



**INVESTMENTS**

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**786 INVESTMENTS LIMITED**

**ANNUAL REPORT**

**2024**



## CONTENTS

<b>Corporate Information</b>	<b>02</b>
<b>Mission/Vision Statement</b>	<b>03</b>
<b>Notice of Annual General Meeting</b>	<b>04</b>
<b>Financial Highlights</b>	<b>07</b>
<b>Chairman's Report</b>	<b>08</b>
<b>Directors' Report</b>	<b>09</b>
<b>مئنجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ</b>	<b>22</b>
<b>Review Report to the Share Holders on Statement of Compliance with the Best Practices of the Code of Corporate Governance</b>	<b>23</b>
<b>Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2024</b>	<b>24</b>
<b>Auditors' Report to the Members</b>	<b>29</b>
<b>Statement of Financial Position</b>	<b>34</b>
<b>Statement of Profit &amp; Loss Account</b>	<b>35</b>
<b>Statement of Comprehensive Income</b>	<b>36</b>
<b>Cash Flow Statement</b>	<b>37</b>
<b>Statement of Changes in Equity</b>	<b>38</b>
<b>Notes to the Financial Statements</b>	<b>39</b>
<b>Pattern of Shareholding</b>	<b>67</b>
<b>Form of Proxy</b>	<b>69</b>



## CORPORATE INFORMATION

<b>Management Company</b>	786 Investments Limited G-3 B.R.R. Tower, Hassan Ali Street, Off I.I. Chundrigar Road, Karachi - 74000 Pakistan Tel: (92-21) 32603751-54 Email: info@786investments.com Website: www.786investments.com	
<b>Board of Directors</b>	Mr. Ahmed Salman Munir Miss Tara Uzra Dawood Syed Shabahat Hussain Mr. Naveed Ahmed Syed Musharaf Ali Mr. Iqbal Shafiq Mr. Ahmer Zia Sarwar	Chairperson Chief Executive Officer Director Director Director Director Director
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Noman Shakir	
<b>Audit Committee</b>	Syed Shabahat Hussain Mr. Naveed Ahmed Syed Musharaf Ali	Chairman Member Member
<b>Human Resource Committee</b>	Mr. Ahmed Salman Munir Miss Tara Uzra Dawood Mr. Naveed Ahmed	Chairperson Member Member
<b>Auditors</b>	Riaz Ahmed & Company Chartered Accountants	
<b>Legal Advisor</b>	Rauf & Ghaffar Law Associates (Advocates & Consultants) Suite # 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar – Karachi, Pakistan.	
<b>Registrars</b>	F.D. Registrar Services (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower. A, I.I. Chundrigar Road, Karachi-74000, Pakistan.	
<b>Banker:</b>	Habib Metropolitan Bank Limited JS Bank Limited	
<b>Rating:</b>	PACRA: AM3	



## ***Mission Statement***

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



## NOTICE OF ANNUAL GENERAL MEETING (AGM XXXIII)

**September 30, 2024**

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road Karachi

**Subject: Notice of Annual General Meeting**

Dear Sir,

In accordance with Clause 5.6.9 (b) of the Rule Book of Pakistan Stock Exchange Limited, please find enclosed a copy of the Notice of Annual General Meeting of 786 Investments Limited to be held on October 21, 2024, at 08:00 at G-3, BRR Tower, Hasan Ali Street of I.I. Chundrigar Road, Karachi prior to its publication in the newspaper for circulation amongst the Certificate Holders of the Exchange.

Yours sincerely  
for 786 Investments Limited

**Noman Shakir**  
Company Secretary

Notice is hereby given that the 33rd Annual General Meeting of the shareholders of the Company will be held on Monday, October 21, 2024, at 08:00, at Registered Office: G3, BRR tower, Hassan Ali Street, Off I.I. Chundrigar Road, Karachi to transact the following business:

**Ordinary Business**

- 1- To confirm the Minutes of the Extra -Ordinary General Meeting (EOGM).
- 2- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2024 together with Directors and Auditors Reports thereon.
- 3- To appoint the Auditors and fix the remuneration for the financial year ending June 30, 2025.

**Special Business:**

- 4- To consider & approve increase in the limit considering the inflation and market competitiveness, the Board of Directors recommends enhancing the CEO's salary limit to PKR 18 million per annum exclusive of bonuses, perquisites and retirement benefits as per the company policy approved by the board.
5. Any other Business with the permission of the Chair.

Statement under Section 134(3) of the Companies Act 2017 is annexed to the notice being sent to the members.

By Order of the Board

September 18, 2024  
Karachi

**Noman Shakir**  
Company Secretary



### **Notes: Book Closure**

The share transfer books of 786 Investments Ltd. will remain closed from October 14, 2024, to October 21, 2024 (both days inclusive). The transfers received in order by our share registrar, FD Registrar Services (Pvt) Ltd situated on the 17th floor, Saima Trade Tower A, I.I. Chundrigar Road, Karachi by the close of business on October 13, 2024, will be considered in time to attend and vote at the meeting.

#### **1- Appointment of Proxy**

- a) A member entitled to attend the meeting may appoint any other member as his/her proxy to attend the meeting through video-link. A proxy form is enclosed.
- b) A member entitled to attend and vote at Annual General Meeting shall be entitled to appoint a proxy to attend and vote on his/her behalf. The proxies in order to be effective must be received to FD Registrar Services (Pvt) Ltd situated on the 17th floor, Saima Trade Tower A, I.I. Chundrigar Road, Karachi not less than forty-eight (48) hours before the meeting.
- c) Members are requested to notify changes immediately, if any, in their registered addresses to FD Registrar.

#### **2- For Appointment of Proxy**

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

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

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

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

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

In terms of Securities and Exchange Commission of Pakistan's (SECP) S.R.O. 634 (1)/ 2014, the Annual Report for the year ended 30 June 2024 will also be placed on 786 Investments Ltd. website [www.786investments.com](http://www.786investments.com) and is readily accessible to the shareholders.



**5- Deposit of Physical Certificates in CDC Account**

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

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

**6- Un Claimed dividend**

Shareholders who could not collect their bonus shares are advised to contact our share Registrar to collect/ enquire about their unclaimed bonus shares, if any. In compliance with section 244 of the Companies Act 2017, after having the stipulated procedure, all such bonus shares outstanding for a period of three years or more from the date due shall be delivered to the SECP.

**STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017**

This statement set on the material facts pertaining to Special Business Agenda Item No, 4 on the notice to be transacted at the 33rd Annual General Meeting.

In the light of inflation and market competitiveness, the Board of Directors recommends enhancing the CEO's salary limit Up to PKR 18 million per annum to PKR 18 million per annum exclusive of bonuses, perquisites and retirement benefits as per the company policy approved by the board.

**"RESOLVED THAT:** the members hereby approve and adopt this recommendation, authorizing the Board to make future salary adjustments within this limit, based on the company's performance and prevailing market conditions within the threshold of PKR 18 million per annum exclusive of bonuses, perquisites and retirement benefits as per the company policy approved by the board."



## FINANCIAL HIGHLIGHTS

	2024	2023	2022	2021	2020	2019
	<b>Rupees In Million</b>					
Authorized Capital	200.0000	200.0000	200.0000	200.0000	200.0000	200.0000
Paid-Up Capital	149.7375	149.7375	149.7375	149.7375	149.7375	149.7375
Shareholders' Equity	236.3416	240.6827	230.6069	230.1301	210.3695	200.9402
Total Assets	260.5153	262.8287	255.4305	248.8764	229.6785	219.6682
Short-Term Investment in Securities	245.1858	241.4905	226.5300	215.2467	192.0067	10.0710
Income From Investments	45.1355	32.8254	2.0061	4.6185	7.6435	(1.3490)
Management Fee	18.8082	13.2533	13.1830	8.8368	9.5667	12.0170
Advisory Fee	1.1111	1.1111	1.1111	1.1111	1.1111	-
Dividend Income	0.2484	0.4416	17.5517	9.5510	10.0074	10.9284
Other Income	1.3405	0.7176	1.1484	3.7407	2.8357	3.7430
Impairment Loss on Investment	(18.6037)	0.8503	-	-	-	-
Profit/(Loss) Before Taxation	10.9400	13.5368	3.8205	5.1396	5.4481	(39.9570)
Taxation	5.2811	3.4610	3.0283	1.8708	1.5122	3.2500
Profit/(Loss) After Taxation	5.6588	10.0758	0.7923	3.2688	3.9359	(43.2070)
Book Value Per Share	15.7837	16.0736	15.4007	15.3689	14.0492	13.4195
Earnings Per Share	0.38	0.67	0.05	0.22	0.26	(2.89)



## **CHAIRMAN'S REPORT**

The past year at 786 Investments Limited has been a period of strategic realignment and forward momentum. The Board of Directors has demonstrated exceptional professionalism, profound expertise, and a strong commitment to guiding the company through its transformation journey. I extend my deepest gratitude to the Board for their steadfast dedication and invaluable contributions during this pivotal phase.

We are actively refining our strategy to ensure sustainable growth and resilience in a challenging economic environment. This involves a thorough evaluation of the current market landscape, alongside a critical assessment of our financial and operational frameworks. The financial challenges of the previous year have underscored the need for decisive changes, prompting us to recalibrate our approach for long-term success.

A key milestone in our strategic roadmap is the launch of the 786 Islamic Money Market Fund. With approval from the Securities and Exchange Commission of Pakistan (SECP) and in the process of securing a tax exemption from the Federal Board of Revenue (FBR), we are also progressing towards listing this fund on the Pakistan Stock Exchange (PSX). These initiatives are part of our broader commitment to offering innovative financial solutions that align with our clients' values and investment goals.

In parallel, we have initiated a cost-optimization strategy aimed at driving operational efficiency and fostering a culture of sustainable growth. Our primary focus for the coming year is to significantly expand our Assets Under Management (AUM). By strategically leveraging our resources, we are confident in our ability to achieve this objective and enhance our profitability while continuing to provide value to our clients.

We are deeply appreciative of the support and cooperation extended by the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange Limited. Their partnership has been instrumental in our journey. We also extend our heartfelt thanks to all stakeholders, including our clients, employees, and partners, whose unwavering trust and collaboration have been the foundation of our success.

As we look ahead, we remain committed to building a stronger, more resilient 786 Investments Limited, focused on delivering exceptional value and fostering financial growth for our clients and stakeholders.

---

**Ahmed Salman Munir**  
Chairperson

**September 18, 2024**  
**Karachi.**



## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of 786 Investments Limited. ("786" or the "Company") is pleased to present the annual report and the audited financial statements of the Company for the year ended June 30, 2024.

### **Principle Business:**

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

### **Company Performance Review:**

	<b>June 30, 2024</b>	June 30, 2023
	----- Rupees -----	
Management Fees	<b>18,808,201</b>	13,253,285
Advisory fee	<b>1,111,111</b>	1,111,112
Other Operating Income	<b>1,340,547</b>	717,646
Operating Profit	<b>11,021,406</b>	13,091,424
Other operating charges	<b>(1,421,995)</b>	(272,242)
Administration and Operating Expenses	<b>(31,815,524)</b>	(29,050,217)
Financial Charges	<b>(3,862,506)</b>	(4,639,453)
Total Expenses	<b>(35,678,030)</b>	(33,689,670)
Net realized gain on sale of investments	<b>42,922,832</b>	30,830,888
Profit Before Taxation	<b>9,911,339</b>	12,989,960
Profit After Taxation	<b>5,658,848</b>	10,075,813

The Company recorded a Profit of PKR 5.658 million during the period ended June 30, 2024, as compared to a profit of PKR 10.075 million FY23. The Company Income, which comprised of Management Fees increased by PKR 5.554 million representing a 41.91% increase in Management Fees. The administrative and operating expenses increased by PKR 2.765million representing a 9.51% increase in administrative and operating expenses. Other income also contributed to sustain the profits. Further Dividend Income from the fund was PKR 0.248 million as compared to the Dividend Income of PKR 0.441 million FY23.

The earnings per share (EPS) of the Company for the period ended June 30, 2024, was PKR 0.38 as compared to PKR 0.67 per share as of June 30, 2023.

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

The Company focused is to grow Assets Under Management (AUMs). The Company is maintaining one fund which categorized into Islamic Income Fund called 786 Smart Fund during the year (AUMs) increased up to PKR 879 Million, However as of June 2024 (AUMs) decreased to PKR 721.07 Million as of the year ended June 30, 2023 due the redemption and dividend payout.



### **Future Plans:**

In light of financial pressures faced last year, the company is revisiting its strategy and analyzing both the economic situation and available resources. Plans are in motion to significantly modify the company's financial and operational aspects.

To facilitate this, a key milestone in our strategic roadmap is the launch of the 786 Islamic Money Market Fund. With SECP approval secured and a tax exemption pending from the FBR, we are also moving towards listing the fund on the Pakistan Stock Exchange (PSX). Simultaneously, we are developing a strategy to effectively reduce costs. The primary objective for the upcoming year is to grow Assets Under Management (AUM).

### **Economic Review:**

Global growth in 2024 is projected at 3.2%, per the IMF's World Economic Outlook, with a slight rise to 3.3% in 2025. However, persistent services inflation is complicating monetary policy, leading to risks of prolonged higher interest rates amid escalating trade tensions and policy uncertainty. Policymakers must carefully sequence actions to stabilize prices and rebuild financial buffers.

Fitch Ratings has revised global growth upwards due to recovery in Europe, a revival in China's export sector, and strong demand in emerging markets (EM ex-China). The US economy is expected to grow 2.1% in 2024, with central banks, including the ECB, Fed, and BOE, expected to ease monetary policy in Q3 2024. However, inflation is expected to decline slowly over the next 12-18 months.

The World Bank predicts global growth to stabilize at 2.6% in 2024, rising modestly to 2.7% in 2025 and 2026. Global inflation will moderate more slowly than expected, averaging 3.5% in 2024 and 2.9% in 2025, keeping central banks cautious about easing. Global recovery remains modest, constrained by high inflation and geopolitical tensions.

The outgoing fiscal year saw a moderate economic recovery driven by prudent government policies that restored market confidence. GDP growth accelerated to 2.4% in FY2024, with agriculture growing by 6.3%, while industry and services each expanded by 1.2%.

The improved economic environment led to a 79.5% surge in the Pakistan Stock Exchange (PSX) since July 2023, with the KSE 100 index reaching 78,810 points by June 21, 2024. Discussions have also begun with the IMF for a new three-year program aimed at supporting the external sector and boosting investment flows.

Foreign exchange reserves increased to \$13.1 billion by June 26, 2024, with SBP reserves at \$7.9 billion and commercial bank reserves at \$5.2 billion. Additionally, the Monetary Policy Committee (MPC) reduced the policy rate by 150 basis points to 20.5% on June 10, 2024, responding to moderate GDP growth and declining inflation.

From July-May 2023-2024, remittances grew by 7.7% to \$27.1 billion, exports increased by 11.3% to \$28.7 billion, and imports contracted by 2.3% to \$48.4 billion. The current account deficit narrowed to \$0.5 billion, significantly down from \$3.9 billion last year, driven by an improved trade balance and remittances.

### **Money Market Review:**

In its June 10, 2024 meeting, the Monetary Policy Committee (MPC) decided to reduce the policy rate by 150 basis points, bringing it down to 20.5%. This decision was driven by moderate GDP growth in FY2024 and declining inflationary pressures, aimed at bolstering positive business sentiment and fostering economic activity.



Despite this adjustment, headline inflation in Pakistan increased to 12.6% year-on-year in June 2024, according to the Pakistan Bureau of Statistics (PBS). This marks a slight rise from the 11.8% inflation rate recorded in May 2024. On a month-on-month basis, inflation also saw a modest increase of 0.5%.

### **Stock Market Review:**

During FY2024, the money supply (M2) saw a significant increase of 15.5%, compared to 14.2% in the previous year. This growth was primarily driven by a rise in the banking sector's net foreign assets, which increased by Rs 540.6 billion- a stark contrast to the decline experienced in the previous year. Additionally, Net Domestic Assets expanded by Rs 4,337.2 billion, although this was a smaller increase than in the prior year.

Private sector borrowing also surged, rising to Rs 368.4 billion in FY2024 from Rs 208.3 billion in the previous year, reflecting stronger demand for credit. The upward momentum of the Pakistan Stock Exchange (PSX), which began in September 2023, continued through June 2024. The KSE-100 index gained 2,566 points in June, closing at 78,445 by the end of the fiscal year. Moreover, the market capitalization of the PSX increased by Rs 205 billion, settling at Rs 10,375 billion.

### **Asset Management Industry Overview**

AUMs of 786 Smart Fund have shown substantial growth over the past year. As of June 2023, AUMs were PKR 721 million, and by June 2024, they increased to PKR 879 million. This represents an increase of PKR 158 million.

The fund's return for the year ending June 2024 is reported as 23.17%. In comparison, the fund had a return of 10.10% for the same period in the previous year. The increase in the fund's return is a positive sign and likely contributed to the growth in AUMs.

To continue growing AUMs and investor trust, we should maintain a transparent communication strategy with investors, explaining the factors influencing income distribution and fund performance. Additionally, consider reviewing the fund's investment strategy to ensure it aligns with investor expectations and market conditions.

Overall, the increase in AUMs and improved fund returns are positive indicators for your company's growth and performance.

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

In 2024, 786 Investments Ltd proudly supported Dawood Global Foundation's mission by distributing 1,446 wheelchairs as part of our Corporate Social Responsibility (CSR) initiative. Our goal was to empower individuals with disabilities and promote accessibility across Pakistan.

Our team worked diligently to provide crucial assistance to communities in need, reaching cities such as Multan, Bahawalpur, Rahim Yar Khan, Kohat, Lakki Marwat, Karak, Jamshoro, Hyderabad, Sanghar, Khairpur, Sukkur, Ghotki, Badin, Dera Bugti, and Jhal Magsi. Through our active involvement in the LADIESFUND #LFWHEEL initiative, we made a meaningful difference in the lives of those affected by poverty and disability.

This initiative reflects our long-term commitment to fostering a more inclusive, accessible, and sustainable future for Pakistan. We extend our sincere gratitude to our dedicated team and partners, whose unwavering support was essential in achieving these significant milestones.

As we continue our journey, 786 Investments Ltd remains devoted to serving our clients, shareholders, employees, and the broader community, striving to build a more inclusive and equitable Pakistan for all.



### **Principle Risk & Uncertainties**

The company currently manages the "786 Smart Fund," an Islamic Income Fund primarily invested in Sukuk. Sukuk investments offer attractive returns due to the rise in KIBOR by the Monetary Policy Committee (MPC). In the near future, we are evaluating the allocation of an A+ rated Sukuk, aiming to yield substantial returns.

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

### **Board Evaluation**

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

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

The Directors are pleased to state as follows:

- The financial statements, prepared by the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance except as disclosed in the statement of compliance annexed with these financial statements.
- There has been no trading during the year in the units of the Fund carried out by the Directors, Chief Executive Officer, Company Secretary and their spouses and their minor children except as disclosed in the relevant notes to the financial statement.
- There is no statutory payment on account of taxes, duties, levies and charges outstanding.

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



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

- a) Male: 6
- b) Female: 1

The Composition of board is as follows:

Category	Names	Designation
Independent Directors	Mr. Ahmed Salman Munir Syed Shabahat Hussain Mr. Ahmer Zia Sarwar	Chairperson Director Director
Executive Director	Ms. Tara Uzra Dawood	Chief Executive Officer
Non-Executive Directors	Syed Musharaf Ali Mr. Naveed Ahmed Mr. Iqbal Shafiq	Director Director Director
Female Directors	Ms. Tara Uzra Dawood	Chief Executive Officer

#### Board of Directors Meetings

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

Names	No of Meetings held	No of Meetings attended	Leave granted
Ms. Tara Uzra Dawood	4	4	-
Mr. Iqbal Shafiq	4	4	-
Syed Musharaf Ali	4	4	-
Syed Shabahat Hussain	4	4	-
Mr. Ahmed Salman Munir	4	4	-
Mr. Naveed Ahmed	4	4	-
Mr. Ahmer Zia Sarwar	4	3	1

#### Audit Committee Meeting

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

Names	No of Meetings held	No of Meetings attended	Leave granted
Syed Shabahat Hussain	4	4	-
Syed Musharaf Ali	4	4	-
Mr. Naveed Ahmed	4	4	-



### **Directors Remuneration**

The remuneration of the Non-Executive Directors, Independent Directors and Chief Executive Officer for attending Board and its Committees meetings is determined by the Company in the General Meeting. The remuneration of the Directors is determined on the basis of prevailing industry trends and business practices. The details of remuneration paid to the Chief Executive Officer and Directors are available in note 32 to the financial statements.

### **Auditors' Appointment**

The "Auditors M/s Riaz Ahmed & Co. Chartered Accountants have consented to act as auditor of the fund. The Board Audit Committee have recommended their re-appointment as for the year ending June 30, 2025 for 786 Investments Limited and the Board have endorsed the communication".

### **Auditors' Report**

The Auditors have given their unmodified opinion on the financial statements of the Company for the year ended June 30, 2024.

### **Statement of Ethics and Business Practices**

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

### **Dividend**

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

### **Credit Rating**

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

### **Trading in shares of the Company**

During the year 2023-24, the following transactions were recorded:

S.No.	Name of Person	Transaction Date	Nature	No. of Shares	Rate	Form of Share Certificate	Market
1	Tara Uzra Dawood	06/09/2023	Buy	88,500	5.258	CDC	Ready
2	Tara Uzra Dawood	07/09/2023	Buy	287,500	5.23	CDC	Ready



### **Transaction with Connected Persons/Related Parties**

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

### **Pattern of Share Holding as on June 30, 2024**

The pattern of shareholding holding as on June 30, 2024 is annexed to these financial statements.

### **Key Financial Highlights**

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

### **Staff Retirement Benefits**

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

### **Events after the Balance Sheet Date**

There was no subsequent event after the Balance sheet date.

### **Acknowledgement**

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

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Ahmed Salman Munir  
Chairperson  
September 18, 2024  
Karachi.

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Director



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

**30 جون 2024 کو شیئر ہولڈنگ کا نمونہ**  
30 جون 2024 کو شیئر ہولڈنگ کا نمونہ ان مالی گوشواروں سے منسلک کیا گیا ہے۔

**اہم مالیاتی جھلکیاں**  
کلیدی مالیاتی جھلکیوں کا خلاصہ ان مالیاتی گوشواروں کے ساتھ منسلک کیا گیا ہے۔

**اسٹاف کوریٹرمینٹ کے فوائد**  
786 تمام مستقل ملازمین کے لئے ایک پراویڈنٹ فنڈ اسکیم چلا رہی ہے جس کی تفصیلات ان مالیاتی گوشواروں میں شامل ہے۔

**بعد از نیٹس شیٹ واقعات**  
نیٹس شیٹ کی تاریخ کے بعد کوئی واقعہ نہیں ہوا۔

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

ڈائریکٹر

احمد سلمان مینز  
چیئر پرسن

18 ستمبر 2024ء  
کراچی

### آڈٹ کمیٹی کا اجلاس

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

نام	منعقدہ اجلاسوں کی تعداد	تعداد حاضری اجلاس	تعطیل
سید شہباز حسین	4	4	-
سید شرف علی	4	4	-
جناب نوید احمد	4	4	-

### ڈائریکٹرز کا مشاہرہ

بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لئے نان ایگزیکٹو ڈائریکٹرز، آزاد ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کے مشاہرہ کا تعین کمیٹی اجلاس عام میں کرتی ہے۔ ڈائریکٹرز کا مشاہرہ موجودہ انڈسٹری رجحانات اور کاروباری پریکٹسز کی بنیاد پر مہینہ کیا جاتا ہے۔ چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ کی تفصیلات مالی حسابات کے نوٹ 32 میں دستیاب ہیں۔

### محاسب کا تقرر

"آڈیٹرز میسرز ریاض احمد اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے فنڈ کے آڈیٹ کے طور پر کام کرنے پر رضامندی ظاہر کی ہے۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2025 کو ختم ہونے والے سال کے لیے 1786 انوسٹمنٹ لمیٹڈ کے لیے ان کی تقرری کی سفارش اور بورڈ نے اس کی توثیق کی ہے۔"

### آڈیٹرز کی رپورٹ

آڈیٹرز نے 30 جون 2024 کو ختم ہونے والے سال کے لئے کمپنی کے مالی گوشواروں پر اپنی غیر نظر ثانی شدہ رائے دی ہے۔

### اخلاقیات اور کاروباری طریقوں کا بیان

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

### ڈیویڈنڈ

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

### کریڈٹ ریٹنگ

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

### کمپنی کے حصص میں تجارت

سال 2023-24 کے دوران، درج ذیل تجارت کی گئی:-

شخص کا نام	لین دین کی تاریخ	نوعیت	شئیرز کی تعداد	ریٹ	شئیر سرٹیفکیٹ کی شکل	مارکیٹ
محترم متاخر اعداد واد	06/09/2024	خریدے	88,500	5.258	CDC	ریڈی
محترم متاخر اعداد واد	07/09/2023	خریدے	287,500	5.23	CDC	ریڈی



کمپنی نے درج ذیل انداز میں لسٹنگ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور ریگولیشن کے تقاضوں کی تعمیل کی ہے۔

ڈائریکٹرز کی کل تعداد سات (7) درج ذیل کے مطابق ہے:

- (a) - مرد 6  
(b) - خاتون 1

بورڈ کی ترتیب درج ذیل ہے:

کمپنی	نام	عہدہ
آزاد ڈائریکٹر	جناب احمد سلمان منیر سید شہت حسین جناب احمد ضیاء سرور	چیئر پرسن ڈائریکٹر ڈائریکٹر
ایگزیکٹو ڈائریکٹر	محترمہ متار اعزاز داؤد	چیف ایگزیکٹو آفیسر
نان ایگزیکٹو ڈائریکٹر	سید مشرف علی جناب نوید احمد جناب اقبال شفیق	ڈائریکٹر ڈائریکٹر ڈائریکٹر
خاتون ڈائریکٹر	محترمہ متار اعزاز داؤد	چیف ایگزیکٹو آفیسر

بورڈ آف ڈائریکٹرز کے اجلاس

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

نام	منعقدہ اجلاس کی تعداد	اجلاسوں میں شرکت کی تعداد	تغییل
محترمہ متار اعزاز داؤد	4	4	-
جناب اقبال شفیق	4	4	-
سید مشرف علی	4	4	-
سید شہت حسین	4	4	-
جناب احمد سلمان منیر	4	4	-
جناب نوید احمد	4	4	-
جناب احمد ضیاء سرور	4	3	1

یہ پاکستان کے لیے ایک زیادہ جامع، قابل رسائی، اور ذمہ دار مستقبل بنانے کے لیے ہمارے طویل مدتی عزم کی نمائندگی کرتا ہے۔ ہم اپنی سرشار ٹیم اور شراکت داروں کا تہہ دل سے شکریہ ادا کرتے ہیں جن کی غیر متزلزل حمایت نے ہمیں یہ سنگ میل حاصل کرنے میں مدد کی ہے۔

ہم اپنے سفر کو جاری رکھتے ہوئے 786 انویسٹمنٹ لمیٹڈ اپنے صارفین، شیئرز، ہولڈرز، ملازمین اور وسیع تر کمیونٹی کی خدمت کے لیے وقف ہے اور سب کے لیے زیادہ جامع اور مساوی پاکستان کی تعمیر کے لیے کوشاں ہے۔

### اصل خطرہ اور غیر یقینی صورتحال

کمپنی فی الحال "786 سمارٹ فنڈ"، ایک اسلامی انکم فنڈ کا انتظام کرتی ہے جو بنیادی طور پر سکوک میں سرمایہ کاری کرتا ہے۔ مانیٹری پالیسی کمیٹی (MPC) کی طرف سے KIBOR میں اضافے کی وجہ سے سکوک کی سرمایہ کاری کے پُرکشش منافع کی پیش کش کرتی ہے۔ مستقبل قریب میں، ہم ایک A+ ریٹڈ سکوک کی ایلوکیشن کا جائزہ لے رہے ہیں، جس کا مقصد خاطر خواہ منافع حاصل کرنا ہے۔

کمپنی کی رسک مینجمنٹ پالیسیاں اور طریقہ کار اس بات کو یقینی بناتے ہیں کہ خطرات کی مؤثر طریقے سے شناخت، تشخیص، نگرانی اور انتظام کیا جائے۔ رسک مینجمنٹ ایک متحرک فنکشن اور انتظامیہ کو کمائی کے تغیر کو کم کرنے کے لیے اپنے اندرونی خطرہ کے طریقہ کار اور پریکٹسز کی مسلسل نگرانی کرنی چاہیے۔

### بورڈ کی تفصیل

لےڈ کمپنیز (کارپوریٹ گورننس کا ضابطہ) ریگولیشن، 2019 کے تحت تمام بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تفصیل ضروری ہوتی ہے۔ اس سلسلے میں، کمپنی کے بورڈ آف ڈائریکٹرز اور بورڈ کمیٹی کی کارکردگی کا جائزہ لینے کے لئے کمپنی میں اویلیو ایشن سروے کی ایک وسیع رینج منعقد کی گئی تھی۔ بورڈ کے تمام ارکان کے تاثرات اسٹریٹجک وضاحت اور عقائد، کاروباری منصوبہ کی سمت اور اس کے کردار کی فعال کفایت کے شعبوں پر تلی بخش تھے۔

### کارپوریٹ گورننس اور مالیاتی رپورٹنگ کا دائرہ کار

ڈائریکٹرز، جنوشی بیان کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بیروی کی گئی ہے اور کسی انحراف کا واضح انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے سوائے جن کا مالی گوشواروں کے ساتھ منسلک تقابلی بیان میں انکشاف کیا گیا۔
- فنڈ کے یونٹ میں کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، کمپنی سیکرٹری اور ان کے زوج اور ان کے نابالغ بچوں کی طرف سے سال کے دوران کوئی تجارت نہیں کی گئی سوائے جن کا مالی گوشواروں سے متعلقہ نوٹس میں انکشاف کیا گیا۔
- شیئرز، ڈیولپرز، لیویز اور بقایا جارجز کی مد میں کوئی قانونی ادائیگی نہیں ہے۔

### مٹی مارکیٹ کا جائزہ:

مانیٹری پالیسی کمیٹی (ایم پی سی) نے 10 جون 2024 کو اپنے اجلاس میں پالیسی ریٹ میں 150 پیسے پوائنٹس کی کمی کا فیصلہ کیا جس کے بعد یہ 20.5 فیصد پر آگئی۔ یہ فیصلہ مالی سال 2024 میں معتدل جی ڈی پی نمو اور افراط زر کے دباؤ میں کمی کی وجہ سے کیا گیا، جس کا مقصد مثبت کاروباری جذبات کو فروغ دینا اور معاشی سرگرمیوں کو فروغ دینا تھا۔

ادارہ برائے شماریات پاکستان (پی بی ایس) کے اعداد و شمار کے مطابق اس ایڈجسٹمنٹ کے باوجود جون 2024 میں پاکستان میں مہنگائی کی شرح سال بہ سال بڑھ کر 12.6 فیصد ہوگئی۔ یہ مٹی 2024 میں ریکارڈ 11.8 فیصد افراط زر کی شرح سے معمولی زیادہ ہے۔ ماہانہ بنیادوں پر افراط زر میں بھی 0.5 فیصد کا معمولی اضافہ دیکھا گیا۔

### اسٹاک مارکیٹ کا جائزہ:

مالی سال 2024 کے دوران مٹی سپلائی (ایم 2) میں 15.5 فیصد کا نمایاں اضافہ دیکھا گیا جو گزشتہ سال 14.2 فیصد تھا۔ یہ نمو بنیادی طور پر بینکنگ سیکٹر کے خالص غیر ملکی اثاثوں میں اضافے کی وجہ سے ہوئی، جس میں 540.6 ملین روپے کا اضافہ ہوا، جو گزشتہ سال کے مقابلے میں کمی کے بالکل برعکس ہے۔ مزید برآں خالص ملکی اثاثوں میں 4,337.2 ملین روپے کا اضافہ ہوا، حالانکہ یہ گزشتہ سال کے مقابلے میں کم اضافہ تھا۔

مالی سال 2024 میں نجی شعبے کے قرضوں میں بھی اضافہ ہوا جو گزشتہ سال کے 208.3 بلین روپے سے بڑھ کر 368.4 بلین روپے ہو گیا، جو کریڈٹ کے لئے مستحکم طلب کی عکاسی کر رہا ہے۔ پاکستان اسٹاک ایکسچینج (پی ایس ایکس) میں تیزی کا رجحان جو ستمبر 2023 میں شروع ہوا تھا جون 2024 تک جاری رہا۔ جون میں KSE-100 انڈیکس 2,566 پوائنٹس کے اضافے سے مالی سال کے اختتام پر 78,445 پوائنٹس پر بند ہوا۔ مزید برآں پی ایس ایکس کی مارکیٹ کپٹلائزیشن 205 بلین روپے اضافے سے 10,375 بلین روپے پر بند ہوئی۔

### امایٹ پیمنٹ صنعت کا جائزہ

786 سارٹ فنڈ کے AUMs نے پچھلے سال سے خاطر خواہ نمو ظاہر کی ہے۔ جون 2023 کو AUMs 721 بلین روپے تھے، اور جون 2024 تک، وہ بڑھ کر 879 بلین روپے ہو گئے۔ یہ 158 بلین روپے کے اضافے کی نمائندگی کرتے ہیں۔

جون 2024 کو ختم ہونے والے سال کے لیے فنڈ کا منافع 23.17% درج کیا گیا ہے۔ اس کے مقابلے میں، پچھلے سال کی اسی مدت کے لیے فنڈ کا منافع 10.10% تھا۔ فنڈ کے منافع میں اضافہ ایک مثبت علامت ہے اور مکمل طور پر AUMs کی نمو میں معاون ہے۔

AUMs کی نمو اور سرمایہ کاروں کے اعتماد کو جاری رکھنے کے لیے، ہمیں سرمایہ کاروں کے ساتھ رابطہ کی ایک شفاف حکمت عملی کو برقرار رکھنا چاہیے، جس میں آمدنی کی تقسیم اور فنڈ کی کارکردگی کو متاثر کرنے والے عوامل کی وضاحت کرنی چاہیے۔ مزید برآں، فنڈ کی سرمایہ کاری کی حکمت عملی کے جائزہ پر غور تاکہ یہ یقینی بنایا جاسکے کہ یہ سرمایہ کاروں کی توقعات اور مارکیٹ کے حالات کے مطابق ہے۔

مجموعی طور پر، AUMs میں اضافہ اور فنڈ کے بہتر منافع جات آپ کی کمپنی کی نمو اور کارکردگی کے لیے مثبت اشارے ہیں۔

### کارپوریٹ سماجی ذمہ داری اور ماحول پر اثرات

سال 2024 میں، 786 انوسٹمنٹس لمیٹڈ نے کارپوریٹ سماجی ذمہ داری (CSR) سے ہماری وابستگی کے تحت داؤد گلوبل فاؤنڈیشن کی 1,446 ویل چیئرز تقسیم کرنے کے مشن میں مدد فراہم کی ہے۔ ہمارا مقصد معذور افراد کو بااختیار اور پورے پاکستان کو قابل رسائی بنانے کے لئے واضح تھا۔

سال بھر، ہماری سرشار ٹیم نے ملتان، بہاولپور، رحیم یار خان، کوہاٹ، کلی مروت، کرک، جامشورو، حیدرآباد، ساکنگھڑ، خیبر پور، سکھر، گوگنی، بدین، ڈیرہ گلی اور جھل مگسی جیسے شہروں میں ضرورت مند کمیونٹی کو ضروری مدد فراہم کرنے کی انتھک محنت کی۔ ہم نے لیڈیز فنڈ #LFWHEEL اقدام، ضرورت مندوں کی زندگیوں پر باہمی اثر ڈالنے کے لیے اپنا تعاون بڑھانے میں فعال طور پر حصہ لیا۔

کمپنی کی توجہ زیر انتظام اثاثوں (AUMs) کو بڑھانا ہے۔ کمپنی ایک فنڈ کو برقرار رکھ رہی ہے جس کی درجہ بندی اسلاک انکم فنڈ میں کی گئی ہے جسے 786 اسارٹ فنڈ کہتے ہیں۔ فنڈ کے (AUMs) میں سال کے دوران 879 ملین روپے کا اضافہ دکھایا ہے۔ تاہم، ری ڈمپشن اور ڈیویڈنڈ کی ادائیگی کے باعث جون 2024 تک، (AUMs) کم ہو کر 721.07 بلین روپے ہو گئے۔

### مستقبل کے منصوبے:

گزشتہ سال درپیش مالی دباؤ کے تناظر میں، کمپنی اپنی حکمت عملی پر نظر ثانی اور دونوں اقتصادی صورتحال اور دستیاب وسائل کا تجزیہ کر رہی ہے۔ کمپنی کے مالیاتی اور آپریشنل پہلوؤں کو نمایاں طور پر تبدیل کرنے کی منصوبہ بندی کی جا رہی ہے۔

اس کی سہولت کے لیے، ہمارے اسٹریٹجک روڈ میپ میں ایک اہم سنگ میل 786 اسلاک منی مارکیٹ فنڈ کا آغاز ہے۔ ایس ای سی پی کی منظوری اور ایف بی آر کی جانب سے ٹیکس اسٹینڈیٹ کے بعد ہم اس فنڈ کو پاکستان اسٹاک ایکسچینج (پی ایس ایکس) میں درج کروا رہے ہیں۔ اس کے ساتھ ہی، ہم اخراجات کو مؤثر طریقے سے کم کرنے کے لئے ایک حکمت عملی تیار کر رہے ہیں۔ آئندہ سال کا بنیادی مقصد زیر انتظام اثاثوں (AUMs) کو بڑھانے پر توجہ مرکوز رکھنا ہے۔

### اقتصادی جائزہ:

آئی ایم ایف کے عالمی اقتصادی نقطہ نظر کے مطابق 2024 میں عالمی نمو کا تخمینہ 3.2 فیصد لگایا گیا ہے، جو 2025 میں معمولی اضافے کے ساتھ 3.3 فیصد ہونے کا امکان ہے۔ تاہم، مسلسل سروسز افراط زر مانیٹری پالیسی کو پیچیدہ بنا رہی ہے، جس کی وجہ سے بڑھتے ہوئے تجارتی تناؤ اور غیر یقینی پالیسی صورتحال کے درمیان طویل عرصے تک بلند شرح سود کے خطرات پیدا ہو رہے ہیں۔ پالیسی سازوں کو قیمتوں کو مستحکم کرنے اور مالیاتی بفرز کی از سر نو تعمیر کے اقدامات کو احتیاط سے ترتیب دینا چاہئے۔

نچ ٹینگلوں نے یورپ میں بحالی، چین کے برآمدی شعبے میں بحالی اور ابھرتی ہوئی مارکیٹوں (ای ایم ایکس جی اے) میں مضبوط طلب کی وجہ سے عالمی نمو پر نظر ثانی کی ہے۔ توقع ہے کہ 2024 میں امریکی معیشت میں 2.1 فیصد کی نمو ہوگی، مرکزی بینکوں بشمول ای سی بی، فیڈ اور بی او ای سے توقع ہے کہ وہ 2024 کی تیسری سہ ماہی میں مانیٹری پالیسی میں نرمی کریں گے۔ تاہم اگلے 12 سے 18 ماہ میں افراط زر میں بتدریج کمی متوقع ہے۔

عالمی بینک نے پیش گوئی کی ہے کہ 2024 میں عالمی شرح نمو 2.6 فیصد پر مستحکم رہے گی جو 2025 اور 2026 میں معمولی طور پر بڑھ کر 2.7 فیصد ہو جائے گی۔ عالمی افراط زر توقع سے کہیں زیادہ آہستہ آہستہ معتدل ہو جائے گی، 2024 میں اوسطاً 3.5 فیصد اور 2025 میں 2.9 فیصد، جس سے مرکزی بینکوں کو نرمی کے بارے میں محتاط رکھا جائے گا۔ عالمی بحالی معمولی رہی ہے، زیادہ افراط زر اور جغرافیائی سیاسی تناؤ کی وجہ سے محدود ہے۔

رواں مالی سال کے دوران حکومت کی دانشمندانہ پالیسیوں کی وجہ سے معتدل معاشی بحالی دیکھنے میں آئی جس سے مارکیٹ کا اعتماد بحال ہوا۔ مالی سال 2024 میں جی ڈی پی کی شرح نمو 2.4 فیصد تک بڑھ گئی، زراعت میں 6.3 فیصد جبکہ صنعت اور خدمات میں 1.2 فیصد اضافہ ہوا۔

بہتر معاشی ماحول کے باعث جولائی 2023 سے اب تک پاکستان اسٹاک ایکسچینج (پی ایس ایکس) میں 79.5 فیصد اضافہ ہوا، KSE-100 انڈیکس 21 جون 2024 تک 78,810 پوائنٹس تک پہنچ گیا۔ آئی ایم ایف کے ساتھ ایک نئے تین سالہ پروگرام کے لئے بھی مذاکرات شروع ہو گئے ہیں جس کا مقصد بیرونی شعبے کی مدد اور سرمایہ کاری کے بہاؤ کو بڑھانا ہے۔

26 جون 2024 تک زرمبادلہ کے ذخائر بڑھ کر 13.1 بلین ڈالر ہو گئے، اسٹیٹ بینک پاکستان کے ذخائر 7.9 بلین ڈالر اور کمرشل بینکوں کے ذخائر 5.2 بلین ڈالر رہے۔ مزید برآں مانیٹری پالیسی کمیٹی (ایم پی سی) نے 10 جون 2024 کو پالیسی ریٹ کو 150 بیسیس پوائنٹس کم کر کے 20.5 فیصد کر دیا۔

جولائی تا مئی 2023-2024 کے دوران ترسیلات زر 7.7 فیصد اضافے کے ساتھ 27.1 بلین ڈالر، برآمدات 11.3 فیصد اضافے سے 28.7 بلین ڈالر اور درآمدات 2.3 فیصد کم ہو کر 48.4 بلین ڈالر رہیں۔ تجارتی توازن اور ترسیلات زر میں بہتری کی وجہ سے کرنٹ اکاؤنٹ خسارہ کم ہو کر 0.5 بلین ڈالر رہ گیا جو گزشتہ سال کے 3.9 بلین ڈالر کے مقابلے میں نمایاں طور پر کم ہے۔



## میجمنٹ کمپنی کے ڈائریکٹرز کی رپورٹ

786 انویسٹمنٹ لمیٹڈ (786 یادگی کمپنی) کے بورڈ آف ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے سال کی سالانہ رپورٹ اور نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### اصل کاروبار

786 انویسٹمنٹ لمیٹڈ ایک پبلک لسٹڈ کمپنی جو پاکستان میں قائم ہے۔ کمپنی این بی ایف سی قواعد، 2003 کے تحت این بی ایف سی قواعد، 2003 اور این بی ایف سی ریگولیشن، 2008 کے تحت سرمایہ کاری مشاورتی خدمات اور ایسٹ میجمنٹ سروسز سرانجام دینے کا لائسنس حاصل کر رکھا ہے۔

### کمپنی کی کارکردگی کا جائزہ

30 جون 2023	30 جون 2024	
13,253,285	18,808,201	میجمنٹ فیس
1,111,112	1,111,111	ایڈوائزری فیس
717,646	1,340,547	دیگر آپریٹنگ آمدنی
13,091,424	11,021,406	آپریٹنگ منافع
(272,242)	(1,421,995)	دیگر آپریٹنگ چارجز
(29,050,217)	(31,815,524)	انتظامی اور آپریٹنگ اخراجات
(4,639,453)	(3,862,506)	مالیاتی چارجز
(33,689,670)	(35,678,030)	کل اخراجات
30,830,888	42,922,832	سرمایہ کاری کی فروخت پر نالص منافع حاصل ہوا۔
12,989,960	9,911,339	ٹیکس سے قبل (نقصان) / نفع
10,075,813	5,658,848	ٹیکس کے بعد (نقصان) / نفع

کمپنی نے 30 جون 2024 کو ختم ہونے والی مدت کے دوران 5.658 ملین روپے کا منافع جبکہ مالی سال 23 میں 10.075 ملین روپے کا منافع درج کر لیا تھا۔ کمپنی کی آمدنی جو بنیادی طور پر میجمنٹ فیس پر مشتمل ہے بڑھ کر 5.554 ملین روپے ہوئی جو میجمنٹ فیس میں 41.91 فیصد کا اضافہ ظاہر کر رہی ہے۔ انتظامی اور آپریٹنگ اخراجات بڑھ کر 2.765 ملین روپے ہوئے جو انتظامی اور آپریٹنگ اخراجات میں 9.51 فیصد کا اضافہ ظاہر کر رہے ہیں۔ اس کے علاوہ ڈیویڈنڈ انکم مالی سال 23 میں 0.441 ملین روپے کے مقابلے فنڈ سے 0.248 ملین روپے رہی ہے۔

30 جون 2024 کو ختم ہونے والی مدت کے لئے کمپنی کی فی شیئر آمدنی (ای پی ایس) 0.38 روپے فی شیئر تھی جو 30 جون 2023 کو 0.067 روپے فی شیئر تھی۔

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

**Riaz Ahmad & Company**  
Chartered Accountants

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**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of 786 Investments Limited**

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

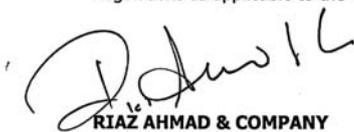
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of 786 Investments Limited (the Company) for the year ended 30 June 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended 30 June 2024.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**KARACHI**

**Date: 30 September 2024**

**UDIN: CR202410045yLtrWQZIB**





**SATATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF  
CORPORATE GOVERNANANCE) REGULATIONS, 2019  
FOR THE YEAR ENDED JUNE 30, 2024**

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

1. The total number of directors are seven (7) as per the following:
  - a) Male: 6
  - b) Female: 1
2. The Composition of board is as follows:

<b>Category</b>	<b>Names</b>	<b>Designation</b>
Independent Directors	Mr. Ahmed Salman Munir Syed Shabahat Hussain Mr. Ahmer Zia Sarwar	Chairperson Director Director
Executive Director	Ms. Tara Uzra Dawood	Chief Executive Officer
Non-Executive Directors	Syed Musharaf Ali Mr. Naveed Ahmed Mr. Iqbal Shafiq	Director Director Director
Female Directors	Ms. Tara Uzra Dawood	Chief Executive Officer

3. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
4. The Management Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a Vision/Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirement of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.



8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. The directors of the Company are experienced and seasoned corporate professionals and are well-conversant with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. The Chief Executive Officer as a Director in the Board is exempted from the Directors Training Program in accordance with the criteria specified in Clause (xi) of the Code, The remaining directors will acquire the required director's training certification subsequent to renewal of business license.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed following committees comprising of members given below:

Category	Names	Committees	Designation
Independent Directors Non-Executive Director Non-Executive Director	Syed Shabhat Hussain Syed Musharaf Ali Mr. Naveed Ahmed	Audit Committee	Chairman Audit Committee Member Member
Independent Directors Executive Director Non-Executive Director	Mr. Ahmed Salman Munir Ms. Tara Uzra Dawood Mr. Naveed Ahmed	Human Resource & Remuneration Committee	Chairperson HR&RC Member Member

13. The terms of reference of the aforesaid committees have committee have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
  - a) Audit Committee : 04 meeting were held during the FY 2023-2024
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered



with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied.
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation No.
1	<p><b>Responsibilities of the Board and its members</b></p> <p>The Board is responsible for adoption of corporate governance practices by the Company.</p>	Non-mandatory provisions of the Regulations are partially complied. The Company is deliberating on full compliance with all the provisions of the Regulations.	10(1) and 10(3)
2	<p><b>Significant policies</b></p> <p>The Board is required to approve anti-harassment policy to safeguard the rights and well-being of employees.</p>	During the year, Securities and Exchange Commission of Pakistan (SECP) amended regulation 10 of the Regulations on 12 June 2024. Currently, the management is assessing this amendment and compliance thereof, as applicable, will be performed in due course of time.	10(4)(xvi)
3	<p><b>Role of the Board and its members to address Sustainability Risks and Opportunities</b></p> <p>The board is responsible for governance and oversight of sustainability risks and opportunities within the Company by setting the Company's sustainability strategies, priorities and targets to create long term corporate value.</p>	During the year, Securities and Exchange Commission of Pakistan (SECP) amended regulation 10 of the Regulations on 12 June 2024. Currently, the management is assessing this amendment and compliance thereof, as applicable, will be performed in due course of time.	10A
4	<p><b>Formal Policy</b></p> <p>The Board shall have in place a formal policy and transparent procedure for attending meetings of the Board and its committees.</p>	Currently, a formal policy is being prepared and will be finalized by the next year.	16



Sr. No.	Requirement	Explanation of Non-Compliance	Regulation No.
5	<p><b>Directors' Orientation Program</b></p> <p>All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.</p>	<p>All the directors are already highly qualified and experienced.</p>	18
6	<p><b>Directors' Training:</b></p> <p>(1) It is encouraged that:</p> <p>(a) by June 30, 2020 at least half of the directors on their Boards;</p> <p>(b) by June 30, 2021 at least 75% of the directors on their boards;</p> <p>(c) by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by the institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.</p>	<p>Ms. Tara Uzra Dawood, CEO &amp; Director, has already completed the Director Training Program. Additionally, three directors-Syed Shabhat Hussain, Mr. Salman Munir, and Iqbal Shafique-have been exempted and have applied for grandfathering certificates. The remaining directors will obtain their training certifications from an SECP-approved institute by September 30, 2025.</p>	19(1)
7	<p><b>Directors' Training:</b></p> <p>Companies are also encouraged to arrange training for at least one head of department every year under the Directors' Training Program from July 2022.</p>	<p>The Company has planned to arrange Directors' Training Program certification for head of department in the next few years.</p>	19(3)(ii)



Sr. No.	Requirement	Explanation of Non-Compliance	Regulation No.
8	<p><b>Qualification of Company Secretary:</b></p> <p>No person shall be appointed as the company secretary unless he holds the qualification as specified under the relevant Regulations by the Commission:</p> <p>Provided, the same person shall not simultaneously hold the office of Chief Financial Officer and the Company Secretary of a listed company.</p>	<p>The same individual holds the positions of Chief Financial Officer and Company Secretary at a listed company, primarily due to the company's status as a small Asset Management Company (AMC) managing only one mutual fund.</p> <p>The individual in question possesses the relevant knowledge, skills, and qualifications as specified under the applicable regulations set forth by the Commission.</p>	24
9	<p><b>Nomination Committee</b></p> <p>The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.</p>	<p>Currently, the board has not constituted a separate Nomination Committee, and the functions are being performed by the Human Resource and Remuneration Committee.</p>	29
10	<p><b>Risk Management Committee</b></p> <p>The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the board.</p>	<p>Currently, the board has not established a Risk Management Committee. The company's Head of the Risk Department performs the necessary functions and keeps the board informed. Since the company is not engaged in equity trading and manages only one income fund, this structure is deemed sufficient.</p>	30(1)
11	<p><b>Disclosure of significant policies on website</b></p> <p>The company may post key elements of its significant policies, brief synopsis of terms of reference of the board's committees on its website and key elements of the director's remuneration policy.</p>	<p>Yes, the company will post key elements of its significant policies on its website in near future.</p>	35

**Ahmed Salman Munir**  
Chairperson

**September 18, 2024**  
**Karachi.**

**INDEPENDENT AUDITOR'S REPORT**

**To the members of 786 Investments Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of 786 Investments Limited ("the Company"), which comprise the statement of financial position as at 30 June 2024 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 material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give true and fair view of the state of Company's affairs as at 30 June 2024 and of the profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matter**

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

**Riaz Ahmad & Company**  
Chartered Accountants

Following is the Key audit matter:

Sr. No.	Key audit matter	How the matter was addressed in our audit
1.	<p><b>Investments:</b></p> <p>Refer to Notes 2.10 and 9 of the financial statements.</p> <p>As of 30 June 2024, the Company's investment portfolio includes equity and debt instruments carried at 'fair value through profit or loss', with an aggregate fair value of Rupees 245.186 million.</p> <p>These investments represent approximately 93% of the Company's total assets.</p> <p>Due to the significance of these investments to the financial statements and the inherent complexity in determining their fair value at year-end, we have identified this matter to be communicated as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Reviewing the Company's accounting policies and procedures related to the valuation of equity and debt instruments to ensure these are appropriate and consistently applied.</li> <li>• Assessing the design and operating effectiveness of the controls established over valuation process by the Company.</li> <li>• Analyzing the Fund's statement and Investor Portfolio Securities (IPS) to confirm the existence of the investment portfolio as of 30 June 2024 and reconciling these with the Company's accounting records.</li> <li>• Comparing and recalculating the fair value of the investments by referencing externally quoted market prices (MUFAP), and credit ratings to ensure the accuracy of the carrying amounts.</li> <li>• Assessing the appropriateness and adequacy of the disclosures as required by approved accounting and reporting standards.</li> </ul>

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

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

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

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

## Riaz Ahmad & Company

Chartered Accountants

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and access the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive of those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of 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.

3

## Riaz Ahmad & Company

Chartered Accountants

- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and, based in 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 going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the

## Riaz Ahmad & Company

Chartered Accountants

notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

### Other Matter

The financial statements of the Company for the year ended 30 June 2023 were audited by another firm of chartered accountants who had expressed an unmodified opinion vide their report dated 27 September 2023.

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**KARACHI**

**DATE: 26 SEPTEMBER 2024**  
**UDIN: AR202410045x1I2FLqH5**



**STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2024**

ASSETS	Notes	2024 Rupees	2023 Rupees Restated	2022 Rupees Restated
<b>NON-CURRENT ASSETS</b>				
Property and equipment	4	639,190	982,460	877,914
Right-of-use asset	5	1,334,605	2,405,045	3,559,466
Intangible asset	6	554,040	692,550	831,060
Long-term security deposits and receivable	7	586,325	36,300	36,300
		<b>3,114,160</b>	4,116,355	5,304,740
<b>CURRENT ASSETS</b>				
Trade receivables	8	10,014,665	9,687,594	9,328,276
Investments	9	245,185,756	241,490,472	226,530,045
Loans and advances	10	280,000	-	300,000
Prepayments	11	630,505	558,817	592,190
Accrued markup	12	801,042	713,624	902,734
Advance income tax and prepaid levy - net	13	-	4,773,289	7,406,613
Bank balances	14	489,215	1,488,537	5,065,871
		<b>257,401,183</b>	258,712,333	250,125,729
<b>TOTAL ASSETS</b>		<b>260,515,343</b>	262,828,688	255,430,469
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
<b>Authorized share capital</b>				
20,000,000 (2023: 20,000,000) Ordinary shares of Rupees 10 each		<b>200,000,000</b>	200,000,000	200,000,000
<b>Issued, subscribed and paid-up share capital</b>				
Ordinary shares 14,973,750 (30 June 2023: 14,973,750) of Rupees 10 each	15	149,737,500	149,737,500	149,737,500
<b>Capital Reserves</b>				
General reserves		33,630,264	33,630,264	33,630,264
Subordinated loan from director	16	12,000,000	22,000,000	22,000,000
<b>Revenue Reserve</b>				
Unappropriated profit		40,973,802	35,314,954	25,239,141
<b>TOTAL EQUITY</b>		<b>236,341,566</b>	240,682,718	230,606,905
<b>LIABILITIES</b>				
<b>NON CURRENT LIABILITIES</b>				
Deferred taxation	17	-	-	-
Lease liability	18	-	1,367,084	2,739,769
<b>CURRENT LIABILITIES</b>				
Accrued and other liabilities	19	22,979,182	18,532,318	19,949,889
Current portion of lease liability	18	-	1,247,826	1,135,164
Provision for taxation and levy payable- net	13	195,853	-	-
Unclaimed dividend	20	998,742	998,742	998,742
		<b>24,173,777</b>	20,778,886	22,083,795
<b>TOTAL LIABILITIES</b>		<b>24,173,777</b>	22,145,970	24,823,564
<b>CONTINGENCIES AND COMMITMENTS</b>				
<b>TOTAL EQUITIES AND LIABILITIES</b>	21	<b>260,515,343</b>	262,828,688	255,430,469

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

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

\_\_\_\_\_  
Director

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



**STATEMENT OF PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2024**

	Note	2024 Rupees	2023 Rupees Restated
<b>Income</b>			
Remuneration from fund under management - net	22	18,808,201	13,253,285
Advisory fee - net	23	1,111,112	1,111,112
Dividend income		248,382	441,578
Net realized gain on sale of investments		42,922,832	30,830,888
Income on Pakistan investment bond		2,212,633	1,994,521
		65,303,160	47,631,384
Net unrealized loss on revaluation of investments at fair value through profit or loss	24	(18,603,724)	(850,290)
		46,699,436	46,781,094
<b>Expenses</b>			
Administrative and operating expenses	25	(31,815,524)	(29,050,217)
Financial charges	26	(3,862,506)	(4,639,453)
		(35,678,030)	(33,689,670)
<b>Operating profit</b>			
Other operating income	27	1,340,547	717,646
Other operating charges	28	(1,421,995)	(272,242)
<b>Profit before levy and income tax</b>		10,939,958	13,536,828
Levy		(1,028,619)	(546,868)
<b>Profit before income tax</b>		9,911,339	12,989,960
Taxation	30	(4,252,491)	(2,914,147)
<b>Profit after taxation</b>		5,658,848	10,075,813
<b>Earnings per share for the year - basic and diluted</b>	31	0.38	0.67

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

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

\_\_\_\_\_  
Director

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



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2024**

	2024 Rupees	2023 Rupees Restated
<b>Profit after taxation</b>	5,658,848	10,075,813
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that may subsequently be reclassified to profit and loss	-	-
Items that will not subsequently be reclassified to profit and loss	-	-
<b>Total comprehensive income for the year</b>	<u>5,658,848</u>	<u>10,075,813</u>

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

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

\_\_\_\_\_  
Director

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



**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2024**

	Issued, subscribed and paid-up share capital	Capital Reserves		Revenue Reserve	Total
		General reserve	Sub ordinated loan from director	Unappropriated profit	
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 30 June 2022</b>	149,737,500	33,630,264	22,000,000	25,554,608	230,922,372
Impact of restatement (Note 3)	-	-	-	(315,467)	(315,467)
<b>Balance as at 30 June 2022 - (Restated)</b>	149,737,500	33,630,264	22,000,000	25,239,141	230,606,905
<b>Total comprehensive income for the year ended 30 June 2022</b>					
Profit for the year - restated	-	-	-	10,075,813	10,075,813
Other comprehensive income for the year	-	-	-	-	-
	-	-	-	10,075,813	10,075,813
<b>Balance as at 30 June 2023 - restated</b>	149,737,500	33,630,264	22,000,000	35,314,954	240,682,718
<b>Total comprehensive income for the year ended 30 June 2024</b>					
Profit for the year	-	-	-	5,658,848	5,658,848
Other comprehensive income for the year	-	-	-	-	-
	-	-	-	5,658,848	5,658,848
Transaction with owners of the Company:					
Repayment of sub ordinated loan from director	-	-	(10,000,000)	-	(10,000,000)
<b>Balance as at 30 June 2024</b>	149,737,500	33,630,264	12,000,000	40,973,802	236,341,566

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

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

\_\_\_\_\_  
Director

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



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees Restated
<b>Profit before levy and income tax</b>		<b>10,939,958</b>	13,536,828
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation on property and equipment	4	439,070	557,517
Depreciation on right-of-use assets	5	1,154,422	1,154,421
Amortization	6	138,510	138,510
Financial charges	26	3,862,506	4,639,453
Advance tax written off	28	1,198,731	-
Revaluation loss on investments at fair value through profit or loss	24	18,603,724	850,290
Mark-up earned on savings account	27	(445,672)	(310,590)
Income on Pakistan investment bonds		(2,212,633)	(1,994,521)
Dividend income		(248,382)	(441,578)
Net realized gain on sale of investments		(42,922,832)	-
<b>Net cash (used in) / generated from operating activities before working capital changes</b>		<b>(9,492,598)</b>	18,130,330
<b>Working capital changes</b>			
<b>(Increase) / decrease in current assets:</b>			
Loans and advances		(280,000)	300,000
Prepayments		(71,688)	(91,486)
Trade receivable		(327,071)	(359,318)
Accrued markup		-	189,110
		(678,759)	38,306
<b>Increase / (decrease) in current liabilities:</b>			
Accrued and other liabilities		804,723	(5,721,567)
<b>Net cash (used in) / generated from operations after working capital changes</b>		<b>(9,366,634)</b>	12,447,069
Taxes paid		(1,510,699)	(827,691)
Finance cost paid		(13,491)	(15,921)
<b>Net cash (used in) / generated from operating activities</b>		<b>(10,890,824)</b>	11,603,457
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Units of mutual fund redeemed		253,386,618	(15,810,717)
Units of mutual fund purchased		(232,762,794)	-
Receipt of mark-up on savings account		358,254	310,590
Income received on Pakistan investment bonds		2,212,633	1,994,521
Dividend received		248,382	441,578
Long term deposit and other receivable		(550,025)	-
Capital expenditure incurred	4	(95,800)	(662,063)
<b>Net cash generated from / (used in) investing activities</b>		<b>22,797,268</b>	(13,726,091)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Subordinated loan from director repaid		(10,000,000)	-
Lease rental paid	18	(2,905,766)	(1,454,700)
<b>Net cash used in financing activities</b>		<b>(12,905,766)</b>	(1,454,700)
<b>Net decrease in cash and cash equivalents</b>		<b>(999,322)</b>	(3,577,334)
Cash and cash equivalents at beginning of the year		1,488,537	5,065,871
<b>Cash and cash equivalents at end of the year</b>	14	<b>489,215</b>	1,488,537

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

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

\_\_\_\_\_  
Director

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

### 1. STATUS AND NATURE OF BUSINESS

- 1.1 786 Investments Limited ("the Company") was incorporated on September 18, 1990 as a public limited Company in Pakistan, with its registered office at G3, BRR Tower, Hassan Ali Street, Off I.I. Chundrigar Road, Karachi 74000. The Company is listed on the Pakistan Stock Exchange Limited. The Company has changed its name to 786 Investments Limited from Dawood Capital Management Limited with effect from 20 January 2017 after completing regulatory formalities.

The Company is registered as a Non Banking Finance Company under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Company has obtained the licenses to carry out investment advisory services and asset management services under the NBFC Rules and the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

- 1.2 The license to carry out "Asset Management Service" has been successfully renewed vide its letter No.SCD/AMCW/38/786IL/AMS/04/2022 dated 12 May 2022 with effect from 26 May 2022 to 25 May 2025 under Rule 5 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 amended through S.R.O 1131(1) 2007, S.R.O 271(1) 2010, S.R.O 570(1)/2012 and S.R.O 1002(1)/2015 respectively. License shall be renewable by the Commission for next three years, subject to the compliance with NBFC Rules and NBFC Regulations.
- 1.3 The license to carry out "Investment Advisory Services" has been successfully renewed vide its letter No.SCD/AMCW/37/786IL/IAS/07/2022 dated 12 May 2022 with effect from 26 May 2022 and valid till 25 May 2025. License shall further be renewable by the Commission for next three years, subject to the compliance of the NBFC Rules and the NBFC Regulations.
- 1.4 The Company is an asset management company of the "786 Smart Fund".
- 1.5 The Pakistan Credit Agency (PACRA) has assigned Asset Manager rating of "AM3" to the Management Company dated 22 December 2023.
- 1.6 In compliance of the NBFC Rules read with SRO 1002(1)/2015 dated October 15, 2015 of SECP, the management would like to report that the Company has sufficient insurance coverage from an insurance company, rated AA++ by the Pakistan Credit Rating Agency limited (PACRA), against financial losses that may be caused as a result of gross negligence of its employees.

### 2. MATERIAL ACCOUNTING POLICY INFORMATION

The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from 01 July, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

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

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 2.1 BASIS OF PREPARATION

##### 2.1.1 Statement of compliance

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

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



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

### **2.1.2 Consolidation of mutual fund by the asset management company**

The Securities and Exchange Commission of Pakistan (SECP) vide SRO 2016/(1) 56 dated 28 January 2016 has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and Section 237 of the repealed Companies Ordinance, 1984 (Section 228 of Companies Act, 2017) are not applicable in case of investments made by companies in mutual funds established under Trust structure. Accordingly, the Company has not consolidated the financial position and result of operations of mutual funds managed by it in their financial statements.

### **2.1.3 Basis of measurement**

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

### **2.1.4 Functional and presentation currency**

These financial statements have been presented in Pakistani Rupee, which is the functional and presentation currency of the Company and rounded off to nearest rupee.

## **2.2 USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these financial statements in accordance with the approved accounting standards applicable in Pakistan requires management to apply judgment in the process of implementing the Company's accounting policies and determining the reported amounts of assets, liabilities, income, and expenses.

These estimates and judgments are continuously reviewed, drawing on historical experience and other relevant factors, including expectations of future events that are considered reasonable in the circumstances. These factors form the basis for making judgments about the carrying values of assets and liabilities that may not be immediately evident from other sources. However, actual outcomes may differ from these estimates.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

i) Useful lives, residual values and depreciation method of property and equipment	Note 2.7 and 4
ii) Useful lives, residual values and amortization method of intangible assets	Note 2.9 and 6
iii) Classification and valuation of investments	Note 2.10 and 9
iv) Impairment of financial assets	Note 2.10 and 9.3
v) Recognition of deferred tax and estimation of income tax provisions	Note 2.23, 28 and 29
vi) Lease liability recognition of deferred tax and estimation of income tax provisions	Note 2.24 and 18
vii) Other provisions	Note 2.26

### **2.3 Amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

There are certain amendments to the published approved accounting standards which are mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial statements.

### **2.4 Amendments to published approved accounting standards that are effective in current year but not relevant to the Company**

There are amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

### **2.5 Amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following amendments to existing published approved accounting standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2024 or later periods:



	<b>Effective date (annual reporting periods beginning on or after)</b>
IAS - 01 Presentation of Financial Statements (Amendments)	01 January 2024
IAS - 07 Statement of Cash Flows (Amendments)	01 January 2024
IFRS - 16 Leases (Amendments)	01 January 2024
IAS - 21 The Effects of changes in Foreign Exchange Rates (Amendments)	01 January 2025
IFRS - 07 Financial Instruments: Disclosures (Amendments)	01 January 2026
IFRS - 17 Insurance Contracts	01 January 2026
IFRS - 09 Financial Instruments - Classification and Measurement of Financial Instruments (Amendments)	01 January 2026

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

IFRS - 01	First time Adoption of the International Financial Reporting Standards.
IFRIC - 12	Service Concession Arrangement
IFRS - 18	Presentation and Disclosures in Financial Statements
IFRS - 19	Subsidiaries without Public Accountability: Disclosures

The above standards, amendments to published approved accounting standards are not likely to have any material impact on the Company's financial statements.

## **2.6 Amendments to published approved accounting standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2024 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

## **2.7 Property and equipment**

### **a) Initial recognition and measurement**

The cost of an asset is recognized as an asset if and only if the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

### **b) Subsequent Costs**

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

### **c) De-recognition**

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

### **d) Depreciation**

Depreciation on property and equipment is charged on the straight-line method so as to write off the depreciable amount of an asset over its estimated useful life at the rates specified in Note 4. Depreciation on additions is charged from the month in which the asset is available for use up to the month preceding the disposal.

Useful lives are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors. The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.



## 2.8 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

## 2.9 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life at the rate specified in Note 6. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

## 2.10 Financial assets

### a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), if any, and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### 2.10.1 Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments, if any:

#### a) Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

#### b) Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive



income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

**c) Fair value through profit or loss (FVTPL)**

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

**2.10.2 Equity instruments**

The Company subsequently measures all equity investments, if any, at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

**a) Fair value through other comprehensive income (FVTOCI)**

Where the Company's management has elected to present fair value gains and losses on equity investments, if any, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

**b) Fair value through profit or loss (FVTPL)**

Changes in the fair value of equity investments, if any, at fair value through profit or loss are recognized in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments will continue to be recognized in statement of profit or loss as other income when the Company's right to receive payments is established.

**2.11 Regular way contracts**

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

**2.12 Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in statement of profit or loss.

**2.13 Impairment of financial assets**

The Company recognizes Expected Credit Losses (ECLs) on financial assets measured at amortized cost. Generally, ECLs are measured at lifetime ECLs, except for:

- Debt securities with low credit risk at the reporting date.
- Debt securities and bank balances where credit risk has not significantly increased since initial recognition.

Trade receivables always carry a lifetime ECL.

In assessing significant increases in credit risk and estimating ECLs, the Company uses both quantitative and qualitative data, including historical experience and forward-looking information. Credit risk is presumed to have increased significantly if a financial asset is past due for a reasonable period.



Lifetime ECLs cover all possible defaults over the asset's expected life, while 12-month ECLs consider defaults possible within the next 12 months. Loss allowances are deducted from the asset's gross carrying amount.

A financial asset is written off when recovery is no longer expected. This assessment is made individually, and although recoveries are unlikely, written-off assets may still undergo recovery efforts.

Based on management's assessment, no ECL was recognized, as the Company's financial assets are with low-risk related parties or counterparties. Additionally, the ECL on trade receivables was deemed immaterial to these financial statements.

#### **2.14 De-recognition of financial assets and financial liabilities**

##### **a) Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

##### **b) Financial liabilities**

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

#### **2.15 Offsetting of financial instruments**

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

#### **2.16 Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

#### **2.17 Trade, deposits, prepayments and other receivables**

Trade debts are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

Deposits, prepayments and other receivables are recognized at amortized cost, less any allowance for expected credit losses.

#### **2.18 Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

#### **2.19 Share capital**

Ordinary shares are classified as equity and are recognized at the face value. Incremental costs directly attributable to the issue of new shares or options, net of any tax effects, are recognized as a deduction from equity.

#### **2.20 Subordinated loan from director**

Subordinated loans are classified based on the terms and conditions outlined in the loan agreements, in alignment with the classification criteria established under the NBFC Rules and TR-32 issued by the Institute of Chartered Accountants of Pakistan (ICAP).



## 2.21 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost and subsequently measured at amortized cost using the effective interest method.

## 2.22 Staff retirement benefits - defined contribution plan

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

## 2.23 Taxation and levy

### a) Current

Provision for current tax and levy is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates. Final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit or loss and other comprehensive income. The charge for current tax also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years.

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum tax (which is not adjustable against future income tax liability) and final tax regimes to be shown separately as a levy instead of showing it in current tax.

Previously, component representing levy was included in provision for current tax and was not separately charged in statement of profit or loss. This change in accounting policy has been applied retrospectively in accordance with the requirements of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of changes in equity, the statement of cash flows and earning per share as a result of this change. The change resulted in following reclassification of corresponding figures:

30-Jun-24			30-Jun-23		
Had there been no change in accounting policy	Impact of change in policy	After incorporating effects of change in accounting policy	Had there been no change in accounting policy	Impact of change in policy	After incorporating effects of change in accounting policy
-----Amount in Rupees-----					

#### Effect on statement of profit or loss:

-Profit before income tax	10,855,976	(1,028,619)	9,827,357	13,536,828	(546,868)	12,989,960
-Levy	-	(1,028,619)	(1,028,619)	-	(546,868)	(546,868)
-Income tax expense	(5,281,110)	1,028,619	(4,252,491)	(3,461,015)	546,868	(2,914,147)

#### Effect on statement of financial position:

-Advance income tax	7,271,191	(978,062)	6,293,129	7,687,436	(546,868)	7,140,568
-Prepaid levy	-	978,062	978,062	-	546,868	546,868

### b) Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the tax base used in computation of the taxable profit.



A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in statement of the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

**c) Levy**

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 12/IAS 37.

**2.24 Lease liabilities**

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

**2.25 Unclaimed dividend**

The Company recognizes unclaimed dividend which was declared and remained unclaimed by the shareholder from the date it was due and payable.

**2.26 Provisions**

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions is reviewed at each reporting date and adjusted to reflect current best estimate.

**2.27 Revenue recognition**

- Remuneration for fund management services and investment advisory services are recognized on an accrual basis by applying pre-defined remuneration percentage on daily net asset value of the fund and as per the agreements respectively.
- Realised gains / losses on sale of investments is recognized in the statement of profit or loss at the time of sale.
- Dividend income is recorded when the right to receive the dividend is established.
- Return on bank deposits, mark-up on term finance certificate, income on investments are recognized on time proportionate basis by using effective rate of interest.

**2.28 Dividend distribution and other appropriation to reserves**

Dividends declared and transfers between reserves subsequent to the reporting date, except for those mandated by law, are considered non-adjusting events and are recognized in the financial statements in the year they are declared or made.

**2.29 Segment reporting**

An operating segment is a component of the Company that engages in business activities, generating revenues and incurring expenses. The Board of Directors, identified as the chief operating decision-maker, is responsible for evaluating performance, allocating resources, and assessing results.



### 2.30 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

### 3. RESTATEMENT OF FINANCIAL STATEMENTS (RECTIFICATION OF ERROR)

In prior years, the Company entered into a lease agreement for 5 years and erroneously classified the lease of office premises as an operating lease contrary to the requirements set out in International Financial Reporting Standard 16.

In these financial statements, the effects of the above mentioned error have been rectified and accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the all corresponding figures affected have been restated as follows:

	2023 Rupees	2022 Rupees
<b>Statement of profit or loss:</b>		
Decrease in rent, rates and taxes	<u>1,454,700</u>	<u>1,454,700</u>
Increase in depreciation	<u>1,154,421</u>	<u>1,154,421</u>
Increase in financial charges	<u>319,536</u>	<u>422,026</u>
Decrease in profit after taxation	<u>19,257</u>	<u>121,747</u>
Decrease in earnings per share - Rupees	<u>0.00</u>	<u>0.01</u>
<b>Statement of financial position:</b>		
Decrease in unappropriated profit	<u>334,724</u>	<u>315,767</u>
Increase in Right - of - use asset	<u>2,405,045</u>	<u>3,559,466</u>
Increase in lease liability	<u>2,614,910</u>	<u>3,874,933</u>
Decrease in prepaid rent	<u>124,859</u>	<u>-</u>
<b>Statement of cash flows:</b>		
Increase in operating cash flows	<u>1,579,559</u>	<u>1,454,700</u>
Decrease in financing cash flows	<u>1,579,559</u>	<u>1,454,700</u>

### 4. PROPERTY AND EQUIPMENT

	Furniture and fixtures Rupees	Vehicles Rupees	Office equipment Rupees	Computers Rupees	Total Rupees
<b>As at 01 July 2023</b>					
Cost	1,487,514	5,593,370	1,701,852	6,246,765	15,029,501
Accumulated depreciation	<u>(1,262,466)</u>	<u>(5,593,365)</u>	<u>(1,575,361)</u>	<u>(5,615,849)</u>	<u>(14,047,041)</u>
<b>Net book value</b>	<u>225,048</u>	<u>5</u>	<u>126,491</u>	<u>630,916</u>	<u>982,460</u>
<b>Year ended 30 June 2024</b>					
Opening net book value	225,048	5	126,491	630,916	982,460
Additions - at cost	-	-	95,800	-	95,800
Depreciation charge	<u>(52,504)</u>	<u>-</u>	<u>(76,962)</u>	<u>(309,604)</u>	<u>(439,070)</u>
<b>Closing net book value</b>	<u>172,544</u>	<u>5</u>	<u>145,329</u>	<u>321,312</u>	<u>639,190</u>



	<b>Furniture and fixtures</b>	<b>Vehicles</b>	<b>Office equipment</b>	<b>Computers</b>	<b>Total</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>As at 30 June 2024</b>					
Cost	1,487,514	5,593,370	1,797,652	6,246,765	15,125,301
Accumulated depreciation	(1,314,970)	(5,593,365)	(1,652,323)	(5,925,453)	(14,486,111)
<b>Net book value</b>	<b>172,544</b>	<b>5</b>	<b>145,329</b>	<b>321,312</b>	<b>639,190</b>
<b>As at 01 July 2022</b>					
Cost	1,487,514	5,593,370	1,701,852	5,584,702	14,367,438
Accumulated depreciation	(1,209,962)	(5,395,190)	(1,494,455)	(5,389,917)	(13,489,524)
<b>Net book value</b>	<b>277,552</b>	<b>198,180</b>	<b>207,397</b>	<b>194,785</b>	<b>877,914</b>
<b>Year ended 30 June 2023</b>					
Opening net book value	277,552	198,180	207,397	194,785	877,914
Additions - at cost	-	-	-	662,063	662,063
Depreciation charge	(52,504)	(198,175)	(80,906)	(225,932)	(557,517)
<b>Closing net book value</b>	<b>225,048</b>	<b>5</b>	<b>126,491</b>	<b>630,916</b>	<b>982,460</b>
<b>As at 30 June 2023</b>					
Cost	1,487,514	5,593,370	1,701,852	6,246,765	15,029,501
Accumulated depreciation	(1,262,466)	(5,593,365)	(1,575,361)	(5,615,849)	(14,047,041)
<b>Net book value</b>	<b>225,048</b>	<b>5</b>	<b>126,491</b>	<b>630,916</b>	<b>982,460</b>
Depreciation rate (%)	<b>10%</b>	<b>20%</b>	<b>20%</b>	<b>33%</b>	

4.1 The cost of fully depreciated assets as at 30 June 2024 is Rupees 13.589 million (2023: 5.594 million) and are still in active use of the Company.

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>5. RIGHT-OF-USE ASSET</b>			
<b>Reconciliation of carrying amount of right-of-use asset</b>			
Balance at the beginning of the year		2,405,045	3,559,466
Add: Depreciation charged during the year		(1,154,422)	(1,154,421)
Add: Impact of reassessment		83,982	-
Balance at the end of the year	5.1	<b>1,334,605</b>	<b>2,405,045</b>
Annual rate of depreciation (%)		<b>20%</b>	<b>20%</b>

5.1 The Company obtained building on lease for head office. There is no impairment against right-of-use asset. The principal terms and conditions of this lease arrangement are as follows:

<b>Office Premises</b>	<b>Lessor Name</b>	<b>Lease start date</b>	<b>Lease tenure</b>
1 G3 BRR Tower Hassan Ali Street Off I.I. Chunrigar Road, Karachi	BRR Guardian Limited	1-Aug-20	5 Years

<b>6. INTANGIBLE ASSET</b>			
Computer software	6.1	<b>554,040</b>	<b>692,550</b>



<b>6.1 Computer software</b>	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
<b>At 01 July 2023</b>			
Cost		1,385,100	1,385,100
Accumulated amortization		<u>(692,550)</u>	<u>(554,040)</u>
Net book value		<u><u>692,550</u></u>	<u><u>831,060</u></u>
<b>Year ended 30 June 2024</b>			
Opening net book value		692,550	831,060
Amortization charged during the year		<u>(138,510)</u>	<u>(138,510)</u>
Closing net book value		<u><u>554,040</u></u>	<u><u>692,550</u></u>
<b>At 30 June 2024</b>			
Cost		1,385,100	1,385,100
Accumulated amortization		<u>(831,060)</u>	<u>(692,550)</u>
Net book value		<u><u>554,040</u></u>	<u><u>692,550</u></u>
Amortization rate		<u><u>10%</u></u>	<u><u>10%</u></u>

6.2 Intangible asset relates to software developed for business operations having remaining useful life of 4 years (2023: 5 years).

## 7. LONG-TERM SECURITY DEPOSITS AND RECEIVABLE

### Security deposits:

Security deposit with Central Depository Company of Pakistan Limited		25,000	25,000
Security deposit against utilities		<u>11,300</u>	<u>11,300</u>
	7.1	<u><u>36,300</u></u>	<u><u>36,300</u></u>

### Receivable:

786 Islamic Money Market Fund - Fund Under Management	7.2	<u>550,025</u>	<u>-</u>
		<u><u>586,325</u></u>	<u><u>36,300</u></u>

7.1 These long-term security deposits are non-interest bearing.

7.2 This represents the preliminary and floatation expenses including expenses incurred in connection with the establishment and authorization of the 786 Islamic Money Market Fund (the Fund) which will be reimbursed by the Fund over a period of 5 years from the date it becomes operational in accordance with the provisions of the offering document of the Fund. As of the year end, the Fund has not yet commenced operations. The receivable has not been discounted to its present value as the financial impact thereof is not considered to be material.

7.2.1 The maximum aggregate amount receivable under this head at the end of any month during the year was as follows:

786 Islamic Money Market Fund - Fund Under Management	<u><u>550,025</u></u>	<u><u>-</u></u>
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## 8. TRADE RECEIVABLES

<b>Considered good - unsecured</b>	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
Balance due from fund under management:			
-786 Smart Fund	8.1	9,414,665	8,787,594
Balance due against advisory services:			
-Dawood Family Takaful Limited	8.2	<u>600,000</u>	<u>900,000</u>
	8.3	<u><u>10,014,665</u></u>	<u><u>9,687,594</u></u>



- 8.1 Balance due from fund under management primarily represent receivable on account of management fee, Sindh Sales Tax on management fee and allocated expenses charged to the fund under management. This also includes Federal Excise Duty receivable from the fund under management as more fully disclosed in Note 19.2 to these financial statements.
- 8.2 This represents receivable on account of investment advisory services and Sindh Sales Tax on investment advisory services.
- 8.3 The maximum aggregate amount receivable from related parties under this head at the end of any month during the year was as follows:

	Notes	2024 Rupees	2023 Rupees
786 Smart Fund - Fund under management		9,526,064	8,787,594
Dawood Family Takaful Limited - Common Directorship		1,500,000	900,000

8.4 As at the reporting date, the ageing analysis of this trade debts is as follows:

Not yet due	1,724,043	1,450,693
Upto 2 months	1,176,945	823,224
Upto 3 months	600,000	900,000
Upto 6 months	-	-
6 months to 1 year	-	-
More than 1 year	6,513,677	6,513,677
	<u>10,014,665</u>	<u>9,687,594</u>

9. INVESTMENTS

At fair value through profit or loss

Pakistan investment bond	9.1	16,271,898	15,638,850
Units of mutual fund- related party	9.2	228,913,858	205,640,237
Term finance certificate - unlisted	9.3	-	20,211,385
		<u>245,185,756</u>	<u>241,490,472</u>

9.1 This Government security - Pakistan investment bond having face value of Rupees 20 million (2023: 20 million) will mature by 19 September 2029 and carries effective interest at rate of 12.15% (2023: 12.15%).

9.2 Units of mutual funds - related party

2024 Units	2023 Units		Carrying value Rupees	2024 Fair value Rupees	2023 Fair value Rupees
<u>2,739,190</u>	<u>2,495,416</u>	786 Smart Fund - Fund Under Management	<u>227,939,244</u>	<u>228,913,858</u>	<u>205,640,237</u>

9.3 Term Finance Certificate - Unlisted

2024 Certificates	2023 Certificates		2024 Rupees	2023 Rupees
<u>5,000</u>	<u>5,000</u>	Silk Bank Limited - cost Fair value loss against investment	<u>22,457,095</u>	<u>22,457,095</u>
			<u>(22,457,095)</u>	<u>(2,245,710)</u>
			<u>-</u>	<u>20,211,385</u>

9.3.1 This represents investments in B rated, unsecured and subordinated Term Finance Certificate (TFCs) carry profit equal to 6 months KIBOR plus 1.85% (2023: 6 months KIBOR plus 1.85%) receivable half yearly in arrears and will mature in August 2025. The instrument is structured to redeem 0.14% of the issue amount during the first 7 years and remaining 99.86% in last two (2) equal semi annual installments of 49.93%.



During the year ended 30 June 2022, Silk Bank Limited (the issuer) has not made its payment of principal and mark-up due on 10 February 2022, as issuer informed the investors the status of minimum capital requirement and invoked lock-in clause governed by Terms and Conditions of the Trust Deed till minimum capital requirement is met and does not constitute a breach of issuer's redemption obligations pursuant to the Trust Deed as per the legal opinion sought by the issuer. No observable market inputs were available to determine the fair market value of these TFCs as at reporting date. Due to these facts, the management has prudently recorded a fair value loss of 100% on the amount of investments. In prior years, the accrual of markup on the same was also suspended.

9.3.2 Movement in fair value loss against investment	Note	2024 Rupees	2023 Rupees
Balance at the beginning of the year		2,245,710	2,245,710
Add: charged during the year		<u>20,211,385</u>	-
Balance at the end of the year		<u><u>22,457,095</u></u>	<u><u>2,245,710</u></u>
<b>10. LOANS AND ADVANCES</b>			
<b>Secured - considered good</b>			
Executives		<u><u>280,000</u></u>	-
<b>10.1</b> This represents the interest free loan provided to the Company's Chief Financial Officer on monthly installment basis. The loan will be repaid through monthly deductions from the salary and is secured against the recognized contributory provident fund.			
<b>10.2</b> The maximum aggregate amount receivable at the end of any month during the year was Rupees 0.420 million (2023: Nil).			
<b>11. PREPAYMENTS</b>			
Insurance		235,005	163,317
Others		<u>395,500</u>	395,500
		<u><u>630,505</u></u>	<u><u>558,817</u></u>
<b>12. ACCRUED MARKUP</b>			
On savings accounts		236,658	149,240
On Pakistan investment bond		<u>564,384</u>	564,384
		<u><u>801,042</u></u>	<u><u>713,624</u></u>
<b>13. (PROVISION FOR TAXATION AND LEVY PAYABLE - NET) / ADVANCE INCOME TAX AND PREPAID LEVY - NET</b>			
<b>Advance income tax - net</b>			
Advance income tax		6,293,129	7,687,436
Less: Provision for taxation		<u>(6,438,425)</u>	(2,914,147)
		<u>(145,296)</u>	4,773,289
<b>Prepaid levy - net</b>			
Prepaid levy		<u>978,062</u>	546,868
Less: Levy payable		<u>(1,028,619)</u>	(546,868)
		<u>(50,557)</u>	-
		<u><u>(195,853)</u></u>	<u><u>4,773,289</u></u>
<b>14. BANK BALANCES</b>			
Cash at bank- savings accounts	14.1	<u><u>489,215</u></u>	<u><u>1,488,537</u></u>
<b>14.1</b> The balance in savings accounts carries profit at rates of 20.5% per annum (2023: 19% per annum).			



15. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			2024	2023
			Rupees	Rupees
2024	2023			
Number of shares				
<b>Issued for cash</b>				
10,000,000	10,000,000	Ordinary shares of Rupees 10 each fully paid in cash	100,000,000	100,000,000
4,973,750	4,973,750	Ordinary shares of Rupees 10 each fully paid as bonus shares	49,737,500	49,737,500
<u>14,973,750</u>	<u>14,973,750</u>		<u>149,737,500</u>	<u>149,737,500</u>

15.1 All ordinary shares rank equally with regards to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

#### 15.2 Reconciliation of number of ordinary shares outstanding

Balance of the beginning of the year	14,973,750	14,973,750
Shares issued during the year	-	-
Balance at the end of the Year	<u>14,973,750</u>	<u>14,973,750</u>

15.3 The following shares are held by the related parties with whom the Company has entered into transactions or has arrangements in place.

Name of related parties	2024	2023
	-----Number of shares-----	
First Dawood Properties Limited	<u>2,246,070</u>	<u>2,246,070</u>
BRR Guardian Limited	<u>1,935,505</u>	<u>1,935,505</u>
Tara Uzra Dawood - Chief Executive Officer	<u>2,769,485</u>	<u>2,393,485</u>

#### 16. SUBORDINATED LOAN FROM DIRECTOR

The subordinated loan bears markup at 3 Months KIBOR + 2% (2023: 3 Months KIBOR + 2%) and is repayable at the discretion of the Company. During the year, Rupees 10 Million has been repaid after approval from SECP, leaving a remaining balance of Rupees 12 Million. This loan has been categorized as part of equity in accordance with NBFC rules and ATR 32 issued by the ICAP.

#### 17. DEFERRED TAXATION

Deferred tax asset comprises of:

(Deductible) temporary differences on:

Property and equipment	(472,009)	(455,624)
Investments	(4,598,806)	(1,014,476)
Lease liability	-	(758,324)
Unused tax losses	(2,035,057)	(4,212,063)
	(7,105,871)	(6,440,487)

Deferred tax liability comprises of:

Taxable temporary differences on:

Right-of-use asset	260,310	697,463
Intangible asset	108,063	200,840
	368,373	898,303
	(6,737,498)	(5,542,184)
Less: unrecognized deferred tax asset	<u>6,737,498</u>	<u>5,542,184</u>
	-	-



17.1 Deferred tax asset as at 30 June 2024 of Rupees 6.737 million (2023: 5.542 million) has not been recognized as the Company is uncertain about the timing and extent of future taxable profits against which such benefits can be utilized.

18. LEASE LIABILITY	Note	2024 Rupees	2023 Rupees
Balance at the beginning of the year		2,614,910	3,874,933
Add: Accretion of interest		206,874	319,536
Add: Impact of reassessment		83,982	-
Less: Payment of lease rentals		<u>(2,905,766)</u>	<u>(1,579,559)</u>
Balance at the end of the year	18.1	-	2,614,910
Current portion shown under current liabilities		-	<u>(1,247,826)</u>
	18.2	<u>-</u>	<u>1,367,084</u>

18.1 The maturity analysis of lease liabilities is as follows:

	2024		2023	
	Future minimum lease payments Rupees	Future finance cost Rupees	Present value of future minimum lease payments Rupees	Present value of future minimum lease payments Rupees
Less than one year	-	-	-	1,247,826
Later than one year but not later than five years	-	-	-	1,367,084
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,614,910</u>

18.2 During the year, the Company settled the entire outstanding lease liability. Considering a reassessment of the lease, the remaining lease liability has been fully adjusted. However, the corresponding right-of-use asset has been recognized and will be depreciated over the remaining lease term.

#### 19. ACCRUED AND OTHER LIABILITIES

Accrued expenses		3,447,201	2,721,867
Accrued mark-up on director loan	16	12,133,219	8,491,078
Payable to fund under management	19.1	200,000	190,000
FED payable	19.2	6,513,677	6,513,677
Workers' Welfare Fund payable		495,506	272,242
Sales tax payable		189,579	192,231
Withholding tax payable		-	151,223
		<u>22,979,182</u>	<u>18,532,318</u>

19.1 This represents an amount of Rupees 0.20 million (30 June 2023: Rupees 0.19 million) received from NCCPL being refund of tax amount with respect to funds under management. This amount will be disbursed to unit holders of the fund under management.

19.2 This represents amount payable against Federal Excise Duty (FED) on management fees received/receivable from the Fund under management. The amount is being held for payment to Federal Board of Revenue on the basis of stay order of the Honorable High Court of Sindh dated 04 September 2013. The stay order was granted as a result of petition filed by asset management companies on the forum of MUFAP against the amendment in Finance Act, 2013 which levied FED on the fees received by asset management companies from funds under management.

The Honorable Sindh High Court in its decision dated 16 July 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' the Constitution. On 23 September 2016, the Federal Government has filed an appeal against the said order in the Honorable Supreme Court of Pakistan (SCP) and thus, the previous balance of FED has not been reversed.



Further, the Federal Government vide Finance Act, 2016 has excluded asset management companies and other non-banking finance companies from charge of FED on their services. Accordingly, no provision for FED is made from 01 July 2016 onwards.

## 20. UNCLAIMED DIVIDEND

In compliance of section 244 of the Companies Act, 2017, the Company is in the process of opening a separate bank account for unclaimed dividend.

## 21. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at reporting date (30 June 2023: Nil).

22. REMUNERATION FROM FUND UNDER MANAGEMENT - NET	Note	2024 Rupees	2023 Rupees
<b>Collective investments scheme</b>			
Remuneration from fund under management		21,253,262	14,976,210
Less: Sindh sales tax		<u>(2,445,061)</u>	<u>(1,722,925)</u>
		<u><b>18,808,201</b></u>	<u><b>13,253,285</b></u>

22.1 This represents the management fee received from the "786-Smart Fund" at a rate of 1.5% of the average annual net assets under management on daily basis according to provisions of the Trust Deed of the Fund.

22.2 Total net assets value of the fund under management as at 30 June 2024 amounts to Rupees 879.230 million (2023: Rupees 721.070 million).

## 23. ADVISORY FEE - NET

Advisory fee		1,200,000	1,200,000
Less: Sindh sales tax		<u>(88,888)</u>	<u>(88,888)</u>
	23.1	<u><b>1,111,112</b></u>	<u><b>1,111,112</b></u>

23.1 This represents the advisory fee from the Dawood Family Takaful Fund, a related party, as agreed under an agreement dated 30 November 2018.

## 24. NET UNREALIZED LOSS ON REVALUATION OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

<b>Debt investment</b>			
-TFCs		(20,211,385)	-
-PIBS		<u>633,047</u>	<u>(2,113,770)</u>
		<u>(19,578,338)</u>	<u>(2,113,770)</u>
<b>Equity investment</b>			
-Units of mutual fund		<u>974,614</u>	<u>1,263,480</u>
		<u><b>(18,603,724)</b></u>	<u><b>(850,290)</b></u>

## 25. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries and allowances	25.1	16,477,330	16,236,133
Rent, rates and taxes		52,634	68,144
Postage and telephones		423,784	331,404
Legal and professional charges		420,500	428,500
Printing and stationery		354,949	309,215
Travelling and conveyance		-	103,351
Vehicles running		3,290,882	2,618,034
Advertisement expense		68,000	46,555
Electricity		<u>3,982,656</u>	<u>2,249,042</u>



	Note	2024 Rupees	2023 Rupees
Repairs and maintenance		292,904	88,586
Auditors' remuneration	25.2	558,000	558,200
Entertainment		254,353	244,697
Insurance		733,796	421,360
Depreciation		1,593,492	1,711,938
Amortization		138,510	138,510
Fee and Subscriptions		3,897,857	3,688,591
Directors' meeting fee		326,000	336,000
Others expenses		203,766	355,509
		<u>33,069,413</u>	<u>29,933,769</u>
Less: Reimbursement of fees and expenses	25.3	<u>(1,253,889)</u>	<u>(883,552)</u>
		<u><b>31,815,524</b></u>	<u><b>29,050,217</b></u>

25.1 This includes amount of Rupees 0.838 (2023: Rupees 0.727) million relating to staff retirement benefits.

#### 25.2 Auditors' remuneration

Annual audit fee	280,000	280,000
Certification fee	56,000	56,000
Fee for review of half yearly financial statements	145,000	145,000
Out of pocket expenses	43,000	43,200
	<u>524,000</u>	<u>524,200</u>
Sindh sales tax	34,000	34,000
	<u><b>558,000</b></u>	<u><b>558,200</b></u>

25.3 This represents the reimbursement of salaries and admin expenses from fund under management at the rate of 0.1% of average annual net assets of the Fund.

25.3.1 In accordance with the regulation 60 of the NBFC Regulations amended vide S.R.O 1160(I)/2015, the Management Company of the Fund is entitled for reimbursement of fees and expenses incurred by the Management Company in relation to registrar services, accounting, operation and valuation services related to collective investment scheme (CIS).

#### 26. FINANCIAL CHARGES

Mark-up on director loan	26.1	3,642,141	4,303,996
Financial charges on lease liabilities		206,874	319,536
Bank charges		13,491	15,921
		<u>3,862,506</u>	<u>4,639,453</u>

26.1 This director loan carries interest at the rate of 3 month Kibor +2% (30 June 2023: 3 month Kibor +2%).

#### 27. OTHER OPERATING INCOME

<b>Income from financial assets</b>			
Mark-up earned on savings accounts		445,672	310,590
Participation fee		894,875	263,684
		<u>1,340,547</u>	<u>574,274</u>
<b>Income from non-financial assets</b>			
Scrap sales		-	143,372
		<u>1,340,547</u>	<u>717,646</u>



	<b>2024</b>	<b>2023</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>28. OTHER OPERATING CHARGES</b>		
Workers' Welfare Fund	223,264	272,242
Advance tax written off	1,198,731	-
	<u>1,421,995</u>	<u>272,242</u>
<b>29. LEVY</b>		
Minimum tax	991,362	480,315
Final tax	37,257	66,553
	<u>1,028,619</u>	<u>546,868</u>
<b>30. TAXATION</b>		
Current tax	6,438,425	2,914,147
Prior year tax	(2,185,934)	-
Deferred tax	-	-
	<u>4,252,491</u>	<u>2,914,147</u>
<b>30.1 Relationship between tax expense and accounting profit</b>		
Profit before income tax	<u>9,911,339</u>	12,989,960
Applicable tax rate	<u>29%</u>	29%
Tax at the applicable rate of 29% (2023: 29%)	2,874,288	3,767,088
Effect of prior year charge	(2,185,934)	-
Effect of adjustments not allowed	3,573,746	-
Others	(9,609)	(852,941)
	<u>4,252,491</u>	<u>2,914,147</u>
<b>30.2</b>		
The Company computes tax provisions based on the generally accepted interpretations of the tax laws to ensure that sufficient provisions for the purpose of taxation is available. Accordingly, the management of the Company has assessed the sufficiency of the tax provisions and believes that the tax provisions are sufficient to reflect the actual tax liability of the Company.		
<b>31. EARNINGS PER SHARE FOR THE YEAR - BASIC AND DILUTED</b>		
Net profit for the period - Rupees	<u>5,658,848</u>	<u>10,075,813</u>
Weighted average number of ordinary shares- Number	<u>14,973,750</u>	<u>14,973,750</u>
Earnings per share- Rupees	<u>0.38</u>	<u>0.67</u>

**31.1** Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June 2024 (2023: Nil) which would have any impact on the earnings per share if option to convert the instruments is exercised.



### 32. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	2024			2023		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	5,216,000	-	-	5,216,000	-	1,912,000
House rent	2,086,400	-	-	2,086,400	-	764,800
Medical	700,000	-	-	700,000	-	48,000
Utilities	521,600	-	-	590,000	-	191,200
Provident fund contribution	521,604	-	-	521,604	-	191,192
Bonus	652,000	-	-	652,000	-	250,000
Meeting Fee	-	326,000	-	-	336,000	-
Total	9,697,604	326,000	-	9,766,004	336,000	3,357,192
No. of persons	1	6	-	1	6	2

32.1 These represent executives as prescribed under the Companies Act, 2017.

32.2 The Chief Executive Officer and executives have been provided with free use of the Company's owned and maintained vehicles.

### 33. PROVIDENT FUND RELATED DISCLOSURES

The Company operates recognized contributory provident fund in the name of First Dawood Investment Bank Limited and Others - Employees Provident Fund Trust which is continued for the benefits of the permanent employees of the Company and the employees of its associated companies / undertakings at group level. Based upon the un-audited financial statements of the Fund as at 30 June 2024 and as per Trustees, Investments out of Provident Fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the Rules formulated for this purpose. The details of the Fund are as below:

	2024 Rupees	2023 Rupees
Size of the Fund - Rupees	364,800,789	240,026,927
Cost of investments made - Rupees	305,156,355	200,063,012
Percentage of investments made - (%)	83.65%	83.35%
Fair value of investments - Rupees	305,156,355	200,063,012
<b>Breakup of Investments</b>		
Defence saving certificates	38,000,000	38,000,000
Term finance certificates	8,660,000	18,856,338
Sukuks	24,947,259	12,134,568
T-bills / Commercial papers	8,460,248	9,610,189
Pakistan investment bonds	4,731,975	-
Listed securities	110,255,018	46,572,204
Mutual funds	60,191,769	25,587,055
Bank balances	49,910,086	49,302,658
	<b>305,156,355</b>	<b>200,063,012</b>



<b>Breakup of Investments (Percentage as size of the Fund)</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
Defence saving certificates	12%	19%
Term finance certificates	3%	9%
Sukuks	8%	6%
T-bills / Commercial papers	3%	5%
Pakistan investment bonds	2%	0%
Listed securities	36%	23%
Mutual funds	20%	13%
Bank balances	16%	25%
	<b>100%</b>	<b>100%</b>

### 34. TRANSACTIONS AND OUTSTANDING BALANCES WITH RELATED PARTIES

The related parties comprise of related group companies, directors, their close family members, senior executives, retirement benefit plans, major shareholders of the Company and funds under management. Transactions with the related parties other than those disclosed elsewhere in these financial statements during the year are as follows:

<b>34.1 Transactions during the year</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
<b>Subordinated loan form director</b>		
Repayment of loan	10,000,000	-
Interest expense charged for subordinated loan	3,642,141	4,303,996
<b>786 Smart Fund - Fund under Management</b>		
Remuneration from fund under management - net	18,808,201	13,253,285
Accounting and operational charges	1,253,889	883,552
Investment of 2,309,610 (2023: 2,150,212) units	232,762,794	204,609,179
Redemption of 2,528,378 (2023: 2,315,452) units	253,386,618	219,876,756
Re-invest of units: 2,533 (June 30, 2023: 4,574)	211,125	375,341
Refund of capital of units : 477,998 (June 30, 2023: 343,089)	39,833,361	28,152,749
Dividend income	248,382	441,578
<b>Other Related Parties</b>		
<b>First Dawood Investment Bank Limited &amp; Others Employees' Provident Fund</b>		
Provident fund contribution	838,069	804,459
<b>B.R.R. Guardian Limited</b>		
Lease rentals paid	2,905,766	1,579,559
<b>Dawood Family Takaful Limited</b>		
Insurance expense	77,860	60,165
Advisory fee - net	1,111,112	1,111,112
<b>34.2 Balance outstanding with related parties</b>		
<b>786 Smart Fund - Fund under Management</b>		
Units Held: 786 Smart Fund 2,739,190 (June 30, 2023: 2,495,416) Units	228,913,858	205,640,237
<b>Receivable balances</b>		
Balance due from fund under management - 786 Smart Fund	9,414,665	8,787,594
Receivable against preliminary expense - 786 Islamic Money Market Fund	550,025	-
Balance due against advisory services - Dawood Family Takaful Fund	600,000	900,000
<b>Payable balances:</b>		
<b>Chief Executive Officer</b>		
Subordinated loan:		
Principal	12,000,000	22,000,000
Accrued Mark-up	12,133,219	8,491,078



34.3 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of related party	Basis of relationship	Percentage of shareholding (%)
786 Smart Fund	Fund under Management	26%
786 Islamic Money Market Fund	Fund under Management	0%
B.R.R. Guardian Limited	Shareholding	12.93%
Dawood Family Takaful Limited	Common directorship	N/A

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

### 35. OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segment as the Company's asset allocation decision are based on single, integrated business strategy and the Company's business performance is evaluated on an overall basis.

Income derived from the management fee of open end collective investment scheme and that derived from investment advisory fee represents 29% and 2% (2023: 28% and 2%) of the total income of the Company respectively.

### 36. FINANCIAL RISK MANAGEMENT

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

The Company is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends. Risks of the Company are being managed by the Company's management in accordance with the approved policies approved by the Board.

The Company's financial assets primarily comprise of investments, trade receivables and bank balances. The Company also has long-security deposits, loans and advances, other receivables and accrued markup. The Company's principal financial liabilities primarily comprise of lease liability, accrued and other liabilities and unclaimed dividend.

#### 36.1 Market risk

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

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan (SECP), the NBFC Regulations and the NBFC Rules.

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

##### a) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities which mainly include payables to foreign suppliers of goods in foreign currency. The Company, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

##### b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the following:

	2024 Rupees	2023 Rupees
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Pakistan investment bond	<u>16,271,898</u>	<u>15,638,850</u>
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Term finance certificate - unlisted	-	20,211,385
Bank balances	<u>489,215</u>	<u>1,488,537</u>
	<u>489,215</u>	<u>21,699,922</u>



**Fair value sensitivity analysis for fixed rate instruments:**

The Company does not account for any fixed rate financial assets and liabilities at fair values through profit and loss except for investment in Pakistan investment bonds. A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on fair values from financial assets and liabilities that are subject to interest rate risk:

	2024		2023	
	Increase Rupees	Decrease Rupees	Increase Rupees	Decrease Rupees
Fair value sensitivity:				
- fixed rate financial assets	162,719	(162,719)	156,389	(156,389)
Net effect	162,719	(162,719)	156,389	(156,389)

**Cash flow sensitivity analysis for floating rate instruments**

A change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit for the year by the amounts shown below. This analysis assumes that all other variables remain constant. The following information summarizes the estimated effects of hypothetical increases and decreases in interest rates on cash flows from financial assets and liabilities that are subject to interest rate risk.

	2024		2023	
	Increase Rupees	Decrease Rupees	Increase Rupees	Decrease Rupees
Cash flows sensitivity:				
- floating rate financial assets	4,892	(4,892)	216,999	(216,999)
Net effect	4,892	(4,892)	216,999	(216,999)

Profit rate risk	2024					
	Yield / effective interest rate	Exposed to yield / interest rate risk			Not exposed to yield/ profit rate risk	Total
		Upto three month	More than three months and upto one year	More than one year		
	%	Rupees	Rupees	Rupees	Rupees	Rupees
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	20.5	489,215	-	-	-	489,215
Investments	12.15	-	-	16,271,898	228,913,858	245,185,756
Long-term security deposits and receivable		-	-	-	586,325	586,325
Loans and advances		-	-	-	280,000	280,000
Accrued markup		-	-	-	801,042	801,042
Trade receivables		-	-	-	10,014,665	10,014,665
Total financial assets		489,215	-	16,271,898	240,595,890	257,357,003
<b>Financial liabilities</b>						
Accrued and other liabilities		-	-	-	15,780,420	15,780,420
Lease liability		-	-	-	-	-
Unclaimed dividend		-	-	-	998,742	998,742
Total financial liabilities		-	-	-	16,779,162	16,779,162
<b>On balance sheet gap</b>		489,215	-	16,271,898	223,816,728	240,577,841



Profit rate risk	2023					
	Yield / effective interest rate	Exposed to yield / interest rate risk			Not exposed to yield/ profit rate risk	Total
		Upto three month	More than three months and upto one year	More than one year		
	%	Rupees	Rupees	Rupees	Rupees	Rupees
<b>On-balance sheet financial instruments</b>						
<b>Financial assets</b>						
Bank balances	19.5	1,488,537	-	-	-	1,488,537
Investments	12.14	-	-	35,850,235	205,640,237	241,490,472
Long-term security deposits and receivable		-	-	-	36,300	36,300
Accrued markup		-	-	-	713,624	713,624
Trade receivables		-	-	-	9,687,594	9,687,594
<b>Total financial assets</b>		<u>1,488,537</u>	<u>-</u>	<u>35,850,235</u>	<u>216,077,755</u>	<u>253,416,527</u>
<b>Financial liabilities</b>						
Accrued and other liabilities		-	-	-	11,402,945	11,402,945
Lease liability		-	-	-	2,614,910	2,614,910
Unclaimed dividend		-	-	-	998,742	998,742
<b>Total financial liabilities</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>15,016,597</u>	<u>15,016,597</u>
<b>On balance sheet gap</b>		<u>1,488,537</u>	<u>-</u>	<u>35,850,235</u>	<u>201,061,158</u>	<u>238,399,930</u>

c) **Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from 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 instrument traded in the market. As at 30 June 2024, the Company is exposed to the other price risk of changes in the fair value of investment in mutual funds as a result of changes in the levels of net asset value of units held by the Company.

**Sensitivity analysis**

The analysis below summarizes the impact of increase / decrease in the rates determined by the Mutual Funds Association of Pakistan (MUFAP) on the Company's equity. The analysis is based on the assumption that the rates on the MUFAP had increased / decreased by 5% with all other variables held constant and the Company's equity instrument moved according to the historical correlation with the MUFAP:

	2024		2023	
	Increase Rupees	Decrease Rupees	Increase Rupees	Decrease Rupees
Other price sensitivity				
Units of mutual fund- related party	<u>11,445,693</u>	<u>(11,445,693)</u>	10,282,012	(10,282,012)
Net effect	<u>11,445,693</u>	<u>(11,445,693)</u>	<u>10,282,012</u>	<u>(10,282,012)</u>

**36.2 Credit risk**

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties to fulfil their obligations. There is a possibility of default of issuers of the instrument, financial institutions or counter parties.



### Management of credit risk

The Company's policy is to enter into financial contracts with reputable counterparties in accordance with the internal risk management policies and investment guidelines approved by the Board of Directors. The Investment Committee closely monitors the creditworthiness of the Company's counterparties (e.g. issuer of the instruments, brokers, banks, etc.) by reviewing their credit ratings, financial statements and press releases on a regular basis. In addition the credit risk is also minimized due to the fact that the Company only invests in liquid equity and money market based collective investment schemes (CIS).

### Credit risk and concentration of credit risk

	30 June 2024		30 June 2023	
	Financial Asset Rupees	Maximum Exposure Rupees	Financial Asset Rupees	Maximum Exposure Rupees
Long-term security deposits and receivable	586,325	586,325	36,300	36,300
Trade receivables	10,014,665	10,014,665	9,687,594	9,687,594
Investments	267,642,851	245,185,756	243,736,182	241,490,472
Loans and advances	280,000	280,000	-	-
Accrued markup	801,042	801,042	713,624	713,624
Bank balances	489,215	489,215	1,488,537	1,488,537
	<b>279,814,098</b>	<b>257,357,003</b>	<b>255,662,237</b>	<b>253,416,527</b>

To minimize its exposure to credit risk, the Company maintains its cash balances only with banks with high quality credit worthiness. As of the reporting date, the external credit ratings of the Company's major bankers were as follows:

Bank Name	Rating Agency	Credit rating		2024	2023
		Short-term	Long-term	Rupees	Rupees
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	471,017	1,473,238
JS Bank Limited	PACRA	A1+	AA	18,198	15,299
				<b>489,215</b>	<b>1,488,537</b>

### 36.3 Liquidity risk

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

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

30 June 2024	Carrying value	Contractual cashflows	6-12 months	1 - 5 years	More than 5 years
	Lease liability	-	-	-	-
Accrued and other liabilities	15,780,420	15,780,420	15,780,420	-	-
Unclaimed dividend	998,742	998,742	998,742	-	-
	<b>16,779,162</b>	<b>16,779,162</b>	<b>16,779,162</b>	<b>-</b>	<b>-</b>
30 June 2023	Carrying value	Contractual cashflows	6-12 months	1 - 5 years	More than 5 years
	Lease liability	2,614,910	3,030,625	1,247,826	1,491,943
Accrued and other liabilities	11,402,945	11,402,945	11,402,945	-	-
Unclaimed dividend	998,742	998,742	998,742	-	-
	<b>15,016,597</b>	<b>15,432,312</b>	<b>13,649,513</b>	<b>1,491,943</b>	<b>-</b>



### 36.4 Determination of fair values

#### 36.4.1 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

##### i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The table shown below analyses the 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 categorised:

	2024			2023		
	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees
<b>Financial assets fair value through profit or loss</b>						
Pakistan investments bonds	-	16,271,898	-	-	15,638,850	-
Units mutual funds	228,913,858	-	-	205,640,237	-	-
Terms finance certificate	-	-	-	-	20,211,385	-
	<b>228,913,858</b>	<b>16,271,898</b>	-	<b>205,640,237</b>	<b>35,850,235</b>	-

##### ii) Valuation techniques

###### For Level 1

Investment in mutual funds are valued on the basis of the closing net assets at the reporting date announced by the Mutual Funds Association of Pakistan (MUFAP) based on the closing net assets of the mutual funds.

###### For Level 2

Investment in Pakistan investment bonds are valued on the basis of PKRV rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed.

##### iii) Transfers during the year

During the year ended 30 June 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

36.4.2 The Company has not disclosed the fair values for financial assets other than above, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.



**36.5 Financial instruments by category**

**Financial assets**

**At fair value through profit or loss**

Investments

**At Amortized Cost**

Long-term security deposits and receivable

Trade receivables

Loans and advances

Accrued markup

Bank balances

**Financial Liabilities**

**At Amortized Cost**

Lease liability

Accrued and other liabilities

Unclaimed dividend

	2024 Rupees	2023 Rupees
Investments	<u>245,185,756</u>	<u>241,490,472</u>
Long-term security deposits and receivable	586,325	36,300
Trade receivables	10,014,665	9,687,594
Loans and advances	280,000	-
Accrued markup	801,042	713,624
Bank balances	<u>489,215</u>	<u>1,488,537</u>
	<u>12,171,247</u>	<u>11,926,055</u>
	<u>257,357,003</u>	<u>253,416,527</u>
Lease liability	-	2,614,910
Accrued and other liabilities	15,580,420	11,212,945
Unclaimed dividend	<u>998,742</u>	<u>998,742</u>
	<u>16,579,162</u>	<u>14,826,597</u>

**36.5.1 Reconciliation to the line items presented in the statement of financial position is as follows:**

	2024		
	Financial liabilities	Non-financial assets	Assets as per statement of financial position
<b>Assets</b>			
Property and equipment	-	639,190	639,190
Right-of-use asset	-	1,334,605	1,334,605
Intangible asset	-	554,040	554,040
Long-term security deposits and receivable	586,325	-	586,325
Trade receivables	10,014,665	-	10,014,665
Investments	245,185,756	-	245,185,756
Loans and advances	280,000	-	280,000
Prepayments	-	630,505	630,505
Accrued markup	801,042	-	801,042
Advance income tax and prepaid levy - net	-	-	-
Bank balances	<u>489,215</u>	<u>-</u>	<u>489,215</u>
	<u>257,357,003</u>	<u>3,158,340</u>	<u>260,515,343</u>

	2024		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
<b>Liabilities</b>			
Lease liability	-	-	-
Accrued and other liabilities	15,780,420	7,198,762	22,979,182
Provision for taxation and levy - net	-	195,853	195,853
Unclaimed dividend	<u>998,742</u>	<u>-</u>	<u>998,742</u>
	<u>16,779,162</u>	<u>7,394,615</u>	<u>24,173,777</u>



	<b>2023</b>		
	<b>Financial liabilities</b>	<b>Non-financial assets</b>	<b>Assets as per statement of financial position</b>
<b>Assets</b>			
Property and equipment	-	982,460	982,460
Right-of-use asset	-	2,405,045	2,405,045
Intangible asset	-	692,550	692,550
Long-term security deposits and receivable	36,300	-	36,300
Trade receivables	9,687,594	-	9,687,594
Investments	241,490,472	-	241,490,472
Loans and advances	-	-	-
Prepayments	-	558,817	558,817
Accrued markup	713,624	-	713,624
Advance income tax and prepaid levy - net	-	4,773,289	4,773,289
Bank balances	1,488,537	-	1,488,537
	<u>253,416,527</u>	<u>9,412,161</u>	<u>262,828,688</u>
	<b>Financial liabilities</b>	<b>Non-financial liabilities</b>	<b>Liabilities as per statement of financial position</b>
<b>Liabilities</b>			
Lease liability	2,614,910	-	2,614,910
Accrued and other liabilities	11,402,945	7,129,373	18,532,318
Unclaimed dividend	998,742	-	998,742
	<u>15,016,597</u>	<u>7,129,373</u>	<u>22,145,970</u>

### 36.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns for investors.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibility;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

### 36.7 Capital Risk Management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure the Company may adjust the amount of dividend, return on capital to shareholders or issue new shares. Currently the Company has an equity of Rupees 236,342 million (30 June 2023: Rupees 240,683 million) against the minimum equity requirement of Rupees 230 Million set by the Securities and Exchange Commission of Pakistan for the Non Banking Finance Company providing Asset Management Services and Advisory Services.



<b>37. NUMBER OF EMPLOYEES</b>	<b>2024</b>	<b>2023</b>
	<b>Numbers</b>	
Total number of employees as at the reporting date	<u>10</u>	<u>9</u>
Average number of employees during the year	<u>9</u>	<u>7</u>

**38. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were approved and authorised for issue on September 18, 2024 by the Board of Directors of the Company.

**39. GENERAL**

**39.1** No significant re-arrangement / re-classification has been made in these financial statements except for following and those mentioned restated in Note 3 to these financial statements.

<b>Reclassified from</b>	<b>Reclassified to</b>	<b>30-Jun-23</b>
Prepayments and other receivable	Trade debts	<u>6,513,677</u>
Accrued expenses	Payable to fund under management	<u>190,000</u>

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

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

\_\_\_\_\_  
**Director**

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



**Pattern of Shareholding As on June 30, 2024**

<b>Number of Share Holders</b>	<b>From</b>	<b>Share Holding</b>	<b>To</b>	<b>Total Shares Held</b>
202	1	-	100	4,872
181	101	-	500	50,893
193	501	-	1000	155,947
164	1001	-	5000	441,301
52	5001	-	10000	383,387
23	10001	-	15000	292,795
13	15001	-	20000	239,500
7	20001	-	25000	163,513
5	25001	-	30000	145,447
4	30001	-	35000	132,000
2	35001	-	40000	73,000
2	45001	-	50000	94,500
1	55001	-	60000	59,000
3	60001	-	65000	189,190
3	65001	-	70000	206,000
1	75001	-	80000	75,307
1	80001	-	85000	85,000
3	95001	-	100000	299,500
3	115001	-	120000	352,779
1	125001	-	130000	130,000
1	150001	-	155000	153,500
1	175001	-	180000	177,000
1	185001	-	190000	186,500
1	190001	-	195000	194,000
1	270001	-	275000	273,500
1	565001	-	570000	569,359
1	645001	-	650000	648,845
1	1375001	-	1380000	1,376,006
1	1390001	-	1395000	1,393,479
1	1935001	-	1940000	1,935,505
2	2245001	-	2250000	4,492,125
<b>876</b>				<b>14,973,750</b>



**Additional Information as at June 30, 2024**

S. No.	Categories of Share holders	Numbers	Shares Held	% Age
<b>1</b>	<b>Associated Companies</b>	<b>3</b>	<b>6,427,630</b>	<b>42.93</b>
	B.R.R. Guardian Modaraba		1,935,505	
	First Dawood Investment Bank Limited		2,246,070	
	The Bank of Khyber		2,246,055	
<b>2</b>	<b>NIT &amp; ICP</b>	<b>2</b>	<b>1,000</b>	<b>0.01</b>
	Investment Corporation of Pakistan		500	
	IDBP (ICP UNIT)		500	
<b>3</b>	<b>Directors, CEO their Spouses and Minor Children</b>	<b>7</b>	<b>2,784,801</b>	<b>18.60</b>
	Miss Tara Uzra Dawood		2,769,485	
	Mr. Iqbal Shafiq		2,816	
	Mr. Ahmer Zia Sarwar		2,500	
	Mr. Ahmed Salman Munir		2,500	
	Syed Shabahat Hussain		2,500	
	Syed Musharaf Ali		2,500	
	Mr. Naveed Ahmed		2,500	
<b>4</b>	<b>Banks, DFIs, NBFIs, Insurance Companies, Takaful, Modarabas, Pension Funds and Others</b>	<b>17</b>	<b>908,861</b>	<b>6.07</b>
<b>5</b>	<b>General Public</b>	<b>853</b>	<b>4,851,458</b>	<b>32.40</b>
	<b>Total</b>	<b>882</b>	<b>14,973,750</b>	<b>100.00</b>

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

**14,973,750**

Miss Tara Uzra Dawood	2,769,485	18.50
First Dawood Investment Bank Limited	2,246,070	15.00
The Bank of Khyber	2,246,055	15.00
B.R.R. Guardian Modaraba	1,935,505	12.93



**FORM OF PROXY  
33<sup>rd</sup> ANNUAL GENERAL MEETING**

786 Investments Limited.  
Karachi.

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

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

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

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

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

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

being another member of the Company as my/our proxy to attend and vote for me/us on my/our behalf, at the **Annual General Meeting** of the Company to be held on October 21, 2024 at 08:00 hours and to every adjournment thereof.

And witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2024, signed by the said

\_\_\_\_\_ in the presence of

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

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



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

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

**Important Notes:**

1. The share transfer books of the Company will remain closed from October 14, 2024 to October 21, 2024 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of the Power or Authority, in order to be valid, must be deposited at the Registered office of the Company, 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. If more than one instrument of proxy appointing more than one person is deposited with the Company, all such instruments of proxy shall be rendered invalid.
5. This signature on the Instrument of Proxy must conform to the specimen signature recorded with the Company.
6. CDC account holders will in addition have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the meeting.



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**BOOK POST**

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If undelivered, please return to:  
786 Investment Limited  
G-3, B.R.R. Tower,  
Hassan Ali Street,  
Off I.I. Chundrigar Road,  
Karachi - 74000 Pakistan



**Managed By:**  
**786 Investments Limited**

G-3, B.R.R. Tower, Hassan Ali Street,  
Off I.I. Chundrigar Road, Karachi - 74000 Pakistan  
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Email: [info@786investments.com](mailto:info@786investments.com)  
Website: [www.786investments.com](http://www.786investments.com)