



**INVESTMENTS**

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**786 INVESTMENTS LIMITED**

**ANNUAL REPORT  
2022**



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## CORPORATE INFORMATION

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



### ***Mission Statement***

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



### NOTICE OF ANNUAL GENERAL MEETING (AGM XXXI)

Notice is hereby given that the 31st Annual General Meeting of the shareholders of the Company will be held on Saturday, October 22, 2022, at 08:30, am via zoom video, to transact the following business:

#### Ordinary Business

- 1- To confirm the Minutes of the Extraordinary Annual General Meeting on dated July 30, 2021.
- 2- To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021 together with Directors and Auditors Reports thereon.
- 3- To appoint the Auditors and fix their remuneration.
- 4- Any other Business with the permission of the Chair.

By Order of the Board

September 26, 2022  
Karachi

**Noman Shakir**  
Company Secretary

#### Notes:

##### 1 Book Closure

The share transfer books of 786 Investments Ltd. will remain closed from October 15, 2022, to October 22, 2022 (both days inclusive). The transfers received in order by our share registrar, FD Registrar Services (Pvt) Ltd situated on the 17th floor, Saima Trade Tower A, I.I. Chundrigar Road, Karachi by the close of business on October 14, 2022, will be considered in time to attend and vote at the meeting.

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

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

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



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

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

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

## **2 Appointment of Proxy**

a) A member entitled to attend the meeting may appoint any other member as his/her proxy to attend the meeting through video-link. A proxy form is enclosed.

b) A member entitled to attend and vote at Annual General Meeting shall be entitled to appoint another member, as a proxy to attend and vote on his/her behalf. The proxies in order to be effective must be received to FD Registrar not less than forty-eight (48) hours before the meeting.

c) Members are requested to notify changes immediately, if any, in their registered addresses to FD Registrar.

## **3 For Appointment of Proxy**

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

a) In case of individuals having physical shareholding or the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form accordingly.

b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.

c) Notarized copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

d) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

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

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

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

In terms of Securities and Exchange Commission of Pakistan's (SECP) S.R.O. 634 (1)/ 2014, the Annual Report for the year ended 30 June 2022 will also be placed on 786 Investments Ltd. website [www.786investments.com](http://www.786investments.com) and is readily accessible to the shareholders.

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

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

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

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

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

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



## FINANCIAL HIGHLIGHTS

	2022	2021	2020	2019	2018	2017
	Rupees In Million					
Authorized Capital	200.0000	200.0000	200.0000	200.0000	200.0000	200.0000
Paid-Up Capital	149.7375	149.7375	149.7375	149.7375	149.7375	149.7375
Shareholders' Equity	230.9224	230.1301	210.3695	210.3695	245.4472	270.8865
Total Assets	251.8710	248.8764	229.6785	229.6785	264.0662	287.1988
Short-Term Investment in Securities	226.5300	215.2467	192.0067	192.0067	8.6252	7.6483
Income From Investments	2.0061	4.6185	7.6435	7.6435	0.0427	-
Management Fee	13.1830	8.8368	9.5667	9.5667	11.5011	10.0134
Advisory Fee	1.1111	1.1111	1.1111	1.1111	-	-
Dividend Income	17.5517	9.5510	10.0074	10.0074	4.3759	75.6602
Other Income	1.1484	3.7407	2.8357	2.8357	0.5568	0.6706
Impairment Loss on Investment	-	-	-	-	(0.1542)	(0.5665)
Profit/(Loss) Before Taxation	3.8205	5.1396	5.4481	5.4481	(24.8392)	64.8050
Taxation	3.0283	1.8708	1.5122	1.5122	1.5769	9.6630
Profit/(Loss) After Taxation	0.7923	3.2688	3.9359	3.9359	(26.4162)	55.1420
Book Value Per Share	15.4218	15.3689	14.0492	14.0492	16.3918	18.0908
Earnings Per Share	0.05	0.22	0.26	0.26	(1.76)	3.68



## **CHAIRMAN'S REPORT**

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

786 Investments limited successfully renewed from SECP for both licenses to carry out "Asset Management Service" and "Investment Advisory Services" via vide letter no. SCD/AMCW/38/786IL/AMS/04/2022 and vide letter no. SCD/AMCW/37/786IL/IAS/07/2022 respectively; on dated May 12, 2022.

The Company is revisiting its strategy and analyzing the situation of the economy and the resources available to the company. Also planned the process to significantly modify the financial and operational aspects of the company as business was faced with financial pressures last year.

The company also planned to introduce a new fund to increase the fund size and develop a strategy to cut costs ineffective way to turn around the company. Our objective for the year is to grow Asset under Management (AUM). Company managed to improve the position of the fund with the available resources with the company and turned it into profits.

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

---

Ahmed Salman Munir  
Chairperson

Date: September 26, 2022  
Karachi





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

The Board of Directors of 786 Investments Limited. ("786" or the "Company") is pleased to present the annual report and the audited financial statements of the Company for the year ended June 30, 2022.

### **Principle Business:**

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

### **Company Performance Review:**

	<b>June 30, 2022</b>	June 30, 2021
	<b>..... Rupees.....</b>	
Management Fees	<b>13,182,987</b>	8,836,778
Advisory fee	<b>1,111,112</b>	1,111,112
Gross Revenue	<b>14,294,099</b>	9,947,890
Income from Investments	<b>15,924,658</b>	16,504,158
Other Operating Income	<b>1,148,388</b>	3,740,722
Total Revenue	<b>30,218,757</b>	26,452,048
Administration and Operating Expenses	<b>(24,990,211)</b>	(23,456,960)
Financial Charges	<b>(2,556,393)</b>	(1,650,044)
Total Expenses	<b>(27,546,604)</b>	(25,107,004)
Profit Before Taxation	<b>3,820,541</b>	5,085,767
Profit After Taxation	<b>792,288</b>	3,214,948

The Company recorded a Profit of PKR 0.79 million during the period ended June 30, 2022, as compared to a profit of PKR 3.21 million FY22. The Company Income which comprised of Management Fees increased by PKR 4.35 million representing a 49% increase in Management Fees. The administrative and operating expenses increased by PKR 1.53 million representing a 6.54% increase in administrative and operating expenses. Other income also contributed to sustain the profits. Further Dividend Income from the fund was PKR 17.55 million as compared to the Dividend Income of PKR 9.55 million FY21.

The earnings per share (EPS) of the Company for the period ended June 30, 2022, was PKR 0.05 as compared to PKR 0.21 per share as of June 30, 2021.

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

During the Year 2022 786 Investments limited successfully renewed both licenses to carry out "Asset Management Service" and "Investment Advisory Services" via it's vide letter no. SCD/AMCW/38/786IL/AMS/04/2022 and vide letter no. SCD/AMCW/37/786IL/IAS/07/2022 respectively; on dated May 12, 2022. The Licenses be renewed by the Commission for next three years till April 2025.

The Company focused is to grow Assets Under Management (AUMs). The Company is maintaining one fund which categorized into Islamic Income Fund called 786 Smart Fund during the year (AUMs) increased up to PKR 867m, However as of June 2022 (AUMs) decreased to PKR 589 million as of the year ended June 30, 2022 due the redemption and dividend payout.

**Future Plans:**

The Company is revisiting its strategy and analyzing the situation of the economy and the resources available to the company. Also planned the process to significantly modify the financial and operational aspects of the company as business was faced with financial pressures last year.

The company also planned to introduce a new fund to increase the fund size and develop a strategy to cut costs ineffective way to turn around the company. Our objective for the year is to grow Asset under Management (AUMs).

**Economic Review:**

The global economy is confronting with slower economic growth and high inflationary pressures due to the Russia-Ukraine conflict and subsequent supply chain disruptions. The impact of war has revised the global growth forecast downward by 0.8 and 0.2 percentage points to 3.6 percent in both 2022 and 2023. Global commodity prices showed mixed trend in the month of May, 2022. The projection for economic growth of European Economies has been revised downwards by 1.1 percentage points to 2.8 percent. Similarly, the outlook for advanced and emerging economies also revised downwards by 0.6 and 1.0 percentage points, respectively. In the medium-term, the outlook is revised downwards for all groups, except commodity exporters who are benefitting from the surge in energy and food prices. The fiscal deficit in Jul-Apr FY2022 was recorded at 4.9 percent of GDP. The primary balance posted a deficit of Rs 890 billion. During the period 1st July - 03rd June, FY2022 money supply (M2) witnessed growth of 8.4 percent (Rs 2,050.2 billion) as compared to growth of 9.8 percent (Rs 2,042.2 billion) in last year. During Jul-May FY2022, the current account deficit was recorded at \$ 15.2 billion.

**Money Market Review:**

Monetary Policy Committee (MPC) has increased the policy rate by 250 bps to 12.25 percent in its meeting held on 07th April 2022, on account of significant uncertainty around the outlook for international commodity prices and global financial condition. During 1st July - 01st April, FY22 money supply (M2) observed growth of 2.7 percent (Rs. 665.5 billion) as compared to growth of 6.7 percent (Rs. 1,439.5 billion) last year. Within M2, Net Foreign Assets (NFA) decreased by Rs 1,198.9 billion as compared to an increase of Rs 704.7 billion last year, shows pressure on external front. Net Domestic Assets (NDA) of the banking sector increased by Rs. 1,864.4 billion as compared Rs. 734.8 billion last year. Under the borrowing for budgetary support, government has borrowed Rs. 895.7 billion against the borrowing of Rs. 711.1 billion last year. Government has retired Rs. 52.4 billion to SBP against the retirement of Rs. 1,194.8 billion last year. Government has borrowed Rs. 843.2 billion from Scheduled banks against the borrowing of Rs 1,905.9 billion last year. Under the head of net government borrowing, government has borrowed Rs 840.6 billion as compared to the borrowing of Rs. 600.3 billion over the previous year. Private Sector has borrowed Rs 1,198.3 billion as compared Rs 443.7 billion last year showing a growth of 20.8 percent as on 01st April, FY2022.

**Stock Market Review:**

Pakistan stock market's performance has posted a boom-and-bust situation during the first nine months of the current fiscal year. During July-March FY2022, the benchmark KSE-100 index declined from 47,356 points to 44,929 points. During the period under review, the index closed at its highest level of 48,112 points on August 23, 2021. As of March 31, 2022, the total number of listed companies on the Pakistan Stock Exchange (PSX) stood at 532, with a total market capitalization of Rs 7,583 billion. The major development of this year in the equity market is the issuance of Initial Public Offerings (IPOs). During July-March FY2022, five companies issued shares through a public offering on the main board of PSX (Citi Pharma limited, Pakistan Aluminium Beverages Cans Limited, Airlink Communications Limited, Octopus Digital Limited, and Adamjee Life Assurance Company Limited), while two companies were listed on the Overview of the Economy ix newly introduced Growth Enterprise Market (GEM) Board (Pak Agro Packaging Limited and Universal Network Systems Limited). During July-March FY2022, corporations raised Rs 121.5 billion by issuing 32 debt securities, while 102 previous corporate debt securities worth Rs 749.82 billion remain outstanding. Moreover, during July-March FY2022, 2.31 million lots of various commodities futures contracts including gold, crude oil, and US equity indices worth Rs 2.65 trillion were traded on Pakistan Mercantile Exchange Limited.



### **Asset Management Industry Overview**

Mutual Funds (open-end funds) have Assets Under Management (AUMs) of PKR 1,184 billion as of June 30, 2022, as compared to PKR 1,056 billion as of June 30, 2021. Increased by 12.12%.

The Company's Asset under Management (AUM) during the year increased up to PKR 867m, However, as of June 2022, AUM decreased to PKR 589 million as the year ended June 30, 2022, due to the redemption and dividend payout on June 30, 2022. However, the fund size increases again to 848 million on July 30, 2022. The fund size throughout the year was improved by 16.12% as compared to June 30, 2021 (PKR 746 million).

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

During the year, 786 Investments Ltd managed CSR activities, we went out for the 3000 Ration bag distribution on September 08, 2022, Thursday and were on the ground till September 11, 2022, Sunday to provide some relief to the people surviving from hunger and loads of diseases due to floods, at Mirpurkhas, Sindh. As part of the LADIESFUND #LFFED initiative. All our policies are sustainable and environmentally friendly.

Our team members also volunteered for 1) educating girls vocationally, 2) distributing food rations 3) LADIESFUND awards. Our approach and commitment are to you, our clients, our shareholders, our employees, and the community.

### **Principle Risk & Uncertainties**

The Company is maintaining one fund which is categorized as Islamic Income Fund which is called 786 Smart Fund, The fund's most value is invested in the Commercial banks which works unanimously well for the company to counter the risk of the market but as the interest rate improved after the Covid we are considering allocating an A+ rating Sukuk in the short term providing a good return

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

### **Board Evaluation**

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

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

The Directors are pleased to state as follows:

- The financial statements, prepared by the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further.
- There are no significant doubts upon the company's ability to continue as a going concern.



- There has been no material departure from the best practices of Corporate Governance except as disclosed in the statement of compliance annexed with these financial statements.
- There has been no trading during the year in the units of the Fund carried out by the Directors, Chief Executive Officer, Company Secretary and their spouses and their minor children except as disclosed in the relevant notes to the financial statement.
- There is no statutory payment on account of taxes, duties, levies and charges outstanding.

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

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

- Male: 6
- Female: 1

**The Composition of board is as follows:**

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



## Board of Directors Meetings

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

Names	No of Meetings held	No of Meetings attended	Leave granted
Ms. Shafqat Sultana	4	1	-
Ms. Tara Uzra Dawood	4	4	-
Ms. Charmaine Hidayatullah	4	-	2**
Mr. Iqbal Shafiq	4	2	-
Syed Musharaf Ali	4	2	-
Syed Shabaha Hussain	4	4	-
Mr. Ahmed Salman Munir	4	2	2
Mr. Naveed Ahmed	4	3	-

\*\*Leave of absence was granted.

Mr. Ahmed Salman Munir

Ms. Charmaine Hidayatullah

Subsequent appointments after the Election of Director on Board of 786 Investments limited were as follows:  
- Mr. Charmaine Hidayatullah appointed as Director of the company w.e.f September 21, 2021, in place of Mr. Tahir Mehmood

\* Mr. Ahmer Zia Sarwar appointed as Director of the company w.e.f July 07, 2022, in place of Ms. Charmaine Hidayatullah.

\*\* Mr. Syed Musharaf Ali appointed as Director of the company w.e.f September 21, 2021, in place of Syed Farhan Abbas

\*\*\* Mr. Iqbal Shafiq appointed as Director of the company w.e.f January 27, 2022, in place of Ms. Shafqat Sultana due her demise.

## Audit Committee Meeting

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

Names	No of Meetings held	No of Meetings attended	Leave granted
Syed Shabaha Hussain	4	4	-
Ms. Shafqat Sultana***	4	1	-
Syed Musharf Ali***	4	2	-
Mr. Naveed Ahmed	4	3	-

\*\*\*Ms Shafqat Sultana had attended the only one Audit Committee meeting due to the approval for other Directors elected on the date of EOGM was pending. However the approval was obtained on October 06, 2021.

\*\*\* Mr. Naveed Ahmed had attended three Audit Committee meeting his approval obtained on October 06, 2021.

\*\*\* Subsequently, Syed Musharaf Ali \*\*\* had attended two Audit Committee meeting his approval obtained on November 30, 2021.

\*\*Leave of absence was granted.



### **Directors Remuneration**

The remuneration of the Non-Executive Directors, Independent Directors and Chief Executive Officer for attending Board and its Committees meetings is determined by the Company in the General Meeting. The remuneration of the Directors is determined on the basis of prevailing industry trends and business practices. The details of remuneration paid to the Chief Executive Officer and Directors are available in note 29 to the financial statements.

### **Auditors' Appointment**

The "Auditors M/s J.A.S.B & Associates Chartered Accountants have consented to act as auditor of the 786 Investments Ltd. The Board Audit Committee have recommended their appointment as for the year ending June 30, 2023 for 786 Investments Ltd and the Board have endorsed the communication".

### **Auditors' Report**

The Auditors have given their unmodified opinion on the financial statements of the Company for the year ended June 30, 2022.

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

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

### **Dividend**

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

### **Credit Rating**

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

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

During the year 2021-22, no transactions in shares were carried out by the Directors, Chief Financial Officer & Company Secretary, and their spouses of minor children. Except for the Chief Executive Officer, who purchased 76,700 shares, 9000 shares & 2500 Shares of the company during the year on October 14, 2021, & December 10, 2021?

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

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

**Pattern of Share Holding as on June 30, 2022**

The pattern of shareholding holding as on June 30, 2022 is annexed to these financial statements.

**Key Financial Highlights**

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

**Staff Retirement Benefits**

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

**Events after the Balance Sheet Date**

There was no subsequent event after the Balance sheet date but Ms. Charmaine Hidayatullah has resigned as director during the year 2021-22. The Board has appointed Mr. Ahmer Zia Sarwar as Director on July 07, 2022 subject to SECP approval in place of Ms. Charmaine Hidayatullah. Subsequently the SECP has approved the appointment on August 23, 2022.

**Acknowledgement**

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

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**Director**

**September 26, 2022**  
**Karachi.**

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**Ahmed Salman Munir**  
**Chairperson**



30 جون 2022 کو پونٹ ہولڈنگ کا نمونہ ان مالی گوشواروں سے منسلک کر دیا گیا ہے۔

### اہم مالیاتی جھلکیاں

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

### اسٹاف کوریٹائرمنٹ کے فوائد

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

### بعد از میلنس شیٹ واقعات

میلنس شیٹ کی تاریخ کے بعد کوئی واقعہ رونما نہیں ہوا لیکن محترمہ چارمائن ہدایت اللہ نے سال 2021-22 کے دوران ڈائریکٹر کے عہدہ سے استعفیٰ دے دیا ہے۔ بورڈ نے جناب احمر ضیاء سرور کو 07 جولائی 2022 کو محترمہ چارمائن ہدایت اللہ کی جگہ ای سی پی کی منظوری سے مشروط ڈائریکٹر مقرر کیا ہے۔ اس کے بعد ایس ای سی پی نے 23 اگست 2022 کو تقرری کی منظوری دے دی۔

### اظہار تشکر

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

احمد سلمان میئر

چیئر پرسن

ڈائریکٹر

کراچی: 26 ستمبر 2022ء



جناب نوید احمد	4	3	-
سید شہت حسین	4	4	-
محترمہ شفقت سلطانہ	4	1	-
سید شرف علی ***	4	2	-
جناب نوید احمد	4	3	-

\*\*\* محترمہ شفقت سلطانہ نے آڈٹ کمیٹی کے صرف ایک اجلاس میں شرکت کی تھی کیونکہ EOGM کی تاریخ پر منتخب ہونے والے دیگر ڈائریکٹرز کی منظوری زیر التوا تھی۔ تاہم منظوری 06 اکتوبر 2021 کو حاصل کی گئی۔

\*\*\* جناب نوید احمد نے آڈٹ کمیٹی کے تین اجلاسوں میں شرکت کی تھی جس کی منظوری 06 اکتوبر 2021 کو حاصل کی گئی تھی۔

\*\*\* اس کے بعد سید شرف علی \*\*\* نے آڈٹ کمیٹی کے دو اجلاسوں میں شرکت کی جس کی منظوری 30 نومبر 2021 کو حاصل کی گئی تھی۔

\*\* غیر حاضری کی چھٹی دی گئی۔

#### ڈائریکٹرز کا مشاہرہ

بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لئے نان ایگزیکٹو ڈائریکٹرز، آزاد ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کے مشاہرہ کا تعین کمیٹی اجلاس عام میں کرتی ہے۔ ڈائریکٹرز کا مشاہرہ موجودہ انڈسٹری رجحانات اور کاروباری پیکلیمز کی بنیاد پر معین کیا جاتا ہے۔ چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ کی تفصیلات مالی حسابات کے نوٹ 29 میں دستیاب ہیں۔

#### آڈیٹرز

"آڈیٹرز میسرے اے ایس بی چارٹرڈ اکاؤنٹنٹس نے 786 انویسٹمنٹ لمیٹڈ کے آڈیٹ کے طور پر کام کرنے پر رضامندی ظاہر کی ہے۔ بورڈ آڈٹ کمیٹی نے 30 جون 2023 کو ختم ہونے والے سال کے لیے 786 انویسٹمنٹ لمیٹڈ کے لیے ان کی تقرری کی سفارش اور بورڈ نے اس کی توثیق کی ہے۔"

#### آڈیٹرز کی رپورٹ

آڈیٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لئے کمیٹی کے مالی گوشواروں پر اپنی غیر نظر ثانی شدہ رائے دی ہے۔

#### اخلاقیات اور کاروباری طریقوں کا بیان

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

#### ڈیویڈنڈ

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

#### کریڈٹ ریٹنگ

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

#### کمیٹی کے حصص میں تجارت

سال 2021-22 کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر اور کمیٹی ممبرز، ان کے زوج اور نابالغ بچوں کی طرف سے حصص کی کوئی تجارت نہیں کی گئی ہے۔ ماسوائے چیف ایگزیکٹو آفیسر، جنہوں نے 14 اکتوبر 2021 اور 10 دسمبر 2021 کو سال کے دوران کمیٹی کے 76,700 شیئرز، 9000 شیئرز اور 2500 شیئرز خریدے ہیں۔

#### منسلک افراد / متعلقہ پارٹیوں کے ساتھ لین دین

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

30 جون 2022 کو پوٹ ہولڈنگ کا نمونہ

آزاد ڈائریکٹر	جناب احمد سلمان منیر	جیٹر پرسن
ایگزیکٹو ڈائریکٹر	سید شاہت حسین	ڈائریکٹر
ایگزیکٹو ڈائریکٹر	جناب احمد ضیاء سرور	ڈائریکٹر
ایگزیکٹو ڈائریکٹر	محترمہ تارا عزیز رادادو	چیف ایگزیکٹو آفیسر
نان ایگزیکٹو ڈائریکٹر	سید شرف علی	ڈائریکٹر
	جناب نوید احمد	ڈائریکٹر

بورڈ کی تشکیل درج ذیل ہے:

جناب اقبال شفیق	
محترمہ تارا عزیز رادادو	چیف ایگزیکٹو آفیسر

#### بورڈ آف ڈائریکٹرز کے اجلاس

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

\*\* غیر حاضری کی جھٹی دی گئی۔

جناب احمد سلمان منیر

جناب چارمائن ہدایت اللہ

786 انوسٹمنٹ لمیٹڈ کے بورڈ پر ڈائریکٹر کے انتخاب کے بعد ہونے والی تقرریاں حسب ذیل تھیں۔

- جناب چارمائن ہدایت اللہ کو جناب طاہر محمود کی جگہ 21 ستمبر 2021 سے کمپنی کا ڈائریکٹر مقرر کیا گیا۔

\* جناب احمد ضیاء سرور محترمہ چارمائن ہدایت اللہ کی جگہ 07 جولائی 2022 کو کمپنی کے ڈائریکٹر مقرر ہوئے۔

\*\* جناب سید شرف علی کو سید فرحان عباس کی جگہ 21 ستمبر 2021 سے کمپنی کا ڈائریکٹر مقرر کیا گیا۔

\*\*\* جناب اقبال شفیق محترمہ شفقت سلطانہ کے انتقال کی وجہ سے 27 جنوری 2022 کو کمپنی کے ڈائریکٹر مقرر ہوئے۔

#### آڈٹ کمیٹی کا اجلاس

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

نام	منعقدہ اجلاسوں کی تعداد	تعداد حاضری اجلاس	تعطیل
جناب شفقت سلطانہ	4	1	-
محترمہ تارا عزیز رادادو	4	4	-
جناب چارمائن ہدایت اللہ	4	-	**2
جناب اقبال شفیق	4	2	-
سید شرف علی	4	2	-
سید شاہت حسین	4	4	-
جناب احمد سلمان منیر	4	2	2

کلائنٹس، ہمارے شیئر ہولڈرز، ہمارے ملازمین اور کمیونٹی کے لیے ہے۔

### اصل خطرہ اور بے یقینی

کمپنی ایک اسلامی انکم فنڈ برقرار رکھے ہوئے ہے، جسے 786 اسٹارٹ فنڈ کہا جاتا ہے، مارکیٹ کے خطرے کا مقابلہ کرنے کے لئے فنڈ کی زیادہ تر قیمت تجارتی بینکوں میں لگائی جا رہی ہے جو مارکیٹ خطرہ کو کم کرنے کے لئے کمپنی کے لئے غیر معمولی اچھا کام کرتی ہے لیکن کوویڈ-19 کے بعد سود کی شرحیں بہتر ہوئیں ہم اچھا منافع فراہم کرتے ہوئے مختصر مدت میں A+ ریٹنگ سکوک مختص کرنے پر غور کر رہے ہیں۔

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

### بورڈ کی تشخیص

سلیڈ پیئر (کارپوریٹ گورننس کا ضابطہ) ریگولیشن، 2019 کے تحت تمام بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشخیص ضروری ہوتی ہے۔ اس سلسلے میں، کمپنی کے بورڈ آف ڈائریکٹرز اور بورڈ کمیٹی کی کارکردگی کا جائزہ لینے کے لئے کمپنی میں اویلیویشن سروے کی ایک وسیع رینج منعقد کی گئی تھیں۔ بورڈ کے تمام ارکان کے تاثرات اسٹرٹجک وضاحت اور عقائد، کاروباری منصوبہ کی سمت اور اس کے کردار کی فعال کفایت کے شعبوں پر تسلی بخش تھے۔

### کارپوریٹ گورننس اور مالیاتی رپورٹنگ کا دائرہ کار

ڈائریکٹرز بخوشی بیان کرتے ہیں کہ:

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

- ٹیکس، ڈیوٹیز، لیویز اور بقایا چارجز کی مد میں کوئی قانونی ادائیگی نہیں ہے۔

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

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

(a) - مرد 6

(b) - خاتون 1

بورڈ کی ترتیب درج ذیل ہے:

کمیٹری	نام	عہدہ
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اقتصادی جائزہ:

روس - یوکرین تنازعہ اور اس کے نتیجے میں سپلائی چین میں رکاوٹوں کی وجہ سے عالمی معیشت سست اقتصادی نمو اور زیادہ افراط زر کے باوجود سامنا کر رہی ہے۔ جنگ کے اثرات نے 2022 اور 2023 دونوں میں 0.8 اور 0.2 فیصد پوائنٹس کی کمی کے ساتھ طبعی شدہ 3.6 فیصد تک عالمی شرح نمو کی پیش گوئی کی ہے۔ مئی 2022 کے مہینے میں ایشیائی عالمی قیمتوں میں مارجا رجحان دیکھا گیا۔ یورپی معیشتوں کی اقتصادی نمو کا تخمینہ 1.1 فیصد پوائنٹس کی کمی کے ساتھ 2.8 فیصد تک نظر ثانی شدہ ہے۔ اسی طرح، برقی یافتہ اور بھرتی ہوئی معیشتوں کے لیے آؤٹ لک میں بھی بالترتیب 0.6 اور 1.0 فیصد پوائنٹس کی کمی واقع ہوئی۔ درمیانی مدت میں، تمام گروپوں کے لیے آؤٹ لک کی نیچے کی طرف نظر ثانی کی جاتی ہے، سوائے اجناس کے برآمد کنندگان کے جو توانائی اور خوراک کی قیمتوں میں اضافے سے فائدہ اٹھا رہے ہیں۔ جولائی تا اپریل مالی سال 2022 میں مالیاتی خسارہ جی ڈی پی کا 4.9 فیصد ریکارڈ کیا گیا۔ بنیادی توازن میں 890 بلین روپے کا خسارہ درج کیا گیا ہے۔ یکم جولائی 03 جون مالی سال 2022 کے دوران، مئی سپلائی (M2) میں گزشتہ سال 9.8 فیصد (2,042.2 بلین روپے) کی نمو کے مقابلے میں 8.4 فیصد (2,050.2 بلین روپے) کی نمو دیکھی گئی۔ جولائی تا مئی مالی سال 2022 کے دوران کرنٹ اکاؤنٹ خسارہ 15.2 بلین ڈالر ریکارڈ کیا گیا۔

مئی مارکیٹ کا جائزہ:

مائٹری پالیسی کمیٹی (MPC) نے 07/اپریل 2022 کو منعقدہ اپنے اجلاس میں، بین الاقوامی اجناس کی قیمتوں اور عالمی مالیاتی صورتحال کے بارے میں نمایاں غیر یقینی صورتحال کی وجہ سے پالیسی شرح کو 250bps سے بڑھا کر 12.25 فیصد کر دیا۔ یکم جولائی سے یکم اپریل مالی سال 22 کے دوران، مئی سپلائی (M2) میں گزشتہ سال 6.7 فیصد (1,439.5 بلین روپے) کی نمو کے مقابلے میں 2.7 فیصد (665.5 بلین روپے) کی نمو دیکھی گئی۔ M2 کے اندر، خالص غیر ملکی اثاثہ جات (NFA) میں گزشتہ سال 704.7 بلین روپے کے اضافے کے مقابلے میں 1,198.9 بلین روپے کی کمی ہوئی، جو بیرونی عماؤ پر باؤ کوٹھا ہر کرتی ہے۔ بینکنگ سیکٹر کے خالص مقامی اثاثے (این ڈی اے) پچھلے سال 734.8 بلین روپے کے مقابلے میں 1,864.4 بلین روپے تک زیادہ ہوئے۔ بجٹ کی معاہدات کے لیے قرضے لینے کے تحت حکومت نے پچھلے سال 711.1 بلین روپے کے مقابلے میں 895.7 بلین روپے کا قرض لیا ہے۔ حکومت نے پچھلے سال 1,194.8 بلین روپے کی ریٹائرمنٹ کے عوض SBP کو 52.4 بلین روپے ریٹائر کئے ہیں۔ حکومت نے گزشتہ سال 1,905.9 بلین روپے کے قرضے کے مقابلے میں شیڈول بینکوں سے 843.2 بلین روپے کا قرضہ لیا ہے۔ خالص حکومتی قرضہ جات کے تحت حکومت نے پچھلے سال 600.3 بلین روپے کے مقابلے میں 840.6 بلین روپے کے قرضے لیے ہیں۔ جسے شے نے گزشتہ سال 443.7 بلین روپے کے مقابلے میں 1,198.3 بلین روپے کا قرضہ لیا ہے جو کہ یکم اپریل، مالی سال 2022 تک 20.8 فیصد کی نمو کوٹھا ہر کرتا ہے۔

اسٹاک مارکیٹ کا جائزہ:

پاکستان اسٹاک مارکیٹ کی کارکردگی نے رواں مالی سال کے پہلے نو مہینوں کے دوران تیزی اور ابتری کی صورت حال ظاہر کی ہے۔ جولائی تا مارچ مالی سال 2022 کے دوران، ہینج مارک KSE-100 انڈیکس 47,356 پوائنٹس سے کم ہو کر 44,929 پوائنٹس پر آ گیا۔ زیر جائزہ مدت کے دوران، انڈیکس 23 اگست 2021 کو اپنی بلند ترین سطح 48,112 پوائنٹس پر بند ہوا۔ 31 مارچ 2022 تک، پاکستان اسٹاک ایکسچینج (PSX) میں درج کمپنیوں کی کل تعداد 532، مارکیٹ کچھلا کر 7,583 بلین روپے تھی۔ ایکویٹی مارکیٹ میں اس سال کی سب سے بڑی پیشرفت ابتدائی عوامی پیشکش (IPOs) کا اجراء ہے۔ جولائی تا مارچ مالی سال 2022 کے دوران، پانچ کمپنیوں نے PSX کے مین بورڈ (مئی فار مالینڈ، پاکستان الیوٹیم، بیورس کیمز، لیڈ، ایئر لک، کیو ٹیکسٹائل، آکسپس ڈسٹریکٹس، لیڈ، اور آرم جی لائف اینڈ یوٹیلٹی کمپنی، لیڈ) پر عوامی پیشکش کے ذریعے حصص جاری کیے، جبکہ دو کمپنیاں (اکاٹومی x) نے متعارف کرائے گئے گروتھ انٹرپرائز مارکیٹ (جی ای ایم) بورڈ (پاک ایگرو ٹیکنیکل، لیڈ، اور یونیورسل نیٹ ورک سسٹمز، لیڈ) کے جائزہ میں درج تھیں۔ جولائی تا مارچ مالی سال 2022 کے دوران کارپوریٹیشنز نے 32 ڈیٹ سیکورٹیز جاری کر کے 121.5 بلین روپے اکٹھے کیے، جبکہ 749.82 بلین روپے مالیت کی 102 سابقہ کارپوریٹ ڈیٹ سیکورٹیز بٹایا ہیں۔ مزید برآں، جولائی تا مارچ مالی سال 2022 کے دوران، پاکستان مرکٹ لائل ایکسچینج، لیڈ پر سونا، خام تیل، سیسہ، مختلف اشیاء کے 2.31 بلین لاٹ کے مستقبل کے معاہدوں، اور 2.65 ٹریلین روپے کی امریکی ایکویٹی انڈیکس کا کاروبار ہوا۔

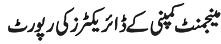
### ایسٹ مینجمنٹ انڈسٹری کا جائزہ

30 جون 2022 کو میوچل فنڈز (اوپن اینڈ فنڈز) کے ایسٹ انڈسٹری مینجمنٹ (AUM) کی مالیت 30 جون 2021 کو 1,056 بلین روپے کے مقابلے میں 1,184 بلین روپے ہو گئی۔ سال کے دوران کمپنی کے ایسٹ انڈسٹری مینجمنٹ (AUM) 867 بلین روپے تک بڑھ گئے۔ تاہم جون 2022 کو 30 جون 2022 کو ریٹرنیشن اور منافع تقسیم کی ادائیگی کی وجہ سے 30 جون 2022 کو ختم ہونے والے سال کے مطابق AUM کم ہو کر 589 بلین روپے ہو گئے۔ پورے سال میں فنڈ کا سائز 30 جون 2021 تک (746 بلین روپے) کے مقابلے میں 16.12 فیصد تک بہتر تھا۔

### کارپوریٹ سماجی ذمہ داری اور ماحول پر اثرات:

سال کے دوران، 786 انویسٹمنٹس لیڈ نے CSR سرگرمیوں کا انتظام کیا، ہم 08 ستمبر 2022، جمعرات کو 3000 راشن بیگ کی تقسیم کے لیے نکلے اور 11 ستمبر 2022، اتوار تک زمین پر موجود تھے تاکہ میر پور خاص، سندھ میں سیلاب کے باعث بھوک اور بیمار بچوں سے بچ جانے والے لوگوں کو کچھ لیڈ بزنس لفڈ LFFED اقدام کے حصے کے طور پر راحت فراہم کی جاسکے۔ ہماری تمام پالیسیاں پائیدار اور ماحول دوست ہیں۔

ہماری ٹیم کے اراکین نے 1) لڑکیوں کو پیشہ ورانہ تعلیم دینے، 2) کھانے کے راشن کی تقسیم (3) لیڈ بزنس لفڈ اپارڈز کے لیے بھی رضا کارانہ خدمات سرانجام دیں۔ ہمارا نقطہ نظر عزم آپ، ہمارے



اصل کاروبار

## کمپنی کی کارکردگی کا جائزہ

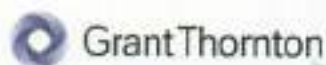
کمپنی نے 30 جون 2022 کو ختم ہونے والی مدت کے دوران 0.79 ملین روپے کا منافع یکجہ سال میں 22 ملین روپے کا منافع درج کر رہا تھا۔ کمپنی کی آمدنی جو بنیادی طور پر میٹھمنت فیس پر مشتمل ہے 4.35 ملین روپے سے بڑھ کر میٹھمنت فیس میں 49 فیصد کا اضافہ ظاہر کر رہی ہے۔ لیکن بالترتیب انتظامی ادوار پر بینک اخراجات 1.53 ملین روپے سے بڑھ کر جو انتظامی ادوار پر بینک اخراجات میں 6.54 فیصد کا اضافہ ظاہر کر رہے ہیں۔ دیگر آمدنی نے بھی کمپنی کے مستحکم منافع میں حصہ شامل کیا۔ اس کے علاوہ ڈیو یڈنڈ انکم مالی سال 21 میں 9.55 ملین روپے منافع کے مقابلے ڈیو یڈنڈ انکم فنڈ 17.55 ملین روپے کا منافع ظاہر کرتا ہے۔

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

SCD/AMCW/38/786IL/AMS/04/2022 اور بروئے امر اسلہ نمبر SCD/AMCW/37/786IL/IAS/07/2022 بالترتیب مورخہ 12 مئی، 2022ء کامیابی سے تجدید کرانی ہے۔ کمیشن کی طرف سے لائسنسوں کی اگلے تین سالوں کے لیے اپریل 2025ء تک تجدید کی گئی ہے۔

مستقبل کے منصوبے:

کمپنی نے فنڈ کے ساز کو بڑھانے کے لیے ایک نیا فنڈ متعارف کرانے کا منصوبہ بھی بنایا اور لاگت کو کم کرنے کی حکمت عملی تیار کی تاکہ کمپنی کا خرچہ موڑنے کا غیر منوثر طریقہ ہو۔ اس سال ہمارا مقصد مزید انتظام اثاثوں (AUMs) کو بڑھانا ہے۔



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF 786 INVESTMENTS LIMITED**

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

**Grant Thornton Anjum  
Rahman**

1st & 3rd Floor,  
Modern Modern House,  
Beaumont Road,  
Karachi, Pakistan.

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We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of 786 Investments Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 16 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.



Chartered Accountants

Karachi

Dated: September 29, 2022

UDIN: CR302210154mt4fEakDj

Chartered Accountants

grantthornton.pk



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

**FOR THE YEAR ENDED JUNE 30, 2022**

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

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

2. The Composition of board is as follows:

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

\* Mr. Charmaine Hidayatullah appointed as Director of the company w.e.f September 21, 2021, in place of Mr. Tahir Mehmood

\* Mr. Ahmer Zia Sarwar appointed as Director of the company w.e.f July 07, 2022, in place of Ms. Charmaine Hidayatullah.

\*\* Mr. Syed Musharraf Ali appointed as Director of the company w.e.f September 21, 2021, in place of Syed Farhan Abbas

\*\*\* Mr. Iqbal Shafiq appointed as Director of the company w.e.f January 27, 2022, in place of Ms. Shafqat Sufiana due her demise.

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

**786 Investments Limited**

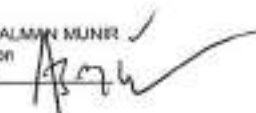
G-3 Ground Floor, B.E.R. Tower, Hassan Ali Street, Off I.I. Chundrigar Road, Karachi 74000 Pakistan  
Tel: + 922132603751-54 www.786investments.com



7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirement of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. Majority of the Directors of the Company have completed/ are exempted from the requirement of Directors' Training program.
10. The Board has approved appointment of Head of Internal Audit during the year, including their remuneration and terms and conditions of employment and complied with relevant requirement of the Regulations. There is no change in Chief Financial Officer and Company Secretary during the year.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed following committees comprising of members given below:
  - a) Audit Committee
 

S.No.	Name	Designation
1	Syed Shahabhat Hussain	Chairman
2	Syed Musharaf Ali	Member
3	Mr. Naveed Ahmed	Member
  - b) Human Resource & Remuneration Committee
 

S.No.	Name	Designation
1	Mr. Ahmed Salman Munir	Chairman
2	Ms. Tara Uzra Dawood	Member
3	Mr. Naveed Ahmed	Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
  - a) Audit Committee : Quarterly.
  - b) HR & Remuneration Committee: Yearly.
15. The Board has set up an effective internal audit function.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied.

AHMED SALMAN MUNIR  
Chairperson  
Karachi: 



**INDEPENDENT AUDITOR'S REPORT**  
To the members of 786 Investments Limited

**Report on the Audit of Financial Statements**

**Opinion**

We have audited the annexed financial statements of **786 Investments Limited** (the Company), which comprise the statement of financial position as at **June 30, 2022**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conforms with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matter**

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

**Grant Thornton Anjum  
Rahman**

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Following is the key audit matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
I.	<p><b>Valuation of investments</b> Refer Note 11 to the financial statements.</p> <p>The carrying value of investments held by the Company amounted to Rs. 226.33 million, which constitutes 89.94% of the Company's total assets as at June 30, 2022.</p> <p>We identified assessing the carrying value of the investment as a key audit matter due to significance of amount and use of judgement in assessing impairment.</p>	<p>In response to this matter, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the design and implementation of key control around investments;</li> <li>• Re-performed valuation of investments as carried as per the valuation methodology specified in the accounting policy;</li> <li>• Performed reinvestment testing on sample basis of trades made during the year and checked that transactions were recorded in correct period.</li> <li>• We also reviewed management's assessment of whether there are any indicators of impairment including those securities that are not actively traded; and</li> <li>• Furthermore, we also assessed the adequacy of the respective disclosures relating to investments as disclosed in the financial statements.</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 Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

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

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

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

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

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

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



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

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

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

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### **Other Matter**

The financial statements of the Company for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who in their audit report dated September 28, 2021 expressed an unmodified opinion.

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



Chartered Accountants

Karachi

Date: September 29, 2022

UDIN: A320221015408opdf-C3



## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

		June 30, 2022	June 30, 2021 Restated	June 30, 2020 Restated
	Note	Rupees		
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property and Equipment	6	877,914	2,052,245	3,621,242
Intangible Assets	7	831,060	969,570	1,108,080
Long-Term Deposits and Prepayments	8	36,300	36,300	536,300
<b>Total Non-Current Assets</b>		1,745,274	3,058,115	5,265,622
<b>Current Assets</b>				
Loans and Advances	10	300,000	-	22,003
Investments	11	226,530,045	215,246,736	192,006,668
Prepayments and Other Receivable	12	7,105,869	7,579,509	7,609,372
Trade Receivables	13	2,814,597	1,938,496	4,108,583
Accrued Markup	14	902,734	2,431,517	2,804,667
Tax Refund due from Government	15	7,406,613	6,664,825	5,819,256
Cash and Bank Balances	16	5,065,871	11,957,163	12,042,370
<b>Total Current Assets</b>		250,125,729	245,818,246	224,412,919
<b>TOTAL ASSETS</b>		251,871,003	248,876,361	229,678,541
<b>EQUITY AND LIABILITIES</b>				
<b>Share Capital and Reserves</b>				
<b>Authorised Share Capital</b>				
20,000,000 (June 30, 2021: 20,000,000) Ordinary Shares of Rs. 10 Each		200,000,000	200,000,000	200,000,000
<b>Issued, Subscribed and Paid-Up Share Capital</b>				
Ordinary Shares 14,973,750 (June 30, 2021: 14,973,750) of Rs. 10 Each	17	149,737,500	149,737,500	149,737,500
General Reserves		33,630,264	33,630,264	33,630,264
Surplus on Revaluation of Investments Classified at Fair Value through Other Comprehensive Income		-	-	5,454,357
Subordinated Loan from Director	18	22,000,000	22,000,000	-
Unappropriated Profit		25,554,608	24,762,320	21,547,372
<b>Total Shareholders' Equity</b>		230,922,372	230,130,084	210,369,493
<b>Current Liabilities</b>				
Accrued and Other Liabilities	19	19,949,889	17,747,535	18,310,306
Unclaimed Dividend	20	998,742	998,742	998,742
<b>Total Current Liabilities</b>		20,948,631	18,746,277	19,309,048
<b>Total Liabilities</b>		20,948,631	18,746,277	19,309,048
<b>Contingencies and Commitments</b>	21			
<b>Total Equities and Liabilities</b>		251,871,003	248,876,361	229,678,541

The annexed notes from 1 to 38 form an integral part of these financial statements.

**786 Investments Limited  
(Management Company)**

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

\_\_\_\_\_  
Director

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





## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2022

		June 30, 2022	June 30, 2021 Restated
	Note	-----Rupees-----	
Remuneration from Fund under Management	22	13,182,987	8,836,778
Advisory Fee	23	1,111,112	1,111,112
Dividend Income		17,551,749	9,551,016
Income on Term Finance Certificates		257,628	2,467,742
Income on Pakistan Investment Bonds		1,748,457	2,150,770
		<u>33,851,933</u>	<u>24,117,418</u>
Reclassification of Surplus on Investments		-	5,454,357
Provision against Investments		(2,245,710)	-
Net Unrealized Loss on Revaluation of Investments at Fair Value through Profit or Loss		<u>(1,387,466)</u>	<u>(3,119,727)</u>
		30,218,757	26,452,048
Administrative and Operating Expenses	24	(24,990,211)	(23,456,960)
Financial Charges	25	(2,556,393)	(1,650,044)
		<u>(27,546,604)</u>	<u>(25,107,004)</u>
<b>Operating Profit</b>		2,672,153	1,345,044
Other Operating Income	26	1,148,388	3,740,723
<b>Profit Before Taxation</b>		<u>3,820,541</u>	<u>5,085,767</u>
Taxation	27	(3,028,253)	(1,870,819)
<b>Net Profit for the Year</b>		<u><u>792,288</u></u>	<u><u>3,214,948</u></u>
<b>Earnings per Share for the Year - Basic and Diluted</b>	28	<u><u>0.05</u></u>	<u><u>0.21</u></u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

786 Investments Limited  
(Management Company)

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

\_\_\_\_\_  
Director

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



# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021 Restated
	-----Rupees-----	
<b>Net Profit for the Year</b>	<b>792,288</b>	<b>3,214,948</b>
<b>Other Comprehensive Loss</b>		
Reclassification of Surplus on Investments	-	(5,454,357)
<b>Other Comprehensive Income/(Loss)</b>	<b>-</b>	<b>(5,454,357)</b>
<b>Total Comprehensive Income/(Loss) for the Year</b>	<b>792,288</b>	<b>(2,239,409)</b>

The annexed notes from 1 to 38 form an integral part of these financial statements.

786 Investments Limited  
(Management Company)

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

\_\_\_\_\_  
Director

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



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

	Share Capital	----Capital Reserve----		-----Revenue Reserve-----			
	Issued, Subscribed and Paid-Up Share Capital	General Reserve	Sub Ordinated Loan from Director	Surplus on Revaluation of Investments Classified at Fair Value through Other Comprehensive Income	Share of Other Comprehensive Income from Associate	Unappropriated Profit	Total
<b>Balance as at July 1, 2020 as Previously Reported</b>	149,737,500	33,630,264	-	5,454,357	236,114	21,311,258	210,369,493
Effect of Restatement (Refer Note 4.4)	-	-	-	-	(236,114)	236,114	-
<b>Balance as at July 1, 2020 as Restated</b>	149,737,500	33,630,264	-	5,454,357	-	21,547,372	210,369,493
Subordinated Loan from Director	-	-	22,000,000	-	-	-	22,000,000
Profit for the Year- As Restated	-	-	-	-	-	3,214,948	3,214,948
Other Comprehensive Loss for the Year - As Restated	-	-	-	(5,454,357)	-	-	(5,454,357)
Total Comprehensive Loss for the Year	-	-	-	(5,454,357)	-	3,214,948	(2,239,409)
<b>Balance as at June 30, 2021 - As Restated</b>	149,737,500	33,630,264	22,000,000	-	-	24,762,320	230,130,084
<b>Balance as at July 1, 2021</b>	149,737,500	33,630,264	22,000,000	-	-	24,762,320	230,130,084
<b>Profit for the Year</b>	-	-	-	-	-	792,288	792,288
<b>Other Comprehensive Income for the Year</b>	-	-	-	-	-	-	-
<b>Total Comprehensive Income for the Year</b>	-	-	-	-	-	792,288	792,288
<b>Balance as at June 30, 2022</b>	149,737,500	33,630,264	22,000,000	-	-	25,554,608	230,922,372

The annexed notes from 1 to 38 form an integral part of these financial statements.

**786 Investments Limited  
(Management Company)**

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

\_\_\_\_\_  
Director

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





## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021 Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-----Rupees-----</b>	
<b>Profit Before Taxation</b>	<b>3,820,541</b>	<b>5,085,767</b>
<b>Adjustments for Non-Cash and Other Items:</b>		
Depreciation on Property and Equipment	1,427,958	1,826,947
Amortization	138,510	138,510
Provision Against Investments	2,245,710	-
Financial Charges	2,556,393	1,650,044
Mark-Up Earned on Saving Account	(681,457)	(1,431,241)
Income on Pakistan Investment Bonds	(1,748,457)	(2,150,770)
Income on Term Finance Certificate	(257,628)	-
Revaluation Loss on Investments Classified at Fair Value Through Profit Or Loss	1,387,466	(2,334,630)
Liabilities Written Back	(390,656)	(2,306,682)
Dividend Income	(17,551,749)	(9,551,016)
Bank Balances Written Off	-	123,737
	<b>(12,873,910)</b>	<b>(14,035,101)</b>
<b>Working Capital Changes</b>		
<i>Changes in Current Assets:</i>		
Loans and Advances	(300,000)	22,003
Deposits, Prepayments and Other Receivable	473,640	529,863
Trade Receivable	(876,101)	2,170,087
Accrued Markup	1,528,783	-
	<b>826,322</b>	<b>2,721,953</b>
<i>Changes in Current Liabilities:</i>		
Accrued and Other Liabilities	47,725	(21,623)
<b>Cash Used in Operations</b>	<b>(8,179,322)</b>	<b>(6,249,004)</b>
Taxes Paid	(3,770,041)	(1,530,166)
Finance Cost Paid	(11,108)	(8,247)
<b>Net Cash Used in Operating Activities</b>	<b>(11,960,471)</b>	<b>(7,787,417)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments Made during the Year	(14,918,985)	(18,000,000)
Term Finance Certificate Redeemed	2,500	5,000
Receipt of Mark-Up on Savings Account	681,457	1,955,160
Income Received on Term Finance Certificate	257,628	-
Income Received on Pakistan Investment Bonds	1,748,457	2,000,000
Dividend Received	17,551,749	-
Capital Expenditure Incurred	(253,627)	(257,950)
<b>Net Cash Generated From/(Used In) Investing Activities</b>	<b>5,069,179</b>	<b>(14,297,790)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Subordinated Loan From Director	-	22,000,000
<b>Net Cash Generated From Financing Activities</b>	<b>-</b>	<b>22,000,000</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(6,891,292)</b>	<b>(85,207)</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>11,957,163</b>	<b>12,042,370</b>
<b>Cash and Cash Equivalents at End of the Year</b>	<b>5,065,871</b>	<b>11,957,163</b>

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The annexed notes from 1 to 38 form an integral part of these financial statements.

**786 Investments Limited  
(Management Company)**

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

\_\_\_\_\_  
Director

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

### 1 STATUS AND NATURE OF BUSINESS

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

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

- 1.2 The license to carry out "Asset Management Service" has been successfully renewed dated May 12, 2022 under Rule 5 of the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 amended through S.R.O 1131(1) 2007, S.R.O 271(1) 2010, S.R.O 570(1)/2012 and S.R.O 1002(1)/2015 respectively.
- 1.3 The license to carry out "Investment Advisory Services" has been successfully renewed vide its letter No.SCD/AMCW/37/786IL/IAS/07/2022 dated May 12, 2022 with effect from May 26, 2022 and valid till May 25, 2025. Licence shall further be renewable by the Commission for next three years, subject to the compliance of the NBFC Rules and the NBFC Regulations.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

#### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value. These financial statements have been prepared following accrual basis of accounting except for cash flow information.

#### 2.3 Functional and presentation currency

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

### 3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements is in conformity with approved accounting standards which requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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



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

#### 4 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS

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

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IBOR Reform and its Effects on Financial Reporting—Phase 2	January 1, 2021
Adoption of the above standards have no significant effect on the amounts for the year ended June 30, 2022 except for those mentioned in change in accounting policy note.	

##### 4.2 Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9)	January 1, 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Subsidiary as a First-time Adopter (Amendment to IFRS 1)	January 1, 2022
Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendment to IAS-1)	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure Initiative—Accounting Policies	January 1, 2023

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.



#### 4.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date(Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2023
Amendments to IFRS 17 Insurance Contract	January 1, 2023
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	July 1, 2009

#### 4.4 Change in accounting policy

During the year ended June 30, 2022, the management has changed its accounting policy of its investments in units of mutual funds. Previously the said investment was classified as Investments in associates under Investments in associates and joint ventures (IAS-28). However, the said investment is for trading purpose and the percentage of holding varies overtime due to trading in units of such mutual fund and the Company is more concerned with fair value measurement of such investment. Therefore, the said investment is now accounted as investment at fair value through profit or loss under Financial Instruments (IFRS-9).

The change has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

	As of June 30, 2021			As of June 30, 2020		
	As previously reported	Restatement	As restated	As previously reported	Restatement	As restated
<b>Effect on statement of financial position</b>	-----Rupees-----					
Decrease in long term investments	172,941,561	(172,941,561)	-	147,858,793	(147,858,793)	-
Increase in investments	-	172,941,561	172,941,561	-	147,858,793	147,858,793
<b>Effect on statement of changes in equity</b>						
Increase in unappropriated profit	-	182,232	182,232	-	236,114	236,114
Decrease in share of other comprehensive income from associate	182,232	(182,232)	-	236,114	(236,114)	-
<b>Effect on statement of profit or loss and on statement of comprehensive income</b>						
Decrease in share of profit from associate	8,322,872	(8,322,872)	-	-	-	-
Decrease in share of other comprehensive income from associate	(53,882)	53,882	-	-	-	-
Increase in dividend income	-	9,551,016	9,551,016	-	-	-
Net unrealized loss on revaluation of investments	-	(1,282,026)	(1,282,026)	-	-	-
Classified at FVTPL	-	(1,282,026)	(1,282,026)	-	-	-



#### 4.5 CORRESPONDING FIGURES

Corresponding figure has been rearranged and reclassified, wherever necessary, for the purpose of better presentation in the financial statements. However, there is no significant rearrangements or reclassifications other than the following.

Reclassified from	Reclassified to	June 30, 2021 Rupees
<b>Statement of financial position</b>		
Long term Investments	Investments	
- Pakistan investment bonds	- Pakistan investment bonds	<b>20,166,533</b>

#### 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### 5.1 Property and equipment

###### 5.1.1 Owned assets

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Depreciation is charged to profit and loss account over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 6 to the financial statements.

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

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

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

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

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

##### 5.2 Intangible assets

Intangible assets includes software with a finite useful life and are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method taking into account residual value, if any, at the rate specified in note 7 to these financial statements. Amortization is charged from the date the asset is available for use while in the case of assets disposed off, it is charged till the date of disposal. The useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

##### 5.3 Financial instruments

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost or cost as the case may be.



### 5.3.1 Classification - IFRS 9

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be 'at fair value through profit or loss' if:

- i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

#### **Financial assets**

The Company classifies its financial assets as subsequently measured 'at amortised cost' or measured 'at fair value through profit or loss' on the basis of both:

- The entity's business model for managing of the financial assets
- The contractual cash flow characteristics of the financial asset

#### **Financial assets measured 'at amortised cost'**

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short-term non-financing receivables, accrued income and other receivables.

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

A financial asset is measured 'at fair value through profit or loss' if:

- a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

#### **Financial liabilities**

#### **Financial liabilities measured at amortised cost**

This category includes all financial liabilities, other than those measured 'at fair value through profit or loss'. The Company includes in this category short-term payables, including accrued and other liabilities.



### 5.3.2 Measurement of financial asset

#### Initial measurement

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

#### Subsequent measurement

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit and loss.

Financial assets at FVTPL

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

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, and impairment are recognised in the statement of profit and loss.

### 5.3.3 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

### 5.3.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements only when the Company has a legally enforceable right to offset and the Company intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the unconsolidated financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

### 5.3.5 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged, cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.



### 5.3.6 Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

- a) Transferred substantially all of the risks and rewards of the asset; or
- b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

### 5.3.7 Impairment

#### 5.3.7.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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

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

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Based on the management assessment no ECL was required since the Company's financial assets at amortized cost are held with related parties or counterparties with low credit risk. Further, ECL calculated on Trade Debts was not required as the amount assessed was immaterial to the unconsolidated financial statement.





#### **5.3.7.2 Non-financial assets**

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

#### **5.4 Settlement date accounting**

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

#### **5.5 Financial instruments**

##### **5.5.1 Financial assets and liabilities**

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

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

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

##### **5.5.2 Offsetting of financial assets and financial liabilities**

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

##### **5.5.3 Related party transactions and transfer pricing**

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

#### **5.6 Employee retirement benefits-defined contribution plan**

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

#### **5.7 Cash and cash equivalents**

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

#### **5.8 Trade debts, loans, deposits, interest accrued and other receivables**

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



#### **5.9 Subordinated loan from sponsors**

Subordinated loans are classified as per the terms and conditions of loan agreements and in accordance with the classification criteria provided in NBFC Rules and TR-32 of ICAP.

#### **5.10 Trade and other payables**

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

#### **5.11 Proposed dividend and transfer between reserves**

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

#### **5.12 Revenue recognition**

Remuneration for investment advisory and asset management services are recognised on accrual basis.

Management fee is recognized on accrual basis when relevant services are rendered.

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

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

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

#### **5.13 Provisions**

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

#### **5.14 Operating Segments**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incurred expenses. Board of Directors has been identified as chief operating decision maker and is responsible for performance, allocation of resources and assessment of results.

#### **5.15 Taxation**

##### **Current**

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

##### **Deferred**

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



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

		June 30, 2022	June 30, 2021
	Note	-----Rupees-----	
<b>6</b>	<b>PROPERTY AND EQUIPMENT</b>	<b>6.1</b>	<b>877,914</b>
			<b>2,052,245</b>

**6.1 The following is the statement of property and equipment:**

Description	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
-----Rupees-----					
<b>Year ended June 30, 2022</b>					
Opening net book value (NBV)	330,056	1,206,194	195,579	320,416	2,052,245
Additions (at cost)	-	-	207,350	46,277	253,627
<b>Disposals</b>					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Net Book value</b>	-	-	-	-	-
Depreciation charge	(52,504)	(1,008,014)	(195,532)	(171,908)	(1,427,958)
<b>Closing net book value</b>	<b>277,552</b>	<b>198,180</b>	<b>207,397</b>	<b>194,785</b>	<b>877,914</b>
<b>Gross carrying value basis</b>					
Cost	1,487,514	5,593,370	1,701,852	5,584,702	14,367,438
Accumulated depreciation	(1,209,962)	(5,395,190)	(1,494,455)	(5,389,917)	(13,489,524)
<b>Net book value</b>	<b>277,552</b>	<b>198,180</b>	<b>207,397</b>	<b>194,785</b>	<b>877,914</b>
<b>Depreciation rate % per annum</b>	<b>10</b>	<b>20</b>	<b>20</b>	<b>33</b>	
-----Rupees-----					
<b>Year ended June 30, 2021</b>					
Opening net book value (NBV)	395,656	2,324,868	453,327	447,391	3,621,242
Additions (at cost)	-	-	-	257,950	257,950
<b>Disposals</b>					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Net Book value</b>	-	-	-	-	-
Depreciation charge	(65,600)	(1,118,674)	(257,748)	(384,925)	(1,826,947)
<b>Closing net book value</b>	<b>330,056</b>	<b>1,206,194</b>	<b>195,579</b>	<b>320,416</b>	<b>2,052,245</b>
<b>Gross carrying value basis</b>					
Cost	1,487,514	5,593,370	1,494,502	5,538,425	14,113,811
Accumulated depreciation	(1,157,458)	(4,387,176)	(1,298,923)	(5,218,009)	(12,061,566)
<b>Net book value</b>	<b>330,056</b>	<b>1,206,194</b>	<b>195,579</b>	<b>320,416</b>	<b>2,052,245</b>
<b>Depreciation rate % per annum</b>	<b>10</b>	<b>20</b>	<b>20</b>	<b>33</b>	



			June 30, 2022	June 30, 2021
			-----Rupees-----	
<b>7</b>	<b>INTANGIBLE ASSETS</b>	<b>Note</b>		
	Computer software	7.1	<u>831,060</u>	<u>969,570</u>
<b>7.1</b>	<b>Computer software</b>			
	Opening Net Book Value		969,570	1,108,080
	Addition		-	-
	Amortization Charge		<u>(138,510)</u>	<u>(138,510)</u>
	Closing Net Book Value		<u>831,060</u>	<u>969,570</u>
	Cost		1,385,100	1,385,100
	Accumulated Amortization		<u>(554,040)</u>	<u>(415,530)</u>
	Closing Net Book Value		<u>831,060</u>	<u>969,570</u>
	Amortization rate		<u>10%</u>	<u>10%</u>
<b>7.2</b>	Intangibles relates to software developed for business operations having remaining useful life of 6 years.			
<b>8</b>	<b>LONG TERM DEPOSITS AND PREPAYMENTS</b>	<b>Note</b>		
	<b>Deposits</b>			
	With Central Depository Company of Pakistan Limited		25,000	25,000
	Against utilities		<u>11,300</u>	<u>11,300</u>
			<u>36,300</u>	<u>36,300</u>
	<b>Prepayments</b>			
	License renewal fee		-	500,000
	Current portion shown under current Assets		-	(500,000)
		8.1	<u>-</u>	<u>-</u>
			<u>36,300</u>	<u>36,300</u>
<b>8.1</b>	This represents fee paid in respect of renewal of licenses of Asset Management Services (AMC) and Investment Advisory Services (IAS) till June 2022.			
<b>9</b>	<b>DEFERRED TAX ASSET</b>	<b>Note</b>		
	<b>Relating To Taxable Temporary Differences</b>			
	Accelerated tax depreciation		-	-
	<b>Relating To Deductible Temporary Differences</b>			
	Accelerated accounting depreciation		811,105	623,646
	Carried forward assessed tax losses		17,861,784	15,266,936
	Unabsorbed tax depreciation & amortization		<u>1,948,031</u>	<u>1,403,051</u>
			<u>20,620,920</u>	<u>17,293,633</u>
	Unrecognized deferred tax asset	9.1	<u>(20,620,920)</u>	<u>(17,293,633)</u>
			<u>-</u>	<u>-</u>



- 9.1 Deferred tax asset has not been recognized on the ground that sufficient taxable profits are not expected in foreseeable future against which the asset could be utilized. The accumulated tax losses, unabsorbed depreciation and amortization as at June 30, 2022 amounting to Rs. 61.59 million (June 30, 2021: Rs. 57.48 million).

	June 30, 2022	June 30, 2021
	-----Rupees-----	
<b>10 LOANS AND ADVANCES</b>		
<b>Unsecured - considered good</b>		
Advance against salary	<b>300,000</b>	-

**10.1 Advance against Salary**

Name of the Employee	Terms of the Loans	Security	Purpose	Maximum Aggregate Amount Outstanding at any Time with Reference to Month End Balances		Provision	Written Off
				2022 Rupees	2021 Rupees		
Noman Shakir	Monthly Installment Basis and Interest Free	Unsecured	Family Commitment	390,000	-	-	-
				<b>June 30, 2022</b>	<b>June 30, 2021</b>		Restated

**11 INVESTMENTS**

**At fair value through profit or loss**

	Note	June 30, 2022	June 30, 2021
Pakistan investment bonds	11.1	17,311,043	20,166,533
Units of mutual fund- related party	11.2	189,007,617	172,941,561
Term finance certificate - unlisted	11.3	20,211,385	22,138,642
		<b>226,530,045</b>	<b>215,246,736</b>

- 11.1 This Government securities - Pakistan investment bonds will mature latest by September 19, 2029 and carry interest at the rate of 12.14% (June 30, 2021: 12.14%).

**11.2 Units of mutual funds- related party**

June 30, 2022	June 30, 2021		June 30, 2022	June 30, 2021
-----Number of units-----			Carrying value	Fair value
			-----Rupees-----	
2,312,993	2,130,273	786 Smart Fund- Fund Under Management	190,493,309	172,941,561



### 11.3 Term Finance Certificate - Unlisted

June 30, 2022	June 30, 2021		June 30, 2022	June 30, 2021
---Number of certificates---			-----Rupees-----	
<u>5,000</u>	<u>5,000</u>	Silk Bank Limited	<u>22,457,095</u>	<u>22,138,642</u>
		Provision against investment	<u>(2,245,710)</u>	<u>-</u>
			<u>20,211,385</u>	<u>22,138,642</u>

11.3.1 This represents investments in BBB+ rated, unsecured and subordinated Term Finance Certificate (TFCs) carry profit equal to 6 months KIBOR plus 1.85% (June 30, 2021: 6 months KIBOR plus 1.85%) receivable half yearly in arrears and will mature in August 2025. The instrument is structured to redeem 0.14% of the issue amount during the first 7 years and remaining 99.86% in last two (2) equal semi annual installments of 49.93%.

During the year, Silk Bank Limited (the issuer) has not made its payment of principal and mark-up due on February 10, 2022, as issuer informed the investors the status of minimum capital requirement and invoked lock-in clause governed by Terms and Conditions of the Trust Deed till minimum capital requirement is met and does not constitute a breach of issuer's redemption obligations pursuant to the Trust Deed as per the legal opinion sought by the issuer. Due the above fact the management has prudently recorded an impairment of 10% on the amount of investments based on the Company's policy. Further, the accrual of markup on the same was also suspended. The management is actively looking the matter for the redemption of the same.

### 12 PREPAYMENTS AND OTHER RECEIVABLE

#### Prepayments

	June 30, 2022	June 30, 2021
Insurance	142,453	449,709
Rent	124,862	116,121
Current portion of license renewal fee	-	500,000
Others	324,875	-
	<u>592,190</u>	<u>1,065,830</u>

#### Other receivable

Federal excise duty	<u>6,513,679</u>	<u>6,513,679</u>
	<u>7,105,869</u>	<u>7,579,509</u>

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

	June 30, 2022	June 30, 2021
Note	-----Rupees-----	
786 Smart Fund- Fund Under Management	<u>6,513,679</u>	<u>6,513,679</u>

12.1.1 The Maximum amount outstanding at any time during the year with reference to month end balances from the funds is Rs. 6.51 (2020: Rs. 6.51) million .

### 13 TRADE RECEIVABLE

	June 30, 2022	June 30, 2021
Note	-----Rupees-----	
Receivable against management fees	1,914,597	1,638,496
Receivable on account of advisory fees	900,000	300,000
13.1	<u>2,814,597</u>	<u>1,938,496</u>



	June 30, 2022		June 30, 2021	
	Gross	Impairment	Gross	Impairment
	-----Rupees-----			
<b>13.1 Balance Outstanding</b>				
Past due 1 - 60 days	1,914,597	-	1,028,865	-
Past due 61 - 90 days	900,000	-	909,631	-
Past due 91 - 180 days	-	-	-	-
Past due 181 - 365 days	-	-	-	-
	<b>2,814,597</b>	<b>-</b>	<b>1,938,496</b>	<b>-</b>

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

	Note	June 30, 2022	June 30, 2021
		-----Rupees-----	
786 Smart Fund- Fund Under Management		2,670,445	2,784,461
Dawood Family Takkaful Limited- Common Directorship		900,000	300,000
<b>14 ACCRUED MARKUP</b>			
Saving accounts		332,871	701,973
Term finance certificates		-	908,138
Pakistan investment bonds		569,863	821,406
		<b>902,734</b>	<b>2,431,517</b>
<b>15 TAX REFUND DUE FROM GOVERNMENT</b>			
Opening		6,664,825	5,819,256
Tax paid during the year		3,770,041	2,716,388
Prior year tax adjustment		-	22,345
Provision for the year		(3,028,253)	(1,893,164)
Closing		<b>7,406,613</b>	<b>6,664,825</b>
<b>16 CASH AND BANK BALANCES</b>			
Cash in hand		-	1,315
Cash at bank-saving accounts	16.1	5,065,871	11,955,848
		<b>5,065,871</b>	<b>11,957,163</b>

16.1 The balance in savings accounts carry profit at rates of 5.5% - 12.25% per annum (June 30, 2021: 5.5% per annum).

**17 ISSUED, SUBSCRIBED AND PAID - UP CAPITAL**

June 30, 2022	June 30, 2021		June 30, 2022	June 30, 2021
-----Number of shares-----			-----Rupees-----	
10,000,000	10,000,000	Ordinary shares of Rs. 10 each issued as fully paid in cash	100,000,000	100,000,000
4,973,750	4,973,750	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	49,737,500	49,737,500
<b>14,973,750</b>	<b>14,973,750</b>		<b>149,737,500</b>	<b>149,737,500</b>



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

	June 30, 2022	June 30, 2021
Name of related party	-----Number of shares-----	
First Dawood Investment Bank Limited	2,246,070	2,246,070
BRR Guardian Modaraba	1,935,505	1,935,505
Tara Uzra Dawood - Chief Executive Officer	1,856,658	1,768,458

## 18 SUBORDINATED LOAN FROM DIRECTOR

This subordinated loan carries markup @ 3 Months KIBOR + 2 % (June 30, 2021: 3 Months KIBOR + 2%) and is repayable at the discretion of the Company. This loan has been classified as part of equity as per NBFC rules and ATR 32 issued by the ICAP.

		June 30, 2022	June 30, 2021
19 ACCRUED AND OTHER LIABILITIES	Note	-----Rupees-----	
Accrued expenses	19.1	9,140,992	9,422,153
Accrued mark-up on director loan		4,187,082	1,641,797
FED payable	19.2	6,513,677	6,513,677
Sales tax payable		100,901	165,570
Withholding tax payable		7,237	4,338
		19,949,889	17,747,535

- 19.1 This includes an amount of Rs. 7.895 million (June 30, 2021: Rs. 7.895 million) received from NCCPL being refund of tax amount with respect to funds under management. This amount will be disbursed to unit holders.

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

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

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

## 20 UNCLAIMED DIVIDEND

In compliance of sec 244 of companies Act, 2017, company is in the process of opening a separate bank account for unclaimed dividend.

## 21 CONTINGENCIES AND COMMITMENTS

### 21.1 Contingencies

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

### 21.2 Commitments

There was no commitment during the year (June 30, 2021: Nil)





## 22 REMUNERATION FROM FUND UNDER MANAGEMENT

### Open-end funds

786 Smart Fund- fund under management

Less: Sales tax on remuneration

Note

June 30, 2022	June 30, 2021
-----Rupees-----	
14,896,775	9,985,558
(1,713,788)	(1,148,780)
<b>13,182,987</b>	<b>8,836,778</b>

### Remuneration for services rendered as an asset management company

786 Smart Fund- Fund under Management

-----Percentage-----	
1.5	1.5

## 23 ADVISORY FEE

Advisory Fee

Less: Sales Tax on Advisory Fee

-----Rupees-----	
1,200,000	1,200,000
(88,888)	(88,888)
<b>1,111,112</b>	<b>1,111,112</b>

## 24 ADMINISTRATIVE AND OPERATING EXPENSES

Salaries and allowances

24.1

12,751,254 12,161,438

Rent, rates and taxes

1,514,100 1,420,573

Postage and telephones

293,539 252,349

Legal and professional charges

1,370,905 951,800

Printing and stationery

245,669 203,671

Travelling and conveyance

80,829 -

Vehicles running

1,624,299 550,069

Advertisement expense

103,500 79,900

Electricity

1,143,586 628,421

Repairs and maintenance

311,812 268,275

Auditors' remuneration

24.2

502,200 737,200

Entertainment

305,315 88,533

Insurance

351,262 318,665

Depreciation

1,427,958 1,826,947

Amortization

138,510 138,510

Fee and Subscriptions

2,920,391 3,899,932

Newspapers and periodicals

117 100

Directors' fee

212,000 308,000

Others expenses

571,830 87,947

Bank Balances written off

- 123,737

Less: Reimbursement of fees and expenses

24.3

25,869,076 24,046,067  
(878,865) (589,107)  
**24,990,211 23,456,960**

24.1 This includes amount of Rs. 0.727 (June 30, 2021: Rs. 0.589) million relating to staff retirement benefits.

	June 30, 2022	June 30, 2021
	-----Rupees-----	
<b>24.2 Auditors' remuneration</b>		
Annual audit	280,000	280,000
Certification fee	-	235,000
Half yearly review	145,000	145,000
Sales Tax	34,000	34,000
Out of pocket expenses	43,200	43,200
	<b>502,200</b>	<b>737,200</b>

**24.3 Reimbursement of Fees and Expenses Breakup:**

786 Smart Fund- Fund under Management	24.3.1	<b>878,865</b>	<b>589,107</b>
---------------------------------------	--------	----------------	----------------

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

		June 30, 2022	June 30, 2021
		-----Rupees-----	
<b>25 FINANCIAL CHARGES</b>	<b>Note</b>		
Mark-up On Director loan	25.1	2,545,285	1,641,797
Bank charges		11,108	8,247
		<b>2,556,393</b>	<b>1,650,044</b>

25.1 This Director loan carry interest at the rate of 3 month Kibor +2% (June 30, 2021: 3 month Kibor +2%).

**26 OTHER OPERATING INCOME**

		June 30, 2022	June 30, 2021
		-----Rupees-----	
<b>Income from financial assets</b>	<b>Note</b>		
Mark-up earned on saving accounts		681,457	1,431,241
Participation fee		76,275	-
<b>Income from non - financial assets</b>			
Scrap sales		-	2,800
Liabilities written back		390,656	2,306,682
		<b>390,656</b>	<b>2,309,482</b>
		<b>1,148,388</b>	<b>3,740,723</b>



## 27 TAXATION

Current tax		3,028,253	1,893,164
Deferred tax	9	-	(22,345)
	27.1	<b>3,028,253</b>	<b>1,870,819</b>

27.1 The tax reconciliation has not been prepared in these financial statements as the Company's income attracts minimum tax and final tax regime under the Income Tax Ordinance, 2001.

## 28 EARNINGS PER SHARE- Basic and diluted

	June 30, 2022	June 30, 2021
		Restated
Net profit for the year- Rupees	<b>792,288</b>	3,214,948
Weighted average number of ordinary shares- Numnber	<b>14,973,750</b>	14,973,750
Earnings per share- Rupees	<b>0.05</b>	0.21

There are no dilutive potential shares as at the year end.

## 29 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2022			2021		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	-----Rupees-----					
Managerial Remuneration	4,816,000	-	1,864,000	4,416,000	-	1,664,000
House Rent	1,926,400	-	745,600	1,766,400	-	665,600
Medical	89,916	-	28,000	78,059	-	48,000
Utilities	481,600	-	186,400	441,600	-	116,400
Provident Fund	481,601	-	185,730	441,600	-	116,400
Meeting Fee	-	212,000	-	-	308,000	-
	<b>7,795,517</b>	<b>212,000</b>	<b>3,009,730</b>	<b>7,143,659</b>	<b>308,000</b>	<b>2,610,400</b>
Number of Persons	<b>1</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>6</b>	<b>2</b>

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

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



### 31 DISCLOSURE RELATING TO PROVIDENT FUND

	June 30, 2022	June 30, 2021
Size of the Fund- Rupees	210,666,785	208,863,513
Cost of Investments Made- Rupees	39,972,762	39,972,762
Percentage of Investments Made- Percentage	59.21%	74.86%
Fair Value of Investments- Rupees	124,736,045	156,364,741
<b>Breakup of Investments</b>		
Defence Saving Certificates	43,000,000	43,000,000
Term Finance Certificates	-	18,885,792
Sukuks	6,127,200	6,596,076
Commercial Paper	5,979,309	-
Listed Securities	46,171,294	61,910,005
Mutual Funds	23,458,242	25,972,868
	<b>124,736,045</b>	<b>156,364,741</b>
<b>Breakup of Investments (Percentage as size of the fund)</b>		
Defence Saving Certificates	34%	27%
Term Finance Certificates	0%	12%
Sukuks	5%	4%
Commercial Paper	5%	
Listed Securities	37%	40%
Mutual Funds	19%	17%
	<b>100%</b>	<b>100%</b>

The Provident Fund (the Fund) is maintained for its permanent employees and the employees of its associated companies/undertakings at group level. Accordingly, the information is based upon the latest unaudited financial statements of the Fund as at June 30, 2022 and audited financial statements as at June 30, 2022. As per Trustees, Investments out of Provident Fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the Rules formulated for this purpose.

### 32 TRANSACTIONS WITH RELATED PARTIES

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



Relationship with the Company		Nature of Transactions During the year		June 30, 2022	June 30, 2021
				-----Rupees-----	
Transactions During the year					
Chief executive officer	Subordinated loan	-	22,000,000.00		
	Interest bearing subordinated loan	2,545,285	1,641,797.00		
786 Smart Fund- Fund under Management	Management fee charged - net of tax	13,182,987	8,836,778		
	Sales tax on management Fee	1,713,788	1,148,780		
	Accounting and operational charges	878,865	589,107		
	Purchase of Nil (June 30, 2021: 212,457) Units	-	18,000,000		
	Dividend received during the year excluding taxes	17,551,749	9,551,016		
Other Related Party					
First Dawood Investment Bank Limited & Others Employees' Provident Fund	Provident fund contribution	727,597	633,190		
B.R.R Guardian Modaraba- 12.93% shareholder	Rent charge during the year	1,489,600	1,402,198		
Key Management Personnel	Remuneration and directors fee	11,017,247	10,628,723		
	Loan to Chief Financial Officer	390,000	-		
Dawood Family Takaful Limited- common directorship	Insurance expense charge during the year	69,608	50,784		
	Advisory fee	1,111,112	1,111,112		

#### Balances as the year end

	Units Held:		
786 Smart Fund- Fund under Management	786 Smart Fund 2,312,993 (June 30, 2021: 2,130,273) Units	189,007,617	172,941,561
	Receivable against management fees	1,914,597	1,638,496
	Prepaid life insurance	-	12,135
Dawood Family Takaful Limited- - common directorship	Advisory fee receivable	900,000	300,000
B.R.R Guardian Modaraba- 12.93% shareholder	Prepaid rent	124,862	116,121
Key Management Personnel	Loan to Chief Financial Officer	300,000	-
Chief executive officer	Subordinated loan	26,187,082	23,641,797

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

### 33 OPERATING SEGMENTS

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

- 33.1** Remuneration from fund Under management represents 92.23% (June 30, 2021: 88.83%) of the total revenue of the Company. Whereas, Advisory Fee represents 7.77% (June 30, 2021: 11.17%).

Receivable against management fees represents 68.02% (June 30, 2021 84.52%) of the total trade receivables.

### 34 FINANCIAL RISK MANAGEMENT

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



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

The Company's financial assets primarily comprise of deposits, investments, trade receivables and cash and bank balances. The Company also has deposits, loans and advances, other receivables and accrued markup. The Company's principal financial liabilities include trade and other payables.

### **34.1 Market risk**

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

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

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

#### **34.1.1 Currency Risk**

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

#### **34.1.2 Interest rate risk**

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

##### **a) Sensitivity analysis for variable rate instruments**

Presently, the Company does not hold any variable profit based investment except balances with bank in deposit account, investment in term finance certificate and subordinated loan from director exposing the Company to cash flow profit rate risk. In case of 100 basis points increase / decrease as on June 30, 2022, with all other variables held constant, the equity of the Company and net profit for the year would have been higher / lower by Rs. 0.06 (2021: Rs. 0.12) million.

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

##### **b) Sensitivity analysis for fixed rate instruments**

Presently, the Company does not hold any fixed profit based investment except investment in pakistan investments bonds exposing the Company to cash flow profit rate risk. In case of 100 basis points increase / decrease as on June 30, 2022, with all other variables held constant, the equity of the Company and net profit for the year would have been higher / lower by Rs. 0.17 (2021: Rs. 0.20) million.

Yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

June 30, 2022						
Effective yield/ profit rate	Total	Exposed to yield/ profit rate risk			Not exposed to yield/ profit rate risk	
		Upto three month	More than three months and upto one year	More than one year		
%	-----Rupees-----					
On balance sheet						
financial instruments						
Financial assets						
Cash and bank balances	5.5	5,065,871	5,065,871	-	-	-
Investments	12.14	226,530,045	2,500	5,000	37,514,928	189,007,617
Deposits		36,300	-	-	-	36,300
Accrued markup		902,734	-	-	-	902,734
Trade receivables		2,814,597	1,637,205	-	-	1,177,392
Total financial assets		235,349,547	6,705,576	5,000	37,514,928	191,124,043
Financial liabilities						
Subordinated loan from director	16.87	22,000,000	22,000,000	-	-	-
Accrued and other liabilities		13,328,074	-	-	-	13,328,074
Total financial liabilities		35,328,074	22,000,000	-	-	13,328,074
On balance sheet gap		200,021,473	(15,294,424)	5,000	37,514,928	177,795,969
June 30, 2021						
Effective yield/ profit rate	Total	Exposed to yield/ profit rate risk			Not exposed to yield/ profit rate risk	
		Upto three month	More than three months and upto one year	More than one year		
%	-----Rupees-----					
On balance sheet						
financial instruments						
Financial assets						
Cash and bank balances	5.5	11,957,163	11,955,848	-	-	1,315
Investments	9.41-12.14	215,246,736	-	5,000	42,300,175	172,941,561
Deposits		36,300	-	-	-	36,300
Accrued markup		2,431,517	-	-	-	2,431,517
Trade receivables		1,938,496				1,938,496
Total financial assets		231,610,212	11,955,848	5,000	42,300,175	177,349,189
Financial liabilities						
Subordinated loan from director	9.45	22,000,000	22,000,000	-	-	-
Accrued and other liabilities		11,063,950	-	-	-	11,063,950
Total financial liabilities		33,063,950	22,000,000	-	-	11,063,950
On balance sheet gap		198,546,262	(10,044,152)	5,000	42,300,175	166,285,239



### 34.1.3 Price risk

Price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market. The Company manages its exposure to price risk by investing in Companies as per the trust deed.

In case of a 5% increase / decrease in rates determined by MUFAP as on December 31, 2021, the equity of the Company would increase / decrease by Rs. 11.44 (June 30, 2021: Rs. 10.76) million, as a result of reduction / increase in unrealized gains / (losses).

### 34.2 Credit risk

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

#### Management of credit risk

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

The maximum exposure to credit risk is as follows: -

	2022			2021		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
	-----Rupees-----					
Managerial Remuneration	4,816,000	-	1,864,000	4,416,000	-	1,664,000
House Rent	1,926,400	-	745,600	1,766,400	-	665,600
Medical	89,916	-	28,000	78,059	-	48,000
Utilities	481,600	-	186,400	441,600	-	116,400
Provident Fund	481,601	-	185,730	441,600	-	116,400
Meeting Fee	-	212,000	-	-	308,000	-
	7,795,517	212,000	3,009,730	7,143,659	308,000	2,610,400
Number of Persons	1	6	2	1	6	2

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

### 34.3 Liquidity Risk

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

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





	Carrying value	Upto one month	More than one month upto three months	More than three months and upto one year	More than one year
	-----Rupees-----				
<b>As at June 30, 2022</b>					
Subordinated loan from director	22,000,000	22,000,000	-	-	-
Accrued and other liabilities	13,328,074	13,328,074	-	-	-
	<b>44,987,693</b>	<b>35,328,074</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at June 30, 2021</b>					
Subordinated loan from director	22,000,000	22,000,000	-	-	-
Accrued and other liabilities	11,063,950	11,063,950	-	-	-
	<b>33,063,950</b>	<b>33,063,950</b>	<b>-</b>	<b>-</b>	<b>-</b>

	June 30, 2022	June 30, 2021
	-----Rupees-----	
<b>34.4 Financial instruments by category</b>		
<b>Financial assets</b>		
<b>At fair value through profit or loss</b>		
Investments	226,530,045	215,246,736
<b>At Amortized Cost</b>		
Cash and bank balances	5,065,871	11,957,163
Deposits	36,300	36,300
Accrued markup	902,734	2,431,517
Trade receivables	2,814,597	1,938,496
	<b>8,819,502</b>	<b>16,363,476</b>
	<b>235,349,547</b>	<b>231,610,212</b>
<b>Financial Liabilities</b>		
<b>At Amortized Cost</b>		
Subordinated loan Form director	22,000,000	22,000,000
Accrued and Other Liabilities	13,328,074	11,063,950
	<b>35,328,074</b>	<b>33,063,950</b>

### 34.5 Operational risk

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

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

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



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

### 34.6 Capital Risk Management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure the Company may adjust the amount of dividend, return on capital to shareholders or issue new shares. Currently the Company has an equity of 230.92 (June 30, 2021: Rs 230.13) million against the minimum equity requirement of Rs. 230 Million set by the Securities and Exchange Commission of Pakistan for the Non Banking Finance Company providing Asset Management Services and Advisory Services.

## 35 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 - 'Fair Value Measurement' establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

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

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

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

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

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

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

	June 30, 2022			June 30, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	-----Rupees-----					
<b>Financial assets at fair value through profit or loss</b>						
Pakistan investments bonds	-	17,311,043	-	-	20,166,533	-
Units of mutual funds	-	189,007,617	-	-	172,941,561	-
Term finance certificate		20,211,385		-	22,138,642	
	-	226,530,045	-	-	215,246,736	-



### 35.1 Valuation techniques

For Level 2 the Company values the investment using rates mentioned on MUFAP.

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

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

### 35.2 Transfers during the year

During the year ended June 30, 2022 there were no transfers between level and level 2 fair value measurements, and no transfer into and out of of Level 3.

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

### 36 NUMBER OF EMPLOYEES

The number of employees as at year end was 7 (2021: 9) and average number of employees during the year was 8 (2021: 9).

### 37 GENERAL

37.1 In compliance of the NBFC Rules read with SRO 1002(1)/2015 dated October 15, 2015 of SECP, the management would like to report that the Company has sufficient insurance coverage from an insurance company, rated AA++ by the Pakistan Credit Rating Agency limited (PACRA), against financial losses that may be caused as a result of gross negligence of its employees.

37.2 Figures have been rounded off to the nearest rupee.

### 38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on 26 September, 2022 of the Company.

786 Investments Limited  
(Management Company)

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Chief Financial Officer

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Director

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Chief Executive Officer



**Pattern of Shareholding  
As on June 30, 2021**

Number Of Shareholders	Shareholding			Total Shares Held
	From		To	
143	1	-	100	3,677
189	101	-	500	56,296
207	501	-	1000	170,373
202	1001	-	5000	546,679
69	5001	-	10000	521,693
32	10001	-	15000	414,885
17	15001	-	20000	311,008
13	20001	-	25000	293,500
5	25001	-	30000	143,447
3	30001	-	35000	99,000
4	35001	-	40000	152,354
5	40001	-	45000	215,227
2	45001	-	50000	93,500
1	55001	-	60000	57,500
4	60001	-	65000	250,690
1	65001	-	70000	68,000
3	95001	-	100000	299,500
3	115001	-	120000	352,779
2	125001	-	130000	260,000
2	150001	-	155000	306,500
1	175001	-	180000	177,000
1	185001	-	190000	186,500
1	190001	-	195000	194,000
1	245001	-	250000	246,509
1	270001	-	275000	273,500
1	345001	-	350000	346,500
1	480001	-	485000	480,652
1	645001	-	650000	648,845
1	1375001	-	1380000	1,376,006
1	1935001	-	1940000	1,935,505
2	2245001	-	2250000	4,492,125
<b>919</b>				<b>14,973,750</b>

**Categories of Share Holders As on June 30, 2022**

Categories Of Shareholders	Number Of Shareholders	Total Shares Held	Percentage %
Individuals	895	7,615,209	50.86
Joint Stock Companies	13	216,440	1.45
Financial Institutions	2	2,246,428	15.00
Investment Companies	3	2,247,070	15.01
Modarabas	1	1,935,505	12.93
Others	5	713,098	4.76
<b>919</b>		<b>14,973,750</b>	<b>100.00</b>



S. No.	Categories of Share holders	Numbers	Shares Held	% Age
<b>1</b>	<b>Associated Companies</b>	<b>3</b>	<b>6,427,630</b>	<b>42.93</b>
	B.R.R. Guardian Modaraba		1,935,505	
	First Dawood Investment Bank Limited		2,246,070	
	The Bank of Khyber		2,246,055	
<b>2</b>	<b>NIT &amp; ICP</b>	<b>2</b>	<b>1,000</b>	<b>0.01</b>
	Investment Corporation of Pakistan		500	
	IDBP (ICP UNIT)		500	
<b>3</b>	<b>Directors, CEO their Spouses and Minor Children</b>	<b>7</b>	<b>1,871,974</b>	<b>12.50</b>
	Miss Tara Uzra Dawood		1,856,658	
	Mr. Iqbal Shafiq		2,816	
	Mr. Ahmed Zia Sarwar		2,500	
	Mr. Ahmed Salman Munir		2,500	
	Syed Shabahat Hussain		2,500	
	Syed Musharaf Ali		2,500	
	Mr. Naveed Ahmed		2,500	
<b>4</b>	<b>Banks, DFIs, NBFIs, Insurance Companies, Takaful, Modarabas and Pension Funds</b>	<b>19</b>	<b>929,911</b>	<b>6.21</b>
<b>5</b>	<b>General Public</b>	<b>888</b>	<b>5,743,235</b>	<b>38.36</b>
	<b>Total</b>	<b>919</b>	<b>14,973,750</b>	<b>100.00</b>

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

**14,973,750**

First Dawood Investment Bank Limited	2,246,070	15.00
The Bank of Khyber	2,246,055	15.00
B.R.R. Guardian Modaraba	1,935,505	12.93
Miss Tara Uzra Dawood	1,856,658	12.40



**FORM OF PROXY**  
**31<sup>st</sup> Annual GENERAL MEETING**

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

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

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

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

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

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

being another member of the Company as my/our proxy to attend and vote for me/us on my/our behalf, at the Annual General Meeting of the Company to be held on October 22, 2022 at 08:30 hours and to every adjournment thereof.

And witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2022, signed by the said

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

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

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



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

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

**Important Notes :**

1. The share transfer books of the Company will remain closed from October 15, 2022 to October 22, 2022 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of the Power or Authority, in order to be valid, must be deposited at the Registered office of the Company, 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. If more than one instrument of proxy appointing more than one person is deposited with the Company, all such instruments of proxy shall be rendered invalid.
5. This signature on the Instrument of Proxy must conform to the specimen signature recorded with the Company.
6. CDC account holders will in addition have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the meeting



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## BOOK POST

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



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

G-3, B.R.R. Tower, Hassan Ali Street,  
Off I.I. Chundrigar Road, Karachi - 74000 Pakistan  
Tel: (92-21) 32603751-54  
Email: [info@786investments.com](mailto:info@786investments.com)  
Website: [www.786investments.com](http://www.786investments.com)