر حصص یافتگان سے گزارش کی جاتی ہے کہ کمپنی کے زیر انتظام ویڈیو کانفرنسنگ سہولت کے ذریعے اجلاس میں شریک ہوں۔ اس بارے میں ہدایات 'اہم نکات' میں درج ہیں۔

عمومی سرگرمیاں

- ۱۔ گزشتہ سالانہ عمومی اجلاس منعقدہ 19 اکتوبر 2020ء کے اہم نکات کی تصدیق؛
- ۲۔ سال مختتمہ 30 جون 2021ء کے کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشواروں بشمول ان پرڈائریکٹرز اور آڈیٹرز رپورٹ کو وصول کرنا، ان کو زیر غور لانا اور ان کو اختیار کرنا؛
- ۳۔ بورڈ آف ڈائریکٹرز کی طرف سے مجوزہ حتمی نقد ڈیویڈنڈ برائے سال مختتمہ 30 جون 2021ء 27.5 فیصد، یعنی 2.75 روپے فی 10 روپے والے عام شیئر، کا اعلان اور اس کی منظوری۔ یہ عبوری نقد ڈیویڈنڈ 22.5 فیصد یعنی 2.25 روپے فی 10 روپے والے عام شیئر کے علاوہ ہے جو دوران سال حصص یافتگان کو ادا کیا گیا، چنانچہ مجموعی نقد ڈیویڈنڈ برائے سال مختتمہ 30 جون 2021ء 50.0 فیصد یعنی 5.00 روپے فی 10 روپے والے عام شیئر بن گیا؛
- ۴۔ کمپنی کے خارجی آڈیٹرز برائے سال مختتمہ 30 جون 2021ء کی تقرری اور ان کے معاوضے کا تعین۔ ارکان کو مطلع کیا جاتا ہے کہ بورڈ کی آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ریٹائر ہونے والے آڈیٹرز **M/s. KPMG Taseer Hadi & Co.** چارٹرڈ اکاؤنٹنٹس کی جگہ کمپنی کے آڈیٹرز کے لیے **M/s. A.F.Ferguson**، چارٹرڈ اکاؤنٹنٹس کا نام تجویز کیا ہے؛ اور
- ۵۔ چیئرمین کی اجازت سے کوئی بھی اور معاملہ زیر غور لانا۔

بحکم بورڈ



الطاف احمد فیصل

کمپنی سیکریٹری

30 ستمبر 2021ء

کراچی

اطلاع برائے سالانہ اجلاس عام

اہم نکات:

۱۔ اجلاس کی کارروائی میں بذریعہ ویڈیو کانفرنسنگ شرکت

کووڈ-۱۹ کی موجودہ صورتحال کے باعث اجلاس کی کارروائیاں صرف بذریعہ ویڈیو کانفرنسنگ منعقد ہوں گی۔

اجلاس میں شرکت میں دلچسپی رکھنے والے حصص یافتگان سے گزارش کی جاتی ہے کہ اپنا نام، فوئیو نمبر / (Participant ID) نمبر، موبائل فون نمبر، قومی شناختی کارڈ / پاسپورٹ نمبر کمپیوٹرائزڈ قومی شناختی کارڈ کی دونوں جانب کی قابل عمل نقل کے ساتھ agm@mcbah.com پر ای میل کر دیں جس کا مضمون Registration for MCBAH AGM ہو۔ ویڈیو لنک اور لاگ ان تفصیلات صرف ان ارکان کو ارسال کیے جائیں گے جن کی ای میل تمام مذکورہ کوائف کے ساتھ اجلاس سے کم از کم 48 گھنٹے قبل موصول ہو جائیں۔

حصص یافتگان agm@mcbah.com پر اجلاس کے ایجنڈے سے متعلق اپنے خیالات کا اظہار اور سوالات بھی ای میل سکتے ہیں۔

شیئر ہولڈر کا نام	قومی شناختی کارڈ نمبر	فوئیو/سی ڈی ایس نمبر	موبائل نمبر	ای میل ایڈرس

لاگ ان کی سہولت اجلاس سے تیس منٹ قبل کھولی جائے گی اور شرکاء شناخت کی تصدیق کے بعد اجلاس میں شامل ہوں گے۔ حصص یافتگان شناخت اور تصدیق کے تمام مطلوبہ لوازمات مکمل کرنے کے بعد اپنے آلات (ڈیوائسز) کے ذریعے اجلاس کی کارروائیوں میں شریک ہو سکیں گے اور حصص یافتگان کی حوصلہ افزائی کی جائے گی کہ وہ اجلاس میں شرکت کریں تاکہ ان کی حاضری اور شرکت بذریعہ پر کسی مربوط ہو سکے۔

۲۔ حصص منتقلی کھاتوں کی بندش

کمپنی کی منتقلی حصص کی بکس بروز منگل، 19 اکتوبر 2021ء سے لے کر اگلے منگل، 26 اکتوبر 2021ء تک (بشمول دونوں دن) بند رہیں گی۔ جو منتقلیاں ہمارے شیئر رجسٹرار M/s سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کے نام، سی ڈی سی ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مرکزی شاہراہ فیصل، کراچی-74400 پر بروز پیر 18 اکتوبر 2021ء کے اختتام تک موصول ہو جائیں گی وہ حصص یافتگان کے حتمی نقد ڈیویڈنڈ کے حقدار ہونے اور اجلاس میں شریک ہونے اور ووٹ دینے کے تعین کے لیے بروقت سمجھی جائیں گی۔

۳۔ پر کسی کی تقرری اور اجلاس میں شرکت

جو رکن سالانہ عمومی اجلاس میں شریک ہونے، بات کرنے اور ووٹ دینے کا حقدار ہوگا وہ کسی اور شخص کو اپنا پر کسی مقرر کر سکتا ہے جو اس کی جانب سے شریک ہونے، بات کرنے اور ووٹ دینے کا حقدار ہوگا۔ پر کسی کے لیے کمپنی کا رکن ہونا ضروری نہیں ہے۔ پر کسی رائے شماری کا مطالبہ کرنے اور کسی رائے شماری میں ووٹ دینے کا بھی حقدار ہوگا۔

جس انسٹرومنٹ کے ذریعے پر کسی کی تقرری ہوئی ہے، بمع پاور آف اٹارنی یا دیگر اختیار جس کے تحت اس پر دستخط کیے گئے ہیں، یا پاور آف اتھارٹی کی نوٹری پبلک سے تصدیق شدہ نقل، کمپنی کے رجسٹرڈ دفتر میں اجلاس سے کم از کم 48 گھنٹے قبل جمع کرائی جائے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمع دستخط کا نمونہ اور پر کسی فارم کمپنی میں جمع کرائے جائیں (اگر پہلے نہیں کرائے گئے تو)۔ پر کسی فارم انگریزی اور اردو زبان میں ملحق ہے۔

اجلاس میں شرکت کے وقت شناخت کے لیے ظاہری حصص اور سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (CDC) کے پاس جمع کرائے گئے حصص کے استفادی مالکان اور / یا ان کے پر کسی اصلی کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ دکھائیں۔

۴۔ فعال کمپیوٹرائزڈ شناختی کارڈ کی نقل جمع کرانے کی اطلاع (لازمی)

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے SRO نمبر 2012/1(831) بتاریخ 05 جولائی 2012ء میں کمپنیوں کو ہدایت دی گئی ہے کہ ڈیویڈنڈ وارنٹ "A/c Payee only" کے طور پر crossed ہونا چاہیے اور اس پر رجسٹر شدہ رکن یا مختار شخص کا کمپیوٹرائزڈ شناختی کارڈ (سی این آئی سی) نمبر درج ہونا چاہیے۔ علاوہ ازیں، کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشنز 2017ء کی تعمیل میں ٹیکس/زکوٰۃ/ڈیویڈنڈ سرنٹیفکیٹ پر حصص یافتگان کے سی این آئی سی نمبر درج ہونا ضروری ہے۔

وہ ارکان جنہوں نے تاحال اپنے قابل عمل کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل بمع فوئیو نمبر جمع نہیں کرائی ہے ان سے گزارش کی جاتی ہے کہ مذکورہ کو جلد از جلد براہ راست کمپنی کے شیئر رجسٹرار کے پاس جمع کرا دیں۔

۵۔ ظاہری حصص کو بک انٹری فارم میں تبدیل کرنا

کمپنیز ایکٹ 2017ء کے سیکشن 72 کے مطابق ہر سٹاک کمپنی کے لیے لازم ہے کہ وہ اس ایکٹ کے آغاز یعنی 30 مئی 2017ء سے زیادہ سے زیادہ چار سال کے اندر کمیشن کی اطلاع کے مطابق مطلوبہ انداز میں اور مذکورہ تاریخ سے اپنے ظاہری حصص کو بک انٹری طرز میں تبدیل کرے۔ ظاہری حصص یافتگی کے حامل حصص یافتگان کو ترغیب دی جاتی ہے کہ وہ کسی بھی بروکر کے ساتھ سی ڈی سی ذیلی اکاؤنٹ، یا براہ راست سی ڈی سی کے ساتھ انویسٹر اکاؤنٹ، کھولوائیں تاکہ اپنے ظاہری حصص کو scripless صورت میں ڈھال سکیں۔ اس سے ان کو کوئی فوائد حاصل ہوں گے، مثلاً محفوظ تحویل اور حصص کی فروخت، وہ جب بھی چاہیں، کیونکہ پاکستان اسٹاک ایکسچینج کے موجودہ قوانین کے مطابق ظاہری حصص کی فروخت کی اجازت نہیں ہے۔

۶۔ نقد ڈیویڈنڈ کی ادائیگی بذریعہ الیکٹرانک ذرائع (لازمی)

کمپنیز ایکٹ 2017ء (ایکٹ) کے سیکشن 242 اور کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشنز 2017ء کے تحت ہر سٹاک کمپنی پر لازم ہے کہ اگر وہ اپنے ارکان کو ڈیویڈنڈ ادا کرے تو الیکٹرانک طریقے سے کرے، یعنی ارکان کے فراہم کردہ بینک اکاؤنٹ میں ڈیویڈنڈ جمع کرا دے۔ کمپنی پر لازم ہے کہ ایسے ارکان کے ڈیویڈنڈ روک لے جنہوں نے اپنے بینک اکاؤنٹ کی تفصیلات فراہم نہیں کی ہیں۔

ارکان کے لئے ضروری ہے کہ کمپنی کے شیئر رجسٹرار کو اپنے نام، فوئیو نمبر، بینک اکاؤنٹ کا نام اور نمبر، اور بینک کا مکمل ڈاک پتہ فراہم کریں۔ سی ڈی سی اکاؤنٹ حاملین اپنی درخواست براہ راست اپنے بروکر (شراکت دار) / سی ڈی سی کے پاس جمع کرائیں۔

جن حصص یافتگان نے تاحال اپنے IBAN فراہم نہیں کیے ہیں ان سے دوبارہ گزارش کی جاتی ہے کہ درج ذیل کے مطابق ”الیکٹرانک کریڈٹ مینڈیٹ فارم“ پُر کریں اور اس پر دستخط کر کے اسے اپنے فعال سی این آئی سی کی نقل کے ساتھ، حصص یافتگی بصورت بک انٹری فارم کی صورت میں متعلقہ سی ڈی سی شریک / سی ڈی سی انویسٹر اکاؤنٹ سروسز کو، یا حصص یافتگی بصورت ظاہری فارم کی صورت میں کمپنی کے شیئر رجسٹرار کو مندرجہ ذیل پتے پر روانہ کریں: M/s: سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (CDCSRSL)، سی ڈی سی ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مرکزی شاہراہ فیصل، کراچی-74400

ڈیویڈنڈ مینڈیٹ فارم کمپنی کے رجسٹرڈ دفتر میں دستیاب ہے اور اس کو کمپنی کی ویب سائٹ پر بھی دستیاب کیا گیا ہے۔

اطلاع برائے سالانہ اجلاس عام

۷۔ انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے تحت ڈیویڈنڈ پر ود ہولڈنگ ٹیکس کی کٹوتی (لازمی)

(i) فائننس ایکٹ 2019ء (یکم جولائی 2019ء سے نافذ العمل) کی شرائط کے تحت انکم ٹیکس آرڈیننس کے مطابق ڈیویڈنڈ پر انکم ٹیکس کی نظر ثانی شدہ شرحیں درج ذیل ہیں:

(a) انکم ٹیکس ریٹرن فائل کرنے والوں کے لئے شرح: 15 فیصد

(b) انکم ٹیکس ریٹرن فائل نہ کرنے والوں کے لئے شرح: 30 فیصد

نقد ڈیویڈنڈ پر 15 فیصد ٹیکس ان حصص یافتگان پر عائد ہوگا جن کے نام فیڈرل بورڈ آف ریونیو کی ویب سائٹ <http://www.fbr.gov.pk> پر موجود ایکٹو ٹیکس پیس ریسٹ (اے ٹی ایل) یعنی متحرک ٹیکس ادا کنندگان کی فہرست میں بروز پیر 18 اکتوبر 2021ء کو اوقات کار (شام 5:00 بجے) سے پہلے شامل ہو جائیں گے، ورنہ نقد ڈیویڈنڈ پر 15 فیصد کے بجائے 30 فیصد ٹیکس عائد کیا جائے گا۔

(ii) مزید براں، فیڈرل بورڈ آف ریونیو (ایف بی آر) سے موصول شدہ وضاحت کے مطابق مشترکہ اکاؤنٹس کی صورت میں ود ہولڈنگ ٹیکس پرنسپل شیئر ہولڈر کے ساتھ مشترکہ ہولڈر (ز) کے 'فائلر / نان فائلر' ہونے کے مطابق علیحدہ علیحدہ ان کی حصص یافتگی کے تناسب کی بنیاد پر متعین کیا جائے گا۔

مطلوبہ معلومات ہمارے شیئر رجسٹرار M/s سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو بروز پیر، 18 اکتوبر 2021ء، اوقات کار (شام 5:00 بجے) سے قبل موصول ہو جانی چاہیے ورنہ یہ سمجھا جائے گا کہ پرنسپل شیئر ہولڈر اور مشترکہ ہولڈر (ز) مساوی طور پر حصص کے حامل ہیں۔ اس ضمن میں تمام مشترکہ حصص یافتگان سے گزارش کی جاتی ہے کہ ہمارے شیئر رجسٹرار کو اپنے پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈر (ز) کی حصص یافتگی کے تناسب مندرجہ ذیل طرز پر تحریر فرما کر فراہم کریں:

پرنسپل شیئر ہولڈر		مشترکہ ہولڈر (ز)	
فولیو / سی ڈی سی اکاؤنٹ نمبر	شیئر ز کی کل تعداد	نام اور شناختی کارڈ نمبر	حصص یافتگی کا تناسب (شیئر ز کی تعداد)
نام اور شناختی کارڈ نمبر	حصص یافتگی کا تناسب (شیئر ز کی تعداد)	نام اور شناختی کارڈ نمبر	حصص یافتگی کا تناسب (شیئر ز کی تعداد)

(iii) سی ڈی سی اکاؤنٹس کے حامل کارپوریٹ حصص یافتگان کے لئے ضروری ہے کہ اپنے متعلقہ شرکاء کے پاس اپنے نیشنل ٹیکس نمبر (NTN) کی تصدیق کر لیں، جبکہ کارپوریٹ ظاہری حصص یافتگان کے لئے ضروری ہے کہ کمپنی یا شیئر رجسٹرار کو اپنے این ٹی این سرٹیفکیٹ کی نقل بھیجیں جس میں کمپنی کا نام اور اپنے فولیو نمبر ظاہر کریں۔

سرماہ کاران کسی سوال، مسئلے یا معلومات کے لیے کمپنی اور / یا شیئر رجسٹرار سے مندرجہ ذیل فون نمبرز اور ای میل ایڈرس پر رابطہ کر سکتے ہیں:

کمپنی: ایم سی بی - عارف حبیب سیونگزر اینڈ انویسٹمنٹس لمیٹڈ

UAN: 11-11-622-24 ای میل: info@mcbah.com

شیئر رجسٹرار: سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ

فون: 0800-23275 ای میل: info@cdcsrsl.com

۸۔ ارکان کے رہائشی پتے میں تبدیلی

ارکان سے گزارش کی جاتی ہے کہ اپنے رہائشی پتے میں کسی بھی تبدیلی سے فوری طور پر کمپنی کے شیئر رجسٹرار کو مطلع کریں۔

۹۔ غیر تحویل شدہ ڈیویڈنڈ

وہ حصص یافتگان جو کسی بھی وجہ سے اپنے ڈیویڈنڈ تحویل میں نہیں لے سکے اُن کو تاکید کی جاتی ہے کہ ہمارے شیئر رجسٹرار M/s سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ سے رابطہ کریں اور اپنے غیر تحویل شدہ ڈیویڈنڈ کو حاصل کریں یا اس کے بارے میں معلوم کریں۔ کمپنیز ایکٹ 2017ء کے سیکشن 244 کی تعمیل میں کمپنی مقررہ ضابطہء کار مکمل کرنے کے بعد ادائیگی کی تاریخ سے 3 سال یا اس سے زیادہ عرصے کے غیر تحویل شدہ ڈیویڈنڈ وفاقی حکومت کے پاس جمع کرادے گی۔

۱۰۔ آڈٹ شدہ مالیاتی گوشواروں کی ویب سائٹ پر دستیابی

مالیاتی گوشواروں پر مشتمل کمپنی کی سالانہ رپورٹ برائے سال مختتمہ 30 جون 2021ء کمپنی کی ویب سائٹ www.mcbah.com پر دستیاب کردی گئی ہے۔

۱۱۔ سالانہ آڈٹ شدہ مالیاتی گوشواروں اور عمومی سالانہ اجلاسوں کی اشاعت بذریعہ ای میل

کمپنیز ایکٹ 2017ء کے سیکشن (7) 223 کے مطابق کمپنی کو اپنے ارکان کو مالیاتی گوشوارے اور رپورٹس الیکٹرانک ذریعے سے بھیجنے کی اجازت ہے۔ مزید برآں، ایس ای سی پی کے جاری کردہ ایس آر او 2014/(1) 787 بتاریخ 8 ستمبر 2014ء میں کمپنیوں کو اپنے ارکان کو سالانہ آڈٹ شدہ مالیاتی گوشوارے اور عمومی سالانہ اجلاس کی اطلاع ای میل کے ذریعے بھیجنے کی اجازت ہے۔

وہ حصص یافتگان جو سالانہ رپورٹس اور عمومی اجلاسوں کی اطلاع بذریعہ ای میل حاصل کرنا چاہتے ہیں ان سے گزارش کی جاتی ہے کہ کمپنی کی ویب سائٹ www.mcbah.com پر دستیاب رضامندی فارم کے ذریعے مندرجہ ذیل کوائف فراہم کریں: نام، فوئیو نمبر یا سی ڈی سی اکاؤنٹ نمبر، ای میل ایڈرس، رابطہ نمبر، اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا غیر ملکی شیئر ہولڈر کی صورت میں فعال پاسپورٹ نمبر۔ علاوہ ازیں، حصص یافتگان سے گزارش ہے کہ اپنے ای میل میں تبدیلی کی صورت میں فوری طور پر کمپنی کے شیئر رجسٹرار کو مطلع کریں۔ اپنے فعال رجسٹر شدہ ای میل ایڈرس میں کسی بھی تبدیلی سے کمپنی کو بروقت مطلع کرنا ارکان کی ذمہ داری ہوگی۔

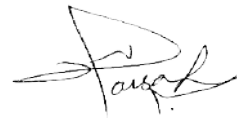
CONVERSION OF PHYSICAL SHARES INTO BOOK-ENTRY FORM

The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all Listed Companies to adhere to the provisions of Section 72 of the Companies Act, 2017 (the “Act”), which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act.

Accordingly, all shareholders of the Company having physical folios/share certificates are requested to convert their shares from physical form into book-entry form at the earliest. Shareholders may contact a PSX Member, CDC Participant, or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form.

Maintaining shares in book-entry form has many advantages — safe custody of shares with the CDC, avoidance of formalities required for the issuance of duplicate shares, and readily available for sale and purchase in open market at better rates. The shareholders of the Company may contact the Company’s Share Registrar M/s CDC Share Registrar Services Limited at the following address for the conversion of physical shares into book-entry form.

CDC House, 99-B,
Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi – 74400
Tel: 0800-23275
Email: info@cdcsrsl.com



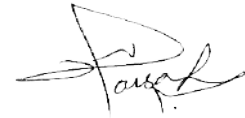
Altaf Ahmed Faisal
Company Secretary

PAYMENT OF CASH DIVIDEND ELECTRONICALLY (MANDATORY REQUIREMENT)

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in bank account, shareholders are requested to please update their International Bank Account Number (IBAN- 24 digits) with the Company's Share Registrar.

The shareholders of the Company may contact the Company's Share Registrar M/s CDC Share Registrar Services Limited at the following address for updating of IBAN.

CDC House, 99-B,
Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi – 74400
Tel: 0800-23275
Email: info@cdcsrsl.com



Altaf Ahmed Faisal
Company Secretary

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

I am pleased to present this Report to the members of MCB-Arif Habib Savings and Investments Limited on the overall performance of the Board and effectiveness of the role played by the Board in achieving the Company's strategic objectives.

The Audited Financial Statements for the year reveals the following about the performance of the Company, when compared with last year:

	June 30, 2021	June 30, 2020
	-----Amount in Rupees-----	
Management Fee / Investment Advisory Fee	752,077,846	673,851,616
Income from investments including profit on deposits	189,560,061	129,876,491
Profit before taxation	484,705,781	345,100,890
Profit after taxation	376,434,163	257,669,113
Earnings per share (EPS)	5.23	3.58

At the forthcoming AGM we will be pleased to present before our shareholders a final cash dividend of Rs. 2.75 per share for the year ended June 30, 2021, bringing the total cash dividend for the year to Rs. 5.00 per share.

The Board's Report has outlined detailed comments on the economy and I shall therefore refrain from repeating that information but focus on the broader issues.

The economy, after suffering at the hand of covid-19, staged a strong recovery in fiscal year 2021 with GDP growth rate beating the initial government estimates by a healthy margin. In addition to lowering interest rates, out of the box solutions from SBP like Temporary Economic Relief Facility (TERF), Long Term Financing Facility (LTFF), Refinancing scheme for Wages helped in boosting the overall confidence in the economy. Furthermore, government's focus towards construction sector also in shape of the amnesty scheme also helped in shaping stronger than expected economic recovery. By the grace of Allah, intensity of covid-19 cases in Pakistan remained better than that of its neighbours, which led to healthy exports growth coupled with strong come back of large scale manufacturing. On the external front, healthy exports were very well supported by workers' remittances, keeping current account resilient.

Asset management industry also benefited from economic recovery and flushed liquidity leading towards healthy growth in assets under management, majority of which was contributed by the money market funds. Strong recovery in the stock market also improved equity and equity linked AUMs. Going ahead, industry is gearing up to widen the investors' base, which I believe is the future of industry. This is where our cost efficient digital framework, **iSave** comes into play with an ability of reaching to masses. Moreover, as the ongoing pandemic crisis unfolds businesses and consumers increasingly have gone digital resulting in rise in e-banking transactions. This has further complimented the growth of Company's online platform, **iSave**, whose growth has been phenomenal. Going forward, we believe the platform would continue to play significant role in achieving Company's strategic goals.

The Board set the Company's strategic aims to uphold our vision, mission and core values. It exhibited high standards of business and professional conduct in managing and supervising affairs of the Company. The Company's Board remained steadfast in steering the Company through the challenging year. During the year, the Board performed an in-house performance evaluation of the Board as a whole, its Committees & Chief Executive Officer. The overall rating of the Board is highly encouraging, particularly in respect to its composition, expertise, effective risk management, adequate system of internal controls and audit function. The Board has always focused on the preservation of the interests of shareholders and unit holders of the Funds under its management. The Board has in-place properly structured Committees, with each one having well-defined objectives and appropriate Terms of Reference; performing their respective roles effectively and efficiently.

CHAIRMAN'S REVIEW REPORT

During the year, a total of twenty-four (24) meetings of the Board and the Committees of the Board were held which comprised of eleven (11) meetings of the Board of Directors, nine (9) meetings of the Audit Committee and four (4) meetings of the Human Resource and Remuneration Committee. I wish to record my appreciation to the Board Members for the active participation and continuing guidance provided to the Management.

It is worth reiterating that the Directors have played an effective role in the achievement of good results and in ensuring that the targets were met, by providing continuing guidance to the Management.

I expect that the Company, through its Management team, will continue to work closely, firstly with, its valued clients, as well as, very importantly, with its employees, shareholders and stakeholders in a manner that makes one feel proud to be associated with MCB Arif Habib Savings and Investments Limited.

Finally, I would like to thank all our shareholders, many of whom have stayed alongside us from the inception of our journey and I sincerely hope that the bond we share continues to flourish in the years ahead.



Mr. Haroun Rashid

Chairman – Board of Directors

MCB-Arif Habib Savings and Investments Limited

DIRECTORS' REPORT

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (MCBAH) are pleased to present Report on the affairs of MCBAH for the year ended June 30, 2021.

PRINCIPAL BUSINESS

The Company is a Non-Banking Finance Company, licensed as Asset Management Company, Investment Advisor and Pension Fund Manager under the Securities and Exchange Commission of Pakistan's regulatory regime.

THE BUSINESS ENVIRONMENT

Economy and Money Market Review

Fiscal year 2021 has proven to be a positive year with respect to economic performance. Country registered a GDP growth rate of 3.94 per cent outpacing the original target of 2.1 per cent for the outgoing fiscal year. This better than expected recovery has been due to relatively lower and stable interest rates, supportive financing schemes from SBP, amnesty scheme to encourage construction sector, resumption in demand and strong inflow of remittances supporting the overall consumption growth.

The growth momentum remained strong throughout the year as reflected in the performance of various sectors. Cement sector saw an impressive comeback in local dispatches as they witnessed a growth of about 20 per cent over last year in FY21. Sales of 2 and 3 wheeler units also rose at an impressive rate of approx. 39 per cent over last year in FY21 reflecting the resilience of economy. Similarly, the demand of petrol and diesel also increased by about 12 per cent and 16 per cent respectively over last year indicating a broader recovery in economy. Overall, Large Scale Manufacturing Index (LSM) has grown by about 14.6 per cent in first eleven months of the current fiscal year led by the cyclical sectors.

On the external front, the country posted a current account deficit of USD 1.8 billion (-0.6 per cent of GDP) in the fiscal year 2021, a 58 per cent improvement when compared with last year deficit of USD 4.4 billion (-1.7 per cent of GDP). Despite a USD 30 billion deficit (about 23 per cent higher this year) on balance on trade in goods and services, current account deficit remained marginally negative due to strong inflow of workers' remittances. Remittances jumped to USD 29.4 billion, up by 27 per cent when compared with USD 23.1 billion a year back.

Inflation remained the chink in the armor for the government as rising food prices continued to create challenges for policy makers. Headline inflation represented by CPI averaged 8.9 per cent over last year, with food inflation averaging about 13 per cent during the period. The prices of perishable food items along with the price of wheat continued to advance higher as supply side disruptions and mismanagement caused the prices to soar. Nevertheless, core inflation as measured by Non Food Non Energy was still controlled and averaged 6.4 per cent for the period. Monetary Policy Committee maintained status quo throughout the year after successive cuts in previous meetings. While real interest rates remained negative, the central bank was cautious with regards to demand side pressures owing to covid-19 as well as comfort drawn from better external position.

As the economy started to open up, tax collection also improved and grew by about 18 per cent during the fiscal year which exceeded the revised target by PKR 30 billion. Fiscal deficit for the first nine months of the period clocked in at 3.6 per cent of GDP, compared to 3.8 per cent of GDP last year. Primary balance was even better at a surplus of 1.0 per cent of GDP compared to last year surplus of 0.4 per cent of GDP.

Yield curve started to slope upward after inflation trajectory was observed to be on the rising trend. 3, 5 and 10 Year bonds saw a rise of 146 bps, 138 bps and 125 bps respectively during the period.

DIRECTORS' REPORT

Equity Market Review

KSE-100 Index posted a 38 per cent return for FY21, gaining 12,934 points to end the year at 47,356 points. This was the highest yearly return since FY14, when index achieved 41 per cent return during the year. Market's resilience during the year was tested by re-emergence of covid-19 wave II (October 2020) and III (February 2021), political unrest caused by opposition rallies and senate election. However, stronger than expected economic recovery and central bank's initiatives (TERF, RDA and mandatory housing financing by banks) kept the positive momentum of the market intact.

Major positive contributors to the index remained Technology (385 per cent), Banks (36 per cent) and Cements (77 per cent) whereas despite 83 per cent jump in crude oil prices, index heavy E&Ps remained a laggard with 11per cent return. Market remained fairly liquid through the year with average daily traded volume jumped by 169 per cent to 528 million shares compared to 196 million shares changing hands in FY20. Whereas average value traded also jumped by 163 per cent YoY to USD 120 million compared to USD 46 million a year back.

Foreign investors continued their selling spree in FY21 as well with net selling of USD 387 million compared to USD 285 million a year back. Whereas most of this selling was countered by individuals and companies with net buying of USD 332 million and USD 138 million, respectively.

Economy & Market – Future Outlook

Growth momentum is likely to continue in the coming year given the accommodative monetary and fiscal policies. Broader economy appears to be operating close to pre-covid-19 levels gauged by LSM growth, cement sales, auto sales, etc. We expect GDP growth to improve further in FY-22 but likely remain slightly lower from government target of 4.8per cent for FY-22. The recent surge in commodity prices poses challenges to both to Fiscal and External Accounts. On the fiscal side, targets for revenue and development expenditures are highly unlikely to be met.

With imports resuming momentum, Current Account Deficit is expected to reach near 2.8 per cent of GDP which is likely to weaken the exchange rate to near 170 against USD by year end. Commodity prices and weaker currency are also likely to keep average inflation persistent and it may remain near 8.5 per cent. We therefore expect tightening of monetary policy later in the year and expect interest to reach upto 9 per cent by the year end.

IMF program appears to remain on hold as government chooses to further pro-growth measures over austerity based conventional IMF reforms. Focus on growing exports and stimulate domestic demand through investment in construction and housing are the hallmarks of government pro-growth strategy. Enabling environment including stable interest rates, low cost financing schemes for housing and machinery imports and avoiding further increase in power tariffs are the key initiatives in this regard. Public Sector entities and in particular energy sector still remains a thorny issue in IMF talks and continue to remain a major challenge for the government despite recent steps taken to lessen the burden on public finances. A sharp deterioration in balance of payment account may force government to succumb to IMF policy framework and thus alter the economic growth trajectory.

From capital market perspective, particularly equities, markets are watchful of the 4th wave of covid-19 cases which do pose risks in the near term. As growth momentum continues, equities have potential to provide decent returns to investors. Risk premiums vis a vis 10-year bonds is currently at 3.6 per cent, compared to historical average of 1.3 per cent suggesting some upside due to re-rating would be possible. Earnings growth will be a key driver for the next few years. We therefore expect stronger returns from equity market to continue. Recent announcement about reclassification of PSX from MSCI Emerging Market Index to MSCI Frontier Market Index is to remain marginally positive thus local investors are likely to drive the market momentum.

DIRECTORS' REPORT

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds have priced in the anticipated yield curve. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 37.2 per cent to PKR 1,018 billion in this fiscal year. Money market funds and Fixed Income funds experienced an influx of investment as corporate liquidity swiftly moving towards mutual funds. Total money market funds grew by about 48 per cent during the period to PKR 467 billion. Within the money market sphere, the conventional funds dominated as they grew by about 39 per cent to PKR 285 billion. Equity and related funds surged rapidly by 33 per cent from PKR 224 billion to PKR 299 billion over the year. Most of the rise in equity and equity linked fund assets can be attributed to a positive uptick in the market that was up approx. 38 per cent YoY owing to favorable investor sentiments.

In terms of the segment share, Money Market funds were the leader with a share of around 46 per cent, followed by Equity and Equity related funds with a share of 30 per cent and Income funds having a share of 24 per cent as at the end of the fiscal year.

Mutual Fund Industry Outlook

Record decline in interest rates have reinstated the confidence in risk asset classes. We expect liquidity to gear up towards equity and related funds. The sustainability of liquidity will however depend on how the economy transitions through this phase of pandemic. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

COMPANY'S PERFORMANCE REVIEW

With the advent of Covid 19 pandemic in March 2020, the impact of Covid 19 continued in the financial year 2020-2021 which had been a year of disruption, adaption and recovery. COVID-19 pandemic has effectively put the world in reset mode, redefining life. MCBAH also adjusted its way of working to address the challenging situation. **iSAVE** ensured the Company to deliver efficient, smooth and seamless service to all its unit holders. Due to **iSAVE**, the Company was able to accelerate the migration of its customers to alternate delivery channels with relative ease and has successfully positioned the Company to grow its AUMs base manifold.

Financial Year 2020-2021 has been one of very successful years for the Company. The Company also benefited from economic recovery and flushed liquidity leading towards healthy growth in Assets Under Management, majority of which was contributed by the money market funds. Resultantly, during the year, the Company has shown significant growth and generated net increase in AUMs of Rs. 47.6 billion resultantly as on June 30, 2021, the Company is managing AUMs of Rs.155.4 billion compared to Rs.109.3 billion as on June 30, 2020. Increase in AUMs primarily in Money Market Funds coupled with strong recovery in the stock market also improved equity and equity linked AUMs resulted the Company in additional generation of Management Fee/ Investment Advisory Fee of Rs. 78.1 million to earn Management Fee/ Investment Advisory Fee of Rs. 752 million compared to 673.9 million last year.

Moreover, during the year due to active fund management, the Company was able to earn Rs.189.6 million on its investment and placement of excess funds compared to Rs. 129.9 million in the corresponding year.

Increase in AUMs coupled with active fund management resulted in Company earning Profit after taxation of Rs.376.4 million compared to last year profit of Rs. 257.7 million.

DIRECTORS' REPORT

The Earnings Per Share of current financial year ended June 30, 2021 is Rs.5.23 as compared to Rs. 3.58 per share in the previous financial year ended June 30, 2020.

The Board has proposed a final dividend of 27.5 per cent (Rs. 2.75 per share) for the year ended June 30, 2021 as compared to 22.5 percent (Rs. 2.25 per share) for the year ended June 30, 2020. This is an additional to the interim dividend of 22.5 per cent (Rs. 2.25 per share) as compared to 10 per cent (Rs. 1 per share) for the year ended June 30, 2020.

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

The value of investment of employees in pension funds is Rs.64.4 million as per the audited financial statements for the year ended June 30, 2021 (Rs. 53 million for the year ended June 30, 2020).

PRINCIPAL RISKS AND UNCERTAINTIES

Asset under management (AUM) which is the life blood of asset management industry showed promising growth in FY21 and crossed Rs. 1 Trillion. This relates to business risk averseness of corporates due to covid-19 complimented by awareness created by Asset Management Companies. Corporate being financially educated sector are more inclined towards mutual fund investments as compared to general public. To attract new clients and facilitate existing clients in this highly competitive industry, Asset Management Companies (AMCs) continued to offer more and more online and Mobile based services. However, these web based services are prone to hacking and cyber-attacks. These solutions require substantial costs to develop, maintain and protect while the demand for delivery of superior returns is not allowing increment in management fee. Thus, this continues to put pressure on margins of Asset Management Companies (AMCs). To cover up expenses and being profitable, the only remedy is higher AUMs.

Government has become cautious on issues relating to 'Know Your Customer' (KYC) requirements to cope up 'Anti Money Laundering' (AML) and 'Combating the Financing of Terrorism' (CFT). This puts high responsibility on Asset Management Companies (AMCs) to carefully perform Customer Due Diligence (CDD) as breach of these regulations might attract heavy penalties. This increases regulatory risk for Asset Management Companies (AMCs) and MCBAH is committed to ensuring compliance of these very demanding but necessary regulations.

Covid-19 continued to haunt economy in FY21. However, Government's smart lock down policy, subsidies and other financial support packages offered by the Government for various economic sectors along with subsidized loans, deferral payments on debt and grants provided by various international donor agencies and friendly countries provided much needed financial support to the country. Economic chaos created by Covid-19 is expected to take some time to settle down both on international and local levels.

Further, there have not occurred any significant changes during the financial year concerning the nature of the business of the Company.

CORPORATE SOCIAL RESPONSIBILITY AND IMPACT ON ENVIRONMENT

The Company believes in ever growing change, sustainability and be more digitally connected with our customers. Therefore, the online portal, **iSAVE**, has always been the focus. Moreover, protecting the employees in the wake of Covid-19 has been its top priority. All employees were provided with the relevant resources to work comfortably from home while ensuring efficient customer services. It shows that the Company strives to improve the well-being of both its employees as well as customers.

DIRECTORS' REPORT

ASSET MANAGER RATING

In the month of October 2020, Alhamdulillah the Company achieved highest Asset Manager Rating of AM1. This rating reflects the Company's position as one of the leading Asset Managers in the Asset Management Companies, strongly supported by strong control environment, structured investment processes, good governance framework and qualified management team.

The Stability Ratings of the Collective Investment Schemes under management of the Company are as under:

	As at June 30, 2021	As at June 30, 2020	
	-----Stability rating-----		Rating agency
Pakistan Cash Management Fund	AA + (f)	AA + (f)	PACRA
Pakistan Income Fund	A + (f)	A + (f)	PACRA
MCB Pakistan Sovereign Fund	AA - (f)	AA - (f)	PACRA
Pakistan Income Enhancement Fund	A + (f)	A + (f)	PACRA
MCB DCF Income Fund	AA - (f)	AA - (f)	PACRA
MCB Cash Management Optimizer	AA + (f)	AA + (f)	PACRA
Alhamra Islamic Income Fund	AA- (f)	AA- (f)	PACRA
Alhamra Daily Dividend Fund	AA- (f)	AA- (f)	PACRA
Alhamra Islamic Money Market Fund	AA (f)	AA (f)	PACRA

The Mutual Funds Association of Pakistan (MUFAP) is executing the performance of the Mutual Funds on the basis of Mutual Funds' returns. MCBAH has assumed the performance ranking of MUFAP for its equity based Collective Investments Schemes.

HOLDING COMPANY

MCB Bank Limited, being the parent company of MCB-Arif Habib Savings and Investments Limited, holds 51.33 per cent of the outstanding ordinary shares of the Company.

CORPORATE GOVERNANCE

The Board comprises of eight (8) members including the Chief Executive Officer (CEO) and has a diverse mix of gender and knowledge. The Board consists of 1 female and 7 male directors, categorized as follows:

- 4 Non – Executive Directors;
- 3 Independent Directors; and
- 1 Executive Director (CEO).

DIRECTORS' REPORT

The details of above are as under:

Sr. No.	Name	Status	Membership in other Board Committees
1.	Mr. Haroun Rashid	Non-Executive Director	None
2.	Mr. Nasim Beg	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee.
4.	Mr. Kashif A. Habib	Non-Executive Director	(i) Audit Committee
5.	Syed Savail Meekal Hussain	Independent Director	(i) Audit Committee (ii) HR&R* Committee
6.	Mirza Qamar Beg	Independent Director	(i) Audit Committee (Chairman); and (ii) HR&R* Committee (Chairman).
7.	Ms. Mavra Adil Khan	Independent Director	(i) HR&R* Committee
8.	Mr. Muhammad Saqib Saleem	Executive Director	(i) HR&R* Committee

* HR&R stands for Human Resource and Remuneration

The Board of Directors review all significant matters of the Company. This includes, but not limited to, the Company's strategic direction, annual business plans and targets, decision on long-term investments. The Board of Directors is committed to maintaining high standards of corporate governance.

The Board of Directors is pleased to report that:

- a. The financial statements, present fairly the state of affairs, the results of operations, cash flows and changes in equity;
- b. Proper books of accounts of the Company have been maintained;
- c. Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards have been followed in the preparation of financial statements and any departures there from have been adequately disclosed and explained;
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further;
- f. There are no significant doubts upon the Company's ability to continue as going concern;
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- h. Key operating and financial data of the last 6 years in summarized form is annexed;

DIRECTORS' REPORT

- i. The outstanding taxes, statutory charges and duties, if any, have been fully disclosed in the audited financial statements, for details please refer note no. 19.1, 19.2 and 20;
- j. The Board of Directors is ultimately responsible for Company's system of internal control and for reviewing its effectiveness. The Board, whilst maintaining its overall responsibility, has delegated the detailed design and operation of the system of internal controls to the Chief Executive. Company's system of internal controls comprises of clear governance structures, authority limits and accountabilities, well-understood policies and procedures. The Board meets quarterly to consider Company's financial performance, financial and operating budgets, business growth and developmental plans, capital expenditure proposals and other key performance indicators. The Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls;
- k. As at June 30, 2021, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 20 of the Code;
- l. The Directors' Remuneration Policy (The Policy) was approved by the Board of Directors in their 144th meeting held on September 14, 2018. The main features of the Policy are as under:
 - (i) With effect from September 14, 2018 each non-executive director will be paid a sum of rupees seventy five thousand (75,000) for attending the Board meeting / committees of the Board;
 - (ii) The Vice Chairman of the Board is entitled to certain perks and perquisites on account of the additional responsibilities, which have been disclosed in the annexed audited financial statements, for details please refer note 32;
 - (iii) Payment for any extra services shall not be made to any executive director. However, if a non-executive director perform any special services, the remuneration of the same will be pre-decided by the Board and in the absence of the quorum, by the general meeting of members of the Company;
 - (iv) Remuneration to executive director(s) shall be decided by the Board on recommendation of the Human Resource and Remuneration Committee based on the role and responsibilities of the executive director and shall reflect the individual's roles, experience and responsibilities; and
 - (v) Non-executive directors are not covered under any post retirement scheme of the Company.
- m. The detailed pattern of shareholding as on June 30, 2021 is annexed;
- n. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board;
- o. During the year, the Company undertaken the following transactions with related parties:
 - (i) Disposal of furniture to MCB Islamic Bank Limited.

There are no other contracts or arrangements entered into with any of the Related Parties requiring disclosure under Section 208 of the Companies Act, 2017.

DIRECTORS' REPORT

p. Meeting of the Directors

During the year, eleven (11) meetings of the Board of Directors were held. The attendance of each Director is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Haroun Rashid (Chairman)	11	11	11	
2. Mr. Nasim Beg	11	11	11	-
3. Mr. Ahmed Jahangir	11	11	11	-
4. Mirza Qamar Beg	11	11	11	-
5. Syed Savail Meekal Hussain	11	11	11	-
6. Mr. Kashif A. Habib	11	11	10	1
7. Ms. Mavra Adil Khan	11	11	8	3
8. Mr. Muhammad Saqib Saleem (CEO)	11	11	11	-

q. Meeting of the Audit Committee.

During the year, nine(9) meetings of the Audit Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg (Chairman)	9	9	9	-
2. Mr. Nasim Beg	9	9	9	-
3. Mr. Ahmed Jahangir	9	9	9	-
4. Mr. Kashif A. Habib	9	9	9	-
5. Syed Savail Meekal Hussain	9	9	9	-

r. Meeting of the Human Resource and Remuneration Committee.

During the year, four (4) meetings of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg (Chairman)	4	4	4	-
2. Mr. Ahmed Jahangir	4	4	4	-
3. Mr. Nasim Beg	4	4	4	-
4. Ms. Mavra Adil Khan	4	4	3	1
5. Syed Savail Meekal Hussain	4	4	4	-
6. Mr. Muhammad Saqib Saleem (CEO)	4	4	4	-

DIRECTORS' REPORT

AUDITORS

The current auditors, M/s KPMG Taseer Hadi & Co. Chartered Accountants are completing their Five (5) years term, and are thus not eligible for reappointment as per the requirement of Listed Companies (Code of Corporate Governance) Regulations, 2019 and shall retire on the conclusion of 21st Annual General Meeting. Moreover, in the 73rd Annual General Meeting of MCB Bank Limited, the Parent Company, has appointed M/s A.F. Ferguson as the Bank's statutory auditor for the Financial Year 2021.

The Audit Committee considered and recommended M/s A. F. Ferguson & Co. Chartered Accountants as statutory auditors of the Company for the year ending June 30, 2022 and the Board of Directors has also endorsed the recommendation of the Audit Committee in the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

The Directors would like to thank Government of Pakistan, Securities & Exchange Commission of Pakistan and other regulatory bodies and express deep appreciation to our shareholders who have consistently demonstrated their confidence in the Company. We would also like to place on record our sincere appreciation for the commitment, dedication and innovative thinking put in by each individual of the Company and are confident that they will continue to do so in the future.

For and on behalf of Board



Muhammad Saqib Saleem
Chief Executive Officer
Karachi: August 09, 2021



Kashif A Habib
Director

ڈائریکٹرز رپورٹ

۲۔ ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی کی میٹنگ

دوران سال ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی کی چار (4) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز	
-	4	4	4	۱۔ مرزا قمر بیگ (چیئر مین)
-	4	4	4	۲۔ جناب احمد جہانگیر
-	4	4	4	۳۔ جناب نسیم بیگ
1	3	4	4	۴۔ محترمہ ماوراء عادل خان
-	4	4	4	۵۔ سید ساویل میکال حسین
-	4	4	4	۶۔ جناب محمد ثاقب سلیم (سی ای او)

آڈیٹرز

فنڈ کے موجودہ آڈیٹرز KPMG Taseer Hadi & Company چارٹرڈ اکاؤنٹنٹس پانچ (5) سالہ مدت مکمل کر رہے ہیں، چنانچہ اسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کے تحت دوبارہ تقرری کے اہل نہیں ہیں اور اکیسویں (21st) سالانہ عمومی اجلاس کے اختتام پر ریٹائر ہو جائیں گے۔ علاوہ ازیں، parent کمپنی ایم سی بی بینک لمیٹڈ کے 73rd سالانہ عمومی اجلاس میں M/s A.F.Ferguson & Co. کی بینک کے قانونی آڈیٹ برائے مالی سال 2021ء کے طور پر تقرری کر دی گئی ہے۔

آڈٹ کمیٹی نے سال مختتمہ 30 جون 2022ء کے لئے 'M/s A.F.Ferguson & Co.' چارٹرڈ اکاؤنٹنٹس کی کمپنی کے قانونی آڈیٹرز کے طور پر تقرری کی سفارش کی ہے اور بورڈ آف ڈائریکٹرز نے بھی آنے والے سالانہ عمومی اجلاس میں آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

اظہار تشکر

ڈائریکٹرز حکومت پاکستان، اکیڈمیٹیز اینڈ ایجوکیشن کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کے مشکور ہیں اور ہمارے حصص یافتگان کو خراج تحسین پیش کرتے ہیں کہ جنہوں نے کمپنی میں مسلسل اعتماد کا اظہار کیا ہے۔ علاوہ ازیں، ہم کمپنی کے ہر فرد کے عزم و اخلاص اور جدت پسندانہ سوچ کو بھی بے حد سراہتے ہیں اور ہمیں یقین ہے کہ وہ مستقبل میں بھی اسی طرح سرگرم عمل رہیں گے۔

من جانب ڈائریکٹرز

محمد ثاقب سلیم

کاشف اے حبیب

ڈائریکٹر

چیف ایگزیکٹو آفیسر

9 اگست 2021ء

ڈائریکٹرز رپورٹ

p. ڈائریکٹرز کی میٹنگز

دوران سال بورڈ آف ڈائریکٹرز کی گیارہ (11) میٹنگز منعقد ہوئیں۔ ڈائریکٹرز کی حاضری کی تفصیلات درج ذیل ہیں:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز	
-	11	11	11	۱۔ جناب ہارون راشد (چیئرمین)
-	11	11	11	۲۔ جناب نسیم بیگ
-	11	11	11	۳۔ جناب احمد جہانگیر
-	11	11	11	۴۔ مرزا قمر بیگ
-	11	11	11	۵۔ سید ساویل میکال حسین
1	10	11	11	۶۔ جناب کاشف اے حبیب
3	8	11	11	۷۔ محترمہ ماوراء عادل خان
-	11	11	11	۸۔ جناب محمد ثاقب سلیم

q. آڈٹ کمیٹی کی میٹنگ

دوران سال آڈٹ کمیٹی کی نو (9) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز	
-	9	9	9	۱۔ مرزا قمر بیگ (چیئرمین)
-	9	9	9	۲۔ جناب نسیم بیگ
-	9	9	9	۳۔ جناب احمد جہانگیر
-	9	9	9	۴۔ جناب کاشف اے حبیب
-	9	9	9	۵۔ سید ساویل میکال حسین

اپنی مجموعی ذمہ داری قائم رکھتے ہوئے انٹرئل کنٹرولز کے نظام کے تفصیلی خاکے اور اس پر عمل درآمد کو چیف ایگزیکٹو کو تفویض کر دیا ہے۔ کمپنی کے انٹرئل کنٹرولز کا نظام گورننس کی واضح ساخت، اختیارات کی حدود اور احتسابات، واضح پالیسیوں اور طریقوں پر مشتمل ہے۔ کمپنی کی مالیاتی کارکردگی، مالیاتی اور آپریٹنگ تخمینہ، کاروباری اور ترقیاتی منصوبوں، کمپنیل اخراجات کی تجاویز، اور کارکردگی کی دیگر کلیدی علامات کا جائزہ لینے کے لیے بورڈ کی سہ ماہانہ بنیادوں پر اجلاس ہوتا ہے۔ آڈٹ کمیٹی کو بیرونی اور اندرونی آڈیٹرز سے اندرونی مالیاتی کنٹرولز کے نظام کی رپورٹ موصول ہوتی ہے اور وہ اس کا جائزہ لیتی ہے تاکہ اندرونی کنٹرولز کی مؤثریت کی نگرانی کر سکے۔

30.k جون 2021ء کو کمپنی، کوڈ کے ریگولیشن نمبر 20 کے مطابق ڈائریکٹرز ٹریننگ پروگرام کی شرائط پر تعمیل پیرا ہے۔
ا. بورڈ آف ڈائریکٹرز نے 14 ستمبر 2018ء کو منعقدہ 144 ویں اجلاس میں ڈائریکٹرز ریمونریشن پالیسی (پالیسی) کو منظور کیا۔ پالیسی کی بنیادی نکات درج ذیل ہیں:

(i) 14 ستمبر 2018ء سے ہر نان ایگزیکٹو ڈائریکٹر کو بورڈ یا اس کی کمیٹیوں کے اجلاس میں شرکت کے عوض پچھتر ہزار (75,000) روپے ادا کیے جائیں گے؛

(ii) بورڈ کا نائب چیئر مین اضافی ذمہ داریوں، جن کو ملحق آڈٹ شدہ مالیاتی گوشواروں (نوٹ 32 ملاحظہ فرمائیے) میں ظاہر کیا گیا ہے، کی بدولت کچھ مخصوص مراعات اور اختیارات کا حقدار ہے؛

(iii) کسی بھی ایگزیکٹو ڈائریکٹر کو اضافی خدمات کا معاوضہ نہیں دیا جائے گا۔ تاہم اگر کوئی نان ایگزیکٹو ڈائریکٹر کوئی خصوصی خدمات دیتا ہے تو بورڈ اس کا معاوضہ پہلے سے طے کرے گا، اور مکمل حاضری (کورم) کی عدم موجودگی کی صورت میں کمپنی کے ارکان کے عمومی اجلاس میں طے کیا جائے گا۔

(iv) ایگزیکٹو ڈائریکٹر کا معاوضہ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی تجویز پر بورڈ طے کرے گا جو ایگزیکٹو ڈائریکٹر کے کمپنی میں کردار اور اس کی ذمہ داریوں کی بنیاد پر ہوگی اور اس کے کمپنی میں کردار، تجربے اور ذمہ داریوں کی عکاسی کرتی ہوگی؛ اور
(v) نان ایگزیکٹو ڈائریکٹر کمپنی کی کسی بھی بعد از ریٹائرمنٹ اسکیم کے تحت نہیں آتے۔

30.m جون 2021ء کو حصص یافتگی کا تفصیلی خاکہ ملحق ہے؛

n. بورڈ، اس کے ارکان اور کمیٹیوں کی کارکردگی کی جانچ کے لیے ایک رسمی اور مؤثر طریقہ کار نافذ کیا گیا ہے؛

o. دوران سال کمپنی نے متعلقہ پارٹیوں سے مندرجہ ذیل معاملات کیے:

(i) ایم سی بی اسلامک بینک لمیٹڈ کو فرنیچر کی فروخت

متعلقہ پارٹیوں سے مزید ایسے کوئی معاہدات یا انتظامات نہیں کیے گئے ہیں جن کو ظاہر کرنا کمپنیز ایکٹ 2017ء کی دفعہ 208 کے تحت مطلوب ہو۔

ڈائریکٹر رپورٹ

تفصیلات درج ذیل ہیں:

نمبر شمار	نام	عہدہ	دیگر بورڈ کمیٹیوں میں رکنیت
1.	جناب ہارون راشد	نان ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب نسیم بیگ	نان ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
3.	جناب احمد جہانگیر	نان ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
4.	جناب کاشف اے حبیب	نان ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	سید ساویل میکان حسین	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی؛ اور (ii) ایچ آر اینڈ آر کمیٹی *
6.	مرزا قمر بیگ	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی (چیئر مین)؛ اور (ii) ایچ آر اینڈ آر کمیٹی * (چیئر مین)
7.	محترمہ ماوراء عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *
8.	جناب محمد ثاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *

* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ میونریشن

بورڈ آف ڈائریکٹرز کمپنی کے تمام اہم معاملات کا جائزہ لیتے ہیں بشمول، لیکن یہاں تک محدود نہیں، کمپنی کی حکمت عملی کی سمت، سالانہ کاروباری منصوبہ جات اور اہداف، طویل المیعاد سرمایہ کاریوں کے متعلق فیصلے بورڈ آف ڈائریکٹرز کا رپورٹ گورننس کے اعلیٰ معیار قائم رکھنے کے لیے پرعزم ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے مطلع کیا جاتا ہے کہ:

a. مالیاتی گوشوارے، کمپنی کے معاملات کی صورتحال، اس کی سرگرمیوں کے نتائج، نقد کی آمد و رفت اور ایکویٹی میں تبدیلیوں کی منصفانہ عکاسی کرتے ہیں۔

b. کمپنی کی درست بکس آف اکاؤنٹس تیار کی گئی ہیں؛

c. مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا باقاعدگی کے ساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور محتاط اندازوں پر مبنی ہیں؛

d. مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی تعمیل کی گئی ہے اور ان سے کسی بھی انحراف کو خاطر خواہ حد تک ظاہر اور واضح کیا گیا ہے؛

e. انٹرنل کنٹرول کا نظام مستحکم خطوط پر استوار اور مؤثر انداز میں نافذ کیا گیا ہے اور اس کی مؤثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

f. فنڈ کے کاروبار جاری رکھنے کی صلاحیت میں کسی قسم کے کوئی شبہات نہیں ہیں؛

g. لسٹنگ ریگولیشنز میں واضح کردہ کارپوریٹ گورننس کی بہترین روایات سے کوئی قابل ذکر انحراف نہیں ہوا ہے؛

h. کمپنی کے کام کاج اور مالیات سے متعلق گزشتہ 6 برسوں کے کلیدی اعداد و شمار اختصار کے ساتھ ملحق ہیں؛

i. واجب الاداء ٹیکس، قانونی چارجز اور ڈیوٹیز (محصولات اور چنگی وغیرہ) کو (اگر کوئی ہیں تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔

تفصیلات کے لیے نوٹ 19.1، 19.2 اور 20 ملاحظہ کیجیے۔

j. کمپنی کے انٹرنل کنٹرول (اندرونی معاملات کی نگرانی) کے نظام اور اس کی مؤثریت کا جائزہ لینے کی حتمی ذمہ داری بورڈ آف ڈائریکٹرز کی ہے۔ بورڈ نے

ڈائریکٹرز رپورٹ

اثاثہ جاتی انتظام کی درجہ بندی

الحمد للہ اکتوبر 2020ء میں کمپنی نے اثاثہ جاتی انتظام کی بلند ترین AM1 درجہ بندی حاصل کی۔ اس درجہ بندی سے کمپنی کے صفِ اوّل کے اثاثہ جاتی منتظمین اور اثاثہ جاتی انتظام کی کمپنیوں میں شمار ہونے کی عکاسی ہوتی ہے جہاں نگرانی کا کڑا ماحول، سرمایہ کاری کی منظم حکمتِ عملی اور عمدہ انتظامی ڈھانچہ قائم ہے اور اہل انتظامی ٹیم سرگرم عمل ہے۔

کمپنی کے زیر انتظام اجتماعی سرمایہ کاری کی اسکیموں کے استحکام کی درجہ بندیاں درج ذیل ہے:

	30 جون 2020ء	30 جون 2021ء	
درجہ بندی کرنے والی ایجنسی	استحکام کی درجہ بندی		
پاکرا	AA + (f)	AA + (f)	پاکستان کیش مینجمنٹ فنڈ
پاکرا	A + (f)	A + (f)	پاکستان انکم فنڈ
پاکرا	AA - (f)	AA - (f)	ایم سی بی پاکستان Sovereign فنڈ
پاکرا	A + (f)	A + (f)	پاکستان انکم انہینسمنٹ فنڈ
پاکرا	AA - (f)	AA - (f)	ایم سی بی ڈی سی ایف انکم فنڈ
پاکرا	AA + (f)	AA + (f)	ایم سی بی کیش مینجمنٹ آپٹیمائزر
پاکرا	AA - (f)	AA - (f)	الحمراء اسلامک انکم فنڈ
پاکرا	AA - (f)	AA - (f)	الحمراء ڈیلی ڈیویڈنڈ فنڈ
پاکرا	AA (f)	AA (f)	الحمراء اسلامک منی مارکیٹ فنڈ

میوچل فنڈز ایسوسی ایشن آف پاکستان (MUFAP) میوچل فنڈز کی کارکردگی کو منافعوں کی بنیاد پر جانچ رہا ہے۔ ایم سی بی اے ایچ نے اپنی ایکوٹی پر مبنی اجتماعی سرمایہ کاری اسکیموں کے لیے MUFAP کی کارکردگی کی درجہ بندی حاصل کی ہے۔

ہولڈنگ کمپنی

ایم سی بی عارف حبیب سیونگز اینڈ انویسٹمنٹس لمیٹڈ کی parent کمپنی ایم سی بی بینک لمیٹڈ ہے جو کمپنی کے 51.33 فیصد واجب الاداء عمومی حصص کی حامل ہے۔

کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز (8) ارکان بشمول چیف ایگزیکٹو آفیسر (سی ای او) پر مشتمل ہے اور اس میں صنف اور علم کا متنوع امتزاج موجود ہے۔ بورڈ میں 1 خاتون اور 7 حضرات ڈائریکٹرز شامل ہیں جو مندرجہ ذیل زمروں میں مختص ہیں:

4 نان ایگزیکٹو ڈائریکٹرز؛

3 خود مختار ڈائریکٹرز؛ اور

1 ایگزیکٹو ڈائریکٹر

بنیادی خطرات اور غیر یقینی عناصر

اثاثہ جات تحت الانظامیہ (اے یو ایم) نے، جو اثاثہ جاتی انتظام کی صنعت میں شررگ کی حیثیت رکھتی ہے، مالی سال 2021ء میں اُمید افزا ترقی کا مظاہرہ کیا اور 1 ٹریلین روپے سے سبقت لے گئے۔ اس کا تعلق کووڈ ۱۹ کے باعث کارپوریٹ اداروں کے کاروباری خطرات سے احتراز کے ساتھ ساتھ اثاثہ جاتی انتظام کی کمپنیوں کی جانب سے پیدا کردہ آگاہی سے ہے۔ کارپوریٹ سیکٹر چونکہ مالیاتی اعتبار سے آگاہی کا حامل شعبہ ہے اس لئے عوام الناس کی بہ نسبت میوچل فنڈز سرمایہ کاری کی جانب زیادہ مائل ہے۔ بھرپور مسابقت والی اس صنعت کی طرف لوگوں کو مائل کرنے کے لئے اثاثہ جاتی انتظام کی کمپنیوں (اے ایم سی) نے زیادہ سے زیادہ آن لائن اور موبائل پر مبنی حل متعارف کرانے کا سلسلہ جاری رکھا۔ تاہم اس نوعیت کی انٹرنیٹ پر مبنی خدمات میں ہیکنگ اور سائبر حملوں کا خطرہ رہتا ہے۔ ان اقدامات کو شروع کرنے اور چلانے میں خطیر لاگت آتی ہے، جبکہ بھرپور منافع کی مانگ کے باعث مینجمنٹ فیس میں اضافہ ممکن نہیں ہو پا رہا ہے۔ چنانچہ اے ایم سی کی آمدنی پر دباؤ پڑنے کا سلسلہ بدستور قائم ہے۔ اخراجات پورے کرنے اور منافع بخش ہونے کا واحد حل اثاثہ جات تحت الانظامیہ (اے یو ایم) میں اضافہ ہے۔

حکومت Know Your Customer (کے وائے سی) کی شرائط سے متعلق مسائل کے حوالے سے محتاط ہوگئی ہے تاکہ اینٹی منی لانڈرنگ (اے ایم ایل) یعنی غیر قانونی طور پر ملک سے باہر پیسہ بھیجنے کے خلاف مہم، اور کمیٹیٹنگ دی فائنڈنگ آف ٹیریزم (سی ایف ٹی) یعنی دہشت گردی کے لئے رقم کی فراہمی کے خلاف مہم کو آگے بڑھایا جاسکے۔ اس سے اے ایم سی پر بھاری ذمہ داری آتی ہے کہ کسٹمر ڈیو ڈلیجنس (سی ڈی ڈی) یعنی صارفین کے حوالے سے دانشمندانہ طرز عمل، پر محتاط انداز میں عمل کریں کیونکہ ان قواعد و ضوابط کی خلاف ورزی پر بھاری جرمانے عائد ہو سکتے ہیں۔ چنانچہ اے ایم سی کے لئے قانونی خطرات میں اضافہ ہو جاتا ہے، اور اے ایم سی بی اے ایچ ان ہی بھاری لیکن ضروری شرائط کی تعمیل کو یقینی بنانے کے لیے پُر عزم ہے۔

مالی سال 2021ء میں کووڈ ۱۹ کے کالے بادلوں کا معیشت پر چھائے رہنے کا سلسلہ جاری رہا۔ تاہم حکومت کی اسمارٹ لاک ڈاؤن پالیسی، مختلف معاشی شعبوں کے لیے سبسڈیز اور مالی معاونت کے دیگر حکومتی پیکیجز، اور اس کے ساتھ ساتھ رعایتی قرضے، قرض کی ادائیگی میں تاخیر کی سہولت، اور عطیات فراہم کرنے والی مختلف بین الاقوامی ایجنسیوں اور دوست ممالک کی جانب سے عطیات سے مطلوبہ مالیاتی معاونت فراہم ہوگئی۔ بہر حال، کووڈ ۱۹ سے مقامی اور بین الاقوامی سطحوں پر پیدا ہونے والی معاشی افراتفری کو قرا پکڑنے میں ابھی کچھ وقت لگے گا۔ مزید براں، کمپنی کے کاروبار کی نوعیت میں دوران مالی سال کوئی غیر معمولی تبدیلی نہیں ہوئی ہے۔

کارپوریٹ سماجی ذمہ داری اور ماحول پر اثر

کمپنی مسلسل بنیاد پر ترقی پذیر تبدیلی اور تحفظ پسندی، اور صارفین سے ڈیجیٹل طور پر منسلک رہنے پر یقین رکھتی ہے۔ چنانچہ iSave آن لائن پورٹل ہمیشہ توجہ کا مرکز رہا ہے۔ مزید براں، کووڈ ۱۹ کے تناظر میں ملازمین کی حفاظت اولین ترجیح رہی ہے۔ تمام ملازمین کو گھر سے بآسانی کام کرنے کے لیے مطلوبہ وسائل فراہم کیے گئے تھے اور ساتھ ساتھ صارفین کو موثر خدمات کی فراہمی کو بھی یقینی بنایا گیا تھا۔ اس سے ظاہر ہوتا ہے کہ کمپنی اپنے ملازمین اور صارفین، دونوں کی فلاح کے لیے سرگرم عمل ہے۔

کمپنی کی کارکردگی کا جائزہ

مارچ 2020ء میں کووڈ ۱۹ کے ظہور کے بعد اس کے اثرات مالی سال 2020-21ء میں بھی جاری رہے، اور یہ سال رکاوٹوں، حالات کے مطابق ڈھلنے، اور بحالی کا سال تھا۔ کووڈ ۱۹ و بقاء درحقیقت دُنیا کو re-set mode یعنی آغازِ نو کے راستے پر لے گئی جہاں زندگی کا مفہوم نو رقم ہوا۔ اس مشکل صورتحال سے نبرد آزما ہونے کے لیے ایم سی بی اے ایچ نے بھی اپنی حکمتِ عملی میں ترمیم کی۔ iSave نے یقینی بنایا کہ کمپنی اپنے یونٹ حاملین کو مؤثر اور بلا رکاوٹ خدمت فراہم کرے۔ iSave کی بدولت کمپنی بآسانی ترسیل کے متبادل ذرائع کی طرف اپنے صارفین کی منتقلی کرنے کے قابل ہوئی، اور اپنے اثاثہ جات تحت الانظامیہ (اے یو ایم) میں کئی گنا اضافہ کرنے میں کامیاب ہوئی۔

مالی سال 2020-21ء کا شمار کمپنی کے بے حد کامیاب برسوں میں ہوتا ہے۔ کمپنی نے معاشی بحالی سے فائدہ اٹھایا اور نقدیت میں اضافہ کیا جس کی بدولت اے یو ایم میں بھرپور ترقی ہوئی اور اس میں سب سے زیادہ کردار مٹی مارکیٹ فنڈز کا تھا۔ جس کے نتیجے میں دورانِ سال کمپنی نے قابل ذکر ترقی کا مظاہرہ کیا اور اے یو ایم میں 47.6 بلین روپے net اضافہ ہوا، چنانچہ 30 جون 2021ء کو 155.4 بلین روپے مالیت کے اے یو ایم کمپنی کے زیرِ انتظام تھے، جبکہ اس کے بالمقابل 30 جون 2020ء کو اے یو ایم کی مالیت 109.3 بلین روپے تھی۔ اے یو ایم - بنیادی طور پر مٹی مارکیٹ فنڈز - میں اضافہ، اور اس کے ساتھ اسٹاک مارکیٹ میں مضبوط بحالی کی بدولت اکیوٹی اور اس سے منسلک اے یو ایم میں بہتری آئی، اور اس کے نتیجے میں انتظامی فیس / سرمایہ کاری کی مشاورت کی فیس کی مد میں کمپنی نے 752 ملین روپے حاصل کیے، جو سال گزشتہ کی سطح 673.9 ملین روپے کے مقابلے میں 78.1 ملین روپے اضافہ ہے۔

علاوہ ازیں، دورانِ سال فنڈ کے محرک انتظام کی بدولت کمپنی نے اپنی سرمایہ کاری اور اضافی رقم کی placement پر 189.6 ملین روپے آمدنی حاصل کی، جو مائل سال میں 129.9 ملین روپے تھی۔

اے یو ایم میں اضافہ اور اس کے ساتھ فنڈ کے محرک انتظام کی بدولت کمپنی کا منافع بعد از ٹیکس 376.4 ملین روپے تھا، جبکہ گزشتہ سال 257.7 ملین روپے تھا۔

موجودہ مالی سال مختتمہ 30 جون 2021ء کی آمدنی فی شیئر 5.23 روپے تھی، جو گزشتہ مالی سال مختتمہ 30 جون 2020ء کو 3.58 روپے تھی۔

بورڈ کی طرف سے مجوزہ حتمی ڈیویڈنڈ برائے سال مختتمہ 30 جون 2021ء 27.5 فیصد (2.75 روپے فی شیئر) ہے، جبکہ گزشتہ سال مختتمہ 30 جون 2020ء کے لیے 22.5 فیصد (2.25 روپے فی شیئر) تھا۔ یہ عبوری ڈیویڈنڈ 22.5 فیصد (2.25 روپے فی شیئر) کے علاوہ ہے۔ جبکہ 30 جون 2020ء کو عبوری ڈیویڈنڈ 10 فیصد (1 روپے فی شیئر) تھا

کمپنی کے بورڈ آف ڈائریکٹرز کی مجموعی طور پر ذمہ داری ہے کہ اس بات کو یقینی بنائیں کہ ادارے کے اندرونی مالیاتی کنٹرولز کا نظام مطلوبہ ضروریات کے مطابق ہے اور مؤثر انداز میں نافذ العمل ہے۔

سال مختتمہ 30 جون 2021ء کے آڈٹ شدہ مالیاتی گوشواروں کے مطابق پنشن فنڈز میں ایمپلائیز کی سرمایہ کاری کی مالیت 64.4 ملین روپے ہے (53 ملین روپے برائے سال مختتمہ 30 جون 2020ء)۔

لیے رقم مہیا کرنے کی کم لاگت اسکیمیں، اور بجلی کی محصولات میں مزید اضافے سے احتراز شامل ہیں۔ پبلک سیکٹر میں رقوم کی فراہمی پر بوجھ میں کمی کے حالیہ حکومتی اقدامات کے باوجود پبلک سیکٹر کے ادارے اور خاص طور پر توانائی کا شعبہ تاحال آئی ایم ایف مذاکرات میں ایک تلخ مسئلہ اور حکومت کے لیے ایک بڑا چیلنج بنا ہوا ہے۔ ادائیگی کے توازن کے اکاؤنٹ میں تیزی سے ہونے والا بگاڑ حکومت کو آئی ایم ایف پالیسی کے ڈھانچے کے سامنے ہتھیار ڈالنے پر مجبور کر سکتا ہے جس کے نتیجے میں معاشی ترقی کی رفتار میں تبدیلی آسکتی ہے۔

کیپیٹل مارکیٹ کے نقطہ نظر سے، خصوصاً ایکویٹیز کے تناظر میں، بازار کو وڈ کی چوتھی لہر کے حوالے سے گہری نظر رکھے ہوئے ہیں جس سے مدت قریب میں خطرات لاحق ہیں۔ ترقی کی رفتار جاری رہنے کے تناظر میں ایکویٹیز سرمایہ کاروں کو اچھا منافع دینے کی استعداد کی حامل ہے۔ دس سالہ بانڈز سے متعلق خطرات کے پریمیم فی الوقت 3.6 فیصد پر ہیں، اور قدیم اوسط 1.3 فیصد کے ساتھ تقابل سے پتہ چلتا ہے کہ شرح کے دوبارہ تعین کی بدولت کچھ فائدہ ممکن ہے۔ آمدنیوں میں اضافہ اگلے کچھ برسوں کے لیے کلیدی محرک ہوگا۔ چنانچہ ایکویٹی مارکیٹ سے مضبوط تر منافع جات جاری رہنے کی توقع کی جاسکتی ہے۔ حال ہی میں پاکستان اسٹاک ایکسچینج کی درجہ بندی کی ایم ایس سی آئی (مورگن اسٹینلی کیپیٹل انٹرنیشنل) امرجنگ مارکیٹ انڈیکس سے ایم ایس سی آئی فرنٹیر مارکیٹ انڈیکس میں تبدیلی سے متعلق اعلان معمولی حد تک مثبت رہے گا، چنانچہ مقامی سرمایہ کار ممکنہ طور پر بازار کی رفتار میں کردار ادا کریں گے۔

قرض حاملین کے لیے ہم توقع کرتے ہیں کہ بازار زر کے فنڈ سال بھر بلار کاوٹ پالیسی شروحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی بانڈز متوقع پیداواری خم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافعوں کی موجودہ سطحوں کے حوالے سے محتاط ہیں اور ڈینا کے نکات کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

میوچل فنڈ صنعت کا جائزہ

اوپن end میوچل فنڈ صنعت کے net اثاثہ جات اس مالی سال میں تقریباً 37.2 فیصد بڑھ کر 1,018 بلین روپے ہو گئے۔ منی مارکیٹ فنڈز اور فیکسڈ انکم فنڈز میں خطیر سرمایہ کاری ہوئی کیونکہ کارپوریٹ نقدیت تیزی سے میوچل فنڈز کی جانب بڑھ رہی ہے۔ منی مارکیٹ کے مجموعی فنڈز دوران مدت تقریباً 48 فیصد بڑھ کر 467 بلین روپے ہو گئے۔ منی مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے اور تقریباً 39 فیصد بڑھ کر 285 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز میں دوران سال 33 فیصد کا بھرپور اضافہ ہوا اور وہ 224 بلین روپے سے 299 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز کے اثاثہ جات میں اضافے کا بڑا سبب سرمایہ کاروں کے مثبت جذبات کی بدولت مارکیٹ میں 38 فیصد سال در سال (YoY) ترقی کو قرار دیا جاسکتا ہے۔

شعبہ جاتی حصے کے اعتبار سے مالی سال کے اختتام پر منی مارکیٹ فنڈز تقریباً 46 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ ایکویٹی اور متعلقہ فنڈز تقریباً 30 فیصد، اور انکم فنڈز تقریباً 24 فیصد کے حامل تھے۔

میوچل فنڈ صنعت کے مستقبل کا منظر

سود کی شرحوں میں اب تک کی سب سے زیادہ کمی کی بدولت خطرات کے حامل اثاثہ جات میں اعتماد بحال ہوا ہے۔ ہم امید کرتے ہیں کہ ایکویٹی اور متعلقہ فنڈز کے شعبے میں نقدیت کی صورتحال بہتر ہوگی۔ تاہم نقدیت کی پائیداری کا انحصار اس بات پر ہوگا کہ معیشت اس وباء کے مرحلے سے کس طرح گزرتی ہے۔ ہمارے آپریشنز بلار کاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو سبقت حاصل ہے اس کی بدولت ہم آن لائن دستیاب سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکیں گے۔

معیشت کے مستحکم ہونے کے آغاز کے ساتھ ٹیکس وصولی بھی بہتر ہوئی اور اس میں دوران مالی سال 18 فیصد اضافہ ہوا جو نظر ثانی شدہ ہدف سے 30 بلین روپے زیادہ تھا۔ ابتدائی نو ماہ کا مالیاتی خسارہ جی ڈی پی کا 3.6 فیصد تھا جبکہ سال گزشتہ جی ڈی پی کا 3.8 فیصد تھا۔ بنیادی توازن جی ڈی پی کے 1.0 فیصد زائد کے ساتھ مزید بہتر رہا جبکہ سال گزشتہ جی ڈی پی کا 0.4 فیصد تھا۔

افراط زر میں اضافے کے رجحان کے سبب پیداواری خم بلندی کی طرف جانا شروع ہو گیا۔ دوران مدت تین، پانچ اور دس سالہ بانڈز میں بالترتیب 146، 138 اور 125 بیسیس پوائنٹس (بی پی ایس) کا اضافہ ہوا۔

ایکویٹی مارکیٹ کا جائزہ

کراچی اسٹاک ایکسچینج - 100 انڈیکس نے مالی سال 2021ء کے لیے 38 فیصد منافع پوسٹ کیا اور اختتام سال پر 12,934 پوائنٹس کا اضافہ حاصل کر کے 47,356 پوائنٹس پر پہنچ گیا۔ یہ مالی سال 2014ء سے لے کر اب تک کا بلند ترین منافع تھا جب انڈیکس نے دوران سال 41 فیصد منافع حاصل کیا۔ دوران سال کو وڈ کی دوسری لہر (اکتوبر 2020ء) اور تیسری لہر (فروری 2021ء) کے ظہور نو اور حزب اختلاف کی ریلیوں اور سینیٹ کے انتخابات کے باعث پیدا ہونے والی سیاسی بد امنی کے باعث بازار کی چلک متاثر ہوئی۔ البتہ متوقع سے مضبوط تر معاشی بحالی اور مرکزی بینک کے اقدامات (TERF، RDA اور بینکوں کی جانب سے گھر کے لیے رقم کی لازمی فراہمی) کی بدولت بازار کی مثبت رفتار جاری رہی۔

انڈیکس میں اہم مثبت کردار ادا کرنے والے شعبے ٹیکنالوجی (385 فیصد)، بینک (36 فیصد) اور سیمنٹ (77 فیصد) رہے، جبکہ خام تیل کی قیمتوں میں 83 فیصد اضافے کے باوجود دریافت اور پیداوار (ای این ڈی) کا شعبہ 11 فیصد منافع کے ساتھ سست روی کا شکار رہا۔ بازار میں نقدیت کی صورتحال سال بھر ٹھیک ٹھاک رہی اور اوسط یومیہ حجم 169 فیصد بڑھ کر 528 ملین حصص ہو گیا جبکہ مالی سال 2020ء میں 196 ملین حصص تھا۔ علاوہ ازیں، تجارت کردہ اوسط قدر بھی 163 فیصد سال در سال (YoY) بڑھ کر 120 ملین ڈالر ہو گئی جو ایک سال قبل 46 ملین ڈالر تھی۔

غیر ملکی سرمایہ کاروں میں فروخت کا جوش مالی سال 2021ء کے دوران بھی برقرار رہا اور 387 ملین ڈالر کی خالص ہوئی جبکہ سال گزشتہ 285 ملین ڈالر تھی۔ لیکن اس فروخت کا اکثر حجم افراد اور کمپنیوں کی جانب سے کی گئی فروخت، بالترتیب 332 ملین ڈالر اور 138 ملین ڈالر، کے ذریعے زائل ہو گیا۔

معیشت اور بازار - مستقبل کا منظر

سہل مالیاتی پالیسیوں کے سبب آنے والے سال میں ترقی کی رفتار جاری رہنے کا امکان ہے۔ وسیع تر معیشت قبل از کووڈ سطحوں کے قریب چلتی ہوئی نظر آرہی ہے جس کی پیمائش ایل ایس ایم میں ترقی، سیمنٹ کی فروخت، گاڑیوں کی فروخت وغیرہ سے ہوتی ہے۔ ہم امید کرتے ہیں کہ جی ڈی پی میں مالی سال 2022ء میں مزید ترقی ہوگی لیکن حکومتی ہدف 4.8 فیصد سے کچھ کم رہے گی۔ اشیاء کی قیمتوں میں حالیہ اضافے نے مالیاتی اور خارجی، دونوں اکاؤنٹس کے لیے مشکلات پیدا کی ہیں۔ مالیاتی جہت میں آمدنی اور ترقیاتی اخراجات کے اہداف کا پورا ہونا بہت مشکل ہے۔

درآمدات کی رفتار میں بحالی سے کرنٹ اکاؤنٹ خسارہ جی ڈی پی کے تقریباً 2.8 فیصد پہنچ جانے کی امید ہے جس کے باعث اختتام سال تک زرمبادلہ کی شرح کمزور ہو کر تقریباً 170 ڈالر ہونے کا امکان ہے۔ اشیاء کی قیمتیں اور کمزور تر روپیہ بھی اوسط افراط زر کو برقرار رکھنے کا سبب بن سکتے ہیں جو تقریباً 8.5 فیصد ہو سکتی ہے۔ چنانچہ دوران سال آگے چل کر مالیاتی پالیسی میں سختی متوقع ہے اور اختتام سال تک سود کے 9 فیصد تک پہنچ جانے کا امکان ہے۔

آئی ایم ایف پروگرام بظاہر تعطل کا شکار ہے کیونکہ حکومت کفایت شعاری پر مبنی روایتی آئی ایم ایف اصلاحات پر ترقی پسندانہ اقدامات میں توسیع کو ترجیح دے رہی ہے۔ تعمیرات اور رہائش کے شعبوں میں سرمایہ کاری کے ذریعے برآمدات میں اضافے اور مقامی طلب کو متحرک کرنے پر توجہ کا ارتکاز حکومت کی ترقی پسندانہ حکمت عملی کے سبب میل ہیں۔ اس ضمن میں کلیدی اقدامات میں سازگار ماحول بشمول سود کی مستحکم شرحیں، رہائش اور مشینوں کی درآمدات کے

ڈائریکٹرز رپورٹ

ایم سی بی عارف حبیب سیونگزن اینڈ انویسٹمنٹس لمیٹڈ (ایم سی بی اے ایچ) کے بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی اے ایچ کے معاملات برائے سال مختتمہ 30 جون 2021ء کی رپورٹ پیش خدمت ہے۔

بنیادی کاروبار

کمپنی ایک غیر بینکاری مالیاتی ادارہ ہے جو سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے قانونی دائرہ کار کے تحت اثاثہ جاتی انتظام کی کمپنی، سرمایہ کاری مشیر اور پینشن فنڈ منتظم کے طور پر لائسنس شدہ ہے۔

کاروبار کا ماحول

معیشت اور بازار زر کا جائزہ

مالی سال 2021ء معاشی کارکردگی کے اعتبار سے مثبت سال ثابت ہوا ہے۔ مجموعی ملکی پیداوار (جی ڈی پی) اس سال کے ہدف (2.1 فیصد) سے سبقت لے گئی اور اس میں 3.94 فیصد ترقی ہوئی۔ اس توقع سے بہتر کارکردگی کے اسباب سود کی نسبتاً کم اور مستحکم شرحیں، اسٹیٹ بینک آف پاکستان (ایس بی پی) کی معاونتی مالیاتی اسکیمیں، شعبہ تعمیرات کی حوصلہ افزائی کے لیے ایمنسٹی اسکیم، طلب میں بحالی اور کھپت میں مجموعی ترقی کے لیے معاون ثابت ہونے والی ترسیلات کی مضبوط آمد ہیں۔

ترقی کی رفتار سال بھر تیز رہی جس کی عکاسی مختلف شعبوں کی کارکردگی کے ذریعے ہوتی ہے۔ سینٹ کے شعبے میں مقامی ترسیلات میں متاثر کن بحالی ہوئی اور ان میں سال گزشتہ کے مقابلے میں تقریباً 20 فیصد ترقی ہوئی۔ 2 اور 3 پہلوں والی گاڑیوں کی فروخت میں بھی تقریباً 39 فیصد کا متاثر کن ترقی ہوئی جس سے معیشت میں پک کی عکاسی ہوتی ہے۔ اسی طرح، پٹرول اور ڈیزل کی طلب میں سال گزشتہ کے مقابلے میں بالترتیب 12 فیصد اور 16 فیصد اضافہ ہوا جس سے معیشت میں وسیع تر بحالی کی نشاندہی ہوتی ہے۔ مجموعی طور پر بڑے پیمانے پر ہونے والی مینوفیکچرنگ (ایل ایس ایم) کے انڈیکس میں گردشیں شعبوں کی بدولت موجودہ مالی سال کے پہلے گیارہ ماہ میں تقریباً 14.6 فیصد ترقی ہوئی ہے۔

خارجی میدان میں مالی سال 2021ء میں کرنٹ اکاؤنٹ کا خسارہ 1.8 بلین ڈالر (جی ڈی پی کا 0.6 فیصد) تھا جو گزشتہ سال کے خسارے 4.4 بلین ڈالر (جی ڈی پی کے 1.7 فیصد) کے مقابلے میں 58 فیصد بہتری ہے۔ اشیاء اور خدمات میں تجارت پر بقایا پر 30 بلین ڈالر خسارے (اس سال تقریباً 23 فیصد زیادہ) کے باوجود کارکنان کی ترسیلات کی مضبوط آمد کے سبب کرنٹ اکاؤنٹ خسارہ معمولی منفی رہا۔ ترسیلات بڑھ کر 29.4 بلین ڈالر ہو گئیں جو سال گزشتہ کی سطح 23.1 بلین ڈالر کے مقابلے میں 27 فیصد اضافہ ہے۔

افراط زر حکومت کی دکھتی رگ بنی رہی کیونکہ اشیائے خورد و نوش کی بڑھتی ہوئی قیمتوں کے باعث پالیسی ساز مشکلات کا شکار رہے۔ مجموعی افراط زر، جس کی ترجمانی صارفین کی قیمت کے انڈیکس (سی پی آئی) سے ہوتی ہے، کا اوسط سال گزشتہ سے 8.9 فیصد زیادہ تھا، جبکہ اشیائے خورد و نوش کے افراط زر کا اوسط دوران مدت 13 فیصد تھا۔ رسد کی جہت میں مسائل اور بدانتظامی کے باعث جلد خراب ہو جانے والی اشیائے خورد و نوش اور گندم کی قیمتوں میں اضافہ جاری رہا۔ اس کے باوجود بنیادی افراط زر، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، قابو میں تھی اور اس کا اوسط برائے مدت 6.4 فیصد تھا۔ مانیٹری پالیسی کمیٹی (ایم پی سی) نے گزشتہ اجلاسوں میں پے در پے کٹوتیوں کے بعد صورتحال کو برقرار رکھا۔ اگرچہ حقیقی سود کی شرح منفی رہی لیکن مرکزی بینک کو وڈ کے باعث طلب کی جہت پر پڑنے والے دباؤ اور بہتر خارجی صورتحال کی بدولت پیدا ہونے والی سہولت کے حوالے سے محتاط تھا۔

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2021**

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. NASIM BEG	4	49,822	0.07
MR. MUHAMMAD SAQIB SALEEM	1	500	0.00
MIRZA QAMAR BEG	1	500	0.00
MS. MAVRA ADIL KHAN	1	100	0.00
MR. HAROUN RASHID	1	500	0.00
MR. AHMED JAHANGIR	1	500	0.00
MR. MOHAMMAD KASHIF	1	4	0.00
SYED SAVAIL MEEKAL HUSSAIN	1	500	0.00
Associated Companies, undertakings and related parties	3	64,082,935	89.00
NIT and ICP	-	-	-
Banks Development Financial Institutions, Non-Banking Financial Institutions	1	70	0.00
Modarabas and Mutual Funds	1	900,000	1.25
General Public			
a. Local	738	3,837,279	5.33
b. Foreign	1	4	0.00
Foreign Companies	1	2,710,000	3.76
Others	12	417,286	0.58
Totals	768	72,000,000	100.00

Share holders holding 10% or more	Shares Held	Percentage
MCB BANK LIMITED	36,956,768	51.33
ARIF HABIB CORPORATION LIMITED	21,664,167	30.09

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2021**

# Of Shareholders	Shareholdings' Slab	Total Shares Held
256	1 to 100	4,275
111	101 to 500	35,630
181	501 to 1000	118,957
145	1001 to 5000	308,633
26	5001 to 10000	211,323
15	10001 to 15000	185,700
10	15001 to 20000	182,772
4	20001 to 25000	87,438
2	25001 to 30000	58,500
1	30001 to 35000	35,000
1	35001 to 40000	36,000
1	50001 to 55000	52,900
2	55001 to 60000	116,800
1	75001 to 80000	77,880
1	90001 to 95000	92,000
1	135001 to 140000	140,000
1	155001 to 160000	156,000
1	205001 to 210000	208,757
1	255001 to 260000	260,000
1	345001 to 350000	350,000
1	895001 to 900000	900,000
1	1585001 to 1590000	1,588,500
1	2705001 to 2710000	2,710,000
1	5460001 to 5465000	5,462,000
1	21660001 to 21665000	21,664,167
1	36955001 to 36960000	36,956,768
768		72,000,000

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

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

1. The total number of Directors are seven as per the following:
 - (a) Male: 6 (excluding the Chief Executive Officer)
 - (b) Female: 1
2. The composition of Board is as follows:
 - (a) Independent Directors: 3 (including a female director)
 - (b) Other Non-executive Directors: 4
 - (c) Executive Directors (CEO): 1
 - (d) Female Director: 1
3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their dates of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. Following Directors have obtained Directors' Training Program:

Name of Director	Status
Mr. Ahmed Jahangir	Non-Executive Director
Mr. Kashif A. Habib	Non-Executive Director
Mirza Qamar Beg	Independent Director
Ms. Mavra Adil Khan	Independent Director
Mr. Muhammad Saqib Saleem	Chief Executive Officer

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Mr. Haroun Rashid and Mr. Nasim Beg are exempt from the training requirement by virtue of their education and their experience as the Board of listed companies, as per the requirement.

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

(a) Audit Committee

Name of Director	Status
Mirza Qamar Beg	Chairman
Mr. Nasim Beg	Member
Mr. Ahmed Jahangir	Member
Mr. Kashif A. Habib	Member
Syed Savail Meekal Hussain	Member

(b) Human Resource and Remuneration Committee

Name of Director	Status
Mirza Qamar Beg	Chairman
Mr. Nasim Beg	Member
Mr. Ahmed Jahangir	Member
Syed Savail Meekal Hussain	Member
Ms. Mavra Adil Khan	Member
Mr. Muhammad Saqib Saleem (CEO)	Member

13. The Terms of Reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.
14. The frequency of meetings of the Committees was as per following:

(a) **Audit Committee:** Minimum quarterly meetings of the Audit Committee were held, the details of which are as under:

Sr. No.	Particulars of Meeting	Date of Meetings
1.	1 st meeting of the Committee for the year	August 17, 2020
2.	2 nd meeting of the Committee for the year	August 18, 2020
3.	3 rd meeting of the Committee for the year	October 22, 2020
4.	4 th meeting of the Committee for the year	October 23, 2020
5.	5 th meeting of the Committee for the year	December 24, 2020
6.	6 th meeting of the Committee for the year	February 04, 2021
7.	7 th meeting of the Committee for the year	February 08, 2021
8.	8 th meeting of the Committee for the year	April 14, 2021
9.	9 th meeting of the Committee for the year	April 15, 2021

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

(b) Human Resource and Remuneration Committee: The HR&R Committee met on several occasions during the year, the details of which are as under:

Sr. No.	Particulars of Meeting	Date of Meetings
1.	20 th meeting of the Committee	July 03, 2020
2.	21 st meeting of the Committee	August 17, 2020
3.	22 nd meeting of the Committee	November 17, 2020
4.	23 rd meeting of the Committee	June 22, 2021

15. The Board has set up an effective Internal Audit function, which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The Statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP 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 close relatives (spouses, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.
17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
18. The Company is following the requirements and regulations laid down in Section 208 of the Companies Act, 2017 except for the definition of "Related Party", compliance of which is dependent on the clarification from the Securities and Exchange Commission of Pakistan. The Company has presented the details of all related party transactions as disclosed in the financial statements before the Audit Committee and upon their recommendation to the Board for review and approval.
19. We confirm that all other requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Haroun Rashid

Chairman – Board of Directors
MCB-Arif Habib Savings & Investments Limited

REVIEW REPORT TO THE MEMBERS STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MCB Arif Habib Savings and Investments Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of **MCB Arif Habib Savings and Investments Limited** ("the Company") for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

As a part of our audit of 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.

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REVIEW REPORT TO THE MEMBERS STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019



KPMG Taseer Hadi & Co.

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 30 June 2021.

Date: 24 September 2021

Karachi

A handwritten signature in blue ink, appearing to read 'KPMG Taseer Hadi & Co.', written over a horizontal line.

**KPMG Taseer Hadi & Co.
Chartered Accountants**

FINANCIAL & BUSINESS HIGHLIGHTS

		2016	2017	2018	2019	2020	2021
Pre tax Margin	%	46	36	27	12	41	49
Net Margin	%	31	25	17	3	31	38
Performance							
Return on assets	%	11	9	6	1	11	16
Return on equity	%	15	13	8	2	17	23
Leverage							
Gearing (T-Debt:Equity)	Times	0.40	0.43	0.43	0.40	0.46	0.48
Interest Coverage Ratio	Times	768.06	472.94	477.53	18.75	40.90	64.12
Liquidity							
Current Ratio	Times	2.38	2.06	2.07	2.15	2.11	1.98
Valuation							
Earnings per share	Rs.	3.32	2.81	1.72	0.34	3.58	5.23
No. of ordinary shares		72	72	72	72	72	72
Historical trend							
Management fee (Rs. in million)		704	664	702	731	674	752
Operating profit [PBIT] (Rs. in million)		349	285	196	81	337	477
Profit before tax (Rs. in million)		350	286	197	85	345	485
Profit after tax (Rs. in million)		239	202	124	24	258	376
Share capital (Rs. in million)		720	720	720	720	720	720
Shareholders equity (Rs. in million)		1,549	1,580	1,568	1,462	1,551	1,603
Total assets (Rs. in million)		2,174	2,264	2,244	2,044	2,266	2,376

AUDITOR'S REPORT TO THE MEMBERS



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INDEPENDENT AUDITORS' REPORT

To the Members of MCB Arif Habib Savings and Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **MCB Arif Habib Savings and Investments Limited** ("the Company"), which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the profit and 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a

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AUDITOR'S REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.

whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	Assessing potential impairment of goodwill and management rights Refer note 4.1.3 and 5.3 to the financial statements for the accounting policy and details of goodwill and management rights respectively. As mentioned in note 5.3 to the financial statements, carrying value of goodwill and management rights at 30 June 2021 amounted to Rs. 82.1 million and Rs. 192 million respectively. The Company annually tests the carrying values of Goodwill and management rights having indefinite useful lives for impairment. We identified impairment of goodwill and management rights as a key audit matter because of its significance to the financial statements, involvement of significant degree of judgment and estimation, particularly in forecasting future cash flows, the discount rate applied in calculating the present value of future cash flows and the expected terminal growth rate applied to the cash flows, all of which can be inherently uncertain.	Our audit procedures to test the potential impairment of goodwill and management rights included the following: <ul style="list-style-type: none">Involved our internal valuation specialist to assist in evaluating the appropriateness of assumptions applied to key inputs such as management remuneration, operating costs, discount rate and terminal growth rate, which included comparing these inputs with externally derived data as well as our knowledge of the client and the industry; andEvaluated the adequacy of the financial statements disclosures, including disclosures of key assumptions, judgments and sensitivities.

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

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2021, but does not include the financial statements and our auditors' report thereon.

AUDITOR'S REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

AUDITOR'S REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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.

AUDITOR'S REPORT TO THE MEMBERS



KPMG Taseer Hadi & Co.

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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 Aryn Pirani.

Date: 23 September 2021

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021	2020
		(Rupees)	
ASSETS			
Non-current assets			
Fixed assets	5	358,789,899	401,747,361
Long-term investments	6	638,596,952	533,563,426
Long-term loans and prepayments	7	14,161,597	7,062,588
Long-term deposits		4,994,903	5,289,229
		<u>1,016,543,351</u>	<u>947,662,604</u>
Current assets			
Receivable from related parties	8	543,936,536	537,446,025
Loans and advances	9	2,377,576	4,201,445
Deposits, prepayments and other receivables	10	43,794,004	30,508,123
Accrued mark-up	11	22,487	24,966
Short-term investments	13	685,758,449	661,620,881
Advance tax - net of provisions	14	39,149,452	64,293,766
Cash and bank balances	15	43,929,106	19,814,591
		<u>1,358,967,610</u>	<u>1,317,909,797</u>
Total assets		<u><u>2,375,510,961</u></u>	<u><u>2,265,572,401</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
72,000,000 (2020: 72,000,000) ordinary shares of Rs. 10 each		<u>720,000,000</u>	<u>720,000,000</u>
Issued, subscribed and paid-up share capital	16	720,000,000	720,000,000
Reserves		<u>883,129,589</u>	<u>830,695,426</u>
Total equity		<u>1,603,129,589</u>	<u>1,550,695,426</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liability - net	18	67,176,622	55,968,562
Lease liability against right-of-use assets	12	18,001,467	33,454,709
Current liabilities			
Unclaimed dividend		4,672,994	4,586,000
Current Portion of lease liability against right-of-use assets	12	32,347,100	27,191,338
Trade and other payables	19	650,183,189	593,676,366
Total liabilities		<u>772,381,372</u>	<u>714,876,975</u>
Total equity and liabilities		<u><u>2,375,510,961</u></u>	<u><u>2,265,572,401</u></u>
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021	2020
		(Rupees)	
Revenue			
Management fee / investment advisory fee	21	752,077,846	673,851,616
Processing and other related income		52,056,974	31,792,154
Profit on bank deposits under effective interest method	22	1,366,115	3,823,104
Dividend income		19,588,106	9,103,218
Realized gain on sale of investments - net	23	49,793,111	67,277,271
Unrealized gain on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		118,812,729	49,672,898
		993,694,881	835,520,261
Expenses			
Administrative expenses	24	(423,435,342)	(415,166,101)
Selling and distribution expenses	25	(71,651,600)	(64,841,310)
Financial charges	26	(7,443,547)	(8,237,030)
Workers' welfare fund	27	(9,900,000)	(7,000,000)
		(512,430,489)	(495,244,441)
		481,264,392	340,275,820
Other income	28.1	3,441,389	4,929,289
Other expenses	28.2	-	(104,219)
Profit for the year before taxation		484,705,781	345,100,890
Taxation	29	(108,271,618)	(87,431,776)
Profit for the year		376,434,163	257,669,113
Earnings per share - basic and diluted	30	5.23	3.58

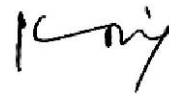
The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	<i>Note</i>	2021	2020
		(Rupees)	
Profit for the year		376,434,163	257,669,113
Other comprehensive income for the year		-	-
		<u>376,434,163</u>	<u>257,669,113</u>

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Issued, subscribed and paid-up capital	Reserves			Revenue Unappropriated profit	Total
		Capital				
		Share premium	Deficit arising on amalgamation	Sub-total		
	(Rupees)					
Balance as at 01 July 2019	720,000,000	396,000,000	(60,000,000)	336,000,000	406,226,313	1,462,226,313
Transactions with owners recorded directly in equity						
Final dividend for the year ended 30 June 2019 at Rs. 1.35 per share	-	-	-	-	(97,200,000)	(97,200,000)
Interim dividend for the year ended 30 June 2020 at Rs. 1 per share	-	-	-	-	(72,000,000)	(72,000,000)
	-	-	-	-	(169,200,000)	(169,200,000)
Total comprehensive income for the year						
Profit after taxation for the year ended 30 June 2020	-	-	-	-	257,669,113	257,669,113
Other comprehensive income for the year ended 30 June 2020	-	-	-	-	-	-
Totall comprehensive income for the year	-	-	-	-	257,669,113	257,669,113
Balance as at 30 June 2020	720,000,000	396,000,000	(60,000,000)	336,000,000	494,695,426	1,550,695,426
Balance as at 01 July 2020	720,000,000	396,000,000	(60,000,000)	336,000,000	494,695,426	1,550,695,426
Transactions with owners recorded directly in equity						
Final dividend for the year ended 30 June 2020 at Rs. 2.25 per share	-	-	-	-	(162,000,000)	(162,000,000)
Interim dividend for the year ended 30 June 2021 at Rs. 2.25 per share	-	-	-	-	(162,000,000)	(162,000,000)
	-	-	-	-	(324,000,000)	(324,000,000)
Total comprehensive income for the year						
Profit after taxation for the year ended 30 June 2021	-	-	-	-	376,434,163	376,434,163
Other comprehensive income for the year ended 30 June 2021	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	376,434,163	376,434,163
Balance as at 30 June 2021	720,000,000	396,000,000	(60,000,000)	336,000,000	547,129,589	1,603,129,589

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 (Rupees)	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		484,705,781	345,100,890
Adjustments for non-cash and other items:			
Depreciation of property and equipment	5.1	19,119,350	34,225,470
Depreciation of right of use assets	5.2	30,937,453	25,298,120
Amortization	5.3	11,779,098	11,980,174
Write off / Impairment on leasehold improvement & furniture and fixtures	24	4,768,237	4,269,937
Financial charges	26	7,443,547	8,237,030
Unrealized gain on the re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net		(118,812,729)	(49,672,898)
Gain on sale of investments - net	23	(49,793,111)	(67,277,271)
Provision against advisory fee receivable	24	-	448,942
(Gain) / loss on disposal of fixed assets - net	28	(2,461,340)	104,219
		<u>(97,019,495)</u>	<u>(32,386,277)</u>
Operating cash flows before working capital changes		387,686,286	312,714,612
Movement in working capital			
Decrease / (Increase) in current assets			
Loans and advances		1,823,869	5,766,923
Deposits, prepayments and other receivables		(13,285,881)	24,294,456
Accrued mark-up on bank balances		2,479	156,246
Receivable from related parties		(6,490,511)	(37,792,684)
		<u>(17,950,044)</u>	<u>(7,575,059)</u>
Increase / (decrease) in current liabilities			
Unclaimed dividend		86,994	329,062
Trade and other payables		56,506,823	58,178,989
		<u>426,330,059</u>	<u>363,647,605</u>
Income taxes paid		(71,919,244)	(71,662,109)
Financial charges paid		(442,031)	(1,301,942)
		<u>(72,361,275)</u>	<u>(72,964,051)</u>
Net cash flows from operating activities		353,968,784	290,683,553
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(13,716,804)	(9,364,152)
Long-term loans and prepayments		(7,099,009)	2,429,556
Long-term deposits		294,326	(802,041)
Proceeds from disposal of fixed assets		9,602,625	1,709,500
Proceeds from the redemption of investments / purchase of investments - net		38,735,316	(91,897,882)
Net cash flows from investing activities		27,816,454	(97,925,019)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(324,000,000)	(168,870,938)
Payment of lease liability against right-of-use assets	12	(33,670,723)	(27,238,622)
Net cash flows from financing activities		(357,670,723)	(196,109,560)
Net increase in cash and cash equivalents		24,114,515	(3,351,026)
Cash and cash equivalents at the beginning of the year		19,814,591	23,165,617
Cash and cash equivalents at the end of the year	31	43,929,106	19,814,591

The annexed notes 1 to 42 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1 STATUS AND NATURE OF BUSINESS

- 1.1** MCB-Arif Habib Savings and Investments Limited ("the Company") was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on 30 August 2000 as an unquoted public limited company under the requirements of the Companies Ordinance, 1984. During 2008, AHIML was listed on the Karachi Stock Exchange Limited (now integrated into the Pakistan Stock Exchange Limited) by way of offer for sale of shares by a few of its existing shareholders to the general public. In the same financial year, the name of AHIML was changed from "Arif Habib Investment Management Limited" to "Arif Habib Investments Limited" (AHIL). On 19 January 2011, a transfer agreement was signed between Arif Habib Corporation Limited (AHCL) [the then parent of AHIL] and MCB Bank Limited (MCB Bank) [the then parent of MCB Asset Management Company Limited (MCB AMC)] for transfer of the entire business of MCB AMC to AHIL to achieve synergies in business and to access a wider distribution network. The scheme of amalgamation ("the Scheme") was approved by the shareholders of AHIL and MCB AMC in their respective extraordinary general meetings held on 21 May 2011. The Scheme was also approved by the Securities and Exchange Commission of Pakistan (SECP) with the effective date of amalgamation being 27 June 2011 (the effective date). In accordance with the terms contained in the Scheme, the Company became a subsidiary of MCB Bank Limited from the end of the year ended 30 June 2011 which owns 51.33% ordinary shares in the Company till date. Pursuant to the merger of MCB AMC with and into AHIL, the name of AHIL has been changed to MCB - Arif Habib Savings and Investments Limited, effective from 23 May 2013.
- 1.2** The Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005, as an Asset Management Company and an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.
- 1.3** The registered office of the Company is situated at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan. The Company operates 16 (2020: 16) branches inside Pakistan.
- 1.4** The Company was assigned an Asset Manager rating of AM1 by Pakistan Credit Rating Agency Limited (PACRA). The rating was determined by PACRA on 6 October 2020. Currently, the Company is managing the following funds under its management:

	Net assets value as at	
	2021	2020
	(Rupees in million)	
Open-end Collective Investment Schemes (CISs)		
Pakistan Income Fund	9,595	2,076
MCB Pakistan Stock Market Fund	12,397	8,804
MCB Pakistan Sovereign Fund	738	1,816
Pakistan Capital Market Fund	467	415
Pakistan Cash Management Fund	3,119	3,693
Pakistan Income Enhancement Fund	630	707
MCB Pakistan Asset Allocation Fund	912	1,299
MCB DCF Income Fund	3,646	4,033
MCB Cash Management Optimizer	34,030	28,106
Alhamra Islamic Money Market Fund (Formerly: MCB Pakistan Frequent Payout Fund)	15,258	152
Alhamra Islamic Asset Allocation Fund	2,335	1,964
Alhamra Islamic Stock Fund	3,410	2,656
Alhamra Islamic Income Fund	5,575	4,442
Alhamra Islamic Active Asset Allocation Fund Plan - I	-	341
Alhamra Islamic Active Asset Allocation Fund Plan - II	-	177
Alhamra Daily Dividend Fund	2,279	3,237
Alhamra Smart Portfolio Fund	123	-

Pension Funds

Pakistan Pension Fund	1,933	1,723
Alhamra Islamic Pension Fund	1,354	1,058

Discretionary portfolio

57,014 42,550

The Company is also managing investments under discretionary and non discretionary portfolio management agreements, details of which are given below:

Number of clients	37	36
Total portfolio at cost (Rs. in millions)	46,869	36,853
Total portfolio at market value (Rs. in millions)	47,074	35,426
Fee earned (Rupees in million)	47	33

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

- 1.5 In accordance with the requirements of Rule 9 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained insurance coverage from Jubilee General Insurance Company Limited against any loss that may be incurred as a result of employees' fraud or gross negligence. The insurance company has been assigned a credit rating of AA+ by the Pakistan Credit Rating Agency Limited (PACRA).

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) 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 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 Consolidation of mutual funds by the asset management company

SECP through a notification no. SRO 56(1)/2016 dated 28 January 2016, has directed that the requirements of consolidation under section 228 of the Companies Act, 2017 and IFRS 10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust Structure. Accordingly, the aforesaid requirements have not been considered in the preparation of these financial statements.

2.3 Basis of measurement

These financial statements have been prepared on the basis of historical cost convention, except that investments are carried at fair values in accordance with the requirement of International Financial Reporting Standard (IFRS) 9, 'Financial Instruments'.

2.4 Functional and presentation currency

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

2.5 Critical accounting estimates and judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of the accounting and reporting standards, as applicable in Pakistan, that have the most significant effect on the amount recognized in these financial statements and estimates with a significant risk of material adjustments to the carrying amount of assets and liabilities in the future years are as follows:

- Property and equipment (Note 4.1.1)
- Intangible assets (Note 4.1.3)
- Right-of-use asset and related liability (Note 4.1.4)
- Classification of investments (Note 4.2.1.1)
- Impairment (Note 4.2.1.3)
- Taxation (Note 4.3)
- Receivables (Note 4.6)
- Provisions (Note 4.10)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

a) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

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

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to the other terms and conditions of the lease
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are not likely to have any material effect on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in these financial statements, except for the change mentioned in note 4 to these financial statements.

4.1 FIXED ASSETS

4.1.1 Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss account as and when incurred.

Depreciation is charged at the rates specified in note 5.1 using the straight line method on all items of property and equipment. Depreciation is charged from the month the asset is available for use while no depreciation is charged in the month of disposal.

The residual values, useful lives and depreciation methods are reviewed at each reporting period and adjusted, if appropriate, to reflect the current best estimate.

4.1.2 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Items included in capital work-in-progress are stated at cost less accumulated impairment losses, if any. These are transferred to the relevant category of property and equipment as and when these become available for use.

4.1.3 Intangible assets

Intangible assets acquired separately are initially recognized at cost. Intangible assets acquired in a business combination are recognized at fair values as at the acquisition date.

The useful lives of intangible assets are assessed as either finite or indefinite.

4.1.3.1 Intangible assets with finite useful lives

After initial recognition, an intangible asset with finite useful life is carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged at the rates specified in note 5.2 using the straight line method. Amortization begins from the month the asset is available for use and ceases in the month of disposal. The amortization period and amortization method are reviewed at each financial year-end and are adjusted, if appropriate, to reflect the current best estimate.

Subsequent costs are included in the asset's carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

4.1.3.2 Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. After initial recognition, these are stated at cost less accumulated impairment losses, if any.

Goodwill

Goodwill acquired in a business combination is recognized as of the acquisition date at the excess of consideration transferred over the acquisition date fair value of identifiable assets acquired and liabilities assumed. It represents future economic benefits arising from other assets acquired in the business combination that are not individually identified and separately recognized.

For the purpose of impairment testing, goodwill is allocated from the acquisition date to each of the entity's cash-generating units or group of cash-generating units that is expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Management rights

Management rights represent the present value of future cash flows relating to the management fee that would be earned by the Company assuming growth factors, based on the necessary market assumptions, on Assets Under Management (AUMs) acquired by the Company. This benefit also considers the fact that the economic lifetime of these AUMs is unlimited. Based on this assumption, the intangible asset has been valued using certain valuation techniques.

At the time of initial recognition, the fair value of management rights had been determined by the management using the multiple-period excess earnings method. Under this method, the value of a specific intangible asset is estimated from the residual earnings after fair returns on all other assets (if any) employed have been deducted from the asset's after-tax operating earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Impairment

Goodwill and management rights impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of cash generating unit to which goodwill and management rights is allocated is compared to the recoverable amount, which is higher of value in use and the fair value less cost to sell. Any impairment is recognized immediately as an expense in the statement of profit or loss account and is not subsequently reversed.

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

Right of-use assets

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

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

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

Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

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

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

4.2 Financial instruments

4.2.1 Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

4.2.1.1 Initial recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss account.

4.2.1.2 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any profit / markup or dividend income, are recognised in statement of profit or loss account.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognised in profit or loss account.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4.2.1.3 Impairment of financial assets

Financial assets at amortised cost

The Company applies simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortized costs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and are present separately in the statement of profit or loss account. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof.

4.2.2 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. These are initially recognized at fair value and subsequently stated at amortized cost.

4.2.3 Derecognition

Financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the statement of profit or loss account.

4.3 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the final tax regime. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred taxation is recognized using the balance sheet liability method on all major temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period.

4.4 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss. If such an indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. The resulting impairment loss is taken to the statement of profit or loss account except for the impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus arising on revaluation of that asset.

4.5 Employee benefits - defined contribution plan

The Company and its employees have been contributing to the Alhamra Islamic Pension Fund or Pakistan Pension Fund at the rate of 8.33% of basic salary on employees' discretion. These pension funds were established under the Voluntary Pension Scheme Rules, 2005 and the Company has been licensed to act as a pension fund manager of these funds. The Company's contribution along with employees' contribution are paid to the above mentioned pension funds.

4.6 Receivables

These are initially measured at the fair value of the consideration receivable. Subsequently, these are valued at amortized cost. These assets are written off when there is no reasonable expectation of recovery. Credit loss is based on the expected credit loss.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. These include cash in hand, balances with banks in current and savings accounts and short-term highly liquid investments that are readily convertible to known amounts of cash (i.e. in three month) and which are subject to an insignificant risk of changes in value.

4.8 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4.9 Revenue recognition

4.9.1 Management fee / investment advisory fee

- Remuneration for investment advisory and asset management services are recognized on an accrual basis.
- Performance based remuneration for investment advisory services and management of discretionary portfolio are accrued once the terms of contract are honoured and the Company achieves the performance condition at the end of the period.

4.9.2 Processing fee and other related income

Processing fees is recognized once the services are provided to the unit holders in connection with their investments in collective investment schemes managed by the Company. Commission and related income are recognized on accrual basis.

4.9.3 Profit on bank deposits and investments

Profit on bank deposits and on investments are recognized on an accrual basis at effective interest rates. Premium or discount on acquisition of investments is amortized through the statement of profit or loss account over the remaining period till maturity using the effective interest method.

4.9.4 Dividend income

Dividend income is recognized when the right to receive the dividend is established.

4.9.5 Gain / (loss) on sale of investments - net

Gains / (losses) arising on sale of investments are included in the statement of profit or loss account on the date at which the transaction takes place.

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 balance sheet date and adjusted to reflect current best estimate.

4.11 Offsetting of financial assets and liabilities

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

4.12 Basic and diluted earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the statement of profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the statement of profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of dilutive potential ordinary shares, if any.

4.13 Proposed dividends and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared / transfers are made.

4.14 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss account.

4.15 Commitments

Commitments are disclosed in the financial statements at committed amounts. Commitments denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the reporting date.

4.16 Segment reporting

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

The Board of Directors and Chief Executive Officer 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 a single operating segment.

4.16.1 Geographical segment

The operations of the Company are currently based only in Pakistan.

5	FIXED ASSETS	Note	2021	2020				
			(Rupees)					
Property and equipment	5.1		25,660,653	45,363,804				
Right-of-use assets	5.2		47,018,584	60,884,879				
Intangible assets	5.3		284,280,323	295,498,678				
Capital work in progress	5.4		1,830,339	-				
			<u>358,789,899</u>	<u>401,747,361</u>				
5.1	Property and equipment		2021					
			Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	Total
Note			(Rupees)					
As at 1 July 2020								
Cost			55,234,935	28,793,272	17,221,864	45,978,793	4,237,270	151,466,134
Accumulated depreciation			(35,925,068)	(21,960,664)	(9,542,085)	(24,138,932)	(1,328,060)	(92,894,809)
Accumulated impairment losses			-	(561,390)	(3,248,387)	(9,397,744)	-	(13,207,521)
Net book value			<u>19,309,867</u>	<u>6,271,218</u>	<u>4,431,392</u>	<u>12,442,117</u>	<u>2,909,210</u>	<u>45,363,804</u>
Year ended 30 June 2021								
Opening net book value			19,309,867	6,271,218	4,431,392	12,442,117	2,909,210	45,363,804
Additions during the year			7,118,523	1,637,661	1,675,844	893,694	-	11,325,722
Disposals during the year								
Cost			(951,394)	(11,178,668)	(10,715,340)	(13,002,140)	-	(35,847,542)
Accumulated depreciation			948,407	8,741,313	5,964,183	7,130,213	-	22,784,116
Accumulated impairment losses			-	561,390	2,522,470	2,838,280	-	5,922,140
			(2,987)	(1,875,965)	(2,228,687)	(3,033,647)	-	(7,141,286)
Write offs during the year								
Cost			-	-	-	(20,481,412)	-	(20,481,412)
Accumulated depreciation			-	-	-	15,713,175	-	15,713,175
5.1.1			-	-	-	(4,768,237)	-	(4,768,237)
Depreciation for the year			(9,390,637)	(2,454,893)	(1,713,821)	(4,502,520)	(1,057,479)	(19,119,350)
Closing net book value			<u>17,034,766</u>	<u>3,578,021</u>	<u>2,164,728</u>	<u>1,031,407</u>	<u>1,851,731</u>	<u>25,660,653</u>
As at 30 June 2021								
Cost			61,402,064	19,252,265	8,182,368	13,388,935	4,237,270	106,462,902
Accumulated depreciation			(44,367,298)	(15,674,244)	(5,291,723)	(5,798,064)	(2,385,539)	(73,516,868)
Accumulated impairment losses			-	-	(725,917)	(6,559,464)	-	(7,285,381)
Net book value			<u>17,034,766</u>	<u>3,578,021</u>	<u>2,164,728</u>	<u>1,031,407</u>	<u>1,851,731</u>	<u>25,660,653</u>
Depreciation rates (% per annum)			<u>25%</u>	<u>20% - 50%</u>	<u>10%</u>	<u>10%</u>	<u>25%</u>	
			2020					
			Computers	Office equipments	Furniture and fixtures	Leasehold improvements	Vehicles	Total
			(Rupees)					
As at 1 July 2019								
Cost			50,316,668	28,800,538	18,742,110	77,725,699	1,794,000	177,379,015
Accumulated depreciation			(28,563,408)	(17,892,956)	(5,263,945)	(18,215,474)	(523,250)	(70,459,033)
Accumulated impairment losses			-	-	(3,008,277)	(27,237,796)	-	(30,246,073)
Net book value			<u>21,753,260</u>	<u>10,907,582</u>	<u>10,469,888</u>	<u>32,272,429</u>	<u>1,270,750</u>	<u>76,673,909</u>
Year ended 30 June 2020								
Opening net book value			21,753,260	10,907,582	10,469,888	32,272,429	1,270,750	76,673,909
Additions during the year			5,996,985	13,000	-	532,868	2,443,270	8,986,123
Disposals during the year								
Cost			(1,078,718)	(20,266)	(1,520,246)	(32,279,774)	-	(34,899,004)
Accumulated depreciation			1,061,888	20,266	406,097	10,301,442	-	11,789,693
Accumulated impairment losses			-	-	630,158	20,678,332	-	21,308,490
			(16,830)	-	(483,991)	(1,300,000)	-	(1,800,821)
Impairment during the year			-	(561,390)	(870,267)	(2,838,280)	-	(4,269,937)
Depreciation for the year			(8,423,548)	(4,087,974)	(4,684,238)	(16,224,900)	(804,810)	(34,225,470)
Closing net book value			<u>19,309,867</u>	<u>6,271,218</u>	<u>4,431,392</u>	<u>12,442,117</u>	<u>2,909,210</u>	<u>45,363,804</u>
As at 30 June 2020								
Cost			55,234,935	28,793,272	17,221,864	45,978,793	4,237,270	151,466,134
Accumulated depreciation			(35,925,068)	(21,960,664)	(9,542,085)	(24,138,932)	(1,328,060)	(92,894,810)
Accumulated impairment losses			-	(561,390)	(3,248,387)	(9,397,744)	-	(13,207,521)
Net book value			<u>19,309,867</u>	<u>6,271,218</u>	<u>4,431,392</u>	<u>12,442,117</u>	<u>2,909,210</u>	<u>45,363,804</u>
Depreciation rates (% per annum)			<u>25%</u>	<u>20% - 50%</u>	<u>10%</u>	<u>10%</u>	<u>25%</u>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

- 5.1.1** The Company had closed its Lahore branch during the year; accordingly leasehold improvements at the branch having carrying value of Rs. 4.768 million have been written off.
- 5.1.2** There were no disposal of fixed asset which has a book value of five hundred thousand rupees or more.
- 5.1.3** Included in the cost of property and equipment (including computer softwares) are fully depreciated assets which are still in use aggregating to Rs. 91.70 million (2020: Rs. 66.39 million).

5.2 Right of use assets	<i>Note</i>	2021	2020
		(Rupees)	
Opening balance		60,884,879	-
Effect of initial adoption of IFRS 16 as at 01 July		-	30,513,482
Additions during the year		22,768,921	57,445,375
Amortization cost charged to profit and loss account	5.2.1	(30,937,453)	(27,073,978)
Effect of modification		(1,825,359)	-
Effect of termination		(3,872,404)	-
Closing balance	5.2.2	47,018,584	60,884,879
5.2.1 Allocation of amortization of right of use asset:			
Administrative expenses	24	17,783,772	10,348,204
Selling and distribution expenses	25	13,153,681	16,725,774
		30,937,453	27,073,978

- 5.2.2** These are being amortised upto 31 March 2024.

5.3 Intangible assets	2021			
	Computer software	Goodwill (note 5.3.1)	Management rights (note 5.3.1)	Total
	(Rupees)			
As at 1 July 2020				
Cost	82,473,074	82,126,933	192,000,000	356,600,007
Accumulated amortization	(61,101,329)	-	-	(61,101,329)
Net book value	21,371,745	82,126,933	192,000,000	295,498,678
Year ended 30 June 2021				
Opening net book value	21,371,745	82,126,933	192,000,000	295,498,678
Additions during the year	560,743	-	-	560,743
Amortization for the year	(11,779,098)	-	-	(11,779,098)
Closing net book value	10,153,390	82,126,933	192,000,000	284,280,323
As at 30 June 2021				
Cost	83,033,817	82,126,933	192,000,000	357,160,750
Accumulated amortization	(72,880,427)	-	-	(72,880,427)
Net book value	10,153,390	82,126,933	192,000,000	284,280,323
Amortization rates (% per annum)	25% - 33%			
	2020			
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at 1 July 2019				
Cost	82,095,045	82,126,933	192,000,000	356,221,978
Accumulated amortization	(47,937,250)	-	-	(47,937,250)
Net book value	34,157,795	82,126,933	192,000,000	308,284,728
Year ended 30 June 2020				
Opening net book value	34,157,795	82,126,933	192,000,000	308,284,728
Additions during the year	378,029	-	-	378,029
Amortization for the year	(13,164,079)	-	-	(13,164,079)
Closing net book value	21,371,745	82,126,933	192,000,000	295,498,678
As at 30 June 2020				
Cost	82,473,074	82,126,933	192,000,000	356,600,007
Accumulated amortization	(61,101,329)	-	-	(61,101,329)
Net book value	21,371,745	82,126,933	192,000,000	295,498,678
Amortization rates (% per annum)	25%			

5.3.1 Goodwill and management rights amounting to Rs. 274.13 million arised pursuant to the merger of MCB AMC with and into Arif Habib Investments Limited in 2011.

5.3.2 In accordance with the requirements of IFRS 3: 'Business combinations', an acquirer shall measure goodwill acquired in a business combination, subsequent to initial recognition at cost less accumulated impairment losses, if any. Goodwill acquired in a business combination and intangible assets having indefinite useful life shall not be amortized, instead, they shall be tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired, in accordance with International Accounting Standard (IAS) 36: 'Impairment of Assets'. In addition, goodwill acquired in a business combination and intangible assets having indefinite useful lives shall be allocated to each of the acquirer's cash-generating unit (CGU) or a group of cash-generating units if they can be attributed directly, or allocated on a reasonable and consistent basis.

5.3.3 The recoverable amount for the purpose of assessing impairment of goodwill and management rights allocated to CGU is based on value in use. The calculations performed by the Company, are based on a five year plan approved for its business unit. Value in use is determined by discounting the estimated future cash flows to be generated from the continuing use of CGU, using a discount rate of 13.7% (2020: 17%) that reflects current market assessment of the time value of money and the risk specific to the asset. The management believes this to be a suitable time scale over which to review and consider annual performance before applying a fixed terminal value multiple of 6% (2020: 6%) to the final year cash flow of the detailed projections. Based on this exercise at 30 June 2021, the recoverable amount of CGU exceeded the carrying amount.

The calculation of recoverable amounts of Goodwill and Management rights for the purpose of impairment testing was based on value in use, estimated using discounted cash flows. Key assumptions used in determining the value in use calculation were as follows:

Assumptions	How Determined
Budgeted Cash flows	Estimated cash flows were based on past experience.
Growth rates of assets under management	Growth forecast is based on management's best estimates and also takes into account past trends.
Cost to income ratio	Cost to income ratio for asset management business is based on management's best estimate and also takes into account past trends.
Discount Rate	Discount rate of 13.7% was used in the calculation. This discount rate represents cost of capital determined using the Capital Asset Pricing Model (CAPM) approach.
Long Term Growth Rate	Discounted cash flow projections for five years have been used and long term growth rate of 6% in perpetuity has been assumed on the basis of the growth rate of cash flows during the explicit forecast period.

As part of impairment testing, the management has assured reasonably that impact of possible changes in any of the aforementioned key assumptions would not cause the carrying value amount to exceed its recoverable amount.

5.4 This represents renovation work in progress at the branches.

6 LONG-TERM INVESTMENTS

	Note	2021	2020
			(Rupees)
Investments in units of pension schemes - related parties			
Financial assets at fair value through profit or loss	6.1	638,596,952	533,563,426

6.1 Financial assets at fair value through profit or loss

Name of the Investee fund	As at 01 July 2020	Purchase / Redemption	As at 30 June 2021	As at 30 June 2021			As at 30 June 2020		
				Carrying amount	Market value	Unrealized gain	Carrying amount (before revaluation)	Market value	Unrealized gain
	----- (Number of units) -----	----- (Rupees) -----							
Pakistan Pension Fund	805,305	-	805,305	266,239,774	311,872,289	45,632,515	245,136,795	266,239,774	21,102,979
Alhamra Islamic Pension Fund	876,129	-	876,129	267,323,652	326,724,663	59,401,011	241,679,389	267,323,652	25,644,263
				533,563,426	638,596,952	105,033,526	486,816,184	533,563,426	46,747,242

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

7	LONG-TERM LOANS AND PREPAYMENTS	Note	2021 (Rupees)	2020
	Loans			
	Secured - Considered good			
	- to executives	7.1	4,306,289	4,376,577
	Unsecured - Considered good			
	- to executives	7.2	5,875,024	2,562,374
	- to other employees	7.3	-	2,111
			10,181,313	6,941,062
	Less: current portion of loans	9	(1,869,422)	(1,176,024)
			8,311,891	5,765,038
	Prepayments			
	Prepaid commission	7.4	16,847,454	5,234,305
	Less: current portion	10	(10,997,748)	(3,936,755)
			5,849,706	1,297,550
			<u>14,161,597</u>	<u>7,062,588</u>
7.1	This represents interest based housing finance loan amounting to Rs. 4.306 million (2020: 4.377) given to executives at the rate of 4.5% per annum for a period of 20 years secured against the mortgage of house.			
7.2	This represents interest-free loans amounting to Rs. 5.875 million (2020: 2.562 million) for a period of 5 years given to executives as per the terms of employment for the purchase of motor vehicles.			
7.3	Based on month end balances, the maximum aggregate balance of loans to executives outstanding at any time during the year was Rs. 10.55 million (2020: Rs. 7.82 million).			
7.3.1	Reconciliation of carrying amount of loans to executives is as follows:			
			2021 (Rupees)	2020
	Opening balance		6,938,951	7,848,761
	Disbursements during the year		5,006,400	349,000
	Repayments made during the year		(2,301,090)	(1,867,568)
	Interest income on loan		537,052	608,758
	Closing balance		<u>10,181,313</u>	<u>6,938,951</u>
7.4	This represents commission paid on the issuance of bachat units of different funds under the management of the Company. The commission amount is amortized over the period of the contract, unless redeemed earlier, in which case it is charged off immediately. However, in this case certain amount is also recovered from the investor.			
8	RECEIVABLE FROM RELATED PARTIES		2021 (Rupees)	2020
	Unsecured - considered good			
	Pakistan Income Fund		18,431,896	12,485,626
	MCB Pakistan Stock Market Fund		122,311,547	103,862,961
	MCB Pakistan Sovereign Fund		34,215,894	35,992,189
	Pakistan Capital Market Fund		7,643,048	8,529,951
	Pakistan Pension Fund		8,524,272	8,593,459
	Alhamra Islamic Pension Fund		5,176,771	4,634,002
	Pakistan Cash Management Fund		12,243,674	12,610,282
	Pakistan Income Enhancement Fund		22,733,982	22,110,177
	Pakistan Samaya Mehfooz Fund		4,267,360	4,267,360
	MCB Pakistan Asset Allocation Fund		37,456,312	41,939,488
	MCB Cash Management Optimizer		64,482,664	71,598,618
	MCB DCF Income Fund		137,055,740	138,483,978
	Alhamra Islamic Money Market Fund (Formerly: MCB Pakistan Frequent Payout Fund)		4,532,405	5,003,898
	Alhamra Islamic Stock Fund		23,772,572	19,117,825
	Alhamra Islamic Asset Allocation Fund		15,909,125	17,380,198
	Alhamra Islamic Income Fund		14,454,260	16,092,180
	Alhamra Islamic Active Asset Allocation Fund - Plan I		-	39,275
	Alhamra Islamic Active Asset Allocation Fund - Plan II		-	19,979
	Alhamra Daily Dividend Fund		435,889	3,280,594
	Al-Hamra Smart Portfolio		9,888	-
	Other proposed fund		-	1,000,000
			<u>533,657,299</u>	<u>527,042,040</u>
	Advisory fee on account of discretionary portfolio management			
	Adamjee Life Assurance Company Limited		10,279,237	10,403,985
		8.1 & 8.2	<u>543,936,536</u>	<u>537,446,025</u>
8.1	The above amounts represents receivable on account of management fee, federal excise duty, sales tax on management fee, sales load, conversion cost, reimbursement of expenses, selling and marketing expenses and other expenses paid on behalf of the related parties. This includes Federal Excise Duty (FED) amounting to Rs. 407.16 million (2020: Rs. 407.16 million) which are receivable from the funds / portfolios under its management. The matter is further explained in note 19.2 to the financial statements.			

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

8.2 Above balances are mark-up free and unsecured. These are not past due not impaired, except for the FED balances mentioned in note 8.1.

8.3 The related parties from whom the maximum aggregate amount outstanding at any time during the year (month-end balance) are as under:

	Note	2021	2020
		(Rupees)	
Pakistan Income Fund		19,131,574	12,485,626
MCB Pakistan Stock Market Fund		122,311,547	103,862,961
MCB Pakistan Sovereign Fund		35,066,803	35,992,189
Pakistan Capital Market Fund		8,808,028	8,529,951
Pakistan Pension Fund		8,733,457	8,593,459
Alhamra Islamic Pension Fund		5,202,290	4,634,002
Pakistan Cash Management Fund		12,510,670	12,610,282
Pakistan Income Enhancement Fund		23,574,569	22,110,177
Pakistan Sarmaya Mehfooz Fund		4,267,360	4,267,360
MCB Pakistan Asset allocation Fund		42,848,019	41,939,488
MCB Cash Management Optimizer		67,133,009	71,598,618
MCB DCF Income Fund		138,344,648	138,483,978
Alhamra Islamic Money Markery (Formerly: MCB Pakistan Frequent Payout Fund)		5,414,394	5,003,898
Alhamra Islamic Stock Fund		25,530,153	19,117,825
Alhamra Islamic Asset Allocation Fund		21,506,032	17,380,198
Alhamra Islamic Income Fund		18,426,787	16,092,180
Alhamra Islamic Active Asset Allocation Fund - Plan I		31,332	39,275
Alhamra Islamic Active Asset Allocation Fund - Plan II		18,888	19,979
Alhamra Daily Dividend Fund		3,544,122	3,280,594
Al-Hamra Smart Portfolio		9,888	-
Other proposed fund		1,000,000	1,000,000
Adamjee Life Assurance Company Limited		15,233,390	10,403,985

9 LOANS AND ADVANCES

Secured - Considered good

Current portion of loans to employees	7	1,869,422	1,176,024
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Advances - Considered good

Advances to employees	-	561,930
Advances to suppliers and contractors	508,154	2,463,491
	508,154	3,025,421
	2,377,576	4,201,445

10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Security Deposits		75,000	1,776,960
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Prepayments

Current portion of prepaid commission against bachat unit	7	10,997,748	3,936,755
Insurance		11,101,389	7,059,970
Maintenance		533,132	1,840,236
Service level agreement		5,180,110	2,355,162
Software license		179,374	611,252
Registration fee		534,556	1,000,000
Others		174,000	203,920
		28,700,309	17,007,295

Other receivables

Advisory fee receivable on account of portfolio management	10.1	23,005,861	23,720,613
Commission receivable		4,217,311	-
Others		197,640	405,372
		27,420,812	24,125,985
Provision against advisory fee receivable	10.2	(12,402,117)	(12,402,117)
		43,794,004	30,508,123

10.1 The above amounts represents receivable on account of portfolio management fee, federal excise duty and sales tax. This includes Federal Excise Duty (FED) amounting to Rs. 5.72 million (2020: Rs. 5.72 million) which are receivable from the portfolios under its management. The matter is further explained in note 19.2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

10.2 Movement in provision against advisory fee receivable

	Note	2021 (Rupees)	2020
Opening balance		12,402,117	11,953,175
Provision made during the year	24	-	448,942
Closing balance		<u>12,402,117</u>	<u>12,402,117</u>

11 ACCRUED MARK-UP

This represents mark-up receivable on bank deposits.

12 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

Lease Liabilities as on 01 July		60,646,047	-
Recognised on initial adoption of IFRS 16		-	80,949,581
Addition during the year		22,508,885	-
Interest expense	26	7,001,516	6,935,088
Rental payments		(33,670,723)	(27,238,622)
Effect of modification		(1,598,704)	-
Effect of termination		(4,538,454)	-
Lease liabilities as on 30 June		<u>50,348,567</u>	<u>60,646,047</u>
Less: Current portion of lease liabilities		<u>(32,347,100)</u>	<u>(27,191,338)</u>
Non Current portion of lease liabilities		<u>18,001,467</u>	<u>33,454,709</u>

12.1 Lease liabilities are payable as follows.

	Minimum Lease Payments	2021 Future Finance Cost	Present value of Minimum
Not later than one year	36,357,777	4,010,677	32,347,100
Later than one year and not later than five years	18,814,995	813,528	18,001,467
	<u>55,172,772</u>	<u>4,824,205</u>	<u>50,348,567</u>
Less: Current portion			<u>(32,347,100)</u>
			<u>18,001,467</u>

12.2 Above balances have been discounted at the rates ranging between 8.01% to 14.95% per annum.

13 SHORT-TERM INVESTMENTS - related parties

	Note	2021 (Rupees)	2020
Financial assets at fair value through profit or loss	13.1	<u>685,758,449</u>	<u>661,620,881</u>

13.1 Financial assets at fair value through profit or loss

Name of the Investee Fund	As at 01 July 2020	Purchases / dividend reinvested	Redemptions	As at 30 June 2021	As at 30 June 2021			As at 30 June 2020		
					Carrying value	Market value	Unrealized gain / (loss)	Carrying value (before revaluation)	Market value	Unrealized gain
	----- (Number of units / deals) -----				----- (Rupees) -----					
MCB Cash Management Optimizer	5,469,446	42,456,645	(47,861,324)	64,767	6,528,287	6,538,775	10,488	550,457,568	551,483,644	1,026,076
MCB Pakistan Stock Market Fund	1,422,539	4,693,951	(4,701,100)	1,415,390	134,192,866	146,676,096	12,483,230	108,237,657	110,137,237	1,899,580
Alhamra Islamic Stock Fund	-	2,164,502	-	2,164,502	25,000,000	24,437,229	(562,771)	-	-	-
Pakistan Income Fund	-	16,123,878	(8,971,450)	7,152,428	386,258,093	388,253,829	1,995,736	-	-	-
Alhamra Smart Portfolio	-	1,200,000	-	1,200,000	120,000,000	119,852,520	(147,480)	-	-	-
MCB DCF Income Fund	-	9,344	(9,344)	-	-	-	-	-	-	-
MCB Pakistan Sovereign Fund	-	10,956	(10,956)	-	-	-	-	-	-	-
Pakistan Cash Management Fund	-	2	(2)	-	-	-	-	-	-	-
Alhamra Islamic Money Market Fund	-	18,763,729	(18,763,729)	-	-	-	-	-	-	-
Alhamra Daily Dividend Fund	-	3,502,354	(3,502,354)	-	-	-	-	-	-	-
					671,979,246	685,758,449	13,779,203	658,695,225	661,620,881	2,925,656

14 ADVANCE TAX - NET OF PROVISIONS

	Note	2021 (Rupees)	2020
Advance tax		85,489,067	87,375,718
Income tax refundable	14.1	<u>50,723,943</u>	<u>50,723,944</u>
		<u>136,213,010</u>	<u>138,099,662</u>
Provision for taxation for the year	29	<u>(97,063,558)</u>	<u>(73,805,896)</u>
		<u>39,149,452</u>	<u>64,293,766</u>

14.1 Represents Income tax refundable as per the returns filed by the Company, except for the tax years 2010, 2011, 2017 and 2018, amounting to Rs. 27.9 million which is based on the assessment orders.

15 CASH AND BANK BALANCES

	Note	2021 (Rupees)	2020
Balances with banks in			
- profit and loss sharing accounts	15.1	10,156,387	10,172,752
- current accounts	15.2	<u>33,767,897</u>	<u>9,636,339</u>
		<u>43,924,284</u>	<u>19,809,091</u>
Cash in hand		<u>4,822</u>	<u>5,500</u>
		<u>43,929,106</u>	<u>19,814,591</u>

15.1 These represent deposits made with various commercial banks carrying profit rates ranging between 6.52% to 6.9% (2020: 6.5% to 12.5%) per annum. These also include balances in accounts maintained with related parties; MCB Bank Limited amounting to Rs. 5.453 million (2020: Rs. 5.701 million) which carries mark-up at the rate of 5.5% (2020: 10%) per annum and MCB Islamic Bank Limited amounting to Rs. 0.340 million (2020: Rs. 0.327 million) which carries mark-up at the rate of 6.8% (2020: 10.38%) per annum.

15.2 These represent balances in accounts maintained with conventional banks and include amounts placed with MCB Bank Limited (a related party) amounting to Rs. 6.455 million (2020: Rs. 4.366 million).

15.3 During the year ended 30 June 2015, the Company had obtained a short-term running finance facility under mark up arrangement with MCB Bank Limited (a related party) amounting to Rs. 500 million. The facility carried mark-up at one month KIBOR+0.5% (2020: KIBOR+0.5%) per annum. The facility when availed will have to be secured against the pledge of government securities i.e. PIBs and T-Bills and will expire on 31 August 2021. However, the facility was unutilized as at 30 June 2021 (none was utilised during the year).

16 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

16.1 Shares held by the related parties of the Company

17 DEFICIT ARISING ON AMALGAMATION

18 DEFERRED TAX LIABILITY - NET

18.1	<u>67,176,622</u>	<u>55,968,562</u>
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18.1 Movement of deferred tax liability - net

18.2 Deferred tax balance has been recognized at the rate at which these are expected to be settled or realized.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

19 TRADE AND OTHER PAYABLES	Note	2021	2020
		(Rupees)	
Accrued expenses		123,429,377	106,891,203
Workers' welfare fund	19.1	48,669,050	38,769,050
Withholding tax payable		2,958,091	1,573,528
Indirect taxes and duties payable	19.2	419,057,465	422,580,282
Payable to facilitators / distributors		56,069,206	23,862,303
		650,183,189	593,676,366

19.1 Workers' welfare fund

Through Finance Act, 2008, the Federal Government introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court. Appeals against these orders were filed in the Supreme Court.

The Supreme Court of Pakistan vide its order dated 10 November 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers' Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment which are currently pending with the Supreme Court of Pakistan.

In light of the judgment passed by the Supreme Court, the Management believes that the Company is not liable to pay any amounts under the Workers' Welfare Fund Ordinance, 1971, accordingly an amount of Rs. 14.442 million was reversed on 12 January 2017. Further, as a consequence of the passage of 18th Amendment to the Constitution, levy for Workers' Welfare was also introduced by the Government of Sindh (SWWF) which was effective from 01 July 2014. The Company believes that contribution to Workers' Welfare Fund under the Sindh Workers' Welfare Act, 2014 is not applicable on the Company as it is not a Financial Institution as required under SWWF Act, 2014.

However, out of abundant caution, the management has decided to provide for SWWF amounting to Rs. 48.7 million (2020: 38.8 million) with effect from 01 July 2014.

19.2 Federal Excise Duty (FED) payable on remuneration of the management company

As per the requirements of the Finance Act, 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective 13 June 2013 on assets under its management (related parties). The Management company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of law.

The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, through a Constitutional Petition filed in the Honorable Sindh High Court (SHC) on 4 September 2013 challenging the levy of FED. The Sindh High Court in its decision dated 16 July 2016 maintained the previous order passed against other constitutional petition whereby levy of FED has been declared to be 'Ultra Vires' the Constitution. The Deputy Commissioner Inland Revenue has filed an appeal against the said SHC order in the Honorable Supreme Court of Pakistan and thus the Company is carrying liability for Federal Excise Duty (FED) amounting to Rs. 412.88 million (2020: Rs. 412.88 million) as a matter of abundant caution. This amount has also been classified as a balance receivable from related parties and portfolios (in notes 8.1 amounting to Rs. 407.16 million and note 10.1 amounting to Rs. 5.72 million respectively) and would be payable only after final verdict as explained above.

20 CONTINGENCIES AND COMMITMENTS

20.1 The Punjab Revenue Authority issued a show cause notice no. PRA/AM.70/14/18 dated 20 June 2014 requiring the Company to pay Sales Tax under the Punjab Sales Tax on Services Act, 2012 with effect from 22 May 2013 on management fee earned in Punjab. The matter has been collectively taken up by the Management Company jointly with other Asset Management Companies together with their respective Collective Investment Schemes through their trustees, by filing a petition on 08 July 2014 in the Sindh High Court (SHC) challenging the above notice. The SHC has ordered suspension of the show cause notice till the next hearing of appeal in its Order dated 10 July 2014. The management is expecting no outflow of economic resources as the payment relating to sales tax has already been made to Sindh Revenue Board and in case the decision is made against the Company the same is required to be settled between the two authorities.

20.2 On 30 January 2017, the Additional Commissioner Inland Revenue [ACIR] passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2011 after making certain additions / disallowances in the profit or loss account and created a demand of Rs. 25.567 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB Asset Management Company (MCB AMC) into the Company etc. The Company filed an appeal before the Commissioner Inland Revenue – Appeals [CIR-A] against the impugned order and notice of demand issued there against. The CIR-A annulled the Order of the ACIR by deleting demand on all the issues raised therein. An appeal against the order of CIR-A has been filed before the Appellate Tribunal Inland Revenue [ATIR] by the Commissioner Inland Revenue. The Company, in consultation with its tax advisor, is confident of a favourable outcome.

20.3 The case of the Company was selected for audit by the Commissioner Inland Revenue, Zone III, Large Taxpayers Unit, Karachi for tax year 2014 vide letter dated 09 November 2016. The audit proceedings were conducted by the Deputy Commissioner Inland Revenue [DCIR] and a Show-Cause Notice [SCN] dated 10 February 2017 was issued thereafter. Based on a (then) recent judgment of a superior court, the SCN was challenged on legal grounds. However, the DCIR did not agree with the legal objections raised and passed an order dated 24 March 2017 under section 122(1) of the Income Tax Ordinance, 2001 after making certain additions / disallowances in the statement of profit or loss account and created a demand of Rs. 93.398 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB AMC into the Company etc. An appeal before the CIR-A was filed by the Company which has been adjudged in favor of the Company in respect of major

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

disallowances made in the Order of the DCIR. In respect of the matters confirmed by the CIR-A, the Company has filed an appeal before the ATIR. For issues deleted / set-aside by the CIR-A, an appeal has also been filed by the Commissioner Inland Revenue before the ATIR. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.

- 20.4** On 29 March 2017, the ACIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2012 after making certain additions / disallowances in the statement of profit or loss account and created a demand of Rs. 82.841 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB AMC into the Company, disallowance of brought forward losses / refunds of prior periods etc. The Company filed an appeal before the CIR-A against the impugned order and notice of demand issued there against. The CIR-A annulled the Order of the ACIR by deleting demand on all the issues raised therein. An appeal against the order of the CIR-A has been filed before the ATIR by the Commissioner Inland Revenue. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.
- 20.5** On 29 April 2017, a notice under section 122(9) of the Income Tax Ordinance, 2001 was issued by the ACIR to conduct the amendment of assessment proceedings for tax year 2011 of the pre-merger entity MCB AMC. On 03 July 2017 an order under section 122(5A) of the Income Tax Ordinance, 2001, was passed to conclude the said proceedings. A demand of Rs. 4.85 million has been raised by the ACIR by making disallowances mainly pertaining to apportionment of expenses, management / processing fee and related income sharing and disallowance of brought forward losses. The Company has filed an appeal before the CIR-A against the impugned order and notice of demand issued there against. During the year ended 30 June 2018, order of the CIR-A was received by the Company whereby the demand on major issues was deleted. In respect of the matters confirmed by the CIR-A, the Company has filed an appeal before the ATIR. For issues deleted / set-aside by the CIR-A, an appeal has also been filed by the Commissioner Inland Revenue before the ATIR. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.
- 20.6** On 29 February 2016, the DCIR passed an order under section 122(1) of the Income Tax Ordinance, 2001 relating to the tax year 2010 of MCB AMC making certain additions / disallowances in the return. The Company filed an appeal before the CIR-A against the said order. The CIR-A vide order dated December 11, 2017 deleted the disallowances made by the DCIR. Subsequently, the ACIR relating to tax year 2010 of MCB AMC treated tax deduction under section 153(1)(b) on service as minimum tax creating demand of Rs 0.980 million on 04 May 2016. The Company filed an appeal before CIR-A. The CIR-A vide order dated 22 January 2018 has confirmed the treatment of ACIR. The Company has filed an appeal before the ATIR against the order of CIR-A. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.
- 20.7** On 24 November 2017, the Company received two orders pertaining to tax years 2015 and 2016 passed by the ACIR and DCIR raising demands of Rs. 119.350 million and Rs. 142.008 million respectively. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortization of management rights / goodwill created on merger of the MCB AMC into the Company, treatment of provision for FED as income of the Company etc. The Company filed separate appeals before the CIR-A against the impugned orders and notices of demand issued there against. During the year ended 30 June 2018, orders of CIR-A were received against the said appeals. For issues decided against the Company, appeals before the ATIR have been filed by the Company. The Company, in consultation with its tax advisor, is confident of a favourable outcome in respect of the said appeals.
- 20.8** On 05 June 2017, the Company received an order passed by the Assistant Commissioner - Sindh Revenue Board [AC,SRB] wherein a demand of Sindh Sales Tax of Rs.10.62 million along with penalty of Rs. 6.33 million and default surcharges (to be calculated at the time of payment) was established for short levy and payment of Sindh Sales Tax on its services and for claiming inadmissible input tax during tax periods from July 2011 to June 2015. An appeal against the aforesaid order was filed before the Commissioner Appeals-SRB who upheld the order of the Assistant Commissioner, SRB in its appellate order. An appeal had filed before the Appellate Tribunal, SRB against aforesaid order of the Commissioner Appeals, SRB. The Appellate Tribunal, SRB has remanded back the case to the Commissioner Appeals - SRB to pass fresh speaking order after verifying the records on merit.
- During the year ended 30 June 2021, Commissioner Appeals - SRB issued an Order on 28 June 2021 whereby the demand raised by AC SRB amounting to Rs. 10.62 million was confirmed in totality. The Company, being aggrieved with said order, filed appeal before the Appellate Tribunal, SRB against aforesaid order. The stay was granted by Appellate Tribunal on 06 July 2021. The Company in consultation with its tax consultant anticipates a favourable outcome of the aforesaid appeal/case.
- 20.9** During the year ended 30 June 2019, the Sindh Revenue Board has issued two orders dated 03 October 2018 and 10 October 2018 raising a demand of Sindh Sales Tax Rs. 3.8 million and 1.2 million along with penalty of Rs. 4.04 million and Rs. 1.4 million respectively wherein input tax claimed by the Company against various transactions has been disallowed by the assessing Officer on the ground that the output tax against the same has not been offered by the respective vendors. Appeals against the aforesaid both orders have been filed before the Commissioner Appeals, SRB which is still pending. On the basis of factual and legal grounds, the Company in consultation with its tax consultant anticipates a favorable outcome of the aforesaid appeal.
- 20.10** The DCIR vide notice dated 6 March 2020 issued under section 182 of the Income Tax Ordinance, 2001 initiated proceedings for levy of penalty of Rs. 2.97 million for alleged failure to furnish the return under section 114 by due date. The Company have submitted its reply in consultation with its tax consultant and anticipates a favorable outcome of the aforesaid reply.
- 20.11** The DCIR vide notice dated 13 September 2018 issued under section 214D of the Income Tax Ordinance, 2001 requested for audit and furnishing of detail, evidences and information. The Company have submitted its reply in consultation with its tax consultant for drop of proceeding initiated under section 214D as the selection of audit was made after the provision of section 214D were omitted by the Finance Act 2018. The Company anticipates a favourable outcome of the aforesaid reply.
- 20.12** The DCIR vide notice dated 17 January 2020 issued under section 161(1A) of the Income Tax Ordinance, 2001 initiated proceedings regarding monitoring of withholding taxes pertaining to tax year 2018. Requisite details have been submitted to the department.
- 20.13** During the year ended 30 June 2021, the Sindh Revenue Board issued a Show Cause Notice on 15 April 2021 on account of short payment of Sindh Sales Tax amounting to Rs. 9.97 million pertaining to Tax Periods July 2015 till June 2016. The Company in consultation with its tax consultant anticipates a favourable outcome of the Show Cause.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

21 MANAGEMENT FEE / INVESTMENT ADVISORY FEE	Note	2021	2020
		(Rupees)	
Collective Investment Schemes - related parties			
MCB Cash Management Optimizer		113,905,358	107,718,466
MCB DCF Income Fund		68,375,349	75,210,236
MCB Pakistan Asset Allocation Fund		33,024,003	33,875,018
Alhamra Islamic Money Market Fund (Formerly: MCB Pakistan Frequent Payout Fund)		3,983,829	3,293,884
MCB Pakistan Sovereign Fund		13,246,798	51,430,415
MCB Pakistan Stock Market Fund		258,317,102	200,056,654
Pakistan Cash Management Fund		3,693,028	3,006,590
Pakistan Capital Market Fund		13,229,329	10,551,381
Pakistan Income Enhancement Fund		7,928,518	13,518,645
Pakistan Income Fund		50,679,459	30,545,698
Alhamra Islamic Income Fund		24,059,931	29,613,509
Alhamra Islamic Stock Fund		78,026,666	59,851,221
Alhamra Islamic Asset Allocation Fund		69,111,498	53,240,826
Alhamra Active Asset Allocation Fund Plan I		38,678	206,419
Alhamra Active Asset Allocation Fund Plan II		42,489	117,047
Alhamra Daily Dividend Fund		6,319,526	7,646,973
Alhamra Smart Portfolio Fund		3,297	-
		<u>743,984,858</u>	<u>679,882,982</u>
Pension schemes - related parties			
Alhamra Islamic Pension Fund		20,803,805	15,561,717
Pakistan Pension Fund		31,446,417	28,170,523
		<u>52,250,222</u>	<u>43,732,240</u>
	21.1	<u>796,235,080</u>	<u>723,615,222</u>
Investment advisory fee from discretionary and non discretionary portfolio management	21.2	<u>53,612,886</u>	<u>37,837,104</u>
		<u>849,847,966</u>	<u>761,452,326</u>
Less: Sindh sales tax		<u>(97,770,120)</u>	<u>(87,600,710)</u>
		<u>752,077,846</u>	<u>673,851,616</u>
21.1 Management fee from open-end Collective Investment Schemes is calculated by charging the specified rates to the net asset value / income of such schemes as at the close of business of each calendar day. In accordance with Regulation 61 of the NBFC Regulations, 2008, the fee so charged to Collective Investment Schemes shall be within allowed expense ratio limit and shall not exceed the maximum rate of management fee as disclosed in the Offering Document.			
21.2 The Company is managing investments under discretionary and non discretionary portfolio management agreements. Investment advisory fee from the discretionary portfolios is calculated on a daily / monthly basis by charging specified rates to the net asset value of the portfolios as stated in the respective agreements with the clients. Details of this portfolio are given in note 1.4 of these financial statements.			
22 PROFIT ON BANK DEPOSITS			
This represents income earned under interest / mark-up arrangements with conventional and islamic banks.			
23 REALIZED GAIN ON SALE OF INVESTMENTS - NET		2021	2020
		(Rupees)	
Gain on redemption of units of collective investment schemes		<u>49,793,111</u>	<u>67,277,271</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

24 ADMINISTRATIVE EXPENSES	Note	2021	2020
		(Rupees)	
Salaries, allowances and other benefits		311,881,716	271,073,192
Legal and professional charges		11,955,104	7,402,138
Travelling and conveyance charges		852,307	1,071,302
Rent, utilities, repairs and maintenance		51,254,987	70,938,970
Office supplies		4,241,423	1,058,741
Auditors' remuneration	24.2	3,346,303	3,333,567
Directors' meeting fee		10,275,000	6,150,000
Insurance		1,737,088	2,062,412
Depreciation on property and equipment	5.1	19,119,350	34,225,470
Depreciation on right of use assets	5.2.1	17,783,772	10,348,204
Amortization	5.3	11,779,098	13,164,079
Stamp duty and taxes		888,696	8,212,200
Registrar fee		679,234	551,253
Printing and stationery		4,026,744	4,878,539
Telephone expenses		5,002,793	4,497,172
Entertainment expenses		3,446,844	2,735,679
Books, periodicals and subscription		23,626,285	20,397,977
Provision against advisory fee receivable	10.2	-	448,942
Write off / impairment on property and equipment	5.1	4,768,237	4,269,937
		<u>486,664,981</u>	<u>466,819,774</u>
Charged to the Collective Investment Schemes (CISs)	24.1	<u>(63,229,639)</u>	<u>(51,653,673)</u>
		<u>423,435,342</u>	<u>415,166,101</u>

24.1 The SECP vide S.R.O No. 1160 (1) / 2015 dated 25 November 2015 introduced amendments in the NBFC Regulations 2008. As a result of these amendments, the management company may charge fees and expenses pertaining to registrar services, accounting, operations on Collective Investment Schemes up to a maximum of 0.1% of average annual net assets of the scheme. The maximum cap of 0.1% of average annual net assets was removed by SECP vide S.R.O No. 639 (1) / 2019. However the amount charged cannot be more than the related actual expenses. Accordingly, expenses amounting to Rs. 63.23 million (2020: Rs. 51.65 million) have been charged by the Company to the respective Collective Investment Schemes (CISs) under its management during the year.

24.2 Auditors' remuneration	Note	2021	2020
		(Rupees)	
Audit fee		2,434,500	2,434,500
Half yearly review fee		348,000	348,000
Fee for the review of compliance with the best practices of the Code of Corporate Governance		96,000	96,000
Out of pocket expenses		467,803	455,067
		<u>3,346,303</u>	<u>3,333,567</u>

25 SELLING AND DISTRIBUTION EXPENSES

Salaries, allowances and other benefits		152,567,297	131,480,755
Commission expense	25.1	101,549,220	104,041,657
Marketing and other expenses		54,941,453	47,570,606
Depreciation on right of use assets		13,153,681	16,725,774
Other branches expenses		10,420,724	7,626,308
Printing and stationery		1,046,107	1,650,033
		<u>333,678,482</u>	<u>309,095,133</u>
Charged to the Collective Investment Schemes (CISs)	25.2	<u>(262,026,882)</u>	<u>(244,253,823)</u>
		<u>71,651,600</u>	<u>64,841,310</u>

25.1 This includes an amount of Rs. 21.228 million (2020: Rs. 32.909 million) pertaining to MCB Bank Limited (a related party).

25.2 SECP vide its Circular 40/2016 dated 30 December 2016, prescribed certain conditions on Asset Management Companies (AMCs) for charging of selling and marketing expenses to open end equity, asset allocation and index funds initially for three years (from 01 January 2017 till 31 December 2019) for opening of new branches in cities, except Karachi, Lahore, Islamabad and Rawalpindi. The said condition was amended through Circular No. 11 of 2019 dated 5 June 2019, according to which an AMC may charge selling and marketing expenses to all types of open end mutual funds except for Fund of Funds against the cost pertaining to opening and maintenance of all branches in all cities. Under this circular, expenses amounting to Rs. 262.027 million (2020: 244.254 million) have been charged by the Company to the respective Collective Investment Schemes (CISs) under its management during the year which is less than the actual related expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

26	FINANCIAL CHARGES	Note	2021 (Rupees)	2020
	Bank charges		442,031	1,301,942
	Interest on lease liability against right-of-use assets	12	7,001,516	6,935,088
			<u>7,443,547</u>	<u>8,237,030</u>
27	WORKERS' WELFARE FUND			
	Workers' welfare fund		<u>9,900,000</u>	<u>7,000,000</u>
28	OTHER INCOME AND OTHER EXPENSES			
28.1	Other income:			
	<i>Income from financial instruments</i>			
	Liability no longer payable written back		-	3,479,010
	Interest income on housing finance loan		537,052	608,758
	<i>Income from non-financial instruments</i>			
	Gain on disposal of fixed assets - net		2,461,340	-
	Others		442,997	841,521
			<u>3,441,389</u>	<u>4,929,289</u>
28.2	Other expenses			
	Net loss on disposal of fixed assets		-	(104,219)
29	TAXATION			
	Current		100,510,480	73,458,995
	Prior		(3,446,922)	346,901
			<u>97,063,558</u>	<u>73,805,896</u>
	Deferred	18.1	11,208,060	13,625,880
		29.1	<u>108,271,618</u>	<u>87,431,776</u>
29.1	Relationship between income tax expense and accounting profit			
	Accounting profit for the year before taxation		<u>484,705,781</u>	<u>345,100,890</u>
	Tax at the applicable rate of 29% (2020: 29%)		140,564,676	100,079,258
	Tax effect of income taxed at lower rate		(37,251,820)	(30,883,911)
	Inadmissible expenses		8,405,684	17,889,528
	Prior year tax		(3,446,922)	346,901
			<u>108,271,618</u>	<u>87,431,776</u>

29.2 The income tax returns upto tax year 2020 have been filed under the self assessment scheme and are deemed to be finalized under section 120 of the Income Tax Ordinance, 2001. Deemed assessments for certain tax years have been amended by the department on account of various issues as explained in note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

30 EARNINGS PER SHARE

30.1 Basic

Earnings per share has been computed by dividing profit after taxation for the year by the weighted average number of ordinary shares outstanding during the year:

	2021	2020
	(Rupees)	
Profit for the year after taxation	<u>376,434,163</u>	<u>257,669,113</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding during the year	<u>72,000,000</u>	<u>72,000,000</u>
	(Rupees)	
Basic earnings per share	<u>5.23</u>	<u>3.58</u>

30.2 Diluted

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June 2021 and 2020 which would have any effect on the earnings per share if the option to convert is exercised.

31 CASH AND CASH EQUIVALENTS

Note 2021 2020
(Rupees)

Cash and bank balances	15	<u>43,929,106</u>	<u>19,814,591</u>
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32 REMUNERATION TO THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the remuneration including all benefits to the Chief Executive Officer, Directors and Executives of the Company is as follows:

Particulars	2021			2020		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	(Rupees)					
Managerial remuneration	12,431,388	-	63,651,045	10,968,876	-	55,084,986
Year-end incentive	8,000,000	-	28,985,750	6,000,000	-	16,393,000
Rent and house maintenance	5,594,124	-	28,642,994	4,935,996	-	24,788,262
Car allowance	4,299,680	-	20,380,193	4,641,600	-	17,581,226
Utilities	1,243,140	-	6,365,133	1,096,884	-	5,508,495
Medical	1,243,140	-	6,365,037	1,096,884	-	5,508,495
Retirement benefits	1,104,249	-	5,514,234	915,264	-	4,550,557
Meeting fee	-	10,275,000	-	-	6,150,000	-
Others	647,890	-	2,209,654	470,201	-	1,853,054
	<u>34,563,611</u>	<u>10,275,000</u>	<u>162,114,040</u>	<u>30,125,705</u>	<u>6,150,000</u>	<u>131,268,075</u>
Number of persons	<u>1</u>	<u>8</u>	<u>27</u>	<u>1</u>	<u>7</u>	<u>21</u>

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 executives are also provided with medical facilities in accordance with their entitlements.

The Company is also providing a personal secretary, servant and health insurance facilities to Vice Chairman.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

33 OPERATING SEGMENTS

The Company functions as a single operating segment. Income derived from the management fee of open-end collective investment schemes and pension funds and that derived from the management of discretionary portfolios account for 94% and 6% (2020: 96% and 4%) respectively of the total income earned during the year.

34 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies. The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

34.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices (e.g. foreign exchange rates, interest rates, equity prices, etc.). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the returns to shareholders.

The Company's policy is to manage market risk through diversification and selection of securities within specified limits set by the Board of Directors.

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

34.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Presently, the Company is not exposed to currency risk as all transactions are carried out in Pak Rupees.

34.1.2 Yield / interest rate risk

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

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments is as follows:

Variable rate instrument	2021	2020
	(Rupees)	
Loans to employees	4,306,289	4,376,577
Bank balances (saving accounts)	10,156,387	10,172,752
	<u>14,462,676</u>	<u>14,549,329</u>

Fixed rate instrument

The Company does not have any exposure to fixed rate financial instruments.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / decreased the statement of financial position and statement of profit or loss account by Rs. 0.15 million (2020: Rs. 0.15 million). The analysis assumes that all other variables remain constant.

None of the Company's liabilities are subject to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The Company's net exposure to interest rate risk, analysed by the earlier of contractual repricing or maturity date is as follows:

2021								
Particulars	Interest / mark-up bearing						Non-interest / mark up bearing	Total
	Maturity up to one month	Maturity over one month to three months	Maturity over three months to six months	Maturity over six months to one year	Maturity after one year	Sub-total		
(Rupees)								
On balance sheet financial instruments								
Financial assets								
Investments	-	-	-	-	-	-	1,324,355,401	1,324,355,401
Loans	50,000	100,000	151,269	199,998	3,805,022	4,306,289	5,875,024	10,181,313
Long-term deposits	-	-	-	-	-	-	4,994,903	4,994,903
Receivable from related parties	-	-	-	-	-	-	543,936,536	543,936,536
Deposits and other receivables	-	-	-	-	-	-	15,093,695	15,093,695
Accrued mark-up	-	-	-	-	-	-	22,487	22,487
Cash and bank balances	10,156,387	-	-	-	-	10,156,387	33,772,719	43,929,106
	10,206,387	100,000	151,269	199,998	3,805,022	14,462,676	1,928,050,765	1,942,513,441
Financial liabilities								
Lease liability against right-of-use assets	1,139,685	6,349,093	8,980,401	15,877,921	18,001,467	50,348,567	-	50,348,567
Unclaimed dividend	-	-	-	-	-	-	4,672,994	4,672,994
Trade and other payables	-	-	-	-	-	-	179,498,583	179,498,583
	1,139,685	6,349,093	8,980,401	15,877,921	18,001,467	50,348,567	184,171,577	234,520,144
On-balance sheet gap (a) *	9,066,702	(6,249,093)	(8,829,132)	(15,677,923)	(14,196,445)	(35,885,891)	1,743,879,188	1,707,993,297
Off-balance sheet gap (b)	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)	9,066,702	(6,249,093)	(8,829,132)	(15,677,923)	(14,196,445)	(35,885,891)		
Cumulative interest rate sensitivity gap	9,066,702	2,817,609	(6,011,523)	(21,689,446)	(35,885,891)	(71,771,782)		

2020								
Particulars	Interest / mark-up bearing						Non-interest / mark up bearing	Total
	Maturity up to one month	Maturity over one month to three months	Maturity over three months to six months	Maturity over six months to one year	Maturity after one year	Sub-total		
(Rupees)								
On balance sheet financial instruments								
Financial assets								
Investments	-	-	-	-	-	-	1,195,184,307	1,195,184,307
Loans	17,967	36,632	56,740	120,246	4,144,992	4,376,577	2,562,374	6,938,951
Long-term deposits	-	-	-	-	-	-	5,289,229	5,289,229
Receivable from related parties	-	-	-	-	-	-	537,446,025	537,446,025
Deposits and other receivables	-	-	-	-	-	-	13,500,828	13,500,828
Accrued mark-up	-	-	-	-	-	-	24,966	24,966
Cash and bank balances	10,172,752	-	-	-	-	10,172,752	9,641,839	19,814,591
	10,190,719	36,632	56,740	120,246	4,144,992	14,549,329	1,763,649,568	1,778,198,897
Financial liabilities								
Lease liability against right-of-use assets	282,676	6,431,592	6,732,901	13,744,169	33,454,709	60,646,047	-	60,646,047
Unclaimed dividend	-	-	-	-	-	-	4,586,000	4,586,000
Trade and other payables	-	-	-	-	-	-	130,753,506	130,753,506
	282,676	6,431,592	6,732,901	13,744,169	33,454,709	60,646,047	135,339,506	195,985,553
On-balance sheet gap (a) *	9,908,043	(6,394,960)	(6,676,161)	(13,623,923)	(29,309,717)	(46,096,718)	1,628,310,062	1,582,213,344
Off-balance sheet gap (b)	-	-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)	9,908,043	(6,394,960)	(6,676,161)	(13,623,923)	(29,309,717)	(46,096,718)		
Cumulative interest rate sensitivity gap	9,908,043	3,513,083	(3,163,078)	(16,787,001)	(46,096,718)	(92,193,436)		

* The on-balance sheet gap represents the net amounts of on-balance sheet items.

34.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risk because of investments held by the Company in units of open-end collective investment schemes and pension funds managed by the Company itself. The investments are marked to market based on the net assets value which are declared for each fund on a daily basis. Senior management of the Company reviews these investments on a regular basis. Furthermore, the Investment Committee of the Company also reviews and approves all significant investment decisions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

In case of 1% increase / decrease in the net asset values of the investments subject to price risk, the profit for the year after taxation of the Company would be higher / lower by Rs. 13.244 million (2020: Rs. 11.952 million), other comprehensive income for the year would be higher / lower by Rs. Nil (2020: Rs. Nil) and total comprehensive income for the year would be higher / lower by Rs. 13.244 million (2020: Rs. 11.952 million).

34.2 Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation and cause the other party to incur a financial loss. The entire portfolio of financial assets of the Company (except for cash in hand) is subject to credit risk. However, the management believes that the Company's credit risk is minimal as major portion of financial assets comprise investments in or receivables from its Funds under management which are financially sound.

The Company's financial assets are neither past due nor impaired as at the reporting date.

The maximum exposure to credit risk before any credit enhancements at 30 June 2021 is the carrying amount of the financial assets as set out below:

Financial assets	Note	2021 (Rupees)	2020
Investments	6 & 13	1,324,355,401	1,195,184,307
Long term deposits		4,994,903	5,289,229
Loans	7.3	10,181,313	6,938,951
Receivable from related parties	8	543,936,536	537,446,025
Deposits and other receivables	10	15,093,695	13,500,828
Accrued mark-up		22,487	24,966
Bank balances	15	43,924,284	19,809,091
		1,942,508,619	1,778,193,397

Latest ratings of the Funds from which amounts are receivable or where the Company has invested in are as follows:

	As at 30 June 2021	As at 30 June 2020	Rating agency
	----- (Stability rating) -----		
MCB Cash Management Optimizer	AA+(f)	AA+(f)	PACRA
MCB DCF Income Fund	AA-(f)	AA-(f)	PACRA
Alhamra Islamic Income Fund	AA-(f)	AA-(f)	PACRA
MCB Pakistan Sovereign Fund	AA-(f)	AA-(f)	PACRA
Pakistan Cash Management Fund	AA+(f)	AA+(f)	PACRA
Pakistan Income Enhancement Fund	A+(f)	A+(f)	PACRA
Pakistan Income Fund	A+(f)	A+(f)	PACRA
Alhamra Daily Dividend Fund	AA-(f)	AA-(f)	PACRA
Alhamra Islamic Money Market Fund	AA(f)	-	PACRA

Ratings of other Funds are not available.

Latest available ratings of banks with which deposits are kept are as follows:

BANK	As at 30 June 2021		As at 30 June 2020		Rating agency
	Short-term	Long-term	Short-term	Long-term	
	----- (Rating) -----				
MCB Bank Limited	A1+	AAA	A1+	AAA	PACRA
Summit Bank Limited	A-1	A-	A-1	A-	JCR-VIS
Faysal Bank Limited	A1+	AA	A1+	AA	PACRA
MCB Islamic Bank Limited	A1	A	A1	A	PACRA
Bank Alfalah Limited	A1+	AA+	A1+	AA+	PACRA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

34.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Following are the contractual maturities of the Company's financial liabilities (based on the remaining period to maturity):

	2021				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to Five Years
	(Rupees)				
Non-Derivative Financial liabilities					
Lease liability against right-of-use assets	50,348,567	55,172,772	16,173,550	20,184,227	18,814,995
Trade and other payables	179,498,583	179,498,583	179,498,583	-	-
Unclaimed dividend	4,672,994	4,672,994	4,672,994	-	-
	234,520,144	239,344,349	200,345,127	20,184,227	18,814,995

	2020				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to Five Years
	(Rupees)				
Non-Derivative Financial liabilities					
Lease liability against right-of-use assets	60,646,047	70,465,840	20,251,773	13,595,669	36,618,398
Trade and other payables	130,753,506	130,753,506	130,753,506	-	-
Unclaimed dividend	4,586,000	4,586,000	4,586,000	-	-
	195,985,553	205,805,346	155,591,279	13,595,669	36,618,398

35 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2021			
	Liabilities	Reserve	Total	
	Lease liability against right-of-use assets	Unclaimed dividend	Unappropriated profit	
	(Rupees)			
Balance as at 1 July 2020	60,646,047	4,586,000	494,695,426	559,927,473
Profit for the year	-	-	376,434,163	376,434,163
Dividend declared during the year	-	324,000,000	(324,000,000)	-
Dividend paid during the year	-	(324,000,000)	-	(324,000,000)
Interest expense on lease / addition	23,373,243	-	-	23,373,243
Lease rental paid	(33,670,723)	-	-	(33,670,723)
Balance as at 30 June 2021	50,348,567	4,586,000	547,129,589	602,064,156

	2020			
	Liabilities	Reserve	Total	
	Lease liability against right-of-use assets - Current	Unclaimed dividend	Unappropriated profit	
	(Rupees)			
Balance as at 1 July 2019	-	4,256,938	406,226,313	410,483,251
Profit for the year	-	-	257,669,113	257,669,113
Dividend declared during the year	-	169,200,000	(169,200,000)	-
Dividend paid during the year	-	(168,870,938)	-	(168,870,938)
Recognition of lease liability on adoption of IFRS 16	87,884,669	-	-	87,884,669
Lease rental paid	(27,238,622)	-	-	(27,238,622)
Balance as at 30 June 2020	60,646,047	4,586,000	494,695,426	559,927,473

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

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

The fair values of investments in units of open-end collective investment schemes and pension schemes are based on the net assets value announced by the Company at each reporting date.

The estimated fair value of all other assets and liabilities is considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced.

Fair value hierarchy

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

On-balance sheet financial instruments	As at 30 June 2021							
	Carrying amount				Fair value			
	Financial assets at FVTPL	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets	(Rupees)							
measured at fair value								
Long-term investments	638,596,952	-	-	638,596,952	-	638,596,952	-	638,596,952
Short-term investments	685,758,449	-	-	685,758,449	-	685,758,449	-	685,758,449
	<u>1,324,355,401</u>	<u>-</u>	<u>-</u>	<u>1,324,355,401</u>				
Financial assets not measured at fair value								
Loans	-	10,181,313	-	10,181,313				
Long-term deposits	-	4,994,903	-	4,994,903				
Receivable from related parties	-	543,936,536	-	543,936,536				
Deposits and other receivables	-	15,093,695	-	15,093,695				
Accrued mark-up	-	22,487	-	22,487				
Cash and bank balances	-	43,929,106	-	43,929,106				
	<u>-</u>	<u>618,158,040</u>	<u>-</u>	<u>618,158,040</u>				
Financial liabilities not measured at fair value								
Unclaimed dividend	-	-	4,672,994	4,672,994				
Trade and other payables	-	-	179,498,583	179,498,583				
	<u>-</u>	<u>-</u>	<u>184,171,577</u>	<u>184,171,577</u>				
On-balance sheet financial instruments	As at 30 June 2020							
	Carrying amount				Fair value			
	Investments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets	(Rupees)							
measured at fair value								
Long-term investments	533,563,426	-	-	533,563,426	-	533,563,426	-	533,563,426
Short-term investments	661,620,881	-	-	661,620,881	-	661,620,881	-	661,620,881
	<u>1,195,184,307</u>	<u>-</u>	<u>-</u>	<u>1,195,184,307</u>				
Financial assets not measured at fair value								
Loans	-	6,938,951	-	6,938,951				
Long-term deposits	-	5,289,229	-	5,289,229				
Receivable from related parties	-	537,446,025	-	537,446,025				
Deposit and other receivables	-	13,500,828	-	13,500,828				
Accrued mark-up	-	24,966	-	24,966				
Cash and bank balances	-	19,814,591	-	19,814,591				
	<u>-</u>	<u>583,014,590</u>	<u>-</u>	<u>583,014,590</u>				
Financial liabilities not measured at fair value								
Unclaimed dividend	-	-	4,586,000	4,586,000				
Trade and other payables	-	-	130,753,506	130,753,506				
	<u>-</u>	<u>-</u>	<u>135,339,506</u>	<u>135,339,506</u>				

37 CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services that commensurate with the level of risk.

The Company is subject to externally imposed minimum equity requirement laid down under the NBFC Rules, 2003 and the NBFC Regulation, 2008 for providing asset management services and investment advisory services and is required to maintain Rs. 230 million equity.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. Currently, the Company is financing its operations through equity and working capital.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

38 TRANSACTIONS WITH RELATED PARTIES

MCB Bank Limited (MCB) holds 51.33% ordinary shares of the Company as at the year end. Therefore, all subsidiaries and associated undertakings of MCB are related parties of the Company. Other related parties comprise of Arif Habib Corporation Limited with a holding percentage of 30%, companies having common directorship, collective investment schemes and voluntary pension schemes managed by the Company, directors, key management personnel and their close family members and retirement benefit plan. Contributions for staff retirement benefits are made as per the service rules. Transactions with the key management personnel comprising of their remuneration and loans are as per the terms of employees. Other transactions are at agreed rates. Details of such transaction are as follows:

38.1 Transactions with related parties during the year

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2021 (Rupees)	2020
MCB BANK LIMITED	Parent company with 51.33% Holding	Commission and other expenses Profit on bank deposits Bank charges Branch sharing expenses Dividend paid Rent as per rental agreement	39,482,665 1,100,072 418,768 2,918,040 166,305,456 3,600,000	31,756,623 3,404,504 485,751 2,918,040 86,848,405 -
MCB ISLAMIC BANK LIMITED	Subsidiary of Parent Company	Profit on bank deposits	14,487	18,613
NISHAT REAL ESTATE DEVELOPMENT COMPANY (PVT) LIMITED	Group Company of Parent Company	Rent expense	1,078,736	4,112,483
NISHAT MILLS LIMITED	Group Company of Parent Company	Gain on disposal	-	516,009
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	Group Company of Parent Company	Investment advisory fee Amount paid against life assurance	29,049,502 2,536,337	20,226,346 11,461,130
ADAMJEE INSURANCE COMPANY LIMITED	Group Company of Parent Company	Amount paid against insurance Amount received against insurance claim Dividend paid Rent Expense	18,814,140 - 24,579,000 20,535,625	9,934,772 6,420,084 10,910,345 11,165,000
Dolmen City REIT	Group Company of Associated Company	Investment advisory fee	-	94,521
ARIF HABIB CORPORATION LIMITED	Associate with 30.09% Holding Company	Dividend paid	97,488,752	-
MCB CASH MANAGEMENT OPTIMIZER	Funds under management	Management fee Reimbursement of expenses Selling and marketing Dividend Income Investment in units Redemption of units	100,801,203 23,726,302 - 13,153,768 4,282,129,797 4,831,992,057	95,326,076 19,381,299 34,991,563 15,796,808 7,863,350,328 7,547,710,761
MCB DCF INCOME FUND	Funds under management	Management fee Share of sales load Back end load Reimbursement of expenses Selling and marketing Investment in units Redemption of units	60,509,157 2,388,612 251,941 4,033,944 15,732,381 1,014,790 1,015,540	66,557,731 118,131 43,100 4,437,182 13,977,559 442,543,174 446,650,374
ALHAMRA ISLAMIC INCOME FUND	Funds under management	Management fee Share of sales load Reimbursement of expenses Sharia fee paid on behalf of the fund Investment in units Redemption of units Selling and marketing Back end load	21,291,973 1,591,871 6,704,743 744,193 - - 8,123,665 55,080	26,206,645 1,407,497 3,308,333 900,000 31,849 32,257 4,316,985 -
MCB PAKISTAN ASSET ALLOCATION FUND	Funds under management	Management fee Share of sales load Reimbursement of expenses Selling and marketing Back end load Redemption of units	29,224,782 377,845 1,244,539 11,084,595 16,391 -	29,977,892 335,456 1,664,666 15,730,552 2,069,071 64
ALHAMRA ISLAMIC MONEY MARKET FUND (Formerly : Mcb Pakistan Frequent Payout Fund)	Funds under management	Management fee Reimbursement of expenses Selling and marketing Share of sales load Sharia fee paid on behalf of the fund Investment in units Redemption of units Dividend Income Other Expenses	3,525,512 20,640 164,905 76,186 276,429 1,867,665,457 1,867,631,544 1,388,096 3,732,839	2,914,941 178,089 1,201,220 5,590 - - - - -

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2021 (Rupees)	2020
ALHAMRA ISLAMIC STOCK FUND	Funds under management	Management fee Share of sales load Reimbursement of expenses Selling and marketing Sharia fee paid on behalf of the fund Investment in units	69,050,147 826,405 3,452,507 44,882,596 744,193 25,000,000	52,965,681 554,402 2,648,283 28,788,631 900,000
MCB PAKISTAN SOVEREIGN FUND	Funds under management	Management fee Share of sales load Reimbursement of expenses Investment in units Redemption of units Selling and marketing	11,722,829 23,323 1,262,456 590,222 590,660 1,767,439	45,513,643 1,156,141 2,154,844 450,215,700 455,932,455 3,014,366
MCB PAKISTAN STOCK MARKET FUND	Funds under management	Management fee Share of sales load Back end load Reimbursement of expenses Selling and marketing Investment in units Redemption of units	228,599,206 4,874,861 - 11,429,960 148,589,484 447,420,886 465,000,000	177,041,287 1,226,379 6,744 8,852,063 99,928,897 389,604,452 565,369,324
PAKISTAN CAPITAL MARKET FUND	Funds under management	Management fee Share of sales load Reimbursement of expenses Selling and marketing	11,707,371 13,691 469,096 3,879,305	9,337,507 13,475 466,875 5,382,242
PAKISTAN CASH MANAGEMENT FUND	Funds under management	Management fee Reimbursement of expenses Investment in units Redemption of units Share of sales load	3,252,880 1,164,125 84 84 39,924	2,660,699 1,513,060 250,600,798 250,778,502 -
PAKISTAN INCOME ENHANCEMENT FUND	Funds under management	Management fee Share of sales load Reimbursement of expenses Investment in units Redemption of units Selling and marketing	7,016,389 160,951 686,426 - - 3,195,090	11,963,403 333,362 708,783 - 290 3,400,581
PAKISTAN INCOME FUND	Funds under management	Management fee Share of sales load Reimbursement of expenses Selling and marketing Investment in units Redemption of units Dividend Income	44,849,079 3,723,810 5,309,004 2,592,765 895,291,631 512,317,732 4,769,279	27,031,592 353,082 1,640,108 2,127,512 199,475,848 200,746,301 -
ALHAMRA ISLAMIC ASSET ALLOCATION FUND	Funds under management	Management fee Share of sales load Back end load Reimbursement of expenses Selling and marketing Sharia fee paid on behalf of the fund	61,160,617 1,107,389 11,240,019 2,442,063 19,427,449 744,194	47,115,774 1,349,715 12,427,201 2,355,788 25,798,000 900,000
ALHAMRA ISLAMIC PENSION FUND	Funds under management	Management fee Share of sales load Contribution to fund on behalf of the employees	18,410,447 572,313 20,302,057	13,771,432 331,794 13,426,223
PAKISTAN PENSION FUND	Funds under management	Management fee Share of sales load Contribution to fund on behalf of the employees	27,828,686 671,739 6,970,224	24,929,665 239,490 4,591,244
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-I	Funds under management	Management fee Reimbursement of expenses	34,228 148,370	182,671 436,573
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-II	Funds under management	Management fee Reimbursement of expenses	37,600 143,106	103,580 324,256
AL-HAMRA SMART PORTFOLIO	Funds under management	Management fee Reimbursement of expenses Investment in units	2,918 6,590 120,000,000	- - -
ALHAMRA DAILY DIVIDEND FUND	Funds under management	Management fee Dividend Income Investment in units Redemption of units Reimbursement of expenses Selling and marketing Bank Charges Share of sales load	5,592,499 276,963 350,235,419 350,235,419 985,766 2,587,207 720,048 63,029	6,767,233 1,044,144 479,741 37,183,741 1,752,767 5,614,242 - -

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

38.2 Amount outstanding at year end

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2021 (Rupees)	2020
MCB BANK LIMITED	Parent company with 51.33% Holding	Bank balance Other payable Commission payable	11,755,764 4,380,075 4,492,704	10,067,104 4,380,075 3,671,827
MCB ISLAMIC BANK LIMITED	Subsidiary of Parent Company	Bank balance Mark-up receivable	519,878 1,212	327,330 1,353
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	Group Company of Parent Company	Advisory fee receivable	2,736,923	2,860,457
NISHAT REAL ESTATE DEVELOPMENT COMPANY (PVT.) LTD.	Group Company of Parent Company	Rent Deposit	-	784,326
MCB DCF INCOME FUND	Funds under management	Remuneration receivable Sales Load Receivable Receivable against reimbursement of expenses Receivable against selling & marketing expenses Back end load receivable Federal excise duty on remuneration Federal excise duty on sales load	5,605,112 36,252 330,685 3,918,724 171,540 99,060,437 27,932,990	6,340,288 54,969 374,058 4,721,237 - 99,060,437 27,932,990
MCB PAKISTAN ASSET ALLOCATION FUND	Funds under management	Remuneration receivable Sales Load Receivable Back end load receivable Receivable against reimbursement of expenses Receivable against selling & marketing expenses Federal excise duty on remuneration Federal excise duty on sales load	2,158,536 16,558 - 80,913 - 19,027,350 16,172,955	2,355,138 246,077 - 104,210 4,033,759 19,027,350 16,172,955
MCB CASH MANAGEMENT OPTIMIZER	Funds under management	Remuneration receivable Receivable against reimbursement of expenses Sales Load Receivable Receivable against selling & marketing expenses Federal excise duty on remuneration Federal excise duty on sales load Closing balance of investment in units	9,201,283 995,781 - - 54,266,812 18,788 6,538,775	10,470,848 2,187,907 - 4,654,264 54,266,812 18,788 551,483,642
ALHAMRA ISLAMIC INCOME FUND	Funds under management	Remuneration receivable Sales Load Receivable Receivable against reimbursement of expenses Receivable against Shariah Fee Receivable against selling & marketing expenses Federal excise duty on remuneration Federal excise duty on sales load	1,793,235 325,267 608,189 60,000 - 8,639,183 3,028,386	1,887,943 408,972 357,973 75,000 1,694,723 8,639,183 3,028,386
MCB PAKISTAN STOCK MARKET FUND	Funds under management	Remuneration receivable Sales Load Receivable Other receivable Receivable against reimbursement of expenses Receivable against selling & marketing expenses Federal excise duty on remuneration Federal excise duty on sales load Closing balance of investment in units	23,299,687 836,859 - 1,030,960 38,437,423 54,773,935 3,932,683 146,676,096	15,904,439 183,846 - 703,736 28,269,543 54,773,935 3,932,683 109,436,502
PAKISTAN INCOME FUND	Funds under management	Remuneration receivable Sales Load Receivable Receivable against reimbursement of expenses Receivable against selling & marketing expenses Federal excise duty on remuneration Federal excise duty on sales load Other Receivable Closing balance of investment in units	7,651,531 345,554 852,806 - 9,210,245 239,199 132,561 388,253,829	1,709,855 403,694 175,851 614,221 9,210,245 239,199 132,561 -
MCB PAKISTAN SOVEREIGN FUND	Funds under management	Remuneration receivable Sales Load Receivable Receivable against reimbursement of expenses Receivable against selling & marketing expenses Federal excise duty on remuneration Federal excise duty on sales load	663,926 8 63,516 290,630 29,027,974 4,169,840	1,381,532 355,019 146,506 911,319 29,027,974 4,169,840
PAKISTAN CAPITAL MARKET FUND	Funds under management	Remuneration receivable Sales Load Receivable Receivable against reimbursement of expenses Receivable against selling & marketing expenses Federal excise duty on remuneration Federal excise duty on sales load	1,338,866 - 39,190 - 5,872,250 392,742	790,450 - 34,976 1,439,534 5,872,250 392,742

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	2021 (Rupees)	2020
ALHAMRA ISLAMIC STOCK FUND	Funds under management	Remuneration receivable	6,456,723	4,815,010
		Sales Load Receivable	81,700	53,369
		Receivable against reimbursement of expenses	285,696	213,054
		Receivable against selling & marketing expenses	11,074,298	8,147,238
		Receivable against Shariah Fee	60,000	75,000
		Federal excise duty on remuneration	5,689,242	5,689,242
		Federal excise duty on sales load	124,913	124,913
		Closing balance of investment in units	24,437,229	-
PAKISTAN PENSION FUND	Funds under management	Remuneration receivable	2,547,807	2,358,801
		Sales Load Receivable	-	258,193
		Federal excise duty on remuneration	5,976,465	5,976,465
		Closing balance of investment in units	311,872,289	266,239,774
ALHAMRA ISLAMIC ASSET ALLOCATION FUND	Funds under management	Remuneration receivable	7,384,899	3,633,832
		Sales Load Receivable	404,315	201,813
		Back end load receivable	815,726	82,245
		Receivable against reimbursement of expenses	198,040	160,789
		Receivable against selling & marketing expenses	-	6,180,374
		Receivable against Shariah Fee	60,000	75,000
		Federal excise duty on remuneration	5,910,300	5,910,300
		Federal excise duty on sales load	1,135,845	1,135,845
ALHAMRA ISLAMIC PENSION FUND	Funds under management	Remuneration receivable	1,874,842	1,414,549
		Sales Load Receivable	271,597	189,121
		Federal excise duty on remuneration	3,030,332	3,030,332
		Closing balance of investment in units	326,724,663	266,955,633
PAKISTAN SARMAYA MAHFOOZ FUND (Matured)	Funds under management	Federal excise duty on remuneration	1,960,082	1,960,082
		Federal excise duty on sales load	2,307,278	2,307,278
PAKISTAN CASH MANAGEMENT FUND	Funds under management	Remuneration receivable	217,783	512,154
		Receivable against reimbursement of expenses	62,402	165,245
		Sales load receivable	30,605	-
		Federal excise duty on remuneration	11,932,884	11,932,884
PAKISTAN INCOME ENHANCEMENT FUND	Funds under management	Remuneration receivable	1,188,734	202,575
		Sales Load Receivable	20,666	28,731
		Receivable against reimbursement of expenses	55,991	17,675
		Receivable against selling & marketing expenses	-	392,605
		Federal excise duty on remuneration	16,589,808	16,589,808
		Federal excise duty on sales load	4,746,222	4,746,222
		Other receivable	132,561	132,561
ALHAMRA ISLAMIC MONEY MARKET FUND (Formerly: MCB Pakistan Frequent Payout Fund)	Funds under management	Remuneration receivable	-	221,657
		Sales Load Receivable	7,045	14,639
		Receivable against reimbursement of expenses	-	11,794
		Receivable against selling & marketing expenses	-	290,448
		Receivable against Shariah Fee	60,000	-
		Federal excise duty on remuneration	840,741	840,741
		Federal excise duty on sales load	3,624,619	3,624,619
		Other payable	(1,844,136)	-
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-I	Funds under management	Remuneration receivable	-	10,692
		Receivable against reimbursement of expenses	-	28,583
AL-HAMRA ISLAMIC ACTIVE ASSET ALLOCATION FUND PLAN-II	Funds under management	Remuneration receivable	-	5,132
		Receivable against reimbursement of expenses	-	14,847
ALHAMRA DAILY DIVIDEND FUND	Funds under management	Remuneration receivable	433,744	776,026
		Payable against bank charges	(32,653)	88,126
		Closing balance of investment in units	-	-
		Receivable against reimbursement of expenses	-	274,700
		Receivable against selling & marketing expenses	-	2,141,742
		Sales load receivable	2,145	-
AL-HAMRA SMART PORTFOLIO	Funds under management	Remuneration receivable	3,298	-
		Receivable against reimbursement of expenses	6,590	-
		Closing balance of investment in units	119,852,520	-

Key management personnel of the Company comprises of the Directors, Chief Executive Officer and Executives. Their remuneration are disclosed in note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

39 NUMBER OF EMPLOYEES

The total number of employees as at year end were 311 (2020: 295) and average number of employees were 303 (2020: 311).

40 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on August 09, 2021 has declared final cash dividend of Rs. 2.75 per share (2020: Rs. 2.25 per share declared on 18 August 2020). These financial statements do not include the effect of this appropriation which will be accounted for in the financial statements of the Company for the year ending 30 June 2022.

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 09, 2021 by the Board of Directors of the Company.

42 GENERAL

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



Chief Executive Officer



Chief Financial Officer



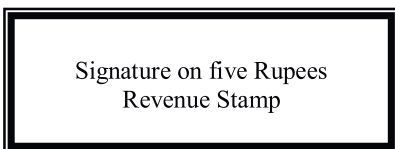
Director

FORM OF PROXY
21st ANNUAL GENERAL MEETING
On October 26, 2021

The Company Secretary
MCB-Arif Habib Savings and Investments Limited
2nd Floor, Adamjee House, I.I. Chundrigar Road,
Karachi.

I/We of _____ in the
district of _____ being a member of MCB-Arif Habib Savings and
Investments Limited, hereby appoint _____
of _____ as my/our proxy to vote for me/us and on my/our
behalf at the 21st Annual General Meeting of the Company to be held on Tuesday, October 26, 2021
and at any adjournment thereof.

Signed this _____ day of _____ 2021.



(The signature should agree with the specimen registered with the Company)

1. WITNESS:

Signature: _____

Name: _____

Address: _____

CNIC/ Passport No. _____

2. WITNESS:

Signature: _____

Name: _____

Address: _____

CNIC/ Passport No. _____

Shareholder Folio No.

CDC Participant ID No & Sub Account No.

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan not less than 48 hours before the time of holding the meeting. A proxy need not be a member of the Company.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of the proxy shall be rendered invalid.
3. CDC share holders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.
4. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
5. In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
6. Members are requested to notify any changes in their address immediately.

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MCB ARIF HABIB SAVINGS & INVESTMENTS LIMITED

Adamjee House, 2nd Floor,
I.I. Chundrigar Road, Karachi

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پراکسی فارم
ایکسواں (۲۱واں) سالانہ عمومی اجلاس
۲۶ اکتوبر ۲۰۲۱ء

کمپنی سیکریٹری

ایم سی بی - عارف حبیب سیونگزا اینڈ انویسٹمنٹس لمیٹڈ

دوسری منزل، آدمجی ہاؤس، آئی آئی چندریگر روڈ

کراچی

میں/ہم _____ جو _____

سے تعلق رکھتے ہیں، ایم سی بی - عارف حبیب سیونگزا اینڈ انویسٹمنٹس لمیٹڈ کے رکن / ارکان کی حیثیت سے، _____

کو، جس/جن کا تعلق _____ سے ہے، 26 اکتوبر 2021ء کو منعقد ہونے والے کمپنی کے ایکسویں سالانہ

اجلاس (یا اس کے التواء) کے لیے اپنا پراکسی مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں۔

دستخط کردہ _____ (دن) _____ (ماہ) 2021ء

۵ روپے کے ریونیوڈ اکٹکٹ
پر دستخط

(دستخط کمپنی کے پاس رجسٹر شدہ دستخط جیسا ہونا چاہیے۔)

گواہ نمبر 2

دستخط: _____
نام: _____
پتہ: _____
سی این آئی سی / پاسپورٹ نمبر: _____

گواہ نمبر 1

دستخط: _____
نام: _____
پتہ: _____
سی این آئی سی / پاسپورٹ نمبر: _____

شیر ہولڈر کا فو لیو نمبر

سی ڈی سی شریک شناخت نمبر اور ذیلی اکاؤنٹ نمبر

اہم نکات:

۱۔ یہ پراکسی فارم، مکمل پُر اور دستخط شدہ، کمپنی کے رجسٹر شدہ آفس: دوسری منزل، آدمجی ہاؤس، آئی آئی چندریگر روڈ، کراچی، پاکستان، میں اجلاس کے انعقاد سے 48 گھنٹے قبل تک موصول ہو جانا چاہیے۔ پراکسی کے لیے کمپنی کا رکن ہونا ضروری نہیں ہے۔

۲۔ اگر کوئی رکن ایک سے زائد پراکسی مقرر کرتا ہے اور ایک سے زائد پراکسی انسٹرومنٹ کمپنی میں جمع کراتا ہے تو ایسے تمام انسٹرومنٹ ناقابل عمل ہو جائیں گے۔

۳۔ سی ڈی سی حصص یافتگان اور ان کے پراکسیوں، ہر ایک سے گزارش کی جاتی ہے کہ یہ پراکسی فارم کمپنی میں جمع کرانے سے قبل اس کے ساتھ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا پاسپورٹ کی تصدیق شدہ نقل منسلک کریں۔

۴۔ پراکسی کو اجلاس کے وقت اپنا اصلی سی این آئی سی یا اصلی پاسپورٹ دکھانا ہوگا۔

۵۔ کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز ریزولوشن / پاور آف اٹارنی بمع نامزد کردہ کی نمونہ دستخط جمع کرایا جائے (اگر پہلے فراہم نہ کیا گیا ہو)۔

۶۔ ارکان سے گزارش کی جاتی ہے کہ اپنے پتے میں کسی بھی تبدیلی سے فوراً مطلع کریں۔

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Adamjee House, 2nd Floor,
I.I. Chundrigar Road, Karachi

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E-DIVIDEND MANDATE FORM MANDATORY CREDIT OF DIVIDEND INTO BANK ACCOUNT

To: _____

Date: _____

Dear Sir/Madam,

The undersigned being member of **MCB ARIF HABIB SAVINGS AND INVESTMENTS LIMITED** (the Company), hereby authorize the Company that all my cash dividend amounts declared by the Company, from time to time, be credited into the bank account as per following details:

(i) Shareholder's Details	
Name of the shareholder	
Folio No. / CDC Participants ID & Sub Acc. No./CDC IAS Account	
CNIC/NICOP No. (Please attach copy)	
Passport No.[in case of Foreign Shareholder] (Please attach copy)	
Land Line Phone No.	
Cellphone No.	
(ii) Shareholder's Bank Details	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
International Bank Account Number (IBAN) (24 digit)	

It is stated that the above mentioned information is correct that I will intimate the change in the above mentioned information to the Company and the concerned Share Registrar/Participant/CDC (as the case may be) as soon as these occur.

Signature of the member/shareholder
(Please affix company stamp in case of corporate entity)

Note

1. Please provide complete IBAN after consultation with your bank branch. In case of any error or omission in given IBAN, the Company will not be held responsible in any manner for any loss or delay in your cash dividend payment.
2. In case of physical shares, a duly filled-in E-Dividend Mandate Form shall be submitted with the Company's Share Registrar M/s CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi.
3. While for shares held in CDC, E-Dividend Mandate Form shall be submitted directly to member's broker (participant)/CDC.

MCB-Arif Habib Savings and Investments Limited

Head Office: 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi

UAN: (+92-21) 11-11-62224 (11-11-MCB-AH)

URL: www.mcbah.com, Email: info@mcbah.com
