



**BRANCHING OUT  
THE YEAR OF  
SUSTAINABLE GROWTH**

ANNUAL REPORT 2023



# Embrace a Carefree Life with Atlas Insurance



## A Company Incorporated in 1934

A credible and conscious insurance company protecting all your business and personal insurance risks in the most transparent manner.

- Gross underwriting premium along with Takaful contribution over 6.5 billion rupees
- Insurer Financial Strength rating 'AA+' by PACRA
- Awarded four times by the Insurance Journal for highest underwriting profitability
- Winner of KSE top 25 companies, SAFA, ICAP and ICMAP awards

Providing Coverage of:

Fire, Marine, Auto, Health, Travel, Home, Engineering, Crop, Livestock, etc.



Organisation  
development  
through  
*self development*





# BRANCHING OUT THE YEAR OF SUSTAINABLE GROWTH

Atlas Insurance's growth, like a resilient tree, expands its reach with comprehensive coverage. Our deep commitment, represented by the roots, ensures stability and security for clients. The flourishing leaves signify diverse insurance solutions, nurturing and safeguarding futures. This visual metaphor encapsulates years of sustained growth, rooted in our dedication to protecting what matters most.







# FINANCIAL HIGHLIGHTS 2023

Gross Premium  
& Contribution  
**Rs. 6,512**  
in million

Underwriting Profit  
**Rs. 921**  
in million

Profit Before Tax  
**Rs. 1,823**  
in million

Profit After Tax  
**Rs. 1,007**  
in million

Equity  
**Rs. 4,771**  
in million

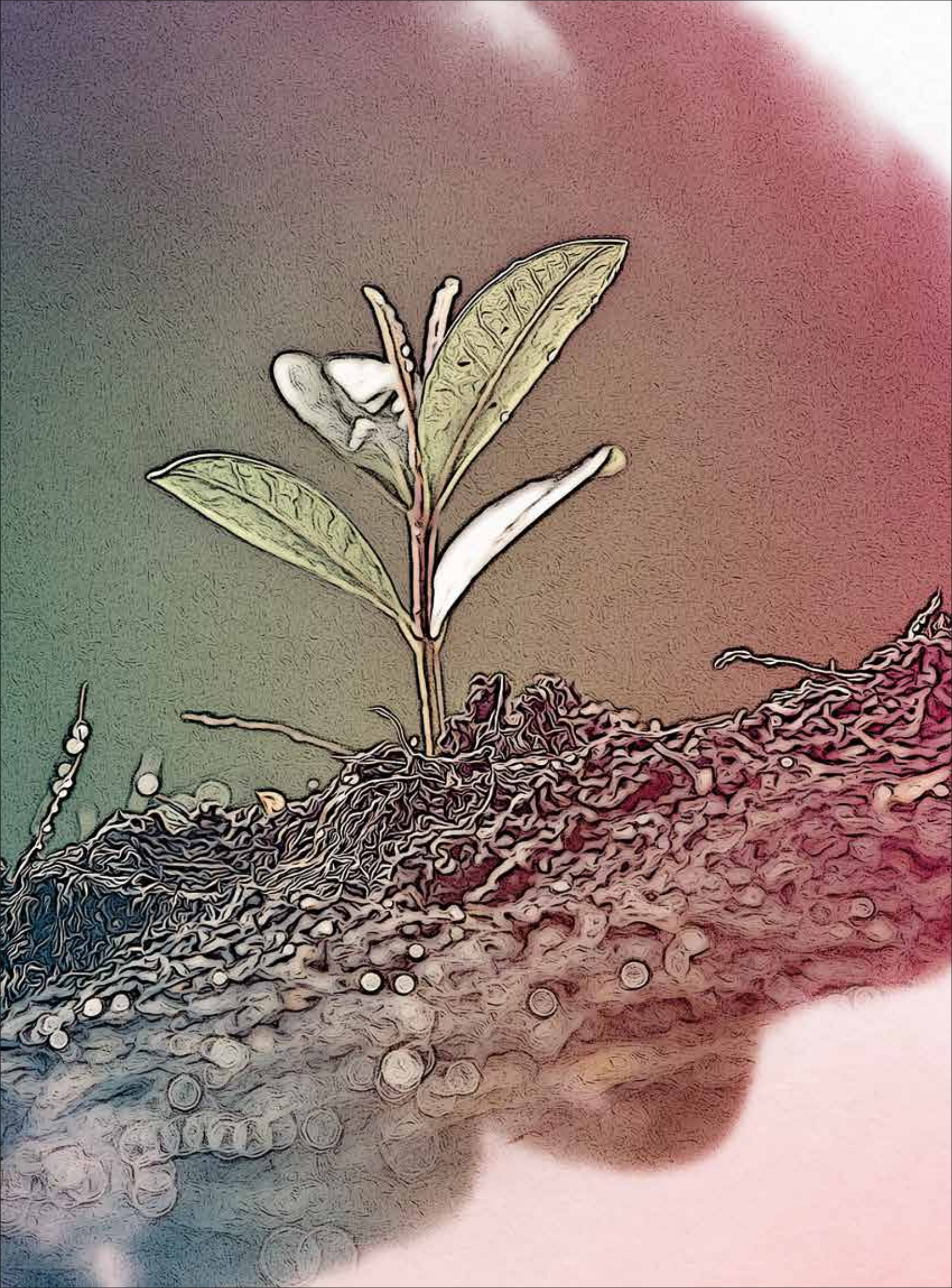
Total Assets  
**Rs. 13,281**  
in million

Investments  
(Market Value)  
**Rs. 6,807**  
in million

Cash Dividend  
**46%**

Bonus Shares  
**60%**







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## About the Group

The foundation of Atlas Group was laid down by our late Chairman, Mr. Yusuf H. Shirazi in 1962 when “Shirazi Investments (Private) Limited” (SIL) was formed with a initial capital of half a million rupees and two associates by his side. The Atlas motto coined by him, ‘Organization Development through Self-Development’, has been the mantra of success for Atlas since inception.

Today Atlas is a diversified group dealing in manufacturing, power generation, trading and financial services. The Group embodies the spirit of development as it endeavor to fuel the growth of Pakistan’s economy through it’s diversified presence and especially through 4 companies listed on the Pakistan Stock Exchange Limited.

Atlas with its focus on development, has firmly established as the technology and knowledge leader in Pakistan. The Group has harmonized professional management and institutionalized the Group shareholding to build businesses that last generation after generation. Atlas is driven by the ambition of making Pakistan self-sufficient and prosperous. Atlas plays a leading role as a responsible corporate citizen promoting professional education, contributing to health facilities, helping law enforcement agencies and improving the standard of life.



## About the Company

Atlas Insurance Limited (the Company) was incorporated as a public limited company on September 06, 1934 under the Companies Act, 1913 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The Company is engaged in general insurance business. The registered office of the Company is situated at 63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, Defence Housing Authority, Lahore, Pakistan. The Company is a subsidiary of Shirazi Investments (Private) Limited.

The Company was granted license to work as Window Takaful Operator (WTO) on March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under the Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

The Company is proud of it’s successful journey of nearly nine decades by satisfying its policyholder’s insurance needs. The Company has a wide range of products offered to customers, including but not limited to Fire, Marine, Motor, Personal Accident, Health, Travel, Home, Engineering, Crop, Livestock, Bond, Terrorism etc. Today Atlas Insurance is one of the nation’s preferred choice not only for better services to insured but enhanced risk management and safeguarding the interest of the stakeholders.



# Group Shareholding



**Shirazi Investments**  
(Holding Company)

SIL was incorporated in 1962 and is the holding company of Atlas Group. SIL, holds 75.33% shares of Atlas Insurance Limited. Besides being holding company of Atlas Group, it is engaged in the businesses of real estate, warehousing and investments in capital markets.



**Atlas Foundation**  
(Associated Company)

Atlas Foundation was incorporated in 1986 as not for profit organization. The Foundation has played its role in promoting professional education, contributing to health facilities, helping law enforcement agencies and improving the quality of life. Atlas Foundation holds 2.75% shares of Atlas Insurance Limited.



**Atlas Insurance**

The Company was founded in 1934 by Dr. Sir Allama Muhammad Iqbal, and is one of the oldest insurance companies of Pakistan. The Company was taken over by the Atlas Group in 1980. The Company offers general insurance products both in conventional and takaful lines of business.





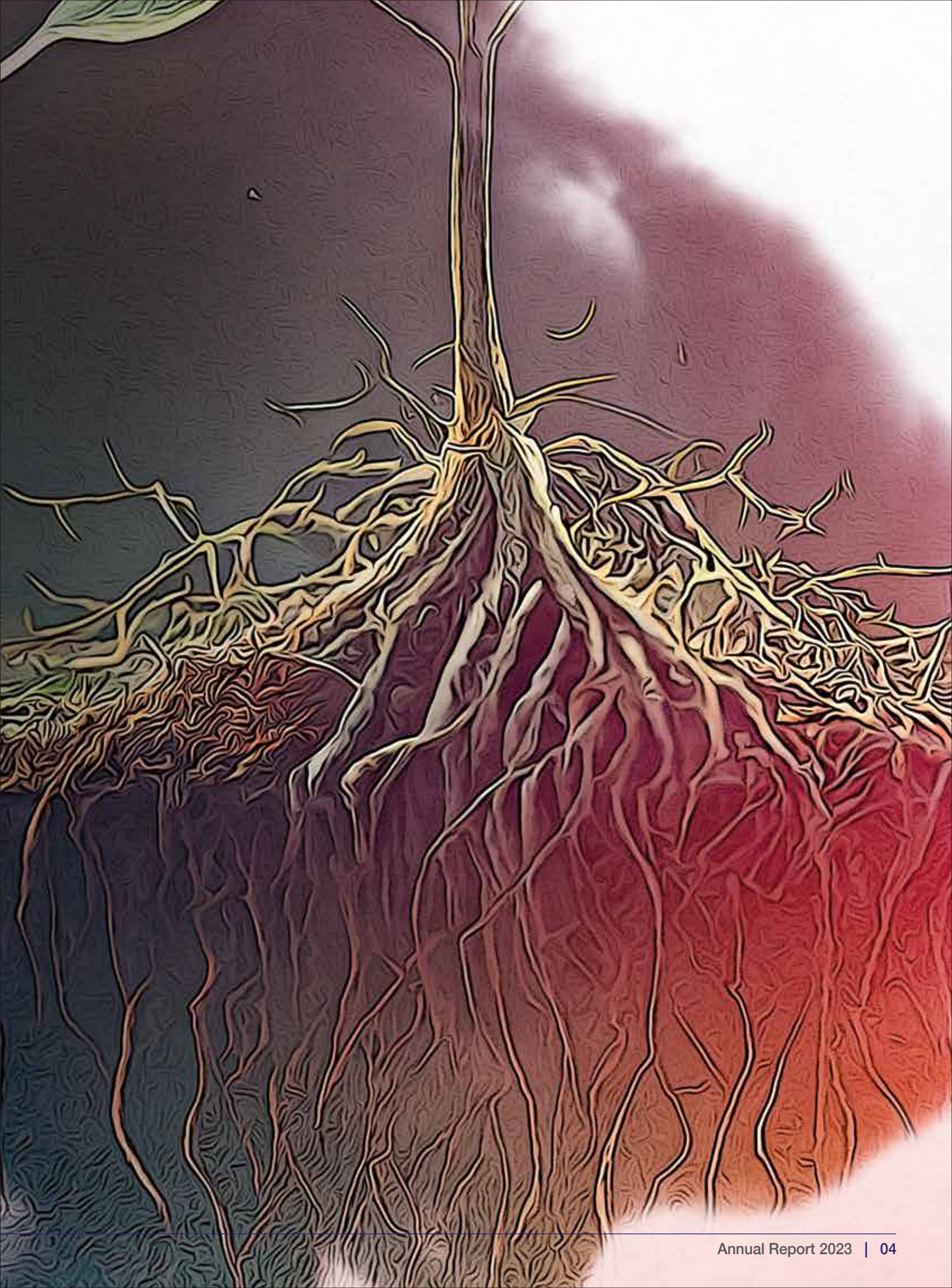
# VISION

A first class insurance company that provides the highest level of quality service to its policyholders.

# MISSION

To stay in the forefront of innovation and technological developments, continue to achieve corporate success, provide its policyholders quality products and services to their satisfaction, promote interest of all the stakeholders, employees, shareholders, reinsurers and business associates equitably fulfilling demand of overall social responsibility.







# CORPORATE STRATEGY

Our strategy is designed to deliver sustainable and profitable growth in a dynamic and a competitive business environment in accordance with the highest ethical, legal and professional standards.

Focus on building long lasting relationships with our customers.

Create value for the stakeholders by maintaining and improving our competitive position in the market.

Adding value in our skills and services through training and development of our employees. Promoting a culture of transparency and accountability through honesty, integrity and diligence in dealing with people connected with the Company business.

Focus on career development of employees by coaching and by helping them to achieve their goals and providing working environment of trust and mutual respect.

Competence and knowledge management to focus on human excellence using professional methodologies with strategic planning following the concept of “Management By Objective”.

Monitoring performances of processes and taking timely action for their standardization and optimization.







# CORE VALUES

## **Integrity and Ethics**

The Company places high value on the integrity of employees and ethical practices in its business dealings. We endeavor to establish the best professional and personal standards by adopting the path leading to the highest level of integrity.

## **Value of Time**

We believe that, time is the most precious resource and should be utilized in the most effective and efficient manner possible and performance excellence in true sense is managing time to deliver the most in the shortest period.

## **Respect, Recognition and Reward**

The human resource policy is built on Respect, Recognition and Reward (3R's) concept for all levels of employees.

## **Organization Development through Self Development**

Every member is encouraged and motivated with a vision and purpose to continuously strive for excellence, taking pride in the Atlas motto 'Organization Development through Self Development'.

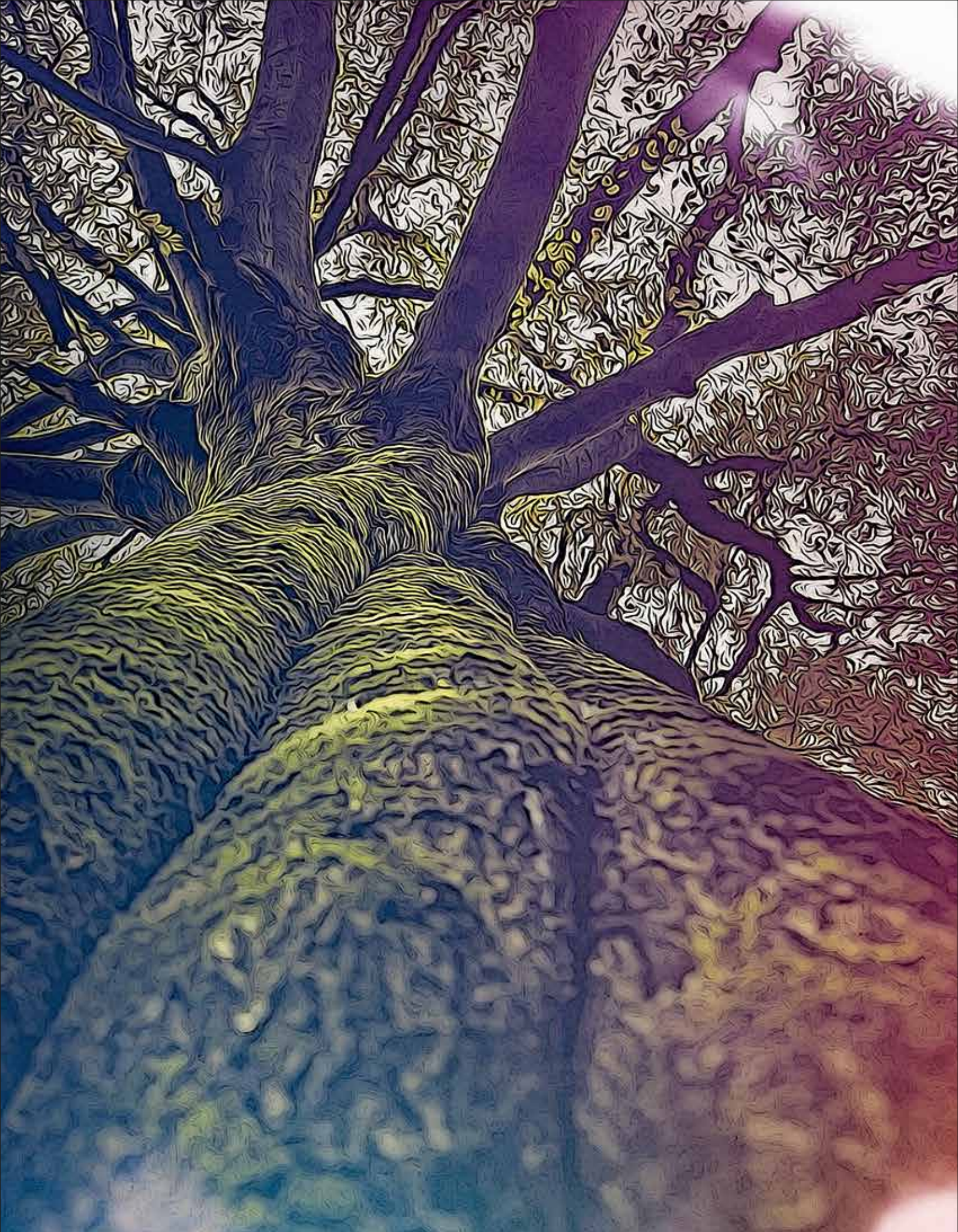
## **Team Work**

We believe that long term sustainability and growth of an organization is based on strong team work and every employee is committed to work as a team to deliver the best results.

## **Fairness**

The Company strongly emphasizes on fair dealing with employees, stakeholders, business partners and clients through adherence to ethical values, Company policies, applicable laws, regulations and high standard of moral behavior.







# Code of Conduct

## Standard of Conduct

The Company will conduct its operations with honesty, integrity and openness, and with respect for the human rights and interests of all stake holders including employees.

## Obeying the Law

The Company is committed to comply with all the applicable laws and regulations.

## Employees

- The Company is committed to create a working environment where there is mutual trust and respect and everyone feels the responsibility for the improved performance and reputation of the Company.
- The Company strongly believes in the core value of 3R's - Respect, Recognition and Reward.
- The Company recruits, employs and rewards employees purely on the basis of merit, qualification, experience and abilities required for the work to be performed.
- The Company is committed to provide safe, healthy and pleasant working environment to all the employees. The Company will not use any form of forced, compulsory or child labor.
- The Company is committed to work with employees to develop their skills and capabilities, provide training to groom them on the basis of their Training Needs Assessment analysis.
- The Company respects dignity of employees and their right for freedom of expression.
- The Company maintains good communication link with employees through Company based information and consultation procedures.

## Insured

The Company is committed to provide prompt and client services to its clients by adequately insuring their risk and doing risk assessment as per requirements of the clients. It endeavors to provide peace of mind and security to its clients pursuing ethical and professional practices.

## Shareholders

The Company will conduct its operations in accordance with principles of good corporate governance. It will provide timely, regular and reliable information on its business activities, structure and financial matters to the shareholders.

## Business Partners

- The Company is committed to establish mutually beneficial relations with its insured, reinsurers and business partners.
- In the business dealings, the Company expects its partners to adhere to business principles and ethical practices consistent with its own.

## Community Involvement

The Company strives to be a trusted corporate citizen and, as integral part of the society, to fulfil its responsibilities to society and communities where it operates.

## Public Activities

- The Company will promote and defend its legitimate business interests.
- The Company will co-operate with the government and other organizations, both directly and through bodies such as Insurance Association of Pakistan, in the development of proposed legislation and other regulations that could promote legitimate business interests.
- The Company neither supports any political group or party nor contributes to the funds of any group whose activities are aimed at promoting any party interests.



## Environment

- The Company is committed to make continuous improvement in the management of environmental impact towards its long-term goal of promoting a sustainable business.
- The Company will work to promote environmental care and increase understanding of environmental issues.

## Competition

The Company and its employees will conduct their operations in accordance with the principles of fair competition without compromising on ethical practices.

## Business Integrity

- The Company does not give or receive, whether directly or indirectly, bribe or other improper advantages for business or financial gains. No employee shall offer, give or receive any gift or payment, which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to the management.
- The accounting records of the Company must accurately describe and reflect the nature of the underlying transactions transparently. No undisclosed or unrecorded accounts, funds or assets shall be established or maintained.

## Conflict of Interest

The employees shall avoid personal activities and financial interests that could conflict with their responsibilities towards the Company. They shall not seek benefits for themselves or for others through misuse of their positions.

## Compliance-Monitoring-Reporting

- Compliance with these principles is an essential element in business success of the Company. The management is responsible to ensure that these principles are communicated to, and understood and observed by, all the employees.
- Senior management is responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs.
- Any breaches of the Code of Conduct must be reported by the employees to the management.
- The Board of Directors encourages the employees to bring to its attention, or to that of the senior management, any breach or suspected breach of these principles.
- Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.
- The Head of HR shall be responsible for disseminating this Code of Conduct to all the employees.



# Company's Profile

## TOGETHER *WE* RISE

The Company was founded in 1934 by Dr. Sir Muhammad Iqbal, Hakeem-ul-Ummat, and is one of the oldest insurance companies of Pakistan.

The Company was taken over by the Atlas Group in 1980. The Company has made steady progress since its acquisition by the Atlas Group. The equity of the Company has grown from Rs. 1.6 million in 1979 to over Rs. 4.771 billion in 2023, total assets having grown to over Rs. 13.281 billion and investments from Rs. 0.459 billion to over Rs. 6.807 billion. Atlas Insurance Limited has very sound reinsurance arrangements with the leading reinsurers of the world including Swiss Re from Switzerland, Hannover Re from Germany, Tokio Marine & Nichido Fire from Japan, Sompo from Japan, Luban Re from Malaysia, Korean Re from Korea, Malaysian Re from Malaysia and Kuwait Re from Kuwait among others.

After obtaining license from Securities and Exchange Commission of Pakistan (SECP), the Company launched its Window Takaful Operations in the year, 2016. Under the supervision of certified and experienced Shariah Advisor, the General Takaful products were designed. Takaful helps not only to cater the requirements of our existing clientele but also reach out to new market segments.

Acknowledging the financial strength of the Company, the Pakistan Credit Rating Agency Limited (PACRA) has maintained Insurer Financial Strength (IFS) rating of the Company at "AA+" which denotes a very strong capacity to meet policyholders and contract obligations.

Atlas Insurance Limited, a financially sound and professionally managed Company, has been awarded the Top Five Companies "Best Corporate Report Award" eight times, between 2003 to 2015, by the joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). The Company was awarded merit certificate in the Best Corporate Report Award - 2019, 2020, 2021 and 2022 by this joint committee. Atlas Insurance Limited has been awarded South Asian Federation of Accountants - SAFA "Best Presented Accounts Award" continuously for six years from 2006 to 2011. The Company is also recipient of "KSE Top 25 Companies Award". Atlas Insurance Limited was awarded the "Insurance Journal Performance Awards" for the "Highest Underwriting Profit as Percentage of Written Premium" on the basis of results for the years 2012, 2013, 2014 and 2015 by the Insurance Journal. This award reflects the fundamental strength of the Company and its prudent underwriting policies.

The Company's results have consistently been yielding profits. This has been made possible by excellent operating performance through professional and efficient service to clients, good management practices and cost controls. Consistency, hard work, dedication, adherence to the Company policies and procedures and code of conduct has contributed towards growth of the Company.

The Company has always sought to offer unique solutions to its clients and has the ability to offer creative alternatives to meet the challenges associated with needs of its clients by offering specially designed policies. The Company follows sound underwriting policies and provides highest quality services to its valued clients. Atlas Insurance has the privilege of having many blue chip companies and large groups amongst its valued customers. It serves its customers through a strong branch network throughout the country backed by advanced computerized information and control system. Wide range of products for conventional and takaful are offered by Atlas which includes:

- Fire & allied perils
- Marine & Hull
- Motor
- Personal accident
- Contractors all risk
- Erection all risk
- Machinery breakdown
- Boiler & pressure vessel
- Product liability
- Fidelity guarantee
- Cash in transit / cash in safe
- Bankers' blanket bond
- Computer all risk
- Travel insurance
- Credit insurance
- Crop insurance
- Health insurance
- Terrorism





### **Fire & Allied Perils**

This covers property and assets; it provides coverage against fire and lightning and can be extended to provide coverage for perils including impact damage, earthquake, fire & shock, atmospheric disturbance, malicious damage, explosion, flood, electric fluctuation, riot & strike and burglary etc.

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### **Motor**

Motor insurance provides comprehensive coverage i.e. accidental damage to vehicle, theft and third party liability etc. to our corporate and individual customers.

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### **Personal Accident**

Personal accident insurance provides cover against death and disability of a person due to an accident.

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### **Crop Insurance**

Covers financial loss due to damage to crop caused by natural calamities.



### **Marine**

Marine cargo insurance covers loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils.

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### **Contractors' All Risk (CAR)**

Covers accidental damage to civil works and contractor plant and equipments in the course of construction carried out by contractors and can be extended to include third party liability cover.

### **Erection All Risk (EAR)**

Similar cover to CAR insurance but while CAR cover refers mainly to building and civil engineering work. EAR is used for coverage of loss or damage to machinery in the course of erection etc.

### **Machinery Breakdown**

Machinery insurance is to grant cover for plant and machinery against mechanical / electrical breakdowns.

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### **Boiler & Pressure Vessel**

Covers damage to boilers and pressure vessels due to explosion or collapse caused by internal pressure and vacuum.





**Fidelity Guarantee**

Fidelity guarantee insurance protects employers against direct pecuniary loss which they may suffer due to fraud or any other act of dishonesty committed by their employee against them.

**Cash in Transit / Cash in Safe**

Covers cash against snatching or robbery while in transit from one premise to another in a given location or lying in the safe at assured premises.

**Bankers' Blanket Bond**

Covers banks and provide protection which includes loss due to theft and fidelity guarantee risks etc.

**Loss of Profit**

Provides protection against business interruptions and its consequential losses followed by incident of fire etc.



**Product Liability**

This policy covers liability to third parties arising out of faulty products supplied by the manufacturers.



**Travel Insurance**

This policy provides protection like personal accident, medical, loss of luggage and money while insured is traveling out of home country.



**Computer All Risk**

This insurance is specially designed to cover high value computer equipments on all risk basis covering sudden and unforeseen losses including various insured perils like fire, burglary and accidental damage. With rapid improvements in technology the useful lives of computers are reducing, creating demand for early changes in such sensitive equipments, resulting in increased requirement for this insurance.



**Health Insurance**

Atlas Insurance health plan - 'Atlas Care' provides coverage against hospitalization, maternity, critical illness, OPD and specialized investigations etc.

Health Insurance relieves insured from the worries of unexpected diseases ailments, surgery, operations and out patient care. The group medical insurance curtails the administrative burden and financial pressures.



**Terrorism**

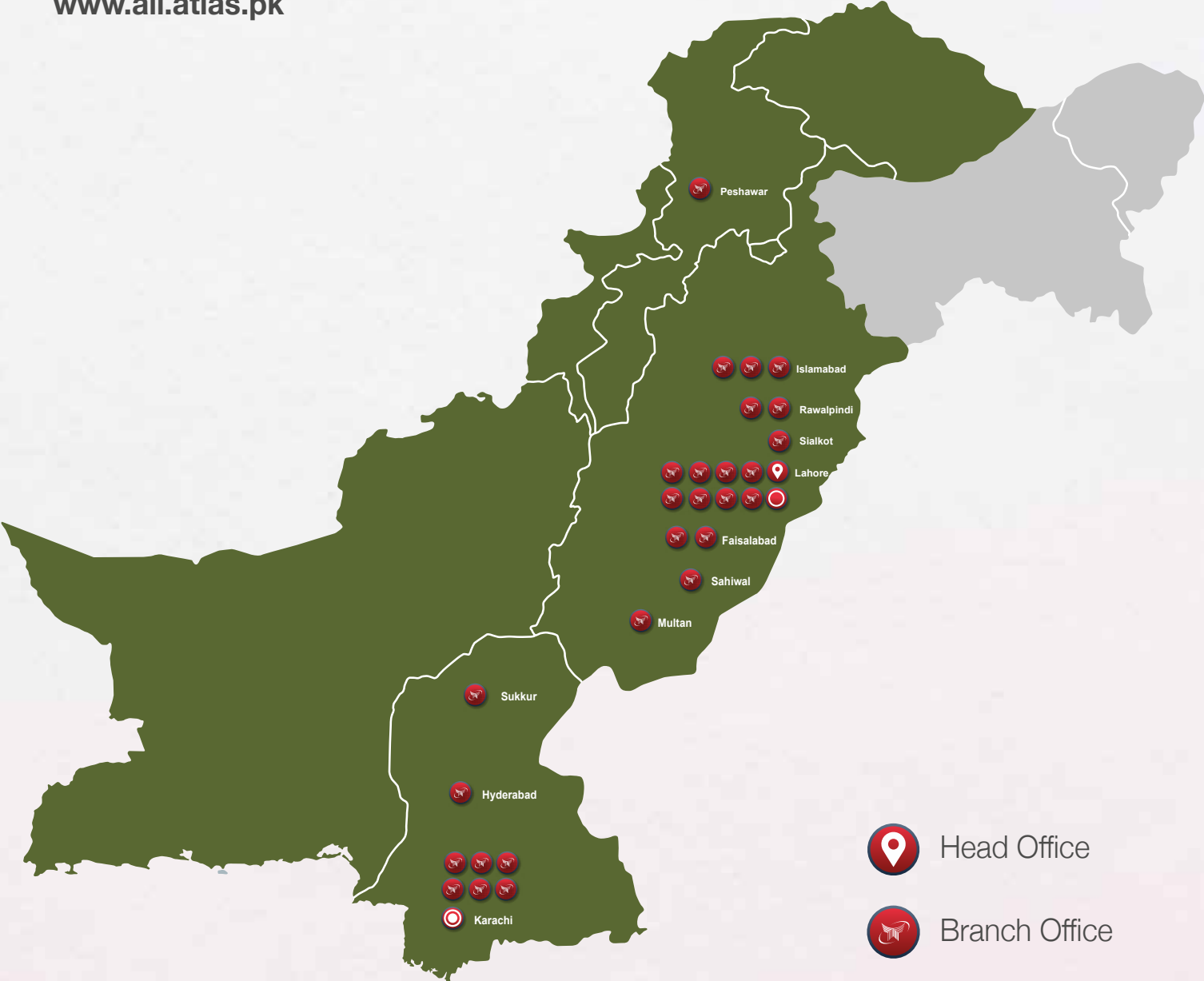
Terrorism insurance is designed to cover potential losses and liabilities that might occur as a result of terrorism activities.







# Geographical Presence

## Branch Network

The complete branch network of the Company is available at [www.ail.atlas.pk](http://www.ail.atlas.pk)



-  Head Office
-  Branch Office
-  Zonal Office
-  Registered Office



# Board of Directors



**Mr. Iftikhar H. Shirazi**  
Chairman / Non-Executive Director

Mr. Iftikhar H. Shirazi graduated with a Bachelor of Science in Finance from Notre Dame De Namur University (formerly College of Notre Dame), USA, and completed his OPM from Harvard Business School, USA. He has over 31 years of corporate management experience, more particularly in the financial and trading sectors. He has to his credit, work experience at Bank of Tokyo-Mitsubishi, Yamaichi Securities, and Toyota Tsusho Corporation.

He is currently Chairman of Atlas Insurance Limited, Shirazi Investments (Pvt) Limited, Atlas Asset Management Limited, Shirazi Trading Company (Private) Limited, Atlas Foundation and Atlas Information Technology Resource Centre. He is also a member of the SAARC Chamber of Commerce & Industry, Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and Karachi Chamber of Commerce & Industry (KCCI). He is also serving on the Board of Governors of the Forman Christian College, Ghulam Ishaq Institute of Engineering Science and Technology and British Overseas School Association. He was also a member of the Aga Khan Resource Development Committee and FPCCI Executive Committee. He has also served the Management Association of Pakistan as their Vice President.

He also enjoys membership of several other prestigious associations that include, Harvard Club of New York and Pakistan, Young Presidents Organization, Aitchison College Old Boys Association, Government College of Commerce & Economics Old Students Association and English Speaking Union. He was also President of International Club, Notre Dame De Namur (formerly College of Notre Dame), USA.



**Mr. Ali H. Shirazi**  
Non-Executive Director

Mr. Ali H. Shirazi graduated with a BA from Yale University, USA in 2000 and thereafter completed his Masters in Law from Bristol University, UK in 2005. During this period he worked for the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California.

He is Atlas Group Director Financial Service and President / Chief Executive of Atlas Battery Limited. He serves on the Board of Atlas Asset Management Limited, Cherat Packaging Limited, Pakistan Cables Limited, National Foods Limited and Pakistan Society for Training and Development. Previously he has also served on the Board of National Clearing Company of Pakistan Limited (NCCPL).

He is a 'Certified Director' from the Pakistan Institute of Corporate Governance and in 2018 completed the Owner / President Management Program (OPM) from Harvard Business School.





### **Mr. Frahim Ali Khan** **Non-Executive Director**

Mr. Frahim Ali Khan is a Law graduate from Karachi University. He has also attended Senior Managers' Program at Harvard University, USA, Financial Management Program at Stanford University, USA and Board of Director's Program at Insead University, France.

He has over 50 years of experience in General Management, Finance, Investment and Taxation. He joined the Atlas Group in 1967 and has served in different positions. Currently his other directorship includes Atlas Power Limited, Atlas Solar Limited, Atlas Energy (Private) Ltd, Shirazi Investments (Private) Limited, Atlas Asset Management Limited, Atlas Engineering (Private) Limited, Atlas Autos (Private) Limited, Atlas Metal (Private) Limited, Shirazi Trading (Private) Limited and Atlas Foundation.

Earlier, he has also served on the boards of Atlas Honda Limited, Atlas Battery Limited and Atlas Bank Limited (former) and has been CEO of Shirazi Investments (Pvt.) Limited, Shirazi Trading Company (Private) Limited, Atlas Asset Management Limited and Atlas Investment Bank Limited (former).



### **Mr. Hasan Reza ur Rahim** **Independent Director**

Mr. Rahim is an accomplished professional who has 40 years of domestic and international experience in the Banking and Financial Services industry. He brings with him 10 years of public listed company board and governance knowledge and is currently serving on the boards of Atlas Insurance Ltd., and Mirpurkhas Sugar Mills Ltd. He has also served on the boards of Cyan Ltd., Dawood Hercules Corporation Ltd. (DH Corp), Dawood Lawrencepur Ltd., Hascol Ltd., and Hum Networks Ltd.

Previously, Mr. Rahim was the Executive Director in-charge of the Chairman's Office of the Dawood Group which consists of several listed and unlisted companies and is one of the largest entrepreneurial groups in Pakistan. DH Corp is the flagship investment entity of the Dawood Group which has a large minority shareholding in Engro Corporation Limited.

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

Earlier in his career Mr. Rahim, also held senior positions with Mashreq Bank PSC and ANZ Grindlays Bank PLC. He has worked in several international locations that included Zurich, Singapore, Bahrain and Dubai.

He received his bachelor's degree from the University of Delaware in USA; is also an IFC certified trainer to conduct corporate governance training; is a Pakistan Institute of Corporate Governance certified Director and on it's faculty.





### **Mr. M. Habib-ur-Rahman** **Non-Executive Director**

Mr. M. Habib-ur-Rahman, a chartered accountant from Institute of Chartered Accountants in England & Wales has over 50 years of corporate management experience in financial and manufacturing sectors. He formerly worked with National Investment Trust Limited as General Manager Finance and Investment, Atlas Honda Limited as executive Director, ABAMCO Limited as Chief Executive and Atlas Asset Management Limited as Chief Executive.

Mr. Habib-ur-Rahman has acted as Securities and Exchange Commission of Pakistan (SECP) nominee director on the Board of Karachi Stock Exchange in 2000, 2001 & 2003. He has also been a member of Advisory Group on Capital Market constituted by SECP. He was a member of Enquiry Committee constituted by SECP to enquire about the management of exposure rules and another Enquiry Committee to study the 2008 Financial Crisis.

Mr. Habib-ur-Rahman has contributed to the formation and development of Mutual Funds Association of Pakistan, a trade body representing asset management companies in Pakistan and represented the Association in international conferences. Mr. Habib-ur-Rahman has represented the Association as director, chairman and chairman of taxation committee.

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### **Mrs. Roohi Raees Khan** **Independent Director**

Mrs. Roohi Raees Khan is an MBA from IBA, Karachi. She completed her B.A. (Economics & Mathematics) from Punjab University. She has over 36 years of experience in various banking segments like Development Banking, Lease Financing, Housing Finance, SME Financing, Islamic Banking, Investment Banking, Agriculture Financing etc. She has about 20 years of experience at senior management level, as well as Chief Executive and Chief Operating Officer and Director on the Boards of various Financial Institutions having dealt with policy making, strategic planning and systems refinement, implementation of control functions, revamping /

restructuring and mergers. She has dealt with international lending Institutions like World Bank, Asian Development Bank, Islamic Development Bank and other multilateral lenders. She represented NDFC for successful negotiation, of credit line to financial sector, from Asian Development Bank.

Mrs. Khan was Chairperson of SNGPL from 2020 to 2023 and has served on the Boards of Asian Leasing, Lahore Stock Exchange, International Housing Finance Limited, Mashreq Bank (now Samba Bank), PICIC etc. She was also the Chairperson of an Investment Bank before it was merged with a local commercial Bank. She has also served at senior management level in various organizations. She has been Group Head, Textiles, in National Development Finance Corporation, Chief Executive Officer of Asian Leasing, Chief Operating Officer of Trust Investment Bank and Zarai Taraqati Bank Limited (ZTBL). She had also been acting President of ZTBL during 2011 / 2012 when she was instrumental in bringing about many changes with positive impact on its profitability.

She has constantly devoted time over the past 30 years to various social sector institutions working for the betterment of downtrodden and deprived strata of the society and is an advocate of improving the fate of the deprived mainly by catering to the basic right to health, education and equal opportunity to all.

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### **Mr. Babar Mahmood Mirza** **Chief Executive Officer / Executive Director**

Mr. Babar Mahmood Mirza is an MBA from University of Glasgow, UK. He has over 28 years of experience in the insurance industry. He had been associated with Habib Insurance as General Manager (from 1999 to 2009), worked for Adamjee Insurance as Deputy General Manager Reinsurance and Head of Claims between 2010 and 2013 before joining UBL Insurers as Chief Operating Officer in 2013.

He was appointed Chief Executive Officer of UBL Insurers in 2014 and spent around four (4) years in that position before joining Atlas Insurance Limited in April 2018. He is a 'Certified Director' from the Pakistan Institute of Corporate Governance.



# Timeline Unravelled







# Company Information

## Board of Directors

Iftikhar H. Shirazi  
Chairman / Non-Executive Director

Ali H. Shirazi  
Non-Executive Director

Frahim Ali Khan  
Non-Executive Director

Hasan Reza ur Rahim  
Independent Director

M. Habib-ur-Rahman  
Non-Executive Director

Roohi Raees Khan  
Independent Director

Babar Mahmood Mirza  
Chief Executive / Executive Director

Muhammad Afzal  
Company Secretary

## Audit Committee

Hasan Reza ur Rahim  
Chairman

Ali H. Shirazi  
Member

Frahim Ali Khan  
Member

Muhammad Afzal  
Secretary

Saleem Mahmood Akhtar  
Chief Internal Auditor

## Ethics, Human Resource & Remuneration Committee

Roohi Raees Khan  
Chairperson

Ali H. Shirazi  
Member

Frahim Ali Khan  
Member

Babar Mahmood Mirza  
Member

Qudsia Naheed  
Secretary

## Investment Committee

Ali H. Shirazi  
Chairman

Frahim Ali Khan  
Member

M. Habib-ur-Rahman  
Member

Babar Mahmood Mirza  
Member

Muhammad Aasim Gul  
Member

Muhammad Afzal  
Secretary



### **Underwriting, Reinsurance & Co-insurance Committee**

Ali H. Shirazi  
Chairman

Babar Mahmood Mirza  
Member

Rashid Amin  
Member

Syed Nasir Hussain  
Member

Syed Irtiza Kazmi  
Secretary

### **Claims Settlement Committee**

Frahim Ali Khan  
Chairman

Babar Mahmood Mirza  
Member

Muhammad Aasim Gul  
Member

Muhammad Saeed  
Member

Athar Maqsood Paracha  
Secretary

### **Risk Management & Compliance Committee**

Babar Mahmood Mirza  
Chairman

Muhammad Aasim Gul  
Member

Rashid Amin  
Member

Muhammad Saeed  
Member

Athar Maqsood Paracha  
Secretary

### **Information Technology (IT) Committee**

Babar Mahmood Mirza  
Chairman

Rashid Amin  
Member

Muhammad Saeed  
Member

Abdul Razzaq Ghauri  
Member

Wasim Ahmed  
Secretary

### **Management Committee**

Babar Mahmood Mirza  
Chief Executive Officer

Muhammad Aasim Gul  
Chief Financial Officer

Rashid Amin  
GM Business Development & Compliance

Abbas Sajjad  
General Manager Sales & Marketing

Muhammad Saeed  
General Manager Claims

Qudsia Naheed  
General Manager HR & Admin

Abdul Razzaq Ghauri  
General Manager IT

Syed Irtiza Kazmi  
General Manager Underwriting & Reinsurance

Syed Nasir Hussain  
Head of Reinsurance

### **Shariah Advisor**

Mufti Zeeshan Abdul Aziz

### **GM Compliance**

Rashid Amin

### **Auditors**

EY Ford Rhodes  
Chartered Accountants

### **Legal Advisors**

Mohsin Tayebaly & Co.  
Haroon Dugal Law Chambers

### **Tax Advisor**

EY Ford Rhodes  
Chartered Accountants

### **Share Registrar**

Hameed Majeed Associates  
(Pvt) Limited  
H. M. House, 7-Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37235081-82  
Fax: (92-42) 37358817

### **Bankers**

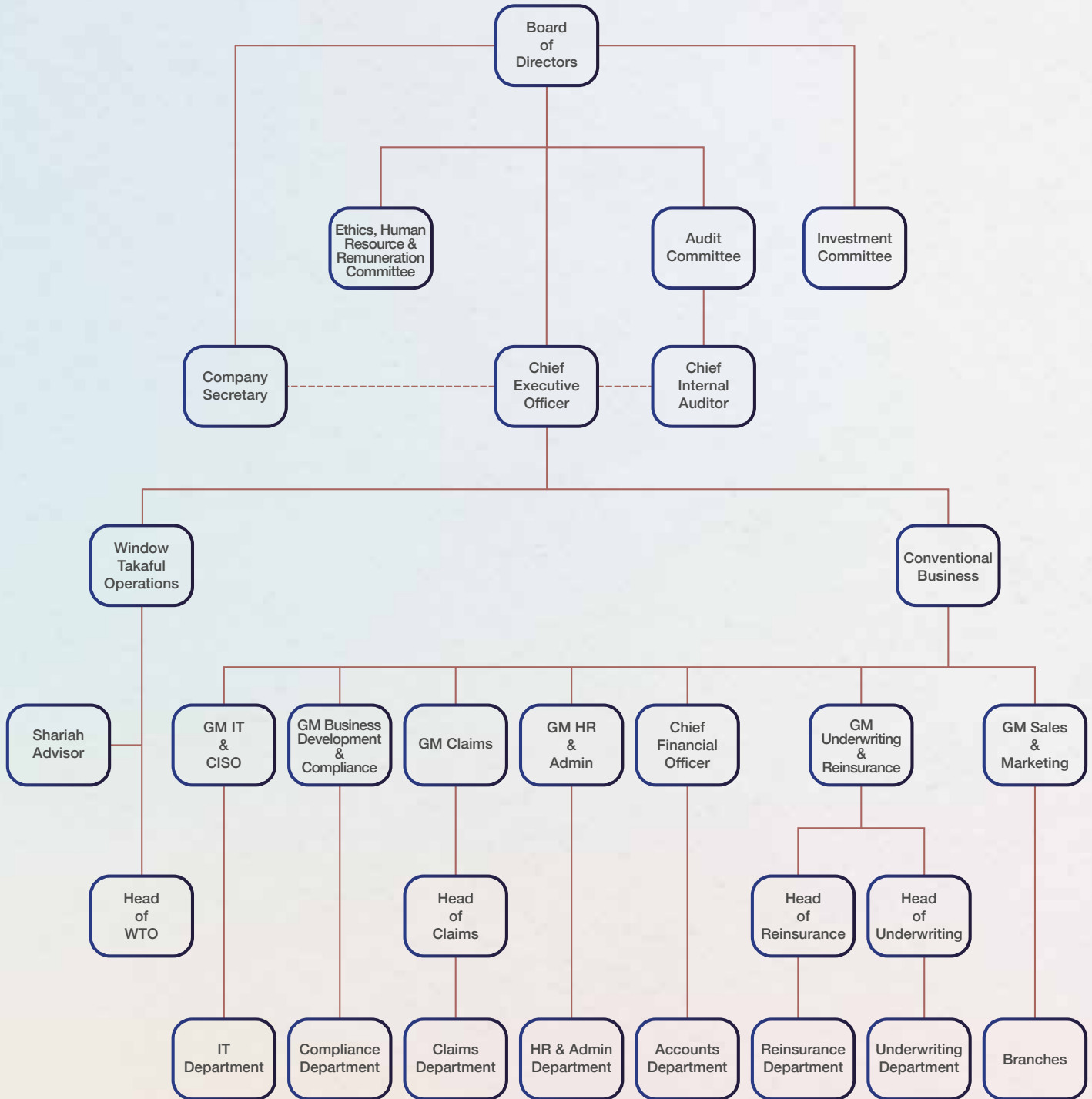
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Limited  
Bank Makramah Limited  
FINCA Microfinance Bank Limited  
Faysal Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
Mobilink Microfinance Bank Limited  
National Bank of Pakistan  
NRSP Microfinance Bank  
Sindh Bank Limited  
Soneri Bank Limited  
United Bank Limited

### **Registered and Head Office**

63/A, Block - XX, Phase III  
(Commercial),  
Khyaban-e-Iqbal, DHA, Lahore.  
Tel: (92-42) 37132611-18,  
Fax: (92-42) 37132622  
E mail: info@ail.atlas.pk  
Website: www.ail.atlas.pk



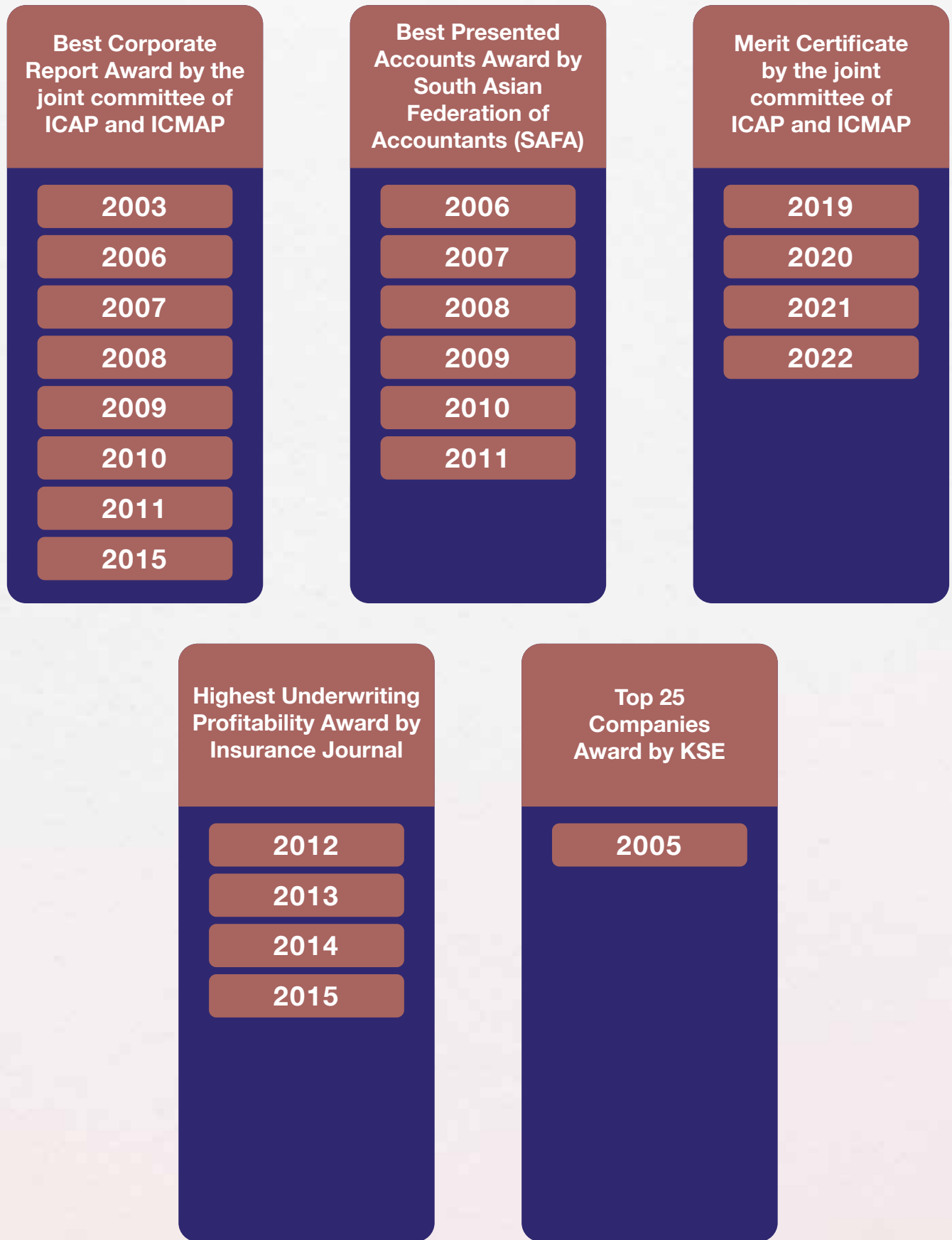
# Organogram



— Functionally reporting    - - - - Administrative reporting



# Awards and Accolades





# Business Model

Our sustainable approach to distribution and marketing helps us to create value for a wide group of stakeholders, from reinsurers to customers.

We use our strength and employ our resources and relationships to deliver sustainable growth in earnings for our shareholders. 'Atlas Way' principle helps us in strengthening our position in Pakistan's insurance industry.



## ATLAS CULTURE

- Corporate Governance.
- Respect, Recognition and Reward.
- Value of time.
- Recruitment and career advancement based on integrity, merit, experience and skills.
- Education and training of staff and descendants.
- Self reliance.
- Leading by example.
- Humility and Excellence.
- Living within one's means, saving for the future and donating for good cause.
- To be safe, happy and healthy.



## ATLAS SYSTEMS

- Management by Objectives (MBO) to align activities towards agreed company goals.
- Implementing 7'S vision (Strategy, Structure, System, Style, Staff, Skills and Shared values) for the Company.
- Inducting and retaining competent and skilled staff – right man for the right job.
- Using BCG model for strategic direction.
- Creating value through implementation of internal controls (SOPs and policy manuals).
- Management development to produce performers, organization builders and strategists.
- Active participation in management meetings for continuous performance improvement.
- Ensuring accuracy and control of information / data through efficient MIS.
- Judicious sharing of profitability between employee bonuses, dividend payout and profit retention.



## Capitals Inputs

## Business Activities

## Value Creation Outputs

### Financial Capital

- Paid up capital Rs. 1.494 billion
- Equity: Rs. 4.771 billion
- Total assets: Rs. 13.281 billion
- Diversified investment portfolio: Rs. 6.807 billion
- Bank deposits: Rs. 1.545 billion

### Human Capital

- Respect, Recognition and Reward
- Skilled, experienced and competent team
- Total employees: 236
- Training and development programs
- 3 C's

### Manufactured Capital

- An Atlas Group Company
- 'AA+' financial rating from PACRA
- Big 4 audit firm
- Fast and effective process flow
- Property, Plant and Equipment: Rs. 230.1 million
- Dedicated doctor for Health Claims

### Social and Relationship Capital

- Reinsurance arrangements with leading reinsurers
- Distribution network consisting 27 branches
- Leading workshops on board for motor claims
- Panel of leading hospitals across the country
- Panel of approved surveyors

### Intellectual Capital

- CORE integrated business ERP
- Web portal for business associates
- Secured connectivity and communication

### Natural Capital

- Go Green initiative
- Insurance of Renewable Energy Projects
- Installed electricity efficient equipments e.g. LED's based electrical infrastructure

### Financial Capital

- Gross premium and contribution Rs. 6.512 billion
- Profit after tax: Rs. 1.007 billion
- Earnings per share: Rs. 6.74
- Return on equity: 21.1%
- Dividend payout ratio: 59%

### Human Capital

- Organization Development through Self Development
- Ratio of female employees: 10%
- High employees retention ratio
- Regular training programs

### Manufactured Capital

- Established brand and loyal customers
- 'Atlas' - a renowned brand
- Satisfied customers
- Insureds satisfaction on claims management

### Social and Relationship Capital

- Better relationship with international reinsurance
- Good association with insurance brokers
- Long-term association with hospitals, dealers and other stakeholders
- Donations to NPOs
- Sponsoring seminars for public welfare

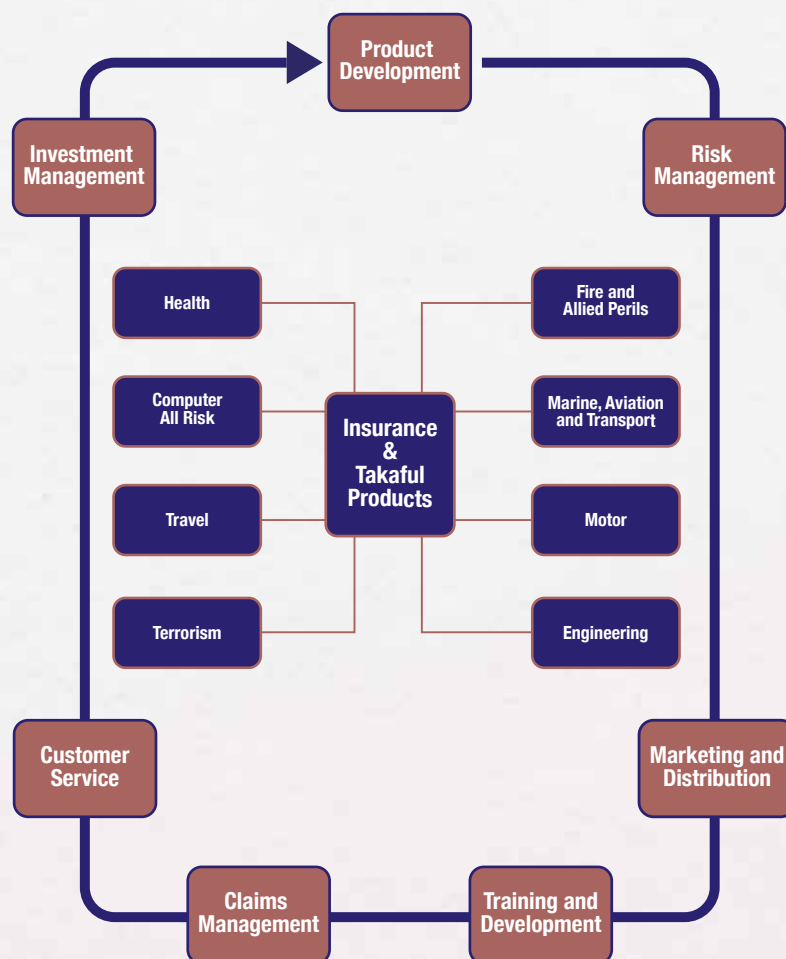
### Intellectual Capital

- Comprehensive and effective MIS support by Dashboards
- Mobile Apps
- Providing ease to employees, customers and other stakeholders

### Natural Capital

- Go Green initiative
- Insurance of Renewable Energy Projects
- Installed electricity efficient equipments e.g. LED's based electrical infrastructure

# Vision & Mission



# Code of Conduct



# Policy and Procedures for Engagement of Stakeholders



Being the one of the largest insurance company in the country, the Company's services has an effect on diverse group of stakeholders. The perception, and needs of these group of stakeholders shape the Company's business and in turn its success. Identifying the group of stakeholders allows the Company to understand the issues, formulate strategies and deliver according to their expectations.

The engagement process initiates with the identification of stakeholders. The Company defines stakeholders as those who are potentially affected by the Company's operations or who have an interest in or influence on the Company's business. After identification of stakeholders, the most important step is of communication with the stakeholders to ascertain their needs and wants which affect the Company and formulating strategy to cater the identified factors. The Company's range of stakeholders includes shareholders/investors, employees, customers, agents, reinsurers, public, government & regulators, industry associations & representative bodies and media. Process and frequency of consultations with stakeholders, topics identified and the Company's responses to the same are as follows:

Stakeholders		Frequency and Method of Engagement	Areas Identified	Strategy
<b>Shareholders / Investors</b>	<b>Individuals or corporates which have invested in capital of the Company</b>	<b>Ongoing</b> <ul style="list-style-type: none"> <li>Website with Company's financial and non-financial data</li> <li>Notices, circulars, announcements and interim reports</li> </ul> <b>Annual</b> <ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual Reports</li> </ul>	<ul style="list-style-type: none"> <li>Good rate of return</li> <li>Sound and prudent management</li> <li>Presentation of minority interest</li> </ul>	<ul style="list-style-type: none"> <li>Prudent underwriting for maximization of returns</li> <li>Professional, knowledgeable and honest management</li> <li>Optimal mix of independent and Non-Executive directors</li> </ul>
<b>Insured</b>	<b>Subscribers of Company's services</b>	<b>Ongoing</b> <ul style="list-style-type: none"> <li>Communication through agent network</li> <li>Dedicated claims department</li> <li>Customer Feedback</li> </ul>	<ul style="list-style-type: none"> <li>Service quality and availability</li> <li>Fair market practices</li> <li>Transparent communication</li> <li>Market competitive rates</li> </ul>	<ul style="list-style-type: none"> <li>Appointment based on transparent procedures &amp; evaluation criteria</li> <li>Mutually beneficial relationships</li> </ul>



Stakeholders		Frequency and Method of Engagement	Areas Identified	Strategy
<b>Reinsurers</b>	<b>Insurers that provide reinsurance / retakaful treaties and facultative business</b>	<b>Ongoing</b> <ul style="list-style-type: none"> <li>• Ongoing</li> <li>• Quarterly accounts submission</li> <li>• Reconciliations</li> </ul> <b>Annual</b> <ul style="list-style-type: none"> <li>• Reinsurance / retakaful contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Timely payment</li> <li>• Opportunity and negotiation</li> <li>• Shared development</li> <li>• Fair market practices</li> </ul>	<ul style="list-style-type: none"> <li>• Appointment based on transparent procedures &amp; evaluation criteria</li> <li>• Mutually beneficial relationships</li> </ul>
<b>Agents</b>	<b>Distributors of the Company's services</b>	<b>Ongoing</b> <ul style="list-style-type: none"> <li>• Direct communication with agents</li> <li>• Agent training and education programs</li> </ul> <b>Annual</b> <ul style="list-style-type: none"> <li>• Annual Sales Conference</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent communication</li> <li>• Equal business opportunities</li> <li>• Fair return</li> </ul>	<ul style="list-style-type: none"> <li>• Constructive and favorable mutually beneficial outcomes</li> </ul>
<b>Public</b>	<b>Neighborhood</b>	<b>Ongoing</b> <ul style="list-style-type: none"> <li>• Sponsorship for seminars, sports and other awareness campaigns on various issues concerning public at large</li> <li>• Internships programs</li> <li>• Contribution in charity and disaster recovery programs</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity for employment and business relationship</li> <li>• Value creation for the society</li> </ul>	<ul style="list-style-type: none"> <li>• Invariably contribution in the charity</li> <li>• Fair job opportunities</li> <li>• Business on fair terms, without any discrimination</li> </ul>
<b>Government &amp; Regulators</b>	<b>Federal &amp; provincial governments, SECP &amp; PSX</b>	<b>Ongoing</b> <ul style="list-style-type: none"> <li>• Filing of statutory forms, documents, prescribed returns, assessments and other information as per applicable laws and regulations</li> <li>• Participation in government initiatives, regulation and policy working groups</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with legal and regulatory requirements and adherence to policies and guidelines in true letter and spirit</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure timely compliance with legal and regulatory requirements</li> <li>• Contribute to the economy through taxes and other payments</li> </ul>
<b>Financial Institutions</b>	<b>Institutions through which the Company transacts payments and makes investments</b>	<b>Ongoing</b> <ul style="list-style-type: none"> <li>• Face to face meetings</li> <li>• By contracts</li> <li>• Web portals</li> </ul>	<ul style="list-style-type: none"> <li>• Good rate of return on investment</li> <li>• Sound and prudent risk management</li> <li>• Security of investment</li> </ul>	<ul style="list-style-type: none"> <li>• Good credit rating</li> <li>• Portfolio management</li> <li>• Increase in income</li> </ul>
<b>Employees</b>	<b>Crucial resources for the implementation of management's decisions for achieving Company's goals</b>	<b>Ongoing</b> <ul style="list-style-type: none"> <li>• Communication through line managers and supervisors</li> <li>• Newsletters and other communications</li> <li>• Whistle blowing mechanism</li> <li>• Training and development programs</li> <li>• Bi-Annual Performance Appraisals</li> </ul>	<ul style="list-style-type: none"> <li>• 3 R's - Respect, Recognition and Reward</li> <li>• Clearly defined roles, responsibilities &amp; goals</li> <li>• Performance management and development</li> </ul>	<ul style="list-style-type: none"> <li>• Recruitment and career advancement based on integrity, merit, experience and skills</li> <li>• Education and training of staff and descendants</li> </ul>
<b>Industry associations &amp; representative bodies</b>	<b>Insurance Association of Pakistan</b>	<b>Ongoing</b> <ul style="list-style-type: none"> <li>• Periodic submission of information on Company's website</li> <li>• Providing periodical operational data</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with regulations and protection of interest of members of associations and representative bodies</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure compliance and actively participate in key business and industry initiatives within the constraints of legal frameworks and requirements</li> </ul>



# Strategic Objectives

The Company is determined to follow its key strategic objectives and measure the same against the yardstick set by the Company. These strategies to achieve the objective are regularly monitored and remain relevant in measuring ongoing progress.

Objectives	Nature	Strategy	Resource Allocation Plan	KPIs	Actual Results
Highest level of customer satisfaction and value for money	Short to long term	<ul style="list-style-type: none"> <li>Designing product that satisfy the need of the customers</li> <li>Multiple channels of delivery i.e. agent network, digital channels, and others.</li> <li>Trained and professional staff for providing high quality of services</li> </ul>	<ul style="list-style-type: none"> <li>Intellectual Capital</li> <li>Social and Relationship Capital</li> </ul>	<ul style="list-style-type: none"> <li>Policy Issuance Period</li> <li>Claim Settlement Period</li> <li>Workshop and hospital network</li> <li>Market share</li> <li>Value growth</li> </ul>	<ul style="list-style-type: none"> <li>New customers</li> <li>Network of workshops and hospital</li> <li>No pending complaints</li> </ul>
Sales expansion in all segments of insurance	Short to long term	<ul style="list-style-type: none"> <li>Market penetration through expansion in branch and agent network</li> <li>Providing quality services</li> </ul>	All Capitals	<ul style="list-style-type: none"> <li>Sales</li> <li>Profitability</li> <li>Market share</li> </ul>	<ul style="list-style-type: none"> <li>Increase in revenue by 18%</li> <li>Profitability of Rs.1,007.2 million achieved</li> </ul>
Compliance with laws and regulations and CSR	Short to long term	<ul style="list-style-type: none"> <li>Strong internal control framework</li> <li>Strong compliance oversight</li> <li>Qualified and experienced staff</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital</li> <li>Intellectual Capital</li> <li>Financial Capital</li> </ul>	<ul style="list-style-type: none"> <li>Number of compliances</li> <li>Reporting awards</li> <li>Profit sharing</li> </ul>	<ul style="list-style-type: none"> <li>No fine imposed for non-compliance</li> <li>Clean audit and code of corporate governance reports</li> <li>Portion of profit donated annually</li> </ul>
Workplace health and safety	Short to long term	<ul style="list-style-type: none"> <li>To increase the efficiency and effectiveness of the employees, a conducive and nourishing environment is provided</li> <li>SOPs and best practices are implemented and adopted</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital</li> <li>Manufactured Capital</li> <li>Financial Capital</li> <li>Social and Relationship Capital</li> </ul>	<ul style="list-style-type: none"> <li>Employee turnover and feedback on surveys</li> <li>Workplace accident</li> </ul>	<ul style="list-style-type: none"> <li>No discord by any employee reported</li> <li>No major accidents took place</li> </ul>
Right person for the right job	Short to long term	<ul style="list-style-type: none"> <li>Hiring staff on merit basis</li> <li>Training and education</li> <li>Succession planning of potential associates</li> <li>Job rotation and career development</li> <li>Encourage ideas from bottom to top</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital</li> <li>Financial Capital</li> </ul>	<ul style="list-style-type: none"> <li>Average training per employee</li> <li>Number of successors</li> <li>In-house or intra group transfer</li> </ul>	<ul style="list-style-type: none"> <li>Altogether 1,363 employees and 60 associates benefited from internal trainings and external training / conferences, respectively during the year.</li> </ul>
Optimum cost levels	Short to long term	<ul style="list-style-type: none"> <li>Cost efficiencies through centralized dealing</li> <li>Technological advancements</li> </ul>	<ul style="list-style-type: none"> <li>Manufactured Capital</li> <li>Human Capital</li> <li>Financial Capital</li> </ul>	<ul style="list-style-type: none"> <li>Effective use of resources</li> <li>Reduction or sustenance of costs</li> </ul>	<ul style="list-style-type: none"> <li>Transfer to inverter technology and LEDs</li> </ul>

## Relationship between Company's Results and Management's Objectives

The management has set objectives after detailed analysis and consideration which includes numerous factors such as market conditions, economic affairs of local and international markets, prevailing industry norms, operations, available resources, financial capacity, liquidity, historical experiences and customer needs.

The Company focuses on superior quality of service, product innovation, HSE improvement and initiatives for highest level of customer satisfaction.

## Significant changes in Management Objectives and Strategies

There have been no significant changes in objectives and strategies of the Company as compared to previous year.



## Our Key Resources & Capabilities and Resource Allocation

Organizational resources represent the assets at an entity's disposal for the delivery of services. The strategic objectives of an organization rely on the judicious utilization of these resources, highlighting the interdependent nature of resource allocation and strategy execution. The success of the Company can be attributed, among other factors, to meticulous and well-thought-out resource allocation planning, as well as the careful implementation and monitoring of these plans.

### Financial Resources

Financial resources, often referred to as 'Financial Capital,' constitute a fund pool accessible to an organization for service provision. Financial Capital is acquired through sources such as equity, operational earnings and investments. Several key factors influencing the accessibility, quality, and affordability of financial capital encompass the political environment, general economic conditions, and fiscal and monetary policies. The effective and efficient utilization of the company's financial capital is governed by guidelines established by the Board. The following provides a concise overview of the primary financial resources and their management:

#### Cash and Liquidity Management

The primary goal of the cash and liquidity management function, is to maintain sufficient liquidity for meeting claims liabilities while also investing surplus funds to generate income. During the year, the Company disbursed Rs. 1,653.91 million (2022: Rs. 1,652.48 million) and Rs. 297.38 million (2022: Rs. 229.01 million) in payments for claims to insured and takaful participants, respectively, and Rs. 597.66 million (2022: Rs. 653.69) in dividends to shareholders.

#### Investment Management

The investment portfolio of the Company is managed by the investment advisors, Atlas Asset Management Limited, appointed by the Board. The overall policy of the investment advisors remains to invest the funds in fundamentally sound securities with good dividend yield and growth prospects while maintaining appropriate balance between fixed income and equity securities in accordance with Company's Investment Policy. The investment performance is reviewed regularly by the Investment Committee and reported to the Board periodically.

#### Human Capital

Human capital, also known as 'Human Resource' plays a critical role in diverse areas, encompassing strategic planning, company image, customer satisfaction, legal compliance, and more. Therefore, the significance of Human Capital in achieving organizational strategic objectives cannot be overstated.

Key factors influencing the availability, quality, and affordability of human capital include:

- Market competition for attracting and retaining experienced and skilled personnel.
- Continuous professional development through training to enhance the skill set of human resources, especially in adapting to digitalization and managing remote / hybrid work environments.
- A flexible culture that provides ample growth opportunities.

The Company boasts a team of 236 employees with the requisite experience, skills, and qualifications to effectively handle day-to-day operations. Regular training sessions are conducted to augment the staff's skills, and the management actively plans succession for key positions. The Ethics, Human Resource, and Remuneration Committee of the Board oversees this function.

#### Manufactured Capital

Manufactured capital pertains to physical objects created and available for use by an organization. Key considerations for the availability, quality, and affordability of manufactured capital involve:

- Potential delays in receiving necessary equipment from service providers.
- Implementation of a comprehensive 'Business Continuity Plan' to ensure the availability of essential property and equipment during unexpected disruptions.

The Company's physical assets fall into distinct categories, including land, buildings, furniture and fixtures, vehicles, and computers. All these assets are efficiently utilized for business purposes and are safeguarded against potential threats through insurance coverage. Access to Company premises is monitored using surveillance cameras and security personnel. Each asset is recorded in the Fixed Assets Register and tagged for identification. Planned and surprise physical verifications are conducted periodically. Continuous improvement and upgrading of information technology infrastructure are prioritized to enhance operational efficiencies and meet the demands of digitalization.

#### Intellectual Capital

Intellectual Capital encompasses intangible organizational knowledge, including 'Intellectual Property' such as patents, copyrights, software, rights, and licenses, as well as knowledge, systems, procedures, and protocols. Key factors presenting challenges to the availability, quality, and affordability of intellectual capital include:

- Continuous enhancement and upgrading of information technology infrastructure to achieve operational efficiencies and meet the demands of digitalization.
- Growing competition to attract and retain adequately experienced and skilled human resources.



Nearly 90 years of operations, the Company has made significant investments in its information technology infrastructure. Drawing from its operational experience, the Company has refined, standardized, and documented its operating procedures. These procedures, incorporate innovations necessary to respond to changes initiated by external factors. The library of these procedures is effectively and efficiently utilized to introduce new and alternative products, expand the customer base, and consequently increase profits.

## Social and Relationship Capital

Shared values and behavior, essential stakeholder connections, intangible links to the organization's brand and reputation, and the social license to operate are components of social and relationship capital. Necessary considerations for the availability, quality, and affordability of social and relationship capital include:

- Identifying and meeting the evolving needs of various stakeholders.
- Providing a work environment that prioritizes the health and safety of the staff.
- Advocating and monitoring a culture of strict adherence to laws, regulations, and ethical standards to uphold and enhance the positive public image of the Company.

The Company acknowledges the significance of social and relationship capital, with a commitment to prioritizing customer satisfaction in all interactions. Healthy relationships have been maintained with customers, agents, surveyors, reinsurers, reinsurance brokers, vendors, banks, and all other stakeholders.

## Natural Capital

Natural Capital encompasses all renewable and nonrenewable environmental resources and processes that offer services supporting the historical, present, or future prosperity of an organization. This includes air, water, land, minerals, forests, and more. Natural capital establishes the ecosystems essential for human survival. It is important for organizations to effectively manage natural capital to prevent long-term harm to ecosystems.

Key considerations for natural capital management include:

- Protecting the environment by reducing carbon footprints.
- Cultivating a culture that promotes the efficient utilization of natural resources.

The Company actively contributes to environmental sustainability by transitioning towards paperless operations, implementing energy-conserving technologies, promoting plantation efforts across all premises, and encouraging the efficient use of water to minimize wastage. The commitment to fostering a green office environment remains a continuous effort for the Company.

## Factors Affecting Strategy and Resource Allocation

The Company actively responds to the effects of various factors on its strategy and resource allocation.

### 1. Technological Changes

- The Company acknowledges the rapid pace of technological advancements and positions itself as an early adopter to drive innovation.
- Continuous enhancement of processes through advanced digital technologies aims to improve customer experiences, streamline operations, and foster long-term growth.
- Embracing technological innovations enables the Company to stay ahead in meeting the evolving demands of modern consumers.

### 2. Environmental, Social, and Governance (ESG) Reporting and Challenges

- Recognizing the significance of (ESG) considerations, the Company actively engages in ESG reporting and addresses associated challenges.
- Efforts to promote sustainability and inclusivity are integrated into corporate strategies, reflecting a commitment to responsible business practices.
- By transparently reporting on ESG metrics and initiatives, the Company enhances accountability and builds trust among stakeholders.

### 3. Promotion of Innovation

- The Company has a culture of innovation, fostering an environment conducive to creativity and problem-solving.
- Initiatives aimed at promoting innovation include investment in research and development, fostering partnerships with technology providers, and encouraging employee-driven innovations.
- By nurturing a culture of innovation, the Company remains agile and responsive to changing market dynamics and consumer preferences.

### 4. Addressing Resource Shortages

- The Company proactively manages resource shortages by implementing efficiency measures and strategic resource allocation.
- Optimization of existing resources and investment in sustainable practices help mitigate the impact of resource constraints.
- Collaboration with stakeholders and adoption of innovative solutions contribute to resilience in the face of resource challenges.

The Company's strategic responses to above factors reflect its commitment to adaptability, sustainability, and long-term growth. By embracing change and leveraging opportunities, the Company positions itself for continued success in a dynamic business environment.



# Risk Management

## Risk and Opportunity Report

We manage and monitor risks and factors that could impact our plans for long-term sustainable growth.

### Defining Risk

Risks are uncertain events that could materially impact business objectives – negative for threats and positive for opportunities. We recognize that risk is inherent in all business activities and must be balanced when assessing returns. Successful management of these risks is therefore key for accomplishing our strategic objectives and the long-term sustainable growth of our business.

### Risk Management

To achieve an informed understanding of our tolerance for risks when delivering our overall business plan, we must be mindful that the objective of risk management is not necessarily to eliminate risk, but to ensure that the risks we do accept remain within a predetermined level of acceptability and control while pursuing value-enhancing opportunities. The ultimate goal of risk management within Atlas Insurance is to continually assess the control environment to prevent and build resilience against any internal or external shocks, both anticipated and unforeseen.



### Enterprise Risk Management

Enterprise Risk Management (ERM) is the process to identify and address the potential events that represent risks to the achievement of strategic objectives, or to opportunities to gain competitive advantage.

### Governance

The Board of Directors (the Board) provides guidelines on strategic matters and organizational objectives. However, the Company level risk management is the responsibility of the Risk Management & Compliance Committee (the Committee). The Committee regularly reviews the business risk profile, risk management policy, risk assessment procedures, related counter strategies and advices on future actions.

### Strategy Formulation

The management has developed a set of objectives that represent stakeholders' expectations and are lead indicators for determining the success level of the Company. In order to ensure the achievement of the set objectives, the management adopts certain strategies. These strategies are subject to change, depending upon any changes in the external business environment or internal organizational factors.



## Risk Assessment

Businesses face numerous uncertainties that can pose potential threats if not addressed, may culminate in loss. Such uncertainties can arise both from external as well as internal factors.

## Counter Measures

Upon identification of risk factors, counter measures are devised to mitigate their impacts. The severity of the risk will determine the criticality of the counter measures and will accordingly set its priority for action. Risks and their related counter strategies are monitored on continuous basis and evaluated for any changes in related impacts.

## Opportunity Analysis

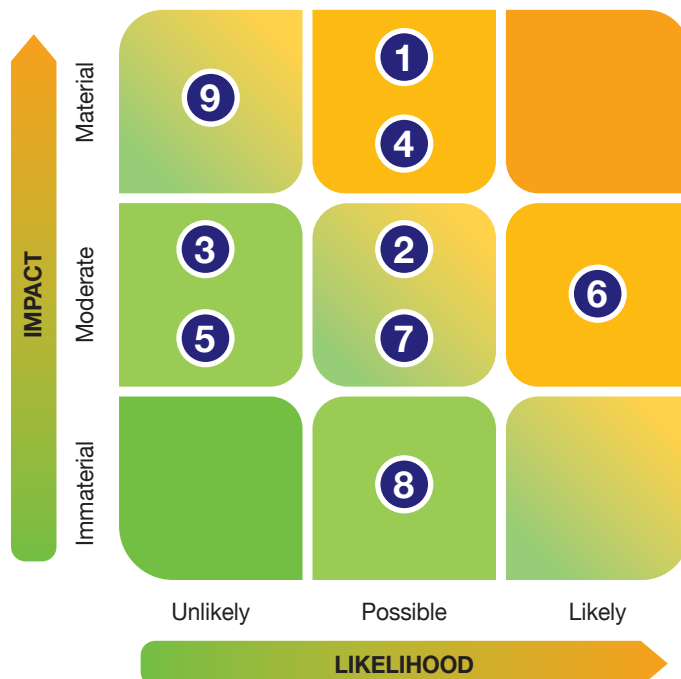
The Company has adequate processes and procedures in place for identifying potential gaps in the external environment which, may be explored as opportunities to improve performance.

## The Board on Effective Risk Management

The management is committed for effective risk management systems and controls. The following measures have been taken by the Company:

- Prepared ERM framework to establish and maintain effective systems and controls to manage business risks. Sound ERM framework ensures that all risks are identified, measured, monitored, and controlled on an ongoing basis.
- Established a Risk Management and Compliance Committee at management level which comprises of one Board member and cross-functional business executives who review and monitor the risks and their overall exposure. This Committee has the responsibility to ensure that the risk management program is implemented in true spirit.
- The Company also has the Risk Tolerance and Appetite mechanism, aiming for improved risk management. These enhancements seek to streamline strategies and ensure effective risk assessment. This initiative underscores the importance of robust risk frameworks to navigate uncertainties and uphold financial stability.
- The senior management has the responsibility to identify, assess, manage, and report the risk factors in a timely manner. The functional heads also have the responsibility to develop a list of risks being faced by their respective units, both current and anticipated, along with the risk profile and action plans to mitigate those risks.
- On a periodic basis, the key risk updates are shared with the Risk Management and Compliance Committee and how they are being addressed by the management.

# Risk Impact and Probability



## Key Risks

Following are the key risks that affect the Company, along with their sources, consequences and methods to deal with them:

Sr. No.	Risk	Source	Consequence	Mitigations	Opportunities
1.	<p><b>Economic Risk</b></p> <p>Changes in economic environment such as interest rates, exchange rates affects performance of the Company.</p>	External	Volatile economic, political, and financial market conditions may cause hurdles in overall business scenario. The insurance sector also faces challenges arising from the economic and political scenario.	The Company has diversified its business procurement strategies if one segment of the economy is affected the business is grown to other economic sectors so that the affect of economic slow down is mitigated. The Company has cautious underwriting and marketing approach to deal with such risks and keeps working on developing innovative products to maintain and increase its market share without compromising its underwriting profitability.	It ensures continuity of operations without disruption.
2.	<p><b>Insurance Risk</b></p> <p>Peril that is insured in the policy, in turn transforms into potential to cause financial loss, if they occur.</p>	External	The risk under any insurance contract is the possibility that the insured event may occur and the uncertainty of quantum of the resulting claims. Generally most insurance contracts carry the insurance risk for a period of one year.	The Company's risk exposure is mitigated by employing a comprehensive framework to identify, manage and monitor risk under the insurance contracts. This framework includes implementation of underwriting strategies which aim to ensure that the underwriting risks are well diversified in terms of type and amount of the risk and provide adequate spread. Suitable reinsurance is arranged to mitigate the effect of potential loss to the Company from large or catastrophic insured events.	It enables the Company to underwrite prudently and mitigate any unforeseen loss.
3.	<p><b>Regulatory Risk</b></p> <p>The risk that change in rules and regulations will materially impact the way the business is being conducted.</p>	External	The Company is operating in a highly regulated industry. Any failure to meet those regulatory requirements would expose the Company to various consequences and may also cause reputational risk.	The Company ensures compliance with all the required regulations. The compliance department ensures timely compliance with all the regulatory requirements.	To operate with least volatility and low occurrence of unforeseen variables.
4.	<p><b>Investment Risk</b></p> <p>The risk that the return on investment is below the expected return.</p>	External	Changes in the macro economic factors may affect the stock market and interest rates which impacts the Company's cash flows and profitability.	The Company continuously monitors the investment portfolio to ensure a balanced asset mix, which can provide better returns on investments.	To maximize the return on investments.



Sr. No.	Risk	Source	Consequence	Mitigations	Opportunities
5.	<p><b>Liquidity Risk</b></p> <p>The risk that resources are not enough to settle all the obligations in timely manner.</p>	External	The Company may not be able to meet its financial obligations towards insured and other stakeholders.	To avoid difficulty in meeting obligations, the Company ensures that it has sufficient liquidity available to meet its claims and other liabilities. It includes measuring and monitoring of future cash flows, maintaining sufficient cash reserves and a portfolio of highly liquid financial assets which can be easily encashed in the event of an unforeseen interruption to cash flows.	Having enough liquid assets to meet the obligations at all the time.
6.	<p><b>Cyber Risk</b></p> <p>Risk of financial loss, disruption or damage to the reputation due to failure of its Information Technology systems.</p>	External / Internal	The Company is prone to cyber attacks either internally or externally.	The Company has implemented strong controls including firewall, antivirus solutions, backup and recovery systems to minimize the risks posed by cyber attacks.	Aim is to maintain a strong IT control environment, which can monitor and timely react to emerging cyber and security threats. We strive to embed more intelligent controls over the time.
7.	<p><b>Reinsurance Risk</b></p> <p>Default in payment by reinsurance company.</p>	External	Reinsurance ceded does not relieve the Company from its obligation to the insured, as the Company is still liable for the portion of claims reinsured, even in case of any delay or default by any reinsurer to discharge its obligation in time.	The Company has diversified reinsurance arrangements. It is neither dependent on a single reinsurer nor dependent on any single reinsurance contract. The Company obtains reinsurance cover only from reinsurers of sound financial health and good international rating. Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis including cover of any catastrophic event.	To be able to negotiate better terms with well reputed reinsurers.
8.	<p><b>Operational Risk</b></p> <p>Risk that any incident will disrupt the operations of the Company.</p>	External / Internal	The Company is susceptible to disruption of regular business operations.	The Company has an effective Business Continuity Plan (BCP) in place to ensure that operations of the Company shall continue in case of any emergency such as lockdown or other disruptions.	Development of alternative BCP under different scenarios.
9.	<p><b>Human Capital and Environment Risk</b></p> <p>Human resource is the most valuable asset in any business, especially in service industry, but at the same time it is also the most vulnerable asset.</p>	Internal	Failure in providing a safe working environment, attracting and retaining the capable and skilled resource, may lead to illness, injury, loss of precious business time.	Market based remuneration are offered and adjustments are made at the annual appraisals. Different perks are offered like group insurance, health insurance voluntary pension schemes, and gratuity. Training is regularly provided across the board.	Targeted personnel development and training is helping to generate ideas and suggestions that make significant contributions to Company success as well as employees development and retention.

# Cybersecurity Framework

Information Technology (I.T) has become a vital and integral part of every business plan. The pervasive use of I.T in business has now become elemental in the business world. The role of I.T, in the Company, has also become instrumental for the availability of secure and uninterrupted flow of information, resultantly IT has attained a pivotal role in core business operations. Due to the core business activities' dependency on I.T services, the security of I.T system and its associated facilities have become more critical than ever.

Keeping this in view, the SECP has issued the Guidelines on Cybersecurity Framework for Insurance Sector in 2020. These SECP guidelines precisely described the guiding principles to meet the adequate level of cyber security in Insurance Sector.

The Company, due to the sensitivity and importance of the matter, immediately responded in developing Cybersecurity Framework in 2020. Following are the highlights of Cybersecurity Framework:

1. Chief Information Security Officer (CISO) has been designated having sound IT education and relevant experience,
2. Cybersecurity assessment report has been formulated to update the senior management for its implementation and compliance,
3. Cybersecurity framework is capable to secure the Company's core business activities with its clients and associates,
4. For any third party IT service rendered (outsourced), appropriate security measures have been put into place under Cybersecurity Framework,
5. Cybersecurity Framework clearly describe the Business Continuity Plan in case of any unseen disaster,
6. On regular basis, IT system reviews are being conducted for all nationwide office premises,
7. Annually an external communication / connectivity penetration testing is conducted to determine the possible vulnerabilities in the IT system,
8. Information Asset Register (IAR) has been developed to manage information assets and risks to them.

Above all the Company's management is committed to ensure the implementation and compliance with Cybersecurity Framework in it's true spirit.

## Statement on Assessing and Enforcing Legal and Regulatory Implications of Cyber Risks

IT governance constitutes an essential component of the corporate governance framework, ensuring the alignment of IT strategy with business objectives, resource optimization, delivery of IT value, performance measurement, and effective implementation of IT risk management.

The Company acknowledges its responsibility to evaluate and enforce the legal and regulatory ramifications of cyber risks. It actively monitors and addresses changes in laws and regulations concerning cybersecurity, including the Copyright Ordinance, 1962 and the Prevention of Electronic Crimes Act, 2016. In instances of breaches or significant risks, the management assumes responsibility for ensuring appropriate actions are taken, in accordance with legal and regulatory requirements, to effectively manage the situation. There were no cybersecurity breaches reported during the year.

## IT Governance and Cybersecurity Programs

The Company has effective IT governance and cybersecurity programs, policies, and procedures, to safeguard its information assets and mitigate cyber threats. These programs align with industry-specific cybersecurity requirements and best practices. Regular evaluations and updates are conducted to address emerging risks and technological advancements. The cybersecurity strategy includes proactive measures to anticipate, withstand, detect, and respond to cyberattacks, adhering to international standards and best practices.

## Integration of Cybersecurity into the Board's Risk Oversight Function

The Board acknowledges the importance of cybersecurity. It engages with management to ensure effective management of cybersecurity risks aligned with the Company's risk appetite. Regular updates on the Company's cybersecurity posture, including threat landscape assessments, incident response plans, and progress in implementing cybersecurity initiatives, are provided to the management, integrating cybersecurity considerations into its decision-making processes.

## Oversight of IT Governance and Cybersecurity Matters by a Board-Level Committee

The Audit Committee, oversees acceptable IT risks and relevant controls exercised by the management to mitigate risks below specified thresholds. An IT Committee has been formed, comprising of members from different functions of the management which meets quarterly to advise and assist management in implementing the Company's IT strategy, including Cyber Security Management.

## Early Warning System for Cybersecurity Risks and Incidents

The Company has implemented an efficient early warning system for the identification, assessment, and timely communication of cybersecurity risks and incidents. This system enables preemptive monitoring and detection of potential threats, facilitating prompt response. It includes mechanisms for continuous monitoring of IT infrastructure, regular security assessments, threat intelligence sharing, and incident reporting protocols.



### Independent Comprehensive Security Assessment and Third-Party Risks

The Company mandates independent comprehensive security assessments of its technology environment, including evaluations of third-party risks. External experts conduct these assessments to evaluate the effectiveness of the Company's security controls, identify vulnerabilities, and recommend improvements.

### Resilient Contingency and Disaster Recovery Plan

The Company has developed a resilient contingency and disaster recovery plan to effectively respond to potential IT failures or cyber breaches. This plan outlines strategies, processes, and resources required to mitigate disruptions and restore critical systems and operations promptly.

### Advancement in Digital Transformation

Embracing digital transformation such as B2B & B2C, digital imaging and cloud computing, the Company enhances transparency, reporting, and governance. These technologies are strategically implemented to optimize operational efficiency, streamline processes, enhance data security, and enable data-driven decision-making, contributing to improved agility, scalability, and innovation across various aspects of the organization.

### Education and Training Efforts to Mitigate Cybersecurity Risks

Recognizing the pivotal role of education and training in mitigating cybersecurity risks, the Company implements comprehensive programs to educate employees about cyber threats, promote cybersecurity awareness, and provide guidance on safe computing practices. Regular training sessions, workshops, and awareness campaigns equip employees with the necessary knowledge and skills to identify and respond to cybersecurity risks, embedding the significance of cybersecurity throughout the organization.

## Health, Safety and Environment

Atlas Insurance Limited, recognizes its responsibilities for the occupational safety, health and environment of its associates and asset in all business areas of the Company and society as a whole. Among our top priorities is to promote good health, high level of safety and meticulous care of working environment. Meeting our business targets, in compliance with appropriate HSE standards is of prime importance to us and it is the continuation of a long legacy of Atlas Group's responsible business practices that reflect our corporate culture.



### Atlas Insurance Limited is committed to

- Implement and maintain a comprehensive HSE Management System to mitigate risk to human capital, equipment and assets.
- Comply with all the applicable laws / regulations to implement HSE standards in all areas and activities of organization.
- Provide safe and healthy workplaces for our employees, contractors, visitors and other service providers.
- Establish challenging targets and measures and report progress to ensure continuous improvement in HSE performance.
- Minimize impact on environment by following best environmental friendly practices.
- Regularly provide HSE related information and training to associates to enable them to effectively discharge their responsibilities and contribute towards compliance with the Group's HSE policy.

## Whistle Blowing Policy

The Company is committed to create an atmosphere ensuring accountability and integrity in its conduct. A Whistle Blowing policy has been in place as part of Company's effort to provide a mechanism for raising alert against any wrongdoing, malpractice or impropriety. This is intended to further improve governance and service quality.

The policy sets out the procedures for lodging of concerns by the employees, handling of concerns by the organization, reporting requirements, protection of whistleblower and periodic monitoring of the policy. The employees are encouraged to use the guidance provided by the program.

# Notice of Annual General Meeting

Notice is hereby given that the 89th Annual General Meeting of the members of Atlas Insurance Limited will be held on Monday, April 15, 2024, at 11:00 a.m. at the registered office of the Company situated at 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore, and through video conferencing facility to transact the following business:

## Ordinary Business

1. To confirm minutes of the last Annual General Meeting held on April 27, 2023.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2023, together with the Directors' and Auditors' Reports thereon.

As required under section 223(7) of the Companies Act, 2017 (the Act) and in terms of S.R.O. No. 389 (I) / 2023 dated March 21, 2023, the Annual Report of the Company has been uploaded on the website of the Company, which can be downloaded from the following link / QR code:

<https://ail.atlas.pk/wp-content/uploads/2024/03/AIL-AR-2023.pdf>



3. To consider and approve final cash dividend @ 30% for the year ended December 31, 2023, as recommended by the Board of Directors, and ratify 16% interim cash dividend and 60% interim bonus issue (60 bonus shares for every 100 shares held), previously announced and disbursed to the shareholders during the year 2023.
4. To elect directors of the Company for a period of three years, in accordance with the provisions of Section 159 of the Companies Act, 2017. The retiring directors are:

- |                              |                            |
|------------------------------|----------------------------|
| i. Mr. Iftikhar H. Shirazi   | ii. Mr. Ali H. Shirazi     |
| iii. Mr. Frahim Ali Khan     | iv. Mr. M. Habib-ur-Rahman |
| v. Mr. Hasan Reza ur Rahim   | vi. Mrs. Roohi Raees Khan  |
| vii. Mr. Babar Mahmood Mirza |                            |

The Board of Directors has fixed the number of directors to be elected as seven.

All the retiring directors are eligible to offer themselves for re-election.

In terms of Section 159 (3) of the Companies Act, 2017, any person who seeks to contest an election to the office of director, whether he / she is a retiring director or otherwise, shall file with the Company, not later than fourteen days before the date of the meeting, a notice of his / her intention to offer himself / herself for election as a director.

5. To appoint auditors and fix their remuneration for the year ending December 31, 2024. The Board has recommended the appointment of BDO Ebrahim & Co., Chartered Accountants, as auditors of the Company for the year 2024 in place of retiring auditors EY Ford Rhodes, Chartered Accountants. EY Ford Rhodes has not consented to act as auditors for the year 2024 as they are consolidating and restructuring their Audit practices and focusing on EY global clients operating in Pakistan.

## Special Business

6. To ratify disbursement of fractional bonus shares of interim bonus issued @ 60% during the year ended December 31, 2023, as recommended by the directors.

To give effect to the aforesaid, if thought fit, to pass with or without modification, the following resolutions as ordinary resolutions:

### Resolved:

- 6.1 "that all the fractional bonus shares shall be consolidated and the directors be and are hereby authorized to consolidate and sell the fractional shares in the stock market and pay the proceeds of sales thereof, to a charitable institution approved under the Income Tax Ordinance, 2001."

### Further Resolved:

- 6.2 "that the Chief Executive Officer and the Company Secretary be and are hereby authorized singly to give effect to the aforesaid resolution and to do or cause to do all acts, deeds and things that may be necessary or required for the disbursement of fractional bonus shares."
7. To consider and approve circulation / dissemination of Annual Audited Financial Statements through QR enabled code and weblink as recommended by the Board of Directors.

To give effect to the aforesaid, if thought fit, to pass with or without modification, the following resolutions as special resolutions:

### Resolved:

- 7.1 "that as notified by the SECP via S.R.O. 389(I)/2023 dated March 21, 2023, the transmission of audited financial statements to the members through QR enabled code and weblink instead of transmitting the same through CD / DVD / USB be and is hereby approved."



**Further Resolved:**

- 7.2 "that the Chief Executive Officer and Company Secretary be and are hereby authorized singly to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and to file requisite documents with the Registrar to effectuate and implement the aforesaid resolution."
8. To consider and approve related party transactions for the financial year ended December 31, 2023, and ensuing financial year ending December 31, 2024.

To give effect to the aforesaid, if thought fit, to pass with or without modification, the following resolutions as special resolutions:

**Resolved:**

- 8.1 "that the transactions carried out by the Company in the normal course of business with Atlas Foundation and Atlas Asset Management Limited (AAML), related parties, during the year 2023 be and are hereby ratified, approved and confirmed."

**Further Resolved:**

- 8.2 "that the Board of Directors be and is hereby authorized to approve all the transactions carried out in the normal course of business with Atlas Foundation and AAML during the ensuing year ending December 31, 2024."

**Other Business**

9. To consider any other business with the permission of the Chair.

**The Statement under Section 134(3) of the Companies Act, 2017, pertaining to the special business referred to above is being circulated to the members along with the Notice of the Meeting.**

By Order of the Board



Muhammad Afzal  
Company Secretary

Lahore: March 25, 2024

**Notes:**

1. The share transfer books of the Company will remain closed from April 01, 2024 to April 15, 2024 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's share registrar, Hameed Majeed Associates (Pvt.) Limited, 7 – Bank Square Sharah-e-Quaid-e-Azam, Lahore by the close of business on March 31, 2024 will be treated in time for the purpose of transfer of shares to the transferees.
2. Any person who seeks to contest the election of directors shall, whether he / she is retiring or otherwise, file with the Company the following documents at its registered office not later than fourteen days before the date of election / above said meeting:
- a) Notice of his / her intention to offer himself / herself for election of directors in terms of Section 159(3) of the Companies Act, 2017 selecting any one category stated below in which he / she intends to contest, as per new amendments made by the SECP in Regulation 7A of the Listed Companies (Code of Corporate Governance) Regulations, 2019 through S.R.O. 906 (I) / 2023 dated July 07, 2023:
    - I. Female Director
    - II. Independent Director
    - III. Other Director
  - b) Consent to act as a Director on Form 28 under Section 167 of the Companies Act, 2017, along with the declaration required under Clause (iv) of the Code of Corporate Governance for Insurers, 2016.
  - c) Detailed profile along with his / her office address for placement on Company's website.
  - d) Signed declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria, as set out in Section 153 of the Companies Act, 2017 to act as Director of a listed company.
  - e) Signed declaration by Independent Director under Clause 6 (3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
  - f) Signed undertaking by Independent Director on non-judicial stamp paper that he / she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.
  - g) Attested copy of valid CNIC / Passport and NTN.
  - h) His / her Folio number / CDC Account number.
  - i) Information on Annexure A and affidavit on Annexure B required under Insurance Companies (Sound and Prudent Management) Regulation 2012 notified by the SECP vide SRO 1015(I)/2022 dated July 5, 2022, and SRO 15(I)/2012 dated January 9, 2012. Annexure A and B are available at SECP website and can also be obtained from the registered office of the Company.
  - j) Undertaking on Annexure 'A' required under the direction notified vide SRO 933(I)/2020 dated September 30, 2020. The undertaking can be obtained from the registered office of the Company.
3. A member entitled to attend, speak and vote at the AGM is entitled to appoint another person as his / her proxy to attend, speak and vote instead of him / her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the AGM as are available to the member.

4. The duly completed instrument of proxy, and the other authority under which it is signed, or a notarial certified copy thereof, to be valid, must be received at the Registered Office of the Company not later than 48 hours before the time of the meeting.
5. Any change of address of members should be immediately notified to the Company's share registrar.
6. CDC Account Holders will further have to follow the following guidelines laid down in Circular No. 1 dated January 26, 2000, issued by the SECP:

**A. For Attending the Meeting:**

- i. In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per CDC Regulations shall submit the proxy form as per the above requirement showing the original Computerized National Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

**B. For Appointing Proxies:**

- i. In case of individuals, the account holder and / or sub-account holder whose registration details are uploaded as per CDC Regulations shall submit proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by the person whose name, address and CNIC number shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**7) Conversion of Physical Shares into Book-Entry Form**

The SECP vide their letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021, has advised the listed companies to adhere with the provisions of section 72 of the Act by replacing shares issued by them in physical form with the shares in the book-entry form.

Atlas Insurance Limited, being a listed company, is also required to comply with aforesaid provisions of the Act, therefore, the shareholders having physical folios / share certificates are requested to convert their shares from physical form into book-entry form as soon as possible.

The shareholders may contact their broker or CDC investor account service provider for opening a CDC Account and subsequent conversion of physical shares into book-entry form. It would facilitate the shareholders in many ways including safe custody of shares, avoidance of formalities in connection with issuance of duplicate shares and having shares readily available for sale in the stock market at the prevailing market rates. The shareholders may contact the Company's share registrar for the conversion of their physical shares into book-entry form.

**8) Participation in AGM through Electronic Means**

In line with the directions issued to the listed companies by the SECP vide Circular No. 4 of 2022 dated February 15, 2022, the Company has also planned for the shareholders to attend the AGM through electronic means.

Shareholders who are interested in attending the AGM through video link are requested to get themselves registered with the Company at least 24 hours before the time of the Meeting at "muhammad.afzal@ail.atlas.pk" or WhatsApp Number "0300-2261915", by providing the following details:

Name	CNIC No.	Folio / CDC No.	Cell No.	Email Address

The shareholders can also provide their comments and questions for the agenda items of the AGM on our above-mentioned email and WhatsApp Number.

**9) Availability of Audited Financial Statements at the Company's website**

The audited financial statements of the Company for the year ended December 31, 2023, have been made available on the Company's website [ail.atlas.pk](http://ail.atlas.pk) in addition to the annual and quarterly financial statements of prior years.

**10) Polling on Special Business and Election of Directors**

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 amended through Notification vide SRO 2192(1)/2022 dated December 05, 2022, the SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business and in case of election of directors, if the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of section 159 of the Act. Accordingly, members of the Company will be allowed to exercise their right to vote through e-voting facility or voting by post for the election of directors in the forthcoming Annual General Meeting to be held on Monday, April 15, 2024, at 11:00 a.m. at DHA, Lahore. in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations. Further details will be shared in due course.

**11) E-Dividend Mandate (Mandatory)**

In compliance with the Section 242 of the Act, it is mandatory for a public listed company to pay cash dividend to its shareholders ONLY through electronic mode, directly into bank account designated by the eligible shareholder. Therefore, the shareholders who have still not provided their Bank Account Number / IBAN and other banking details are requested to provide the same to the Company at the earliest. Please be aware that dividends will only be remitted through electronic mode to the designated bank accounts and in absence of E-Dividend mandate, such cash dividends will be withheld by the Company.



## 12) Unclaimed Dividend

As per the provision of Section 244 of the Act, any shares issued, or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claims. The details of the shares issued, and dividend declared by the Company which have remained due for more than three years were sent to shareholders, uploaded on the Company website and final notice was issued in the newspapers. In case, if no claim is lodged, the Company shall proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government.

## 13) Electronic Transmission of Annual Financial Statements and Notices

Pursuant to the SECP Notification vide SRO 470(1)/2016 dated May 31, 2016, the Company in the Extra Ordinary General Meeting held on February 10, 2017, had obtained approval of the shareholders to circulate the annual audited accounts through electronic medium, i.e. through CD / DVD / USB at their registered address instead of transmitting hard copies. Accordingly, the Company has sent the Annual Report 2023 in the form of a CD / DVD / USB to the shareholders.

The financial statements have also been placed on the Company's website. The shareholders may request the Company Secretary or Share Registrar of the Company for transmitting the hard copy of annual audited accounts by filing a 'Standard Request Form' available on Company's website and the same will be provided at his / her registered address, free of cost, within one week of receipt of request.

Pursuant to Notification vide SRO 787(1) / 2014 of September 08, 2014, the SECP has directed to facilitate the members of the company receiving annual financial statements and notices through electronic mail system (e-mail). In this regard, please ensure that your email has sufficient rights and space available to receive such email which may be larger than 10 MB file in size. Further, it is the responsibility of the members to timely update the share registrar of any change in the registered email address.

The members are also informed that pursuant to SECP Notification via S.R.O. 389 (I)/2023 dated March 21, 2023, circulation of Audited Financial Statements has been allowed through QR enabled code, and weblink. Considering technological advancements and old technology becoming obsolete, the circulation of annual financial statements through CD / DVD / USB may be discontinued from next year.

## 14) Deduction of Withholding Tax on the Amount of Dividend

Pursuant to the directives vide Circular No. 19 / 2014 dated October 24, 2014, the SECP has directed all the companies to inform their shareholders about the changes made in Section 150 of the Income Tax Ordinance, 2001 for deduction of withholding tax on the amount dividend and accordingly the shareholders are advised as under:

The government of Pakistan through Finance Act has made certain amendments in Section 150 of the Income Tax Ordinance, 2001, whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. For the tax year 2023-24 these tax rates are as under:

- a) For persons appearing in the Active Taxpayers List (ATL) 15%
- b) For persons not appearing in the ATL 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not appearing in the ATL available at the FBR website, even though they are filers, are advised to make sure that their names are entered into ATL for future payment of dividends, if any.

## 15) Deduction of Withholding Tax on Joint Account Holder(s)

The joint account holders whose shareholding details as to principal shareholder have not yet been determined for deduction of withholding tax on the upcoming dividend of the Company, are requested to furnish to the Company's share registrar, the shareholding details of yourself as principal shareholder and your joint holder(s) in the following manner, enabling the Company to compute withholding tax of each shareholder accordingly.

CDC Account No. / Folio No.	Name of Principal Shareholder / Joint Holder	Shareholding Proportion (%)	CNIC Number (Copy attached)	Signature

Please note that in case of non-receipt of the information each account holder will be assumed to hold an equal proportion of shares and the deduction will be made accordingly.

### Statement under Section 166 (3) of the Companies Act, 2017

Section 166 of the Companies Act, 2017 requires that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee as independent director. The Company will ensure that the independent directors are elected in accordance with the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

Any person who is eligible to be appointed as Independent Director shall file the following with the Registered Office of the Company / Share Registrar, not later than fourteen days before the date of the meeting:

- Signed declaration under Clause 6 (3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 confirming complying with criteria of independence as notified under the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019;
- Signed undertaking on non-judicial stamp paper that he / she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

The present directors are interested in this business only to the extent that they are eligible for re-election as directors of the Company.

## Statement under Section 134(3) of the Companies Act, 2017

This Statement is annexed to the Notice of the 89th Annual General Meeting of Atlas Insurance Limited to be held on April 15, 2024, at which certain special business is to be transacted. The purpose of this statement is to set forth the material facts concerning this special business.

### Item No. 6 of the Agenda

In its meeting held on June 15, 2023, the Board of Directors had approved 60% fully paid bonus shares and thereby capitalized a sum of Rs. 560,309 thousand. The bonus shares were disbursed to the eligible shareholders on June 23, 2023, which shall rank pari passu with the existing ordinary shares in all respects.

The Directors had also approved that all the fractional bonus shares should be consolidated and sold in the stock market. The proceeds of sales should be paid to a charitable institution approved under the Income Tax Ordinance, 2001. Ratification is being sought from the members for disbursement of fractional bonus shares as approved by the Directors.

The Directors are not interested in this business except as shareholders of the Company.

### Item No. 7 of the Agenda

The SECP had issued S.R.O. 389 (I)/2023 dated March 21, 2023, whereby subject to the approval of the shareholders in the general meeting, the listed companies have been allowed to circulate the annual balance sheet and profit and loss account, auditor's report and directors' report, etc. (annual audited financial statements) to its members through QR enabled code and weblink.

Considering technological advancements and old technology becoming obsolete, the circulation of annual financial statements through CD / DVD / USB may be discontinued from the next year.

Accordingly, approval is hereby sought from the shareholders to comply with the requirements of the said SRO, as recommended by the Board of Directors of the Company.

The Directors are not interested in this business except as shareholders of the Company.

### Item No. 8 of the Agenda

The transactions carried out in a normal course of business with associated companies (related parties) are recommended by the Audit Committee and approved by the Board on quarterly basis.

In the case of Atlas Foundation and Atlas Asset Management Limited (AAML), a majority of the Directors were interested and in accordance with the provisions of Section 208 of the Act, and Regulation No. 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, such transactions shall be placed before the general meeting for approval.

In view of the above, the following normal business transactions carried out during the year 2023 with Atlas Foundation and AAML are being placed before the shareholders for approval / ratification:

(Rupees in thousand)

Nature of Transactions	Atlas Foundation	Atlas Asset Management Limited
Premium underwritten	1,774	14,711
Premium collected	3,342	24,298
Claims paid	783	5,537
Rent/Lease paid	2,063	-
Fee paid	-	5,589
Dividend paid	15,669	-
Finance Cost	1,002	-
Donations paid	20,956	-
Investments in Mutual Funds	-	1,116,171
Redemptions of Mutual Funds	-	1,321,617
Dividend received from Mutual Funds	-	13,023

### Names of the Directors with interest as Directors in the related parties:

Mr. Iftikhar H. Shirazi, Mr. Ali H. Shirazi, Mr. Frahim Ali Khan and Mr. M. Habib-ur-Rahman, the Directors of Atlas Insurance Limited are also Directors of Atlas Foundation and AAML.



# Corporate Information

## Registered Office

63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore.  
Tel: (92-42) 3713261-18  
Fax: (92-42) 37132622

## Listing on Stock Exchange

Atlas Insurance Limited is listed on Pakistan Stock Exchange (PSX).

## Stock Symbol

The stock symbol for Atlas Insurance at the Stock Exchange is "ATIL".

## Statutory Compliance

During the year, the Company complied with all applicable provisions of the Act, the Insurance Ordinance, 2000, the Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019.

## 89th Annual General Meeting

Date: April 15, 2024  
Time: 11:00 a.m.  
Venue: 63/A, Block-XX, Phase III (Commercial),  
Khyaban-e-Iqbal, DHA, Lahore.

## Financial Calendar

Audited annual results for year ended December 31, 2023  
- Second half of February

Mailing/placement of annual reports  
- Second half of March

Annual General Meeting  
- First half of April

Unaudited first quarter financial results  
- Second half of April

Unaudited half year financial results  
- Second half of August

Unaudited nine months' financial results  
- Second half of October

## Dividend Announcement

The Board of the Company has proposed a final cash dividend of 30% per share for the financial year ended December 31, 2023, subject to approval by the shareholders at the Annual General Meeting. This is in addition to the 16% interim cash dividend and 60% interim bonus shares already disbursed during the year 2023.

25% interim cash dividend and 45% final cash dividend was disbursed to the shareholders for the year ended December 31, 2022.

## Closure of Share Transfer Books

The share transfer books of the Company will remain closed from April 01, 2024 to April 15, 2024 (both days inclusive).

## E-Dividend

In compliance of the Section 242 of the Act, it is mandatory for a public listed company to pay cash dividend to its shareholders ONLY through electronic mode, directly into bank account designated by the eligible shareholder. Therefore, the shareholders who have still not provided their Bank Account Number / IBAN and other banking details are requested to provide the same to the Company at the earliest. Please be aware that dividends will only be remitted through electronic mode to the designated bank accounts and in absence of E-Dividend mandate, such cash dividends will be withheld by the Company.

## Annual General Meetings

Pursuant to Section 132 of the Act, Annual General Meetings of the shareholders are held at least once every year. Every shareholder has a right to attend these meetings. The notice of such meetings is sent to all shareholders at least 21 days before the meetings and published in one English and one Urdu newspaper having circulation both in Karachi and Lahore.

## Proxies

Pursuant to Section 137 of the Act and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at general meetings of the Company can appoint another person as his / her proxy to attend and vote on his / her behalf. Procedure for appointment of proxies is stated in every notice of such meetings. The instrument appointing a proxy (duly signed by the shareholder) must be received at the registered office of the Company not later than forty-eight hours before the meeting.

## Communication

Address of the share registrar for correspondence and other relevant matters is as follows:

M/s. Hameed Majeed Associates (Pvt.) Limited  
H. M. House, 7 – Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore.  
Tel: (92-42) 37235081 - 82  
Fax: (92-42) 37358817

## Zakat Declarations

Members are requested to submit declaration for Zakat on the required format and to advise change in address, if any.

## Share Price at the PSX

Month-wise share price movement of the Company, at the PSX, during the year 2023 was as follows:

Months	High	Low	Volume
January	57.89	53.00	101,500
February	57.99	52.50	127,500
March	57.90	52.00	102,000
April	54.99	51.00	26,500
May	52.01	49.00	40,000
June	59.20	36.75	208,500
July	41.00	38.00	91,000
August	41.00	37.02	75,000
September	38.20	36.25	193,500
October	38.49	36.22	167,000
November	42.90	38.01	310,500
December	45.10	39.75	954,000



# Report of the Board Audit Committee

The Board Audit Committee (the Committee) comprises of three Non-Executive Directors, including the Chairman, who is an independent Director. Profiles of the Committee members are appearing on Page No. 15 & 16 of the Annual Report 2023. The incumbent members are qualified finance professionals and the Committee as a whole possess economic, financial and business acumen.

The Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Internal Auditors attend the Committee meetings by invitation while the External Auditors attend these on requirement basis.

## Financial Statements

The Committee has reviewed the conduct and operations of the Company for the year ended December 31, 2023, and reports that:

- The financial statements of the Company for the year ended December 31, 2023 have been prepared on a going concern basis under requirements of the Act, Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012, the General Takaful Accounting Regulations, 2019 and International Financial Reporting Standards and other applicable Regulations.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity for the year under review.
- The Committee reviewed quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the Board.
- All the related party transactions were reviewed by the Committee prior to approval by the Board.

## Risk Management and Internal Controls

- The Company has an effective internal control framework which also include an Independent Internal Audit Function.
- The Internal Audit Function is responsible for monitoring of compliance, inherent and other risks associated with the internal controls and other areas of operations.

## Internal Audit

- The Company's system of internal controls is sound in design and has been evaluated for effectiveness and competence.
- The Internal Audit Function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taken appropriate actions and brought the matters to the Board's attention, where required.

## External Auditors

- The Committee recommended appointment and remuneration of the external auditors for the financial year ended December 31, 2023.
- The Committee has discussed the audit process and observations of the external auditors regarding the preparation of the financial statements including compliance with the applicable Regulations.

# Access to Reports and Enquiries

## Annual Reports

Annual Reports can be downloaded from the Company's website: [www.ail.atlas.pk](http://www.ail.atlas.pk) or printed copies can be obtained by writing to:

The Company Secretary,  
Atlas Insurance Limited,  
63/A, Block-XX, Phase III (Commercial),  
Khyaban-e-Iqbal, DHA, Lahore

## Quarterly Reports

The interim reports are published at the end of first, second and third quarters of the financial year. The interim reports for the year 2023 can be accessed at Atlas Insurance's website or printed copies can be obtained by writing to the Company Secretary.

## Shareholders' Enquiries

Shareholders' enquiries regarding status of their shareholdings, dividends, bonus or any other matter may be directed to the share registrar at the following address:

Hameed Majeed Associates (Pvt.) Limited,  
H. M. House, 7 - Bank Square,  
Sharah-e-Quaid-e-Azam, Lahore.  
Tel: 042-37235081-82

# Decisions taken at the Last AGM

No significant issues were raised by the shareholders during the last AGM held on April 27, 2023. As per the agenda the following matters were discussed and approved in the meeting:

1. Approval of the minutes of the AGM held on April 21, 2022.
2. Approval of the audited financial statements for the year ended December 31, 2022 along with Directors' and Auditors' reports.
3. Approval of final 45% and interim 25% cash dividend for the year ended December 31, 2022.
4. Appointment of EY Ford Rhodes as auditors of the Company for the year 2023 and fixation of their remuneration.
5. Approval of remuneration of the Chief Executive Officer for the year 2023.
6. Change in Article 94(a) of the Articles of Association of the Company.
7. Approval of Related Party Transactions.

# Matters Raised in the Last AGM of the Company

The AGM of the Company was attended by shareholders of the Company including minority shareholders. The meeting was also attended by the Chairman of the Audit Committee to answer any queries and matters within the scope of the audit committee's responsibilities. During the meeting, there were no significant matters / issues raised except for discussion on the agenda items. Major decision taken at the last AGM forms an integral part of Annual Report.

# Efforts to Engage Minority Shareholders

The Company values all shareholders equally and consider them an integral part of the Company. The Company facilitates all shareholders including minority shareholders to attend and take part in AGM. The Company has taken multiple steps to increase the participation of minority shareholders, few are as follows;

- Circulation of the notice of AGM both in English and Urdu newspapers having wide circulation in multiple cities,
- The Company has been conducting general meetings through video link, minority shareholders' participation has further improved, as the convenience of attending the meeting from anywhere,
- The notice of AGM is sent to all shareholders at least 21 days before the date of meeting,
- Placement of AGM notice on the Company's website, and
- The Company ensures that participation through Proxy is hassle free experience.

During the meeting also, the minority shareholders are encouraged to provide their insight, and their concerns and suggestion are duly recorded as a part of continuous improvement process.



# Investors' Relations

Investors are one of the main stakeholders of the Company. The Company values its relationship with investors and have a dedicated section for Investors' relationship and ancillary financial and non-financial information, the link for the Investors' section is <https://ail.atlas.pk/investors-relation/>. The Company always strives to provide accurate, correct, and precise information to the investors through quarterly and annual financial statements, and on the website. The information on the website is kept upto date.

## Corporate Briefing Session of the Company

Corporate Briefing Session is being held annually to brief investors regarding the performance of the Company and future outlook. This year, corporate briefing session was held on December 08, 2023. During the meeting the management briefed the following matters about the Company:

- Company's profile,
- Company's branch network,
- Strategic / operational developments,
- Company's performance over the last six years and
- Company's performance for the 9 months period ended September 30, 2023 in comparison with same period last year.

Thereafter a question and answer session was held. For more details on corporate briefing session, please refer the presentation delivered during the meeting, placed on our website link <http://ail.atlas.pk/wp-content/uploads/2023/12/ATIL-CBS-2023-Presentation.pdf>

## Grievance / Feedback System

The Company believes in protecting interest of its investors, shareholders and insureds. The shareholders give their feedback in general meetings and are encouraged to do so. It allows the Company to have a good understanding of their views on operations and decisions. Accordingly, an online "Grievance / Feedback System" has been established that provides an avenue for reporting and resolution of all complaints / queries on timely basis for both the investors and insureds. A designated webpage has been created which is <https://ail.atlas.pk/investors-relation-2/> to facilitate investors and <https://ail.atlas.pk/grievance-function/> to facilitate insured for submission of queries / grievances and feedbacks. In addition, complaints and suggestions can also be received in writing, duly addressed to designated personnel as mentioned on the website. All grievances / queries are resolved and communicated to the investors and insured on timely basis after due verification procedures.

## Significant Plans and Decisions

The Company has a long history of continuous growth. The Company believes in systematic and strategic capacity building. Our long legacy of 89 years is a proof of our commitment and portray our success story. The Company is committed to identifying new markets to expand in and enhancing its capacity to serve. This will in turn expand the business and provide our shareholders the desired return on investment.

## International Standards Adopted

International standards adopted for best corporate reporting practices are as follow:

- Integrated reporting framework

## Effect of Seasonality on Business in Terms of Sales

It includes the recurring pattern of sales during a specific period. There are multiple factors effecting the quantum of sales during a period. Some of the major effects are as follows;

Reason	Effect
Reporting Period	The companies align the insurance coverages with their financial reporting period, due to which there is an increase in sales during April and September for all lines of business especially fire and motor.
Occasions / Holidays	There is an increase in buying pattern during different occasions, especially traveling during holidays. Increase in motor and travel insurance can be seen.
Season	Increase in agriculture insurance is seen during the start of sowing of Rabi and Kharif crops.
Import / export	Restrictions on imports can hinder the volume of marine business during the restricted periods.

# Significant Changes from Prior Years

No major decision was taken regarding restructuring of the Group.

## Governance Practices Exceeding Legal Requirements

The Company's commitment to the highest levels of moral and ethical values is demonstrated by voluntary adoption of best business practices in addition to the stipulated regulatory requirements. Some of the governance practices exceeding legal requirements that have been adopted by the Company includes:

- Best reporting practices recommended by ICAP/ICMAP,
- Adoption of PSX criteria for selecting top companies,
- Disclosure of various financial analysis including ratios, reviews, risk matrix and graphs etc., and
- Implementation of Health, Safety and Environment strategies to ensure safety of employees.

## Share Price Sensitivity Analysis

### Key Sensitivities

Company's financial performance has a positive correlation with its share price. As such the factors that influence Company's performance can also be expected to have an impact on its share price. Following factors can be considered as sensitive to affect Company's share price:

### Earnings

News released on earnings, profits and future estimated earnings develop investor's interest in the stock of the Company.

### Dividend Announcement

Consistency in dividend payouts will reflect the expectations of shareholders and this affects the share price.

### Introduction of New Insurance Products

This could lead to positive topline growth which could have an impact on bottom line affecting the share price.

### Industry Performance

Government policies specific to industry like Takaful business could result in movement of the share price.

### Investor Confidence

Positive economic reforms can attract investors.

### Economic Indicators

An economic outlook could include expectations for inflation, productivity growth, unemployment and balance of trade. Changes around the world can affect both the economy and share price.

### Law and Order

Unstable law and order situation impacts disturbance and interruptions in business process. An act of terrorism can also lead to a downturn in economic activity and a fall in share price.

### Change in Government Policies

Government policies could be perceived as positive or negative for businesses. The policies may lead to changes in inflation and interest rates, which in turn may affect share price.

### Investor Sentiment

Investor sentiment or confidence can cause the stock market to go up or down, which can cause share prices to rise or fall. The general direction that the stock market takes can affect the value of a stock:

- Bull market - a strong market where stock prices are rising and investor confidence is growing. It is often tied to economic recovery or an economic boom, as well as investor optimism.
- Bear market - a weak market where stock prices are falling and investor confidence is fading. It often happens when an economy is in recession and unemployment is high with rising inflation.



# Major Events

## 1st Quarter (January, February & March)

### January

#### Annual Sales Conference

Field executives of the Company, Group President and Group Director Financial Services attended the Annual Sales Conference held on January 31, 2023 and February 01, 2023 in Karachi.

### March

#### BOD Meeting for the Year Ended December 31, 2022

The Board of Directors approved the audited financial statements of the Company for the year ended December 31, 2022 in their meeting held on March 27, 2023.

## 2nd Quarter (April, May & June)

### April

#### Annual General Meeting

88th Annual General Meeting of the Company was held on April 27, 2023 to consider and adopt the audited financial statements, to approve final cash dividend @ 45% and to appoint auditors for the year 2024.

#### BOD Meeting for the 1st Quarter

BOD meeting for the 1st quarter ended March 31, 2023 was held on April 27, 2023 to approve the unaudited financial statements of the Company.

#### Disbursement of Cash Dividend

45% final cash dividend was disbursed on April 28, 2023.

### May

#### BOD Meeting

BOD meeting was held on May 30, 2023, whereby the directors declared 16% interim cash dividend for the financial year ending December 31, 2023.

### June

#### BOD Meeting

BOD meeting was held on June 15, 2023, whereby the directors declared 60% interim bonus shares.

#### Disbursement of Interim Cash Dividend and Bonus Shares

16% interim cash dividend was disbursed on June 15, 2023, whereas 60% interim bonus was disbursed on June 23, 2023.

## 3rd Quarter (July, August & September)

### August

#### Mid Year Sales Conference

Mid year Sales Conference was held in Nathia Gali on August 08, 2023, and was attended by the Group Director Financial Services and field executives of the Company.

#### BOD Meeting for the 2nd Quarter

The meeting of the BOD was held on August 25, 2023 for approval of the financial statements for the period ended June 30, 2023.

#### Financial Strength Rating

The Pakistan Credit Rating Agency Limited maintained the Insurer Financial Strength rating of the Company to 'AA+' with stable outlook, which denotes a very strong capacity to meet policyholders and contract obligations.

## 4th Quarter (October, November & December)

### October

#### BOD Meeting for the 3rd Quarter

The meeting of the BOD was held on October 30, 2023 for approval of the unaudited financial statements for the period ended September 30, 2023.

### December

#### Corporate Briefing Session

Corporate Briefing Session was held on December 08, 2023 to brief the investors regarding the performance of the Company and its future outlook.

#### BOD Meeting for Approval of Annual Budget 2024

The Board of Directors meeting was held on December 21, 2023 in which budget for the year ending December 31, 2024 was approved.

# Forward Looking Statement

## Analysis of Prior Period

As indicated last year, 2022 was a challenging year as the GDP growth forecasts were downgraded more than once by the international agencies. Large scale manufacturing increased by over 3.56% on account of leniency in lockdown and increase in public and private consumption. The devaluation of PKR and continued increase in inflation kept the Company's profitability under pressure. However, the increase in treasury income and controlled operating expenses provided much needed support to the Company in achieving sustainable margins.

## Forward Looking Statement

2023 is expected to be another challenging year for the economy. Due to low foreign reserves, increased interest rates and high inflation, aggregate demand is expected to remain subdued. However, the Company is well positioned for sustainable growth on the back of its leading services. We are addressing new targets, utilizing market potential and strengthening our market position. We will consistently implement our strategy, thus creating the basis for further growth.

## Source of Information and Assumptions Used for Projections / Forecasts

The Company prepares annual budgets and forecasts to manage business more effectively. The forecasting is done keeping in view the historical data and figures. Projections are developed based on macro and micro economic indicators, markets trends and research, international and local material price forecasts, data from regulatory and taxation authorities, seasonal variations and competitors' actions etc. Internal capacities are reviewed based on available data and alignment is planned to achieve the desired results.

Information is also generated internally from critical functions of the Company including Marketing, Operations, Information Technology, Human Resources, Finance etc., and the information so collected is collaborated with the data compiled from the above sources for preparation of meaningful and practical forecasts which are adopted as formal plans for the Company.

## Opportunity Report

As a leading insurer, the Company is in a position to avail and explore number of opportunities. Following is the summary of significant opportunities for the Company:

- Increase reach to all parts of the Country by expanding distribution network;
- Focus on insurance awareness through continuous investment in communication channels and market education;
- With increasing mobile penetration amongst the masses, utilize such platforms for customer interaction, awareness, marketing and sales and
- Expand general Takaful solutions through window operations.

## Materiality Approach

The management believes materiality as a key component of an effective communication with the stakeholders. In general, matters are considered to be material if, individually or collectively, they are expected to significantly affect the performance and profitability of the Company.

## Unreserved Compliance of IFRS Issued by the IASB

Company's financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

## External Oversight

**External Audit:** EY Ford Rhodes, Chartered Accountants, serve as the statutory auditors, conducting audits on financial statements and providing a Management Letter outlining any control deficiencies identified during the audit.

**Compliance with Corporate Governance Codes:** EY Ford Rhodes, Chartered Accountants, reviewed the Company's compliance statements with the Code annually.

**Shariah Compliance:** EY Ford Rhodes, Chartered Accountants, conducted Shariah compliance audits.

## Statement of Charity Account

The Company paid amount of Rs. 20.96 million during the year 2023 to Atlas Foundation on a account of charity / donation. The Foundation has played its role in promoting centers of professional education with the commitment that what has come from the society should be shared with the society.



# Six Years at a Glance

(Rupees in million)

Description	2023	2022	2021	2020	2019	2018	
<b>Financial Data</b>							
Paid-up capital	1,494.2	933.8	849.0	849.0	771.8	701.6	
Reserves & retained earnings	3,276.8	2,651.3	3,327.5	3,926.3	2,935.0	2,759.3	
Equity	4,770.9	3,585.2	4,176.5	4,775.2	3,706.7	3,460.9	
Underwriting provisions	4,703.0	3,272.8	2,556.9	2,747.6	1,837.2	1,905.3	
Liabilities including WTO operations	3,806.9	2,692.3	2,584.4	2,139.0	1,490.2	1,299.5	
Investments - at cost (net of impairment)	4,322.0	3,466.5	3,803.9	3,296.2	3,192.1	2,311.9	
Investments - at market value	6,806.6	4,642.1	5,861.6	6,229.4	4,775.4	3,712.6	
Fixed assets - net	230.1	221.3	147.6	159.8	120.6	82.1	
Prepayments, loans and other receivables	1,314.2	929.5	749.4	674.2	771.8	564.7	
Total assets from general takaful operations - OPF	449.7	399.3	273.9	195.3	138.3	108.5	
Cash and bank deposits	1,544.8	1,553.7	974.5	882.8	650.2	1,328.0	
Total assets	13,280.8	9,550.3	9,317.8	9,661.7	7,034.1	6,665.7	
<b>Operating Data</b>							
<b>Conventional</b>							
Gross premium revenue	5,862.0	4,697.4	3,739.6	3,046.4	2,911.8	2,849.5	
Net premium revenue	2,382.2	2,132.9	1,830.7	1,405.3	1,455.4	1,473.9	
Net claims	702.5	721.2	622.2	449.6	468.7	488.3	
Management expenses	927.6	748.0	618.0	539.8	534.6	461.3	
Net commission	172.4	252.1	182.4	183.6	144.7	160.0	
Underwriting result	921.2	915.8	772.9	599.5	596.8	684.3	
Investment income	603.1	2.4	330.4	239.7	224.8	230.9	
Profit before tax (PBT)	1,822.6	1,095.6	1,181.5	907.8	895.2	989.0	
Income tax	815.5	376.3	346.1	262.3	272.0	323.5	
Profit after tax (PAT)	1,007.2	719.3	835.4	645.4	623.3	665.6	
<b>Window Takaful Operations</b>							
Gross contribution revenue	650.2	536.1	366.9	276.7	289.8	211.6	
Net contribution revenue	167.4	176.2	139.7	112.4	135.7	113.3	
Surplus / (deficit) before tax - PTF	43.3	33.1	19.3	27.0	27.5	(25.0)	
Profit before tax - OPF	109.2	87.0	54.2	44.4	38.9	17.1	
<b>Cash Flow Summary</b>							
Operating activities	589.7	828.7	1,060.6	635.4	534.7	725.5	
Investing activities	3.3	391.9	(156.3)	160.4	(721.5)	349.0	
Financing activities	(601.9)	(641.4)	(812.5)	(563.2)	(491.0)	(448.8)	
Cash & cash equivalents at the year end	1,544.8	2,132.9	1,066.3	882.8	650.2	1,328.0	
<b>Free cash flow</b>	502.1	751.1	1,025.8	613.4	494.4	692.7	
<b>Financial Ratios</b>							
<b>Profitability</b>							
Profit before tax / Gross premium	%	31.1	23.3	31.6	29.8	30.7	34.7
Profit before tax / Net premium	%	76.5	51.4	64.5	64.6	61.5	67.1
Profit after tax / Gross premium	%	17.2	15.3	22.3	21.2	21.4	23.4
Profit after tax / Net premium	%	42.3	33.7	45.6	45.9	42.8	45.2
Underwriting result / Net premium	%	38.7	42.9	42.2	42.7	41.0	46.4
Management expenses / Gross premium	%	15.8	15.9	16.5	17.7	18.4	16.2
Management expenses / Net premium	%	38.9	35.1	33.8	38.4	36.7	31.3
Net commission / Net premium	%	7.2	11.8	10.0	13.1	9.9	10.9
Net claims / Net premium	%	29.5	33.8	34.0	32.0	32.2	33.1
Combined ratio	%	68.4	68.9	67.7	70.4	68.9	64.4

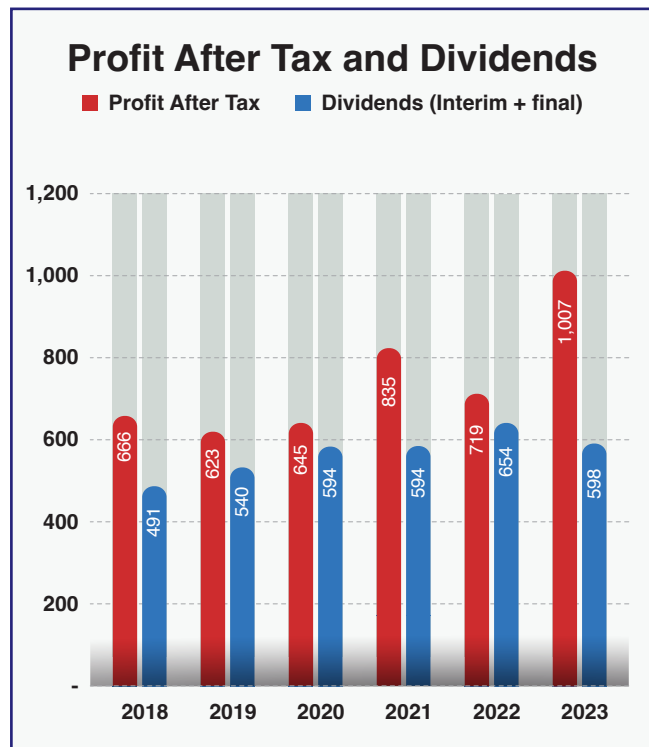
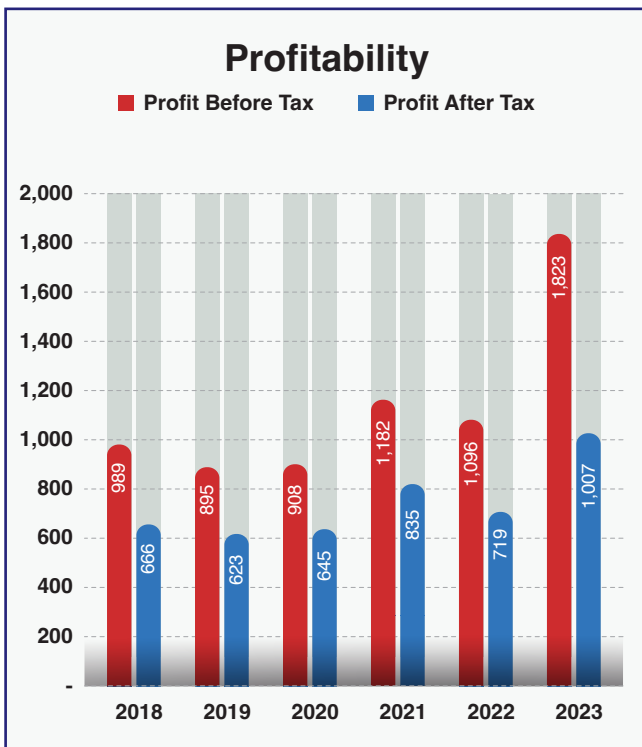
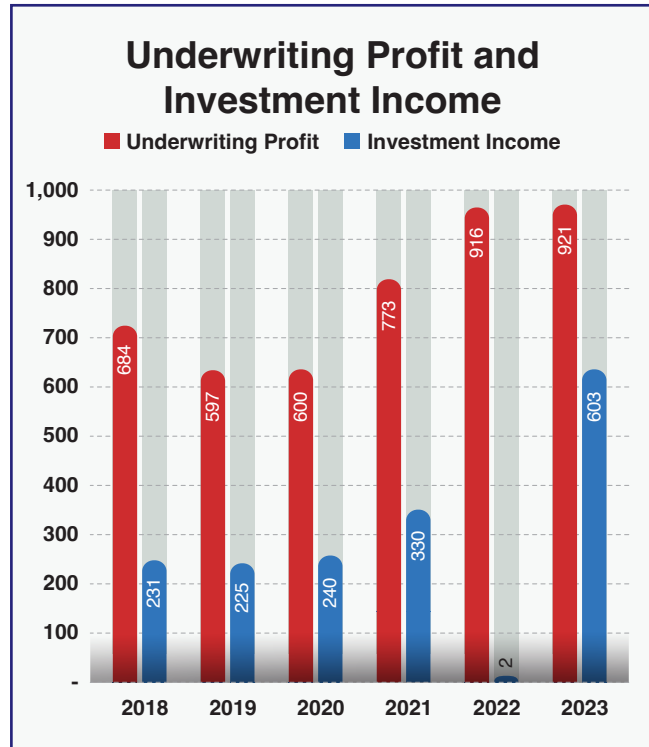
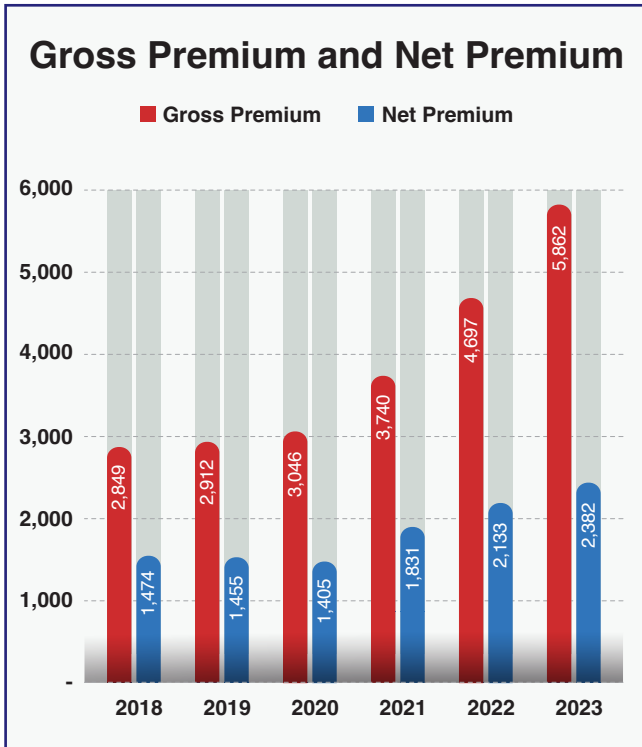
Description		2023	2022	2021	2020	2019	2018
<b>Financial Ratios</b>							
<b>Return to Shareholders</b>							
Return on equity - PBT	%	38.2	30.6	28.3	19.0	24.2	28.6
Return on equity - PAT	%	21.1	20.1	20.0	13.5	16.8	19.2
Earnings growth	%	40.0	(13.9)	29.4	3.6	(6.4)	0.2
Earning per share - PBT	Rs.	12.2	7.3	7.9	6.1	6.6	8.0
Earning per share - PAT	Rs.	6.7	4.8	5.6	4.3	4.6	5.4
Return on assets	%	7.6	7.5	9.0	6.7	8.9	10.0
Investment yield	%	15.5	0.1	9.3	7.4	8.2	9.9
Earnings assets / Total assets	%	44.2	52.6	51.3	43.3	54.6	54.6
<b>Liquidity / Leverage</b>							
Current ratio	Times	1.7	1.7	2.0	2.3	2.4	2.3
Cash to current liabilities	Times	0.2	0.3	0.2	0.2	0.2	0.5
Total assets turnover	Times	0.5	0.5	0.4	0.4	0.4	0.4
Fixed assets turnover	Times	26.0	21.2	24.3	21.7	28.7	33.3
Total liabilities / Equity	Times	1.8	1.7	1.2	1.0	0.9	0.9
Acid test ratio	Times	1.1	1.1	1.4	1.7	1.8	1.8
Return on capital employed	%	20.9	18.3	16.6	13.2	15.7	15.4
Paid-up capital / Total assets	%	11.3	9.8	9.1	8.8	11.0	10.5
Equity / Total assets	%	35.9	37.5	44.8	49.4	52.7	51.9
Price to book ratio	Times	1.3	1.4	1.2	1.1	1.3	1.2
<b>Market Data</b>							
Price earning ratio	Times	6.2	7.2	6.2	8.1	7.9	6.5
Face value - per share	Rs.	10.0	10.0	10.0	10.0	10.0	10.0
Market value per share							
Market value at the end of the year	Rs.	41.5	55.5	61.0	61.5	64.0	61.2
Highest value during the year	Rs.	59.2	66.0	66.5	69.5	78.8	81.8
Lowest value during the year	Rs.	36.2	50.6	47.8	50.6	42.7	51.5
Pakistan stock exchange index	Points	62,451	40,420	44,416	43,755	40,435	37,067
Market capitalization	Rs.	6,200.8	5,182.9	5,178.6	5,224.5	4,939.4	4,293.9
Net assets per share	Times	31.9	38.4	49.2	56.2	48.0	49.3
<b>Distribution</b>							
Cash dividend (interim + final)	Rs.	597.7	653.7	594.3	594.3	540.2	491.1
Cash dividend (interim + final)	%	46%	70%	70%	70%	70%	70%
Bonus shares	Rs.	560.3	-	84.9	-	77.2	70.2
Bonus shares	%	60%	0%	10%	0%	10%	10%
Cash dividend per share	Rs.	4.6	7.0	7.0	7.0	7.0	7.0
Stock dividend per share	Rs.	6.0	-	1.0	-	1.0	1.0
Dividend yield	%	11.1	12.6	11.5	11.4	10.9	11.4
Dividend pay out	%	59.3	90.9	71.1	92.1	86.7	73.8
Dividend cover	Times	1.7	1.1	1.4	1.1	1.2	1.4
Breakup value per share	Rs.	31.9	38.4	49.2	56.2	48.0	49.3



# Performance at a Glance

## Graphical Presentation

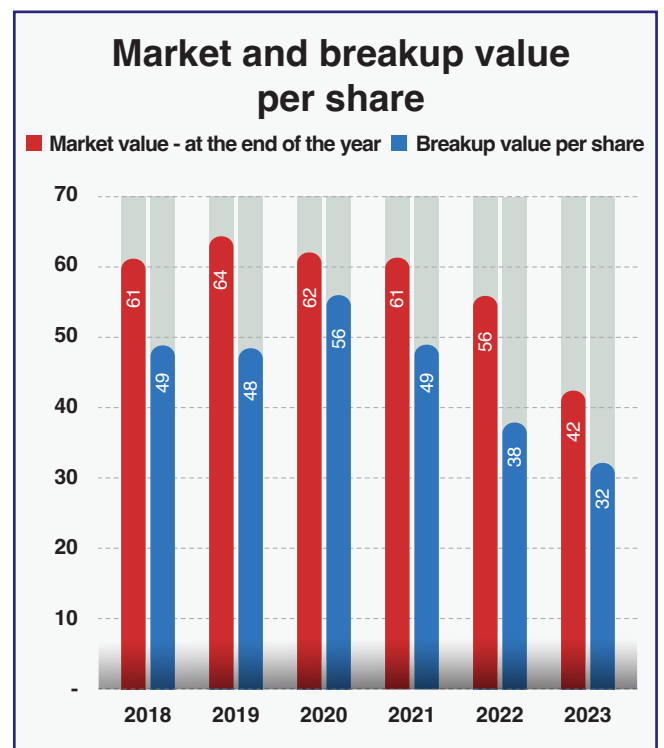
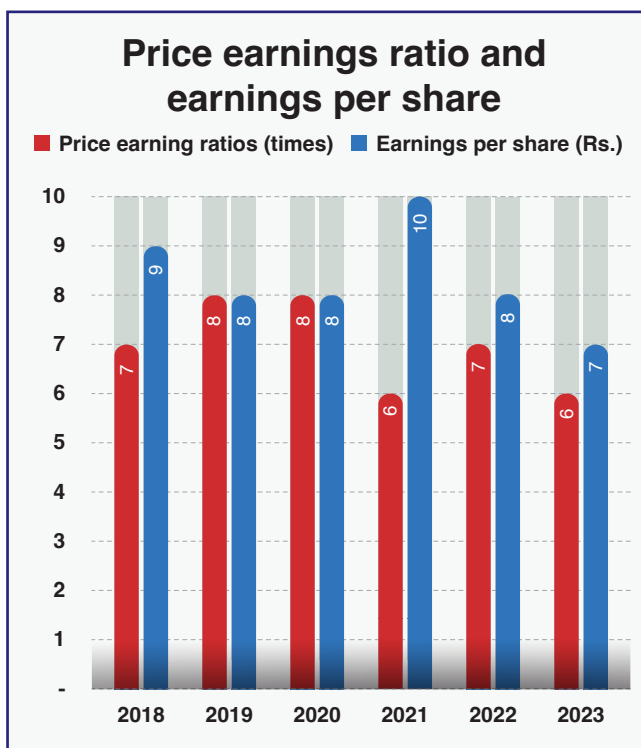
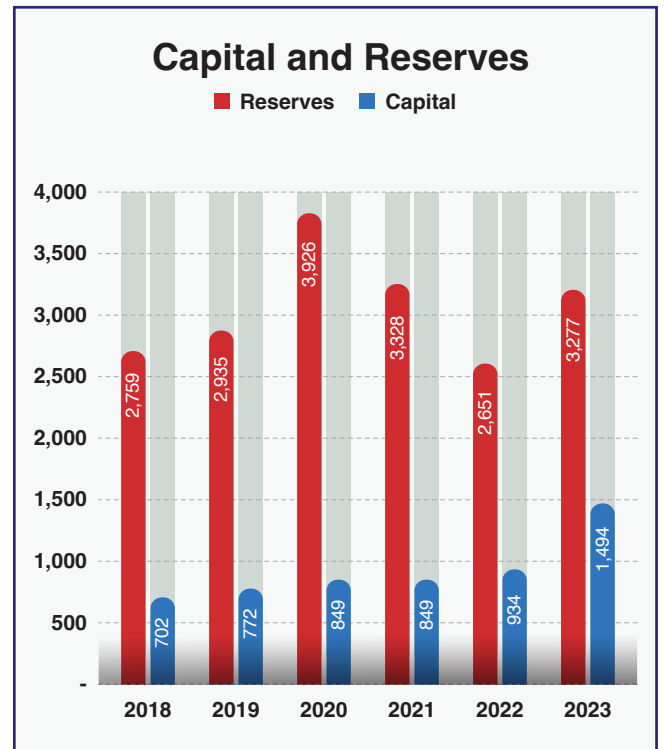
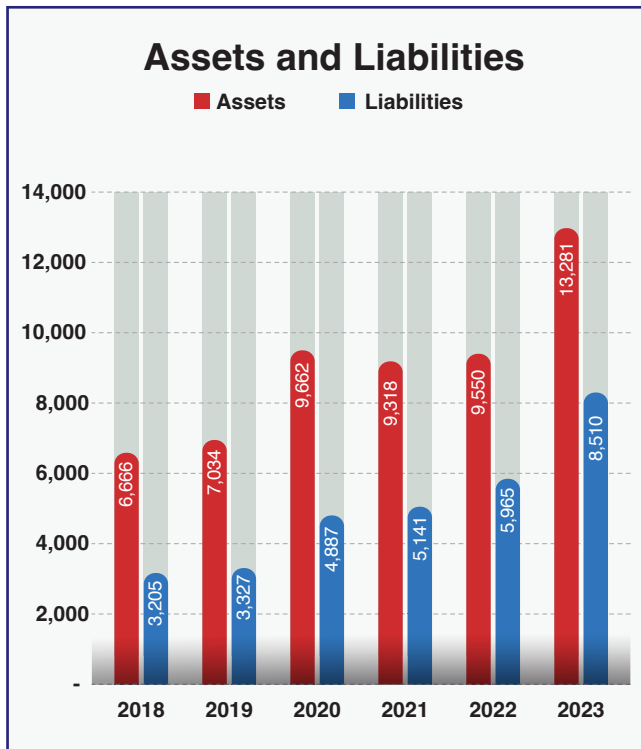
(Rupees in million)



# Performance at a Glance

## Graphical Presentation

(Rupees in million)





# Comments on Key Financial Data and Ratios

## Performance Ratios

- Net commission to net premium ratio was 7.2% for the year which denotes the Company's decent arrangements with reinsurers managing to earn sizeable commission income.
- The net claims ratio has been retained at 29.5% from 33.1% in the year 2018 due to prudent underwriting policy of the Company. The combined ratio of 68.4% remains almost same as of last year's ratio of 68.9%.
- The Company was able to reduce the gross management expense ratio to 15.8% in 2023 which was the lowest in last six years. The reduction in ratio was due better control of management expenses.
- Profit before tax to net premium ratio increased to 76.5%, highest in last six years, showing sustenance and strength of the Company in core earnings along with handsome investment income.
- Profit after tax to net premium ratio increase to 42.3% from 33.7% of last year despite the additional provision against super tax.
- Cash dividend to the shareholders remained at 16% which is in excess of the preceding years 2022 to 2018 and higher as compared to 65% for the year 2017, which reflects consistency in sharing prosperity with the shareholders. In addition to cash dividend the Company has also announced 60% of bonus shares for current and previous year, showing the prosperity of the Company.

## Balance Sheet

- The growth in business can be analyzed through financial position of the Company as the assets have increased to Rs. 13.281 billion in 2023 from Rs. 6.666 billion of 2018, an increase of two folds over the period of six years.
- Increase of 4.17 folds in the assets of general takaful operations – OPF to Rs. 449.7 million in 2023 as compared to Rs. 108.5 million in 2018.
- The total equity of the Company, including reserves, stood at Rs. 4.771 billion as at December 31, 2023 compared to Rs. 3.461 billion as at December 31, 2018, a increase of 38% over the last six years due to distribution of wealth by the Company to its shareholders.

## Profit and Loss Account

- Gross premium increased by 106% over the last six years from Rs. 2.850 billion in 2018 to Rs. 5.862 billion in the year 2023.
- Increase in net premium from Rs. 1.474 billion in 2018 to Rs. 2.382 billion in 2023 promulgate an increase of 62% over the six years period.
- Underwriting profit increased to Rs. 921.2 million in 2023 from Rs. 684.3 million of 2018, posting growth of 35%, reflecting Company's focus on earning from the core business.
- Despite the difficult situations due to economic and political instability, the Company still managed to earn highest and healthy profit compared to the preceding six years, posting profit before tax of Rs. 1,822.6 million as compared to Rs. 989.0 million for 2018.

## Cash Flows

- Cash inflow from operating activities decreased by 19% over the period of six years from Rs. 725.5 million in 2018 to Rs. 589.7 million in 2023, due to high inflationary rate and increase in applicable in tax rates.
- The increase in cash outflow of financing activities is mainly to Company's consistency of paying healthy dividend to the shareholders in the present as well as in the past years.
- Cash & bank deposits have increased to Rs. 1.545 billion as at December 31, 2023 from Rs. 1.328 billion in the year 2018, reflects the Company's strong liquidity position.

## Solvency

Net admissible assets were in excess by Rs. 999 million over the minimum regulatory requirements mainly due to better cash management.

## Comments on Free Cash Flow

Free Cash Flow increased to Rs. 502.1 million in 2023 against last year of Rs. 751.1 million mainly due to increase in tax expense and capital expenditure

# Performance Measurement

Performance measurement is key to evaluate how well an organisation is managed and the value it delivers for stakeholders. As a listed company, our most important stakeholders are shareholders and as such the value delivers by the Company to them is imperative. In the Company, performance measurement is an ongoing monitoring process. Furthermore, to evaluate performance, besides traditional and most commonly used methods of performance evaluation i.e. ratio analysis, calculation of returns on various categories of assets, horizontal & vertical analysis of financial statements and various comparative statements etc., modern techniques and tools are also considered particularly with reference to the value addition for the shareholders. Following are advance techniques / tools to measure performance of the Company.

# Economic Value Added

Economic value added (EVA) is a measurement of a company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on a cash basis. EVA is also known as economic profit, aims to calculate the true economic profit of a company. It is also used to measure the value a company generates from funds invested in it. Atlas Insurance was successful to add economic value from its operations in the year ended December 31, 2023 too, by generating economic value of Rs. 315.42 million against Rs. 187.36 million of last year.

# Market Value Added

To measure the external performance, Market Value Added (MVA) is calculated to see how the investor evaluate the performance of the Company in term of market value of its shares against book value. In Atlas Insurance Limited, MVA is calculated to evaluate the management performance with reference to market value of Company's shares in the PSX against its book value.

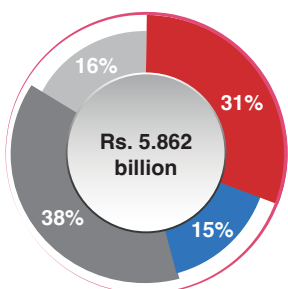
As at December 31, 2023, the market capitalization of the Company was Rs. 6.201 billion as compared with Rs. 5.183 billion of 2022 and the total book value of outstanding shares as at December 31, 2023 stood at Rs. 4.771 billion against Rs. 3.585 billion of 2022. There was a slight increase in the market value even in these uncertain economic times.

# Major Capital and IT Expenditures

The Company continues to enhance the alignment of IT services with the strategy to improve business and to support day-to-day business operations. Deployment and enhancement in IT infrastructure, secured and speedy communication, increase customer relations (B2B) through web-portals, mobile Apps and prudent MIS are the plans set for the future foundation.

The modern business environment is becoming paperless rapidly. To create a paperless environment in the organisation, the Company has implemented digitalization of documents to avoid pile of documents and made the relevant documents available on a single click. To work efficiently in the modern era, it is necessary to equip the staff with modern business working tools. During the year, the Company has incurred on IT related expense including capital expenditure of Rs. 7.9 million which shows the commitment of the Company to equipped itself with modern IT tools, software along with communication tools to further enhance the efficiency and effectiveness of its customer service.

# Quarterly Performance Analysis

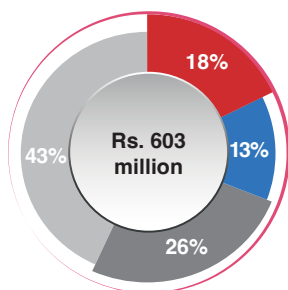
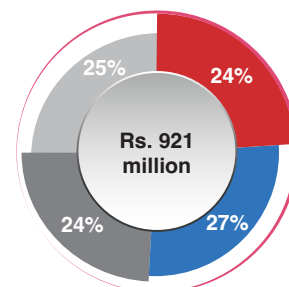


## Gross Premium

The trend of underwriting gross premium reflects the firmness of the Company's underwriting policy towards accepting business. Renewals and new business during first and third quarter kept the weightage of gross premium high. Company underwrote gross premium of Rs. 5.862 billion during the year.

## Underwriting Profit

The core activities i.e. net premium, net claims, net commission and management expenses constitute the underwriting profit of an insurance company. During the year the Company earned underwriting profit of Rs. 921 million which was spreaded evenly across the four quarters which was the result of prudent underwriting.

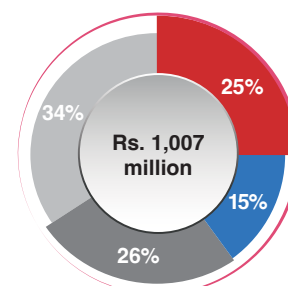


## Investment Income

Investment income is a significant component of an insurer's profitability. During the year, due to the better yields and good returns for the fixed income securities, the Company earned investment income of Rs. 603 million.

## Profit After Tax

Profit after tax witnessed growth in the last quarter due to increase in investment and other income.



■ 1st Quarter
 ■ 2nd Quarter
 ■ 3rd Quarter
 ■ 4th Quarter



# Analysis of Financial Statements

## Statement of Financial Position

Particulars	2023						Vertical Analysis Composition of Statement of Financial Position						Horizontal Analysis % Change Year to Year					
	2023	2022	2021	2020	2019	2018	2023	2022	2021	2020	2019	2018	2023 Vs 2022	2022 Vs 2021	2021 Vs 2020	2020 Vs 2019	2019 Vs 2018	2018 Vs 2017
	(Rupees in thousand)						%	%	%	%	%	%	%	%	%	%	%	%
<b>Assets</b>																		
Property and equipment	230,136	221,315	147,626	159,789	120,565	82,080	1.7	2.3	1.6	1.7	1.7	1.2	4.0	49.9	(7.6)	32.5	46.9	(7.9)
Investments	6,806,600	4,642,090	5,861,569	6,229,415	4,775,442	3,712,647	51.3	48.6	62.9	64.5	67.9	55.7	46.6	(20.8)	(5.9)	30.4	28.6	(24.7)
Loan and other receivables	112,052	66,748	38,147	22,029	110,348	14,052	0.8	0.7	0.4	0.2	1.6	0.2	67.9	75.0	73.2	(80.0)	685.3	(41.8)
Insurance / reinsurance receivables	774,440	539,279	431,689	311,009	246,245	332,681	5.8	5.6	4.6	3.2	3.5	5.0	43.6	24.9	38.8	26.3	(26.0)	7.8
Reinsurance recoveries																		
against outstanding claims	1,960,523	1,074,190	772,137	1,087,723	246,582	454,431	14.8	11.2	8.3	11.3	3.5	6.8	82.5	39.1	(29.0)	341.1	(45.7)	201.6
Salvage recoveries accrued	7,285	8,085	8,375	8,627	3,435	2,435	0.1	0.1	0.1	0.1	0.0	0.0	(9.9)	(3.5)	(2.9)	151.1	41.1	(38.2)
Retirement benefit	5,439	-	2,265	9,266	-	-	0.0	-	0.0	0.1	-	-	100.0	(100.0)	(75.6)	100.0	-	-
Deferred commission expense	187,675	144,916	95,197	92,418	81,519	80,233	1.4	1.5	1.0	1.0	1.2	1.2	29.5	52.2	3.0	13.4	1.6	30.0
Prepayments	1,202,185	862,766	711,215	652,126	661,451	550,697	9.1	9.0	7.6	6.7	9.4	8.3	39.3	21.3	9.1	(1.4)	20.1	33.3
Taxation - provision less payments	-	37,840	1,121	11,220	-	-	-	0.4	0.0	0.1	-	-	(100.0)	3,275.6	(90.0)	100.0	-	-
Cash and bank	1,544,843	1,553,708	974,543	882,778	650,207	1,327,987	11.6	16.3	10.5	9.1	9.2	19.9	(0.6)	59.4	10.4	35.8	(51.0)	89.1
<b>Total assets from general</b>	<b>12,831,178</b>	<b>9,150,937</b>	<b>9,043,884</b>	<b>9,466,400</b>	<b>6,895,794</b>	<b>6,557,243</b>	<b>96.6</b>	<b>95.8</b>	<b>97.1</b>	<b>98.0</b>	<b>98.0</b>	<b>98.4</b>	<b>40.2</b>	<b>1.2</b>	<b>(4.5)</b>	<b>37.3</b>	<b>5.2</b>	<b>(1.9)</b>
takaful operations - OPF	449,653	399,319	273,912	195,345	138,326	108,484	3.4	4.2	2.9	2.0	2.0	1.6	12.6	45.8	40.2	41.2	27.5	44.7
<b>Total assets</b>	<b>13,280,831</b>	<b>9,550,256</b>	<b>9,317,796</b>	<b>9,661,745</b>	<b>7,034,120</b>	<b>6,665,727</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>39.1</b>	<b>2.5</b>	<b>(3.6)</b>	<b>37.4</b>	<b>5.5</b>	<b>(1.4)</b>
<b>Liabilities</b>																		
<b>Capital and reserves attributable to Company's equity holders</b>																		
Ordinary share capital	1,494,157	933,848	848,953	848,953	771,775	701,614	31.3	26.0	20.3	17.8	20.8	20.3	60.0	10.0	-	10.0	10.0	-
Reserves	2,419,880	2,174,865	2,705,977	3,277,641	2,313,255	2,104,563	50.7	60.7	64.8	68.6	62.4	60.8	11.3	(19.6)	(17.4)	41.7	9.9	(21.6)
Unappropriated profit	856,904	476,479	621,533	648,633	621,710	654,699	18.0	13.3	14.9	13.6	16.8	18.9	79.8	(23.3)	(4.2)	4.3	(5.0)	(0.8)
<b>Total equity</b>	<b>4,770,941</b>	<b>3,585,192</b>	<b>4,176,463</b>	<b>4,775,227</b>	<b>3,706,740</b>	<b>3,460,876</b>	<b>35.9</b>	<b>37.5</b>	<b>44.8</b>	<b>49.4</b>	<b>52.7</b>	<b>51.9</b>	<b>33.1</b>	<b>(14.2)</b>	<b>(12.5)</b>	<b>28.8</b>	<b>7.1</b>	<b>(14.5)</b>
Underwriting provisions	4,702,997	3,272,799	2,556,895	2,747,565	1,837,226	1,905,341	35.4	34.3	27.4	28.4	26.1	28.6	43.7	28.0	(6.9)	49.5	(3.6)	47.1
Retirement benefit	-	12,857	-	-	6,926	9,249	-	0.1	-	-	0.1	0.1	(100.0)	100.0	-	(100.0)	(25.1)	135.9
Deferred taxation	956,245	346,370	546,293	833,774	426,871	358,875	7.2	3.6	5.9	8.6	6.1	5.4	176.1	(36.6)	(34.5)	95.3	18.9	(52.8)
Premium received in advance	447,465	368,932	333,082	137,351	105,498	178,520	3.4	3.9	3.6	1.4	1.5	2.7	21.3	10.8	142.5	30.2	(40.9)	170.6
Borrowings	76,182	99,849	60,183	73,016	25,771	-	0.6	1.0	0.6	0.8	0.4	-	(23.7)	65.9	(17.6)	183.3	100.0	-
Insurance / reinsurance payable	839,312	532,081	780,521	511,309	428,669	330,450	6.3	5.6	8.4	5.3	6.1	5.0	57.7	(31.8)	52.7	19.3	29.7	29.3
Other creditors and accruals	1,185,637	1,176,918	793,582	537,097	461,820	357,361	8.9	12.3	8.5	5.6	6.6	5.4	0.7	48.3	47.8	16.3	29.2	24.7
Taxation - provision less payments	57,811	-	-	-	790	22,218	0.4	-	-	-	0.0	0.3	100.0	-	-	(100.0)	(96.4)	7.5
<b>Total liabilities</b>	<b>8,265,649</b>	<b>5,809,806</b>	<b>5,070,556</b>	<b>4,840,112</b>	<b>3,293,571</b>	<b>3,162,014</b>	<b>62.2</b>	<b>60.8</b>	<b>54.4</b>	<b>50.1</b>	<b>46.8</b>	<b>47.4</b>	<b>42.3</b>	<b>14.6</b>	<b>4.8</b>	<b>47.0</b>	<b>4.2</b>	<b>17.6</b>
Total liabilities from general																		
takaful operations - OPF	244,241	155,258	70,777	46,406	33,809	42,837	1.8	1.6	0.8	0.5	0.5	0.6	57.3	119.4	52.5	37.3	(21.1)	62.6
<b>Total equity and liabilities</b>	<b>13,280,831</b>	<b>9,550,256</b>	<b>9,317,796</b>	<b>9,661,745</b>	<b>7,034,120</b>	<b>6,665,727</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>39.1</b>	<b>2.5</b>	<b>(3.6)</b>	<b>37.4</b>	<b>5.5</b>	<b>(1.4)</b>

# Analysis of Financial Statements

## Profit and Loss Account

Particulars	(Rupees in thousand)						Vertical Analysis Composition of Profit & Loss Account						Horizontal Analysis % Change Year to Year						
	2023	2022	2021	2020	2019	2018	2023	2022	2021	2020	2019	2018	2023 Vs 2022	2022 Vs 2021	2021 Vs 2020	2020 Vs 2019	2019 Vs 2018	2018 Vs 2017	
							%	%	%	%	%	%	%	%	%	%	%	%	
<b>Gross premium revenue</b>	5,862,022	4,697,393	3,739,638	3,046,399	2,911,830	2,849,455	100.0	100.0	100.0	100.0	100.0	100.0	24.8	25.6	22.8	4.6	2.2	19.8	
<b>Revenue account</b>																			
Net insurance premium	2,382,207	2,132,895	1,830,688	1,405,342	1,455,416	1,473,915	40.6	45.4	49.0	46.1	50.0	51.7	11.7	16.5	30.3	(3.4)	(1.3)	15.6	
Net insurance claims expenses	(702,549)	(721,228)	(622,186)	(449,595)	(468,715)	(488,305)	(29.5)	(33.8)	(34.0)	(32.0)	(32.2)	(33.1)	(2.6)	15.9	38.4	(4.1)	(4.0)	12.9	
Premium deficiency	(3,333)	-	-	-	-	-	0.5	-	-	-	-	-	100.0	-	-	-	-	-	
Net commission and other acquisition income	172,446	252,144	182,363	183,595	144,684	159,963	7.2	11.8	10.0	13.1	9.9	10.9	(31.6)	38.3	(0.7)	26.9	(9.6)	(3.4)	
Management expenses	(927,582)	(747,984)	(617,980)	(539,822)	(534,634)	(461,250)	(38.9)	(35.1)	(33.8)	(38.4)	(36.7)	(31.3)	24.0	21.0	14.5	1.0	15.9	7.5	
<b>Underwriting results</b>	921,189	915,827	772,885	599,520	596,751	694,323	50.5	83.6	65.4	66.0	66.7	69.2	0.6	18.5	28.9	0.5	(12.8)	18.3	
Investment income	603,075	2,449	330,420	239,702	224,805	230,857	33.1	0.2	28.0	26.4	25.1	23.3	24,525.4	(99.3)	37.8	6.6	(2.6)	(28.2)	
Rental income	-	-	-	-	-	1,235	-	-	-	-	-	0.1	-	-	-	-	(100.0)	(51.9)	
Other income	281,136	132,583	49,634	47,950	52,796	73,710	15.4	12.1	4.2	5.3	5.9	7.5	112.0	167.1	3.5	(9.2)	(28.4)	(25.5)	
Other expenses	(43,128)	(27,681)	(16,275)	(13,865)	(14,037)	(16,576)	(2.4)	(2.5)	(1.4)	(1.5)	(1.6)	(1.7)	55.8	70.1	17.4	(1.2)	(15.3)	23.4	
	841,083	107,351	363,779	273,787	263,564	289,226	46.1	9.8	30.8	30.2	29.4	29.2	683.5	(70.5)	32.9	3.9	(8.9)	(29.4)	
Finance costs	(48,875)	(14,583)	(9,352)	(9,954)	(3,944)	(1,627)	(2.7)	(1.3)	(0.8)	(1.1)	(0.4)	(0.2)	235.2	55.9	(6.0)	152.4	142.4	1,087.6	
Profit / (loss) from Window Takaful Operations - OPF	109,224	87,032	54,196	44,422	38,870	17,107	6.0	7.9	4.6	4.9	4.3	1.7	25.5	60.6	22.0	14	127	1,920	
<b>Profit before tax</b>	1,822,821	1,095,627	1,181,508	907,775	895,241	989,029	31.09	23.32	31.59	29.80	30.74	34.71	66.4	(7.3)	30.2	1.4	(9.5)	0.0	
Income tax	(815,454)	(376,313)	(346,132)	(262,348)	(271,985)	(323,461)	(44.74)	(34.35)	(29.30)	(28.90)	(30.38)	(32.70)	116.7	8.7	31.9	(3.5)	(15.9)	(0.4)	
<b>Profit after tax</b>	1,007,167	719,314	835,376	645,427	623,256	665,568	17.2	15.3	22.3	21.2	21.4	23.4	40.0	(13.9)	29.4	3.6	(6.4)	0.2	

## Summary of Cash Flow Statement

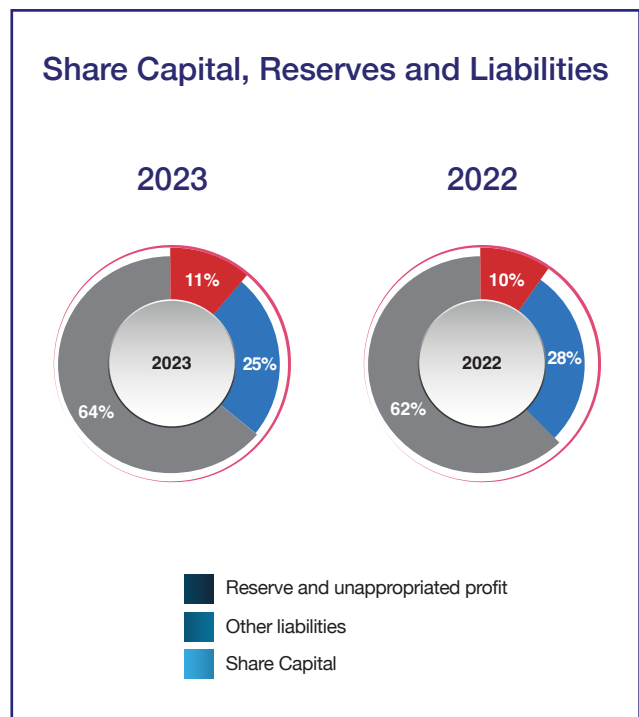
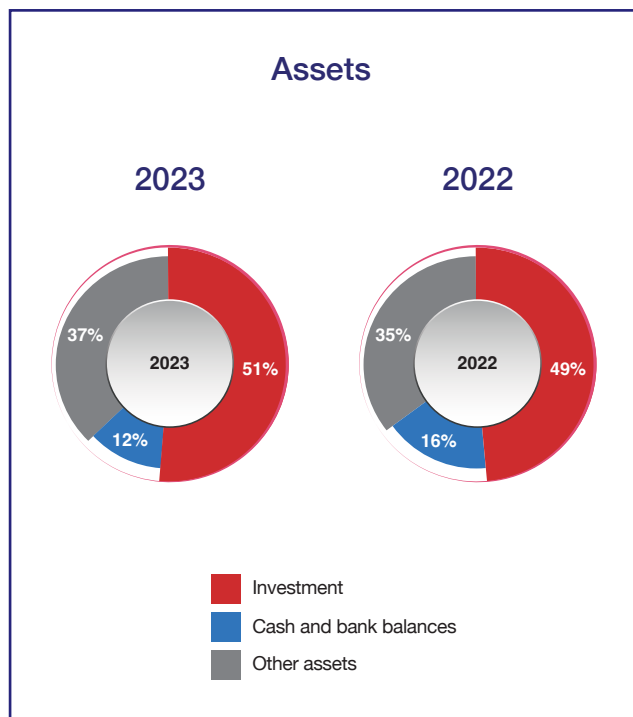
Description	2023	2022	2021	2020	2019	2018
	(Rupees in thousand)					
Total cash generated from all operating activities	589,704	828,678	1,060,583	635,396	534,734	725,505
Total cash generated / (used in) from all investing activities	3,338	391,860	(156,327)	160,403	(721,546)	349,045
Total cash used in financing activities	(601,907)	(641,373)	(812,491)	(563,228)	(490,968)	(448,815)
Net cash (used in) / generated from all activities	(8,865)	579,165	91,765	232,571	(677,780)	625,735
Cash and cash equivalents at the beginning of the year	1,553,708	974,543	882,778	650,207	1,327,987	702,252
Cash and cash equivalents at the end of the year	1,544,843	1,553,708	974,543	882,778	650,207	1,327,987



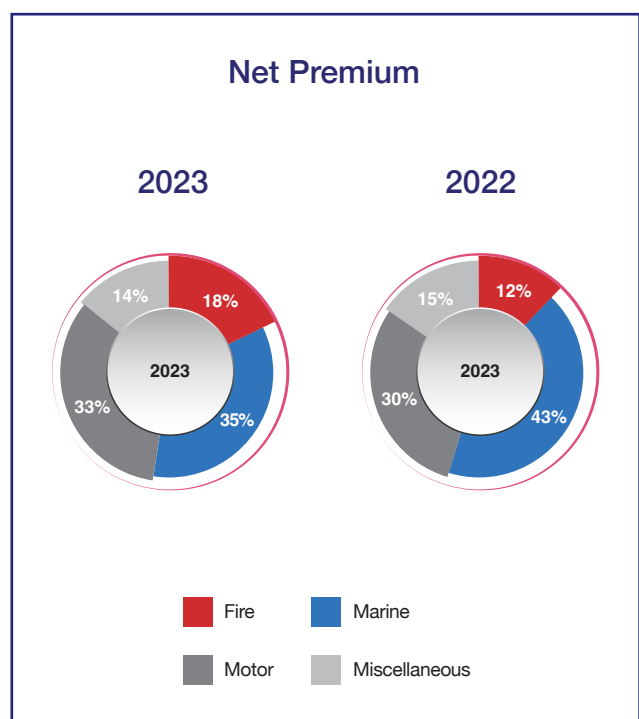
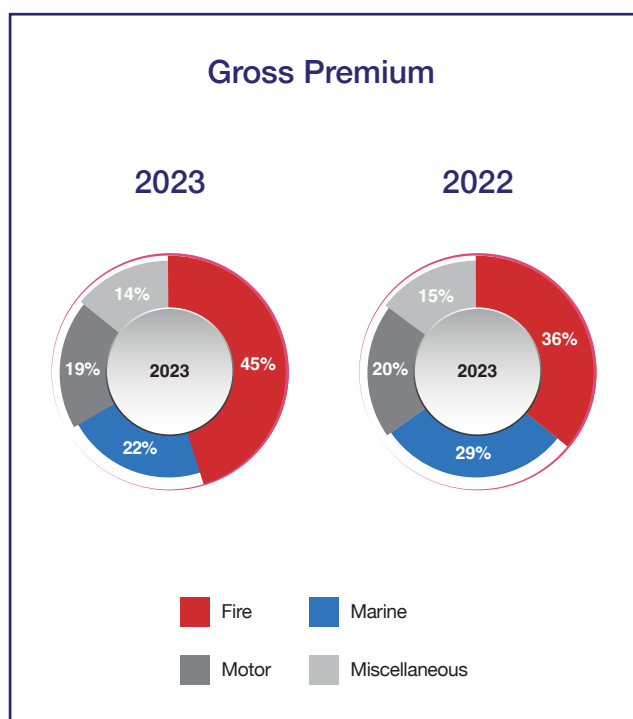
# Analysis of Financial Statements

## Graphical Presentation

### Statement of Financial Position



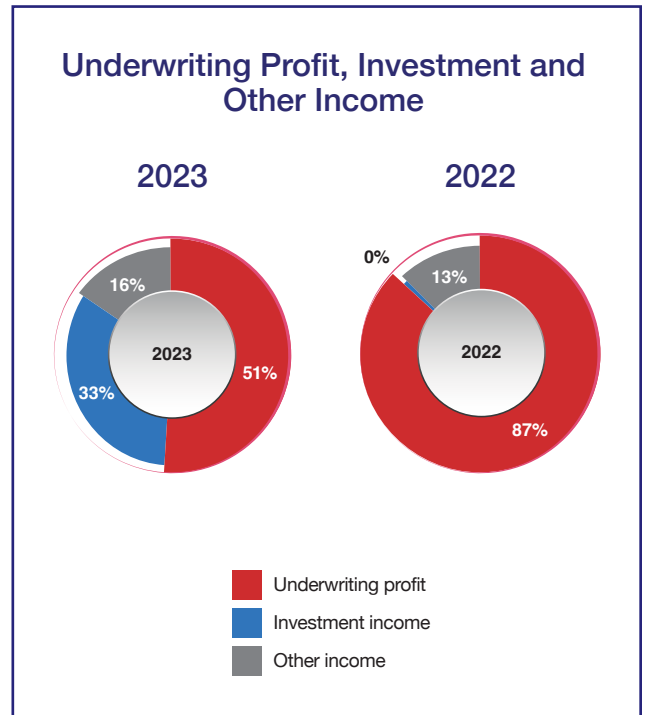
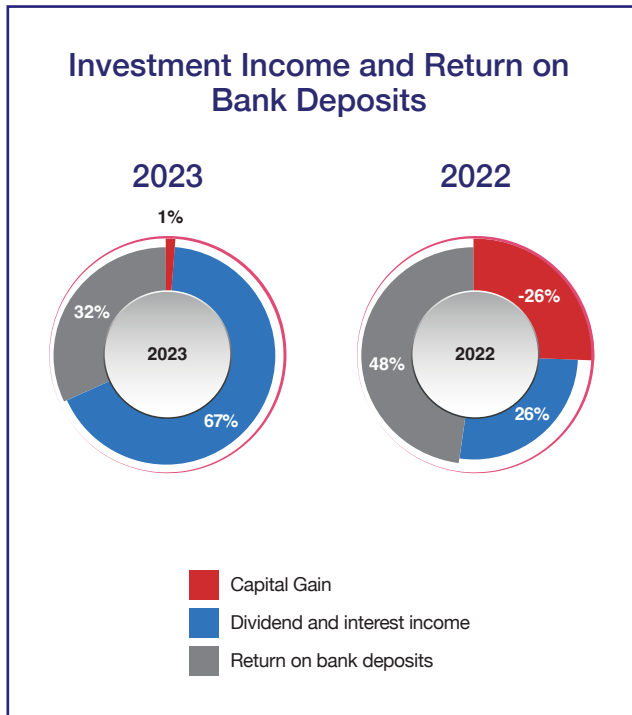
### Profit and Loss Account



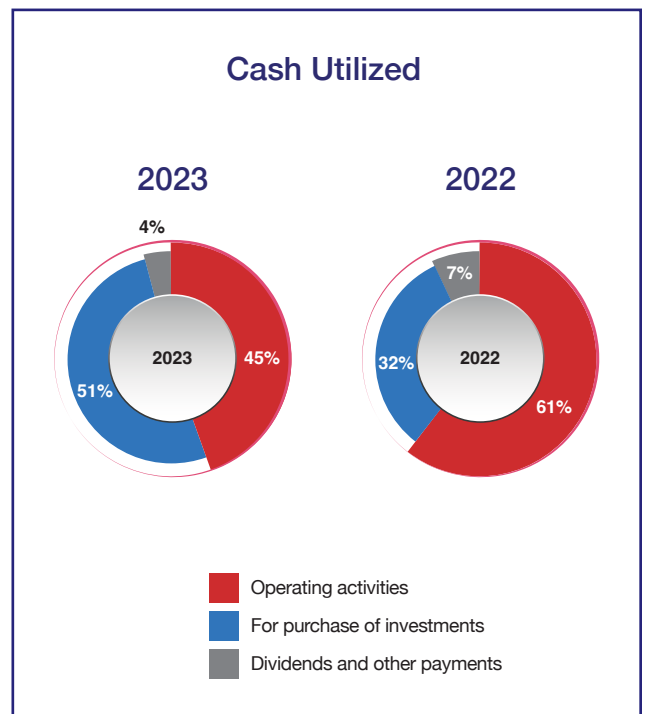
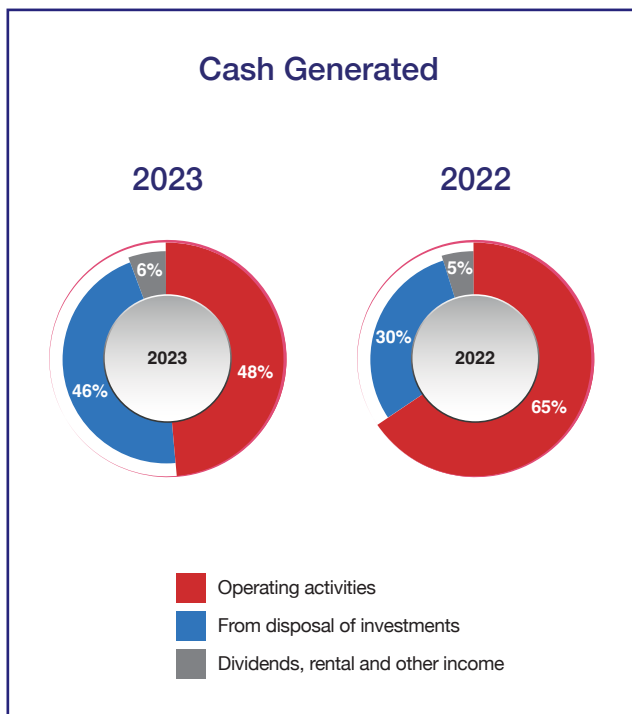
# Analysis of Financial Statements

## Graphical Presentation

### Profit and Loss Account



### Cash Flow



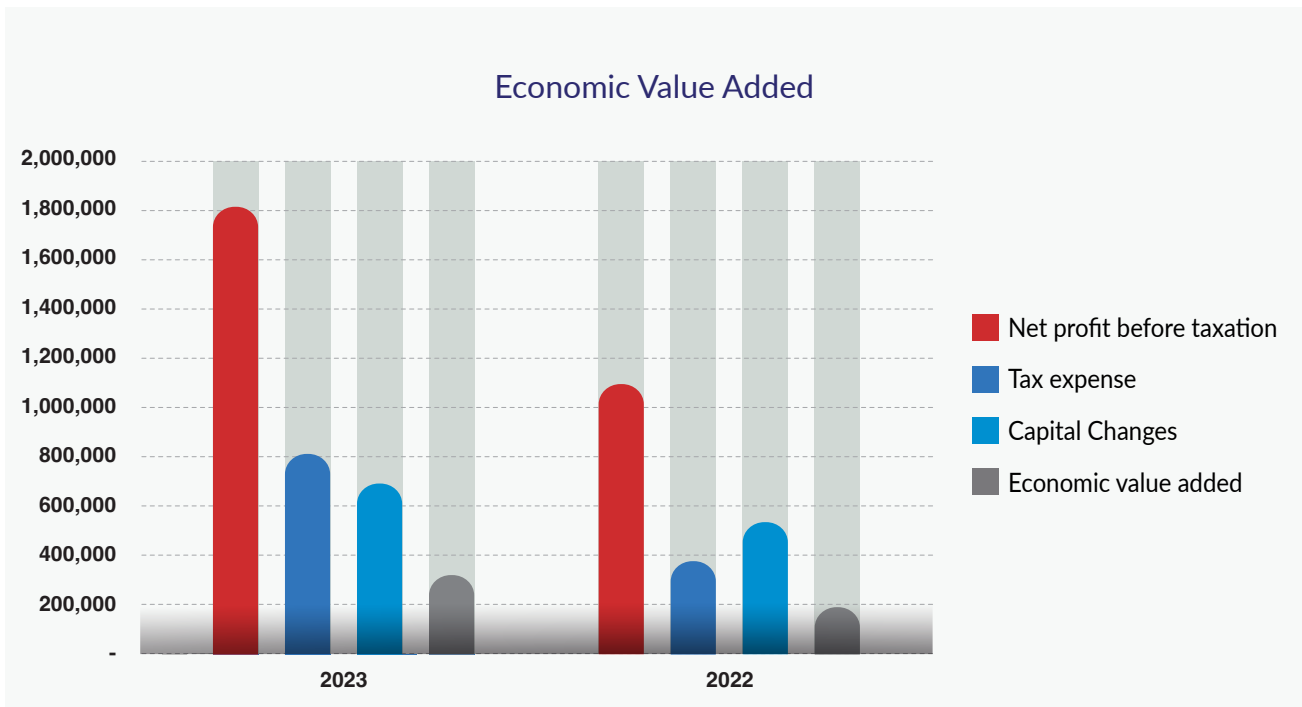


# Economic Value Added

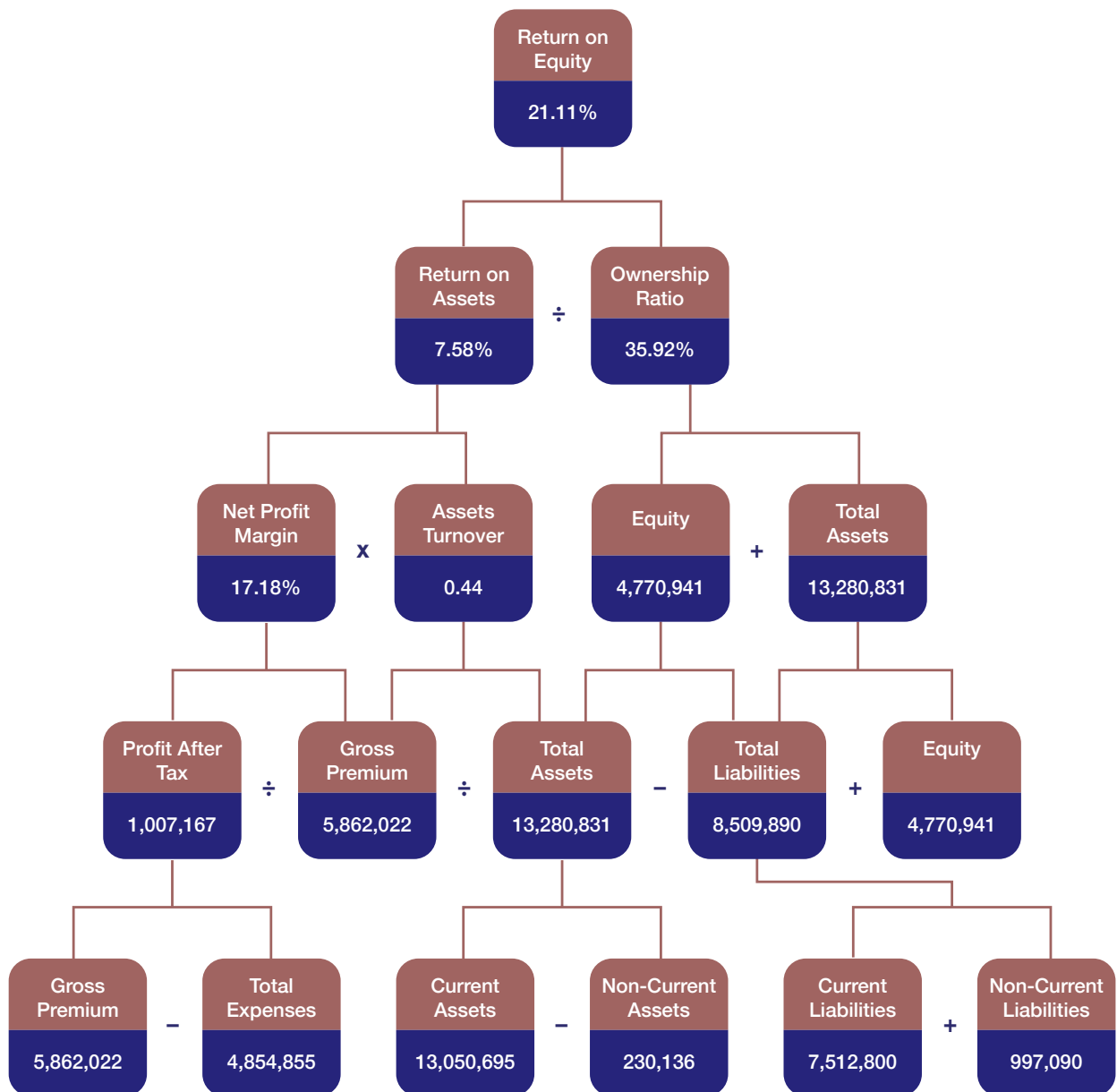
Economic value added (EVA) is a measurement of a company's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes on a cash basis. EVA is also known as economic profit, aims to calculate the true economic profit of a company. It is also used to measure the value a company generates from funds invested in it.

Atlas Insurance Limited was successful to add economic value from its operations in the year ended December 31, 2023 by generating economic value of Rs. 315.42 million against Rs. 187.36 million of last year.

Description	<u>2023</u>	<u>2022</u>
	(Rupees in thousand)	
Net profit before taxation	1,822,621	1,095,627
Less:		
Tax expense	815,454	376,313
Capital charges	691,744	531,952
	1,507,198	908,265
<b>Economic value added</b>	<u>315,423</u>	<u>187,362</u>



# DuPont Analysis



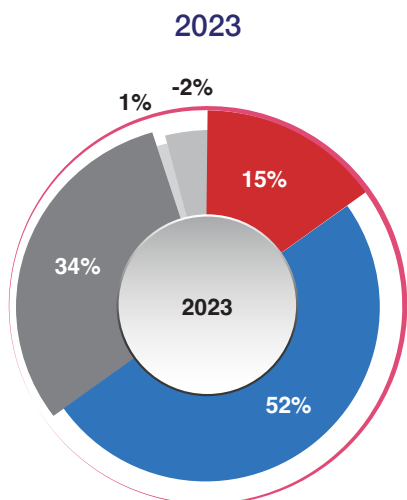


# Statement of Value Addition

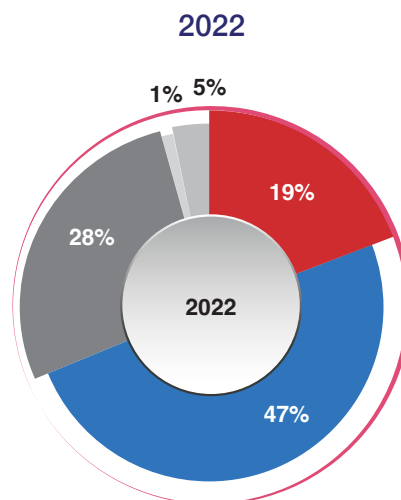
## Wealth Generated

Net premium (including FED & FIF)  
Commission income  
Income from investment  
Takaful and other income

	2023		2022	
	(Rupees in thousand)	%	(Rupees in thousand)	%
Net premium (including FED & FIF)	3,336,103		2,860,005	
Commission income	172,446		252,144	
Income from investment	603,075		2,449	
Takaful and other income	390,360		219,615	
	4,501,984		3,334,213	
Claims, management and other expenses (excluding employee benefit cost, depreciation and donations)	1,101,635		1,004,115	
Net wealth generated	3,400,349	100.00%	2,330,098	100.00%
<b>Wealth Distributed</b>				
<b>To Employees</b>				
Employees benefit cost	525,785	15.46%	428,926	18.64%
<b>To Government</b>				
Company taxation	815,454	23.98%	376,313	16.29%
Levies (Including FED and FIF)	953,896	28.05%	727,110	31.37%
	1,769,350	52.03%	1,103,423	47.66%
<b>To Shareholders</b>				
Cash dividend	597,663	17.58%	653,694	28.20%
Stock dividend	560,309	16.48%	-	0.00%
	1,157,972	34.06%	653,694	28.20%
<b>Financial charges</b>				
To providers of finance	-		-	
<b>To Society</b>				
Endowment, donation etc.	28,338	0.83%	20,700	0.89%
<b>Retained in business</b>				
Depreciation and amortization	69,709	2.05%	57,735	2.49%
Retained profit and general reserves	(150,805)	-4.43%	65,620	2.12%
	(81,096)	-2.38%	123,355	4.61%
	3,400,349	100.00%	2,330,098	100.00%



- To Employees
- To Government
- To Shareholders
- To Society
- Retained in Business



# Sustainability and Corporate Social Responsibility

## Approach to Sustainability

The Company's framework is a product of the Atlas Group's fundamental business doctrine, the 'ATLAS WAY'.

It comprises of the principles of 'ATLAS CULTURE' and 'ATLAS SYSTEMS', as given in business model on page no. 23. These are a set of rules and procedures which have sustained the test of time and proved to be at the heart of the Company's success.

The principles of the 'ATLAS WAY' cover all departments, operations, activities and aspects of our business and provide ideal guidelines for their progressive development. It guides us to pursue operational and financial results while maintaining environmental quality, workplace safety and social responsibility.

To achieve sustainable growth in this era of ever-changing technologies and new innovations, the Company needs to be at brisk with its changing environment. The Company always been open to women and youth empowerment and has always been eager towards fulfilling its responsibilities in the society.

## Sustainable Development Goals

<p><b>1 NO POVERTY</b></p> 	<ul style="list-style-type: none"> <li>Always contributes a portion of its profit to NPOs.</li> </ul>	<p><b>2 ZERO HUNGER</b></p> 	<ul style="list-style-type: none"> <li>Contributed food items towards the flood affected people.</li> </ul>	<p><b>3 GOOD HEALTH AND WELL-BEING</b></p> 	<ul style="list-style-type: none"> <li>Seminars for physical and mental health development of staff.</li> </ul>
<p><b>4 TRAININGS AND MANagements COURSES</b></p> 	<ul style="list-style-type: none"> <li>External and inhouse seminars, trainings and management course for skill and knowledge development.</li> </ul>	<p><b>5 GENDER EQUALITY</b></p> 	<ul style="list-style-type: none"> <li>Equal opportunity employer and encourage woman environment.</li> </ul>	<p><b>6 CLEAN WATER AND SANITATION</b></p> 	<ul style="list-style-type: none"> <li></li> </ul>
<p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p> 	<ul style="list-style-type: none"> <li>Reduction power usage with the use of LEDs and inverter technology enable devices.</li> </ul>	<p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p> 	<ul style="list-style-type: none"> <li>Safe and conducive environment for working with favorable growth and economic indicators.</li> </ul>	<p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p> 	<ul style="list-style-type: none"> <li>Enabling paperless environment and use of technology for 'Work From Home' for reduction in use of resources.</li> </ul>
<p><b>10 REDUCED INEQUALITIES</b></p> 	<ul style="list-style-type: none"> <li>Personnel from all regions, religions and caste and creeds are hired impartiality.</li> </ul>	<p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p> 	<ul style="list-style-type: none"> <li>Providing products for better condition of living for all including agriculture and livestock.</li> </ul>	<p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p> 	<ul style="list-style-type: none"> <li>Reduction in use of disposable products and promoting and adopting paperless environment.</li> </ul>
<p><b>13 CLIMATE ACTION</b></p> 	<ul style="list-style-type: none"> <li>Promoting and adopting paperless environment and using ozone safe electric products.</li> </ul>	<p><b>14 LIFE BELOW WATER</b></p> 	<ul style="list-style-type: none"> <li></li> </ul>	<p><b>15 LIFE ON LAND</b></p> 	<ul style="list-style-type: none"> <li></li> </ul>
<p><b>16 ALL REGULATORY REQUIREMENTS INCLUDING</b></p> 	<ul style="list-style-type: none"> <li>Persevering with high level of ethics and complying with all regulatory requirements including AML / CFT / CPF.</li> </ul>	<p><b>17 PARTNERSHIPS FOR THE GOALS</b></p> 	<ul style="list-style-type: none"> <li></li> </ul>		



## Working Towards Sustainability

- Ambulatory of personnel: The Company emphasizes on personnel development, as it is the Company's firm belief that progress of its employees are directly related to Company's progress.
- Empowering the society: The Company follows the philosophy of training and enabling the community to become more resilient and self-reliant.
- Protecting our planet: The planet we live in is entrusted with us for our future generations, to fulfil our commitment to the generations to come, the Company has adopted multiple parameters for "Going Green".
- Investor favorable paradigm: The Company is committed to generating steady and consistent results for our investors through our robust, efficient and effective management.
- Customer royalty: The Company has a legacy of over 89 years of service to the people and this in turn has made the Company one of the top rated insurance Companies in Pakistan.

## ESG

### Environmental

The impact of the insurance industry on the environment is generally limited as it operates within the services sector. Operations primarily involve the use of traditional energy sources for office and workplace lighting, and efforts are underway to optimize electricity consumption. However, the industry plays a significant role in building climate resilience in the agriculture sector. By providing crop insurance services, the Company not only facilitates the transition of the farming and agribusiness sectors to a low-carbon economy but also protects crops from damage in the event of unfavorable weather-related catastrophes. This role is particularly crucial in Pakistan, given the substantial size and scope of its agricultural sector.

### Social

As a responsible Company, we recognize our role in fostering a positive societal impact on our employees. Enhancing livelihoods, upholding human rights, and prioritizing the well-being of our people not only contribute value to the society but also represent a practical and commercial approach that ensures the long-term sustainability of our business.

While addressing attrition poses a significant challenge in the short term, we have undertaken various internal initiatives, with the recruitment of fresh talent being just one aspect. Our comprehensive efforts include programs such as role rotations, career development, and opportunities for career advancement. We aim to strike a balance by hiring both freshers and experienced professionals from the market.

In our commitment to solidify social bonds, we have maintained our pay structures while offering comprehensive support to our workforce, aiding them in overcoming challenges. Additionally, focusing on productivity throughout the year has been a priority. By providing meaningful work and employment opportunities, we have played our due role in generating significant job opportunities in the country.

### Governance

We have consistently upheld the belief that efficient corporate governance is a fundamental driver of our sustainable and long-term growth. Our dedication lies in achieving business objectives with transparency, openness, and accountability, maintaining a culture of integrity in every aspect of our operations. Recognizing the broad impact of our actions and behavior across all facets of our business, corporate governance holds significant importance for us.

The Company's ESG agenda is reinforced by a resilient governance framework comprising policies, procedures, principles, and standards aligned with best practices and tailored to meet domestic requirements. The leadership team bears ultimate responsibility for delivering the Company's ESG agenda, with implementation driven by a cross-functional working group collaborating with relevant departments and functions to achieve specific targets.

Moreover, our organizational culture, interactions with internal and external stakeholders, and overall corporate conduct are grounded in key internal instruments outlined in our charter and Code of Conduct. Adherence to these policies, procedures, and standards is obligatory for all the employees. Regular training and awareness sessions are conducted to ensure a clear understanding and effective implementation of the policies.

## Activities During the Year

### 1. Celebrating Excellence: Sale Conference

The event was graced by Group President Mr. Aamir H. Shirazi and Director of Financial Services Mr. Ali H. Shirazi. Senior management. Branch heads from all over Pakistan participated in the conference. We were celebrating at the level of dedication, zeal, and energy that our staff demonstrated. Let's pause to recognize the outstanding performance of our team.

## 2. Independence Day

Great enthusiasm was displayed during the celebration of the 76th Independence Day. The head office was decorated with flags and balloons. Badges and caps are distributed among all employees. All employees with a national theme gathered to pay tribute to our national heroes. The ceremony was followed by cake-cutting and the refreshment of all associates. The event was a great success, and it brought everyone together to celebrate our country's independence.

## 3. Safe, Happy and Healthy Environment:

- A. **Preventive measures** were taken during the year. Fumigation and dengue spray activities were held on a regular basis. Air purifiers are placed to remove dust, offensive odors, and smog to preserve a safe, happy, and healthy environment.
- B. **Cricket Matches** on a regular basis foster teamwork, boost morale, and create a fun work environment. Our cricket team also participated in Insurance Association of Pakistan Tournament on yearly basis. Associates feel more sense of belonging to the organization beyond their daily tasks.

## 4. Inclusion and Diversity:

- A. **Celebrating Women's Day: A Tribute to Resilience and Excellence!**

As we Honor International Women's Day, our hearts fill with pride for the amazing women who shape our organization. Cheers to all.

- B. **Breast cancer** awareness session was attended by female associates of AiL. The purpose of the session was "how to perform self-examination properly" and what signs and symptoms to look out for. The session was very informative, engaging, and empowering.

## 5. New Year Celebrations:

As the calendar page turns to a fresh year, our company celebrates the New Year. Group President Mr. Aamir H. Shirazi adding elegance to the ceremony. Refreshments and a new-year giveaway were also arranged for all associates. It's time for bonding, expressing gratitude, and fostering the sense of belonging that propels us forward. Together, we step into the New Year with optimism, ready to tackle new challenges and opportunities.

## Corporate Social Responsibility (Voluntary) Guidelines 2013 by SECP

The primary aim of the Corporate Social Responsibility (CSR) Guidelines is to foster the creation of a framework for CSR initiatives, urging the Company to collaborate with stakeholders in the pursuit of implementing a transparent and socially responsible strategy.

The Company is currently assessing the Corporate Social Responsibility (Voluntary) Guidelines, 2013, issued by the SECP, conducting a gap analysis between our existing CSR commitments and the initiatives mandated by these guidelines.

### Based on our current comprehension, these guidelines encompass the following major CSR initiatives

- Community investment (including skill development, livelihood, health, education, infrastructure, social enterprise development, safe drinking water, poverty alleviation, youth development, and environment conservation)
- Governance (encompassing human rights, transparency, anti-corruption, business practices, stakeholder relations, and responsible marketing)
- Product responsibility
- Work-life balance
- Safety (covering risk management and disaster management)
- Climate Change

## **Our Commitment to Addressing Integrity and Ethical Issues**

The Company is dedicated to realizing its business goals with transparency, openness, and accountability, fostering a culture of integrity in all aspects of the operations:

- Adherence to policies, procedures, and standards is obligatory for all the employees. Regular training and awareness sessions are conducted to ensure a clear understanding of Company's policies.
- Implementation of an ongoing mechanism for integrity risk assessments.

## **Initiatives for Promoting and Enabling Innovation**

The integration of innovation into its strategic objectives is a fundamental aspect for the Company, fostering a culture of innovation across the organization. A centralized structure for innovation has been established, giving rise to the formation of an Insurtech and Innovation Group. This group operates under the supervision of the Management Committee which comprises heads of all functions.

The primary goal of the Insurtech and Innovation Group extends beyond the development of Insurtech products. It encompasses the creation of new products, processes, and ideas, or the reimagining of existing ones. Additionally, the group actively encourages and explores new ways of thinking to design improved solutions, services, and address current challenges. The forum of our Insurtech and Innovation Group serves as a platform for fostering creativity and discussing innovative approaches.

## **Strategy to Manage Liquidity and Repayment of Debts**

Liquidity denotes an organization's capability to meet its short-term obligations as they arise. Managing liquidity is crucial, as even profitable organizations may encounter operational challenges without sufficient funds or liquid assets. The focal point of the company's liquidity management strategy revolves around maintaining ample liquid assets to cover its claims and other liabilities. Liquidity considerations are factored into investment decisions, and a substantial bank balance scheduled banks stands at Rs. 1,544.84 million (2022: Rs. 1,553.71 million). Additionally, the current ratio is 1.7 times (2022: 1.7 times) as of December 31, 2023. The liquidity position undergoes routine scrutiny under the supervision of the CFO. The Company doesn't have any debt.

## **Investments in Foreign Companies or Undertakings**

The Company does not have any investments in foreign companies nor operate any foreign companies or undertakings.

## **Human Resource Policy**

The Company embraces a Human Resource Accounting (HRA) philosophy that views employees as crucial organizational resources. Investment in human assets involves costs for recruitment, selection, hiring, training, and development. The Company recognizes its employees as the asset within the financial service sector. Attracting and retaining quality human resources is taken as a key driver of future success and innovation, particularly in a rapidly evolving business environment with a heightened reliance on robust IT platforms and distribution channels.

The Company is committed to retain professionals with a deep understanding of the insurance sector. Regular engagement in training and development workshops ensures employees stay abreast of the latest industry developments. In a multi-cultural business environment, the Company aims to develop personality traits in employees, benefiting customer dealings and satisfaction, as well as improving internal interpersonal and inter-departmental communication flows.

The HR philosophy adopted by the Company has helped improve the staff turnover ratio during the year, which remained at 7%, compared to 16% in the previous year. Investment in Human Resource development has resulted in increased productivity, with combined gross premium and gross contribution written per employee for the current year at Rs. 28.19 million, showing 18% increase from the previous year's of Rs. 23.90 million.

## **Management's Assessment of Tax**

The Company maintains provisions for taxation in accordance with the applicable statutes. Contingencies related to direct or indirect taxation are disclosed in Note 20 of the financial statements. Based on analysis of tax provisions recognized in the financial statements for the previous years with tax assessments, the management assesses that maintained provision for taxation is sufficient.

## **Solvency Margin**

Regulatory authorities establish solvency requirements to ensure insurers possess sufficient capital and the ability to fulfill financial obligations as they arise. The solvency requirement, calibrated through a formula, incorporates quantifiable risks such as underwriting, market, credit, operational, and counterparty risks. In addition to meeting solvency requirements, regulator prescribed a minimum capital requirement, which is mandatory for the insurers.



### **Minimum Capital Requirement (MCR)**

The Company's paid-up capital is Rs. 1,494 million, well exceeding the minimum capital requirement limit of Rs. 500 million prescribed by the SECP.

### **Minimum Solvency Requirement (MSR)**

The Company is obligated to maintain a minimum solvency as per the criteria outlined in the Insurance Ordinance, 2000, and in the Insurance Rules, 2017. Assessing its net admissible assets against the minimum solvency requirements, the Company consistently maintains net admissible assets well above the Minimum Solvency Requirement (MSR). As of December 31, 2023, the Company holds excess net admissible assets over the minimum requirement by Rs. 999.16 million (2022: Rs. 557.02 million), reflecting a strong financial position. The net admissible assets are 2.73 times the minimum solvency requirement, indicating the Company's robust ability to meet both existing and potential financial liabilities.

### **Review of Assets Quality**

The Company strategically manages its funds by assessing the credit quality of banking institutions where it places its funds. The aim is to maintain liquid deposits with financially robust institutions, evaluating likelihood of their default. This evaluation relies on external credit ratings issued by reputable agencies. As of the reporting date, 99.9% (2022: 99.8%) of bank deposits are placed with institutions rated A1 or higher for short-term ratings by the rating agencies.

While analyzing the creditworthiness of counterparties engaged in business transactions, the Company ensures the quality of their assets. Regular monitoring and periodic assessments of recoverable are conducted, with adequate provisioning based on the applicable framework. To mitigate concentration of credit risk, the Company diversifies the distribution of recoverable among entities with sound financial standings across various industrial sectors.

# Board of Directors

The Board believes in efficient discharge of duties under relevant statutes and stands firmly committed in its objectives to add value through effective participation and contribution towards achievement of Company's business objectives.

The Board further recognizes its responsibilities for protection and efficient utilization of Company assets for business objectives and compliance with laws and regulations at all Company levels with the ultimate objective of safeguarding the interests of the shareholders so as to increase shareholders wealth and promoting market confidence. The Board has approved significant policies of the Company.

The Board is conscious to the need of maintaining balance between the interests of the equity holders and sustenance of growth in net earnings. Recognized for good governance practices, financial reporting and disclosure, Atlas Insurance believes in timeliness and accuracy to enable informed decision making by our investors.

All the directors represent rich exposure in diversified fields of businesses and professions and possess the necessary skills set and knowledge to cater with various business and corporate issues and have the ability to review, analyze and challenge the management's performance.

During the year, seven meetings of the Board were held to review and approve matters referred to it by the Audit and other committees of the Board including financial statements, corporate and financial reporting framework, budget and forecasts including their analysis with actual, cash flow projections, compliance with relevant laws and regulations including amendments during the year, acquisition and disposal of assets, review of risks identified and its mitigation, accounting and internal control systems and such other matters considered to be significant enough for the Board's attention.

For all the meetings the agenda and details of each item of the agenda were circulated to the Board at least seven days before the meeting. Minutes of the Board meetings were appropriately recorded and timely circulated. An actions item list was also prepared and status of each action item was presented to the Board in the next meeting.

## The Roles of the Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer (CEO) are segregated and they have distinct responsibilities. Chairman of the Board has responsibilities and powers vested in him by the law and Articles of Association of the Company, as well as role assigned by the Board. The Chairman coordinates the activities of the directors and various committees of the Board, and presides over the meetings of the Board. CEO is responsible for the operations of the Company and conduct of its business in accordance with the powers vested in him by the law, Articles of Association of the Company, authorities delegated to him through a general power of attorney and Board resolutions from time to time. CEO recommends policies and strategic directions, financial statements, annual business plans and budget to the Board and is responsible for exercising the overall control, direction, administration and supervision for sound and efficient management and conduct of the business.

## Chief Executive Officer Performance Review

The Board assumes the monitoring role, giving authority to the CEO to manage the Company, implement strategic decisions and policies of the Board and align the Company's direction with the vision and objectives set by the directors for continuous development and progress. The CEO attends every Board meeting and provides detailed explanation on each item of the agenda and addresses queries of the Board. The performance of the CEO is assessed through the evaluation system which takes into account various parameters including financial results, employees, clients and stakeholders.

## Conflicts of Interest

Directors have a duty to avoid a situation in which they have or can have a direct or indirect interest which conflicts, with the interests of the Company. In this regard, the directors have undertaken that they will comply with the related provisions of the Companies Act, 2017, the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, and Rules and Regulations of SECP and PSX and Company's Code of Conduct.

## Board's Performance Review

The evaluation of Board's role of oversight and its effectiveness is a continual process which is appraised by the Board itself. A detailed Board Evaluation Questionnaire has been formulated which is circulated amongst directors for their feedback every year and compiled results are presented in the Board meeting for review and appropriate action, thereon.

## Remuneration of the Board of Directors

The Board has an approved formal policy for remuneration of executive and non-executive directors. The remuneration is commensurate with their level of responsibility and expertise needed to govern the Company successfully and to encourage value addition.

The Company does not pay any remuneration to the independent directors except fee for attending the meetings of the Board and its committees. Remuneration of executive and non-executive directors is approved by the Board, as recommended by the Ethics, Human Resource and Remuneration Committee.

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code, it is ensured that directors do not take part in deciding their own remuneration. For information on remuneration of directors and CEO in 2023, please refer to the financial statements.

## Retention of Board Meeting Fee

Board meeting fee earned by the executive directors against their services as non-executive directors in the other companies are retained by them.

## Formal Orientation at Directors' Induction

Every director upon joining is provided with an orientation presentation. The CEO briefs new directors about the Company operation, industry dynamics, organization structure and other significant matters.

## Security Clearance of Foreign Director

The Company does not have any foreign director on its the Board, so, no clearance is required from Ministry of Interior for security.

## Statement on Board Operations

According to the Act, and the Memorandum & Articles of Association of the Company, the Board holds control over the Company's affairs. To facilitate their operations, the Board appoints a Chief Executive Officer (CEO) delegating authority and empowering the CEO to oversee the Company's operations. The CEO operates within the parameters of the delegated authority. Regular Board meetings are conducted to monitor the Company's operations and performance.

## Appointment of Independent Directors and Justification for their Independence

The Code mandates that each Listed Company must have at least two independent directors or one-third of the Board members, whichever is higher. In accordance with Section 166 of the Act independent directors are selected from a data bank maintained by the Pakistan Institute of Corporate Governance, a recognized institute by the Commission.

## Legitimate needs & interests of and communication with stakeholders

The needs and interests of stakeholders along with policy for communication and engagement with stakeholders has been described in detail in 'Policy and Procedures for Engagement of Stakeholders' section of the report.

## Related Party

The Company has a policy for related party transactions, which are conducted on arm's length basis and duly approved by the Board of Directors, Transactions involve associates, subsidiaries, directors, employee retirement benefit plans, provident funds, key management personnel, and other parties, with details disclosed in the financial statements. During the year all the transactions conducted with related parties were on arm's length.

## Governance of Risk and Internal Controls

Audit Committee of the Board oversees the internal controls of the Company and the Risk Management and Compliance Committee, has also been vested with the mandate of Risk Management.



## Human Resource Management Policies

Recognizing the crucial role of Human Resources (HR) in organizational operations and goal attainment, the Company places a high value on efficient HR management. Talent acquisition policies are based on impartial criteria, focusing on qualifications and experience, regardless of background. The Company provides diverse training opportunities, both internal and external, to enhance employee skills. Additionally, skill development initiatives such as job rotations and cross-functional transfers are employed to enrich employee knowledge and capabilities.

The Company prioritizes succession planning, a process vital for identifying and nurturing new leaders to replace outgoing ones. This strategy ensures a pool of competent employees ready to assume leadership roles. As an equal opportunity employer, the Company fosters a safe and growth-oriented work environment, dedicated to employee development and goal achievement.

## Social and environmental responsibility

The Board of Directors is committed to fostering social and environmental responsibility within our company, ensuring sustainable practices in all aspects of our operations. We prioritize the well-being of our communities, minimize our environmental footprint, and uphold ethical standards in our business conduct.

## Approach to managing and reporting policies

The Board of Directors ensures the implementation of robust policies tailored to the Company's unique demands. Prioritizing efficiency, innovation, and accountability in our approach, fostering sustainability and enhancing stakeholder trust through transparent reporting practices.

## Organization's business continuity plan or disaster recovery plan

Business continuity is vital amid escalating disruptions in today's landscape. Our plan prioritizes essential services, evaluates threats, and outlines recovery strategies. It safeguards stakeholders, reputation, and value, integrating resilience and risk management. We identify key activities, assess impacts, and assign roles for effective response. The plan's objective is to sustain operations and mitigate impacts, as demonstrated during the Covid-19 lockdowns in 2020. It provides a framework for organizational resilience, ensuring the continuation of critical functions. Our approach encompasses crisis management, recovery objectives, and operational risk considerations. We prioritize transparent communication and adaptability to swiftly navigate challenges.

## Board Meetings

There were seven Board meetings held during the year. All of them were held inside Pakistan.

## Independent Directors

Directors serving as independent directors meet the criteria of independence as notified under the Companies Act, 2017 and the Code.

## Representation of Female Director on the Board

The Company is fully compliant to the requirement of the Code 2016 for gender diversity and the Code 2019 to have at least one female member on the Board.

## Matters Delegated to the Management

The strategies and policies approved by the Board are implemented by the management primarily. The routine business operations of the Company are the responsibility of management in accordance with the strategies, vision, mission and direction given by the Board from time to time. Any changes in business environment and significant matters are updated to the Board regularly. Management also prepares financial statements that fairly present the financial position of the Company in accordance with the applicable accounting standards and legal requirements.

## Board and Management Committees

As envisaged by the Code of Corporate Governance for the Insurers, 2016, the Board has formed Audit Committee, Ethics, Human Resource & Remuneration Committee and Investment Committee. The Board has also established management committees namely; Underwriting, Reinsurance & Co-insurance Committee, Claims Settlement Committee and Risk Management & Compliance Committee. In addition to the regulatory requirements, the Board has also formed Information Technology Committee. A Management Committee comprising of departmental heads, headed by the CEO is also in place for operational coordination.

# Audit Committee

The Committee consists of three non-executive directors and chaired by an independent director. The Audit Committee is responsible for assisting the Board in discharging its responsibilities in relation to the disclosure of the financial affairs of the Company. The Committee focuses in particular on compliance with accounting policies and ensuring that an effective system of internal financial control is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports, remains with the Board. The terms of reference of the Audit Committee have been determined by the Board in accordance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, consisting on the following:

- a) Determination of appropriate measures to safeguard the company's assets;
- b) Review of annual and interim financial statements of the company, prior to their approval by the Board, focusing on:
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - going concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards;
  - compliance with these regulations and other statutory and regulatory requirements; and
  - all related party transactions.
- c) Review of preliminary announcements of results prior to external communication and publication;
- d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) Review of management letter issued by external auditors and management's response thereto;
- f) Ensuring coordination between the internal and external auditors of the company;
- g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j) Review of the company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- l) Determination of compliance with relevant statutory requirements;
- m) Monitoring compliance with the these regulations and identification of significant violations thereof;
- n) Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- p) Consideration of any other issue or matter as may be assigned by the Board.

Four meetings of the Committee were held during the year.

# Ethics, Human Resource and Remuneration Committee

The Committee consists of three members. Majority of the members are non-executive directors, including the Chairperson who is also independent director. The Committee is responsible for:

- Recommending human resource management policies to the Board;
- Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO. Recommending to the Board the selection and evaluation of Chief Financial Officer, (CFO) Company Secretary, Compliance Officer and Head of Internal Audit;
- Consideration and approval on recommendations of the CEO on such matters for key management positions who report directly to CEO;
- Proposing a remuneration approach and related policies for the Company covering the remuneration policy, remuneration governance and structure (including approval policy for the level and composition of compensation), and the components of compensation (such as the amount of fixed remuneration, shares or options, other variable remuneration, pension rights, redundancy pay and other forms of compensation and benefits, as well as the performance criteria and their application);
- Reviewing and making recommendations to the Board regarding the specific remuneration of the Board members, the CEO, CFO, Company Secretary, Compliance Officer and Head of Internal Audit. However, at all times, the Committee shall ensure that the remuneration approach is consistent with the performance and risk management framework of the Company.

Three meetings of the Committee were held during the year.

## Investment Committee

The Committee consists of five members including three non-executive directors, CEO and CFO. The primary responsibility of the Committee is to assist the Board in discharging its responsibilities in overseeing Company's investment portfolio, including:

- Developing, reviewing and recommending to the Board investment strategies and investment guidelines.
- Monitoring management's compliance with the Company's investment strategies and guidelines.
- Monitoring compliance of the Company's investment policies and practices with applicable legal and regulatory requirements.
- Reviewing and approving all investment transactions made by the Company.
- Reporting to the Board the Company's investment strategies and guidelines.

Four meetings of the Committee were held during the year.

## Underwriting, Reinsurance & Co-insurance Committee

The Committee consists of three members; chaired by a non-executive director.

Following Terms of Reference (TORs) for the Underwriting, Reinsurance & Co-insurance Committee have been finalized by the Board:

- Advise the Board and management concerning the establishment and review of the Company's underwriting policies and guidelines.
- Set out the criteria for assessing various types of insurance risks and determine the premium policy of different insurance covers.
- Regularly review the underwriting and premium policies of the Company with regard to relevant factors such as its business portfolio and the market development.
- Develop the policy for effecting reinsurance, not inconsistent with the relevant provisions of the Insurance Ordinance, 2000, and shall ensure that adequate reinsurance arrangements are made for the business of the Company.



- Review the reinsurance arrangements from time to time, and subject to the consent of the participating reinsurers, make appropriate adjustments to the arrangements in the light of the market development.
- Assess the effectiveness of the reinsurance program for the future reference.

Four meetings of the Committee were held during the year.

## Claims Settlement Committee

The Committee consists of three members, chaired by a non-executive director. The Committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are made. It pays attention to significant claims cases, which may give rise to a series of claims. The Committee determines the circumstances under which the claims disputes shall be brought to its attention and decide how to deal with such claims disputes.

Four meetings of the Committee were held during the year.

## Risk Management and Compliance Committee

The Committee consists of three members, chaired by the CEO.

Following Terms of Reference (TORs) for the Committee have been finalized by the Board:

- Oversee the activities of the risk management function of the Company and shall make appropriate recommendations to the Board.
- Assist the Board in implementation of the decisions taken by the Board to mitigate probable risks falling within the purview of the risk management function.
- Monitoring the compliance function and Company's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedure.
- Prepare reports detailing Company's risk profile and the compliance activities undertaken proactively aiming at determination of the Company's ability to meet its legal and ethical obligations, as well as report on identified weaknesses, lapses, breaches or violations of the areas within its purview and the controls and other measures in place to help detect and address the same.
- Supervise and monitor matters reported using the Company's Whistle Blowing policy for employees and others to report compliance concerns or potential breaches, violations or frauds within the areas under its purview.
- Assist the Board in setting up adequate controls or take such measures so as to mitigate any risk relating to compliance and / or potential breaches, violations or frauds within the areas under its purview

Four meetings of the Committee were held during the year.

## Information Technology (IT) Committee

The Committee consists of three members and chaired by the CEO. The terms of reference of the Committee included:

- Identify strategic directions, capabilities and objectives for Company's IT support.
- Identify opportunities where IT can help achieve Company's goals and recommend priorities.
- Ensure a coordinated implementation of Company's IT projects.
- Review significant IT investments and expenditures.
- Review and as appropriate, make recommendations to the Board regarding significant IT investments in support of Company's IT strategy.
- Review and discuss Company's risk management and risk assessment guidelines and policies regarding IT security including disaster recovery capabilities

Four meetings of the Committee were held during the year.

# Management Committee

The Management Committee acts at the operating level in an advisory capacity to the CEO, providing recommendations relating to the business and other corporate affairs. The Committee is responsible for reviewing and forwarding short / long term plans, capital and expense budget development and stewardship of business plans. The Committee is also responsible for maintaining a healthy environment within the company as well as outside the company through channeling its financing and investment to projects, producing environments friendly products. It contributes to further strengthen the team work to achieve company's objectives, effectively & efficiently.

The foundation upon which our team is created is based upon the premise that motivates people and long standing relationships are the ultimate tools of success and creativity, energy perseverance and loyalty and are just as important as a platinum resume.

We have a team of highly qualified and experienced professionals with proven problem solving ability, consulting and analytical skills. Our team consists of insurance experts and technical specialists to provide the best services to our clients.

## Profile of the Shariah Advisor

Mufti Zeeshan Abdul Aziz is a recognized Shariah Scholar and researcher having strong comprehension of all aspects of Islamic Law and a specialized in Islamic Jurisprudence and Islamic Finance from Jamia Dar Ul Uloom Karachi, Pakistan, having Takhassus Fil Ifta (Specialization in Islamic Jurisprudence) done, majoring in Islamic Banking & Finance.

He is serving as the Shariah Advisor of "Atlas Insurance – Window Takaful Operations" since its commencement and looking after the transactions, day to day Shariah matters and services provided by Atlas Window Takaful Operations. His specialties include Shariah Compliant investments, development of takaful products, policies, manuals and drafting of all its Shariah related documents. Mufti Zeeshan is also involved in delivering detailed trainings to the management of all levels, marketing and distribution force of Atlas Window Takaful Operations on Takaful, its Shariah related issues and requirements in the light of Takaful Rules, 2012.

He has been associated with several Islamic Financial Institution and Halal Certification bodies within Pakistan and abroad. Mufti Zeeshan is also the Shariah Board Member of Sindh Bank-Islamic Banking Division, Jubilee General & Faimily Takaful, NIT Islamic Investment Funds and Shariah Review Bureau, Bahrain and has been frequently debating and speaker on Shariah & technical aspects related to Islamic Finance nationally and internationally as well.

Mufti Zeeshan is also managing Al-Hikmah Shariah Advisory Services (Pvt) Ltd., a Firm licensed by SECP as a registered Shariah Advisor, specialized in Shariah related services for the Islamic Financial Industry. He is also looking after International Halal Certification (Pvt) Ltd. in several countries and has performed around 800 Halal Certification audits of different food, beverages, cosmetics and pharmaceuticals companies in different parts of the world.

# Chairman's Review

It is my pleasure to present the 89th Annual Report and performance review of the Company on behalf of the Board for the year ended December 31, 2023.

## The Economy

The economy is progressing steadily, although the outlook remains challenging. The impact of demand compression measures, an improved fiscal position and continued adherence to program policies has supported the economic recovery. This has resulted in activity pick-up and easing of external pressures. An upward revision expected GDP growth of 2.1% for FY 24 is encouraging. However, inflation remains high, mainly due to an upward pressure on food and energy prices, affecting the more vulnerable segment of society.

On the external front, the current account posted a deficit of USD 0.8 billion for 6MFY24, which is a 78% reduction compared to the same period last year. The improvement in the Current Account Deficit (CAD) was mainly driven through a reduction in the import bill of 10% while exports registered a growth of 5%. Another positive development was the resumption of the IMF program when Pakistan's 9-month SBA was approved in July 2023 for an amount of approximately USD 3 billion and the 1st review was also successfully completed in November 2023. As a result, the 1st tranche of USD 700 million was also received from the IMF. Resultantly, the State Bank of Pakistan's foreign exchange reserves crossed the USD 8 billion mark reaching a 23-week high at USD 8.2 billion level. The stable reserves position helped prevent substantial depreciation in the value of the Rupee, which closed at Rs 281.5. These favorable indicators, along with the expectation of a fall in inflation in the coming months, are expected to lead to a reduction in interest rates in 2024. On the fiscal front, the revenue collection for 6MFY24 exceeded the target with a total of PKR 4.467 trillion, up by PKR 42 billion as compared to assigned target of PKR 4.425 trillion. The overall improving sentiment also boosted confidence in the capital markets, leading to the KSE-100 index surpassing 65,000 points for the first time in its history.

In the agriculture sector, the prospects for achieving production targets are positive. Estimate of the cotton crop indicates a noteworthy improvement, increasing to 8.4 million bales from 5 million bales last year. Similarly, Rice has yielded a bumper crop this year with annual production of 9 million metric tons and more encouragingly rice exports has increased by 76% during the year. A healthy sugar crop is also generating record cashflow for the farmers. The upward revision in support prices, subsidies on fertilizer and timely initiatives by the Central bank, like agriculture credit and insurance as well as credit guarantee scheme, facilitated and reinforced the overall performance of the sector.

Large Scale Manufacturing (LSM) sector witnessed a minor negative growth of 0.4% during 5MFY24, compared to the

contraction of 1.7% same period last year. A mixed trend was observed at the sub-sector level: 12 out of 22 sectors, including Food, Chemicals, Pharmaceuticals & Petroleum Products witnessed positive growth. For sustained growth, regular scheduled adjustments and power sector reforms are vital for improving viability and protecting fiscal sustainability.

## Industry Analysis

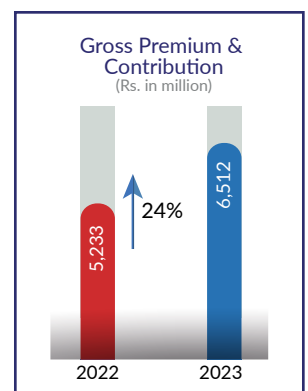
The insurance industry is an important component of Pakistan's financial sector, and the sector needs to be reenergized and steered to meet the future needs of the modern insurance industry. In the realm of the economy, the insurance industry holds a pivotal role in channeling funds across various sectors, thus significantly contributing to financial and economic development. Despite a notable growth in underwritten premiums compared to the previous year, its proportion to GDP stands at a mere 0.87%, the lowest among SAARC countries. Thus, the vast unexplored market is a tremendous opportunity for the insurance sector.

Inflationary pressures are expected to escalate claims expenses due to heightened costs of materials and labor. Addressing digital transformation and climate change is imperative, necessitating not only a robust infrastructure to support remote work but also comprehensive digital adaptation to meet consumer demands. However, effectively tackling challenges related to awareness, regulation, and establishing trust will be pivotal for ensuring sustained growth and fully harnessing the insurance sector's potential. Fostering innovation and expanding insurance services to underserved regions could further invigorate the industry.

## The Company Results

### Premium and Contribution

During the year your Company reported gross premium including Takaful contribution of Rs. 6.51 billion compared to Rs. 5.23 billion last year registering a decent growth of 24%. Takaful contribution was Rs. 650 million compared to Rs. 536 million in 2022, up 21%. Net premium and Takaful contribution revenue was Rs. 2.55 billion against Rs. 2.31 billion in 2022, up 10%.



## Segments at a Glance

### Fire and Property Damage

The Fire segment reported 57% growth with gross premium of Rs. 2.65 billion against Rs. 1.69 billion in 2022. Similarly, the net premium also increased to Rs. 426 million compared to Rs. 259



million in the last year. The segment posted underwriting profit of Rs. 10.79 million against profit of Rs. 49.30 million in 2022. The decrease in profit was mainly attributed to the increase in commission expense.

### Marine, Aviation and Transport

This segment reported gross premium of Rs. 1.26 billion compared to Rs. 1.38 billion in 2022, down 9%, mainly due to restriction on imports imposed by the government in first half of CY23. A similar trend was observed in net premium which decreased to Rs. 823.98 million compared to Rs. 908.50 million for 2022. Net claims improved to Rs. 38.75 million from Rs. 106.23 million last year. The segment posted underwriting profit of Rs. 673.00 million against Rs. 689.97 million in 2022, down 2%, mainly due to decrease in net premium.

### Motor

The Motor segment performed well during the year under review. The gross premium increased to Rs. 1.120 billion against Rs. 930.17 million of 2022, up 20%. The net premium also increased to Rs. 790.87 million from Rs. 635.39 million last year, up 24%. The net claims ratio improved to 37% from 47% of 2022 despite increase in auto parts prices and labor charges. After adjustment of commission and allocation of expenses, the underwriting profit registered 69% growth and stood at Rs. 291.95 million compared to Rs. 172.44 million of 2022, due to an increase in net premium and better loss ratio.

### Miscellaneous

The Miscellaneous segment generated gross underwritten premium of Rs. 836.64 million against Rs. 700.09 million in 2022, up 20%. The net premium was Rs. 341.52 million against Rs. 330.02 million in 2022. The net claims increased to Rs. 312.49 million against Rs. 257.35 million in 2022. The segment posted loss of Rs. 54.55 million compared to profit of Rs. 4.11 million in 2022, mainly due to an increase in the net claims.

### Window Takaful Operations

Window Takaful also performed well during the year. Gross contribution increased to Rs. 650.22 million compared to Rs. 536.09 million in 2022, up 21% mainly due to an increase in contributions in Fire and Marine segments. Net contribution was Rs. 167.38 million against Rs. 176.16 million of 2022. Participants' Takaful Fund posted surplus of Rs. 14.89 million compared to Rs. 18.55 million of the corresponding year while Operator's Fund posted profit of Rs. 61.35 million against Rs. 40.93 million of 2022.

### Investment Management

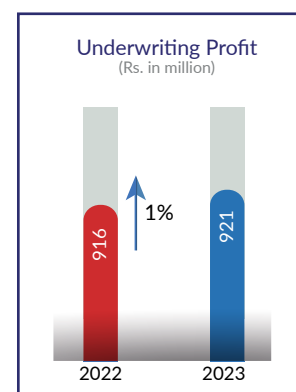
Investments are vital component of your Company's financial capital. Efficient investment management has always been a

challenge in the economic environment of the country. The portfolio of your Company is managed by the investment advisors appointed by the Board. The overall policy of the investment advisors remains to invest the funds in fundamentally sound securities with good dividend yield and growth potential keeping up to date with the changes in the stock and money market of the country. The investment performance is reviewed regularly by the Investment Committee and reported to the Board periodically.

Your Company earned investment income of Rs. 603.08 million during the year 2023 mainly due to better dividend income and return on government securities. Last year your Company had posted a meager investment income of Rs. 2.45 million mainly due to loss realized on sale of certain equity securities. The market value of investments as of December 31, 2023, stood at Rs. 6.81 billion compared to Rs. 4.64 billion of 2022.

### Profitability

Underwriting profit was Rs. 921.19 million against Rs. 915.83 million of last year. Profit before tax increased to Rs. 1.823 billion against Rs. 1.096 billion of last year, up 66% mainly due to increase in investment income. After providing for taxes including super tax aggregating to Rs. 815.45 million, the profit after tax stood at Rs. 1.007 billion compared to Rs. 719.31 million of last year, up 40%.



### Capital Management

Your Company is committed to maintain a strong financial profile which gives financial flexibility to achieve growth and portfolio optimization goals. The Company has a paid-up capital of Rs. 1.494 billion and an equity base of Rs. 4.771 billion as of December 31, 2023.

### Reinsurance

Ongoing rising climatical, macroeconomic and geopolitical risks led to significant price corrections and adjustments in the global reinsurance terms and conditions in 2023, something that looks likely to continue into 2024 as well, both in reinsurance and retrocession markets.

Your Company has a very effective reinsurance treaty program in place which along with facultative risk wise arrangements providing protection to the Company against different types of risks. Your Company has treaty arrangements with prestigious and world-renowned reinsurers, having strong financial strength and 'A' ratings, including Swiss Re, Hannover Re, Tokio Marine and Nichido Fire, Sompo Japan, Malaysian Re, Labuan Re and Kuwait Re.

## Solvency

The solvency ratio indicates whether the insurance company has enough financial resources to meet all its commitments. It is one of the basic measurements to assess how financially sound the insurance company is and its overall ability to pay claims. Insurance companies are required by the regulator to maintain a certain level of solvency to continue operations. Your Company believes in maintaining a strong cash position and asset base to meet any sudden liquidity requirements and comfortably meets the solvency requirements prescribed by the SECP.

## Information Technology

Your Company is equipped with a modern information technology infrastructure that caters to the expanding requirements of the business. This includes incorporating innovative technologies and making continual improvements to enhance operations in core business processes (underwriting, reinsurance, and claims) and non-core business processes (investments, finance, human resource, etc.). Your Company is engaged in enhancing its existing IT systems through digitalization, automation in business operations through B2B & B2C, and a paper-less environment.

Due to the rapid increase in interconnected communication Cyber Security has become very critical. Cyber Security within the insurance industry is of vital importance since, inter alia, client information must be secured from threat of cyber-crime. Your Company has developed a Cyber Security Framework under the guidelines notified by the SECP.

## Human Resource and Associate Development

The “Atlas Way” is the guiding principle for talent acquisition and its management in your Company, which emphasizes integrity, merit, experience, and skill set as core competencies. Your Company continuously invests in its associates, strengthening their technical capabilities, leadership skills and behavioral aspects. Your Company believes in the core value of 3Rs--- Respect, Recognition and Reward and Atlas Group philosophy of “Organization Development through Self Development” and has made considerable investment for the development of its associates to ensure that a continuous learning environment exists within the Company. Various training courses were conducted during the year 2023 to enhance the skills of the staff. Presently a sizeable number of employees are appearing in Associate of Chartered Insurance Institute, London, examinations which are financed by the Company.

Your Company realizes the importance of succession planning and believes in the development of potential talent to acquire future leadership roles. Individual Development Plans (IDPs) are prepared to indicate existing and required competencies, learning and development plans, performance expectation and

career progression. This also contributes towards the retention of potential employees within the Company.

## Risk Management System

Your Company has an appropriate framework of methods, system, and process to manage risks and seize opportunities related to the achievement of business objectives. Any significant risks facing the Company are highlighted at an appropriate level of hierarchy to ensure such risks are closely monitored and appropriately addressed. The Company has also formed a Risk Management & Compliance Committee dealing with systems and processes to manage risks and seize opportunities related to the achievement of the business objectives.

## Role of Compliance Function

The compliance function within your Company is an integrated tool of the internal control system against risks and threats. The Head of compliance is responsible for the Company's effective compliance relating to the applicable laws and regulations. He works in close liaison with other departments and ensures compliance of internal policies, and procedures, and regulatory requirements, particularly the requirements of AML / CFT Regulations.

## Corporate Social Responsibility

Your Company is committed to work across all barriers of race, religion, color and background and the only yardstick is merit. By adopting the Atlas Group philosophy, the Company is committed to act ethically towards society and aims to contribute to the social development in the country. During the year 2023, the Company paid Rs. 20.96 million to its associated concern Atlas Foundation, which carries out different welfare projects predominantly focused on health and education with the commitment that what has come from the society should be shared with the society.

## Rating by PACRA

The Pakistan Credit Rating Agency Limited (PACRA), has maintained the Insurer Financial Strength (IFS) rating of your Company at “AA+” with stable outlook. The rating reflects financial soundness of the Company. The rating considers a robust liquidity profile, providing strong coverage to the Company's obligations. PACRA has also acknowledged that the Company has a strong panel of reinsurers with favorable treaty terms and prudent risk retention policies.

## Performance Evaluation of the Board and Committees of the Board

During the year under review, the Board has effectively discharged its responsibility towards the Company and

participated in all strategic affairs diligently. The Board also played a key role in monitoring management performance. The Board has also reviewed and approved the Company's financial budget and capital expenditures. The Audit Committee, the Investment Committee and the Ethics, Human Resource & Remuneration Committee of the Board have also discharged their responsibilities throughout the year.

The Board has a mechanism in place to evaluate its own performance. A detailed Board Evaluation Questionnaire has been formulated which is circulated amongst the directors for their feedback every year and compiled results are presented in the Board meeting for review.

### Contribution to the National Exchequer

During the year your Company contributed a sum of Rs. 1.618 billion towards government exchequer on account of direct and indirect taxes. The total contribution to the exchequer by Atlas Group companies, including your Company is Rs. 61 billion. This makes Atlas Group one of the highest taxpayers in the country.

### Future Outlook

The Country has completed the first half of current fiscal year on a positive note, reflected by decent growth prospects and improved business sentiments. The interim government has undertaken several structural reforms and policy measures to help boost the Country's competitiveness, governance, and social welfare. A pivotal contributor to the economic revitalization is the creation of the Special Investment Facilitation Council (SIFC), a collaborative civil-military forum designed to attract foreign investment and stimulate economic growth. The year 2024 is expected to provide political stability after the general elections. A fresh tenure would be an opportunity for the new government to continue economic reforms program and

concentrate on strategies that ensure stability and foster sustainable growth. Moreover, the continuation of the IMF program and influx of external funding remain crucial for the economy as external repayments stand close to a daunting USD 25 billion for the year. Privatization enhanced institutional capabilities and implementation of supply side initiatives can address Country's economic challenges. The above steps will necessitate a consensus among all national stakeholders in helping formulate long term policies for sustainable development.

The Company is determined to keep pace and focus on overcoming challenges by improving its operating results and maintaining growth momentum. Being socially responsible, financially strong, and operationally smart will remain the key objectives. Following the principles of "The Atlas Way", the Company hopes to create significant value addition for the stakeholders in the years ahead:

عزت ستاروں سے آگے جہاں اور بھی ہیں  
(Always strive for the best)

### Acknowledgement

I wish to express my sincere appreciation to our valued shareholders, clients, reinsurers, SECP and financial institutions whose cooperation and support over the years strengthened our relationship which plays a vital role in improving our products and services and contribution to the society and national economy.

I also appreciate the valuable contribution and active role of the Board of Directors in supporting and guiding the management. I would also like to express my gratitude to the Chief Executive Officer, Mr. Babar Mahmood Mirza and his team for their efforts, dedication, and sincerity of purpose.

Iftikhar H. Shirazi  
Chairman



کبھی اپنے آپریٹنگ نتائج کو بہتر بنا کر چیلنجز پر قابو پانے اور اپنی توجہ مرکوز کرنے کے لئے پُر عزم ہے۔ سماجی طور پر ذمہ دار، مالی طور پر بااختیار اور آپریشنل طور پر ہوشیار ہونا ہم مقصد رہے گا جس کے لیے "دی اٹلس وے" کے اصولوں پر عمل کرتے ہوئے کبھی کو امید ہے کہ آنے والے سالوں میں اسٹیک ہولڈرز کے لئے اہم ویلیو ایڈیشن پیدا کرے گی۔

## خداستاروں سے آگے جہاں اور بھی ہیں

اظہار تشکر

میں اپنے قابل قدر حصص داران، کلائنٹس، ری انشوررز، SECP اور مالیاتی اداروں کی دلی قدر کرتا ہوں جن کے سالوں سے تعاون اور حمایت سے ہمارا تعلق مضبوط ہوا اور ہماری خدمات و مصنوعات میں بہتری لانے اور معاشرے اور قومی معیشت میں شراکت داری کرنے میں معاونت کی۔

میں انتظامیہ کی رہنمائی میں بورڈ آف ڈائریکٹرز کی قابل قدر شرکت اور فعال کردار کی بھی تعریف کرتا ہوں۔ میں چیف ایگزیکٹو آفیسر جناب بابر محمود مرزا اور ان کی ٹیم کی کوششوں، عزم اور مقصد کے حصول میں نخلصی پر تہہ دل سے شکر گزار ہوں۔

*Amir*

افتخار ایچ شیرازی  
چیئرمین

ملک نے 2024 کی ششماہی ایک مثبت نوٹ پر مکمل کی ہے جس کی عکاسی نمایاں ترقی کے امکانات اور بہتر کاروباری جذبات سے ہوتی ہے۔ عبوری حکومت نے ملک کی مسابقت، گورنس اور سماجی بہبود کو بڑھانے میں مدد کے لئے کئی ساختی اصلاحات اور پالیسی کے سخت اقدامات کیے ہیں۔ معاشی احیاء میں ایک اہم شراکت اسٹیشن انویسٹمنٹ فیسیلٹییشن کونسل (SIFC) کی تشکیل ہے جو ایک باہمی تعاون پر مبنی سول ملٹری فورم ہے جو غیر ملکی سرمایہ کاری کو بڑھانے اور اقتصادی ترقی کی حوصلہ افزائی کے لئے ڈیزائن کیا گیا ہے۔ مزید یہ کہ جاری اصلاحاتی کاوشوں کو برقرار رکھنا اور ایسی حکمت عملیوں پر توجہ مرکوز کرنا بہت ضروری ہے جو استحکام کو یقینی بنائیں اور پائیدار ترقی کو فروغ دیں۔

مزید برآں، آئی ایم ایف پروگرام کا تسلسل اور بیرونی فنڈنگ کی آمد معیشت کے لئے بہت اہم ہے کیونکہ بیرونی ادائیگیاں سال کے لئے 25 بلین امریکی ڈالر کی مشکل حد تک ہیں۔ نجکاری، ادارہ جاتی صلاحیتوں میں اضافہ اور سپلائی سائیز اقدامات پر عمل درآمد ملک کے معاشی چیلنجز سے نمٹ سکتا ہے۔ مندرجہ بالا اقدامات پائیدار ترقی کے لئے طویل مدتی پالیسیاں بنانے میں مدد کرنے کے لئے تمام قومی اسٹیک ہولڈرز کے درمیان اتفاق رائے کی ضرورت ہے۔

## کمپلائنس فنکشن کا کردار

آپ کی کمپنی میں کمپلائنس فنکشن کا سربراہ کمپلائنس آفیسر ہے وہ قابل اطلاق قوانین اور ضوابط سے متعلق کمپنی میں اس کی موثر تعمیل کے لئے ذمہ دار ہوتا ہے۔ یہ کمپلائنس آفیسر دوسرے محکموں کے ساتھ قریبی رابطے میں رہ کر اپنے امور سرانجام دیتا ہے اور SECP کے قواعد و ضوابط بطور خاص AML/CFT ریگولیشنز کے ذریعے انضباطی تقاضوں، داخلی پالیسیوں اور طریقہ کار پر عمل درآمد یقینی بناتا ہے۔

## کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی رنگ، نسل، مذہب اور پس منظر سے قطع نظر صرف اور صرف قابلیت کی بنیاد پر کام کرنے کے لیے پر عزم ہے اور یہی میرٹ کا واحد پیمانہ ہے۔ اس گروپ کے فلسفہ کو اپناتے ہوئے کمپنی معاشرے کے لیے اخلاقی طور پر کام کرنے کے لیے وقف ہے اور اس کا بنیادی مقصد ملک کی معاشرتی ترقی میں اپنا حصہ ادا کرنا ہے۔ سال 2023 کے دوران، کمپنی نے اپنے متعلقہ ادارے اسٹاکس فاؤنڈیشن کو 20.96 ملین روپے فراہم کیے جو کہ صحت اور تعلیم کے شعبوں میں مختلف پروجیکٹس پر خدمات انجام دے رہا ہے جو اس عزم کے ساتھ عمل میں لائے جاتے ہیں کہ جو کچھ معاشرے سے ملا اسے معاشرے کے ساتھ ہی بانٹا جائے۔

## PACRA کی جانب سے درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے آپ کی کمپنی کے مالیاتی استحکام کے اعتراف میں اس کی انٹورنیشنل اسٹریٹنٹ (IFS) ریٹنگ کو برقرار رکھنے ہوئے اسے مستحکم ادارے کے طور پر "AA+" کا درجہ دیا ہے۔ یہ درجہ بندی عمدہ لیکویڈٹی پروفائل کا مظہر ہے، جو کہ کمپنی کی ذمہ داریوں کو مستحکم کورنجز فراہم کرتی ہے۔ PACRA نے اس بات کا بھی اعتراف کیا ہے کہ اسٹاکس فاؤنڈیشن کے پاس معاہدے کی مثبت شرائط اور ممکنہ خطرات سے تحفظ کی پالیسیوں کے ساتھ دہرے بیمہ کاروں کا ایک مضبوط پینل ہے۔

## بورڈ اور بورڈ کمیٹیوں کی کارکردگی کا جائزہ

زیر جائزہ سال کے دوران، بورڈ نے کمپنی کے لیے اپنی ذمہ داریاں مؤثر انداز میں نبھائی ہیں اور تمام ہی امور میں تندرستی سے حصہ لیا۔ بورڈ نے انتظامی کارکردگی کی نگرانی میں بھی کلیدی کردار ادا کیا ہے۔ بورڈ نے مالیاتی بجٹ کا بھی جائزہ لیا ہے اور اس کی منظوری دی ہے۔ بورڈ کی آڈٹ کمیٹی، سرمایہ کاری کمیٹی، اخلاقیات، انسانی وسائل اور معاوضے کی کمیٹی نے بھی سال بھر اپنی ذمہ داریاں نبھائی ہیں۔

بورڈ نے کوڈ آف کارپوریٹ گورننس کے مطابق اپنی کارکردگی کا جائزہ لینے کے لیے ایک طریقہ کار بھی وضع کر رکھا ہے اور ایک تفصیلی بورڈ ایولوشن سوانامہ مرتب کیا ہے جو ہر سال ڈائریکٹرز کو ان کے تاثرات فراہم کرنے کے لیے تفسیم کیا جاتا ہے اور مرتب شدہ نتائج بورڈ کے اجلاس میں جائزے کے لیے پیش کیے جاتے ہیں۔

## قومی خزانے میں حصہ

سال کے دوران، آپ کی کمپنی نے بل واسطہ یا بلا واسطہ ٹیکسوں کی مد میں حکومتی خزانے میں 1.618 بلین روپے کی رقم جمع کروائی۔ اسٹاکس گروپ، جس کا آپ کی کمپنی ایک اہم حصہ ہے، اس نے مجموعی طور پر قومی خزانے میں ٹیکس کی مد میں 61 بلین روپے فراہم کیے ہیں۔ جو اسٹاکس گروپ کو پاکستان میں چند سب سے زیادہ ٹیکس ادا کرنے والے اداروں میں شامل کرواتا ہے۔

اور کیمر کی ادائیگی کی اس کی مجموعی صلاحیت کتنی ہے۔ ریگولیشن کی جانب سے انٹرنیشنل کمپنیوں کو کام جاری رکھنے کے لیے قابلیت ادا کرنے کی ضرورت ہے۔ ایک خاص سطح کو برقرار رکھنے کی ضرورت ہوتی ہے۔ آپ کی کمپنی کسی بھی اچانک لیکویڈٹی کی ضروریات کو پورا کرنے کے لیے ایک مضبوط کیش پوزیشن اور اثاثہ کی بنیاد کو برقرار رکھنے پر یقین رکھتی ہے اور SECP کی طرف سے تجویز کردہ قابلیت ادا کرنے کی ضروریات کو باآسانی پورا کرتی ہے۔

## انفارمیشن ٹیکنالوجی

آپ کی کمپنی جدید انفارمیشن ٹیکنالوجی کے بنیادی آلات سے لیس ہے جو کاروبار کی بڑھتی ہوئی ضروریات کو پورا کرتی ہے۔ اس میں جدید ٹیکنالوجی کو شامل کرنا اور بنیادی کاروباری عمل (انڈر رائٹنگ، ری انٹرنس، اور کلیم) اور غیر بنیادی کاروباری عمل (سرمایہ کاری، مالیات، انسانی وسائل، وغیرہ) میں آپریشنز کو بڑھانے کے لیے مسلسل بہتری لانا شامل ہے۔ آپ کی کمپنی ڈیجیٹلائزیشن کے ذریعے اپنے موجودہ IT سسٹمز کو بڑھاتے ہوئے B2B اور B2C کے ذریعے کاروباری امور میں آڈیشن، اور بیچ لیس ماحول کے لئے مصروف عمل ہے۔

باہم مربوط کیونٹیشن میں تیزی سے اضافے کے باعث سرمایہ سیکورٹی بہت ضروری ہو گئی ہے۔ انٹرنیشنل انڈسٹری میں سرمایہ سیکورٹی بہت اہمیت کی حامل ہے کیونکہ دیگر خدشات کے ساتھ ساتھ گائڈڈ کی معلومات کو سامنے رکھ کر ان کے خطرے سے محفوظ رکھنا ضروری ہے۔ آپ کی کمپنی نے SECP کی جاری کردہ گائڈ لائنز کے تحت سرمایہ سیکورٹی کا بنیادی ڈھانچہ ترتیب دیا ہے۔

## ہیومن ریورس اور ایسوسی ایٹ ڈویلپمنٹ

"اسٹاکس" آپ کی کمپنی میں ٹیلنٹ کے حصول اور اس کے نظم و نسق کے لیے رہنما اصول ہے، جو بنیادی قابلیت کے طور پر دیانتداری، میرٹ، تجربے اور مہارت پر زور دیتا ہے۔ آپ کی کمپنی اپنے ملازمین کی بہتری کے لئے مسلسل سرمایہ کاری کرتی ہے، ان کی تکنیکی صلاحیتوں، قائدانہ صلاحیتوں اور طرز عمل کے پہلوؤں کو مضبوط کرتی ہے۔ آپ کی کمپنی 3 آرز - عزت، بیچان اور انعام اور اسٹاکس گروپ کے فلسفہ "آرگنائزیشن ڈویلپمنٹ بڈریو سیلف ڈویلپمنٹ" پر یقین رکھتی ہے اور اس نے اپنے ملازمین کی ترقی کے لیے خاطر خواہ سرمایہ کاری کی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ کمپنی کے اندر رکھنے کا ایک مسلسل ماحول موجود ہے۔ سال 2023 کے دوران عمل کی صلاحیتوں کو بڑھانے کے لیے مختلف تربیتی کورسز کا انعقاد کیا گیا۔ اس وقت ملازمین کی ایک بڑی تعداد ایسوسی ایٹ آف چارٹرڈ انٹرنیشنل انسٹی ٹیوٹ، لندن کے امتحانات دے رہی ہے جن کی مالی اعانت کمپنی کرتی ہے۔

آپ کی کمپنی جانشینی کی منصوبہ بندی کی اہمیت کو سمجھتی ہے اور مستقبل میں قائدانہ کردار حاصل کرنے کے لیے ممکنہ صلاحیتوں کی نشوونما پر یقین رکھتی ہے۔ افرادی ترقیاتی منصوبے (IDPs) موجودہ اور مطلوبہ قابلیت، سیکھنے اور ترقیاتی منصوبوں، کارکردگی کی توقع اور کیمریز کی ترقی کی نشاندہی کرنے کے لیے تیار کیے جاتے ہیں۔ اس سے کمپنی کے اندر ممکنہ ملازمین کو برقرار رکھنے میں بھی مدد ملتی ہے۔

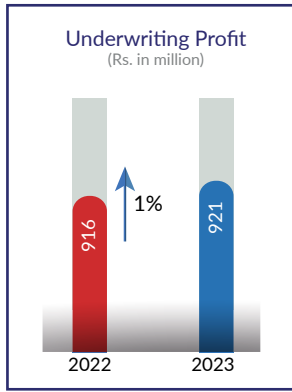
## مکملہ خطرات سے نمٹنے کا نظام (رسک مینجمنٹ سسٹم)

آپ کی کمپنی کے پاس خطرات سے نمٹنے کا انتظام کرنے اور کاروباری مقاصد کے حصول سے متعلق مواقع سے فائدہ اٹھانے کے لیے طریقہ کار، نظام اور عمل کا ایک مناسب فریم ورک موجود ہے۔ کمپنی کو درپیش اہم خطرات کو درجہ بندی کی ایک مناسب سطح سے گزارا جاتا ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ اس طرح کے خطرات کو تریب سے مائیکر کیا جائے اور مناسب طریقے سے نمٹا جائے۔ کمپنی نے خطرات سے نمٹنے کا انتظام کرنے اور کاروباری مقاصد کے حصول سے متعلق مواقع سے فائدہ اٹھانے کے لیے ایک رسک مینجمنٹ ایڈ کمپلائنس کمیٹی بھی تشکیل دی ہے۔

تبدیلیوں سے آگاہ رہتے ہوئے اچھی ڈیویڈنڈ آمدنی اور ترقی کی صلاحیت کے ساتھ بنیادی طور پر اچھی سکیورٹیز میں فنڈز کی سرمایہ کاری کرنا ہے۔ سرمایہ کاری کی کارکردگی کا سرمایہ کاری کمیٹی باقاعدگی سے جائزہ لیتی ہے اور وقتاً فوقتاً بورڈ کو آگاہ کرتی ہے۔

آپ کی کمپنی نے سال 2023 کے دوران سرمایہ کاری سے 603.08 ملین روپے کی آمدنی حاصل کی جو بنیادی طور پر بہتر ڈیویڈنڈ آمدنی اور سرکاری سکیورٹیز پر بہتر منافع کی وجہ سے دیکھنے میں آئی۔ گزشتہ سال آپ کی کمپنی نے 2.45 ملین روپے کی معمولی سرمایہ کاری کی آمدنی درج کی تھی جو بنیادی طور پر کچھ ایکویٹی سکیورٹیز کی فروخت پر ہونے والے نقصان کی وجہ سے تھی۔ 31 دسمبر 2023 تک سرمایہ کاری کی مارکیٹ ویلیو 2022 کے 4.64 بلین روپے کے مقابلے میں 6.81 بلین روپے ہے۔

## منافع



انڈر رائٹنگ منافع گزشتہ سال کے 915.83 ملین روپے کے مقابلے میں 921.19 ملین روپے تھا۔ قبل از ٹیکس منافع گزشتہ سال کے 1.096 ملین روپے کے مقابلے میں 1.823 ملین روپے تک بڑھ گیا جس کی بنیادی وجہ سرمایہ کاری کی آمدنی میں اضافہ ہے۔ 815.45 ملین روپے کے سپرنٹیکس سمیت دیگر ٹیکس فراہم کرنے کے بعد، بعد از ٹیکس منافع 40 فیصد اضافے کے ساتھ گزشتہ سال کے 719.31 ملین روپے کے مقابلے میں 1.007 بلین روپے رہا۔

## کیپیٹل مینجمنٹ

آپ کی کمپنی ایک مضبوط مالیاتی پروفائل کو برقرار رکھنے کے لیے پرعزم ہے جو ترقی اور پورٹ فولیو کی اصلاح کے اہداف کو حاصل کرنے کے لیے مالی ہم آہنگی فراہم کرتا ہے۔ 31 دسمبر 2023 تک کمپنی کا ادا شدہ سرمایہ 1.494 بلین روپے اور ایکویٹی 4.771 بلین روپے ہے۔

## دوہرا بیمہ

جاری اور بڑھتے ہوئے موسمیاتی، میکرو اکنامک اور جیو پالیٹیکل خطرات نے 2023 میں عالمی دوہرے بیمہ کی شرائط و ضوابط اور قیمتوں میں نمایاں تصحیح اور ایڈجسٹمنٹ کی، جو کہ 2024 میں بھی دوہرے بیمہ اور ریٹریوشن مارکیٹ دونوں میں جاری رہنے کا امکان ہے۔

آپ کی کمپنی کے پاس ایک بہت موثر دوہرا بیمہ معاہدہ پروگرام موجود ہے جس کے ساتھ ساتھ فیکو لیٹیورسک پرائیویٹ انشورنس کمپنی کو مختلف قسم کے خطرات سے تحفظ فراہم کرتے ہیں۔ آپ کی کمپنی نے عالمی شہرت یافتہ دوہرے بیمہ کنندگان کے ساتھ معاہدے کے انتظامات کیے ہیں، جو مضبوط مالیاتی طاقت اور 'A' ریٹنگ کے حامل ہیں، جن میں سوئس ری، پینورری، ٹوکویو میرین اور چیڈ و فائر، سوچیو جاپان، ملائیشین ری، لائبان ری اور کویت ری شامل ہیں۔

## سالوینٹی

قابلیت ادا کے قرضہ کا تناسب بتاتا ہے کہ آیا انشورنس کمپنی کے پاس اپنے تمام کلیمو کو پورا کرنے کے لیے درکار مالی وسائل موجود ہیں۔ یہ جانچنے کے لیے بنیادی پیمانوں میں سے ایک ہے کہ انشورنس کمپنی مالی طور پر ترقی کر رہی ہے اور

آبی، فضائی اور ذرائع آمدورفت کے شعبے نے سال 2022 کے 1.38 بلین روپے کے مقابلے میں 1.26 بلین روپے کا مجموعی پریمیم رپورٹ کیا، جو کہ 9 فیصد کم ہے، جس کی بنیادی وجہ حکومت کی جانب سے 23 CY کی پہلی ششماہی میں درآمدات پر پابندی ہے۔ نیٹ پریمیم میں بھی ایسا ہی رجحان دیکھا گیا جو 2022 کے 908.50 ملین روپے کے مقابلے میں کم ہو کر 823.98 ملین روپے ہو گیا۔ گزشتہ سال کے 106.23 ملین روپے کے مقابلے میں نیٹ کلیمر بہتر ہو کر 38.75 ملین روپے ہو گئے۔ اس شعبے نے 2022 میں 689.97 ملین روپے کے مقابلے میں 673.00 ملین روپے کا انڈر رائٹنگ منافع حاصل کیا جو کہ بنیادی طور پر نیٹ پریمیم میں کمی کی وجہ سے 2 فیصد کم ہے۔

## موٹر

زیر جائزہ سال کے دوران موٹر کے شعبے نے اچھی کارکردگی کا مظاہرہ کیا۔ مجموعی پریمیم 20 فیصد اضافے کے ساتھ 2022 کے 930.17 ملین روپے کے مقابلے میں 1.120 ملین روپے رہا۔ نیٹ پریمیم بھی گزشتہ سال کے 635.39 ملین روپے سے بڑھ کر 790.87 ملین روپے ہو گیا، جو کہ 24 فیصد زیادہ ہے۔ آٹو پارٹس کی قیمتوں اور لیبر چارجز میں اضافے کے باوجود نیٹ کلیمر کا تناسب 2022 کے 47 فیصد سے گھٹ کر 37 فیصد ہو گیا۔ کمیشن کی ایڈجسٹمنٹ اور اخراجات کی تخصیص کے بعد، انڈر رائٹنگ منافع میں 69 فیصد اضافہ ہوا اور 2022 کے 172.44 ملین روپے کے مقابلے میں نیٹ پریمیم میں اضافے اور کلیمر کے بہتر تناسب کے باعث سے 291.95 ملین روپے رہا۔

## متفرق

متفرق شعبے نے 20 فیصد اضافے کے ساتھ 2022 کے 700.09 ملین روپے کے مقابلے میں 836.64 ملین روپے کا مجموعی انڈر رائٹنگ پریمیم درج کیا۔ نیٹ پریمیم 2022 کے 330.02 ملین روپے کے مقابلے میں 341.52 ملین روپے رہا۔ نیٹ کلیمر 2022 کے 257.35 ملین روپے کے مقابلے میں بڑھ کر 312.49 ملین روپے ہو گئے۔ اس شعبے کو گزشتہ سال کے 4.11 ملین روپے کے منافع کے مقابلے میں 54.55 ملین روپے کا نقصان ہوا جو بنیادی طور پر نیٹ کلیمر میں اضافے کی وجہ سے تھا۔

## وٹڈ ونگل آپریٹرز

وٹڈ ونگل نے بھی سال بھر اچھی کارکردگی کا مظاہرہ کیا۔ مجموعی کٹری بوشن 2022 کے 536.09 ملین روپے کے مقابلے میں بڑھ کر 650.22 ملین روپے ہو گئی جو کہ 21 فیصد زیادہ ہے، جس کی بنیادی وجہ تشریح اور آبی شعبہ جات کی شراکت میں اضافہ ہے۔ سال 2022 کے 176.16 ملین روپے کے مقابلے میں نیٹ شراکت 167.38 ملین روپے رہی۔ پارٹنر سٹ ونگل فنڈ نے گزشتہ سال کے 18.55 ملین روپے کے مقابلے میں 14.89 ملین روپے کا سرپلس ظاہر کیا جبکہ آپریٹرز فنڈ نے 40.93 ملین روپے کے مقابلے میں 61.35 ملین روپے کا منافع درج کیا۔

## سرمایہ کاری کا انتظام

سرمایہ کاری آپ کی کمپنی کے مالیاتی سرمائے کا اہم جز ہے۔ ملک کی معاشی صورتحال میں سرمایہ کاری کا موثر انتظام ہمیشہ سے ایک چیلنج رہا ہے۔ آپ کی کمپنی کے پورٹ فولیو کا انتظام بورڈ کے ذریعہ مقرر کردہ سرمایہ کاری کے مشیروں کے ذریعہ کیا جاتا ہے۔ سرمایہ کاری کے مشیروں کی مجموعی پالیسی ملک کے اسٹاک اور کرنسی مارکیٹ میں ہونے والی



# چیمبرین کی جانب سے جائزہ

صنعتی تجزیہ

انٹرنیشنل انڈسٹری پاکستان کے مالیاتی شعبے کا اہم جز ہے اور اس شعبے کو جدید انٹرنیشنل انڈسٹری کی مستقبل کی ضروریات کو پورا کرنے کے لئے نئے سرے سے متحرک اور آگے بڑھانے کی ضرورت ہے۔ معیشت کے دائرے میں، مالی اور اقتصادی ترقی میں نمایاں طور پر حصہ ڈالتے ہوئے بیمہ کی صنعت مختلف شعبوں میں فنڈز کی منتقلی کے لئے ایک اہم کردار ادا کرتی ہے۔ گزشتہ سال کے مقابلے میں انڈر رائٹنگ پر بیمہ میں قابل ذکر اضافے کے باوجود، جی ڈی پی میں اس کا تناسب محض 0.87 فیصد ہے جو SAARC ممالک میں سب سے کم ہے۔ اس طرح، وسیع اور غیر دریافت شدہ مارکیٹ انٹرنیشنل سیکٹرز کے لئے ایک زبردست موقع ہے۔

میں نہایت مسرت کے ساتھ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے بورڈ کی جانب سے کپنی کی 89 ویں سالانہ رپورٹ اور کارکردگی کا جائزہ پیش کر رہا ہوں۔

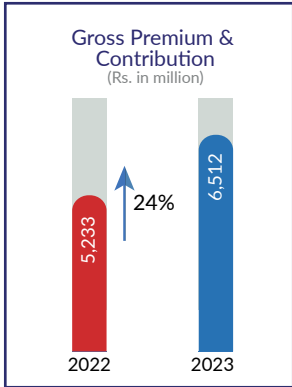
## معیشت

معیشت بتدریج ترقی تو کر رہی ہے لیکن آؤٹ لک اب بھی چیلنجنگ ہے۔ ڈیمانڈ کمپنیشن اقدامات کے اثرات مالیاتی صورتحال میں بہتری اور پروگرام کی پالیسیوں کی مسلسل پابندی سے معاشی بحالی میں معاونت ملی ہے۔ اس کے نتیجے میں معاشی سرگرمیوں میں اضافہ ہوا اور بیرونی دباؤ کو کم کیا گیا ہے۔ مالی سال 2024 کے لئے جی ڈی پی کی شرح نمو موقع طور پر 1.2 فیصد تک بڑھانا حوصلہ افزا ہے۔ تاہم، افراد زر بدستور بلند ہے جس کی بنیادی وجہ توانائی اور خوراک کی قیمتوں میں اضافہ ہے جو کے معاشرے کے کمزور طبقے کو متاثر کرتا ہے۔

اشیاء اور مردوری کے بڑھتی ہوئی لاگت اور افراط زر کے دباؤ کے باعث کلیمز کے اخراجات میں اضافہ متوقع ہے۔ ڈیجیٹل ٹرانسفارمیشن اور موسمیاتی تبدیلی سے نمٹنا ناگزیر ہے جس کے لئے ایک مضبوط انفراسٹرکچر کی ضرورت ہے تاکہ نہ صرف دور دراز کے امور کی انجام دہی میں مدد مل سکے بلکہ صارفین کی ضروریات کو پورا کرنے کے لئے جامع ڈیجیٹل موافقت بھی حاصل ہو۔ تاہم، آگاہی، ضابطے اور اعتماد قائم کرنے سے متعلق چیلنجز سے موثر انداز میں نمٹنا جاسکے اور پائیدار ترقی کو یقینی بنانے کے ساتھ ساتھ بیمہ کے شعبے کی صلاحیت کو مکمل طور پر بروئے کار لایا جاسکے۔ جدت طرازی کو فروغ دینا اور انٹرنیشنل خدمات کو پیمانہ علاقوں تک منتقل کرنا اس صنعت کو مزید تقویت دے سکتا ہے۔

## کپنی نتائج

### پریمیم اور کٹری بیوشن



اس سال کے دوران کپنی نے 6.51 بلین روپے کا گروس پریمیم اور نکافل کٹری بیوشن درج کیا جو کہ گزشتہ سال کے 5.23 بلین روپے کے مقابلے میں 24 فیصد زیادہ ہے۔ نکافل کٹری بیوشن 2022 کے 536 بلین روپے کے مقابلے میں 650 بلین روپے تھی جو کہ 21 فیصد زیادہ ہے۔ نیٹ پریمیم اور کٹری بیوشن ریونیو 2.55 بلین روپے رہا جو کہ سال 2022 کے 2.31 بلین روپے کے مقابلے میں 10 فیصد زیادہ ہے۔

### شعبہ جات پر ایک نظر

### آتشزدگی اور املاک کا نقصان

آتشزدگی اور املاک کے شعبے نے مالی سال 2022 کے 1.69 بلین روپے کے مقابلے میں 2.65 بلین روپے کے مجموعی پریمیم کے ساتھ 57 فیصد اضافہ ظاہر کیا۔ اسی طرح، خالص پریمیم بھی گزشتہ سال کے 259 بلین روپے کے مقابلے میں بڑھ کر 426 بلین روپے تک پہنچ گیا۔ اس شعبے نے 2022 کے 49.30 بلین روپے کے مقابلے میں 10.79 بلین روپے کا انڈر رائٹنگ منافع درج کیا۔ منافع میں کمی کی وجہ بنیادی طور پر کمیشن کے اخراجات میں اضافہ تھا۔

بیرونی محاذ پر، کرنٹ اکاؤنٹ میں زیر جائزہ مدت کے لئے 0.8 بلین امریکی ڈالر کا خسارہ دیکھنے میں آیا جو گزشتہ سال کی اسی مدت کے مقابلے میں 78 فیصد کمی کو ظاہر کرتا ہے۔ کرنٹ اکاؤنٹ خسارے (CAD) میں بہتری بنیادی طور پر درآمدی بل میں 10 فیصد کمی کے باعث ہوئی جبکہ برآمدات میں 5 فیصد اضافہ ہوا۔ ایک اور مثبت پیش رفت آئی ایم ایف پروگرام کی بحالی تھی جب جولائی 2023 میں پاکستان کے 9 ماہ کے ایس بی اے کو تقریباً 3 بلین امریکی ڈالر کی رقم کے لئے منظور کیا گیا تھا اور پہلا جائزہ بھی نومبر 2023 میں کامیابی کے ساتھ مکمل ہوا تھا۔ اس کے نتیجے میں پہلی قسط کی صورت میں آئی ایم ایف سے 700 ملین امریکی ڈالر بھی وصول ہوئے۔ نتیجتاً، اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر 8 بلین امریکی ڈالر سے تجاوز کر گئے اور 23 ہفتوں کی بلند ترین سطح 8.2 بلین امریکی ڈالر کی پہنچ گئے۔ مستحکم ذخائر کی پوزیشن سے روپے کی قدر میں خاطر خواہ کمی کو روکنے میں مدد ملی جو 281.50 روپے پر بند ہوا۔ یہ سازگار اشارے، آنے والے مہینوں میں افراط زر میں کمی کی توقع کے ساتھ 2024 میں شرح سود میں بھی کمی کے امکانات کو ظاہر کرتے ہیں۔ مالیاتی محاذ پر مالی سال 2024 کی ششماہی میں محصولات کی وصولی 4.467 ٹریلین روپے کے ساتھ ہدف سے تجاوز کر گئی جو کہ 4.425 ٹریلین روپے کے مقررہ ہدف کے مقابلے میں 42 بلین روپے زیادہ ہے۔ مجموعی طور پر بہتری کی وجہ سے سیکٹل مارکیٹوں کے اعتماد میں بھی اضافہ ہوا جس کے نتیجے میں KSE-100 انڈیکس اپنی تاریخ میں پہلی بار 65,000 پوائنٹس کو عبور کر گیا۔

زرعی شعبے میں پیداواری ہدف کے حصول کے امکانات مثبت ہیں۔ کپاس کی فصل کا تخمینہ ایک نمایاں بہتری کی نشاندہی کرتا ہے جو گزشتہ سال کی 5 بلین بیلز سے بڑھ کر 8.4 بلین بیلز تک پہنچ گئی ہے۔ اسی طرح چاول کی سالانہ پیداوار 9 بلین میٹرک ٹن کے ساتھ اس سال بھر فصل ہوئی ہے اور زیادہ حوصلہ افزا بات یہ ہے کہ سال کے دوران چاول کی برآمدات میں 76 فیصد اضافہ ہوا ہے۔ گنے کی صحت مند فصل بھی کسانوں کے لئے ریکارڈ کیش فلو پیدا کر رہی ہے۔ امدادی قیمتوں میں اضافے، کھاد پر سبسڈی اور مرکزی بینک کی جانب سے بروقت اقدامات، جیسے زرعی قرضہ اور انٹرنیشنل کے ساتھ ساتھ کریڈٹ گارنٹی اسکیم سے سیکٹرز کی مجموعی کارکردگی کو سہولت اور تقویت ملی۔ اس کے نتیجے میں دیہی علاقوں میں صارفین کی پائیدار اشیاہ کی مانگ مثبت رہی جیسے۔

بڑے پیمانے پر میٹالورجی (LSM) کے شعبے میں مالی سال 2024 کے پانچویں مہینے کے دوران 0.4 فیصد کی معمولی منفی نمو دیکھی جو کہ گزشتہ سال کی اسی مدت میں 1.7 فیصد کمی تھی۔ ذیلی شعبے کی سطح پر پلاسٹک، جہاز، جہاز دیکھا گیا: خوراک، کیمیکل، دوا سازی اور پیٹرولیم مصنوعات سمیت 22 شعبوں میں سے 12 میں مثبت نمو دیکھی گئی۔ پائیدار ترقی کے لئے، باقاعدہ طے شدہ ایڈجسٹمنٹ اور پاور سیکٹرز کی اصلاحات عملی قابلیت کو بہتر بنانے اور مالیاتی استحکام کے تحفظ کے لئے بہت ضروری ہیں۔

# Directors' Report

The directors of your Company take pleasure in presenting their report together with the audited financial statements and Auditors' Report thereon for the year ended December 31, 2023. The director's report prepared under Section 227 of the Companies Act, 2017 and Clause (xxvi) of the Code of Corporate Governance, for Insurers, 2016, will be put forward to the members at the eighty ninth Annual General Meeting of the Company to be held on April 15, 2024.

## Financial Results

Following is the overall performance of the Company for the year ended December 31, 2023:

	<u>2023</u> (Rupees in thousand)	<u>2022</u>
Gross premium	5,862,022	4,697,393
Gross contribution from Window Takaful Operations	650,224	536,090
Profit before tax	1,822,621	1,095,627
Income tax	(815,454)	(376,313)
Profit after tax	1,007,167	719,314
Un-appropriated profit brought forward	14,728	12,608
Profit available for appropriation	1,021,895	731,922
<b>*Appropriations:</b>		
Net transferred from / (to) general reserve	160,309	(63,500)
Interim cash dividend @ 16% (2022: 25%)	(149,416)	(233,462)
Proposed final cash dividend @ 30% (2022: @ 45%)	(448,247)	(420,232)
Interim bonus shares @ 60% (2022: Nil)	(560,309)	-
	(997,663)	(717,194)
Unappropriated balance carried forward	24,232	14,728

\* The Board of Directors has recommended a final cash dividend of Rs. 3 per share i.e. 30 % for the year ended December 31, 2023. This is in addition to 16% interim dividend disbursed during the year 2023. The financial statements do not reflect appropriations of proposed final payouts in compliance with the Companies Act, 2017.

## Earnings per share

The earnings per share after tax is Rs. 6.74 against Rs. 4.81 (re-stated) of 2022.

## Chairman's Review

The Chairman's Review included in the annual report deals inter alia with the performance of the Company for the year ended December 31, 2023, and future prospects. The Directors endorse the contents of the review.

## Board of Directors

The Board consists of seven individuals having the knowledge, skill and experience required to provide oversight and strategic guidelines to the Company. All the Directors, except the CEO, are non-executive directors, including two who are also independent directors, and one of them is female Director. None of the Directors on the Board is Director of more than seven (7) listed companies including this Company. All the Directors represent diverse fields / professions and possess all the necessary skills and understanding to deal with various business issues and have the ability to review management performance.

The Board has set-up following sub-committees:

#### Audit Committee:

Names	Category
Mr. Hasan Reza ur Rahim	Chairman
Mr. Ali H. Shirazi	Member
Mr. Frahim Ali Khan	Member
Mr. Muhammad Afzal	Secretary

#### Ethics, Human Resource & Remuneration Committee:

Names	Category
Mrs. Roohi Raees Khan	Chairperson
Mr. Ali H. Shirazi	Member
Mr. Frahim Ali KHan	Member
Mr. Babar Mahmood Mirza	Member
Ms. Qudsia Naheed	Secretary

#### Investment Committee:

Names	Category
Mr. Ali H. Shirazi	Chairman
Mr. Frahim Ali Khan	Member
Mr. M. Habib-ur-Rahman	Member
Mr. Babar Mahmood Mirza	Member
Mr. Muhammad Aasim Gul	Member
Mr. Muhammad Afzal	Secretary

The Board had seven (7) and the Audit Committee had four (4) meetings during the year. Attendance by each director / member was as follows:

S. No.	Directors	Directorship in listed companies including Atlas Insurance Limited	Attendance in the meetings of	
			Board of Directors	Audit Committee
1	Mr. Iftikhar H. Shirazi	1	7/7	N/A
2	Mr. Ali H. Shirazi	5	7/7	4/4
3	Mr. Frahim Ali Khan	1	7/7	4/4
4	Mr. Hasan Reza ur Rahim	2	7/7	4/4
5	Mr. M. Habib-ur-Rahman	1	7/7	N/A
6	Mrs. Roohi Raees Khan	1	7/7	N/A
7	Mr. Babar Mahmood Mirza	1	7/7	N/A

Before each meeting of the Board a closed period is determined by the Company during which Directors, CEO, executives of the Company and their spouses are not allowed to trade in shares of the Company in any manner, whether directly or indirectly. The Board has set a threshold defining categories of employees as executives consequent to which they are subject to additional regulatory requirements for trading and disclosing their transactions in Company shares.

No transaction in the Company shares has been reported by the Directors, CEO, CFO, Company Secretary and their spouse and minor children during the year, except disclosed in the pattern of shareholding.

#### Holding Company

Shirazi Investments (Pvt) Limited, incorporated in Pakistan, is the holding company of Atlas Insurance Limited with 75.33% holding.

#### Directors' Remuneration

The remuneration of the Directors is approved by the Board. However, no director takes part in deciding his / her own remuneration. The Company does not pay remuneration to the non-executive directors except for the fee for attending the meetings. The company's remuneration policy is structured in line with prevailing industry trends and business practices. Details of remuneration paid to the directors during the year 2023 is given as under and also disclosed in note 32 of the financial statements:



(Rupees in thousand)

S. No.	Directors	Meeting Fee	Managerial Remuneration	Total
1	Mr. Iftikhar H. Shirazi	-	-	-
2	Mr. Ali H. Shirazi	-	-	-
3	Mr. Frahim Ali Khan	-	-	-
4	Mr. Hasan Reza ur Rahim	1,350	-	1,350
5	Mr. M. Habib-ur-Rahman	1,250	-	1,250
6	Mrs. Roohi Raees Khan	1,250	-	1,250
7	Mr. Babar Mahmood Mirza	-	62,214	62,214

### Internal Audit

The Company has an independent Internal Audit function. The Audit Committee reviews the appropriateness and authority of this function on a quarterly basis. The Head of Internal Audit functionally reports to the Audit Committee. The Audit Committee approves the audit plan, based on an annual and quarterly assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports the findings to the Audit Committee.

### Health, Safety and Environment

We strongly believe in maintaining the highest standards in health, safety and environment to ensure the well-being of the people who work with us as well as of the communities where we operate.

### Statement of Value Addition and Risk Management

Statement of value addition including its distribution and Risk Management are annexed to this report.

### External Auditors

The present Auditors, M/s. EY Ford Rhodes, Chartered Accountants have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). The external auditors have confirmed that their firm is in compliance with the International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP. The external auditors have not been appointed to provide other services except in accordance with the relevant Regulations and they have confirmed that they have observed IFAC guidelines in this respect.

The external auditors attended such Audit Committee meetings in which audited / reviewed financial statements of the Company were considered by the Audit Committee. The auditors have confirmed that they have no issue of independence and they have already reported all their concerns in their letters to the Board and management.

The Board has recommended the appointment of BDO Ebrahim & Co., Chartered Accountants, as auditors of the Company for the year 2024 in place of retiring auditors EY Ford Rhodes, Chartered Accountants, on the recommendation of Audit Committee. EY Ford Rhodes has not consented to act as auditors for the year 2024 as they are consolidating and restructuring their Audit practices and focusing on EY global clients operating in Pakistan.

### Employees' Retirement Benefits

The Company operates defined contribution plan for its permanent employees through either one of the following ways:

- a recognized provident fund; or
- voluntary pension schemes managed by Atlas Asset Management Limited, an associated entity, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.
- The newly appointed employees are offered voluntary pension schemes only. However, employees who are members of provident fund trust have the option to opt either of the two above mentioned defined contribution plans.

The Company also operates a non-contributory gratuity fund scheme for its management employees.

The value of investment, based on their respective accounts is as follows:

**Provident Fund** Rs. 50.793 million (as at December 31, 2023)

#### Gratuity Fund

Management Staff Rs. 69.283 million (as at June 30, 2023)  
Non-Management Staff Rs. 28.337 million (as at December 31, 2023)

## Compliance with the Code of Corporate Governance

The Directors confirm the compliance of the requirements of the Code of Corporate Governance relevant to the year ended December 31, 2023. Separate statements to these effects are annexed.

## Liquidity Management

During the year Rs. 589.7 million (2022: Rs. 828.7 million) were generated from operating activities which were utilized in investment activities and payment of dividends to the shareholders. The Company prudently manages liquidity to ensure its ability to meet its contractual obligations more efficiently.

## Statement of Directors' Responsibilities

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed by the Board considering the Company's overall objectives. The Board is committed to maintain high standards of good corporate governance. The Company has followed the provisions set out by the SECP and the Listing Rules of the PSX

### Financial Statements

The financial statements prepared by the management of the Company fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

### Books of Account

The Company has maintained proper books of account.

### Accounting Policies

Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

### International Accounting Standards

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

### Internal Control System

The system of internal control is sound in design and has been effectively implemented and monitored.

### Going Concern

There is no doubt about the company's ability to continue as a going concern.

### Operating and Financial Data

Operating and financial data and key ratios of the Company for the last six years are annexed.

### Best Practices of Corporate Governance

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

### Taxes and Levies

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

## Related Party Transactions

Related party transactions are placed before the Audit Committee. These transactions are reviewed / recommended by the Audit Committee and approved by the Board on quarterly basis. Details of related party transactions are disclosed in note 34 of the financial statements and note 30 of the Window Takaful Operation financial statements.

## Pattern of Shareholding

The pattern of shareholding of the Company is annexed.

## Code of Conduct

The Company has prepared a 'Code of Conduct', which has been approved by the Board. This Code has been disseminated throughout the Company.

The basic philosophy underlying this Code is to conduct business operations with honesty, integrity and openness, and with respect for human rights and the interests of the employees. The Company respects the legitimate interest of all those with whom it has a relationship - government, employees, clients, shareholders and society. The Code has been placed on the Company's website.

Compliance with this Code is an essential element in business savvy. The Board is responsible for ensuring that the Code is communicated to and understood and observed by all the employees. Day-to-day responsibility is delegated to the senior management for implementing this Code.

## Compliance with Secretarial Practices

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under the Code of Corporate Governance for Insurers, 2016, as part of the annual return certifying that the secretarial and corporate requirements of the Companies Act, 2017 and Listing Regulations have been complied with.

## Material Changes

There have been no material changes since December 31, 2023, to the date of the report and the Company has not entered any commitment during this period, which would have any adverse impact on the financial position of the Company.

## Board Performance Evaluation

The Board has developed a mechanism to evaluate its own performance by adopting a self-evaluation methodology through a questionnaire, which covers core areas of the functioning of the Board. The primary purpose of this evaluation is to enable the Board to assess its own quality of governance, which enables the Board members to play a more effective role in the progress of the Company.

## Safeguarding of Records

The Company emphasizes storage and safe custody of its financial records. The Company is using the oracle-based GIS system for recording its financial information. Access to electronic documentation has been ensured through implementation of comprehensive password protected authorization matrix.

## Market Share Information

As per statistics compiled by the Insurance Association of Pakistan (IAP) for non-life insurance companies for the year ended December 31, 2022, the market share of the Company was 3.66%. Status for the year 2023 will be known once statistics of all the companies are compiled by the IAP.

## Directors Training Programs

Four directors have successfully completed Directors Training Program (DTP). Three directors possess the minimum qualification and experience criteria for the exemption of DTP as stipulated in the Code of Corporate Governance.

## Whistle Blowing Policy

Statement on Whistle Blowing Policy is annexed to this report.

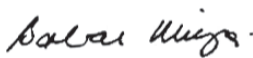
## Communication

Communication with the shareholders is given a high priority. Annual reports are circulated to the members and half yearly and quarterly reports are placed on Company's website within the time specified by the Companies Act, 2017. The Company also has a web site, [www.ail.atlas.pk](http://www.ail.atlas.pk), which contains up-to-date information on the Company's activities and financial reports.

## Outstanding Statutory Payments

All outstanding payments are of a normal and routine nature.

For and on behalf of the Board of Directors



**Babar Mahmood Mirza**  
Chief Executive



**Ali H. Shirazi**  
Director

Lahore: February 27, 2024



## بورڈ کی کارکردگی کی تشخیص

بورڈ نے بذریعہ سوانامہ خود تشخیصی کے اصولوں کو اپناتے ہوئے اپنی کارکردگی کی جانچ کا طریقہ کار مرتب کیا ہے، جس میں بورڈ کے عمل درآمد کے بنیادی شعبوں کا احاطہ کیا گیا ہے اس تشخیص کا بنیادی مقصد بورڈ کا اپنی گورننس کے معیار کا جائزہ لینا ہے جس کے ذریعے بورڈ اراکین کمپنی کی ترقی میں زیادہ موثر کردار ادا کر سکتے ہیں۔

## ریکارڈز کی حفاظت

کمپنی اپنے ریکارڈز کی حفاظت تحویل پر یقین رکھتی ہے۔ کمپنی اپنی مالی معلومات Oracle پروگرام کے ذریعے GIS نظام پر مرتب کرتی ہے اور الیکٹرانک دستاویز تک رسائی کے لئے جامع پاس ورڈ سے محفوظ کردہ میٹرکس استعمال کرتی ہے۔

## مارکیٹ شیئر کی معلومات

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے انشورنس ایسوسی ایشن آف پاکستان (IAP) کے اعداد و شمار کے مطابق نان لائف انشورنس کمپنیوں میں آئی کمپنی کا حصہ 3.66 فیصد تھا۔ سال 2023 کی صورتحال اس وقت واضح ہوگی جب IAP کی جانب سے اعداد و شمار جاری کیے جائیں گے۔

## ڈائریکٹرز ٹریننگ پروگرام

چار ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام (DTP) مکمل کر لیا ہے جبکہ تین ڈائریکٹرز کو کوڈ آف کارپوریٹ گورننس میں مقرر کردہ تعلیم اور تجربے کے معیار کی بنیاد پر DTP سے استثنیٰ حاصل ہے۔

## Whistle Blowing پالیسی

Whistle Blowing پالیسی سے متعلق بیان اس رپورٹ کے ساتھ منسلک ہے۔

## بات چیت

حصص داران کو مطلع کرنا کمپنی کی اولین ترجیح ہے۔ سالانہ رپورٹس اراکین کو بذریعہ ڈاک ارسال کی جاتی ہیں اور کمپنیز ایکٹ 2017 کے ضابطہ کے متعینہ عرصہ کے دوران ششماہی اور سہ ماہی رپورٹس کمپنی کی ویب سائٹ پر اپ لوڈ کر دی جاتی ہیں۔ کمپنی کی ویب سائٹ [www.ail.atlas.pk](http://www.ail.atlas.pk) ہے جس میں کمپنی کے کاروباری امور کی تازہ ترین معلومات بشمول مالیاتی رپورٹس دستیاب ہیں۔

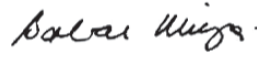
## واجب الادا قانونی ادائیگیاں

تمام واجب الادا قومی معمول کے مطابق ہیں۔

منجانب بورڈ آف ڈائریکٹرز



علی امجد شیرازی  
ڈائریکٹر



بابر محمود مرزا  
چیف ایگزیکٹو

لاہور: 27 فروری 2024

## ڈائریکٹری کی ذمہ داریوں کی تفصیلات

بورڈ یا قائدگی سے کمپنی کی حکمت عملی کا جائزہ لیتا ہے۔ چیف ایگزیکٹو سٹاف یا منصف اور کاروبار کی کارکردگی کے اہداف کو مرتب کرتا ہے اور کمپنی کے مجموعی مقاصد کی روشنی میں بورڈ اس کا جائزہ لیتا ہے۔ بورڈ کمپنی کی اعلیٰ کارپوریٹ گورننس کے معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ کمپنی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹاک ایکسچینج کے مرتب کردہ قوانین کے تحت کاربند رہتی ہے۔

## مالی تفصیلات

کمپنی کی انتظامیہ کی جانب سے مرتب کردہ مالی تفصیلات، کام کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو درست انداز میں پیش کیا جاتا ہے۔

## اکاؤنٹس کی کتب

کمپنی نے ایکاؤنٹس کی درست کتب مرتب کی ہیں۔

## حساب داری پالیسیاں

مالی تفصیلات اور ہفتہ تہہ تہہ کی کتب مرتب کرنے کے لئے مناسب حساب داری پالیسیوں کا تسلسل سے اطلاق کیا جاتا ہے جو کہ مناسب اور ضابطہ فیصلوں پر مشتمل ہیں۔

## بین الاقوامی حساب داری معیار

مالی تفصیلات کو مرتب کرنے کے لئے بین الاقوامی حساب داری معیار، جو کہ پاکستان میں لاگو ہیں، ان کو مدنظر رکھا جاتا ہے۔

## اندرونی کنٹرول کا نظام

اندرونی کنٹرول کا نظام عمدہ ہے اور اس کو موثر طریقے سے لاگو کیا جاتا ہے اور نگرانی کی جاتی ہے۔

## جاری کاروباری خدشات

کاروبار جاری رکھنے کے لئے کمپنی کی صلاحیتوں میں کوئی شک نہیں۔

## آپریٹنگ اور مالی اعداد و شمار

کمپنی کے گزشتہ چھ سالوں کے کلیدی تناسب، آپریٹنگ اور مالی اعداد و شمار اس رپورٹ کے ساتھ منسلک ہیں۔

## کارپوریٹ گورننس پر اعلیٰ عمل درآمد

کارپوریٹ گورننس پر اعلیٰ عمل درآمد میں کسی قسم کا شک نہیں ہے۔

## نیکس اور محصولات

مالی تفصیلات کے نوٹس میں نیکس اور محصولات کی معلومات درج ہیں۔

## متعلقہ پارٹیز سے لین دین

تمام متعلقہ پارٹیز سے لین دین کی تفصیلات آڈٹ کمیٹی کے اجلاسوں میں جائزے اور سفارشات کے لیے پیش کی جاتی ہیں اور سدہ مابنی بنیادوں پر بورڈ آف ڈائریکٹرز کی طرف سے منظوری دی جاتی ہے۔ متعلقہ پارٹیز سے لین دین کی تفصیلات مالی تفصیلات کے نوٹ نمبر 34 اور نوٹ وٹکا فٹل آپریٹنگ مالی تفصیلات کے نوٹ نمبر 30 پر درج ہیں۔

## پیٹرن آف شیئر ہولڈنگ

پیٹرن آف شیئر ہولڈنگ منسلک ہے۔

## ضابطہ اخلاق

کمپنی نے بورڈ آف ڈائریکٹرز سے منظور شدہ ایک ضابطہ اخلاق مرتب کیا ہے۔ جس کی آگاہی کمپنی بھر میں کی گئی ہے۔ اس ضابطہ کا بنیادی مقصد کاروباری معاملات کو دیانت داری اور کشادگی سے چلانا ہے تاکہ ملازمین کے مفادات اور انسانی حقوق کا تحفظ کیا جاسکے۔ کمپنی ان لوگوں کے تمام جائز مفادات کا احترام کرتی ہے جن کا تعلق حکومت، ملازمین، گاہک، حصص داران اور معاشرے سے ہے۔ کمپنی کی ویب سائٹ پر یہ ضابطہ اخلاق موجود ہے۔ کاروبار کو چلانے کے لئے یہ ضابطہ اخلاق بہت اہمیت کا حامل ہے۔ اس ضابطہ کو مناسب طریقے سے ملازمین کو سمجھا یا گیا ہے اور اس پر عمل درآمد کیا جا رہا ہے۔ اس ضابطہ پر عمل درآمد کے لیے اعلیٰ انتظامیہ اپنی ذمہ داریاں نبھاتی ہے۔

## سیکرٹری عمل داری کی تعمیل

کمپنی سیکریٹری نے انشور کے لیے کوڈ آف کارپوریٹ گورننس 2016 کے تحت مجوزہ شکل میں سیکریٹریل کمپلائنس سرٹیفکیٹ جاری کیا ہے جس میں اس بات کی تصدیق کی گئی ہے کہ کمپنی ایکٹ 2017 اور سٹیک رگولیشنز کی سیکریٹریل اور کارپوریٹ تقاضوں کے تحت تعمیل کی گئی ہے۔

## مادی تبدیلیاں

31 دسمبر 2023ء سے لے کر اب تک کوئی بڑی مادی تبدیلی نہیں ہوئی ہے اور اس عرصے کے دوران کمپنی نے کوئی ایسا معاہدہ نہیں کیا ہے جس سے کمپنی کی مالی حالت میں کوئی بڑی تبدیلی واقع ہوئی ہو۔

(روپے ہزاروں میں)

ٹوٹل	انتظامی معاوضہ	اجلاس میں شرکت کی فیس	ڈائریکٹرز	سیریل نمبر
-	-	-	جناب افتخار ایچ شیرازی	1
-	-	-	جناب علی ایچ شیرازی	2
-	-	-	جناب فراہیم علی خان	3
1,350	-	1,350	جناب حسن رضا الرحیم	4
1,250	-	1,250	جناب محمد حبیب الرحمان	5
1,250	-	1,250	محترمہ روجی رئیس خان	6
62,214	62,214	-	جناب بابر محمود مرزا	7

### انٹرنل آڈٹ

کمپنی میں خود مختار انٹرنل آڈٹ کا باضابطہ طریقہ کار موجود ہے۔ بورڈ کی آڈٹ کمیٹی سہ ماہی بنیادوں پر اس کی موزونیت، اور طریقہ کار کے اختیار کا جائزہ لیتی ہے۔ بورڈ آڈٹ کمیٹی سالانہ اور سہ ماہی تشخیص پر مبنی آڈٹ پلان کی منظوری دیتی ہے۔ انٹرنل آڈٹ فنکشن باضابطہ طریقہ کار کے مطابق مالیاتی، آپریشنل اور کنٹرولنگ کی تعمیل کا جائزہ لیتا ہے اور بورڈ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔

### صحت، تحفظ اور ماحول

ہم صحت، تحفظ اور ماحول کے اعلیٰ معیار کو برقرار رکھنے پر پختہ یقین رکھتے ہیں تاکہ اپنے ساتھ کام کرنے والے لوگوں اور جہاں ہم کام کو انجام دیتے ہیں ان کی طبیعت کی فلاح و بہبود کو یقینی بنا سکیں۔

### ویلیو ایڈیشن کا اسٹیمٹ اور رسک مینجمنٹ

ویلیو ایڈیشن کا اسٹیمٹ بعد ڈسٹری بیوشن اور رسک مینجمنٹ رپورٹ کے ساتھ منسلک ہے۔

### بیرونی آڈیٹرز

موجودہ پرنٹل کنٹنڈ میسرز ای وائی فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول پروگرام کے تحت تہی بخش درجہ بندی دی گئی ہے۔ بیرونی آڈیٹرز نے واضح کیا ہے کہ ان کا ادارہ انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی ہدایات اور ICAP کے مرجعہ اقدار کے مطابق کام کر رہی ہے۔ بیرونی آڈیٹرز کو متعلقہ ریگولیشنز میں موجود خدمات کے علاوہ کوئی اور خدمات فراہم کرنے کے لئے مقرر نہیں کیا گیا ہے۔ اور اس ضمن میں انہوں نے تصدیق کی کہ ان کا ادارہ IFAC کے ہدایات پر عمل درآمد کر رہا ہے۔

بیرونی پرنٹل کنٹنگان نے ان آڈٹ کمیٹی کے اجلاس میں شرکت کی جن میں آڈٹ کمیٹی کی جانب سے پرنٹل شدہ / نظر ثانی شدہ مالی تفصیلات کو زیر غور لایا گیا۔ آڈیٹرز نے تصدیق کی ہے کہ انہیں آزادی کا کوئی مسئلہ نہیں ہے اور انہوں نے اپنے تمام تر خدشات کو بورڈ کو لکھے گئے خطوط میں واضح کر دیا ہے۔

بورڈ نے آڈٹ کمیٹی کی تجویز پر ریٹائر ہونے والے آڈیٹرز EY فورڈ رھوڈز چارٹرڈ اکاؤنٹنٹس کی جگہ بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو سال 2024 کے لئے کمپنی کے آڈیٹرز کے طور پر تعینات کرنے کی سفارش کی ہے۔ EY فورڈ رھوڈز نے سال 2024 کے لئے آڈیٹرز کے طور پر کام کرنے کی رضامندی نہیں دی ہے کیونکہ وہ اپنے آڈٹ کے طریقوں کو مضبوط اور ری ایٹرکچر ہے ہیں اور پاکستان میں کام کرنے والے EY عالمی صارفین پر توجہ مرکوز کر رہے ہیں۔

### ملازمت کی ریٹائرمنٹ کے فوائد

کمپنی اپنے مستقل ملازمین کے لئے ایک منظم تقسیمی منصوبہ پر مندرجہ ذیل میں سے کسی ایک طریقے سے عمل کر رہی ہے۔

• ایک تسلیم شدہ پراویڈنٹ فنڈ؛

• پلس ایسٹ مینجمنٹ لمیٹڈ کی جانب سے رضا کارانہ پنشن سسٹم تو این 2005ء کے تحت رضا کارانہ پنشن اسکیم ہے۔ یعنی پلس پینشن فنڈ اور پلس پینشن اسلامک فنڈ

• نو منتخب ملازمین کو رضا کارانہ پنشن اسکیم پیش کی جاتی ہے۔ تاہم جو ملازمین پراویڈنٹ فنڈ سٹراٹجی کا حصہ ہیں انہیں مندرجہ بالا دو تقسیمی منصوبوں میں سے کسی ایک کو منتخب کرنے کا اختیار ہے۔

کمپنی نے اپنے انتظامی ملازمین کے لئے غیر تقسیمی گریجویٹ فنڈ اسکیم بھی اپریٹ کرتی ہے۔

سرماہ کاری کی مالیت، ان کے متعلقہ کھاتہ داری کے مطابق مندرجہ ذیل ہیں:

پراویڈنٹ فنڈ 50.793 ملین روپے (31 دسمبر 2023 تک)

گریجویٹ فنڈ

برائے مینجمنٹ اسٹاف 69.283 ملین روپے (30 جون 2023 تک)

برائے نان مینجمنٹ اسٹاف 28.337 ملین روپے (31 دسمبر 2022 تک)

### کوڈ آف کارپوریٹ گورننس کی تعمیل

ڈائریکٹرز نے 31 دسمبر 2023 کو اختتام پذیر سال سے متعلقہ کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کی تصدیق کی ہے۔ ان بیانات کو علیحدہ طور پر منسلک کیا گیا ہے۔

### لیکویڈیٹی انتظامات

سال کے دوران آپریشنز کی کارروائیوں سے 589.7 ملین روپے (2022ء میں 828.7 ملین روپے) حاصل کئے گئے جو کہ حصص داران کو ڈیویڈنڈ دینے کے لئے استعمال کئے گئے۔ کمپنی لیکویڈیٹی کو احتیاط سے اپنی معاہدے کی ذمہ داریوں کو نبھانے کے لئے استعمال کرتی ہے۔



اخلاقی، ہیومن ریسورس اور مشاہرے کی کمیٹی:

نام	کیٹیگری
محترمہ رومی رئیس خان	چیئر پرسن
جناب علی ایچ شیرازی	ممبر
جناب فراہیم علی خان	ممبر
جناب بابر محمود مرزا	ممبر
محترمہ قدسیہ ناہید	سیکرٹری

سرمایہ کاری کمیٹی:

نام	کیٹیگری
جناب علی ایچ شیرازی	چیئر پرسن
جناب فراہیم علی خان	ممبر
جناب محمد حبیب الرحمان	ممبر
جناب بابر محمود مرزا	ممبر
جناب محمد عامر گل	ممبر
جناب محمد افضل	سیکرٹری

سال کے دوران بورڈ کے سات (7) اور آڈٹ کمیٹی کے چار (4) اجلاس منعقد کیے گئے۔ ہر ڈائریکٹر/رکن کی حاضری مندرجہ ذیل ہے۔

سیریل نمبر	ڈائریکٹرز	سٹڈ کمپینز میں ڈائریکٹر شپ بشمول ایٹس انشورنس	اجلاس میں حاضری	
			بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی
1	جناب افتخار ایچ شیرازی	1	7/7	N/A
2	جناب علی ایچ شیرازی	5	7/7	4/4
3	جناب فراہیم علی خان	1	7/7	4/4
4	جناب حسن رضا الرحیم	2	7/7	4/4
5	جناب محمد حبیب الرحمان	1	7/7	N/A
6	محترمہ رومی رئیس خان	1	7/7	N/A
7	جناب بابر محمود مرزا	1	7/7	N/A

بورڈ آف ڈائریکٹرز کے ہر اجلاس سے پہلے کمیٹی کی جانب سے ایک بندہ عرضہ متعین کیا جاتا ہے، جس کے دوران ڈائریکٹرز، CEO، کمیٹی کے ایگزیکٹوز اور ان کی شریک حیات کے لیے کمیٹی کے حصص کی لین دین بل واسطہ یا بلا واسطہ طور پر ممنوع قرار دے دی جاتی ہے۔ بورڈ نے ایگزیکٹوز کی حیثیت کا تعین کر رکھا ہے۔ جس کی بناء پر ان پر کمیٹی کے حصص کی لین دین کو افشاء کرنے کی اضافی انضباطی ضروریات کے مطابق عمل کرنا ضروری ہے۔

سال کے دوران ڈائریکٹرز، CEO، CFO، کمیٹی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں کی جانب سے کمیٹی کے حصص کی کوئی لین دین سامنے نہیں آیا، سوائے اس لین دین کے جو کہ شیئر ہولڈنگ کے پیٹرن میں ظاہر کیا گیا ہے۔

ہولڈنگ کمیٹی

شیرازی انویسٹمنٹ پرائیویٹ لمیٹڈ 75.33% شیئرز کے ساتھ ٹلس انشورنس لمیٹڈ کی ہولڈنگ کمیٹی ہے۔

ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کا مشاہرہ بورڈ کی جانب سے منظور کیا جاتا ہے تاہم، کوئی ڈائریکٹر اپنا مشاہرہ طے کرنے میں حصہ نہیں لیتا ہے۔ کمیٹی آزاد ڈائریکٹرز کو اجلاس میں شرکت کی فیس کے علاوہ کسی نان ایگزیکٹوز ڈائریکٹر کو معاوضے کی ادائیگی نہیں کرتی۔ کمیٹی کے مشاہرے کی پالیسی موجودہ صنعتی رجحانات اور کاروباری امور کی انجام دہی پر منحصر ہے۔ ڈائریکٹرز کو معاوضے کی ادائیگی کی تفصیلات نوٹ 32 میں ظاہر کی گئی ہیں۔ سال 2023 کے دوران کمیٹی کے ڈائریکٹرز اور سی ای او کو ادا کیے گئے معاوضے کی تفصیلات مندرجہ ذیل ہیں:

# ڈائریکٹرز کی جانب سے رپورٹ

آپ کی کمپنی کے ڈائریکٹرز مسرت کے ساتھ 31 دسمبر 2023 کو اختتام پذیر ہونے والے سال کے لئے پڑتال شدہ مالی تفصیلات، پڑتال کنندگان کی رپورٹ سمیت پیش کر رہے ہیں۔ ڈائریکٹرز رپورٹ کمپنیز ایکٹ 2017 کے سیکشن 227 اور کوڈ آف کارپوریٹ گورننس برائے انشوررز 2016 کی شق (xxvi) کے مطابق تیار کی گئی ہے جو کہ 15 اپریل 2024 کو منعقدہ کمپنی کے 89 ویں سالانہ اجلاس عام میں ارکان کو پیش کی جائے گی۔

مالی نتائج

31 دسمبر 2023 کو اختتام پذیر سال میں کمپنی کی مجموعی کارکردگی درج ذیل ہے۔

2023	2022	
(روپے ہزاروں میں)		
5,862,022	4,697,393	گروس پریمیم
650,224	536,090	وٹڈ وٹھافل آپریشنز سے مجموعی زرتعاون
1,822,621	1,095,627	قبل از ٹیکس منافع
(815,454)	(376,313)	انکم ٹیکس کے اخراجات
1,007,167	719,314	سال کا بعد از ٹیکس منافع
14,728	12,608	آگے لایا گیا ناقف شدہ منافع
1,021,895	731,922	موجودہ منافع برائے وقف شدہ
		وقف بجانب
160,309	(63,500)	عمومی ذخائر کو منتقل کردہ
(149,416)	(233,462)	عبوری نقد منافع 16% (2022: 25%)
(448,247)	(420,232)	مجوزہ جتنی نقد ڈیویڈنڈ 30% (2022: @45%)
(560,309)	-	عبوری بونس حصص 60% (2022: Nil)
(997,663)	(717,194)	
24,232	14,728	آگے بھیجا گیا غیر وقف شدہ بقایا

ڈائریکٹرز نے 31 دسمبر 2023 کو ختم ہونے والے سال کے لئے فی شیئر 3 روپے فائل کیش ڈیویڈنڈ یعنی 30% کی تجویز کی ہے۔ یہ سال 2023 کے دوران تقسیم شدہ عبوری ڈیویڈنڈ 16 فیصد کے علاوہ ہے۔ مالی بیانات کمپنیز ایکٹ 2017 کی قیام میں مجوزہ جتنی ادا ٹیکسوں کے اختصاص کی عکاسی نہیں کرتے ہیں۔

## فی حصص آمدنی

سال 2023 میں بعد از ٹیکس ادا ٹیکس فی حصص آمدنی سال 2022 کے 4.81 روپے (دوبارہ بیان کردہ) کے مقابلے میں 6.74 روپے رہی۔

چیز میں کی جانب سے تجزیہ

31 دسمبر 2023 کو اختتام پذیر سال کے لئے اور مستقبل کے امکانات کے لئے کمپنی کی کارکردگی پر سالانہ رپورٹ میں چیز میں کا تجزیہ شامل کیا گیا ہے۔ ڈائریکٹرز تجزیے کے مندرجات سے متفق ہیں۔

## بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز 17 افراد پر مشتمل ہیں، جن کے پاس کمپنی کو نگرانی اور حکمت عملی کی رہنمائی دینے کا علم، مہارت اور تجربہ ہے۔ چیف ایگزیکٹو آفیسر کے علاوہ تمام ڈائریکٹرز نان ایگزیکٹو ڈائریکٹرز ہیں بشمول دو (2) ڈائریکٹرز کے جو کہ آزاد ڈائریکٹرز بھی ہیں اور ان میں سے ایک خاتون ڈائریکٹر ہیں۔ بورڈ کا کوئی بھی ڈائریکٹر 7 سے زیادہ لگڈ کمپنیوں بشمول اس کمپنی کے ڈائریکٹر نہیں ہے۔ تمام ڈائریکٹرز متعدد شعبہ جات / پیشوں کی نمائندگی کرتے ہیں اور متعدد کاروباری معمولات سے نمٹنے کے لئے تمام ضروری مہارتوں اور مفاہمتوں سے واقف ہیں اور انتظامی کارکردگی کے جائزے کی صلاحیت رکھتے ہیں۔

بورڈ نے مندرجہ ذیل ذیلی کمیٹیاں تشکیل دی ہیں:

آڈٹ کمیٹی:

نام	کمیٹی
جناب حسن رضا الرحیم	چیئر مین
جناب علی ایچ شیرازی	ممبر
جناب فراہم علی خان	ممبر
جناب محمد افضل	سیکرٹری

# Distribution of Shareholding in Central Depository Company of Pakistan Ltd.

As at December 31, 2023

# Pattern of Shareholding

As at December 31, 2023

Number of shareholders	Shareholding		Shares held
	From	To	
198	1	100	3,792
105	101	500	30,678
92	501	1000	75,544
253	1001	5000	640,413
103	5001	10000	758,538
56	10001	15000	698,147
29	15001	20000	512,631
15	20001	25000	334,960
16	25001	30000	436,223
11	30001	35000	344,736
15	35001	40000	576,584
3	40001	45000	132,120
3	45001	50000	147,926
4	50001	55000	215,110
7	55001	60000	395,807
5	60001	65000	315,103
3	65001	70000	203,148
4	70001	75000	282,884
2	75001	80000	157,620
1	80001	85000	80,924
2	85001	90000	173,480
3	90001	95000	275,780
2	100001	105000	204,033
1	105001	110000	105,518
1	110001	115000	112,500
2	120001	125000	246,942
1	125001	130000	128,019
2	130001	135000	265,127
2	135001	140000	279,581
1	140001	145000	142,208
2	145001	150000	292,549
1	150001	155000	154,001
2	155001	160000	317,000
4	165001	170000	670,819
2	170001	175000	343,680
1	175001	180000	176,756
1	185001	190000	188,320
1	195001	200000	197,339
1	205001	210000	205,641
1	240001	245000	242,124
1	245001	250000	248,160
1	290001	295000	290,400
1	295001	300000	300,000
1	300001	305000	302,720
1	330001	335000	332,000
1	335001	340000	335,148
1	340001	345000	340,736
1	345001	350000	350,000
1	360001	365000	362,032
1	520001	525000	525,000
1	555001	560000	557,931
1	775001	780000	777,304
1	835001	840000	839,062
1	965001	970000	970,000
1	995001	1000000	1,000,000
1	1300001	1305000	1,300,688
1	2890001	2895000	2,892,745
1	4105001	4110000	4,109,777
1	4210001	4215000	4,214,294
1	112550001	112555000	112,553,825
<u>978</u>			<u>143,666,127</u>

Number of shareholders	Shareholding		Shares held
	From	To	
236	1	100	4,437
149	101	500	43,422
110	501	1000	88,998
288	1001	5000	730,342
138	5001	10000	983,598
80	10001	15000	1,001,804
38	15001	20000	671,549
23	20001	25000	525,523
26	25001	30000	723,392
21	30001	35000	666,019
18	35001	40000	693,264
5	40001	45000	216,454
3	45001	50000	147,926
5	50001	55000	269,279
13	55001	60000	752,447
5	60001	65000	315,103
8	65001	70000	534,538
5	70001	75000	353,748
3	75001	80000	237,256
1	80001	85000	80,924
3	85001	90000	258,664
4	90001	95000	367,840
1	95001	100000	96,784
3	100001	105000	304,359
1	105001	110000	105,518
1	110001	115000	112,500
2	115001	120000	238,584
2	120001	125000	246,942
1	125001	130000	128,019
2	130001	135000	265,127
1	135001	140000	279,581
3	140001	145000	397,296
2	145001	150000	279,581
1	150001	155000	142,208
3	155001	160000	441,720
1	165001	170000	154,001
2	170001	175000	317,000
1	175001	180000	164,568
4	185001	190000	670,819
3	195001	200000	517,718
1	205001	210000	176,756
1	185001	190000	188,320
1	195001	200000	197,339
1	205001	210000	205,641
1	240001	245000	242,124
2	245001	250000	497,062
1	275001	280000	277,998
1	290001	295000	290,400
3	295001	300000	897,372
1	300001	305000	302,720
1	315001	320000	318,739
1	330001	335000	332,000
1	335001	340000	335,148
1	340001	345000	340,736
1	345001	350000	350,000
1	360001	365000	362,032
1	375001	380000	376,518
1	520001	525000	525,000
1	555001	560000	557,931
1	775001	780000	777,304
1	835001	840000	839,062
1	965001	970000	970,000
1	995001	1000000	1,000,000
1	1300001	1305000	1,300,688
1	2890001	2895000	2,892,745
1	4105001	4110000	4,109,777
1	4210001	4215000	4,214,294
1	112550001	112555000	112,553,825
<u>1,244</u>			<u>149,415,675</u>

The slabs representing NIL holding have been omitted.

Categories of shareholders	Number of shareholders	Number of shares held	Percentage of shares held
Directors, CEO their spouse and minor children	8	69,024	0.05%
Associated Companies, undertakings & related parties	3	116,663,603	78.08%
NIT and IDBP	1	164	0.00%
Banks, DFIs & NBFIs	1	839,062	0.56%
Insurance Companies	1	340,736	0.23%
Public Sector Companies & Corporations	1	4,214,294	2.82%
* Shareholders holding 5% or more voting interest in the Company	1	112,553,825	75.33%
Individuals	1,211	24,162,807	16.17%
Others:			
Joins Stock Companies	13	93,907	0.06%
Others	5	3,032,078	2.03%
Total	<u>1,244</u>	<u>149,415,675</u>	<u>100.00%</u>

\* Shareholders having 5% or more voting interest in the Company exist in Associated Companies, therefore, not included in the total.



# Pattern of Shareholding as at December 31, 2023

## Information required under the Code of Corporate Governance

Categories of shareholders	Number of shareholders	Shares held	Percentage
<b>Associated Companies, Undertakings and Related Parties (Name Wise Detail)</b>			
Shirazi Investments (Pvt) Limited	1	112,553,825	75.33%
Atlas Foundation	1	4,109,777	2.75%
Iftikhar Shirazi Family Trust	1	1	0.00%
NIT and ICP			
IDBP - (ICP Unit)	1	164	0.00%
<b>Director, Chief Executive and their spouse and minor children</b>			
Mr. Iftikhar H. Shirazi	1	1	0.00%
Mr. Ali H. Shirazi	1	1,065	0.00%
Mr. Frahim Ali Khan	1	1	0.00%
Mr. Hasan Reza ur Rahim	1	176	0.00%
Mr. M. Habib-ur-Rahman	1	9,680	0.01%
Mrs. Roohi Raees Khan	1	1	0.00%
Mr. Babar Mahmood Mirza	1	20	0.00%
Mrs. Sabiha Frahim	1	58,080	0.04%
<b>Executives</b>	2	118,388	0.08%
<b>Public Sector Companies &amp; Corporation</b>			
State Life Insurance Corporation of Pakistan	1	4,214,294	2.82%
<b>Banks, Development Finance Institutions Non-Banking Financial Institutions Insurance Companies, Modarabas and Mutual Funds</b>			
Habib Insurance Company	1	340,736	0.23%
National Bank of Pakistan	1	839,062	0.56%
* Shareholders holding 5% or more voting interest	1	112,553,825	75.33%
Individuals	1,209	24,044,419	16.09%
<b>Others</b>	18	3,125,985	2.09%
	<u>1,244</u>	<u>149,415,675</u>	<u>100.00%</u>

\* Shareholders having 5% or more voting interest in the Company exist in Associated Companies, therefore not included in the total.

No transaction was reported in shares of the Company by the Directors, CEO, CFO, Company Secretary and their spouses during the year.

# Statement of Compliance with

## a) The Code of Corporate Governance for Insurers, 2016

## b) Listed Companies (Code of Corporate Governance) Regulations, 2019

### For the year ended December 31, 2023

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) and Listed Companies (Code of Corporate Governance) Regulations, 2019, (the Regulations) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors (the Board). Total number of Directors are seven as per the following:

Male	Six
Female	One

#### At present the Board includes:

Category	Names
Independent Director	Mr. Hasan Reza ur Rahim
Independent Female Director	Mrs. Roohi Raees Khan
Non-Executive Directors	Mr. Iftikhar H. Shirazi
	Mr. Ali H. Shirazi
	Mr. Frahim Ali Khan
	Mr. M. Habib-ur-Rahman
Executive Director	Mr. Babar Mahmood Mirza

The Board comprises of seven (7) elected Directors and one-third works out to be 2.33. Presently, two (2) independent Directors were elected by the shareholders in terms of Section 166 of the Companies Act, 2017, which have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently as per laws and regulations under which, hereby, fulfill the requirements; not warrant the appointment of a third independent Director. All independent Directors meet the criteria of independence as laid down under the Code.

2. The Directors have confirmed that none of them is serving as Director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company which includes Directors and employees along with its supporting policies and procedures.
6. 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.
7. All powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these Regulations. Decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and the key officers, have been taken by the Board.
8. 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 met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of meeting were appropriately recorded and circulated. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
10. Four Directors have successfully completed Directors Training Program (DTP). Three Directors possess the minimum qualification and experience criteria for exemption of DTP as stipulated in the Code of Corporate Governance.

11. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of these Regulations.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed the following Management Committees:

**Underwriting, Reinsurance & Co-insurance Committee:**

<b>Names</b>	<b>Category</b>
Mr. Ali H. Shirazi	Chairman
Mr. Babar Mahmood Mirza	Member
Mr. Rashid Amin	Member
Syed Nasir Hussain	Member
Syed Irtiza Kazmi	Secretary

**Claims Settlement Committee:**

<b>Names</b>	<b>Category</b>
Mr. Frahim Ali H. Khan	Chairman
Mr. Babar Mahmood Mirza	Member
Mr. Muhammad Aasim Gul	Member
Mr. Muhammad Saeed	Member
Mr. Athar Maqsood Paracha	Secretary

**Risk Management & Compliance Committee:**

<b>Names</b>	<b>Category</b>
Mr. Babar Mahmood Mirza	Chairman
Mr. Muhammad Aasim Gul	Member
Mr. Rashid Amin	Member
Mr. Muhammad Saeed	Member
Mr. Athar Maqsood Paracha	Secretary

**Information Technology (IT) Committee:**

<b>Names</b>	<b>Category</b>
Mr. Babar Mahmood Mirza	Chairman
Mr. Rashid Amin	Member
Mr. Muhammad Saeed	Member
Mr. Abdul Razzaq Ghauri	Member
Mr. Wasim Ahmed	Secretary

17. As provided in Clause (xl) of the Code, it is at the discretion of the Board to form a Nomination Committee, however, in case no Nomination Committee is formed, the Board shall discharge all the responsibilities of the Nomination Committee as laid down under Clause (xlii) of the Code, or such responsibilities may additionally be assigned to the Ethics, Human Resource & Remuneration Committee, and as such the Board has not formed any Nomination Committee and is discharging all the responsibilities of the Nomination Committee.



The Board has formed the following Board Committees:

**Ethics, Human Resource & Remuneration Committee:**

Names	Category
Mrs. Roohi Raees Khan	Chairperson
Mr. Ali H. Shirazi	Member
Mr. Frahim Ali Khan	Member
Mr. Babar Mahmood Mirza	Member
Ms. Qudsia Naheed	Secretary

**Investment Committee:**

Names	Category
Mr. Ali H. Shirazi	Chairman
Mr. Frahim Ali Khan	Member
Mr. M. Habib-ur-Rahman	Member
Mr. Babar Mahmood Mirza	Member
Mr. Muhammad Aasim Gul	Member
Mr. Muhammad Afzal	Secretary

18. The Board has formed an Audit Committee. It comprises of three members, of whom one is independent Director and two are non-executive Directors. The Chairman of the Committee is an independent Director. The composition of the Audit Committee is as follows:

Names	Category
Mr. Hasan Reza ur Rahim	Chairman
Mr. Ali H. Shirazi	Member
Mr. Frahim Ali Khan	Member
Mr. Muhammad Afzal	Secretary
Mr. Saleem Mahmood Akhtar	Chief Internal Auditor

19. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code. Three meetings of Ethics, Human Resource and Remuneration Committee were held during the year. The terms of references of the Committees have been formed, documented, and advised to the Committees for compliance.

20. The Board has set up an effective internal audit function, which is considered suitably qualified and experienced for this purpose and is conversant with the policies and procedures of the Company and the internal auditors are involved in the internal audit function on a regular basis.

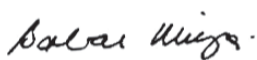
21. The CEO, CFO, Compliance Officer, and the Head of Internal Audit possess such qualification and experience as is required under the Code. The appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance function possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Names	Designation
Mr. Babar Mahmood Mirza	Chief Executive Officer
Mr. Muhammad Aasim Gul	Chief Financial Officer
Mr. Rashid Amin	Compliance Officer
Prima Global Consulting	Actuary
Mr. Muhammad Afzal	Company Secretary
Mr. Saleem Mahmood Akhtar	Head of Internal Audit
Syed Irtiza Kazmi	Head of Underwriting and Risk Management
Mr. Muhammad Saeed	Head of Claims and Grievance
Syed Nasir Hussain	Head of Reinsurance

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accounts of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
23. 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.
24. The actuary appointed by the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.
25. The Board ensures that the appointed Actuary, complies with the requirements set out for him in the Code.
26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code.
27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code.
28. The Company has set up a risk management function, which carries out its tasks as covered under the Code.
29. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by PACRA on August 25, 2023 is 'AA+' with stable outlook.
30. The Board has set up a grievance function, which fully complies with the requirements of the Code.
31. The Company has not obtained any exemption(s) from the SECP in respect of the requirements of the Code.
32. The frequency of meetings of the committees were as per following:
 

a) Audit Committee	04 quarterly meetings
b) Ethics, Human Resource and Remuneration Committee	03 meetings
c) Risk Management & Compliance Committee	04 quarterly meetings
33. The Company has a formal policy and transparent procedure for remuneration of Directors in accordance with the Act and these Regulations.
34. We confirm that all other material principles contained in the Regulations No. 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on behalf of the Board of Directors



**Babar Mahmood Mirza**  
Chief Executive Officer



**Iftikhar H. Shirazi**  
Chairman

Lahore: February 27, 2024



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Chartered Accountants  
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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ATLAS INSURANCE LIMITED

### REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 AND LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Code of Corporate of Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (combined called 'the Code') prepared by the Board of Directors of Atlas Insurance Limited (the Company) for the year ended 31 December 2023 in accordance with the requirements of the Code.

The responsibility for compliance with the Code 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 Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code as applicable to the Company for the year ended 31 December 2023.

EY Ford Rhodes  
Chartered Accountants  
Date: 19 March 2024  
UDIN: CR202310191jRyfr1MGD



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF ATLAS INSURANCE LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Atlas Insurance Limited ('the Company'), which comprise the statement of financial position as at 31 December 2023, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including 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 profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2023 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	<b>Revenue Recognition - Premium Income</b>	
	<p>Refer notes 4.3 and 21 to the financial statements relating to revenue recognition policy and net insurance premium respectively.</p> <p>The Company earns revenue primarily from premium income, which amounts to Rs. 5,342 million (2022: 4,384 million). This income stream comprises of four segments: (i) Fire and property damage (ii) Marine, aviation and transport (iii) Motor and (iv) Miscellaneous.</p> <p>We have identified revenue recognition from premium income as a key audit matter as it is one of the key performance indicators of the Company and hence revenue may not be appropriately recorded.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>• Obtained understanding, evaluated the design and tested the controls over the process of writing, processing and recording of premium;</li> <li>• Assessed the appropriateness of the Company's accounting policy for recording of premium in line with the requirements of applicable law, accounting and reporting standards;</li> <li>• Traced the premium recorded on sample basis from the underlying policies issued to insurance contract holders and applied substantive analytical procedures to corroborate with economic environment and usual policy-writing patterns;</li> <li>• Tested the policies on sample basis where policies were written close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period;</li> <li>• Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities; and</li> <li>• Assessed the appropriateness of disclosures in the financial statements in relation to premium income.</li> </ul>

Sr. No.	Key audit matters	How our audit addressed the key audit matter
2	<p><b>Outstanding claims including IBNR</b></p> <p>As disclosed in notes 4.17 and 22 to the annexed financial statements, the Company's liability relating to outstanding claims including Incurred but not reported (IBNR) aggregating to Rs. 2,421 million (2022: 1,535 million) which represents 29.29% (2022: 26.42%) of its total liabilities at the reporting date.</p> <p>Claims liabilities are recognized on intimation of the insured event based on management judgement and estimation based on the advice of an independent surveyor.</p> <p>Furthermore, the Company also maintains a provision for claims including IBNR based on the advice of an independent actuary. The actuarial valuation process involves significant judgement and the use of actuarial assumptions.</p> <p>Due to the significant judgment and estimation required to determine the obligations relating to outstanding claims including IBNR, we consider it to be a Key Audit Matter.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding and tested relevant controls over the process of capturing, processing and recording of information related to the claims: and recoveries from reinsurance arrangements;</li> <li>• Assessed the appropriateness of the Company's accounting policy for recording of claims in line with the requirements of applicable accounting and reporting standards;</li> <li>• Obtained an understanding of the work performed by the management expert (actuary) for determining provision for claims Incurred But Not Reported and tested underlying data used;</li> <li>• Tested, on sample basis, claims transactions with the underlying documentation to evaluate whether the claims reported are recorded in accordance with the Company's policy and applicable insurance regulations, and assessed the sufficiency of reserving claim liabilities;</li> <li>• Inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and tested on sample basis the recoveries from reinsurers based on their respective arrangements;</li> <li>• Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and</li> <li>• Examined the adequacy of the disclosures made by the Company with regard to applicable 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 misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

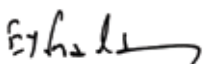
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

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

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

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



**EY Ford Rhodes**

**Chartered Accountants**

**Lahore: 19 March 2024**

**UDIN: AR202310191xoBtdnCAF**

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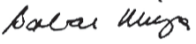
# Statement of Financial Position

As at December 31, 2023

	<u>Note</u>	<u>2023</u> <u>(Rupees in thousand)</u>	<u>2022</u>
<b>Assets</b>			
Property and equipment	5	230,136	221,315
Intangible assets	6	-	-
Investments			
Equity securities	7	5,269,304	4,224,998
Debt securities	8	1,537,296	417,092
Loans and other receivables	9	112,052	66,748
Insurance / reinsurance receivables	10	774,440	539,279
Reinsurance recoveries against outstanding claims	22	1,960,523	1,074,190
Salvage recoveries accrued		7,285	8,085
Retirement benefit assets	16	5,439	-
Deferred commission expense / acquisition cost	23	187,675	144,916
Taxation - payment less provisions		-	37,840
Prepayments	11	1,202,185	862,766
Cash and bank	12	1,544,843	1,553,708
		12,831,178	9,150,937
Total assets of Window Takaful Operations - Operator's fund		449,653	383,206
<b>Total assets</b>		<u>13,280,831</u>	<u>9,534,143</u>
<b>Equity and Liabilities</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary share capital	13	1,494,157	933,848
Reserves	14	2,419,880	2,174,865
Unappropriated profits		856,904	476,479
<b>Total Equity</b>		4,770,941	3,585,192
<b>Liabilities</b>			
<b>Underwriting provisions</b>			
Outstanding claims including IBNR	22	2,421,191	1,535,139
Unearned premium reserves	21	2,067,111	1,547,129
Premium deficiency reserve		3,333	-
Unearned reinsurance commission	23	211,362	190,531
Retirement benefit obligations	16	-	12,857
Deferred taxation	15	956,245	346,370
Premium received in advance		447,465	368,932
Lease liabilities	17	76,182	99,849
Insurance / reinsurance payable	18	839,312	532,081
Other creditors and accruals	19	1,185,637	1,176,918
Taxation - provision less payment		57,811	-
<b>Total Liabilities</b>		8,265,649	5,809,806
Total liabilities of Window Takaful Operations - Operator's fund		244,241	139,145
<b>Total Equity and Liabilities</b>		<u>13,280,831</u>	<u>9,534,143</u>
<b>Contingencies and Commitments</b>	20		

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

  
Muhammad Aasim Gul  
Chief Financial Officer

  
Babar Mahmood Mirza  
Chief Executive

  
Ali H. Shirazi  
Director

  
Fahim Ali Khan  
Director

  
Iftikhar H. Shirazi  
Chairman

# Profit and Loss Account

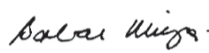
For the year ended December 31, 2023

	<u>Note</u>	<u>2023</u> <u>(Rupees in thousand)</u>	<u>2022</u>
Net insurance premium	21	2,382,207	2,132,895
Net insurance claims	22	(702,549)	(721,228)
Premium deficiency		(3,333)	-
Net commission and other acquisition income	23	172,446	252,144
Insurance claims and acquisition expenses		(533,436)	(469,084)
Management expenses	24	(927,582)	(747,984)
<b>Underwriting results</b>		<b>921,189</b>	<b>915,827</b>
Investment income	25	603,075	2,449
Other income	26	281,136	132,583
Other expenses	27	(43,128)	(27,681)
<b>Results of operating activities</b>		<b>1,762,272</b>	<b>1,023,178</b>
Finance costs	28	(48,875)	(14,583)
Profit before tax from Window Takaful Operations - Operator's fund	29	109,224	87,032
<b>Profit before tax</b>		<b>1,822,621</b>	<b>1,095,627</b>
Income tax expense	30	(815,454)	(376,313)
<b>Profit after tax</b>		<b>1,007,167</b>	<b>719,314</b>
		----- <b>(Rupees)</b> -----	
			<b>Restated</b>
Earnings (after tax) per share - basic and diluted	31	6.74	4.81

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



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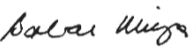
# Statement of Comprehensive Income

For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	(Rupees in thousand)	
<b>Profit after tax</b>	1,007,167	719,314
<b>Other comprehensive income / (loss) for the year:</b>		
<i>Items that may be subsequently reclassified to profit and loss account (net of tax):</i>		
Un-realized profit / (loss) on available for sale investments	741,824	(687,112)
Other comprehensive income from Window Takaful Operations - Operator's fund	-	-
	741,824	(687,112)
<i>Items that will not be subsequently reclassified to profit and loss account (net of tax):</i>		
Re-measurement profit / (loss) on retirement benefit obligations	6,406	(7,982)
<b>Other comprehensive income / (loss) for the year</b>	748,230	(695,094)
<b>Total comprehensive income for the year</b>	1,755,397	24,220

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

  
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# Statement of Changes in Equity

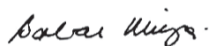
For the year ended December 31, 2023

	Attributable to equity holders of the Company					Total
	Issued, subscribed and paid-up share capital	Investment fair value reserve	Revenue Reserves		Unappropriated profits	
			General reserve	Investment fluctuation reserve		
(Rupees in thousand)						
<b>Balance as at January 01, 2022</b>	848,953	1,460,913	1,242,064	3,000	621,533	4,176,463
Profit for the year	-	-	-	-	719,314	719,314
Other comprehensive loss for the year	-	(687,112)	-	-	(7,982)	(695,094)
Total comprehensive income	-	(687,112)	-	-	711,332	24,220
Transferred to general reserve	-	-	156,000	-	(156,000)	-
Bonus shares issued	84,895	-	-	-	(84,895)	-
Final dividend for the year ended December 31, 2021 @ 45% (Rs. 4.5 per share)	-	-	-	-	(382,029)	(382,029)
Interim dividend for the period ended September 30, 2022 @ 25% (Rs. 2.5 per share)	-	-	-	-	(233,462)	(233,462)
<b>Balance as at December 31, 2022</b>	933,848	773,801	1,398,064	3,000	476,479	3,585,192
Profit for the year	-	-	-	-	1,007,167	1,007,167
Other comprehensive income for the year	-	741,824	-	-	6,406	748,230
Total comprehensive income	-	741,824	-	-	1,013,573	1,755,397
Transferred to general reserve	-	-	63,500	-	(63,500)	-
Final dividend for the year ended December 31, 2022 @ 45% (Rs. 4.5 per share)	-	-	-	-	(420,232)	(420,232)
Interim bonus shares issued	560,309	-	(560,309)	-	-	-
Interim dividend for the period ended March 31, 2023 @ 16% (Rs. 1.6 per share)	-	-	-	-	(149,416)	(149,416)
<b>Balance as at December 31, 2023</b>	1,494,157	1,515,625	901,255	3,000	856,904	4,770,941

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



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Chief Financial Officer



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Chairman

# Cash Flow Statement

## For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	(Rupees in thousand)	
<b>Operating cash flows</b>		
<b>a) Underwriting activities</b>		
Insurance premium received	5,588,630	4,392,332
Reinsurance premium paid	(2,815,670)	(2,531,466)
Claims paid	(1,653,112)	(1,652,188)
Reinsurance and other recoveries received	846,380	1,061,927
Commissions paid	(472,028)	(333,333)
Commissions received	642,744	576,800
Other underwriting payments	(31,281)	(20,075)
Other underwriting receipts	45,762	45,112
Management expenses paid	(924,789)	(538,022)
<b>Net cash generated from underwriting activities</b>	<b>1,226,636</b>	<b>1,001,087</b>
<b>b) Other operating activities</b>		
Income tax paid	(634,366)	(367,654)
Other operating payments	(34,858)	(28,966)
Other operating receipts	32,186	224,103
Loan repayment received	106	108
<b>Net cash used in other operating activities</b>	<b>(636,932)</b>	<b>(172,409)</b>
<b>Total cash generated from all operating activities</b>	<b>589,704</b>	<b>828,678</b>
<b>Investment activities</b>		
Profit / return received	421,727	141,748
Dividend received	396,500	312,619
Payments for investments	(7,477,818)	(2,848,174)
Proceeds from investments	6,734,004	2,847,986
Operating assets purchased	(87,555)	(77,585)
Proceeds from sale of property and equipment	16,480	15,266
<b>Total cash generated from investing activities</b>	<b>3,338</b>	<b>391,860</b>
<b>Financing activities</b>		
Dividends paid	(559,312)	(607,149)
Payment of lease liability against right-of-use assets	(42,595)	(34,224)
<b>Total cash used in financing activities</b>	<b>(601,907)</b>	<b>(641,373)</b>
<b>Total cash (used in) / generated from all activities</b>	<b>(8,865)</b>	<b>579,165</b>
Cash and cash equivalents at the beginning of year	1,553,708	974,543
<b>Cash and cash equivalents at the end of year</b>	<b>1,544,843</b>	<b>1,553,708</b>

**2023**                      **2022**  
**(Rupees in thousand)**

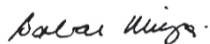
**Reconciliation to profit and loss account**

Operating cash flows	589,704	828,678
Depreciation of operating assets	(37,293)	(28,509)
Depreciation of right-of-use assets	(32,416)	(29,226)
Gain on disposal of property and equipment	119	4,238
Gain on disposal of right-of-use asset	312	247
Finance cost	(48,875)	(14,583)
Impairment in value of available for sale securities	-	(284,178)
Profit / (loss) on disposal of investments	11,165	(68,813)
Dividend income	396,500	312,619
Other and investment income	476,115	170,919
Increase in assets other than cash	1,455,091	615,801
Increase in liabilities other than borrowings	(1,366,552)	(527,544)
<b>Other adjustments</b>		
Increase in provision for unearned premium	(519,982)	(313,073)
Increase in commission income unearned	(20,831)	(37,907)
Increase in provision for deferred commission expense	42,759	49,719
Profit from Window Takaful Operations for the year - Operator's fund	61,351	40,926
<b>Profit after tax for the year</b>	<b>1,007,167</b>	<b>719,314</b>

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



**Muhammad Aasim Gul**  
Chief Financial Officer



**Babar Mahmood Mirza**  
Chief Executive



**Ali H. Shirazi**  
Director



**Frahim Ali Khan**  
Director



**Iftikhar H. Shirazi**  
Chairman



# Notes to and Forming Part of the Financial Statements

## For the year ended December 31, 2023

### 1. Legal status and nature of business

1.1 Atlas Insurance Limited (the Company) was incorporated as a public limited company on September 06, 1934 under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The Company is engaged in general insurance business. The registered office of the Company is situated at 63/A, Block - XX, Phase III (Commercial), Khyaban-e-Iqbal, Defence Housing Authority, Lahore, Pakistan. The Company is a subsidiary of Shirazi Investments (Private) Limited.

The Company was granted license to work as Window Takaful Operator (WTO) on March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under Takaful Rules, 2012 to carry on Window Takaful Operations in Pakistan.

### 2. Basis of preparation and statement of compliance

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017 and the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

In case requirements differ, the provision of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019 shall prevail.

2.1.2 As per the requirements of the Takaful Rules, 2012 and SECP Circular No. 25 of 2015 dated July 09, 2015, assets, liabilities, profit and loss and other comprehensive income of the Operator's Fund (OPF) of the Window Takaful Operations of the Company have been presented as a single line item in the statement of financial position, profit and loss account of the Company and statement of comprehensive income respectively. A separate set of financial statements of the Window Takaful Operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

#### 2.2 Basis of preparation

These financial statements have been presented on the format of financial statements issued by the SECP through the Insurance Rules, 2017 vide S.R.O. 89(I)/2017 dated February 09, 2017.

Total assets, total liabilities and profit and loss of the Window Takaful Operations of the Company referred to as OPF have been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 09, 2015 issued by the SECP. Further, a separate set of the financial statements of the Window Takaful Operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

#### 2.3 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain foreign currency translation adjustments, certain financial instruments carried at fair value, and defined benefit obligations under employees benefits carried at present value as described in respective notes. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statement.

#### 2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All the financial information presented in Rupees has been rounded off to the nearest thousand in Rupees, unless otherwise stated.

## 2.5 Changes in accounting policies and disclosures resulting from amendments in standards during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after January 01, 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

### Standard or interpretation

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IAS 8	Definition of Accounting Estimates - The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the financial statements.
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statement
IAS 12	<p>Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.</p> <p>The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments had no impact on the Company's financial statements.</p>
IAS 12	<p>International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12, The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and</p> <ul style="list-style-type: none"><li>• A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and</li><li>• Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.</li></ul> <p>The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 01, 2023, but not for any interim periods ending on or before December 31, 2023.</p> <p>The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.</p>

The adoption of the above amendments to accounting standards did not have any material effect on the financial statements of the Company.

## 2.6 Amendments to approved accounting standards that are not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

### Standard or interpretation

---

IAS 1	<p>Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.</p> <p>In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:</p> <ul style="list-style-type: none"><li>• What is meant by a right to defer settlement</li><li>• That a right to defer must exist at the end of the reporting period</li></ul>
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- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 01, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company's financial statements.

IFRS 16 Leases – Lease Liability in a Sale and Leaseback – Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after January 01, 2024. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

IAS 7 and IFRS 7 Amendments in IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments; Disclosures; Supplier Finance Arrangements, disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

The amendments supplement requirements already in IFRS Accounting Standards and require a company to disclose:

- the terms and conditions;
- the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet;
- ranges of payment due dates; and
- liquidity risk information

The amendments are effective for annual reporting periods beginning on or after January 01, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company's financial statements.

IAS 21 Amendment in IAS 21 The Effects of Changes in Foreign Exchange Rates; Lack of exchangeability a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

- Specify when a currency is exchangeable into another currency and when it is not; The amendments are not expected to have a material impact on the Company's financial statements.
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable at the measurement date — estimate the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable — enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after January 01, 2025 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company's financial statements.

IFRS 10 and IAS 28 Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted.



The amendments are not yet finalized.

IFRS 17 IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk).

SECP vide its SRO 1715 dated November 21, 2023 directed the application of IFRS 17 for the period commencing from January 01, 2026.

The Company expects that such improvements / amendments to the standards (except IFRS 17) will not have any material impact on the Company's financial statements in the period of initial application.

The Company has not yet assessed the potential impact of the initial application of IFRS 17.

### 2.6.1 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan

Standard or Interpretation	Effective date (period beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	January 01, 2004

### 2.6.2 Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts

The Company meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) of annual reporting periods beginning on or after January 01, 2026 as allowed by the amendments contained in Annual Improvements to IFRS Standards 2018 – 2020 Cycle.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning on January 01, 2026 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if:

- (i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL; and
- (ii) its activities are predominantly connected with insurance on its annual reporting date.

## 3. Use of judgment and estimates

The preparation of financial statement in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to these financial statements or judgment was exercised in application of accounting policies, are as follows:

The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to these financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Premium deficiency reserves	4.6
- Staff retirement benefits	4.14
- Provision for outstanding claims including claims incurred but not reported (IBNR)	4.17

## 4. Material accounting policy information

The material accounting policies as stated below have been applied consistently to all years presented in these financial statements.

### 4.1 Property and equipment

#### Operating assets - owned

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated on a reducing balance method at the rate specified in note 5.1 to the financial statements after taking into account residual value.

Depreciation is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is charged in the month of disposal.

### 4.2 Right-of-use Asset and lease liabilities

#### Right-of-Use Assets

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

#### Liabilities against leases for right-of-use assets

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

### 4.3 Insurance contracts

Insurance contracts are those contracts where the Company has accepted significant insurance risk from the insurance contract holders by agreeing to compensate the insurance contract holder on the occurrence of a specified uncertain future event (the insured event) that adversely affects the insurance contract holder under the terms and conditions of the contract.

Contracts are issued to multiple types of clients with business in engineering, automobiles, cement, power, textile, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and varies accordingly. Nonetheless, once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property damage insurance,
- Marine, aviation and transport insurance,
- Motor insurance and
- Miscellaneous insurance

#### a) Fire and property damage insurance:

##### i) Insurance risks and events insured

Insurance is provided to the insurance contract holders against damages caused by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc. and loss of profit followed by the incident of fire. These insurance contracts are normally availed by commercial organizations, however, are available to both commercial organizations and individuals.

## **ii) Revenue recognition policy**

Premium income is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct insurance business, premium is recognized evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Since majority of policies are for one year, the Company maintains its provision for unearned premium by applying the 1/24 method as stipulated in regulation 24(4)(ii) of the Insurance Accounting Regulations, 2017, except in rare circumstances where the coverage period materially differs, the same is recognised in accordance with the ratio of unexpired period of policy and the total period.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other insurance companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from insurance contract holders in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 4,000 per policy.

## **iii) Claims recognition**

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under Incurred But Not Reported (IBNR) and expected claims settlement costs.

## **b) Marine, aviation and transport insurance:**

### **i) Insurance risks and events insured**

Insurance is provided to the insurance contract holders against loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc. This product is normally provided to commercial organizations. These insurance contracts are normally availed by commercial organizations, however, are available to both commercial organizations and individuals.

### **ii) Revenue recognition policy**

Premium income is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Since majority of policies are for one month period, premium written during last month of the financial year, is taken to the provision for unearned premium at the reporting date.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other insurance companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from insurance contract holders in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 4,000 per policy.

### **iii) Claims recognition**

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

### **c) Motor insurance:**

#### **i) Insurance risks and events insured**

Insurance is provided to the assets of the insurance contract holders against accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage. This product is normally provided to individual customers. These insurance contracts are normally availed by commercial organizations, however, are available to both commercial organizations and individuals.

#### **ii) Revenue recognition policy**

Premium income is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Since majority of policies are for one year, the Company maintains its provision for unearned premium by applying the 1/24 method as stipulated in regulation 24(4)(ii) of the Insurance Accounting Regulations, 2017.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other insurance companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from insurance contract holders in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 2,000 per policy.

#### **iii) Claims recognition**

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

### **d) Miscellaneous insurance:**

#### **i) Insurance risks and events insured**

Insurance is provided to the assets of insurance contract holders against damage / loss occurring due to burglary, loss of cash in safe, cash in transit and cash on counter, health, travel and crop etc. As per guidance of Insurance Accounting Regulations, 2017, amounts constituting less than 10% of the gross premium revenue are clubbed together under this class of insurance contract. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of loss of cash in safe, cash in transit and cash on counter and health are provided to commercial organizations.

#### **ii) Revenue recognition policy**

Premium income is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

Since majority of policies are for one year, the Company maintains its provision for unearned premium by applying the 1/24 method as stipulated in regulation 24(4)(ii) of the Insurance Accounting Regulations, 2017, except in rare circumstances where the coverage period materially differs, the same is recognised in accordance with the ratio of unexpired period of policy and the total period.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other insurance companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.



Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from insurance contract holders in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 4,000 per policy.

### iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

Detailed accounting policies for recording and measurement of reinsurance contracts held, receivables / payables related to insurance contracts and provision for outstanding claims including IBNR are mentioned in note 4.7, 4.8 and 4.17, respectively.

## 4.4 Deferred commission expense / acquisition cost

Deferred commission expense represents the portion of commission expense relating to the unexpired period of the insurance coverage at the reporting date. The same is amortized systematically, through the profit and loss account, over the reporting periods over which the related premium revenue is recognized. Accordingly, deferred commission expense is also effected by the judgement and estimates involved in the determination of premium revenue.

The Company maintains its provision for deferred commission expense by applying the 1/24 method on fire and property damage, motor and miscellaneous as stipulated in the Insurance Accounting Regulation, 2017 for non life insurance companies. In case of marine, aviation and transport commission expense relating to last month is taken as deferred commission expense.

## 4.5 Unearned premium reserves

Provision for unearned premium represents the portion of premium written relating to the unexpired period of insurance coverage at the reporting date. The method selected by management involves judgement and estimates regarding the expected pattern of incidence of risk in relation to a particular type of policy.

The Company maintains its provision for unearned premium by applying the 1/24 method on fire and property damage, motor and miscellaneous as stipulated in regulation 24(4)(ii) of the Insurance Accounting Regulations, 2017. However, in case of marine, aviation and transport, premium written during last month is taken to the provision for unearned premium.

## 4.6 Premium deficiency reserves

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve is maintained for each operating segment, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after reinsurance, for claims and other expenses, including reinsurance expense, commissions, and other underwriting expenses, expected to be incurred after the reporting date in respect of the policies in force at the reporting date, in that operating segment. The movement in the premium deficiency reserve is recorded as an expense / income as part of the underwriting results for the year. An estimate of loss ratios for the expired period is carried out, at each operating segment level, keeping in view historical claim development and experience during the expired period of the contracts. Where ratios are adverse, an assessment is made to determine if it is due to one off claim that are not expected to recur during the remaining period of the policies and expectations of future events that are believed to be reasonable. If determined to be inadequate, a deficiency in premium is recognized in the current reporting period.

## 4.7 Reinsurance contracts held

The Company enters into reinsurance contracts with reinsurance companies by arranging treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times reinsurance of excess of capacity is also placed on case to case basis under facultative reinsurance arrangement. The Company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the Company.

The risks undertaken by the Company under these contracts for each operating segment are stated in note 4.3 to these financial statements.

The benefits to which the Company is entitled under reinsurance contracts held are recognized as reinsurance assets. These assets include reinsurance receivables as well as receivables that are dependent on the expected claims and benefits arising under the related reinsured contracts. Reinsurance liabilities primarily include premium payable and commission payable (in case of facultative acceptance). Reinsurance assets and liabilities are measured consistently with the terms of the underlying reinsurance contracts.

Reinsurance assets and liabilities are derecognized when the contractual rights are extinguished or expired. Furthermore, reinsurance assets are not offset against related insurance liabilities.

Assets, liabilities and income and expense arising from ceded reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligation to its policyholders.

**Premium ceded to reinsurers is recognized as follows:**

a) for reinsurance contracts operating on a proportional basis, a liability to the reinsurer is recognised on attachment of the underlying policies reinsured, while an asset is recognised for the unexpired period of reinsurance coverage at the reporting date as prepaid reinsurance premium ceded and the same is expensed over the period of underlying policies; and

b) for reinsurance contracts operating on a non-proportional basis, a liability is recognised on inception of the reinsurance contract, while an asset is recognised for the unexpired period of reinsurance coverage at the reporting date as prepaid reinsurance premium ceded and the same is expensed over the period of indemnity.

#### **4.8 Receivables and payables related to insurance contracts**

Insurance / reinsurance receivables and payables are recognized when due and carried at cost less provision for impairment. Cost is the fair value of the consideration to be received / paid in the future for services rendered / received. These include amounts due to and from agents, brokers, insurance contract holders and other insurance companies.

An assessment is made at each reporting date to determine whether there is objective evidence from external as well as internal sources of information that a financial asset or group of assets may be impaired i.e. recoverable amount at the reporting date is less than the carrying amount of the asset. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense, in the profit and loss account for the period.

#### **4.9 Segment reporting**

The Company accounts for segment reporting based on the guidelines of the Insurance Accounting Regulations, 2017 and the operating segments as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017, as the primary reporting format based on the Company's practice of internal reporting to the management on the same basis. The Company has determined its primary segments based on insurance risks covered under four types of insurance contracts as stated in note 4.3, to these financial statements.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

As the operations of the Company are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

#### **4.10 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand and deposits with banks.

#### **4.11 Revenue recognition**

##### **a) Premium income earned**

Premium income under an insurance contract is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates to its expiry as detailed in note 4.3 to these financial statements.

##### **b) Commission income**

Commission income from other reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

##### **c) Investment income**

Following are recognised as investment income:

- Income on held to maturity investments is recognized in the profit and loss account on a time proportion basis taking into account the effective yield on investments; and
- Gain / loss on sale of investments is taken to the profit and loss account in the year of sale as per settlement date.

#### **d) Dividend income and bonus shares**

Dividend income and entitlement of bonus shares are recognized when the right to receive such dividends and bonus shares is established.

#### **e) Rent and other income**

Rental and other income is recognized on accrual basis.

#### **f) Administration surcharge**

Administrative surcharge includes documentation and other charges recovered by the Company from insurance contact holders in respect of insurance policies issued, at a rate of 5% of the gross premium, restricted to a maximum of Rs. 2,000 in case of motor, and Rs. 4,000 in case of all other insurance contracts. Administrative surcharge is recognized as revenue at the time of issuance of policy. For the purpose of these financial statements, administrative surcharge is included in gross premiums written during the year.

#### **g) Interest income and other returns**

Interest / mark-up is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

### **4.12 Investments**

#### **4.12.1 Recognition**

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. All investments in equity securities, debt securities and term deposits are accounted for under IAS-39 and based thereon can be classified into any of the following categories:

- Held to maturity; and
- Available for sale

#### **4.12.2 Investments other than subsidiary and associates**

##### **(i) Equity securities**

Currently the Company classifies investment in equity securities such as listed / unlisted shares in other companies, mutual fund units / investments, etc. as 'Available for sale'.

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as 'held to maturity' or 'investment at fair value through profit and loss account'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates. Investments classified as 'available for sale' are initially measured at cost, being the fair value of consideration given.

At each subsequent reporting date, available for sale investments are remeasured at fair market value. Changes in fair market value are recognised in other comprehensive income / (loss) until derecognised or determined to be impaired. Gains / losses on derecognition and impairment losses / reversals are recognized in profit and loss account.

The accounting policy for impairment of investments is disclosed in note 4.12.3 to these financial statements.

##### **(ii) Debt securities and term deposits**

The Company classifies its investments in debt securities and term deposits, as either 'Held to maturity' or 'Available for sale' depending upon the maturity of the investment.

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as 'held to maturity', while debt investments having an indefinite term / perpetual maturity are classified as 'available for sale'. These investments are initially measured at the cost being the fair value of consideration paid.

Subsequently 'held to maturity' investments are measured at amortized cost using the effective yield method. Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight line basis over the term of investment. While 'available for sale' investments are remeasured at fair market value at each subsequent reporting date. Changes in fair market value, if any are recognised in other comprehensive income / (loss) until derecognised or determined to be impaired. Gains / losses on derecognition and impairment losses / reversals are recognized in profit and loss account.

The Company has classified debt investments in Pakistan Investment Bonds and Term Deposits as 'Held to maturity', whereas debt investments in Term Finance Certificates having a perpetual maturity have been classified as 'Available for sale' at the reporting date.

#### **4.12.3 Impairment on equity securities**

Impairment is recognized based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment for available-for-sale equity securities is charged to the profit and loss account and any reversal in such impairment or subsequent increase in value of investments is recognised through statement of comprehensive income.

#### **4.13 Taxation**

##### **4.13.1 Current tax**

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

##### **4.13.2 Deferred tax**

Deferred tax is accounted for using the 'balance sheet liability method' in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in these financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

#### **4.14 Staff retirement benefits**

##### **4.14.1 Defined benefit plan**

The Company operates two separate funded gratuity schemes (defined benefit plans) in respect of the all permanent employees (management and non-management) to which the Company makes contribution on the basis of recommendations made by the actuary. The latest actuarial valuation was carried out as at December 31, 2022, using the 'Projected Unit Credit Method'.

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments.

Actuarial gains or losses are recognized in OCI when they occur. Amounts recorded in profit and loss account are limited to current and past service costs, gains or losses on settlements and net interest income / (expense).

##### **4.14.2 Defined contribution plan**

The Company operates a funded contributory provident fund (defined contribution plan) for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund, under the terms of the scheme.

##### **4.14.3 Compensated absences**

The Company provides for liability in respect of employees' compensated absences in the year in which these are earned.

#### **4.15 Dividend distribution**

Dividend is recognized as a liability in the period in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

#### **4.16 Management expenses**

Expenses of management include both directly and indirectly attributable expenses allocated to various classes of business / operating segments on the basis of gross premium written. Management judgement is involved in determining the nature of expenses that are not allocable to the underwriting business and based thereon are classified as other expenses.



Allocation of management expenses effects the underwriting results of the operating segments, as disclosed in note 35 to these financial statements.

#### 4.17 Provision for outstanding claims including Incurred But Not Reported (IBNR)

The Company recognizes a liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts in relation to unpaid reported claims, IBNR and expected claim settlement costs.

Outstanding claims comprise the estimated cost of claims incurred but not settled at the reporting date, whether reported or not. The Company engages an actuary to estimate the IBNR as per the SECP Circular No. 9 of 2016, "SEC guidelines for estimation of Incurred But Not Reported claim reserve, 2016".

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance arrangements.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

#### 4.18 Reinsurance recoveries against outstanding claims

Reinsurance recoveries against outstanding claims are recognized on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

#### 4.19 Zakat

Zakat deductible compulsorily under the Zakat and Ushr Ordinance, 1980 is accounted for in the year of deduction.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
		<b>(Rupees in thousand)</b>	
Operating assets	5.1	167,369	133,468
Right-of-use asset	5.2	62,767	87,847
		<u>230,136</u>	<u>221,315</u>

### 5. Property and equipment

#### 5.1 Operating assets

	<b>2023</b>									
	<b>Cost</b>			<b>Depreciation</b>				<b>Written down value</b>		
	As at January 01, 2023	Additions	Disposals	As at December 31, 2023	As at January 01, 2023	Charge for the year	On disposals	As at December 31, 2023	As at December 31, 2023	Depreciation rate
	<b>(Rupees in thousand)</b>									
Freehold building	8,500	-	-	8,500	6,934	79	-	7,013	1,487	5
Lease hold improvements	20,725	-	-	20,725	14,611	1,223	-	15,834	4,891	20
Furniture and fixtures	13,215	1,196	(254)	14,157	8,316	985	(207)	9,094	5,063	10 - 20
Office equipment	25,897	1,372	(442)	26,827	16,234	2,060	(367)	17,927	8,900	15 - 20
Computers equipment	40,486	7,937	(842)	47,581	26,272	5,709	(627)	31,354	16,227	33
Vehicles	132,422	77,050	(25,163)	184,309	35,410	27,237	(9,139)	53,508	130,801	20
	<u>241,245</u>	<u>87,555</u>	<u>(26,701)</u>	<u>302,099</u>	<u>107,777</u>	<u>37,293</u>	<u>(10,340)</u>	<u>134,730</u>	<u>167,369</u>	

2022

	Cost			Depreciation			Written down value			
	As at January 01, 2022	Additions	Disposals	As at December 31, 2022	As at January 01, 2022	Charge for the year	On disposals	As at December 31, 2022	As at December 31, 2022	Depreciation rate
	(Rupees in thousand)									
Freehold building	8,500	-	-	8,500	6,851	83	-	6,934	1,566	5
Lease hold improvements	20,725	-	-	20,725	13,083	1,528	-	14,611	6,114	20
Furniture and fixtures	12,459	763	(7)	13,215	7,232	1,089	(5)	8,316	4,899	10 - 20
Office equipment	24,225	2,117	(445)	25,897	14,436	2,146	(348)	16,234	9,663	15 - 20
Computers equipment	36,916	7,708	(4,138)	40,486	24,716	5,174	(3,618)	26,272	14,214	33
Vehicles	90,776	66,997	(25,351)	132,422	31,863	18,489	(14,942)	35,410	97,012	20
	193,601	77,585	(29,941)	241,245	98,181	28,509	(18,913)	107,777	133,468	

5.1.2 Disposal of property and equipment

Particulars	Particulars of buyer	Relationship with the Company	(Rupees in thousand)			
			Cost	Sale proceeds	Net Book value	Mode of disposal
<b>Vehicles</b>						
Honda City BUZ-457	Mr. Waqar-ud-din Rauf	Employee	2,787	2,083	2,083	Company's policy
Honda Civic BQC-788	Mr. Abbas Sajjad	Employee	3,370	1,445	1,445	Company's policy
Honda City LEC-19-7790	Syed Irtiza Abbas	Employee	2,180	899	899	Company's policy
Honda City LEC-19-358	Mr. Saleem Mehmood Akhtar	Employee	2,180	899	899	Company's policy
Suzuki Mehran LEB-19-7780	Syed Suhail Riaz	Employee	860	336	336	Company's policy
Honda CG-125 LEN-19A-233	Mr. Muhammad Shahzad	Employee	129	52	52	Company's policy
Suzuki Mehran LEB-19-7781	Mr. Khurram Iqbal	Employee	860	330	330	Company's policy
Suzuki Cultus ADC-607	Mr. Asadullah	Employee	1,795	1,205	1,205	Company's policy
Honda CG-125S AGA-5807	Not Applicable	Not Applicable	161	161	108	Insurance claim settlement
Honda City BXP-526	Mr. Muhammad Afzal	Employee	3,797	3,366	3,366	Company's policy
Honda CB-150F LEN-19A-4667	Syed Ali Hisba	Employee	185	71	71	Company's policy
Honda CB-150 ALH-5537	Mr. Shaheen Farooq	Employee	267	200	200	Company's policy
Honda CG-125 ADC-9992	Mr. Muhammad Sajjad Kanwal	Employee	154	90	90	Company's policy
Honda CB-150 AER-5664	Mr. Abdul Ghani	Employee	243	149	149	Company's policy
Honda Civic AKN-965	Mr. Muhammad Saeed	Employee	5,522	4,392	4,392	Company's policy
Honda Pridor KQC-0369	Mr. Kashan Ahmed Nomani	Employee	188	188	181	Company's policy
Honda CB-150F LEL-19B-2761	Mr. Asad Shahfiq	Employee	199	81	81	Company's policy
Honda CD 70 AQD-1094	Not Applicable	Not Applicable	116	116	96	Insurance claim settlement
<b>Other fixed assets with book value less than Rs. 50,000</b>			1,708	417	378	
December 31, 2023			26,701	16,480	16,361	
December 31, 2022			29,941	15,266	11,028	

**Note**      **2023**      **2022**  
(Rupees in thousand)

5.2 Right-of-use assets

Opening book value		87,847	52,206
Additions during the year		7,883	68,884
Disposals during the year		(547)	(4,017)
Depreciation charged during the year	24	(32,416)	(29,226)
Closing book value	5.2.1	62,767	87,847

5.2.1 Right-of-use assets include Rs. 5,849 thousand (2022: Rs. 7,022 thousand) recognized against buildings rented from related parties.

5.2.2 The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits.

## 6. Intangible assets

The Company has fully amortized computer software costing Rs. 6,458 thousand (2022: Rs. 6,458 thousand) which are still in use at the reporting date.

## 7. Investments in equity securities

	Note	2023			2022		
		Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
(Rupees in thousand)							
<b>Available for sale</b>							
<b>Related parties *</b>							
Listed shares	7.2 & 7.5	643,711	-	643,711	643,711	-	643,711
Mutual funds	7.3 & 7.6	444,127	-	444,127	648,275	-	648,275
		1,087,838	-	1,087,838	1,291,986	-	1,291,986
Unrealized gain / (loss) on revaluation							
Revaluation of listed shares				1,425,803			1,086,602
Revaluation of mutual funds				196,185			(76,064)
				2,709,826			2,302,524
<b>Others</b>							
Listed shares	7.4 & 7.7	1,695,764	-	1,695,764	1,756,367	-	1,756,367
Unlisted shares	7.8	500	(500)	-	500	(500)	-
Mutual funds	7.9	1,068	-	1,068	1,068	-	1,068
		1,697,332	(500)	1,696,832	1,757,935	(500)	1,757,435
Unrealized gain on revaluation							
Revaluation of listed shares				861,478			164,404
Revaluation of mutual funds				1,168			635
				2,559,478			1,922,474
				5,269,304			4,224,998

\* The Company has not accounted for investment in related parties as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company does not have significant influence in these companies.

	2023	2022
(Rupees in thousand)		
<b>7.1 Particulars of impairment / provision</b>		
Opening balance	500	93,135
Charge for the year	-	284,178
Elimination on disposal of securities	-	(376,813)
	-	(92,635)
Closing balance	500	500
<b>7.2</b>	Listed securities include an amount of Rs. 2,069,514 thousand (2022: Rs. 1,730,312 thousand) being the fair market value of shariah compliant securities listed on PSX-KMI all share index. Cost of these securities amounts to Rs. 643,711 thousand (2022: Rs. 643,711 thousand).	
<b>7.3</b>	Mutual funds include an amount of Rs. 407,660 thousand (2022: Rs. 332,130 thousand) being the fair market value of shariah compliant mutual funds. Cost of these securities amounts to Rs. 284,249 thousand (2022: Rs. 368,130 thousand).	
<b>7.4</b>	Listed securities include an amount of Rs. 1,912,343 thousand (2022: Rs. 1,922,437 thousand) being the fair market value of shariah compliant securities listed on PSX-KMI all share index. Cost of these securities amounts to Rs. 1,202,610 thousand (2022: Rs. 1,570,443 thousand).	

## 7.5 Listed shares - related parties

Number of shares		Face value	Company's name	Cost		Carrying value	
2023	2022			2023	2022	2023	2022
		Rupees		(Rupees in thousand)			
3,518,073	3,518,073	10	Atlas Honda Limited Equity held: 2.84% (2022: 2.84%)	215,296	215,296	1,234,210	1,055,422
610,632	610,632	10	Atlas Battery Limited Equity held: 1.74% (2022: 1.74%)	11,376	11,376	145,398	99,576
850,000	850,000	10	Honda Atlas Cars (Pakistan) Limited Equity held: 0.60% (2022: 0.60%)	9,795	9,795	181,662	141,321
4,518,526	4,303,359	10	Cherat Packaging Limited Equity held: 10.58% (2022: 10.58%)	407,244	407,244	508,244	433,994
				<u>643,711</u>	<u>643,711</u>	<u>2,069,514</u>	<u>1,730,313</u>

## 7.6 Mutual funds - related parties

Number of units		Face value	Fund's name	Cost		Carrying value	
2023	2022			2023	2022	2023	2022
		Rupees		(Rupees in thousand)			
260,121	317,221	500	Atlas Stock Market Fund	159,878	207,412	407,660	178,328
551,399	672,438	500	Atlas Islamic Stock Fund	284,249	368,130	232,652	321,109
-	130,098	500	Atlas Income Fund	-	72,733	-	72,774
				<u>444,127</u>	<u>648,275</u>	<u>640,312</u>	<u>572,211</u>

7.6.1 The fund manager of above funds is Atlas Asset Management Limited (a related party).

## 7.7 Listed shares - others

Number of shares		Face value	Company's name	Cost		Carrying value	
2023	2022			2023	2022	2023	2022
		Rupees		(Rupees in thousand)			
<b>Banks</b>							
3,067,000	2,711,000	10	Bank Alfalah Limited	104,453	88,650	148,780	81,710
1,766,000	1,562,000	10	Bank Al-Habib Limited	105,434	90,093	142,234	86,347
1,289,034	1,590,134	10	Meezan Bank Limited	142,941	167,941	207,999	158,282
1,124,500	996,000	10	Habib Metropolitan Bank Limited	41,636	34,872	62,207	33,814
661,455	1,100,000	10	United Bank Limited	85,729	119,556	117,633	110,825
372,500	-	10	MCB Bank Limited	56,667	-	64,275	-
<b>Construction and material</b>							
3,535,580	3,535,580	10	Cherat Cement Company Limited	91,761	91,761	576,229	360,276
85,000	366,450	10	Lucky Cement Limited	61,560	225,826	66,893	163,649
<b>Electricity</b>							
1,258,000	3,100,000	10	The Hub Power Company Limited	102,587	196,056	147,299	195,548
<b>Oil and gas</b>							
126,800	82,000	10	Pakistan Oilfields Limited	53,854	34,235	53,502	32,214
-	1,365,000	10	Sui Northern Gas Pipelines Limited	-	51,565	-	51,256
34,362	24,260	10	Mari Petroleum Company Limited	53,694	37,289	72,026	37,529
			<b>C/F</b>	<u>846,622</u>	<u>1,048,990</u>	<u>1,587,051</u>	<u>1,190,451</u>



Number of shares		Face value	Company's name	Cost		Carrying value	
2023	2022			2023	2022	2023	2022
		Rupees		(Rupees in thousand)			
			B/F	846,622	1,048,990	1,587,051	1,190,451
892,000	892,000	10	Oil & Gas Development Company Limited	80,885	64,203	100,305	71,057
829,500	-	10	Pakistan Petroleum Limited	66,359	-	95,417	-
			<b>Chemicals</b>				
614,906	613,506	10	Engro Corporation Limited	173,707	172,728	181,342	160,745
1,369,724	1,009,224	10	Fauji Fertilizer Company Limited	140,771	101,999	155,039	99,620
1,478,000	856,000	10	Engro Fertilizers Limited	128,141	69,681	165,876	65,818
			<b>General industries</b>				
781,500	-	10	Interloop Limited	45,381	-	56,268	-
339,781	300,281	10	Systems Limited	160,204	142,928	143,918	145,315
-	123,607	10	Highnoon Laboratories	-	66,984	-	66,766
			Impairment in value of available for sale investments	-	-	-	-
				1,695,764	1,756,367	2,557,242	1,920,771

#### 7.8 Unlisted shares - others

Number of shares		Face value	Company's name	Cost		Carrying value	
2023	2022			2023	2022	2023	2022
		Rupees		(Rupees in thousand)			
50,000	50,000	10	Arabian Sea Country Club Limited	500	500	-	-
			Impairment in value of available for sale investment	(500)	(500)	-	-
				-	-	-	-

7.8.1 The name of Chief Executive is Mr. Arif Ali Khan Abbasi. The break-up value is Rs. (11.79) per share based on latest audited accounts available.

#### 7.9 Mutual funds - others

Number of units		Face value	Fund's name	Cost		Carrying value	
2023	2022			2023	2022	2023	2022
		Rupees		(Rupees in thousand)			
29,447	29,447	10	National Investment (Unit) Trust - (note 7.9.1)	1,068	1,068	2,236	1,703

7.9.1 This includes 28,000 units (2022: 28,000 units) held as statutory deposit with The State Bank of Pakistan under section 29(2)(a) of the Insurance Ordinance, 2000 cost amounting to Rs. 350 thousand (2022: Rs. 350 thousand).

Note	2023			2022		
	Cost	Impairment / provision	Carrying value	Cost	Impairment / provision	Carrying value
				(Rupees in thousand)		

## 8. Investments in debt securities

### Others

#### Held to maturity

Pakistan Investment Bonds	8.1.1 & 8.1.4	-	-	-	49,521	-	49,521
Treasury Bills	8.1.2 & 8.1.5	1,517,296	-	1,517,296	347,571	-	347,571

#### Available for sale

Term Finance Certificates	8.1.3	20,000	-	20,000	20,000	-	20,000
		1,537,296	-	1,537,296	417,092	-	417,092

## 8.1 Particulars of debt securities are as follows:

### 8.1.1 Pakistan Investment Bonds

Face value Rupees	Type of security	Profit payment	Profit rate	Maturity date	Carrying value	
					2023	2022
50,000,000	3 years Pakistan Investment Bond	Bi-annually	8.55%	August 20, 2023	-	49,521

### 8.1.2 Treasury Bills

Face value Rupees	Type of security Rupees	Profit payment	Profit rate	Maturity date	Carrying value	
					2023	2022
400,000,000	12 months Treasury Bill	On maturity	21.34%	December 24, 2024	329,819	-
250,000,000	12 months Treasury Bill	On maturity	21.41%	December 12, 2024	206,012	-
75,000,000	12 months Treasury Bill	On maturity	21.20%	November 28, 2024	61,882	-
115,000,000	12 months Treasury Bill	On maturity	21.37%	November 14, 2024	94,748	-
225,000,000	12 months Treasury Bill	On maturity	22.07%	October 17, 2024	184,410	-
70,000,000	12 months Treasury Bill	On maturity	22.75%	October 03, 2024	57,054	-
250,000,000	6 months Treasury Bill	On maturity	21.36%	June 13, 2024	225,941	-
375,000,000	3 months Treasury Bill	On maturity	21.36%	March 07, 2024	357,430	-
50,000,000	12 months Treasury Bill	On maturity	15.67%	October 19, 2023	-	44,598
40,000,000	12 months Treasury Bill	On maturity	15.69%	October 05, 2023	-	35,882
100,000,000	12 months Treasury Bill	On maturity	15.90%	August 24, 2023	-	91,164
30,000,000	6 months Treasury Bill	On maturity	15.68%	April 06, 2023	-	28,864
100,000,000	6 months Treasury Bill	On maturity	15.81%	February 23, 2023	-	97,872
50,000,000	3 months Treasury Bill	On maturity	15.69%	February 09, 2023	-	49,191
					1,517,296	347,571

### 8.1.3 Term Finance Certificates

No. of certificates 2023	2022	Face value (Rupees in thousand)	Company's name	Effective rate	Maturity date	Carrying value	
						2023	2022
1	1	20,000	Habib Bank Limited	3 Month Kibor + 160 bps	Perpetual	20,000	20,000

8.1.4 Pakistan Investment Bonds having cost of Rs. Nil thousand (2022: Rs. 48,535 thousand) are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of the Insurance Ordinance, 2000.

8.1.5 Treasury Bills having cost of Rs. 186,367 thousand (2022: Rs. 86,314 thousand) are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of the Insurance Ordinance, 2000.

	Note	2023		2022	
		(Rupees in thousand)		(Rupees in thousand)	
<b>9. Loan and other receivables - considered good</b>					
Loan to related parties	9.1	5,259	1,799		
Accrued investment income		31,486	14,556		
Security deposits		8,284	7,459		
Loans to employees		309	415		
Advances to suppliers		108	-		
Receivable from Operator's Fund	9.2	55,000	22,000		
Other receivable		11,606	20,519		
		112,052	66,748		

9.1 This represent interest free amounts due from executives / key management personnel. These balances have not been discounted as the impact of time value of money is considered to be immaterial.

9.2 This represents receivable in respect of common expenses incurred by the Company on behalf of the Window Takaful Operations.

	<u>Note</u>	<u>2023</u> <u>(Rupees in thousand)</u>	<u>2022</u> <u>(Rupees in thousand)</u>
<b>10. Insurance / reinsurance receivables - unsecured and considered good</b>			
Due from insurance contract holders		467,106	342,537
Less: Provision for impairment of receivable from insurance contract holders	10.1	(2,859)	(2,859)
		464,247	339,678
Due from other insurers / reinsurers	10.3	312,152	201,560
Less: Provision for impairment of due from other insurers / reinsurers	10.2	(1,959)	(1,959)
		310,193	199,601
		774,440	539,279
<b>10.1 Provision for impairment for receivables from insurance contract holders</b>			
Balance as at January 01,		2,859	2,859
Addition / (reversal) made during the year		-	-
Balance as at December 31,		2,859	2,859
<b>10.2 Provision for impairment of due from other insurers / reinsurers</b>			
Balance as at January 01,		1,959	1,959
Addition / (reversal) made during the year		-	-
Balance as at December 31,		1,959	1,959

**10.3** The Company has coinsurance and reinsurance arrangements with various insurance companies and domestic reinsurance company. Under the above arrangements, the receivable and payable balances originate mainly due to premiums collected or claims settled by the lead insurer on behalf of other coinsurers, and in case of reinsurance, the premium ceded to and claims recoverable from the reinsurer under the respective contracts. As per the prevailing industry practices, settlements of balances under co-insurance arrangements are done between respective insurance companies in normal course of business.

The Company believes that the current balances of coinsurance and reinsurance reflected in the records of the Company are based on underlying contracts and transactions supported by appropriate evidence.

In this regard, the Company exchanged balance information with various coinsurers based on significance of the balances and the reinsurers. This information corroborates the balance position of the Company in all material respects.

	<u>Note</u>	<u>2023</u> <u>(Rupees in thousand)</u>	<u>2022</u> <u>(Rupees in thousand)</u>
<b>11. Prepayments</b>			
Prepaid reinsurance premium ceded		1,200,927	862,155
Prepaid miscellaneous expenses		1,258	611
		1,202,185	862,766
<b>12. Cash and bank</b>			
<b>Cash and cash equivalents</b>			
<b>Cash at bank</b>			
- Current accounts		-	-
- Saving accounts	12.1	1,544,843	1,553,708
		1,544,843	1,553,708

**12.1** The balance in savings accounts bears mark-up which ranges from 2.92% to 21.25% (2022: 2.82% to 17.54%) per annum.

**12.2** Cash at bank represents the cash and cash equivalents for the purpose of cash flow statement.

### **13. Ordinary Share capital**

	<u>2023</u> <u>(Number of shares)</u>		<u>2023</u> <u>(Rupees in thousand)</u>	<u>2022</u> <u>(Rupees in thousand)</u>
<b>13.1 Authorised capital</b>				
	150,000,000	150,000,000	1,500,000	1,500,000
		Ordinary shares of Rs. 10/- each		

## 13.2 Issued, subscribed and paid up share capital

	<u>2023</u>	<u>2022</u>	<u>Note</u>	<u>2023</u>	<u>2022</u>
	(Number of shares)			(Rupees in thousand)	
	250,000	250,000	Ordinary shares of Rs. 10/- each fully paid in cash	2,500	2,500
	149,165,675	93,134,797	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	1,491,657	931,348
	<u>149,415,675</u>	<u>93,384,797</u>		<u>1,494,157</u>	<u>933,848</u>

## 14. Reserves

### Revenue reserves

Investment fair value reserve	14.1	1,515,625	773,801
General reserve		901,255	1,398,064
Investment fluctuation reserve		3,000	3,000
		<u>2,419,880</u>	<u>2,174,865</u>

14.1 This represents unrealized gain on re-measurement of available for sale investments at fair value. This shall be transferred to profit and loss account on de-recognition of investments, as permitted under IAS 39.

## 15. Deferred taxation

### Deferred debits arising in respect of:

	<u>Note</u>	<u>2023</u>	<u>2022</u>
		(Rupees in thousand)	
Provision for bonus to staff		-	(118)
Provision for doubtful receivables - insurance / reinsurance receivables		(1,879)	(1,590)
Impairment in value of available for sale securities		(195)	(165)
Liabilities outstanding for more than three years		-	(26,293)
Retirement benefit obligations		-	(8,175)
Provision for donation		(7,112)	-
Lease liabilities		(29,711)	(32,950)
Accelerated tax depreciation		(4,561)	(1,269)
		<u>(43,458)</u>	<u>(70,560)</u>

### Deferred credits arising due to:

Unrealised gain on remeasurement of investment		969,007	387,940
Retirement benefit assets		6,217	-
Right-of-use assets		24,479	28,990
		<u>999,703</u>	<u>416,930</u>
<b>Net deferred tax liability</b>		<u>956,245</u>	<u>346,370</u>

## 15.1 Reconciliation of deferred tax liabilities, net

As at January 01,		346,370	546,293
Tax income recognized in statement of profit and loss		37,564	5,890
Tax income / (expense) recognized in Other Comprehensive Income (OCI)	15.1.1	572,311	(205,813)
As at December 31,		<u>956,245</u>	<u>346,370</u>

15.1.1 This represents deferred tax charged to unrealized gain / (loss) on available for sale investments in OCI.

## 16. Retirement benefits

The Company operates separate defined benefit plans for management and non-management staff. Description of the retirement benefit plans and related accounting policies are stated in note 4.14

As per IAS 19, the Company has used the 'Projected Unit Credit Method' to determine the present value of its defined benefit obligations and the related current service costs. Actuarial gains and losses on obligation result from increases or decreases in the present value of the defined benefit obligation arising because of changes in financial assumptions, demographic assumptions and experience adjustments.

The Company makes contribution to the Fund based upon recommendations of the latest actuarial valuations carried out, such that the employer's contributions to the Fund should remain within the limits laid down in the Income Tax Rules, 2002. Details of the defined benefit plans are:



	<u>Note</u>	<u>2023</u> <u>(Rupees in thousand)</u>	<u>2022</u>
<b>Gratuity</b>			
- Management staff	16.1	(3,171)	9,142
- Non-management staff	16.1	(2,268)	3,715
(Asset) / liability		<u>(5,439)</u>	<u>12,857</u>

	<u>Note</u>	<u>Management staff</u>		<u>Non-management staff</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>(Rupees in thousand)</b>					
<b>16.1 Reconciliation - Statement of financial position</b>					
Fair value of plan assets	16.1.1	(80,659)	(55,065)	(28,470)	(19,944)
Present value of defined benefit obligations	16.1.2	77,488	64,207	26,202	23,659
Funded status		(3,171)	9,142	(2,268)	3,715
Payable in respect of inter group transfers / outgoing employees		-	-	-	-
Unrecognised net actuarial loss		-	-	-	-
Recognised (asset) / liability		<u>(3,171)</u>	<u>9,142</u>	<u>(2,268)</u>	<u>3,715</u>
<b>16.1.1 Movement in the fair value of plan assets</b>					
Fair value as at January 01,		55,065	55,253	19,944	21,622
Expected return on plan assets		8,248	6,447	2,834	2,567
Actuarial gain / (loss)		8,961	(3,874)	1,977	(5,468)
Employer contributions		9,017	-	6,490	1,977
Benefits paid		(758)	(2,761)	(2,775)	(754)
Others		126	-	-	-
Fair value as at December 31,	16.1	<u>80,659</u>	<u>55,065</u>	<u>28,470</u>	<u>19,944</u>
<b>16.1.2 Movement in the defined benefit obligations</b>					
Obligation as at January 01,		64,207	54,211	23,659	20,399
Service cost		4,486	3,733	1,616	1,577
Interest cost		9,479	6,332	3,338	2,431
Actuarial gain		74	2,566	364	6
Benefits paid		(758)	(2,761)	(2,775)	(754)
Others		-	126	-	-
Obligation as at December 31,	16.1	<u>77,488</u>	<u>64,207</u>	<u>26,202</u>	<u>23,659</u>
<b>16.1.3 Number of staff covered under the defined benefit plan</b>		<u>116</u>	<u>108</u>	<u>85</u>	<u>79</u>
<b>16.1.4 Cost</b>					
Current service cost		4,486	3,734	1,616	1,576
Interest cost		9,479	6,332	3,338	2,431
Expected return on plan assets		(8,248)	(6,448)	(2,834)	(2,567)
Expense		<u>5,717</u>	<u>3,618</u>	<u>2,120</u>	<u>1,440</u>
Actual return on plan assets		<u>17,209</u>	<u>2,573</u>	<u>4,811</u>	<u>(1,678)</u>

**16.1.5 Principal actuarial assumptions used are as follows:**

	<u>2023</u>	<u>2022</u>
<b>Management staff</b>		
Discount rate	15.50% per annum	14.50% per annum
Future long term salary increases	14.50% per annum	13.50% per annum
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Moderate	Moderate
<b>Non-management staff</b>		
Discount rate	15.50% per annum	14.50% per annum
Future long term salary increases	14.50% per annum	13.50% per annum
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Moderate	Light

16.1.6	Expected costs for the next year are as follows:	Management staff		Non-management staff	
		2023	2022	2023	2022
		(Rupees in thousand)			
	Current service cost	5,278	4,486	1,820	1,616
	Interest cost	12,231	9,479	3,942	3,338
	Expected return on plan assets	(12,688)	(8,248)	(4,269)	(2,834)
	Expense	4,821	5,717	1,493	2,120

16.1.7	Comparison for five year	2023	2022	2021	2020	2019
		(Rupees in thousand)				
	<b>Management staff</b>					
	<b>As at December 31</b>					
	Fair value of plan assets	(80,659)	(55,065)	(55,253)	(53,773)	(30,876)
	Defined benefit obligation	77,488	64,207	54,211	45,340	37,766
	(Deficit) / surplus	(3,171)	9,142	(1,042)	(8,433)	6,890
	<b>Experience adjustments</b>					
	Gain / (loss) on plan assets (as percentage of plan assets)	11.1%	-7.0%	-5.0%	12.4%	-7.8%
	Loss on obligations (as percentage of obligations)	0.1%	4.0%	4.0%	0.9%	0.9%
	<b>Non-Management staff</b>					
	<b>As at December 31</b>					
	Fair value of plan assets	(28,470)	(19,944)	(21,622)	(20,689)	(19,071)
	Defined benefit obligation	26,202	23,659	20,399	19,856	19,107
	(Deficit) / surplus	(2,268)	3,715	(1,223)	(833)	36
	<b>Experience adjustments</b>					
	(Loss) / gain on plan assets (as percentage of plan assets)	6.9%	-27.4%	-12.4%	-2.7%	-3.3%
	(Gain) / loss on obligations (as percentage of obligations)	1.4%	0.0%	3.9%	-6.1%	-3.3%

16.1.8	Plan assets comprises of the following	2023		2022	
		(Rupees in thousand)	%	(Rupees in thousand)	%
	<b>Management staff</b>				
	Debt	5,171	6%	10,416	19%
	Mutual funds	74,549	92%	43,655	79%
	Cash and bank balances	354	0%	926	2%
	Other payable	585	2%	68	0%
		80,659	100%	55,065	100%
	<b>Non-management staff</b>				
	Debt	28,337	100%	19,110	96%
	Mutual funds	-	0%	-	0%
	Cash and bank balances	133	0%	834	4%
		28,470	100%	19,944	100%

## 17. Lease liabilities

The effective interest rate used as the discounting factor (i.e. incremental borrowing rate) ranges from 10.67% to 23.61% (2022: 10.67% to 16.77%).

17.1 Minimum Lease Payments (MLP) and their Present Value (PV) are as follows:

	2023			2022		
	MLP	Future Financial Charges	PV of MLP	MLP	Future Financial Charges	PV of MLP
	(Rupees in thousand)			(Rupees in thousand)		
Due not later than 1 year	44,323	8,986	35,337	41,710	10,827	30,883
Due later than 1 year but not later than 5 years	46,097	13,245	32,852	81,504	12,538	68,966
Due later than 5 years	12,463	4,470	7,993	-	-	-
	102,883	26,701	76,182	123,214	23,365	99,849

17.2 Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<u>Note</u>	<u>2023</u> <u>(Rupees in thousand)</u>	<u>2022</u> <u>(Rupees in thousand)</u>
Balance as at January 01,		99,849	60,183
Additions during the year		7,883	68,884
(Deletions) / modification during the year		(859)	(4,263)
Markup on lease liabilities		11,904	9,270
		<u>118,777</u>	<u>134,074</u>
Lease rentals paid		(42,595)	(34,225)
Balance as at December 31,		<u>76,182</u>	<u>99,849</u>
<b>18. Insurance / reinsurance payable</b>			
Due to other insurers / reinsurers		<u>839,312</u>	<u>532,081</u>
<b>19. Other creditors and accruals</b>			
Agent commission payable		95,001	74,803
Federal Excise Duty / Sales tax		129,364	81,234
Federal Insurance Fee		6,911	2,078
Payable to related parties	19.1	18,236	10,855
Accrued expenses		60,622	201,275
Other tax payable		21,275	14,119
Unpaid and unclaimed dividend		135,285	124,949
Deposit against performance bonds		608,151	575,965
Bonus payable to staff		-	359
Leave encashment payable		55,969	49,634
Profit commission payable		17,233	15,505
Others	19.2	37,590	26,142
		<u>1,185,637</u>	<u>1,176,918</u>

19.1 This includes donation payable to a related party, Atlas Foundation, amounting to Rs. 18,236 thousand (2022: Rs. 10,855 thousand).

#### 19.2 Unclaimed insurance benefits

Others include unclaimed insurance benefits of Rs. 25,617 thousand (2022: Rs. 17,775 thousand), aging of which is given below:

	<b>Age-wise breakup of unclaimed insurance benefits</b>					<b>Total</b>
	<b>1 to 6 months</b>	<b>7 to 12 months</b>	<b>13 to 24 months</b>	<b>25 to 36 months</b>	<b>beyond 36 months</b>	
	<b>(Rupees in thousand)</b>					
Claims not encashed - 2023	1,920	6,647	2,898	904	13,248	25,617
Claims not encashed - 2022	35	3,588	904	1,080	12,168	17,775

## 20. Contingencies and commitments

### 20.1 Contingencies

20.1.1 The tax authorities had raised demand amounting to Rs. 117,817 (thousand) against the Company for the tax years 2009 to 2014, that primarily pertained to the rate of tax on dividend, rental income and WWF. Commissioner Inland Revenue (Appeals) [CIR (A)] partially upheld the decision and reduced the demand to Rs. 59,722 (thousand). The Company filed appeals against the CIR(A) decision before the Appellate Tribunal Inland Revenue (ATIR) wherein the decision of CIR(A) was upheld. The Company has filed a reference application against the decision of ATIR before the Honorable Lahore High Court which is currently pending adjudication. No provision has been recognized in these financial statements since the management believes that there are meritorious grounds that the case will be decided in favor of the Company.

20.1.2 For the tax year 2017, the Deputy Commissioner Inland Revenue (DCIR) created a tax demand of Rs. 654,473 thousand, which mainly pertained to disallowances due to need of underlying evidences and disallowance of certain expenses due to non-deduction of withholding tax.

Being aggrieved, the Company filed an appeal before the CIR (A) against the aforesaid order, who has disposed of the appeal and remanded back the entire case to the DCIR for reconsideration. The Company has filed an appeal before ATIR against the order of the CIR (A). No provision has been recognized in these financial statements since the management believes that there are meritorious grounds that the case will be decided in favor of the Company.

		<u>2023</u> <b>(Rupees in thousand)</b>	<u>2022</u> <b>(Rupees in thousand)</b>
<b>20.1.3 Other contingencies</b>			
Claims against the Company not acknowledged as debt		38,824	34,893
<b>20.2 Commitments</b>			
The amount of future payments under low value leases and the period in which these payments will become due are as follows:			
	<u>Note</u>	<u>2023</u> <b>(Rupees in thousand)</b>	<u>2022</u> <b>(Rupees in thousand)</b>
Not later than one year		2,195	3,427
Later than one year and not later than five years		2,828	3,900
	20.2.1	<u>5,023</u>	<u>7,327</u>
20.2.1 These include commitments in respect of low value leases of buildings and trackers. Leasing arrangements with respect to buildings, carry varying terms and are renewable upon expiry with mutual consent of parties to the arrangement.			
		<u>2023</u> <b>(Rupees in thousand)</b>	<u>2022</u> <b>(Rupees in thousand)</b>
<b>21. Net insurance premium</b>			
Written gross premium		5,862,022	4,697,393
Add: Unearned premium reserve - opening		1,547,129	1,234,056
Less: Unearned premium reserve - closing		(2,067,111)	(1,547,129)
Premium earned		5,342,040	4,384,320
Less: Reinsurance premium ceded		3,298,605	2,403,429
Add: Prepaid reinsurance premium - opening		862,155	710,151
Less: Prepaid reinsurance premium - closing		(1,200,927)	(862,155)
Reinsurance expense		2,959,833	2,251,425
		<u>2,382,207</u>	<u>2,132,895</u>
<b>22. Net insurance claims</b>			
Claims paid		1,653,912	1,652,478
Add: Outstanding claims including IBNR - closing		2,421,191	1,535,139
Less: Outstanding claims including IBNR - opening		(1,535,139)	(1,170,215)
Claims expense		2,539,964	2,017,402
Less: Reinsurance and other recoveries received		951,082	994,121
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment - closing		1,960,523	1,074,190
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment - opening		(1,074,190)	(772,137)
Reinsurance and other recoveries revenue		1,837,415	1,296,174
Net claims expense		<u>702,549</u>	<u>721,228</u>
<b>22.1 Claim development</b>			

The following table shows the development of fire and property damage insurance, marine, aviation and transport insurance and others including miscellaneous intimated claims compared to the last four years excluding provision for IBNR. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.



<u>Accident year</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
	<b>(Rupees in thousand)</b>				
Estimate of ultimate claims costs:					
At end of accident year	384,469	1,859,228	630,851	1,026,503	530,717
One year later	272,887	1,448,825	665,765	2,244,196	-
Two years later	201,676	1,179,033	529,812	-	-
Three years later	181,386	1,122,856	-	-	-
Four years later	172,369	-	-	-	-
Current estimate of cumulative claims	172,369	1,122,856	529,812	2,244,196	530,717
Cumulative payments to date	(162,221)	(1,111,262)	(425,243)	(564,190)	-
Liability recognized in statement of financial position	10,148	11,594	104,569	1,680,006	530,717

**Note**  
**2023**  
**(Rupees in thousand)**

**23. Net commission and other acquisition income**

Commission paid or payable	492,226	336,468
Add: Deferred commission expense - opening	144,916	95,197
Less: Deferred commission expense - closing	(187,675)	(144,916)
Net commission expense	449,467	286,749
Less: Commission received or recoverable	642,744	576,800
Add: Unearned reinsurance commission - opening	190,531	152,624
Less: Unearned reinsurance commission - closing	(211,362)	(190,531)
Commission from reinsurers	621,913	538,893
	(172,446)	(252,144)

**24. Management expenses**

Employee benefit cost	24.1	525,785	428,926
Travelling expenses		31,913	21,334
Advertisements and sales promotion		33,354	26,169
Printing and stationery		12,369	7,395
Depreciation	5.1	37,293	28,509
Depreciation right-of-use assets	5.2	32,416	29,226
Rent, rates and taxes		651	717
Electricity, gas and water		13,966	11,760
Entertainment		3,878	2,366
Vehicle running expenses		58,854	41,937
Office repairs and maintenance		9,766	6,362
Bank charges		1,425	499
Postages, telegrams and telephone		12,637	11,527
Annual supervision fee - SECP		7,411	5,861
Trackers expense		11,484	14,500
Fee and subscriptions	24.2 & 24.3	43,265	51,677
Insurance expense		7,397	2,588
Office expenses		10,923	9,763
Service charges - net		31,281	20,075
Miscellaneous		41,514	26,793
		927,582	747,984

**24.1 Employee benefit cost**

Salaries, allowances and other benefits		495,399	405,941
Charges for post employment benefit	24.1.1	30,386	22,985
		525,785	428,926

**24.1.1** This includes Company's contribution to defined contribution plans amounting to Rs. 19,178 thousand (2022: Rs. 16,566 thousand).

**24.2** This includes service charges amounting to Rs. 9,125 thousand (2022: Rs. 11,100 thousand) paid to Shirazi Investments (Pvt.) Limited, a related party, for providing IT support services.

**24.3** This includes portfolio management fee amounting to Rs. 4,946 thousand (2022: Rs. 5,604 thousand) paid to Atlas Asset Management Limited, a related party, for the management of mandated investment portfolio.

	<u>Note</u>	<u>2023</u> (Rupees in thousand)	<u>2022</u> (Rupees in thousand)
<b>25. Investment income</b>			
<b>Income from equity securities</b>			
<b>Available for sale</b>			
Dividend income		396,500	312,619
<b>Income from debt securities</b>			
<b>Held to maturity</b>			
Return on debt securities		190,940	40,664
<b>Available for sale</b>			
Interest on term finance certificate		4,470	2,157
		591,910	355,440
<b>Net realised gains on investments</b>			
<b>Available for sale financial assets</b>			
Realised gains / (loss)			
- equity securities		12,444	(67,042)
<b>Total investment income</b>		604,354	288,398
Less: Provision for Impairment in value of available for sale securities			
- equity securities		-	(284,178)
Less: Investment related expenses		(1,279)	(1,771)
		603,075	2,449
<b>26. Other income</b>			
Return on bank balances		280,705	128,098
Gain on sale of fixed assets		119	4,238
Gain on disposal of right-of-use assets		312	247
		281,136	132,583
<b>27. Other expenses</b>			
Legal and professional fee other than business related		5,687	2,742
Donations	27.1	28,338	20,700
Auditor's remuneration	27.2	5,503	2,639
Director's fee		3,600	1,600
		43,128	27,681
<b>27.1</b>			
This amount represents Rs. 28,338 thousand (2022: Rs. 20,700 thousand) donation to Atlas Foundation, a related party, situated at 2 <sup>nd</sup> Floor, Federation House, Clifton, Karachi - 74000. The following Directors of the Company are members of its Board of Directors:			
<b><u>Name of Directors</u></b>			
Mr. Iftikhar H. Shirazi			
Mr. Ali H. Shirazi			
Mr. Frahim Ali Khan			
Mr. M. Habib-ur-Rahman			
With the exception of their directorship, the Directors and their spouses have no interest in the donee.			
<b>27.2 Auditor's remuneration</b>		<u>2023</u> (Rupees in thousand)	<u>2022</u> (Rupees in thousand)
Audit fee		2,750	1,374
Fee for audit of provident fund, gratuity funds and other certifications		1,650	1,015
Out of pocket expenses		1,103	250
		5,503	2,639
<b>28. Finance costs</b>			
Interest on lease liability		11,904	9,270
Exchange loss		36,971	5,313
		48,875	14,583

	<b>2023</b>	<b>2022</b>
	<b>(Rupees in thousand)</b>	
<b>29. Window Takaful Operations - Operator's fund</b>		
Wakala fee	168,279	128,263
Commission expense	(49,261)	(39,894)
General, administrative and management expenses	(59,327)	(33,583)
Modarib's share of PTF investment income	22,601	10,810
Investment income	28,244	20,741
Direct expenses	(1,680)	(995)
Other income	368	1,690
Profit before taxation	<u>109,224</u>	<u>87,032</u>
<b>30. Income tax expense</b>		
For the year		
Current		
- Conventional	676,844	292,450
- Window Takaful Operations - Operator's fund	42,822	28,729
Deferred		
- Relating to origination of temporary differences	44,652	5,890
- Relating to change in tax rate	(7,088)	(6,618)
- Window Takaful Operations - Operator's fund	(77)	(522)
- Relating to change in tax rate	(95)	-
For prior years		
Current		
- Conventional	53,173	38,485
- Window Takaful Operations - Operator's fund	5,223	17,899
	<u>815,454</u>	<u>376,313</u>

### 30.1 Relationship between tax expense and accounting profit

Numerical reconciliation between the average effective tax rate and the applicable tax rate

	<b>2023</b>	<b>2022</b>
	<b>(Rupees in thousand)</b>	
Accounting profit	1,822,621	1,095,627
Tax at the applicable rate of 39% (2022: 33%)	710,822	361,557
Tax effect of temporary differences	37,392	(1,250)
Prior years tax	58,396	56,384
Tax effect of Window Takaful Operations - Operator's fund	42,822	28,729
Tax effect of amounts deductible for tax purpose - net	(33,978)	(69,107)
	<u>815,454</u>	<u>376,313</u>

30.2 Applicable tax rate represents the tax rate applicable to Insurance Companies under Part-I of Fourth Schedule of the Income Tax Ordinance, 2001.

	<b>2023</b>	<b>2022</b>
	<b>(Rupees in thousand)</b>	
<b>31. Earnings (after tax) per share - basic and diluted</b>		
Profit (after tax) for the year	<u>1,007,167</u>	<u>719,314</u>
	<b>Number of shares</b>	
	<b>thousand</b>	
		<b>Restated</b>
Weighted average number of ordinary shares of Rs. 10 each	<u>149,416</u>	<u>149,416</u>
	<b>(Rupees)</b>	
		<b>Restated</b>
Earnings per share - (basic / diluted)	<u>6.74</u>	<u>4.81</u>

31.1 There is no dilution in basic earnings per share as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

### 32. Compensation of directors and executives

Aggregate amounts charged in the accounts for remuneration, including all benefits to Chief Executive Officer, Directors and Executives of the Company are as follows:

	Chief Executive Officer		Directors		Executives	
	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)					
Fee	-	-	3,600	1,600	-	-
Managerial remuneration	24,962	21,918	-	-	138,046	118,413
Leave encashment paid	-	-	-	-	2,571	1,531
Bonus / profit commission paid	16,452	8,596	-	-	72,286	44,272
Contribution to defined benefit plan	904	794	-	-	4,839	4,125
Contribution to defined contribution plan	2,388	2,096	-	-	11,877	10,152
Rent and house maintenance	9,768	8,576	-	-	57,504	48,895
Utilities	2,171	1,906	-	-	12,327	10,788
Medical	620	622	-	-	8,411	7,251
Conveyance paid	-	-	-	-	11,060	10,654
Others (membership fee, petrol, telephone, newspaper, etc.)	4,949	2,247	-	-	42,778	30,018
<b>Total</b>	<b>62,214</b>	<b>46,755</b>	<b>3,600</b>	<b>1,600</b>	<b>361,699</b>	<b>286,099</b>
Number of person(s)	1	1	6	6	90	79

**32.1** Fee paid to 3 (2022: 3) Non-Executive Directors for attending meetings during the year amounts to Rs. 3,600 thousand (2022: Rs. 1,600 thousand). In addition, the Chief Executive Officer and some of the executives are also provided with use of the Company cars, in accordance with the policy of the Company.

**32.2** Executives mean employees, other than the Chief Executive Officer and Directors, whose basic salary exceed five hundred thousand rupees in a financial year.

### 33. Provident fund trust

The Company has maintained an employee provident fund trust and investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the Rules formulated for this purpose. The salient information of the fund is as follow:

	<u>Note</u>	<u>2023</u> (Unaudited) (Rupees in thousand)	<u>2022</u> (Audited)
Size of the fund		53,271	51,087
Percentage of investments made		95.35%	89.64%
Fair value of investments	33.1	50,793	45,796
Cost of investments made		50,777	45,005

**33.1** Investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Act, 2017 and the rules formulated for this purpose. The break-up of investments is as follows:

<u>Breakup of investments at fair value</u>	<u>Investment as a % size of fund</u>		<u>Investments</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Rupees in thousand)			
Government Securities	95%	90%	50,729	45,749
Listed securities and mutual funds	0%	0%	64	47
			<u>50,793</u>	<u>45,796</u>

The information for the financial year 2023 is based on un-audited financial statements of the provident fund.



### 34. Related party transactions

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of directors, and their close family members. Transactions with related parties are carried out on mutually agreed terms and conditions.

Amounts due to / from and other significant transactions, other than those disclosed elsewhere in this financial statements, are as follows:

		<u>2023</u>	<u>2022</u>	
		(Rupees in thousand)		
<b>Parent Company</b>	<b>Year end balances</b>			
	Provision for outstanding claims	1,145	1,683	
	Due from insurance contract holders	943	4,450	
	<b>Transactions during the year</b>			
	Premium underwritten	18,979	25,677	
	Premium collected	32,994	25,934	
	Claims paid	6,395	9,091	
	IT support service charges paid	9,319	25,455	
	Dividend paid	429,111	463,645	
	<b>Associated Companies</b>	<b>Year end balances</b>		
		Provision for outstanding claims	1,312,918	735,036
		Premium received in advance	75,457	178,520
Due from insurance contract holders		179,233	203,731	
Lease liability		5,962	7,022	
<b>Transactions during the year</b>				
Premium underwritten		2,200,703	2,091,577	
Premium collected		2,781,689	2,384,728	
Claims paid		408,139	358,044	
Assets purchased		53,742	38,208	
Lease liability paid		2,063	1,875	
Expenses paid		6,521	7,057	
Dividends received	151,751	114,881		
Dividends paid	15,669	16,930		
Donations paid	20,956	21,815		
Investments purchased	1,116,171	315,176		
Investments sold at sale price	1,321,617	302,834		
Finance cost charged	1,002	542		
<b>Post employment benefit plans</b>	<b>Transactions during the year</b>			
	Contributions in respect of post employment benefit plans including provident fund	26,430	24,066	
<b>Key management personnel</b>	<b>Year end balances</b>			
	Provision for outstanding claims	1,845	2,347	
	Due from insurance contract holders	108	85	
	<b>Transactions during the year</b>			
	Premium underwritten	1,643	295	
	Premium collected	1,667	2,204	
	Assets sold	2,344	5,364	
	Claims paid	743	633	
Dividend paid	455	267		

**34.1** Following are the particulars of the related parties other than employee retirement benefit plans, key management personnel and Directors of the Company at the reporting date.

<u>Name of Related Party</u>	<u>Basis of relationship</u>
Shirazi Investments (Private) Limited	Parent Company
Atlas DID (Private) Limited	Group Company
Atlas GCI (Private) Limited	Group Company
Atlas Hitec (Private) Limited	Group Company
Atlas Honda Limited	Group Company
Atlas World Wide General Trading LLC	Group Company
Honda Atlas Cars (Pakistan) Limited	Group Company
Honda Atlas Power Product (Private) Limited	Common Directorship
ACME Investment Limited, UAE	Common Directorship
Atlas Autos (Private) Limited	Common Directorship
Atlas Battery Limited	Common Directorship
Atlas Energy Limited	Common Directorship
Atlas Engineering (Private) Limited	Common Directorship
Atlas Foundation	Common Directorship
Atlas Global FZE	Common Directorship
Atlas Metals (Private) Limited	Common Directorship
Atlas Power Limited	Common Directorship
Atlas Solar Limited	Common Directorship
Atlas Venture Limited	Common Directorship
Cherat Packaging Limited	Common Directorship
Iftikhar Shirazi Family Trust	Common Directorship
Infinity Capital Investments	Common Directorship
Oyster International Holdings Limited	Common Directorship
SF Global Holdings Limited	Common Directorship
Shirazi Trading Company (Private) Limited	Common Directorship
Techlogix International Limited	Common Directorship
Atlas Asset Management Limited	Common Directorship
Provident Fund	Trust
Gratuity Fund	Trust

### 35. Segment reporting

The Company has identified four (2022: four) primary operating / business segments for reporting purposes in accordance with the requirements of the Insurance Ordinance, 2000, the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. These include fire and property damage, marine, aviation and transport, motor and miscellaneous class of operating / business segments. As per Insurance Rules, 2017, information for other segments under which business is less than 10%, is classified under miscellaneous class of operating / business segment.

	December 31, 2023				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	(Rupees in thousand)				
Premium receivable (inclusive of Federal Insurance Fee and Administrative surcharge)	3,148,264	1,431,567	1,282,592	953,495	6,815,918
Less: Federal Excise Duty	466,620	163,568	152,790	108,736	891,714
Federal Insurance Fee	31,504	12,454	10,106	8,118	62,182
Gross written premium (inclusive of Administrative Surcharge)	2,650,140	1,255,545	1,119,696	836,641	5,862,022
Gross direct premium	2,594,963	1,234,724	990,613	827,172	5,647,472
Facultative inward premium	46,549	9	117,911	4,319	168,788
Administrative surcharge	8,628	20,812	11,172	5,150	45,762
	2,650,140	1,255,545	1,119,696	836,641	5,862,022
Insurance premium earned	2,362,434	1,223,450	1,016,057	740,099	5,342,040
Insurance premium ceded to reinsurers	(1,936,596)	(399,474)	(225,185)	(398,578)	(2,959,833)
Net insurance premium	425,838	823,976	790,872	341,521	2,382,207
Commission income	335,691	137,539	52,960	95,723	621,913
<b>Net underwriting income</b>	761,529	961,515	843,832	437,244	3,004,120
Insurance claims	(1,511,765)	(144,423)	(370,093)	(513,683)	(2,539,964)
Insurance claims recovered from reinsurers	1,452,949	105,672	77,602	201,192	1,837,415
Net claims	(58,816)	(38,751)	(292,491)	(312,491)	(702,549)
Commission expense	(277,760)	(53,533)	(72,928)	(45,246)	(449,467)
Management expenses	(414,168)	(196,228)	(186,459)	(130,727)	(927,582)
Premium deficiency	-	-	-	(3,333)	(3,333)
<b>Net insurance claims and expenses</b>	(750,744)	(288,512)	(551,878)	(491,797)	(2,082,931)
<b>Underwriting results</b>	10,785	673,003	291,954	(54,553)	921,189
Investment income					603,075
Other income					281,136
Other expenses					(43,128)
Finance cost					(48,875)
Profit before from Window Takaful Operations - Operator's fund					109,224
<b>Profit before tax</b>					1,822,621
Segment assets - Conventional	1,867,557	884,828	788,992	589,473	4,130,850
Segment assets - Takaful OPF	73,760	24,669	145,515	39,366	283,310
Unallocated assets - Conventional					8,700,328
Unallocated assets - Takaful OPF					166,343
					13,280,831
Segment liabilities - Conventional	2,981,415	1,412,562	1,259,567	941,048	6,594,592
Segment liabilities - Takaful OPF	23,925	7,994	47,194	89,952	169,065
Unallocated liabilities - Conventional					1,671,057
Unallocated liabilities - Takaful OPF					75,176
					8,509,890

December 31, 2022

	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	(Rupees in thousand)				
Premium receivable (inclusive of Federal Excise Duty Federal Insurance Fee and Administrative Surcharge)	1,979,223	1,582,544	1,069,340	793,396	5,424,503
Less: Federal Excise Duty	272,880	189,230	130,656	85,871	678,637
Federal Insurance Fee	19,101	13,423	8,510	7,439	48,473
Gross written premium (inclusive of Administrative Surcharge)	1,687,242	1,379,891	930,174	700,086	4,697,393
Gross direct premium	1,653,853	1,357,711	817,900	691,811	4,521,275
Facultative inward premium	25,922	519	101,125	3,440	131,006
Administrative surcharge	7,467	21,661	11,149	4,835	45,112
	1,687,242	1,379,891	930,174	700,086	4,697,393
Insurance premium earned	1,544,772	1,366,859	844,136	628,553	4,384,320
Insurance premium ceded to reinsurers	(1,285,787)	(458,361)	(208,744)	(298,533)	(2,251,425)
Net insurance premium	258,985	908,498	635,392	330,020	2,132,895
Commission income	274,771	147,192	46,741	70,189	538,893
<b>Net underwriting income</b>	533,756	1,055,690	682,133	400,209	2,671,788
Insurance claims	(1,189,223)	(391,207)	(364,978)	(71,994)	(2,017,402)
Insurance claims recovered from reinsurers	1,132,748	284,977	63,800	(185,351)	1,296,174
Net claims	(56,475)	(106,230)	(301,178)	(257,345)	(721,228)
Commission expense	(155,943)	(46,577)	(52,275)	(31,954)	(286,749)
Management expenses	(272,042)	(212,910)	(156,236)	(106,796)	(747,984)
<b>Net insurance claims and expenses</b>	(484,460)	(365,717)	(509,689)	(396,095)	(1,755,961)
<b>Underwriting results</b>	49,296	689,973	172,444	4,114	915,827
Net investment income					2,449
Other income					132,583
Other expenses					(14,583)
Finance cost					(27,681)
Profit before taxation from Window Takaful Operations - OPF					87,032
<b>Profit before tax</b>					1,095,627
Segment assets - Conventional	944,202	772,289	520,468	391,666	2,628,625
Segment assets - Takaful OPF	39,861	13,350	118,755	23,200	195,166
Unallocated assets - Conventional					6,522,312
Unallocated assets - Takaful OPF					188,040
					9,534,143
Segment liabilities - Conventional	1,706,120	1,395,485	940,457	707,715	4,749,777
Segment liabilities - Takaful OPF	8,896	2,973	26,484	69,360	107,713
Unallocated liabilities - Conventional					1,060,029
Unallocated liabilities - Takaful OPF					31,432
					5,948,951

As the operations of the Company are carried out in Pakistan, information relating to geographical segment is not considered relevant.



	<u>Held to maturity</u>	<u>Available for sale</u>	<u>Total</u>
	(Rupees in thousand)		
<b>36. Movement in investments</b>			
<b>As at beginning of previous year</b>	327,476	5,534,093	5,861,569
Additions	972,157	1,876,017	2,848,174
Disposals (sales and redemptions)	(918,179)	(2,375,701)	(3,293,880)
Fair value net losses (excluding net realised losses)	-	(882,046)	(882,046)
Unwinding on debt securities	15,638	-	15,638
Impairment	-	92,635	92,635
<b>As at beginning of current year</b>	397,092	4,244,998	4,642,090
Additions	5,400,021	1,898,282	7,298,303
Disposals (sales and redemptions)	(4,279,817)	(2,163,033)	(6,442,850)
Fair value net gain (excluding net realised gain)	-	1,309,057	1,309,057
<b>As at end of current year</b>	<u>1,517,296</u>	<u>5,289,304</u>	<u>6,806,600</u>

### 36.1 Fair value measurement of financial instruments - IFRS 9

Following is the fair value of financial assets as on December 31, 2023 under IFRS 9 classifications and the change in their fair value during the year ended December 31, 2023:

	<u>Amortized cost*</u>	<u>Fair value through OCI</u>	<u>Total</u>	<u>Other financial instrument</u>
	(Rupees in thousand)			
<b>Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading</b>				
<b>Pakistan Investment Bonds</b>				
Opening fair value - December 31, 2022	49,521	-	49,521	-
Disposals	(49,521)	-	(49,521)	-
Closing fair value - December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Treasury Bills</b>				
Opening fair value - December 31, 2022	347,571	-	347,571	-
Additions	5,400,021	-	5,400,021	-
Disposals	(4,230,296)	-	(4,230,296)	-
Closing fair value - December 31, 2023	<u>1,517,296</u>	<u>-</u>	<u>1,517,296</u>	<u>-</u>
<b>Term Finance Certificates</b>				
Opening fair value - December 31, 2022	-	-	-	20,000
Closing fair value - December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
<b>Shares in listed / unlisted equity securities</b>				
Opening fair value - December 31, 2022	-	-	-	3,651,084
Additions	-	-	-	782,111
Increase in fair value - net	-	-	-	1,036,275
Disposals	-	-	-	(842,714)
Closing fair value - December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,626,756</u>
<b>Mutual fund investments</b>				
Opening fair value - December 31, 2022	-	-	-	573,914
Additions	-	-	-	1,116,171
Increase in fair value - net	-	-	-	272,782
Disposals	-	-	-	(1,320,319)
Closing fair value - December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>642,548</u>

\* The fair value of the remaining financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate. These include insurance debtors and other short term receivables amounting to Rs. 3,303,9531 thousand (2022: Rs. 2,071,508 thousand) and balances with banks amounting to Rs. 1,544,843 thousand (2022: Rs. 1,553,708 thousand), respectively.

## 37. Risk management

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholder from the events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management system in place.

The Company's risk management function is carried out by the Board of Directors (the Board), with its associated committees. This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the Board to the Chief Executive Officer and senior managers.

The Board meets regularly to approve any commercial, regulatory and organizational decisions. The Chief Executive Officer under the authority delegated from the Board defines the Company's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirement.

The risk faced by the Company and the way these risks are mitigated by management are summarized below:

	<u>Note</u>
a) Financial risk, categorized into;	
- Credit risk	37.1.1
- Liquidity risk	37.1.2
- Market risk	37.1.3
b) Capital adequacy risk	37.2
c) Insurance risk	37.3

### 37.1 Financial risk

The Company's activities exposes it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk).

The Company's principal financial risk instruments are financial investments, receivables arising from insurance and reinsurance contracts, statutory deposits and cash and cash equivalents. The Company does not enter into any derivative transactions.

The Company's financial risk focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Financial risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

#### 37.1.1 Credit risk

- a) Credit worthiness of counter party;
- b) Aging analysis of counter party.

The carrying amount of financial assets which represents the maximum credit exposure, as specified below:

	<u>Note</u>	<u>2023</u> (Rupees in thousand)	<u>2022</u>
<b>Financial assets</b>			
Bank balances	12	1,544,843	1,553,708
Investments	7 & 8	6,806,600	4,642,090
Amount due from insurance contract holders	10	467,106	342,537
Amount due from other insurers / reinsurers	10	312,152	201,560
Reinsurance recoveries against outstanding claims	22	1,960,523	1,074,190
Loans and other receivables	9	112,052	66,748
		<u>11,203,276</u>	<u>7,880,833</u>

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

<b>Banks</b>	<b>Rating</b>		<b>Rating Agency</b>	<b>2023</b>	<b>2022</b>
	<b>Short-term</b>	<b>Long-term</b>		<b>(Rupees in thousand)</b>	
Bank Alfalah Limited	A1+	AA+	PACRA	86,099	770,607
Bank Al Habib	A1+	AAA	PACRA	27,563	23,533
Faysal Bank Limited	A1+	AA	PACRA	23,325	22,192
United Bank Limited	A-1+	AAA	JCR-VIS	414,770	-
FINCA Microfinance Bank Limited	A2	A-	PACRA	9	1
Habib Bank Limited	A-1+	AAA	JCR-VIS	634,776	39,638
MCB Bank Limited	A1+	AAA	PACRA	339,629	665,298
NRSP Microfinance Bank Limited	A2	A-	PACRA	11	11
Sindh Bank Limited	A-1	A+	JCR-VIS	14	1
Soneri Bank Limited	A1+	AA-	PACRA	16,702	28,634
Bank Makramah Limited (Formerly: Summit Bank Limited)	Unrated	Unrated	N/A	1,945	3,793
				<b>1,544,843</b>	<b>1,553,708</b>

The management monitors exposure to credit risk in premium receivable arising from insurance and reinsurance contracts, through regular review of credit exposure and prudent estimates of provision for doubtful receivables. The provision for doubtful receivables amounting to Rs. 4,818 thousands (2022: Rs. 4,818 thousands) is shown in note 10.1 and 10.2. The figures shown below are exclusive of any provisions made during the year. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sector segments.

37.1.1.2 The aging analysis of premium due but unpaid can be assessed with the following:

	<b>2023</b>			<b>2022</b>		
	<b>Related parties</b>	<b>Others</b>	<b>Total</b>	<b>Related parties</b>	<b>Others</b>	<b>Total</b>
	<b>(Rupees in thousand)</b>					
Up to 1 year	181,000	279,330	460,330	208,266	134,271	342,537
Past 1 but less than 3 years	-	6,776	6,776	-	-	-
Less: provision	-	(2,859)	(2,859)	-	(2,859)	(2,859)
	<b>181,000</b>	<b>283,247</b>	<b>464,247</b>	<b>208,266</b>	<b>131,412</b>	<b>339,678</b>

37.1.1.3 The credit quality of amount due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external ratings as follows:

	<b>Amount due from other insurers / reinsurers</b>	<b>Reinsurance recoveries against outstanding claims</b>	<b>Total</b>
	<b>(Rupees in thousand)</b>		
<b>As at December 31, 2023</b>			
BB+ or above (including PRCL)	312,152	1,960,523	2,272,675
<b>As at December 31, 2022</b>			
BB+ or above (including PRCL)	201,560	1,074,190	1,275,750

The credit risk of reinsurance recoveries against outstanding claims can be assessed with the following age analysis, estimated in a manner consistent with the provision for outstanding claims, in accordance with the reinsurance contracts:

The age analysis of reinsurance against outstanding claims is shown below:

	2023		2022	
	Reinsurance recoveries against outstanding claims	Provision for outstanding claims including IBNR	Reinsurance recoveries against outstanding claims	Provision for outstanding claims including IBNR
	(Rupees in thousand)			
Up to 1 year	287,014	560,859	770,504	1,043,827
1-2 years	1,546,826	1,680,006	134,976	260,559
2-3 years	63,717	104,569	120,163	168,064
Over 3 years	62,966	75,757	48,547	62,689
	<u>1,960,523</u>	<u>2,421,191</u>	<u>1,074,190</u>	<u>1,535,139</u>

### 37.1.2 Liquidity risk

Liquidity risk is the risk that the Company shall not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

On the statement of financial position date, the Company has cash and bank deposits and readily marketable securities with insignificant change in value of Rs. 1,544,843 thousand (2022: Rs. 1,553,708 thousand) and Rs. 5,269,304 thousand (2022: Rs. 4,224,998 thousand) respectively.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2023			
	On demand	Maturity up to one year	Maturity after one year	Total
	(Rupees in thousand)			
Provision for outstanding claims	-	2,421,191	-	2,421,191
Amounts due to other insurers / reinsurers	-	839,312	-	839,312
Other creditors and accruals	-	1,185,637	-	1,185,637
Lease liabilities	-	35,337	40,845	76,182
	<u>-</u>	<u>4,481,477</u>	<u>40,845</u>	<u>4,522,322</u>
	2022			
	On demand	Maturity up to one year	Maturity after one year	Total
	(Rupees in thousand)			
Provision for outstanding claims	-	1,535,139	-	1,535,139
Amounts due to other insurers / reinsurers	-	532,081	-	532,081
Other creditors and accruals	-	1,176,918	-	1,176,918
Lease liabilities	-	30,883	68,966	99,849
	<u>-</u>	<u>3,275,021</u>	<u>68,966</u>	<u>3,343,987</u>

#### 37.1.2.1 Changes in liabilities arising from financing activities

		Opening	Cashflows	Other	Closing
		(Rupees in thousand)			
Lease liabilities	2023	<u>99,849</u>	<u>(42,595)</u>	<u>18,928</u>	<u>76,182</u>
Lease liabilities	2022	<u>60,183</u>	<u>(34,225)</u>	<u>73,891</u>	<u>99,849</u>



### 37.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Company is exposed to market risk with respect to its bank balances, deposits and investments.

The Company limits market risk by maintaining a diversified portfolio of money market and equity market and by continuous monitoring of developments in respective markets. The company has formulated a liquidity-risk based investment policy approved by the Board which contains various guidelines for investment of surplus funds in money market and equity market.

#### 37.1.3.1 Interest rate risk

Interest rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instrument exposes the Company to fair value interest risk.

Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At the statement of financial position date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective interest	Effective interest	Carrying amounts		Carrying amounts	
	Rate %	Rate %	Maturity up to one year		Maturity after one year	
	2023	2022	2023	2022	2023	2022
			(Rupees in thousand)			
<b>Financial assets</b>						
Bank balances	2.92% to 21.25%	2.82% to 17.54%	1,544,843	1,553,708	-	-
<b>Investments</b>						
TFCs	22.54% to 23.91%	8.68% to 18.33%	-	-	20,000	20,000
PIBs	8.55%	8.55% to 11.75%	-	49,521	-	-
T Bills	15.67% to 22.75%	8.38% to 15.90%	1,517,296	347,571	-	-
			1,517,296	397,092	20,000	20,000

#### Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss account. Therefore, a change in interest rate will not affect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Increase by 100 bps	Decrease by 100 bps
	(Rupees in thousand)	
<b>Impact on profit and loss account</b>		
<b>As at December 31, 2023</b>		
Cash flow sensitivity-variable rate financial assets	2,807	(2,807)
<b>As at December 31, 2022</b>		
Cash flow sensitivity-variable rate financial assets	1,281	(1,281)

### 37.1.3.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to price risk since it has investments amounting to Rs. 6,807 million (2022: Rs. 4,642 million) at the statement of financial position date. However the Company has no significant concentration of price risk.

The carrying amount of investments subject to price risk are based on quoted market prices as of the statement of financial position date including available for sale equity in accordance with the requirements of the S.R.O.88 issued by the SECP, in February 2017.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable.

### 37.1.3.2.1 Sensitivity analysis

The table below summarizes Company's equity price risk as of December 31, 2023 and December 31, 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios.

The impact of hypothetical change on held for trading portfolio would be as follows:

		<b>Fair value</b>	<b>Hypothetical price change</b>	<b>Estimated fair value after hypothetical changes in price</b>	<b>Hypothetical increase / (decrease) in Asset</b>	<b>Profit after tax</b>
(Rupees in thousand)						
December 31, 2023	Available for sale	5,269,304	10% increase	5,796,234	-	321,427
			10% decrease	4,742,374	-	(321,427)
December 31, 2022	Available for sale	4,224,998	10% increase	4,647,498	-	283,075
			10% decrease	3,802,498	-	(283,075)

### 37.1.3.3 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company's exposure to exchange rate fluctuation risk is insignificant.

### 37.1.3.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for certain debt instruments held. The fair values of financial instruments are disclosed in note 38 to these financial statements.

## 37.2 Capital adequacy risk

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

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

The Company's current paid-up capital is in accordance with the limit prescribed by the SECP vide SRO 89 (1)/2017.

In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP which are fully met by the Company.

### 37.3 Insurance risk

The Company's insurance activities are primarily concerned with the pricing, acceptance and management of risks from its customers. In accepting risks the Company is committing to the payment of claims and therefore these risks must be understood and controlled. Disciplined underwriting, encompassing risk assessment, risk management, pricing and exposure control is critical to the Company's success. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The company is facing three kinds of risk in its insurance activities, namely;

- Premium Risk 37.3.1
- Claim Risk 37.3.2
- Reinsurance Risk 37.3.3

#### 37.3.1 Premium Risk

The underwriting strategy aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Pricing is generally based upon risk quality, historical claims frequencies, claims averages, adjusted for inflation and imposition of deductibles. Risk inspections surveys are also conducted before acceptance of larger risks. Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria.

The Company manages the insurance risk arising from the geographical concentration of risk with the help of various MIS reports generated from the IT system. For this purpose all critical underwriting information including address lookups and geocoding is punched into the IT system. For example, for catastrophic aggregates, the IT system assigns precise codes with reference to the accumulation of sum insured in force at any particular location against natural perils. For marine, aviation and transport risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system.

The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

**37.3.1.1** The following table demonstrates the class wise concentration of risk on the basis of sum insured:

	Gross sum insured		Net sum insured	
	2023	2022	2023	2022
Fire and property damage	88%	84%	55%	30%
Marine, aviation and transport	3%	4%	3%	37%
Motor	2%	2%	25%	18%
Miscellaneous	7%	10%	17%	15%
	100%	100%	100%	100%

#### 37.3.2 Claim Risk

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies and can be characterized under a number of specific headings, such as;

- Uncertainty as to whether an event has occurred which would give rise to an insured loss.
- Uncertainty as to the extent of policy coverage and limits applicable.
- Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.
- Uncertainty over the timing of a settlement to a policyholder for a loss suffered.

Therefore the objective of the Company is to ensure that sufficient reserves are available to cover these uncertainties and in case of any change in estimation due to further development on uncertainty or change on assumptions, the Company account for that change immediately.

Claims provisions are determined based upon previous claims experience, the knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. It should be emphasized that corroborative evidence obtained from as wide a range of sources as possible also contribute to form the overall estimate. Large claims impacting each relevant business class are generally assessed separately, being measured at the face value of the surveyor's estimates.

Company has reasonably accounted for claims that have occurred by the end of the reporting period but remain unsettled and for those that may have occurred but have not yet been notified to the Company and those that are not yet apparent to the insured. The Company's policy for accounting of its claims has been disclosed in note 4.17 to the financial statements.

### Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognized in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on underwriting results and on shareholder's equity due to 10% change in claim expense.

	Underwriting results		Shareholders' equity	
	2023	2022	2023	2022
	(Rupees in thousand)			
Fire and property damage	(5,882)	(5,648)	(3,588)	(3,784)
Marine, aviation and transport	(3,875)	(10,623)	(2,364)	(7,117)
Motor	(29,249)	(30,118)	(17,842)	(20,179)
Miscellaneous	(31,249)	(25,735)	(19,062)	(17,242)
	<u>(70,255)</u>	<u>(72,124)</u>	<u>(42,856)</u>	<u>(48,322)</u>

### 37.3.3 Reinsurance risk

The Company purchases reinsurance as part of its risks mitigation program. Reinsurance ceded is placed on both proportional and non-proportional basis. The majority of proportional reinsurance is quota share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess of loss reinsurance vary by product line. The Company also arranges the local and foreign facultative reinsurance as part of its risk management strategy.

## 38. Fair value measurement 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.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.



Carrying amount							
Note	Available for sale	Fair value through profit or loss account	Held to maturity	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total
(Rupees in thousand)							
<b>December 31, 2023</b>							
<b>Financial assets - measured at fair value</b>							
Investment - Equity	7	5,269,304	-	-	-	-	5,269,304
Investment - Debt securities	8	20,000	-	-	-	-	20,000
		<u>5,289,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,289,304</u>
<b>Financial assets - not measured at fair value</b>							
Investment - Debt securities	8	-	1,517,296	-	-	-	1,517,296
Loans and other receivables*	9	-	-	112,052	-	-	112,052
Insurance / reinsurance receivables - unsecured and considered good*	10	-	-	774,440	-	-	774,440
Reinsurance recoveries against outstanding claims*	22	-	-	1,960,523	-	-	1,960,523
Cash and bank*	12	-	-	-	1,544,843	-	1,544,843
Total assets of Window Takaful Operations - Operator's fund*		<u>-</u>	<u>-</u>	<u>449,653</u>	<u>-</u>	<u>-</u>	<u>449,653</u>
		<u>-</u>	<u>1,517,296</u>	<u>3,296,668</u>	<u>1,544,843</u>	<u>-</u>	<u>6,358,807</u>
<b>Financial liabilities - measured at fair value</b>							
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities - not measured at fair value</b>							
Underwriting provisions:							
Outstanding claims including IBNR*	22	-	-	-	-	2,421,191	2,421,191
Insurance / reinsurance payables*	18	-	-	-	-	839,312	839,312
Other creditors and accruals*	19	-	-	-	-	1,185,637	1,185,637
Total liabilities of Window Takaful Operations - Operator's fund*		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,241</u>	<u>244,241</u>
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,690,381</u>	<u>4,690,381</u>

\* The fair value of these financial assets are not significantly different from their carrying amounts since these assets are either short term in nature or are frequently repriced to market rate.

Fair value				
Level 1	Level 2	Level 3	Total	
(Rupees in thousand)				
<b>Financial assets - measured at fair value</b>				
Investment - Equity	5,269,304	-	-	5,269,304
Investment - Debt securities	20,000	-	-	20,000
	<u>5,289,304</u>	<u>-</u>	<u>-</u>	<u>5,289,304</u>
<b>Financial liabilities - not measured at fair value</b>				
Investment - Debt securities	1,517,296	-	-	1,517,296
Loans and other receivables*	-	-	-	-
Insurance / reinsurance receivables - unsecured and considered good*	-	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	-	-
Cash and bank*	-	-	-	-
Total assets of Window Takaful Operations - Operator's fund*	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,517,296</u>	<u>-</u>	<u>-</u>	<u>1,517,296</u>

		Carrying amount						
	Note	Available for sale	Fair value through profit or loss account	Held to maturity	Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total
(Rupees in thousand)								
<b>December 31, 2022</b>								
<b>Financial assets - measured at fair value</b>								
	7	4,224,998	-	-	-	-	-	4,224,998
	8	20,000	-	-	-	-	-	20,000
		<u>4,244,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,244,998</u>
<b>Financial assets - not measured at fair value</b>								
	8	-	-	397,092	-	-	-	397,092
	9	-	-	-	66,748	-	-	66,748
	10	-	-	-	539,279	-	-	539,279
	22	-	-	-	1,074,190	-	-	1,074,190
	12	-	-	-	-	1,553,708	-	1,553,708
		-	-	-	383,206	-	-	383,206
		<u>-</u>	<u>-</u>	<u>397,092</u>	<u>2,063,423</u>	<u>1,553,708</u>	<u>-</u>	<u>4,014,223</u>
<b>Financial liabilities - measured at fair value</b>								
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities - not measured at fair value</b>								
	22	-	-	-	-	-	1,535,139	1,535,139
	18	-	-	-	-	-	532,081	532,081
	19	-	-	-	-	-	1,176,918	1,176,918
		-	-	-	-	-	139,145	139,145
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,383,283</u>	<u>3,383,283</u>

\* The fair value of these financial assets are not significantly different from their carrying amounts since these assets are either short term in nature or are frequently repriced to market rate.

		Fair value			
		Level 1	Level 2	Level 3	Total
(Rupees in thousand)					
<b>Financial assets - measured at fair value</b>					
		4,224,998	-	-	4,224,998
		20,000	-	-	20,000
		<u>4,244,998</u>	<u>-</u>	<u>-</u>	<u>4,244,998</u>
<b>Financial assets - not measured at fair value</b>					
		397,092	-	-	397,092
		-	-	-	-
		-	-	-	-
		-	-	-	-
		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>397,092</u>	<u>-</u>	<u>-</u>	<u>397,092</u>

### 39. Statement of solvency

The statement of solvency includes consolidated assets and liabilities for both conventional business and window takaful operations.

	<b>2023</b> <b>(Rupees in thousand)</b>
<b>Assets</b>	
Property and equipment	230,136
Investments	
Equity securities	5,269,304
Debt securities	1,537,296
Loans and other receivables	112,052
Insurance / reinsurance receivables	774,440
Reinsurance recoveries against outstanding claims	1,960,523
Salvage recoveries accrued	7,285
Retirement benefit assets	5,439
Deferred commission expense / acquisition cost	187,675
Prepayments	1,202,185
Cash and bank	1,544,843
	12,831,178
Total assets from Window Takaful Operations - Operator's fund	449,653
Total assets from Window Takaful Operations - Participants' fund	1,018,609
<b>Total Assets (A)</b>	<b>14,299,440</b>
<b>Inadmissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000</b>	
(d) Loans and advances to employees	7,231
(g) Due from any body related to the insurer	58,412
(h) Insurance / reinsurance receivables	402,240
(l) Assets subject to encumbrances	608,151
(u) Vehicles, furniture and fixtures, office equipment and computers equipment	160,991
(v) Investment in shares, mutual funds and property	1,719,288
(g) and (u) Assets from Window Takaful Operations - Operator's fund	265,589
(h) Assets from Window Takaful Operations - Participants' fund	57,587
<b>Total of in-admissible assets (B)</b>	<b>3,279,489</b>
<b>Total admissible assets (C=A-B)</b>	<b>11,019,951</b>
<b>Total liabilities</b>	
Underwriting provisions	
Outstanding claims including IBNR	2,421,191
Unearned premium reserves	2,067,111
Premium deficiency reserve	3,333
Unearned reinsurance commission	211,362
Deferred taxation	956,245
Premium received in advance	447,465
Lease liabilities	76,182
Insurance / reinsurance payable	839,312
Other creditors and accruals	1,185,637
Taxation - provision less payment	57,811
	8,265,649
Total liabilities from Window Takaful Operations - Operator's fund	244,241
Total liabilities from Window Takaful Operations - Participants' fund	934,284
<b>Total liabilities (D)</b>	<b>9,444,174</b>
<b>Total net admissible assets (E=C-D)</b>	<b>1,575,777</b>
Minimum Solvency Requirement (higher of the following)	576,622
Method A - U/s 36(3)(a)	150,000
Method A - U/s 36(3)(b)	576,622
Method A - U/s 36(3)(c)	490,797
<b>Excess in net admissible assets over minimum requirements</b>	<b>999,155</b>

**39.1** The value of assets has been determined in accordance with the Company's accounting policies for such assets and the method of assigning values to investments provided for in the Insurance Accounting Regulations, 2017, while the value of admissible assets has been limited to the amount to which these are admissible under the Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017.

**40. Subsequent events**

The Board in its meeting held on February 27, 2024 has proposed a final cash dividend of Rs. 3.0 per share (2022: Rs. 4.5 per share) and Nil bonus shares (2022: Nil) in respect of the year ended December 31, 2023. Furthermore, Rs. 400,000 thousand (2022: Rs. 63,500 thousand) were also approved for transfer to general reserves from the unappropriated profit of the Company. The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

**41. General**

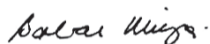
The corresponding figures have been re-arranged / reclassified wherever necessary for the purpose of better presentation. However, no significant rearrangements / reclassifications has been made during the year.

**42. Date of authorization for issue**

These financial statements were authorised for issue on February 27, 2024 by the Board of Directors of the Company.



Muhammad Aasim Gul  
Chief Financial Officer



Babar Mahmood Mirza  
Chief Executive



Ali H. Shirazi  
Director



Fahim Ali Khan  
Director



Iftikhar H. Shirazi  
Chairman



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تكاافل

TAKAFUL



Atlas Insurance

Window Takaful Operations

Annual Report 2023

# Shariah Advisor's Report to the Board of Directors

For the year ended December 31, 2023

الحمد لله رب العالمين و الصلوة و السلام على سيد الأنبياء و المرسلين  
و بعد

I have reviewed the Takaful products including all related documents, as well as, the Participant Takaful Fund Policy, Investment Policy, Re-Takaful arrangements and the related transactions of Atlas Insurance Limited - Window Takaful Operations (hereafter referred to as "Takaful Operator") for the year ended 31 December 2023.

It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor and Takaful Rules 2012 are complied with, and that all products and policies are duly approved by the Shariah Advisor.

My responsibility is to approve the products and policies, and express an opinion that the financial arrangements, Re-Takaful arrangements, contracts and transactions entered into by the Takaful Operator with its participants and stakeholders are in accordance with the requirements of Shariah rules and principles.

The primary objective of Shariah Advisor's report is to inform about the Takaful Operator's compliance with Shariah Guidelines, including the transactions undertaken by the Takaful Operator during the year and express his opinion on transactions and operational aspects of Window Takaful Operations.

## Progress of the Year:

During the period under review; Atlas Insurance Limited - Window Takaful Operations has achieved significant successes, details of which are as follows:

1. Alhamdulillah, Atlas Insurance Limited - Window Takaful Operations has retained its position as one of the prominent General Takaful Operator of the country.
2. Under the guidance of undersigned and after getting Shariah approval, Takaful Operator has developed and offered various types of Takaful coverage products to its Customers/Participants.
3. Divisions and Branches of the company have fully participated in the business growth of Takaful from different locations of the country, despite the challenges due to COVID 19 pandemic.
4. Significant success has been achieved in the Takaful coverage agreements with Islamic Banks for their leasing & financing portfolios. At this stage, I am also thankful to the Partners Banks for the confidence they have shown on Atlas Insurance Limited-WTO's Takaful Products and Services.

## Shariah Certification:

I confirm that in my opinion and to the best of my understanding based on the provided information and explanations:

- i. transactions undertaken and the Takaful business written by the Takaful Operator for the year ended 31 December 2023 were in accordance with guidelines issued by Shariah Advisor as well as requirements of Takaful Rules 2012;
- ii. for the investment purpose of Takaful Funds, a Shari'ah Compliant Investment Policy has been drafted with the consultation of undersigned and the investments have been done from the Operator's Fund & Participant Takaful Fund into Shariah Compliant avenues, including Islamic Banks and Islamic Mutual Funds, with prior Shariah approval. Further, all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with Shariah Advisor's approval which are completely separate from the conventional insurance business;
- iii. transactions and activities of Window Takaful Operations are in accordance with the Shariah principles in respect of the Participants Takaful Fund (Waqf Fund) and Operator's Fund (OF);

While concluding; I state that the Shari'ah principles were followed in every aspect of practical implementation of Atlas Insurance Limited-WTO during the year. I am grateful to the Board of Directors of Atlas Insurance Limited, Management, Head of Window Takaful Operations, Divisional & Branch Heads and all relevant departments who cooperated with the Shariah Compliance function and provided every possible support to ensure Shari'ah Compliance in our Takaful practices.

"And Allah Knows Best"



Mufti Zeeshan Abdul Aziz  
Shariah Advisor

Date: 13<sup>th</sup> February 2024

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF ATLAS INSURANCE LIMITED - WINDOW TAKAFUL OPERATIONS

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Atlas Insurance Limited ('the Operator') - Window Takaful Operations ('the Operations'), which comprise the statement of financial position as at 31 December 2023, and the profit and loss account, the statement of comprehensive income, the statement of changes in fund and the cash flow statement for the year then ended, and notes to the financial statements, including 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 profit and loss account, the statement of comprehensive income, the statement of changes in fund and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's operations as at 31 December 2023 and of the profit/surplus, total comprehensive income, the changes in fund and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Operator 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.

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, 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 Operator'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 Operator or to cease operations, or has no realistic alternative but to do so.

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

A member firm of Ernst Young Global Limited



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

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

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

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

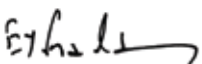
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## 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 Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in fund and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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




**EY Ford Rhodes**  
**Chartered Accountants**  
**Lahore: 19 March 2024**  
**UDIN: AR202310191pC8GgkBT**

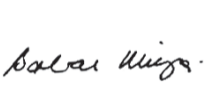
# Window Takaful Operations Statement of Financial Position

As at December 31, 2023

	Note	OPF		PTF	
		2023	2022	2023	2022
<b>(Rupees in thousand)</b>					
<b>Assets</b>					
Property and equipment	5	3,917	627	-	-
Intangible assets	6	-	-	-	-
Investments					
Term deposits	7	155,000	190,000	595,000	305,000
Loans and other receivables		85	401	-	-
Takaful / retakaful receivables	8	-	-	108,877	87,564
Deferred wakala fee	20	-	-	86,066	68,079
Receivable from PTF	10	252,126	156,026	-	-
Accrued investment income		2,693	4,548	12,325	9,512
Retakaful recoveries against outstanding claims	19	-	-	34,570	31,873
Deferred commission expense	21	27,147	17,163	-	-
Deferred tax asset		694	522	-	-
Prepayments	11	1,344	1,316	94,465	77,386
Cash and bank	12	6,647	12,603	87,306	124,836
<b>Total assets</b>		<b>449,653</b>	<b>383,206</b>	<b>1,018,609</b>	<b>704,250</b>
<b>Fund and liabilities</b>					
Capital reserve		50,000	50,000	-	-
Accumulated profits		155,412	194,061	-	-
<b>Total Operator's Fund</b>		<b>205,412</b>	<b>244,061</b>	<b>-</b>	<b>-</b>
<b>Participants' Takaful Fund</b>					
Seed Money		-	-	500	500
Accumulated surplus		-	-	83,825	68,937
<b>Balance of Participants' Takaful Fund</b>		<b>-</b>	<b>-</b>	<b>84,325</b>	<b>69,437</b>
<b>Liabilities</b>					
<b>PTF Underwriting Provisions</b>					
Outstanding claims including IBNR	19	-	-	120,348	97,526
Unearned contribution reserves	17	-	-	298,681	240,884
Contribution deficiency reserves		-	-	-	3,123
Reserve for unearned retakaful rebate	18	-	-	19,387	15,628
		-	-	438,416	357,161
Retirement benefit obligations	9	1,157	917	-	-
Unearned wakala fee	20	86,066	68,079	-	-
Contribution received in advance		-	-	52,417	39,139
Takaful / retakaful payables	14	-	-	149,089	63,435
Other creditors and accruals	15	82,999	39,634	17,859	10,051
Payable to OPF	10	-	-	252,126	156,026
Income tax liabilities		74,019	30,515	24,377	9,001
<b>Total Liabilities</b>		<b>244,241</b>	<b>139,145</b>	<b>934,284</b>	<b>634,813</b>
<b>Total fund and liabilities</b>		<b>449,653</b>	<b>383,206</b>	<b>1,018,609</b>	<b>704,250</b>
<b>Contingencies and commitments</b>	16				

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
Muhammad Aasim Gul  
Chief Financial Officer

  
Babar Mahmood Mirza  
Chief Executive

  
Ali H. Shirazi  
Director

  
Fahim Ali Khan  
Director

  
Iftikhar H. Shirazi  
Chairman

# Window Takaful Operations

## Profit and Loss Account

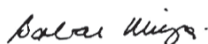
### For the year ended December 31, 2023

	<u>Note</u>	<u>2023</u> (Rupees in thousand)	<u>2024</u> (Rupees in thousand)
<b>PTF</b>			
Contributions earned		424,148	330,955
Less: Contribution ceded to retakaful		(256,769)	(154,796)
Net contributions revenue	17	167,379	176,159
Retakaful rebate earned	18	39,738	25,665
Net underwriting income		207,117	201,824
Net claims reported / settled including IBNR	19	(229,672)	(193,647)
Reversal / (charge) of contribution deficiency reserve		3,123	(1,495)
Other direct expenses	26	(5,093)	(6,015)
(Deficit) / surplus before investment income		(24,525)	667
Investment income	23	90,403	43,240
Less: Modarib's share of investment income	25	(22,601)	(10,810)
<b>Surplus before taxation</b>		43,277	33,097
Taxation	28	(28,389)	(14,549)
<b>Surplus transferred to accumulated surplus</b>		14,888	18,548
<b>OPF</b>			
Wakala fee	20	168,279	128,263
Commission expense	21	(49,261)	(33,583)
General, administrative and management expenses	22	(59,327)	(39,894)
		59,691	54,786
Modarib's share of PTF investment income	25	22,601	10,810
Investment income	23	28,244	20,741
Direct expenses	27	(1,680)	(995)
Other income	24	368	1,690
<b>Profit before taxation</b>		109,224	87,032
Taxation	28	(47,873)	(46,106)
<b>Profit for the year</b>		61,351	40,926

The annexed notes from 1 to 37 form an integral part of these financial statements.



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Chief Financial Officer



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Chief Executive



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Director



Frahim Ali Khan  
Director



Iftikhar H. Shirazi  
Chairman


# Window Takaful Operations

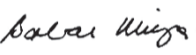
## Statement of Comprehensive Income

### For the year ended December 31, 2023

	<u>2023</u>	<u>2022</u>
	(Rupees in thousand)	
<b>PTF</b>		
Surplus for the year	14,888	18,548
<b>Other comprehensive income:</b>		
<i>Items that may be subsequently reclassified to profit and loss account (net of tax):</i>		
Un-realized gain on available for sale investments - net of deferred tax	-	-
<b>Total comprehensive income for the year</b>	<u>14,888</u>	<u>18,548</u>
<b>OPF</b>		
Profit for the year	61,351	40,926
<b>Other comprehensive income:</b>		
<i>Items that may be subsequently reclassified to profit and loss account (net of tax):</i>		
Un-realized gain on available for sale investments - net of deferred tax	-	-
<b>Total comprehensive income for the year</b>	<u>61,351</u>	<u>40,926</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

  
**Muhammad Aasim Gul**  
 Chief Financial Officer

  
**Babar Mahmood Mirza**  
 Chief Executive

  
**Ali H. Shirazi**  
 Director

  
**Fahim Ali Khan**  
 Director

  
**Iftikhar H. Shirazi**  
 Chairman



# Window Takaful Operations

## Statement of Changes in Funds

### For the year ended December 31, 2023

	Attributable to Operator's Fund		
	Statutory fund	Accumulated profits (Rupees in thousand)	Total
<b>Balance as at December 31, 2021</b>	50,000	153,135	203,135
Profit for the year ended December 31, 2022	-	40,926	40,926
Other comprehensive income the year ended December 31, 2022	-	-	-
<b>Total comprehensive income for the year</b>	-	40,926	40,926
<b>Balance as at December 31, 2022</b>	50,000	194,061	244,061
Profit for the year ended December 31, 2023	-	61,351	61,351
Other comprehensive income the year ended December 31, 2023	-	-	-
<b>Total comprehensive income for the year</b>	-	61,351	61,351
<b>Transfer of profit to the Operator</b>	-	(100,000)	(100,000)
<b>Balance as at December 31, 2023</b>	50,000	155,412	205,412

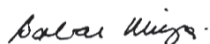
  

	Attributable to Participants of the PTF		
	Seed money	Accumulated surplus (Rupees in thousand)	Total
<b>Balance as at December 31, 2021</b>	500	50,389	50,889
Surplus for the year ended December 31, 2022	-	18,548	18,548
Other comprehensive income the year ended December 31, 2022	-	-	-
<b>Total comprehensive income for the year</b>	-	18,548	18,548
<b>Balance as at December 31, 2022</b>	500	68,937	69,437
Surplus for the year ended December 31, 2023	-	14,888	14,888
Other comprehensive income the year ended December 31, 2023	-	-	-
<b>Total comprehensive income for the year</b>	-	14,888	14,888
<b>Balance as at December 31, 2023</b>	500	83,825	84,325

The annexed notes from 1 to 37 form an integral part of these financial statements.



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Chief Financial Officer



Babar Mahmood Mirza  
Chief Executive



Ali H. Shirazi  
Director



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Chairman

# Window Takaful Operations

## Cash Flow Statement

### For the year ended December 31, 2023

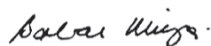
	OPF		PTF	
	2023	2022	2023	2022
<b>Operating Cash flows</b>	<b>(Rupees in thousand)</b>			
<b>a) Takaful activities</b>				
Contributions received	-	-	692,964	474,529
Retakaful contributions paid	-	-	(251,586)	(167,912)
Claims paid	-	-	(297,381)	(229,011)
Retakaful and other recoveries received	-	-	131,331	84,062
Commissions paid	(51,783)	(34,624)	-	-
Wakala fees received / (paid)	90,000	109,998	(90,000)	(109,998)
Modarib share received / (paid)	14,000	12,000	(14,000)	(12,000)
Management expenses paid	(15,002)	(32,858)	(6,052)	(3,185)
Other underwriting receipts	368	1,690	12,617	11,775
<b>Net cash generated from takaful activities</b>	<b>37,583</b>	<b>56,206</b>	<b>177,893</b>	<b>48,260</b>
<b>b) Other operating activities</b>				
Income tax paid	(4,541)	(5,383)	(13,013)	(5,548)
<b>Net cash used in other operating activities</b>	<b>(4,541)</b>	<b>(5,383)</b>	<b>(13,013)</b>	<b>(5,548)</b>
<b>Net cash generated from all operating activities</b>	<b>33,042</b>	<b>50,823</b>	<b>164,880</b>	<b>42,712</b>
<b>c) Investing activities</b>				
Profit / return received	30,099	17,811	87,590	37,207
Payments for investments	(640,000)	(830,000)	(2,315,000)	(1,205,000)
Proceeds from investments	675,000	770,000	2,025,000	1,180,000
Proceeds from sale of property and equipment	593	-	-	-
Fixed capital expenditure	(4,690)	-	-	-
<b>Net cash generated from / (used in) investing activities</b>	<b>61,002</b>	<b>(42,189)</b>	<b>(202,410)</b>	<b>12,207</b>
<b>d) Financing activities</b>				
Pay-out in respect of dividend	(100,000)	-	-	-
<b>Net cash used in financing activities</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total cash (used in) / generated from all activities</b>	<b>(5,956)</b>	<b>8,634</b>	<b>(37,530)</b>	<b>54,919</b>
Cash and cash equivalents at the beginning of the year	12,603	3,969	124,836	69,917
<b>Cash and cash equivalents at the end of the year</b>	<b>6,647</b>	<b>12,603</b>	<b>87,306</b>	<b>124,836</b>

	OPF		PTF	
	2023	2022	2023	2022
(Rupees in thousand)				
<b>Reconciliation to Profit and Loss Account</b>				
Operating cash flows	33,042	50,823	164,880	42,712
Depreciation / amortization expense	(807)	(160)	-	-
Other investment income	28,244	20,741	90,403	43,240
Decrease in unearned contribution	-	-	57,797	76,872
Increase in assets other than cash	105,968	54,003	59,076	121,056
Increase in liabilities other than borrowings	(115,080)	(91,093)	(361,027)	(272,653)
<b>Other adjustments</b>				
Decrease in reserve for unearned retakaful rebate	-	-	3,759	7,321
Increase in deferred commission expense	9,984	6,612	-	-
<b>Profit / surplus for the year</b>	<b>61,351</b>	<b>40,926</b>	<b>14,888</b>	<b>18,548</b>
<b>Attributable to</b>				
Surplus in Participants' Takaful Fund	-	-	14,888	18,548
Profit after tax attributable to Operator's Fund	61,351	40,926	-	-
	<b>61,351</b>	<b>40,926</b>	<b>14,888</b>	<b>18,548</b>

The annexed notes from 1 to 37 form an integral part of these financial statements.



Muhammad Aasim Gul  
Chief Financial Officer



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Director



Frahim Ali Khan  
Director



Iftikhar H. Shirazi  
Chairman

# Window Takaful Operations

# Notes to the Financial Statements

## For the year ended December 31, 2023

### 1. Legal status and nature of business

1.1 Atlas Insurance Limited (the Operator) was granted a license to undertake Window Takaful Operations (WTO) in Pakistan on March 02, 2016 by the Securities and Exchange Commission of Pakistan (SECP) under the Takaful Rules, 2012.

For the purpose of carrying on the takaful business, as per requirement of circular 8 of 2014 the Operator transferred Rs. 50,000 thousand in a separate bank account and thereafter, formed a Waqf / Participants' Takaful Fund (PTF) on March 12, 2016 under a Waqf deed with the seed money of Rs. 500 thousand. The Waqf deed governs the relationship of Operator and Participants for management of takaful operations.

### 2. Basis of preparation and statement of compliance

#### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019, shall prevail.

#### 2.2 Basis of preparation

These financial statements have been presented on the format of financial statements issued by the SECP through General Takaful Accounting Regulations, 2019 vide S.R.O. 1416(I)/2019 dated November 20, 2019.

These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful (PTF) in a manner that the assets, liabilities, income and expenses of the OPF and PTF remain separately identifiable.

#### 2.3 Basis of measurement

These financial statements have been prepared under historical cost convention, except that certain investments that are carried at fair market value and the recognition of certain employee retirement benefits that are measured at present value. All transactions reflected in these financial statements are on accrual basis except for those reflected in cash flow statements.

#### 2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Operator operates ("the functional currency"). The financial statements are presented in Pak Rupees, which is the Operator's functional and presentation currency. All the financial information presented in Rupees has been rounded off to the nearest thousand in rupee, unless otherwise stated.

#### 2.5 Changes in accounting policies and disclosures resulting from amendments in standards during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after January 01, 2023 (unless otherwise stated). The Operator has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:



## Standard or interpretation

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IAS 8	Definition of Accounting Estimates - The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the financial statements.
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Operator's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Operator's financial statements.
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.  The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments had no impact on the Operator's financial statements.
IAS 12	International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12, The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and <ul style="list-style-type: none"><li>• A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and</li><li>• Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.</li></ul> The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 01, 2023 but not for any interim periods ending on or before December 31, 2023.  The amendments had no impact on the Operator's financial statements as the Operator is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statements of the Operator.

## 2.6 Amendments to approved accounting standards that are not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Operator's financial statements are disclosed below. The Operator intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

### Standard or interpretation

---

IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.  In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: <ul style="list-style-type: none"><li>• What is meant by a right to defer settlement</li><li>• That a right to defer must exist at the end of the reporting period</li><li>• That classification is unaffected by the likelihood that an entity will exercise its deferral right</li><li>• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.</li><li>• Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.</li></ul>
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The amendments are effective for annual reporting periods beginning on or after January 01, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Operator's financial statements.

IFRS 16 Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments are effective for annual reporting periods beginning on or after January 01, 2024. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

IAS 7 and IFRS 7 Amendments in IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments; Disclosures; Supplier Finance Arrangements, disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

The amendments are supplement requirements already in IFRS Accounting Standards and require a company to disclose:

- the terms and conditions;
- the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet;
- ranges of payment due dates; and
- liquidity risk information

The amendments are effective for annual reporting periods beginning on or after January 01, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Operator's financial statements.

IAS 21 Amendment in IAS 21 The Effects of Changes in Foreign Exchange Rates; Lack of exchangeability a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency.

- Specify when a currency is exchangeable into another currency and when it is not;
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable at the measurement date — estimate the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing.
- Require the disclosure of additional information when a currency is not exchangeable — enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after January 01, 2025 and must be applied retrospectively. The amendments are not expected to have a material impact on the Operator's financial statements.

IFRS 10 & IAS 28 Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment). The effective date of Amendments to IFRS 10 and IAS 28 has been deferred indefinitely (until the research project of IASB, on the equity method, has been concluded. Earlier application of the September 2014 amendments continues to be permitted.

The amendments are not yet finalized.

IFRS 17 IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with direct participation features ("DPF"). The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk).

SECP vide its SRO 1715 dated November 21, 2023 directed the application of IFRS 17 for the period commencing from January 01, 2026.

The Operator expects that such improvements / amendments to the standards (except IFRS 17) will not have any material impact on the Operator's financial statements in the period of initial application.

The Operator has not yet assessed the potential impact of the initial application of IFRS 17.

**2.6.1 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.**

Standard or Interpretation	Effective date (period beginning on or after)
IFRS 1 First-time Adoption of International Financial Reporting Standards	January 01, 2004

**2.6.2 Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts**

The Operator meets the eligibility criteria of the temporary exemption from IFRS 9 and intends to defer the application of IFRS 9 until the effective date of the new insurance contracts standard (IFRS 17) of annual reporting periods beginning on or after January 01, 2026, as allowed by the amendments contained in Annual Improvements to IFRS Standards 2018 - 2020 Cycle.

The temporary exemption enables eligible entities to defer the implementation date of IFRS 9 for annual periods beginning before January 01, 2026 and continue to apply IAS 39 to financial assets and liabilities. An entity may apply the temporary exemption from IFRS 9 if:

- (i) it has not previously applied any version of IFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated as FVTPL; and
- (ii) its activities are predominantly connected with insurance on its annual reporting date.

**3. Use of judgment and estimates**

The preparation of financial statement in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to these financial statements or judgment was exercised in application of accounting policies, are as follows:

	Note
- Contribution deficiency reserves	4.5
- Outstanding claims (including IBNR) and reinsurance recoveries there against	4.13

**4. Material accounting policy information**

The material accounting policies as stated below have been applied consistently to all years presented in these financial statements.

**4.1 Property and equipment**

**4.1.1 Operating assets - owned**

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated on a reducing balance method at the rate specified in note 5.1 to the financial statements after taking into account residual value.

Depreciation is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is charged in the month of disposal.

## 4.2 Takaful contracts

Takaful contracts are based on the principles of Wakala where the Participants' Takaful Fund (PTF) accepts significant Takaful risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policyholders. Once a contract has been classified as a Takaful contract, it remains a Takaful contract for the remainder of its lifetime, even if the Takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

The Operator underwrites non-life takaful contracts categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. The contracts may have a fixed term of one year or less and in some cases for more than one year. Takaful contracts entered into by the Operator under which the contract holder is another Takaful Operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under Treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator based on its assessment of the takaful risk involved

The classification of a takaful contract into the aforementioned categories is based on management's judgment regarding the incident / cause of loss effecting the majority of asset(s) covered under the takaful contract. The Operator performs its segment reporting activities based on the classifications of takaful contracts made, as disclosed in note 31 to these financial statements.

### a) Fire and property damage takaful:

#### i) Takaful risks and events insured

Cover is provided to the takaful contract holders against damages caused by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc. and loss of profit followed by the incident of fire. These takaful contracts are normally availed by commercial organizations, however, are available to both commercial organizations and individuals.

#### ii) Revenue recognition policy

Contribution income is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct takaful business, contribution is recognized evenly over the period of the policy and for proportional retakaful business, evenly over the period of underlying takaful policies. Where the pattern of incidence of risk varies over the period of the policy, contribution is recognized as revenue in accordance with the pattern of the incidence of risk. Contributions for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross contribution underwritten is adjusted against the unearned contribution reserves / liabilities existing at each reporting date to determine the net contribution underwritten during the year.

Since majority of policies are for one year, the Operator maintains its provision for unearned contribution by applying the 1/24 method as stipulated in regulation 9(4)(b) of the General Takaful Accounting Regulations, 2019.

In addition to direct takaful, at times the Operator also participates in risks under cotakaful from other takaful companies and takaful operators and also accepts risks through retakaful inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Operator. Contribution recognized against cotakaful policies is limited to the share of the Operator only.

Contribution income includes administrative surcharge that represents documentation and other charges recovered by the Operator from takaful contract holders in respect of policies issued, at the rate of 5% of the gross contribution written restricted to a maximum of Rs. 4,000 per policy.

#### iii) Claims recognition

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the takaful contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under Incurred But Not Reported (IBNR) and expected claims settlement costs.

### b) Marine, aviation and transport takaful:

#### i) Takaful risks and events insured

Cover is provided upon the assets of the takaful contract holders against loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc. This product is normally provided to commercial organizations. These takaful contracts are normally availed by commercial organizations, however, are available to both commercial organizations and individuals.



## **ii) Revenue recognition policy**

Contribution income is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, contribution is recognized evenly over the period of the policy and for proportional retakaful business, evenly over the period of underlying takaful policies. Where the pattern of incidence of risk varies over the period of the policy, contribution is recognized as revenue in accordance with the pattern of the incidence of risk. Contribution for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross contribution underwritten is adjusted against the unearned contribution reserves / liabilities existing at each reporting date to determine the net contribution underwritten during the year.

Since majority of policies are for one month period, contribution written during last month of the financial year is taken to the provision for unearned contribution at the reporting date.

In addition to direct takaful, at times the Operator also participates in risks under cotakaful from other takaful companies and takaful operators and also accepts risks through retakaful inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Operator. Contribution recognized against cotakaful policies is limited to the share of the Operator only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Contribution income includes administrative surcharge that represents documentation and other charges recovered by the Operator from takaful contract holders in respect of policies issued, at the rate of 5% of the gross contribution written restricted to a maximum of Rs. 4,000 per policy.

## **iii) Claims recognition**

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the takaful contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

## **c) Motor takaful:**

### **i) Takaful risks and events insured**

Cover is provided to assets of the takaful contract holders against accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage. This product is normally availed by individual customers, however, are available to both commercial organization and individuals.

### **ii) Revenue recognition policy**

Contribution income is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional retakaful business, evenly over the period of underlying takaful policies. Where the pattern of incidence of risk varies over the period of the policy, contribution is recognized as revenue in accordance with the pattern of the incidence of risk. Contributions for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross contribution underwritten is adjusted against the unearned contribution reserves / liabilities existing at each reporting date to determine the net contribution underwritten during the year.

Since majority of policies are for one year, the Operator maintains its provision for unearned contribution by applying the 1/24 method as stipulated in regulation 9(4)(b) of the General Takaful Accounting Regulations, 2019.

In addition to direct takaful, at times the Operator also participates in risks under cotakaful from other takaful companies and takaful operators and also accepts risks through retakaful inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Operator. Contribution recognized against cotakaful policies is limited to the share of the Operator only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Contribution income includes administrative surcharge that represents documentation and other charges recovered by the Operator from takaful contract holders in respect of policies issued, at the rate of 5% of the gross contribution written restricted to a maximum of Rs. 2,000 per policy.

### **iii) Claims recognition**

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the takaful contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

#### **d) Miscellaneous takaful:**

##### **i) Takaful risks and events insured**

Cover is provided to assets of the takaful contract holders against damage / loss occurring due to burglary, loss of cash in safe, cash in transit and cash on counter, health, travel and crop etc. As per guidance of Insurance Accounting Regulations, 2017 amounts constituting less than 10% of the gross contribution revenue are clubbed together under this class of takaful contract. Normally personal takaful contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, takaful contracts of loss of cash in safe, cash in transit and cash on counter and health, etc are provided to commercial organizations.

##### **ii) Revenue recognition policy**

Contribution income is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct business, evenly over the period of the policy and for proportional retakaful business, evenly over the period of underlying takaful policies. Where the pattern of incidence of risk varies over the period of the policy, contribution is recognized as revenue in accordance with the pattern of the incidence of risk. Contributions for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross contribution underwritten is adjusted against the unearned contribution reserves / liabilities existing at each reporting date to determine the net contribution underwritten during the year.

Since majority of policies are for one year, the Operator maintains its provision for unearned contribution by applying the 1/24 method as stipulated in regulation 9(4)(b) of the General Takaful Accounting Regulations, 2019.

In addition to direct takaful, at times the Operator also participates in risks under cotakaful from other takaful companies and takaful operators and also accepts risks through retakaful inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Operator. Contribution recognized against cotakaful policies is limited to the share of the Operator only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Contribution income includes administrative surcharge that represents documentation and other charges recovered by the Operator from takaful contract holders in respect of policies issued, at the rate of 5% of the gross contribution written restricted to a maximum of Rs. 4,000 per policy.

##### **iii) Claims recognition**

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the takaful contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

Detailed accounting policies for recording and measurement of retakaful contracts held, receivables / payables related to takaful contracts and provision for outstanding claims including IBNR are mentioned in note 4.6, 4.7 and 4.13 respectively.

#### **4.3 Deferred commission expense**

Commission expenses incurred in obtaining and recording takaful are deferred and recognised as an asset. The deferred amount represents the portion of commission expense relating to the unexpired period of the takaful coverage at the reporting date.

The same is amortized systematically, through the profit and loss account, over the reporting periods over which the related contribution revenue is recognized. Accordingly, deferred commission expense is also effected by the judgement and estimates involved in the determination of contribution revenue.

The Operator maintains its provision for deferred commission expense by applying the 1/24th method on fire and property damage, motor and miscellaneous as stipulated in the General Takaful Accounting Regulations, 2019 for non life insurance companies. In case of marine, aviation and transport commission expense relating to last month is taken as deferred commission expense.

#### **4.4 Reserve for unearned contribution**

The unearned portion of contribution written is set aside as an unearned contribution reserve. The provision for unearned contribution accordingly, represents the portion of contribution written relating to the unexpired period of takaful coverage at the reporting date. The method selected by management involves judgement and estimates regarding the expected pattern of incidence of risk in relation to a particular type of policy.

The Operator maintains its provision for unearned contribution by applying the 1/24th method on fire and property damage, motor and miscellaneous as stipulated in regulation 9(4)(b) of the General Takaful Accounting Regulations, 2019. However, in case of marine, aviation and transport, contribution written during last month is taken to the provision for unearned contribution.

#### 4.5 Contribution deficiency reserves

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a contribution deficiency reserve is maintained for each operating segment, where the unearned contribution liability for any class of business is not adequate to meet the expected future liability, after retakaful, for claims, commissions, and other underwriting expenses, expected to be incurred after the reporting date in respect of the policies in force at the reporting date, in that operating segment. The movement in the contribution deficiency reserve is recorded as an expense / income as part of the underwriting results for the year.

An estimate of loss ratios for the expired period is carried out, at each operating segment level, keeping in view historical claim development and experience during the expired period of the contracts. Where ratios are adverse, an assessment is made to determine if it is due to one off claim that are not expected to recur during the remaining period of the policies and expectations of future events that are believed to be reasonable. If determined to be inadequate, a deficiency in contribution is recognized in the current reporting period.

Based on recommendation of actuary, the unearned contribution reserve, on aggregation basis, at the year end is adequate to meet the expected future liability after reinsurance claims and claim handling expenses, expected to be incurred after the statement of financial position date in respect of policies in force at the statement of financial position date. Therefore, no contribution deficiency reserve has been accounted, except for miscellaneous classes for which contribution deficiency reserve have been accounted for separately in these financial statements.

#### 4.6 Retakaful contracts held

The Operator enters into retakaful contracts with retakaful companies by arranging treaty retakaful, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times retakaful of excess of capacity is also placed on case to case basis under facultative retakaful arrangement. The Operator also accepts facultative retakaful from other local takaful companies provided the risk meets the underwriting requirements of the Operator.

The risks undertaken by the Operator under these contracts for each operating segment are stated in note 4.2 to the financial statements.

The benefits to which the Operator is entitled under retakaful contracts held are recognized as retakaful assets. These assets include retakaful receivables as well as receivables that are dependent on the expected claims and benefits arising under the related retakaful contracts. Retakaful liabilities primarily include contribution payable and retakaful rebate payable (in case of facultative acceptance). Retakaful assets and liabilities are measured consistently with the terms of the underlying retakaful contracts.

Retakaful assets and liabilities are derecognized when the contractual rights are extinguished or expired. Furthermore, Retakaful assets are not offset against related takaful liabilities.

Assets, liabilities and income and expense arising from ceded retakaful contracts are presented separately from the assets, liabilities, income and expense from the related takaful contracts because the retakaful arrangements do not relieve the PTF from its direct obligation to its policyholders.

#### 4.7 Amount due to / from retakaful operators

Takaful / retakaful receivables and payables are recognized when due and carried at cost less provision for impairment. Cost is the fair value of the consideration to be received / paid in the future for services rendered / received. These include amounts due to and from agents, brokers, takaful contract holders and other takaful companies.

An assessment is made at each reporting date to determine whether there is objective evidence from external as well as internal sources of information that a financial asset or group of assets may be impaired i.e. recoverable amount at the reporting date is less than the carrying amount of the asset. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each reporting date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense, in the profit and loss account for the period.

#### 4.8 Segment reporting

The Operator accounts for segment reporting based on the guidelines of the General Takaful Accounting Regulations, 2019 and the operating segments as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017, as the primary reporting format based on the Operator's practice of internal reporting to the management on the same basis. The Operator has determined its primary segments based on takaful risks covered under four types of takaful contracts as stated in note 4.2 to the financial statements.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

As the operations of the Operator are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

#### 4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Operator in the management of its short-term commitments.

#### 4.10 Revenue recognition

##### a) Contribution income earned

Contribution income under a takaful contract is recognized over the period of takaful from the date of the issue of the policy / cover note to which it relates, to its expiry as detailed in note 4.2 to the financial statements.

##### b) Wakala and Modarib's share

The Operator manages the general takaful operations for the participants and charges wakala fee at following rates of gross contribution written including administrative surcharge as Wakala fee against the services:

<u>Class</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fire and property damage	30%-35%	35%
Marine, aviation and transport	30%-35%	35%
Motor	25%-27.5%	25%
Miscellaneous	30%	30%
Health	30%	30%
Engineering	30%	30%

Wakala fee is recognized on the same basis on which the related revenue is recognized. The same its is recognised as an expense in the PTF and income excluding the portion of fee pertaining to accounting, claim handling and possible contribution refund in the OPF.

Unexpired portion of Wakala fee is deferred and, recognized as a liability of the OPF and an asset of the PTF until amortised over the takaful term.

The Operator also manages the participant's investment as Modarib and charges 25% of the investment income earned by the PTF as Modarib fee. It is recognized on the same basis on which related investment income is recognized. The same its is recognised as an expense in the PTF and income in the OPF.

##### c) Rebate from retakaful operators

Rebate from retakaful operators is recognised at the same time of insurance of the underlying takaful policy by the Operator and is deferred in accordance with the pattern of recognition of the retakaful contribution to which it relates.

##### d) Investment income

Return on Islamic investment products i.e. investments, profit on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

Gain / loss on sale of available for sale investments are included in profit and loss account.

##### e) Dividend income

Dividend income is recognized in the profit and loss account when the right to receive such dividends is established.

##### f) Administration surcharge

Administrative surcharge includes documentation and other charges recovered by the Operator from takaful contact holders in respect of takaful policies issued, at a rate of 5% of the gross contribution, restricted to a maximum of Rs. 2,000 in case of motor, and Rs. 4,000 in case of all other takaful contracts. Administrative surcharge is recognized as revenue at the time of issuance of policy.

For the purpose of these financial statements, administrative surcharge is included in gross contribution written during the year.



## 4.11 Investments

### 4.11.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. All investments in equity securities, debt securities and term deposits are accounted for under IAS-39 and based thereon can be classified into any of the following categories:

- Held to maturity
- Available for sale

### 4.11.2 Measurement

#### (i) Equity securities

Currently the Operator classifies investment in equity securities such as shares in other listed / unlisted companies, mutual fund units / investments etc. as "available for sale".

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as 'held to maturity' or 'investment at fair value through profit and loss account'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates. Investments classified as 'available for sale' are initially measured at cost, being the fair value of consideration given.

At each subsequent reporting date, available for sale investments are remeasured at fair market value. Changes in fair market value are recognised in other comprehensive income / (loss) until derecognised or determined to be impaired. Gains / losses on derecognition and impairment losses / reversals are recognized in profit and loss account.

The accounting policy for impairment of investments is disclosed in note 4.11.2 to these financial statements.

#### (ii) Debt securities and term deposits

The Operator classifies its investment in debt securities and term deposits, as either 'held to maturity' or 'available for sale' depending upon the maturity of the investment.

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as 'held to maturity', while debt investments having an indefinite term / perpetual maturity are classified as 'available for sale', if any. These investments are initially measured at the cost being the fair value of consideration paid.

Subsequently 'held to maturity' investments are measured at amortized cost using the effective yield method. Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight line basis over the term of investment. While 'available for sale' investments are remeasured at fair market value at each subsequent reporting date. Changes in fair market value, if any are recognised in other comprehensive income / (loss) until derecognised or determined to be impaired. Gains / losses on derecognition and impairment losses / reversals are recognized in profit and loss account.

The Operator has classified debt investments in Term Deposits as 'held to maturity' at the reporting date.

## 4.12 Management expenses

Expenses of management include both directly and indirectly attributable expenses allocated to various classes of business / operating segments on the basis of gross contribution. Management judgement is involved in determining the nature of expenses that are not allocable to the underwriting business and based thereon are classified as other expenses.

## 4.13 Provision for outstanding claims / benefits including Incurred But Not Reported (IBNR)

The Operator recognizes liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract. The liability for claims includes amounts in relation to unpaid reported claims, IBNR and expected claim settlement costs.

Outstanding claims comprise the estimated cost of claims incurred but not settled at the reporting date, whether reported or not. The Operator engages an actuary to estimate the IBNR as per the SECP Circular No. 9 of 2016, "SEC guidelines for estimation of Incurred But Not Reported claim reserve, 2016".

The Guidelines require that estimation for provision for claims incurred but not reported for each class of business, by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The Chain Ladder Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level to derive an IBNR estimate.

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the retakaful recoveries. The estimation process takes into account the past claims reporting pattern and details of retakaful programs.

The contribution liabilities have been determined such that the total contribution liability provisions (unearned contribution reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

#### 4.14 Claims

Claims are charged to PTF income as incurred based on estimated liability for compensation owed under the takaful contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

#### 4.15 Qard-e- Hasna

When the PTF including reserves are insufficient to meet the current payments less receipts, the deficit is funded by way of interest free loan (Qard-e-Hasna) from the OPF.

#### 4.16 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after deducting the claims / benefits paid to them during the year.

	<u>Note</u>	<u>2023</u> <u>(Rupees in thousand)</u>	<u>2022</u>
Operating assets	5.1	3,917	627

#### 5.1 Operating assets - OPF

	2023									
	Cost			Ddepreciation				Written down value		
	As at January 01, 2022	Additions	Disposals	As at December 31, 2022	As at January 01, 2022	Charge for the year/ (disposals)	On disposal	As at December 31, 2022	As at December 31, 2022	Depreciation rate
	(Rupees in thousand)									
	%									
Computer equipment	77	-	-	77	64	4	-	68	9	33
Vehicles	1,410	4,690	(1,410)	4,690	796	803	(817)	782	3,908	20
	1,487	4,690	(1,410)	4,767	860	807	(817)	850	3,917	
2022										
	Cost			Ddepreciation				Written down value		
	As at January 01, 2023	Additions	Disposals	As at December 31, 2023	As at January 01, 2023	Charge for the year/ (disposals)	On disposal	As at December 31, 2023	As at December 31, 2023	Depreciation rate
	(Rupees in thousand)									
	%									
Computer equipment	77	-	-	77	57	7	-	64	13	33
Vehicles	1,410	-	-	1,410	643	153	-	796	614	20
	1,487	-	-	1,487	700	160	-	860	627	

5.1.1 The depreciation charge / expense for the year has been allocated to management expenses as disclosed in note 22.

#### 5.1.2 Disposal of property and equipment

Particulars	Particulars of Buyer	Relationship with the Operator	Cost	Sale Proceeds	Net Book Value	Mode of disposal
(Rupees in thousand)						
Vehicles						
Suzuki Cultus LED-19-7085	Mr. Mustansar Rauf	Employee	1,410	593	593	Company's policy
			1,410	593	593	
December 31, 2023			1,410	593	593	
December 31, 2022			-	-	-	

## 6. Intangible assets

The Operator has fully amortized computer software costing Rs. 900 thousand (2022: Rs. 900 thousand) which is still in use at the reporting date.

Note	OPF		PTF	
	2023	2022	2023	2022
(Rupees in thousand)				

## 7. Investments in term deposits

### Held to maturity

Deposits maturing within 12 months

Cost	7.1	155,000	190,000	595,000	305,000
Carrying value		155,000	190,000	595,000	305,000

7.1 These represent term deposit receipts carrying markup at 14.50% to 21.00% (2022: 14.00% to 15.25%) per annum.

Note	PTF	
	2023	2022
(Rupees in thousand)		

## 8. Takaful / retakaful receivables

Due from takaful participants holders

Less: Provision for impairment of receivables from takaful participants holders	8.1	45,673 (546)	46,622 (546)
		45,127	46,076

Due from other insurers / retakaful operators

Less: Provision for impairment of due from other insurers / retakaful operators		63,750 -	41,488 -
		63,750	41,488
		108,877	87,564

### 8.1 Provision for impairment for receivables from takaful contract holders

Balance as at January 01

Addition / (reversal) made during the year		546	546
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Balance as at December 31

		-	-
		546	546

8.2 The Operator has cotakaful and retakaful arrangements with various takaful operators and domestic retakaful operator. Under the above arrangements, the receivable and payable balances originate mainly due to contributions collected or claims settled by the lead insurer on behalf of other cotakaful, and in case of retakaful, the contribution ceded to and claims recoverable from the retakaful operator under the respective contracts. As per the prevailing industry practices, settlements of balances under cotakaful arrangements are done between respective insurance companies in normal course of business.

The Operator believes that the current balances of cotakaful and retakaful reflected in the records of the Company are based on underlying contracts and transactions supported by appropriate evidence.

In this regard, the Operator exchanged balance information with various cotakaful based on significance of the balances and the reinsurers. This information corroborates the balance position of the Operator in all material respects.

## 9. Retirement benefit obligations - OPF

The Operator maintains separate defined benefit plans for management and non-management staff. Contribution are made based upon recommendations of the latest actuarial valuations carried out, such that the employer's contributions should remain within the limits laid down in the Income Tax Rules, 2002. Contributions made are recognised as an expense.

Detailed disclosures as required under the Insurance Rules, 2017, have been presented on a collective basis in the separate financial statements of Atlas Insurance Limited.

	Note	OPF		PTF	
		2023	2022	2023	2022
<b>10. Receivable / (payable) - current account between OPF and PTF</b>		(Rupees in thousand)			
Wakala fee		241,450	145,184	(241,450)	(145,184)
Modaraba fee		19,443	10,842	(19,443)	(10,842)
Others		(8,767)	-	8,767	-
		<u>252,126</u>	<u>156,026</u>	<u>(252,126)</u>	<u>(156,026)</u>
<b>11. Prepayments</b>					
Prepaid retakaful contribution ceded	17	-	-	94,123	77,044
Prepaid miscellaneous expenses		1,344	1,316	342	342
		<u>1,344</u>	<u>1,316</u>	<u>94,465</u>	<u>77,386</u>
<b>12. Cash and bank</b>					
<b>Cash at bank</b>					
- Current accounts		-	-	-	-
- Saving accounts	12.1	6,647	12,603	87,306	124,836
		<u>6,647</u>	<u>12,603</u>	<u>87,306</u>	<u>124,836</u>

12.1 The rate of profit and loss sharing accounts range from 2.97% to 14.51% (2022: 2.60% to 12.22%) per annum, depending on the size of average deposits.

12.2 Cash at bank represents the cash and cash equivalents for the purpose of cash flow statement.

	Note	OPF	
		2023	2022
<b>13. Statutory fund</b>		(Rupees in thousand)	
Statutory reserves	13.1	<u>50,000</u>	<u>50,000</u>

13.1 Amount of Rs. 50,000 thousand (2022: Rs. 50,000 thousand) is deposited as statutory reserves to comply with provisions of para 4 of Circular No. 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by the SECP which states that "Every insurer who is interested to commence window takaful business shall transfer an amount of not less than 50 million Rupees to be deposited in a separate bank account for window takaful business duly maintained in a scheduled bank".

	Note	PTF	
		2023	2022
<b>14. Takaful / retakaful payables</b>		(Rupees in thousand)	
Due to takaful participants / retakaful payable		<u>149,089</u>	<u>63,435</u>

	Note	OPF		PTF	
		2023	2022	2023	2022
<b>15. Other creditors and accruals</b>		(Rupees in thousand)			
Agent commission payable		21,527	14,065	-	-
Federal Excise Duty / Sales tax		-	-	5,805	5,318
Federal Insurance Fee		-	-	679	345
Other tax payable		748	341	1,297	665
Leave encashment		1,428	605	-	-
Audit fee payable		2,247	1,151	-	-
Payable to Atlas Insurance Limited	15.1	55,000	22,000	-	-
Others		2,049	1,472	10,078	3,723
		<u>82,999</u>	<u>39,634</u>	<u>17,859</u>	<u>10,051</u>

15.1 This represents payable in respect of common expenses incurred by the Atlas Insurance Limited on behalf of the Window Takaful Operations.



## 16. Contingencies and commitments

### 16.1 Contingencies

There are no contingencies as at December 31, 2023 (2022: Nil).

### 16.2 Commitments

The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	Note	PTF	
		2023	2022
		(Rupees in thousand)	
Not later than one year		2,150	3,526
Later than one year and not later than five years		2,150	3,526
		4,300	7,052
<b>17. Net contribution</b>			
Written gross contribution		650,224	536,090
Less: Wakala fee	20	(168,279)	(128,263)
Contribution net of wakala fee		481,945	407,827
Add: Unearned contribution reserve - opening		240,884	164,012
Less: Unearned contribution reserve - closing		(298,681)	(240,884)
Contribution earned		424,148	330,955
Less: Retakaful contribution ceded		273,848	188,730
Add: Prepaid retakaful contribution - opening		77,044	43,110
Less: Prepaid retakaful contribution - closing	11	(94,123)	(77,044)
Retakaful expense		256,769	154,796
Net Contribution		167,379	176,159
<b>18. Retakaful rebate</b>			
Retakaful rebate / commission received		43,497	32,986
Add: Unearned retakaful rebate / commission - opening		15,628	8,307
Less: Unearned retakaful rebate / commission - closing		(19,387)	(15,628)
Net retakaful rebate		39,738	25,665
<b>19. Takaful benefits / claims expense</b>			
Benefits / Claims paid		297,381	229,011
Add: Outstanding benefits / claims including IBNR - closing		120,348	97,526
Less: Outstanding benefits / claims including IBNR - opening		(97,526)	(58,824)
Claims expense		320,203	267,713
Retakaful and other recoveries received		87,834	51,076
Add: Retakaful and other recoveries in respect of outstanding claims - closing		34,570	31,873
Less: Retakaful and other recoveries in respect of outstanding claims - opening		(31,873)	(8,883)
Retakaful and other recoveries revenue		90,531	74,066
Net claims expense		229,672	193,647
<b>19.1 Benefit / Claim Development</b>			

The following table shows the development of fire and property damage, marine, aviation and transport, motor and miscellaneous intimated claims compared to the last four years excluding provision for IBNR. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Accident year	2019	2020	2021	2022	Current Year
	(Rupees in thousand)				
At end of accident year	47,728	59,778	50,990	78,705	71,219
One year later	60,920	45,117	51,093	112,172	-
Two years later	60,414	44,007	54,561	-	-
Three years later	59,903	136,785	-	-	-
Four years later	61,916	-	-	-	-
Current estimate of cumulative claims	61,916	136,785	54,561	112,172	71,219
Cumulative payments to date	(60,562)	(136,761)	(41,996)	(84,764)	-
Liability recognized in statement of financial position	1,354	24	12,565	27,408	71,219

	Note	OPF	
		2023	2022
<b>(Rupees in thousand)</b>			
<b>20. Wakala fee / expense</b>			
Gross wakala fee / expense		186,266	150,957
Add: Deferred wakala expense / unearned wakala fee - opening		68,079	45,385
Less: Deferred wakala expense / unearned wakala fee - closing		(86,066)	(68,079)
Wakala fee / expense		168,279	128,263
<b>21. Commission expense</b>			
Commission paid or payable		59,245	40,195
Add: Deferred commission expense - opening		17,163	10,551
Less: Deferred commission expense - closing		(27,147)	(17,163)
		49,261	33,583
<b>22. General administrative and management expense</b>			
Employee benefit cost	22.1	38,900	25,902
Shariah advisor fee		2,343	2,177
Advertisement and sales promotion		8,270	6,779
Printing and stationery		740	580
Depreciation expense	5.1	807	160
Vehicle running expenses		603	296
Fee and subscriptions		3,314	2,709
Annual Supervision fee SECP		857	578
Miscellaneous		3,493	713
		59,327	39,894
<b>22.1 Employee benefit cost</b>			
Salaries, allowance and other benefits		38,480	25,528
Charges for post employment benefit		420	374
		38,900	25,902
		<b>OPF</b>	<b>PTF</b>
		<b>2023</b>	<b>2022</b>
		<b>2023</b>	<b>2022</b>
<b>(Rupees in thousand)</b>			
<b>23. Investment income</b>			
<b>Income from term deposits</b>			
Profit on term deposits		23,743	17,336
Profit on bank balances		4,501	3,405
		28,244	20,741
<b>24. Other income</b>			
Service charges		368	690
<b>25. Modarib's fee</b>			
The shareholders of the Company manage the participants' investments as a Modarib and charge 25% Modarib's share of the investment income earned by PTF.			
		<b>PTF</b>	
		<b>2023</b>	<b>2022</b>
<b>(Rupees in thousand)</b>			
<b>26. Other direct expenses</b>			
Bank charges		46	42
Tracker expenses		4,720	5,532
Miscellaneous		327	441
		5,093	6,015

	Note	OPF	
		2023	2022
<b>27. Direct expenses</b>		(Rupees in thousand)	
Auditor's remuneration	27.1	1,680	995
<b>27.1 Auditor's remuneration</b>			
Audit fee		1,150	483
Special certifications and sundry advisory services		450	483
Out of pocket expenses		80	29
		1,680	995

	OPF		PTF	
	2023	2022	2023	2022
<b>28. Taxation</b>	(Rupees in thousand)			
For the year				
- Current	42,822	28,729	26,443	10,702
- Deferred	(77)	(522)	-	-
- Relating to change in tax rate	(95)	-	-	-
For prior years				
- Current	5,223	17,899	1,946	3,847
	47,873	46,106	28,389	14,549

### 29. Compensation of directors and executives

Aggregate amounts charged in the accounts for remuneration to the Executives of the Operator are as follows, while details of the same with respect to the Chief Executive Officer and Directors has been represented on a collective basis in the separate financial statements of Atlas Insurance Limited.

	Executives	
	2023	2022
	(Rupees in thousand)	
Managerial remuneration	1,580	1,338
Bonus paid	1,042	605
Contribution to defined benefit plan	57	194
Contribution to defined contribution plan	151	128
Rent and house maintenance	618	524
Utilities	137	116
Medical	73	73
Others (petrol, telephone, conveyance, newspaper)	732	326
Total	4,390	3,304
Number of person(s)	1	1

29.1 Executives mean employees, other than the Chief Executive Officer and Directors, whose basic salary exceed five hundred thousand rupees in a financial year.

### 30. Related party transactions

Related parties comprises of associated entities, entities under common control, entities with common directors, major shareholders, post employment benefit plans and key management personnel, inclusive of Directors, and their close family members. Transactions with related parties are carried out on mutually agreed terms and conditions

Amounts due to / from and other significant transactions, other than those disclosed elsewhere in this financial statements, are as follows:

		2023	2022
		(Rupees in thousand)	
<b>Operator's Fund</b>			
<b>Retirement benefit plans</b>	<b>Transactions during the year</b>		
	Contributions in respect of retirement benefit plans	365	377
<b>Participant's Takaful Fund</b>			
<b>Associated companies</b>	<b>Year end balances</b>		
	Provision for outstanding claims	7,043	1,299
	Due from contract holders	6,720	8,993
	<b>Transactions during the year</b>		
	Contribution underwritten	82,245	48,761
	Contribution collected	95,327	53,067
	Claims paid	4,006	3,859
<b>Key management personnel</b>	<b>Transactions during the year</b>		
	Contribution underwritten	108	-

### 31. Segment information

The Operator has identified four (2022: four) primary operating / business segments for reporting purposes in accordance with the requirements of the Insurance Ordinance, 2000, General Takaful Accounting Regulations, 2019 and the Insurance Rules, 2017. These include fire and property damage, marine, aviation and transport, motor and miscellaneous class of operating / business segments. As per Insurance Rules, 2017, information for other segments under which business is less than 10%, is classified under miscellaneous class of operating / business segment.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of the gross contribution written by the segments.

#### 31.1 Participants' Takaful Fund (PTF)

	December 31,									
	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)									
Contribution receivable (inclusive of Federal Excise Duty, Federal Takaful Fee and administrative surcharge)	216,343	139,524	71,026	45,510	427,430	412,979	34,014	18,985	748,813	616,998
Less: Federal Excise Duty	27,201	18,224	7,781	4,925	54,329	51,808	2,625	556	91,936	75,513
Federal Insurance Fee	1,921	1,273	627	391	3,794	3,549	311	182	6,653	5,395
Gross written contribution (inclusive of administrative surcharge)	187,221	120,027	62,618	40,194	369,307	357,622	31,078	18,247	650,224	536,090
Gross direct contribution	185,413	118,468	59,966	38,430	361,042	348,609	30,830	18,047	637,251	523,554
Facultative inward contribution	134	272	62	114	157	373	-	-	353	759
Administrative surcharge	1,674	1,287	2,590	1,650	8,108	8,640	248	200	12,620	11,777
	187,221	120,027	62,618	40,194	369,307	357,622	31,078	18,247	650,224	536,090
Wakala fees	(51,461)	(30,852)	(19,218)	(14,536)	(90,291)	(78,402)	(7,309)	(4,473)	(168,279)	(128,263)
Takaful Contribution earned	153,394	88,411	58,775	41,440	355,801	314,409	24,457	14,958	592,427	459,218
Takaful contribution ceded to retakaful	(130,870)	(71,811)	(48,870)	(30,316)	(65,907)	(46,710)	(11,122)	(5,959)	(256,769)	(154,796)
Net takaful contribution	(28,937)	(14,252)	(9,313)	(3,412)	199,603	189,297	6,026	4,526	167,379	176,159
Retakaful rebate	22,557	14,749	9,626	6,093	5,244	3,406	2,311	1,417	39,738	25,665
<b>Net underwriting (loss) / income</b>	<b>(6,380)</b>	<b>497</b>	<b>313</b>	<b>2,681</b>	<b>204,847</b>	<b>192,703</b>	<b>8,337</b>	<b>5,943</b>	<b>207,117</b>	<b>201,824</b>
Takaful claims	(54,104)	(13,360)	(8,505)	(30,480)	(233,450)	(208,782)	(24,144)	(15,091)	(320,203)	(267,713)
Takaful claims recovered from retakaful	53,837	11,394	6,835	27,560	16,894	32,319	12,965	2,793	90,531	74,066
Net claims	(267)	(1,966)	(1,670)	(2,920)	(216,556)	(176,463)	(11,179)	(12,298)	(229,672)	(193,647)
Contribution deficiency	-	-	-	1,363	-	-	3,123	(2,858)	3,123	(1,495)
Direct expenses	(158)	(283)	(76)	(3)	(4,857)	(5,728)	(2)	(1)	(5,093)	(6,015)
<b>(Deficit) / Surplus before investment income</b>	<b>(6,805)</b>	<b>(1,752)</b>	<b>(1,433)</b>	<b>1,121</b>	<b>(16,566)</b>	<b>10,512</b>	<b>279</b>	<b>(9,214)</b>	<b>(24,525)</b>	<b>667</b>
Investment income									90,403	43,240
Modarib's share of investment income									(22,601)	(10,810)
<b>Surplus before taxation</b>									<b>43,277</b>	<b>33,097</b>
Taxation									(28,389)	(14,549)
<b>Surplus transferred to balance of PTF</b>									<b>14,888</b>	<b>18,548</b>



	December 31,									
	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)									
Corporate segment assets	35,009	21,812	11,683	7,285	68,919	64,846	220,692	182,638	336,303	276,581
Corporate unallocated assets									682,306	427,669
<b>Total assets</b>									1,018,609	704,250
Corporate segment liabilities	141,429	63,718	47,283	21,326	279,107	189,898	442,088	350,870	909,907	625,812
Corporate unallocated liabilities									24,377	9,001
<b>Total liabilities</b>									934,284	634,813

### 31.2 Operator's Fund (OPF)

	December 31,									
	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(Rupees in thousand)									
Wakala fee	51,461	30,852	19,218	14,536	90,291	78,402	7,309	4,473	168,279	128,263
Commission expense	(18,324)	(11,106)	(8,973)	(5,820)	(20,521)	(15,835)	(1,443)	(822)	(49,261)	(33,583)
General, administrative and management expenses	(17,082)	(8,932)	(5,713)	(2,991)	(33,696)	(26,613)	(2,836)	(1,358)	(59,327)	(39,894)
	16,055	10,814	4,532	5,725	36,074	35,954	3,030	2,293	59,691	54,786
Investment income									28,244	20,741
Modarib's share of PTF investment income									22,601	10,810
Direct expenses									(1,680)	(995)
Other income									368	1,690
<b>Profit before taxation</b>									109,224	87,032
Taxation									(47,873)	(46,106)
<b>Profit after taxation</b>									61,351	40,926
Segment assets	73,760	39,861	24,669	13,350	145,515	118,755	39,366	23,200	283,310	195,166
Unallocated assets									166,343	188,040
<b>Total assets</b>									449,653	383,206
Segment liabilities	23,925	8,896	7,994	2,973	47,194	26,484	89,952	69,360	169,065	107,713
Unallocated liabilities									75,176	31,432
<b>Total liabilities</b>									244,241	139,145

32. Movement in investments	Held to maturity	Available for sale	Total
	(Rupees in thousand)		
	<b>OPF</b>		
At beginning of previous year	130,000	-	130,000
Additions	830,000	-	830,000
Disposals (sale and redemptions)	(770,000)	-	(770,000)
At beginning of current year	190,000	-	190,000
Additions	640,000	-	640,000
Disposals (sale and redemptions)	(675,000)	-	(675,000)
At end of current year	155,000	-	155,000
	<b>PTF</b>		
At beginning of previous year	280,000	-	280,000
Additions	1,205,000	-	1,205,000
Disposals (sale and redemptions)	(1,180,000)	-	(1,180,000)
At beginning of current year	305,000	-	305,000
Additions	2,315,000	-	2,315,000
Disposals (sale and redemptions)	(2,025,000)	-	(2,025,000)
At end of current year	595,000	-	595,000

### 32.1 Fair value measurement of financial instruments - IFRS 9

Following is the fair value of financial assets as on December 31, 2023 under IFRS 9 classifications and the change in their fair value during the year ended December 31, 2023:

Operator's Fund	Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading			Other financial instrument
	Amortised cost*	Fair value through OCI	Total	
	(Rupees in thousand)			
<b>Terms Deposits</b>				
Opening fair value - December 31, 2022	190,000	-	190,000	-
Additions	640,000	-	640,000	-
Increase / (decrease) in fair value	-	-	-	-
Disposals	(675,000)	-	(675,000)	-
Closing fair value - December 31, 2023	155,000	-	155,000	-
<b>Total</b>	155,000	-	155,000	-

\*The fair value of the remaining financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate. These include insurance debtors and other short term receivables amounting to Rs. 254,819 thousand (2022: Rs. 160,574 thousand) and balances with banks amounting to Rs. 6,647 thousand (2022: Rs. 12,603 thousand), respectively.

Participants' Takaful Fund	Financial instruments with contractual cash flows that meet the SPPI criteria, excluding those held for trading			Other financial instrument
	Amortised cost*	Fair value through OCI	Total	
	(Rupees in thousand)			
<b>Terms Deposits</b>				
Opening fair value - December 31, 2022	305,000	-	305,000	-
Additions	2,315,000	-	2,315,000	-
Increase / (decrease) in fair value	-	-	-	-
Disposals	(2,025,000)	-	(2,025,000)	-
Closing fair value - December 31, 2023	595,000	-	595,000	-
<b>Total</b>	595,000	-	595,000	-

\*The fair value of the remaining financial assets are not significantly different from their carrying amounts since these assets are short term in nature or are frequently repriced to market rate. These include insurance debtors and other short term receivables amounting to Rs. 410,676 thousand (2022: Rs. 289,924 thousand) and balances with banks amounting to Rs. 87,306 thousand (2022: Rs. 124,836 thousand), respectively.

### 33. Risk management

The primary objective of the Operator's risk and financial management framework is to protect the Operator's shareholder from the events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management system in place.

The Board of Directors (the Board) meet regularly to approve any commercial, regulatory and organizational decisions. The Chief Executive Officer under the authority delegated from the Board defines the Operator's risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, aligns underwriting and retakaful strategy to the corporate goals, and specifies reporting requirements.

The risks faced by the Operator and the way these risks are mitigated by management are summarized below:

a) Financial risk, categorized into;	<b>Note</b>
- Credit risk	33.1.1
- Liquidity risk	33.1.2
- Market risk	33.1.3
b) Capital adequacy risk	33.2
c) Takaful risk	33.3

#### 33.1 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk).

The Operator's principal financial risk instruments are financial investments, receivables arising from takaful and retakaful contracts, statutory deposits and cash and cash equivalents. The Operator does not enter into any derivative transactions.

The Operator's financial risk focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Financial risks arising from the Operator's financial assets and liabilities are limited. The Operator consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

##### 33.1.1 Credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Operator attempts to control credit risk by monitoring the following:

- Credit worthiness of counter party;
- Aging analysis of counter party.

The carrying amount of financial assets which represents the maximum credit exposure, as specified below:

	<b>Note</b>	<b>2023</b>	<b>2022</b>
		<b>(Rupees in thousand)</b>	
<b>Financial assets</b>			
Bank balances	33.1.1.1	93,953	137,439
Takaful / retakaful receivables	33.1.1.3	108,877	87,564
Retakaful recoveries against outstanding claims	33.1.1.3	34,570	31,873
		237,400	256,876

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

	<b>Rating</b>		<b>Rating agency</b>	<b>2023</b>	<b>2022</b>
	<b>Short term</b>	<b>Long term</b>		<b>(Rupees in thousand)</b>	
Askari Bank Limited	A1+	AA+	PACRA	15,641	45,953
Bank Alfalah Limited	A1+	AA+	PACRA	9,620	734
Sindh Bank Limited	A1	A+	JCR-VIS	915	538
Meezan Bank Limited	A1+	AAA	JCR-VIS	1,047	3,486
Bank Islami Pakistan Limited	A1	A+	PACRA	10,087	5,713
Faysal Bank Limited	A1+	AA	PACRA	41,443	70,069
Bank Al-Habib	A1+	AAA	PACRA	3	-
National Bank Limited	A1+	AAA	PACRA	15,197	10,946
				93,953	137,439

**33.1.1.2** The Operator monitors exposure to credit risk in contribution due from policy holders and amount due from cotakaful operators and retakaful operators through regular review of credit exposure. The amount due from cotakaful operators / companies and retakaful operators / companies represents low credit risk as they have strong credit ratings and have sound financial stability.

The aging analysis of contributions due from policy holders can be assessed with the following:

	2023			2022		
	Related parties	Others	Total	Related parties	Others	Total
	(Rupees in thousand)					
Up to 1 year	6,720	38,953	45,673	8,993	37,629	46,622
Past 1 but less than 3 years	-	-	-	-	-	-
Less: provision	-	(546)	(546)	-	(546)	(546)
	<u>6,720</u>	<u>38,407</u>	<u>45,127</u>	<u>8,993</u>	<u>37,083</u>	<u>46,076</u>

**33.1.1.3** The credit quality of amount due from other takaful / retakaful and retakaful recoveries against outstanding claims can be assessed with reference to external ratings as follows:

	Amount due from takaful / other retakaful operators	Retakaful recoveries against outstanding claims	Total
	(Rupees in thousand)		
<b>As at December 31, 2023</b>			
BBB+ or above	108,877	34,570	143,447
BBB and BBB+	-	-	-
	<u>108,877</u>	<u>34,570</u>	<u>143,447</u>
<b>As at December 31, 2022</b>			
BB+ or above	87,564	31,873	119,437
BBB and BBB+	-	-	-
	<u>87,564</u>	<u>31,873</u>	<u>119,437</u>

The credit risk of retakaful recoveries against outstanding claims can be assessed with the following age analysis, estimated in a manner consistent with the provision for outstanding claims, in accordance with the retakaful contracts:

The aging analysis of retakaful recoveries against outstanding claims is shown below:

	2023		2022	
	Retakaful recoveries against outstanding claims	Outstanding claims including IBNR	Retakaful recoveries against outstanding claims	Outstanding claims including IBNR
	(Rupees in thousand)			
Up to 1 year	17,847	77,126	25,171	80,590
1-2 years	10,996	27,409	5,471	12,790
2 to 3 years	4,905	12,564	38	874
Over 3 years	822	3,249	1,193	3,272
	<u>34,570</u>	<u>120,348</u>	<u>31,873</u>	<u>97,526</u>

### 33.1.2 Liquidity risk

Liquidity risk is the risk that the Operations will not be able to meet its financial obligations as they fall due. The Operations' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the operation's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date to maturity date.

On the balance sheet date, cash and bank deposits had insignificant change in value of Rs. 6,647 thousands and Rs. 87,306 thousands for Operator and Participants' Fund respectively.



The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

2023			
On demand	Maturity up to one year	Maturity after one year	Total
(Rupees in thousand)			
<b>Operator's Fund</b>			
Other creditors and accruals	-	82,999	-
	82,999	-	82,999
2023			
On demand	Maturity up to one year	Maturity after one year	Total
(Rupees in thousand)			
<b>Participant's Takaful Fund</b>			
Outstanding claims including IBNR	-	120,348	-
Retakaful / Cotakaful payables	-	149,089	-
Other creditors and accruals	-	17,859	-
	-	287,296	-
	287,296	-	287,296
2022			
On demand	Maturity up to one year	Maturity after one year	Total
(Rupees in thousand)			
<b>Operator's Fund</b>			
Other creditors and accruals	-	39,634	-
	39,634	-	39,634
2022			
On demand	Maturity up to one year	Maturity after one year	Total
(Rupees in thousand)			
<b>Participant's Takaful Fund</b>			
Outstanding claims including IBNR	-	97,526	-
Retakaful / Cotakaful payables	-	63,435	-
Other creditors and accruals	-	10,051	-
	-	171,012	-
	171,012	-	171,012

### 33.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Operator is exposed to market risk with respect to its bank balance deposits.

The Operator limits market risk by maintaining a diversified portfolio of money market and equity market and by continuous monitoring of developments in respective markets. The Operator has formulated a liquidity-risk based investment policy approved by the Board which contains various guidelines for investment of surplus funds in money market and equity market.

#### 33.1.3.1 Interest rate risk

Interest rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. Floating rate instruments expose the Operator to cash flow interest risk, whereas fixed interest rate instrument exposes the Operator to fair value interest risk.

Sensitivity to interest rate risk arises from mismatching of financial assets and liabilities that mature or re-price in a given period. The Operator manages these mismatching through risk management strategies where significant changes in gap position can be adjusted.

At the date of statement of financial position, the interest rate profile of the Operator's significant interest bearing financial instruments was as follows:

		2023			
	Effective interest rate	Carrying amounts Maturity up to one year		Carrying amounts Maturity after one year	
		OPF	PTF	OPF	PTF
		(Rupees in thousand)			
<b>Financial assets</b>					
Bank balances	2.97% to 14.51%	6,647	87,306	-	-
Term deposit receipt	14.50% to 21.00%	155,000	595,000	-	-
		<u>161,647</u>	<u>682,306</u>	<u>-</u>	<u>-</u>
		2022			
	Effective interest rate	Carrying amounts Maturity up to one year		Carrying amounts Maturity after one year	
		OPF	PTF	OPF	PTF
		(Rupees in thousand)			
<b>Financial assets</b>					
Bank balances	2.60% to 12.22%	12,603	124,836	-	-
Term deposit receipt	14.00% to 15.25%	190,000	305,000	-	-
		<u>202,603</u>	<u>429,836</u>	<u>-</u>	<u>-</u>

### 33.1.3.2 Price risk

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

### 33.1.3.3 Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Operations, at present, are not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

## 33.2 Capital adequacy risk

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

## 33.3 Takaful risk

The Operator's takaful activities are primarily concerned with the pricing, acceptance and management of risks from its customers. In accepting risks the Operator is committing to the payment of claims and therefore these risks must be understood and controlled. Disciplined underwriting, encompassing risk assessment, risk management, pricing and exposure control is critical to the Operator's success. The Operator manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling.

The Operator is facing three kinds of risk in its takaful activities, namely;

	<b>Note</b>
- Contribution Risk	33.3.1
- Claim Risk	33.3.2
- Retakaful Risk	33.3.3

### 33.3.1 Contribution Risk

The takaful strategy aims to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Pricing is generally based upon risk quality, historical claims frequencies, claims averages, adjusted for inflation and imposition of deductibles. Risk inspection surveys are also conducted before acceptance of larger risks. Underwriting limits and guidelines are in place to enforce appropriate risk selection criteria.

The Operator manages the takaful risk arising from the geographical concentration of risk with the help of various MIS reports generated from the IT system. For this purpose all critical takaful information including address lookups and geocoding is punched into the IT system. For example, for catastrophic aggregates, the IT system assigns precise geographic codes with reference to the accumulation of sum insured in force at any particular location against natural perils. For marine, aviation and transport risks, complete takaful details, besides sum insured and contributions, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system.

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The following table demonstrates the class wise concentration of risk on the basis of sum insured:

	PTF			
	Gross sum insured		Net sum insured	
	2023	2022	2023	2022
Fire and property damage	87%	84%	63%	26%
Marine, aviation and transport	5%	2%	5%	1%
Motor	3%	13%	29%	72%
Miscellaneous	5%	1%	3%	1%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

### 33.3.2 Claim risk

One of the purposes of takaful is to enable policyholders to protect themselves against uncertain future events. Takaful companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in takaful is inevitably reflected in the financial statements of takaful companies and can be characterized under a number of specific headings, such as;

- Uncertainty as to whether an event has occurred which would give rise to an insured loss.
- Uncertainty as to the extent of policy coverage and limits applicable.
- Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring.
- Uncertainty over the timing of a settlement to a policyholder for a loss suffered.

Therefore the objective of the Operator is to ensure that sufficient reserves are available to cover these uncertainties and in case of any change in estimation due to further development on uncertainty or change on assumptions, Operator accounts for that change immediately.

Claims provisions are determined based upon previous claims experience, the knowledge of events and the terms and conditions of the relevant policies and on interpretation of circumstances. Particularly relevant is experience with similar cases and historical claims payment trends. It should be emphasized that corroborative evidence obtained from as wide a range of sources as possible also contribute to form the overall estimate. Large claims impacting each relevant business class are generally assessed separately, being measured at the face value of the surveyor's estimates.

Operator has reasonably accounted for claims that have occurred by the end of the reporting period but remain unsettled and for those that may have occurred but have not yet been notified to the operator and those that are not yet apparent to the insured. The Operator's policy for accounting of its claims has been disclosed in note 4.14 of these financial statements.

#### Sensitivity analysis

The risks associated with the takaful contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Operator makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Operator considers that the liability for takaful claims recognized in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on underwriting results and on participants' surplus due to 10% change in claim expense.

	PTF			
	Underwriting results		Participants' surplus	
	2023	2022	2023	2022
Fire and property damage	(27)	(197)	(27)	(197)
Marine, aviation and transport	(167)	(292)	(167)	(292)
Motor	(21,656)	(17,646)	(21,656)	(17,646)
Miscellaneous	(1,118)	(1,230)	(1,118)	(1,230)
	<u>(22,968)</u>	<u>(19,365)</u>	<u>(22,968)</u>	<u>(19,365)</u>

### 33.3.3 Retakaful risk

The Operator purchases retakaful as part of its risks mitigation program. Retakaful ceded is placed on both proportional and non-proportional basis. The majority of proportional retakaful is quota share reinsurance which is taken out to reduce the overall exposure of the Operator to certain classes of business. Non-proportional reinsurance is primarily excess of loss reinsurance designed to mitigate the Operator's net exposure to catastrophe losses. Retention limits for the excess of loss retakaful vary by product line. The Operator also arranges the local and foreign facultative retakaful as part of its risk management strategy.

Although the Operator has retakaful arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded takaful, to the extent that any retakaful is unable to meet its obligations assumed under such retakaful agreements. The Operator's placement of retakaful is diversified such that it is neither dependent on a single retakaful nor are the operations of the Operator substantially dependent upon any single retakaful contract. Operator's strategy is to seek retakaful with the best combination of financial strength, price and capacity. In compliance of the regulatory requirement, the retakaful agreements are duly submitted with SECP on an annual basis.

## 34. Fair value measurement 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.

Underlying the definition of fair value is the presumption that the operator is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the operator to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

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

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

	Note	Carrying amount			Fair Value				
		Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)							
<b>December 31, 2023</b>									
<b>Financial assets - measured at fair value</b>									
		-	-	-	-	-	-	-	
<b>Financial assets - not measured at fair value</b>									
Takaful / retakaful receivables*	8	108,877	-	-	108,877	-	-	-	
Retakaful recoveries against outstanding claims*	19	34,570	-	-	34,570	-	-	-	
Cash and bank*	12	-	93,953	-	93,953	-	-	-	
		<u>143,447</u>	<u>93,953</u>	<u>-</u>	<u>237,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Financial liabilities - measured at fair value</b>									
		-	-	-	-	-	-	-	
<b>Financial liabilities - not measured at fair value</b>									
Underwriting provisions									
Outstanding claims including IBNR*	19	-	-	120,348	120,348	-	-	-	
Takaful / retakaful payables*	14	-	-	149,089	149,089	-	-	-	
Other creditors and accruals*	15	-	-	100,858	100,858	-	-	-	
		<u>-</u>	<u>-</u>	<u>370,295</u>	<u>370,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	

\* The fair value of these financial assets are not significantly different from their carrying amounts since these assets are either short term in nature or are frequently repriced to market rate.



	Note	Carrying amount			Fair Value			
		Receivables and other financial assets	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees in thousand)								
<b>December 31, 2022</b>								
<b>Financial assets - measured at fair value</b>								
		-	-	-	-	-	-	-
<b>Financial assets - not measured at fair value</b>								
Takaful / retakaful receivables*	8	87,564	-	-	87,564	-	-	-
Retakaful recoveries against outstanding claims*	19	31,873	-	-	31,873	-	-	-
Cash and bank*	12	-	137,439	-	137,439	-	-	-
		119,437	137,439	-	256,876	-	-	-
<b>Financial liabilities - measured at fair value</b>								
		-	-	-	-	-	-	-
<b>Financial liabilities - not measured at fair value</b>								
Underwriting provisions								
Outstanding claims including IBNR*	19	-	-	97,526	97,526	-	-	-
Takaful / retakaful payables*	14	-	-	63,435	63,435	-	-	-
Other creditors and accruals*	15	-	-	49,685	49,685	-	-	-
		-	-	210,646	210,646	-	-	-

\* The fair value of these financial assets are not significantly different from their carrying amounts since these assets are either short term in nature or are frequently repriced to market rate.

### 35. Subsequent events - non adjusting

There are no significant events that need to be disclosed for the year ended December 31, 2023.

### 36. General

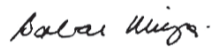
The corresponding figures have been re-arranged / reclassified wherever necessary for the purpose of better presentation. However, no significant rearrangements / reclassifications have been made during the year.

### 37. Date of authorization

These financial statements were authorized for issue on February 27, 2024 by the Board of Directors of the Operator.



Muhammad Aasim Gul  
Chief Financial Officer



Babar Mahmood Mirza  
Chief Executive



Ali H. Shirazi  
Director



Fahim Ali Khan  
Director



Iftikhar H. Shirazi  
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# Glossary

<b>Actuary</b>	Qualified expert who analyses problems from the area of insurance, investments and pensions using methods of probability theory and financial mathematics, and develops solutions with due regard to legal and economic parameters.
<b>Actuarial valuations</b>	A determination by an actuary at a special date of the value of a Company's assets and its liabilities.
<b>Amortization</b>	Reduction of the value of an asset by prorating its cost over a period.
<b>Associate</b>	Is a Company in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
<b>Authorized share capital</b>	Maximum value of share capital that a Company can legally issue.
<b>Bonus shares</b>	Free shares issued to shareholders.
<b>Book value</b>	The value of an asset as entered in a Company's books.
<b>Budget</b>	An estimate of income and expenditure for a set period of time.
<b>Capital expenditure</b>	Cost of long-term improvements and fixed assets.
<b>Capital gain</b>	Is a rise in the value of a capital asset that gives it a higher worth than the purchase price.
<b>Capital reserves</b>	Any reserve not regarded free for distribution by way of dividends.
<b>Cedant</b>	Client of a reinsurance Company.
<b>Combined ratio</b>	Percentage ratio of the sum of net claims plus management expenses and net commission to net premiums earned. It corresponds to the sum of the loss ratio, commission ratio and the expense ratio.
<b>Commission</b>	Remuneration to an intermediary for services such as selling and servicing an insurer's products.
<b>Consumer online portal</b>	An internet window presence for selling retails consumer products.
<b>Claims</b>	Amount payable under a contract of insurance arising from occurrence of an insured event.
<b>Claims incurred</b>	Aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
<b>Corporate social responsibility</b>	A process with the aim to embrace responsibility for the Company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.
<b>CPEC</b>	China – Pakistan Economic Corridor (CPEC) is a collection of infrastructure projects currently under construction in Pakistan.
<b>Deferred commission</b>	Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.
<b>Deferred tax</b>	An accounting concept (also known as future income taxes) meaning a future tax liability or asset in respect of taxable temporary differences.
<b>Defined benefit plans</b>	Post-employment benefit plans other than defined contribution plans.
<b>Depreciation</b>	Is the systematic allocation of the cost of an asset over its useful life.
<b>Dividend cover</b>	Profit after tax divided by dividend, measures the number of times dividends are covered by distributable profit for the period.
<b>Doubtful debts</b>	A debt where circumstances have rendered its ultimate recovery uncertain.
<b>Earnings per share</b>	Amounts for profit per share attributable to ordinary shareholders of the entity.
<b>Equity method</b>	Method of accounting whereby the investment is initially recognised at cost and adjusted hereafter for the post-acquisition change in the investor's share of net assets of the investee.
<b>Exchange gain (loss)</b>	Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
<b>Facultative reinsurance</b>	The reinsurer assumes a share of selected individual risks, the primary insurer can offer an individual risk in reinsurance, which the reinsurer for its part can either accept or decline.
<b>Fair Value</b>	Amount for which an asset could be exchanged, or a liability settled.



<b>Fiscal deficit</b>	When government's total expenditures exceed the revenue that it generates.
<b>General insurance</b>	All kinds of non-life insurance and takaful insurance i.e. fire and property damage, marine, aviation and transport, motor and miscellaneous - other insurance.
<b>General takaful</b>	Protection to participant for losses arising from perils such as accident, fire, flood, liability and burglary.
<b>Gross contribution</b>	It is the payment of an amount by a participant to the Takaful Participant Fund, whether direct, through intermediaries for the purpose of mutual protection and assistance.
<b>Gross domestic products</b>	The total value of goods produced and services provided in a country during fiscal year.
<b>Gross written premium</b>	Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.
<b>Group health insurance</b>	A single health policy covering a group of individuals, usually employees of the same Company or members of the same association and their dependents.
<b>Human resource development</b>	A framework for the expansion of within an organization through the development of both the organization and the individual to achieve performance improvement.
<b>Impairment</b>	The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
<b>Incurred But Not Reported (IBNR)</b>	Claim incurred but not reported to the insurer until the reporting date of financial statements.
<b>Inflation</b>	A general increase in prices and fall in the purchasing value of money.
<b>Insurance contracts</b>	A contract under which one party (the insurer) accepts insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event.
<b>Insurer Financial Strength Rating</b>	Provides an assessment of the financial strength of an insurance Company.
<b>Intangibles</b>	An identifiable non-monetary asset without physical substance.
<b>Internal control</b>	An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
<b>KIBOR</b>	Karachi Interbank Offered Rate (KIBOR) is interbank clean (without collateral) lending / borrowing rates quoted by the banks.
<b>Loss ratio</b>	Percentage ratio of claims expenses to net premium.
<b>Macroeconomics</b>	Branch of economics dealing with the performance, structure, behavior, and decision-making of an economy as a whole.
<b>Market share</b>	The portion of a market controlled by a particular Company or product.
<b>Market Treasury Bill</b>	A negotiable debt instrument issued by State Bank of Pakistan on behalf of the Government of Pakistan with a maturity of one year or less.
<b>Market value</b>	Price that a buyer would pay and a seller would accept for an item in a competitive market.
<b>MIS</b>	Management Information System (MIS).
<b>Mutual fund</b>	The type of professionally managed investment fund that pools money from many investors to purchase securities.
<b>National exchequer</b>	The account into which tax funds and other public funds are deposited.
<b>Net asset value</b>	The value of total assets of a company minus its liabilities.
<b>Net contribution</b>	Gross contribution less all retakaful contribution payable.
<b>Net premium revenue</b>	Gross written premium less reinsurance expense.
<b>Non-life insurance</b>	Non-life insurance and general insurance have identical meaning.
<b>Outstanding claims</b>	A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.
<b>Paid up capital</b>	The amount paid or contributed by shareholders in exchange for shares of a company's stock.
<b>Pakistan Investment Bonds</b>	Long term instruments of the Government of Pakistan.

<b>Participants</b>	The participant is the contributing party to the Takaful Policy who is covered through the mutual protection and solidarity of the Takaful Policy.
<b>Participant's takaful fund / Waqf fund</b>	An account to credit a portion of contributions from the participant for the purpose of Tabarru'.
<b>Premium</b>	The amount that has to be paid for the insurance cover provided by an insurer.
<b>Present value</b>	Future amounts that have been discounted to the present.
<b>Proxy</b>	Power of attorney by which the shareholder transfers the voting rights to another shareholder.
<b>Qard-e-Hasna</b>	An interest free loan from the Takaful Operator to the Takaful Participant Fund in order to meet any shortfall that is created in the fund.
<b>Quoted</b>	Being listed on a stock exchange.
<b>Registered office</b>	An address which is registered with the government registrar as the official address of a company.
<b>Reinsurance</b>	A method of insurance arranged by insurers to share the exposure of risks accepted.
<b>Reinsurance commission</b>	Commission received or receivable in respect of premium paid or payable to a reinsurer.
<b>Reinsurance premium</b>	The premium payable to the reinsurer in respect of reinsurance contract.
<b>Related party</b>	Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
<b>Retakaful</b>	A contract of which an operator procures a third party to cover against loss or liability by reason of such original takaful cover.
<b>Retrocession</b>	Transfer of risk from a reinsurer to another reinsurer.
<b>Revenue reserves</b>	Reserve that is normally regarded as available for distribution through the profit and loss account including general reserves and other specific reserves created out of profit and un-appropriated profit.
<b>Risk</b>	Condition in which there is a possibility of loss.
<b>Risk management</b>	Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
<b>Statutory levies</b>	Fee charged (levied) by a government on a product, income or activity.
<b>Strategic objective</b>	A broadly defined objective that an organization must achieve to make its strategy succeed.
<b>Subsequent event – non adjusting</b>	Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading.
<b>Tabarru</b>	A portion of participant's contribution for the purpose of mutual helps and used to pay claims submitted by eligible claimants.
<b>Takaful</b>	An Islamic concept of insurance.
<b>Takaful operator</b>	A legal entity, who underwrites, administers and manages the Takaful program on behalf of the participants.
<b>Takaful policy</b>	The agreement entered into between the operator and the participant(s) for the purposes of Takaful arrangement.
<b>Tangibles</b>	An asset whose value depends on particular physical properties.
<b>Term finance certificate</b>	A debt instrument issued by an entity to raise funds.
<b>Underwriting profit</b>	This is the profit generated purely from the Insurance business without taking into account the investment income, other income and general & administration expenses.
<b>Unearned premium</b>	It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the balance sheet date.
<b>Wakala</b>	Islamic terminology for agent-principal relationship, where a person nominates another to act on his behalf.
<b>Wakala based contract</b>	A contract based on the principle of Wakala (agency).
<b>Window takaful operator</b>	A registered insurer authorized under SECP Takaful Rules, 2012 to carry on takaful business as window operations in addition to conventional insurance business.




# Atlas Group Companies

*Year of Establishment /  
Acquisition\**

 Shirazi Investments	1962
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 Atlas Honda	1962
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 Atlas Battery	1966
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 Shirazi Trading	1975
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 Atlas Insurance	1980*
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 Atlas Engineering	1981*
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<b>HONDA</b> Honda Atlas Cars	1992
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<b>HONDA</b> Honda Atlas Power Product	1997
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 Atlas Asset Management	2002
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 Atlas Power	2007
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 Atlas World Wide	2007
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 Atlas Venture	2008
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 Atlas Autos	2011
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 Atlas Hitec	2012
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 Atlas Global FZE	2015
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 Atlas Energy	2016
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 Atlas DID	2019
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 Atlas GCI	2019
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 Atlas Solar	2020
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# Form of Proxy

I/we \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Atlas Insurance Limited and holder(s) of \_\_\_\_\_ ordinary shares as per Registered Folio No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 89th Annual General Meeting of the Company to be held on April 15, 2024 at 11:00 a.m. at 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore, and at every adjournment thereof.

As witness my / our hand this \_\_\_\_ day of \_\_\_\_\_ 2024.

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Witness:

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Affix Revenue Stamp  Signature
--

## Notes:

1. A member entitled to attend and vote at the General Meeting of the Company is entitled to appoint proxy to attend and vote instead of him / her. No person shall act, as a proxy who is not a member of the company except that a institution may appoint a person who is not a member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his / her constituted attorney or if such appointer is a corporation or company, under the common seal of such corporation or company.
3. The Form of proxy, duly completed, must be deposited at the Company's registered office, 63/A, Block-XX, Phase III (Commercial), Khyaban-e-Iqbal, DHA, Lahore at least 48 hours before the time of the Meeting.



Company Secretary  
Atlas Insurance Limited  
63/A, Block-XX,  
Phase III (Commercial),  
Khyaban-e-Iqbal, DHA,  
Lahore

AFFIX  
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# پراکسی فارم

میں/ہم \_\_\_\_\_ سکنہ \_\_\_\_\_ بطور اٹلس انشورنس لمیٹڈ کے رکن / ارکان \_\_\_\_\_  
عمومی حصص کی ملکیت رکھتا ہوں / رکھتے ہیں جس کا رجسٹرڈ فوئیو نمبر \_\_\_\_\_ ہے۔ میں بطور پراکسی \_\_\_\_\_ سکنہ \_\_\_\_\_  
اور ان کی عدم موجودگی کی صورت میں \_\_\_\_\_ سکنہ \_\_\_\_\_ جو خود بھی کمپنی کا رکن ہے / ہیں، کو بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ  
میری / ہماری جگہ اور میری / ہماری جانب سے کمپنی کے 89 ویں عام اجلاس، جو کہ 15 اپریل 2024 کی دن 11:00 بجے بمقام 63/A، بلاک XX، فیز III (کمرشل)، خیابان اقبال، ڈی ایچ اے، لاہور  
میں منعقد ہو رہا ہے۔ اس میں یا اس کے کسی ملٹوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

دن \_\_\_\_\_ مہینہ \_\_\_\_\_ 2024 کو مجھے / ہمیں ثبوت دیا گیا ہے۔

دستخط: \_\_\_\_\_

پتا: \_\_\_\_\_

گواہ: \_\_\_\_\_

دستخط: \_\_\_\_\_

پتا: \_\_\_\_\_

درست رقم کا ٹکٹ  
چسپاں کریں  
دستخط

نوٹ:

- 1 - کمپنی کے عام اجلاس میں شرکت اور ووٹ کا حقدار رکن اپنی جگہ شرکت اور ووٹ کے لئے پراکسی مقرر کرنے کا حقدار ہے۔ کوئی بھی شخص جو کمپنی کا رکن نہیں ہے اسے بطور پراکسی مقرر نہیں کیا جاسکتا سوائے اُس شخص کے جسے کوئی ادارہ رکن نہ ہونے پر مقرر کرے۔
- 2 - پراکسی مقرر کرنے کا تقرر نامہ کسی مجاز آفیسر سے تصدیق شدہ تحریر میں ہونا چاہئے اور اگر ایسا تقرر کنندہ کوئی کارپوریشن یا کمپنی ہو تو کارپوریشن یا کمپنی ہذا سے تصدیق کیا گیا ہو۔
- 3 - پراکسی کا مکمل پُر شدہ فارم کمپنی کے رجسٹرڈ آفس 63/A، بلاک XX، فیز III (کمرشل)، خیابان اقبال، ڈی ایچ اے، لاہور میں اجلاس کے مقرر کردہ وقت سے کم از کم 48 گھنٹے پہلے جمع کروانا لازمی ہوگا۔

درست رقم کا ٹکٹ  
چسپاں کریں

کمپنی سیکریٹری  
اٹلس انشورنس لمیٹڈ  
63/A، بلاک XX، فیزا III (کمرشل)،  
خیابان اقبال، ڈی ایچ اے، لاہور

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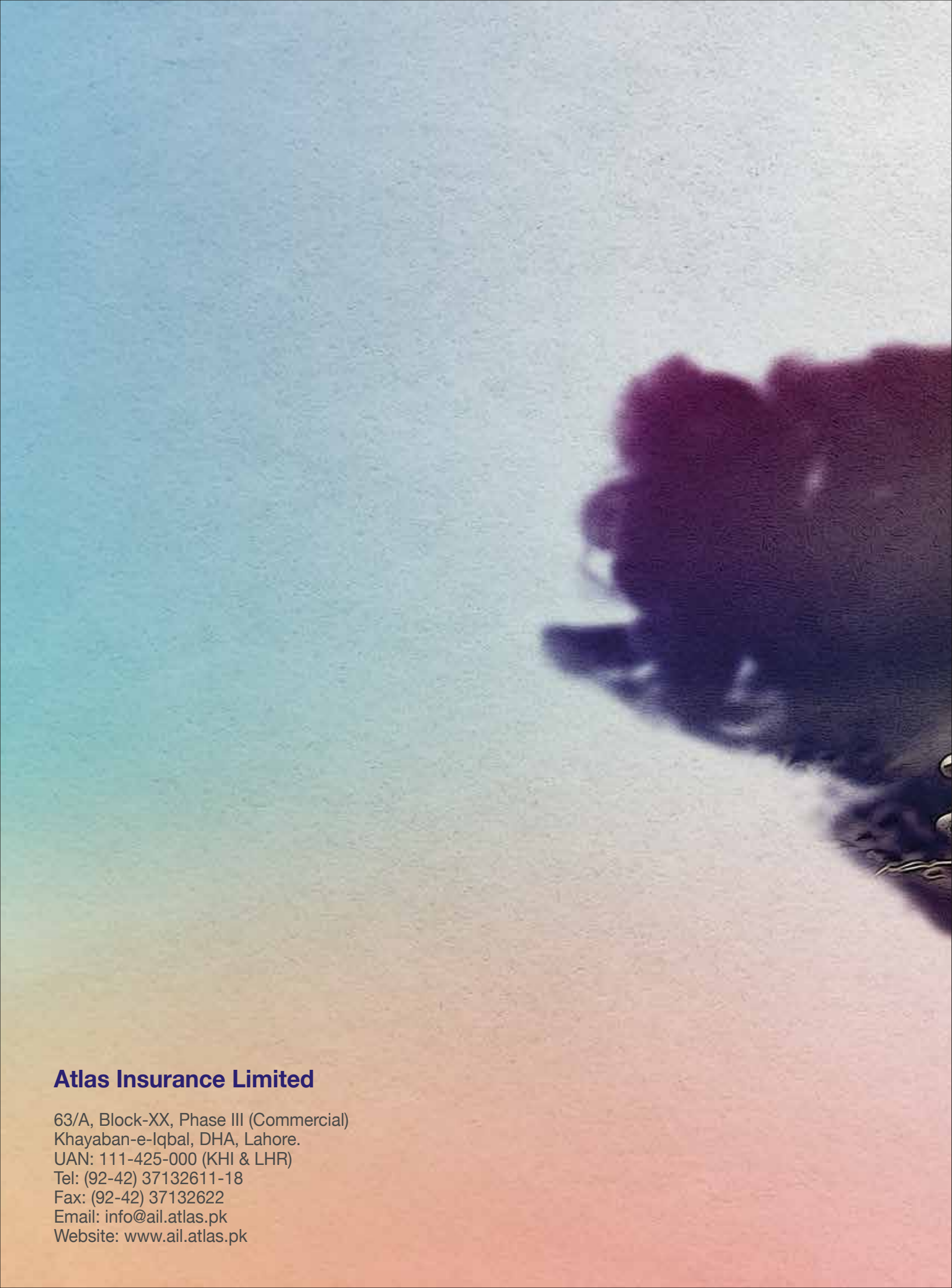
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# KEEP THE FAITH

Wide range of SHARIAH COMPLIANT  
general takaful products



## **Atlas Insurance Limited**

63/A, Block-XX, Phase III (Commercial)  
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Website: [www.ail.atlas.pk](http://www.ail.atlas.pk)