



MCB-ARIF HABIB
Savings and Investments Limited

ANNUAL REPORT 2022

MCB-Arif Habib Savings and Investments Limited



TABLE OF CONTENTS

1	Vision, Mission and Core Values	02
2	Company Information	03
3	Notice of Annual General Meeting	04
4	Conversion Of Physical Shares Into Book-Entry Form	15
5	Payment Of Cash Dividend Electronically (mandatory Requirement)	16
6	Chairman's Review Report	17
7	Directors' Report	19
8	Pattern of Shareholding	36
9	Statement of Compliance with the Code of Corporate Governance	38
10	Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance	41
11	Financial and Business Highlights	42
12	Auditors' Report to the Members	43
13	Statement of Financial Position	47
14	Statement of Profit and Loss Account	48
15	Statement of Comprehensive Income	49
16	Statement of Changes in Equity	50
17	Statement of Cash Flow	51
18	Notes to the Financial Statements	52
19	Form of Proxy	91
20	E-Dividend Mandate Form	95
21	Consent Form for Video Conference Facility	96

Vision

To become synonymous with Savings

Mission

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

Core Values

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

COMPANY INFORMATION

Board of Directors	Mr. Haroun Rashid Mr. Nasim Beg Mr. Muhammad Saqib Saleem Mr. Ahmed Jahangir Mr. Kashif A. Habib Mirza Qamar Beg Syed Savail Meekal Hussain Ms. Mavra Adil Khan	Chairman Vice Chairman Chief Executive Officer Director Director Director Director Director
Audit Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Mr. Kashif A. Habib Syed Savail Meekal Hussain	Chairman Member Member Member Member
Human Resource & Remuneration Committee	Mirza Qamar Beg Mr. Nasim Beg Mr. Ahmed Jahangir Syed Savail Meekal Hussain Ms. Mavra Adil Khan Mr. Muhammad Saqib Saleem	Chairman Member Member Member Member Member
Chief Executive Officer	Mr. Muhammad Saqib Saleem	
Chief Operating & Financial Officer	Mr. Muhammad Asif Mehdi Rizvi	
Company Secretary	Mr. Altaf Ahmad Faisal	
Share Registrar	CDC Share Registrar Services Limited CDC House, 99-B, Block 'B', S.M.C.H.S Main Shahra-e-Faisal Karachi Tel: (92-21) 111-111-500 Fax: (92-21) 34326053 Web: www.cdcsrsl.com	
Bankers	MCB Bank Limited Bank Al-Falah Limited Faysal Bank Limited Bank Al-Habib Limited MCB Islamic Bank Limited Summit Bank Limited	
Auditors	A. F. Ferguson & Co. Chartered Accountants (A Member Firm of PWC Network) State Life Building 1-C I.I. Chundrigar Road, Karachi.	
Legal Advisor	Akhund Forbes D-21, Block-4, Scheme-5 Clifton, Karachi Bawaney & Partners 3rd & 4th Floor, 68 C, Lane 13, Bukhari Commercial Area Phase VI, D.H.A., Karachi	
Registered Office	MCB-Arif Habib Savings & Investments Limited Adamjee House, 2nd Floor, I.I. Chundrigar Road, Karachi.	
Rating	AM1 Asset Manager Rating assigned by PACRA	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the members that the Twenty-second (22nd) Annual General Meeting of MCB-Arif Habib Savings and Investments Limited will be held on Monday, October 24, 2022 at 11:30 a.m. at Sapphire Hall, Ramada Creek, Zulfiqar Street 1, DHA Phase VIII, Karachi - Pakistan to transact the following businesses.

Ordinary Businesses:

1. To confirm the minutes of the last Annual General Meeting held on October 26, 2021;
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2022 together with Directors' and Auditors' Reports thereon;
3. To declare and approve final cash dividend of 10 per cent i.e. Re. 1.0 per ordinary share of Rs. 10/- each for the year ended June 30, 2022, as recommended by the Board of Directors. This is in addition to the interim cash dividend of 20 per cent i.e. Rs. 2.0 per ordinary share of Rs. 10/- each, paid to the shareholders during the year, thus making a total cash dividend of 30 per cent i.e. Rs. 3.00 per ordinary share of Rs. 10/- each for the year ended June 30, 2022;
4. To appoint external auditors of the Company for the year ending June 30, 2023 and fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed the appointment of M/s. A.F. Ferguson & Co. Chartered Accountants, as external auditors of the Company for the year ending June 30, 2023;

Special Business:

5. To consider and, if deemed appropriate, to pass with or without modification the following resolutions under Section 182 of the Companies Act 2017 for the purpose of approving loan to Chief Executive Officer (CEO) of the Company.

***"RESOLVED THAT** pursuant to the requirements of Section 182 of the Companies Act, 2017, and subject to the approval of the Commission, as specified in the Statement of Material Information under section 134(3) of the Companies Act, 2017, the approval of the members of the Company be and is hereby accorded for house loan of Rs. 12.5 million to Chief Executive Officer with such other conditions, as may be directed by the Commission, if any.*

***FURTHER RESOLVED THAT** "the Chief Financial Officer" and/ or "the Company Secretary" jointly or singly be authorized to take any or all actions which may be required for the disbursement of loan to Chief Executive Officer to sign a formal Loan Agreement as approved by the Board."*

Statement under Section 134(3) of the Companies Act, 2017, concerning the Resolution for special business, is attached along with the Notice circulated to the members of the Company, and is deemed to be an integral part thereof.

Any Other Business:

6. To transact any other business as may be placed before the meeting with the permission of the Chair.

NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board



Altaf Ahmad Faisal
Company Secretary

September 30, 2022
Karachi

Notes:

1. Participation via physical presence or through video link facility

The Company intend to convene this AGM with minimal physical interaction of members while ensuring compliance with the quorum requirements and requests the member to consolidate their attendance and voting at the AGM through proxies.

Members interested to participate in the meeting via video link facility are requested to email their Name, Folio Number / participant's ID number, Cell Number, CNIC / Passport Number with subject **"Registration for MCBAH AGM"** along with valid copy of both sides of Computerized National Identity Card (CNIC) at **agm@mcbah.com**. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least forty-eight (48) working hours (no account shall be taken of any part of the day that is not a working day) before the time of AGM.

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

Name of member	CNIC No. / Passport No.	Folio / CDS No.	Cell No.	Email address

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

2. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from Monday, October 17, 2022 to Monday, October 24, 2022 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi – 74400, by the close of business (5:00 p.m.) on Friday, October 14, 2022, will be considered in time for the determination of entitlement of the members to final cash dividend and to attend and vote at the meeting.

3. Appointment of Proxy and Participation in the AGM

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

The instrument appointing proxy, together with the power of attorney or other authority under which it is signed, as the case may be, or a notarially certified copy of the power or authority, must be deposited at the Registered Office of the Company at least forty-eight (48) working

NOTICE OF ANNUAL GENERAL MEETING

hours (no account shall be taken of any part of the day that is not a working day) before the time of the meeting. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company. Form of Proxy is enclosed with Annual Report (in English and Urdu languages).

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

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

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

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

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

In compliance with section 72 of the Companies Act, 2017 and SECP's letter No. CSD/ED/Misc./2016-639-640 dated 26 March 2021, listed companies are required to replace existing physical shares issued by them into Book-Entry Form. In view of the above requirement, shareholders of the Company having physical folios/ share certificates are requested to convert their shares from physical form into Book-Entry Form as soon as possible. Conversion of physical shares into Book-Entry Form would facilitate the shareholders in many ways i.e. safe custody of shares, readily available market for instant sale and purchase of shares, eliminate risk of loss & damage, easy & safe transfer with lesser formalities as compared to physical shares. The shareholders of the Company may contact Share Registrar of the Company [i.e. M/s. CDC Share Registrar Services Limited] for assistance in conversion of physical shares into Book-Entry Form.

6. Payment of Cash Dividend Electronically (mandatory requirement)

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

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

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

A Dividend Mandate Form is available at the Registered Office of the Company and can also be downloaded from the Company's website.

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

NOTICE OF ANNUAL GENERAL MEETING

Pursuant to section 150 of the Income Tax Ordinance, 2001, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 are as follows:

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

The tax deduction on the amount of cash dividend @ 15 per cent shall be made for the payment of dividend to shareholders whose names are entered in the Active Tax Payers List provided on the website of FBR, before close of business hour (5:00 p.m.) on Friday, October 14, 2022 otherwise tax on the cash dividend will be deducted @ 30 per cent. Active Tax Payers List is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>

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

The required information must reach our Share Registrar M/s CDC Share Registrar Services Limited by the close of business (5:00 p.m.) on Friday, October 14, 2022; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

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

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

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

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

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

8. Consent for Video Conference Facility:

In compliance with Section 134(1)(b) of the Companies Act, 2017 members of the Company may attend and participate in the AGM through video conference facility if member(s) residing in a city other than Karachi, collectively holding 10% or more shareholding, demand in writing, to participate in the AGM through video conference at least seven (07) days prior to the date of the AGM on the Standard Request Form provided in the Annual report and also available on the Company's website.

9. Change in Members Addresses

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

10. Unclaimed Dividend

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar M/s CDC Share Registrar Services Limited to collect / enquire about their unclaimed dividend, if any. In compliance with Section 244 of the Companies Act, 2017, after

NOTICE OF ANNUAL GENERAL MEETING

having completed the stipulated procedure, all such dividends outstanding for a period of 3 years or more from the date due and payable shall be deposited by the Company to the Federal Government in case of unclaimed dividend.

11. Placement of Audited Financial Statements on the Website

The Annual Report of the Company (comprising of annual Financial Statements) for the year ended June 30, 2022 has been placed on the Company's website: www.mcbah.com.

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

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

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

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT 2017 REGARDING SPECIAL BUSINESS

This statement sets out the material facts concerning the special business to be transacted at the 22nd Annual General Meeting of the Company to be held on Monday, October 24, 2022.

Agenda Item No. 5 – Loan to Chief Executive Officer

Disclosure under Para B(4)(i) of SRO 423(I)/2018	
Name of Person	Mr. Muhammad Saqib Saleem
Basis of relationship	Chief Executive Officer <i>Executive Director</i>
Maximum Amount of Loan	Rs. 12.5 million
Description and Purpose of the Loan	House renovation
Rate of interest	One Year KIBOR – 1 (One Year KIBOR to be revised on every Anniversary)
Security	Personal Guarantee
Tenure	4 Years
Repayment schedule / Number of Installments	48 monthly instalments commencing from the month following the month of disbursement.
Disclosure regarding mandatory approval of the Commission	Approval of the Commission shall be obtained after approval by shareholders of the Company
Other principal terms and conditions	Installment of loan would be deducted from the Salary. In case of cessation of service the entire outstanding amount shall become payable immediately.
A brief on the company's policy regarding the loan for directors or their relatives	The Board of Directors of the Company approves loans to executives including Chief Executive Officer on case to case basis at the request of executive.
Disclosure under Para C(2) of SRO 423(I)/2018	
Direct or indirect interest of the Directors, Sponsors, Majority Shareholders and their relatives	Except for Mr. Muhammad Saqib Saleem, Chief Executive Officer, MCB Arif Habib Savings and Investments Limited, who is interested in the special business to the extent of loan, no other directors, sponsors, majority shareholder of the Company or their relatives have any interest in the matter whether director or directly.

Note: Chief Executive Officer had earlier obtained loan for house financing amounting to Rs. 15 Million, disbursed during the Financial Year 2021-2022. Outstanding balance along with full mark-up thereon was voluntarily repaid on August 11, 2022.

اطلاع برائے سالانہ اجلاس عام

خصوصی کاروبار کے حوالے سے کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت مادی حقائق کا بیان

اس بیان نے پیر، اکتوبر 24، 2022 کو منعقد ہونے والی کمپنی کی 22 ویں سالانہ جنرل میٹنگ میں خصوصی کاروبار سے متعلق مادی حقائق کو بیان کیا ہے۔

ایجنڈا نمبر 5- چیف ایگزیکٹو آفیسر کو قرض

ایس آر او 423(1)/2018 کے پیرا (i) B(4) کے تحت انکشاف	
اس شخص کا نام	جناب محمد ثاقب سلیم
تعلق کی بنیاد	چیف ایگزیکٹو آفیسر ایگزیکٹو ڈائریکٹر
قرض کی زیادہ سے زیادہ رقم	روپے 12.5 ملین
قرض کی تفصیل اور مقصد	گھر کی تزئین و آرائش
شرح سود	ایک سال KIBOR - 1 (ہر سال KIBOR کی شرح پر نظر ثانی کی جائے گی)
سیکورٹی	ذاتی ضمانت
دورانیہ	4 سال
ادائیگی کا شیڈول / قسطوں کی تعداد	48 ماہانہ اقساط تقسیم کے مہینے کے بعد کے مہینے سے شروع ہو رہی ہیں۔
کمیشن کی لازمی منظوری کے متعلق انکشاف	حصص یافتگان کی منظوری کے کمیشن کی منظوری حاصل کی جائے گی
دیگر بنیادی شرائط و ضوابط	قرض کی اقساط کی کٹوتی تنخواہ سے کی جائے گی سروس بند ہونے کی صورت میں پوری بقیہ رقم فوری طور پر قابل ادائیگی ہو جائے گی۔
ڈائریکٹرز یا ان کے رشتہ داروں کے لئے قرض سے متعلق کمپنی کی پالیسی پر ایک مختصر بیان	کمپنی کے بورڈ آف ڈائریکٹرز، ایگزیکٹو کی درخواست کی بنیاد پر چیف ایگزیکٹو آفیسر سمیت ایگزیکٹو کو قرضوں کی منظوری دیتے ہیں۔
ایس آر او 423(1)/2018 کے پیرا (2) C کے تحت انکشاف	
ڈائریکٹرز، اسپانسرز، اکثریتی شیئر ہولڈرز اور ان کے رشتہ داروں کی براہ راست یا بالواسطہ دلچسپی	کمپنی کے چیف ایگزیکٹو آفیسر جناب محمد ثاقب سلیم (جو کہ قرض کی حد تک خصوصی کاروبار میں دلچسپی رکھتے ہیں) کے علاوہ کسی دوسرے ڈائریکٹر، ذیلی، کمپنی کے اکثریتی حصص یافتگان اور ان کے رشتہ داروں کو کوئی دلچسپی نہیں ہے

نوٹ: چیف ایگزیکٹو آفیسر نے پہلے ہاؤس فنانسنگ کے لیے 15 ملین روپے کا قرض حاصل کیا تھا۔ جو مالی سال 2021-2022

کے دوران تقسیم کیا گیا، جو 11 اگست 2022 کو بقیہ قرض مکمل مارک اپ کے ساتھ رضا کارانہ طور پر ادا کر دیا گیا تھا۔

۸۔ وڈیو کانفرنس کی سہولت کے حصول کے لئے درخواست

کمپنیز ایکٹ کے سیکشن (b)(1) 134 کے تحت اگر کراچی کے علاوہ کسی اور جغرافیائی محل وقوع پر کمپنی کے اوسط 10% یا اس سے زائد حصہ داران کی جانب سے درخواست کی جائے کہ وہ سالانہ اجلاس عام میں بزرگ وڈیو کانفرنس شرکت کے خواہاں ہیں تو کمپنی کی جانب سے اس سہولت کا اہتمام کیا جاسکتا ہے بشرطیکہ یہ درخواست اجلاس منعقد ہونے سے کم از کم 7 دن پہلے موصول ہو۔ درخواست فارم سالانہ رپورٹ کے ساتھ ملحق ہے اور کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔

۹۔ ارکان کے رہائشی پتے میں تبدیلی

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

۱۰۔ غیر تحویل شدہ ڈیویڈنڈ

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

۱۱۔ آڈٹ شدہ مالیاتی گوشواروں کی ویب سائٹ پر دستیابی

مالیاتی گوشواروں پر مشتمل کمپنی کی سالانہ رپورٹ برائے سال مختتمہ 30 جون 2022ء کمپنی کی ویب سائٹ www.mcba.com پر دستیاب کر دی گئی ہے۔

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

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

وہ حصص یافتگان جو سالانہ رپورٹس اور عمومی اجلاسوں کی اطلاع بذریعہ ای میل حاصل کرنا چاہتے ہیں ان سے گزارش کی جاتی ہے کہ کمپنی کی ویب سائٹ

www.mcba.com پر دستیاب رضامندی فارم کے ذریعے مندرجہ ذیل کوائف فراہم کریں: نام، فوینو نمبر یا سی ڈی سی اکاؤنٹ نمبر، ای میل ایڈرس، رابطہ نمبر، اور

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا غیر ملکی شیئر ہولڈر کی صورت میں فعال پاسپورٹ نمبر۔ علاوہ ازیں، حصص یافتگان سے گزارش ہے کہ اپنے ای میل میں تبدیلی کی صورت میں فوری طور پر کمپنی کے شیئر رجسٹرار کو مطلع کریں۔ اپنے فعال رجسٹر شدہ ای میل ایڈرس میں کسی بھی تبدیلی سے کمپنی کو بروقت مطلع کرنا ارکان کی ذمہ داری ہوگی۔

اطلاع برائے سالانہ اجلاس عام

(CDCSRSL) سی ڈی سی ہاؤس، B-99، بلاک B، ایس ایم سی ایچ ایس، مرکزی شاہراہ فیصل، کراچی-74400
ای۔ ڈیوڈ مینڈیٹ فارم کمپنی کے رجسٹرڈ دفتر میں دستیاب ہے اور اس کو کمپنی کی ویب سائٹ پر بھی دستیاب کیا گیا ہے۔

۷۔ انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے تحت ڈیوڈ مینڈ پر وڈ ہولڈنگ ٹیکس کی کٹوتی (لازمی)

(i) انکم ٹیکس آرڈیننس کے سیکشن 150 کے مطابق ڈیوڈ مینڈ پر انکم ٹیکس کی نظر ثانی شدہ شرحیں درج ذیل ہیں:

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

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

نقد ڈیوڈ مینڈ پر 15 فیصد ٹیکس اُن حصص یافتگان پر عائد ہوگا جن کے نام فیڈرل بورڈ آف ریونیو کی ویب سائٹ <http://www.fbr.gov.pk>

پر موجود ایکٹو ٹیکس پینسلرٹ (ای ٹی ایل) یعنی متحرک ٹیکس ادا کنندگان کی فہرست میں بروز جمعہ، 14 اکتوبر 2022ء کو اوقات کار (شام 5:00 بجے) سے پہلے شامل ہو جائیں گے، ورنہ نقد ڈیوڈ مینڈ پر 15 فیصد کے بجائے 30 فیصد ٹیکس عائد کیا جائے گا۔

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

مطلوبہ معلومات ہمارے شیئر رجسٹرار M/s سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو بروز جمعہ، 14 اکتوبر 2022ء، اوقات کار (شام 5:00 بجے) سے قبل موصول ہو جانے چاہیے ورنہ یہ سمجھا جائے گا کہ نپل شیئر ہولڈر اور مشترکہ ہولڈر (ز) مساوی طور پر حصص کے حامل ہیں۔

اس ضمن میں تمام مشترکہ حصص یافتگان سے گزارش کی جاتی ہے کہ ہمارے شیئر رجسٹرار کو اپنے نپل شیئر ہولڈر اور جوائنٹ ہولڈر (ز) کی حصص یافتگی کے تناسب مندرجہ ذیل طرز پر تحریر فراہم کریں:

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

(iii) سی ڈی سی اکاؤنٹس کے حامل کارپوریٹ حصص یافتگان کے لئے ضروری ہے کہ اپنے متعلقہ شرکاء کے پاس اپنے نیشنل ٹیکس نمبر (NTN) کی تصدیق کر لیں، جبکہ کارپوریٹ ظاہری حصص یافتگان کے لئے ضروری ہے کہ کمپنی یا شیئر رجسٹرار کو اپنے این ٹی این سرٹیفکیٹ کی نقل بھیجیں جس میں کمپنی کا نام اور اپنے فولیو نمبر ظاہر کریں۔ سرمایہ کاران کسی سوال، مسئلے یا معلومات کے لیے کمپنی اور / یا شیئر رجسٹرار سے مندرجہ ذیل فون نمبرز اور ای میل ایڈرس پر رابطہ کر سکتے ہیں:

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

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

شیئر رجسٹرار: سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ

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

۳۔ پراکسی کی تقرری اور اجلاس میں شرکت

جو رکن سالانہ عمومی اجلاس میں شریک ہونے، بات کرنے اور ووٹ دینے کا حقدار ہوگا وہ کسی اور شخص کو اپنا پراکسی مقرر کر سکتا ہے جو اُس کی جانب سے شریک ہونے، بات کرنے اور ووٹ دینے کا حقدار ہوگا۔ پراکسی کے لیے کمپنی کا رکن ہونا ضروری نہیں ہے۔ پراکسی رائے شماری کا مطالبہ کرنے اور کسی رائے شماری میں ووٹ دینے کا بھی حقدار ہوگا۔ جس انسٹرومنٹ کے ذریعے پراکسی کی تقرری ہوئی ہے، بمع پاور آف اٹارنی یا دیگر اختیار جس کے تحت اس پر دستخط کیے گئے ہیں، یا پاور یا اختیار کی نوٹری پبلک سے تصدیق شدہ نقل، کمپنی کے رجسٹرڈ دفتر میں اجلاس سے کم از کم 48 کاروباری گھنٹے قبل جمع کرائی جائے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمع دستخط کا نمونہ اور پراکسی فارم کمپنی میں جمع کرائے جائیں (اگر پہلے نہیں کرائے گئے تو)۔ پراکسی فارم انگریزی اور اردو زبان میں سالانہ رپورٹ میں ملحق ہے۔ اجلاس میں شرکت کے وقت شناخت کے لیے ظاہری حصص اور سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (CDC) کے پاس جمع کرائے گئے حصص کے استفادی ماکان اور / یا ان کے پراکسی اصلی کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ دکھائیں۔

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

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے SRO نمبر 831(1)/2012 بتاریخ 05 جولائی 2012ء میں کمپنیوں کو ہدایت دی گئی کہ ڈیویڈنڈ وارنٹ "A/c Payee only" کے طور پر crossed ہونا چاہیے اور اس پر رجسٹر شدہ رکن یا مقرر شخص کا کمپیوٹرائزڈ شناختی کارڈ (سی این آئی سی) نمبر درج ہونا چاہیے۔ علاوہ ازیں کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشنز 2017ء کی قیود میں ٹیکس / کوٹہ / ڈیویڈنڈ مسٹیفیکیشن پر حصص یافتگان کے سی این آئی سی نمبر درج ہونا ضروری ہے۔ وہ ارکان جنہوں نے تاحال اپنے قابل عمل کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل بمع فوئیو نمبر جمع نہیں کرائی ہے ان سے گزارش کی جاتی ہے کہ مذکورہ کو جلد از جلد براہ راست کمپنی کے شیئر رجسٹرار کے پاس جمع کرا دیں۔

۵۔ ظاہری حصص کو سی ڈی سی اکاؤنٹ میں جمع کرانا

کمپنیز ایکٹ 2017 کے سیکشن 72 اور ایس سی پی کے لیٹر CSD/ED/Misc/2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے تمام لمیٹڈ کمپنیوں کیلئے لازم قرار دیا گیا ہے کہ اپنے فزیکل (کانغذی) حصص کو بک انٹری کی شکل میں منتقل کر لیں۔ ان ہدایات کے پیش نظر کمپنی کے تمام حصص داران سے گزارش کی جاتی ہے کہ اگر ان کے پاکستانی / فزیکل شکل میں فوئیو / حصص سرٹیفیکیشن ہیں تو انہیں جلد از جلد بک انٹری کی شکل میں تبدیل کروالیں۔

فزیکل (کانغذی) حصص کی بک انٹری کی شکل میں تبدیلی حصص داران کو کئی لحاظ سے سہولت میسر آئے گی جیسا کہ حصص کا محفوظ تھیل میں منتقل ہو جانا، فوری طور پر حصص کی خرید و فروخت کیلئے مارکیٹ کا بہم دستیاب ہونا، حصص کے کھوجانے یا ضائع ہوجانے کے خطرے کا ازالہ اور فزیکل (کانغذی) حصص کے مقابلے میں قدرے کم رسی کاروائی کے ذریعے حصص کی منتقلی۔ کمپنی کے تمام حصص داران سے گزارش کی جاتی ہے کہ فزیکل (کانغذی) حصص کی بک انٹری کی شکل میں تبدیلی کیلئے اگر کسی بھی قسم کی مدد کار ہو تو کمپنی کے شیئر رجسٹرار (سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ) سے رابطہ کیا جاسکتا ہے۔

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

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

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

جن حصص یافتگان نے تاحال اپنے IBAN فراہم نہیں کیے ہیں اُن سے دوبارہ گزارش کی جاتی ہے کہ درج ذیل کے مطابق "ای۔ ڈیویڈنڈ مینڈیٹ فارم" پُر کریں اور اس پر دستخط کر کے اسے اپنے فعال سی این آئی سی کی نقل کے ساتھ، (حصص یافتگی بصورت بک انٹری فارم کی صورت میں) متعلقہ سی ڈی سی شراکت دار / سی ڈی سی انویسٹر اکاؤنٹ سروسز کو، یا (حصص یافتگی بصورت ظاہری فارم کی صورت میں) کمپنی کے شیئر رجسٹرار کو مندرجہ ذیل پتے پر روانہ کریں: M/s سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ

اطلاع برائے سالانہ اجلاس عام

کوئی اور کاروبار:

۶۔ چیئرمین کی اجازت سے مینٹنگ میں کسی دوسرے کاروبار کا لین دین کرنا۔

بحکم بورڈ



الطاف احمد فیصل
کمپنی سیکریٹری

30 ستمبر 2022ء

کراچی

اہم نکات:

۱۔ ظاہری یا بذریعہ وڈیولنک کی سہولت کے ذریعے شرکت
کمپنی کورم کے تقاضوں کی تعمیل کو یقینی بناتے ہوئے ممبران کے کم سے کم تعامل کے ساتھ اس AGM کو بلانے کا ارادہ رکھتی ہے اور ممبر سے درخواست کرتی ہے کہ وہ
پراکسیز کے ذریعے AGM میں اپنی حاضری اور ووٹنگ کو مستحکم کریں۔

اجلاس میں شرکت میں دلچسپی رکھنے والے ممبران سے گزارش کی جاتی ہے کہ اپنا نام، فوئیو نمبر / شرکت دار کا ID نمبر، موبائل فون نمبر، قومی شناختی کارڈ / پاسپورٹ نمبر
کمپیوٹرائزڈ قومی شناختی کارڈ کی دونوں جانب کی قابل عمل نقل کے ساتھ agm@mcbah.com پر ای میل کر دیں جس کا موضوع
"Registration for MCB AH AGM" ہو۔ وڈیولنک اور لاگ ان تفصیلات صرف اُن ارکان کو ارسال کیے جائیں گے جن کی ای میل تمام مذکورہ کوائف کے
ساتھ اجلاس سے کم از کم 48 کاروباری گھنٹے قبل موصول ہو جائیں۔

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

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

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

۲۔ حصص منتقل کی کتب کی بندش:

کمپنی کی منتقلی حصص کی بکس بروز پیر، 17 اکتوبر 2022ء سے لے کرگلگ پیر، 24 اکتوبر 2022ء تک (بشمول دونوں دن) بند رہیں گی۔ جو منتقلیاں ہمارے شیر
رجسٹر M/s سی ڈی سی شیر رجسٹر ارسرو لمیٹڈ کے نام، سی ڈی سی ہاؤس، 99-B، بلاک B، ایس ایم سی ایچ ایس، مرکزی شاہراہ فیصل، کراچی-74400 پر بروز جمعہ،
14 اکتوبر 2022ء کے اختتام تک موصول ہو جائیں گی وہ حصص یافتگان کے حتمی نقد ڈیویڈنڈ کے حقدار ہونے اور ووٹ دینے کے تعین کے لیے
بروقت سمجھی جائیں گی۔

اطلاع برائے سالانہ اجلاس عام

ارکان کو مطلع کیا جاتا ہے کہ انیم سی بی-عارف حبیب سیونگزا اینڈ انویسٹمنٹس لمیٹڈ کا ۲۲ واں سالانہ عمومی اجلاس بمقام سیفائز ہال، رنڈا کریک، ذوالفقار اسٹریٹ 1، ڈی ایچ ایف VIII، کراچی مورخہ بروز پیر، 24 اکتوبر 2022ء بوقت صبح 11:30 بجے منعقد ہوگا جس میں مندرجہ ذیل امور زیر غور لائے جائیں گے:

عمومی سرگرمیاں

۱۔ گزشتہ سالانہ عمومی اجلاس منعقدہ 26 اکتوبر 2021ء کے اہم نکات کی تصدیق؛

۲۔ سال مختتمہ 30 جون 2022ء کے کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشواروں بشمول ان پرڈائیکٹرز اور آڈیٹرز رپورٹ کو وصول کرنا، ان کو ذیور غور لانا اور ان کو اختیار کرنا؛

۳۔ بورڈ آف ڈائریکٹرز کی طرف سے معجزہ قتی نقد ڈیویڈنڈ برائے سال مختتمہ 30 جون 2022ء 10 فیصد، یعنی 1.0 روپے فی 10 روپے والے عام شیئر، کا اعلان اور اس کی منظوری۔ یہ عبوری نقد ڈیویڈنڈ 20 فیصد یعنی 2.0 روپے فی 10 روپے والے عام شیئر کے علاوہ ہے جو دوران سال حصص یافتگان کو ادا کیا گیا، چنانچہ مجموعی نقد ڈیویڈنڈ برائے سال مختتمہ 30 جون 2022ء 30.0 فیصد یعنی 3.00 روپے فی 10 روپے والے عام شیئر بن گیا؛

۴۔ کمپنی کے خارجی آڈیٹرز برائے سال مختتمہ 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے بیرونی آڈیٹرز کی تقرری اور ان کے معاوضے کو طے کرنا۔ کمپنی کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے بیرونی آڈیٹرز کے طور پر میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی تقرری کی تجویز پیش کی ہے۔

خصوصی کاروبار:

۵۔ کمپنی کے چیف ایگزیکٹو آفیسر (CEO) کو قرض کی منظوری کے مقصد سے کمپنیز ایکٹ 2017 کے سیکشن 182 کے تحت درج ذیل قراردادوں پر غور کرنے اور، اگر مناسب سمجھا جائے تو ترمیم کے ساتھ یا اس کے بغیر پاس کرنا۔

”منظور کیا کہ کمپنیز ایکٹ، 2017 کے سیکشن 182 کے تقاضوں کے مطابق، اور کمیشن کی منظوری سے مشروط، جیسا کہ سیکشن 134 (3) کے تحت مادی حقائق کے بیان میں واضح کیا گیا ہے کہ چیف ایگزیکٹو آفیسر کو 12.5 ملین روپے کا ہاؤس قرضہ اس طرح کی دیگر شرائط کے ساتھ، جیسا کہ کمیشن کی طرف سے ہدایت کی گئی ہو، اگر کوئی ہو۔ کمپنی کے ممبران کی منظوری اس کے لیے دی جائے گی۔“

مزید یہ منظور کیا کہ ”چیف فنانشل آفیسر“ اور/یا ”کمپنی سیکرٹری“ مشترکہ طور پر یا اکیلے کسی بھی یا تمام اقدامات کرنے کے مجاز ہوں گے جو چیف ایگزیکٹو آفیسر کو قرض کی تقسیم کے لیے ایک رکی (قرض کے) معاہدے پر دستخط کرنے کے لیے درکار ہوں جیسا کہ بورڈ نے منظور کیا“

خصوصی کاروبار کے لیے قرارداد سے متعلق بیان جو کمپنیز ایکٹ، 2017 کے سیکشن 134 (3) کے تحت درکار ہے، کمپنی کے اراکین کو جاری کردہ نوٹس کے ساتھ منسلک ہے، اور اسے اس کا لازمی حصہ سمجھا جاتا ہے۔“

CONVERSION OF PHYSICAL SHARES INTO BOOK-ENTRY FORM

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

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

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

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



Altaf Ahmed Faisal
Company Secretary

PAYMENT OF CASH DIVIDEND ELECTRONICALLY (MANDATORY REQUIREMENT)

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

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

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



Altaf Ahmed Faisal
Company Secretary

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

I am privileged to present this Report to the members of MCB-Arif Habib Savings and Investments Limited for the period ended June 30, 2022. It is an opportunity for us to collectively reflect, reset and rejuvenate our mission to become a growth-oriented and sustainable Company.

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

	June 30, 2022	June 30, 2021
	-----Amount in Rupees----- ---	
Management Fee / Investment Advisory Fee	849,581,990	752,077,846
Income from investments including profit on deposits	(30,455,889)	189,560,061
Profit before taxation	293,571,570	484,705,781
Profit after taxation	173,361,645	376,434,163
Earnings per share (EPS)	2.41	5.23

At the forthcoming AGM we will be pleased to present before our shareholders a final cash dividend of Re. 1 per share for the year ended June 30, 2022, bringing the total cash dividend for the year to Rs. 3.0 per share.

This year despite political and economic instability the Company has witnessed significant growth. Higher inflation resulted in interest rates moving from 7% in FY 2021 to 13.8% in FY 2022 which resulted unit holders focusing towards money market and fixed income funds which in this fiscal year witnessed a healthy growth. However, high interest rates have made unit holders shy away from equities which this year showed negative growth. With recent correction in stock prices- due to interest rate and currency devaluation- has opened up valuations and expects long term investors would look to add equity exposure at these highly attractive levels.

The Company has is continuously making efforts and investments toward the digital transformation of its operations and service delivery which I believe is the future of the industry. This year the Company introduced 'IPayments' through which unit holders can receive redemption proceeds immediately into his or third party accounts. More innovative products are expected to be launched in near future which would help the Company to better serve our valued unit holders. The Company is striving to provide our stakeholders with agile, modern and innovative solutions that provide convenience and enhance their experience with MCBAH.

I would like to appreciate our board members who has always focused on the preservation of the best interests of both the Company's shareholders and unit holders of the Funds under its management. As part of this effort, the Board's properly structured Committees are in place, with each one having well-defined objectives and appropriate Terms of Reference; performing their respective roles effectively and efficiently. During the year, a total of twenty-three (23) meetings of the Board and the Committees of the Board were held which comprised of nine (9) meetings of the Board of Directors, nine (9) meetings of the Audit Committee and five (5) meetings of the Human Resource and Remuneration Committee. I wish to record my appreciation to the Board Members for the active participation and continuing guidance provided to the Management.

CHAIRMAN'S REVIEW REPORT

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

I would also like to take this opportunity to thank our valued investors for their continuous faith in the Company, which has enabled the MCB Arif Habib Savings and Investments Limited to reach new heights year after year, many of whom have stayed alongside us from the inception of our journey and I sincerely hope that the bond we share continues to flourish in the years ahead.



Mr. Haroun Rashid

Chairman – Board of Directors

MCB-Arif Habib Savings and Investments Limited

DIRECTORS' REPORT

The Board of Directors of MCB-Arif Habib Savings and Investments Limited (MCBAH) are pleased to present Report on the affairs of MCBAH for the year ended June 30, 2022.

PRINCIPAL BUSINESS

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

THE BUSINESS ENVIRONMENT

Economy and Money Market Review

Fiscal year 2022 (FY22) remained a difficult year for Pakistan as the country faced multiple challenges on macroeconomic front along with political uncertainty. While the economy weathered the Covid challenge relatively well, reopening of global economies and supply chain disruptions stimulated a spike in global commodity prices increasing pressure on trade deficit. Russia- Ukraine war pushed the commodity prices even further, exacerbating the already widening trade deficit with highest ever import bill during the year. A spike in energy and food prices coupled with a weak exchange rate led to a sharp pickup in domestic inflation. Commodity price led Inflationary trends were also visible in global economies particularly US and Eurozone and consequent tightening has raised fears of a broader recession.

Pakistan's economy was already coping with macroeconomic challenges and the political upheaval further aggravated the situation. The elevated political noise led to populist measures like fuel and power subsidies undermining the much needed fiscal adjustments. In addition, an unscheduled change of country's leadership and ensuring political uncertainty led to delay in policy actions and adjustments needed for IMF program.

The country posted a current account deficit of USD 15.2bn in 11MFY22 compared to a deficit of USD 1.1bn in the corresponding period last year. This was the largest CAD since FY18, when country witnessed a deficit of USD 15.9bn in first eleven months of the fiscal year. The deterioration came in primarily on the back of higher imports which grew by 36.5% in 11MFY22 compared to export growth of 26.7%. Trade Deficit increased by 45.5% to USD 36.1bn compared to USD 24.8bn in the same period last year. The unprecedented increase in imports mainly came from historic high prices of our commodity basket including crude oil, palm oil, coal coupled with one time vaccines imports.

Foreign exchange reserves of central bank declined by USD 7.4bn in FY22 on account of higher current account deficit and debt repayments. In addition, delay in IMF program led to slowdown in other foreign inflows which dragged the reserves to USD 9.8bn, implying an import cover of 1.7 months. These outflows coupled with widening current account deficit led PKR to weaken by 23.0% against USD since start of the fiscal year.

Inflation remained highly concerning as rising commodities continued to create challenges for policy makers. Headline inflation represented by CPI averaged 12.1% in FY22 compared to 8.9% in FY21. The rise mainly came from higher food prices, elevated energy costs (both electricity and fuel) and second round impact of PKR depreciation, which kept the prices of imported commodities high. Core inflation as measured by Non Food Non Energy also depicted an upwards trend with an increase of 12.3% in June 2022 compared to 6.9% in June 2021. Expectations of above 20% in the next fiscal year along with weak fiscal framework, led SBP to increase policy rate by a cumulative 625bps to 13.75% in the fiscal year to counter inflationary pressures and slowdown the overall aggregate demand. It further increased policy rate by 125 basis points to 15% in July-22.

On the fiscal side, FBR tax collection increased by 29.1% in FY22 to PKR 6,125bn compared to PKR 4,744bn during the same period last year. This exceeded the target by 25bn. The improved tax collection was primarily on the back of higher customs duty and sales tax collected due to higher imports.

DIRECTORS' REPORT

Secondary markets yields have increased significantly in FY22 as SBP started the monetary tightening cycle. The depreciation in the rupee along with persistently high energy prices will add pressure to inflation and we expect average inflation numbers to remain elevated in medium term. Bond yields for tenors of 3 years, 5 years and 10 years witnessed a rise of 4.5%, 3.4% and 3.0%, respectively during the period.

Equity Market Review

After posting a healthy gain of 38% in FY21, the benchmark KSE-100 Index corrected by 12.3% in FY22, losing 5,815 points to end the year at 41,541 points. The market remained volatile throughout the year, but took a downturn in the second half of the fiscal year as Russia-Ukraine war worsened several macroeconomic indicators fueling concern over external account position. The widening current account deficit, rapidly depleting reserves (PKR touching an all-time low of PKR211/USD), downgrade of Pakistan's outlook to negative by Moody's, and delay in the approval of IMF's sixth and seventh review created default fears among the investors. In addition, a high inflationary environment caused by a global commodity super cycle, rupee depreciation, and rising interest rates further added to the investors' woes. Moreover, the budget also proved to be a negative event for the market, incorporating painful but necessary measures to enhance revenue collection and control expenditures in line with the IMF's direction.

Fertilizer and Chemical were the outperformers during the year, posting a return of 13.9% and 6.1%, respectively. On the contrary, Cement remained the worst performing sector with a negative return of (43.8%) thanks to rising international coal prices (+189% YoY to USD 332/ton). Average traded volume and value during FY22 went down by 45% (291mn shares) and value by 54% (USD 55mn), respectively.

During the year, MSCI reclassified Pakistan from the Emerging Markets Index to Frontier Markets Index. As a result, foreign investors offloaded USD 298mn worth of equities during FY22. Individuals were the major buyers followed by Banks/DFIs. They bought shares worth USD 157mn and USD 115mn, respectively.

Economy & Market – Future Outlook

The government has taken several harsh steps including increasing petroleum, electricity and gas prices to meet the IMF prior conditions. It has also increased interest rate to 15% and made changes in the FY23 Budget to target primary fiscal surplus in FY23. These steps have led to a successful staff level agreement with IMF and should pave the way for the disbursement of USD 1.2bn from the fund under the combined 7th and 8th review of the Extended Fund Facility (EFF). The government was also able to convince IMF to increase funding by USD 1 billion to USD 7 billion and extend the duration till June 2023 compared to September 2022 earlier. IMF program shall provide stability to the external account and provide a window to policy makers requiring continued fiscal discipline and measured trade account policies in the short term while focus on the economic policies that can support sustainable growth in the long term.

Pakistan GDP growth clocked at 6.0% in FY22 with Agricultural, Industrial and Services sector grew by 4.4%, 7.2% and 6.2% respectively. However, we expect GDP growth to sharply decline to a range of 2.5-3.0% in FY23. The monetary tightening and rupee devaluation would lead to slowdown in economy and would impact industrial growth. The government is also focusing on controlling imports to curtail current account deficit which would affect services sector growth.

The international commodities have eased from their recent high but energy prices remain stubbornly high. We expect the government to keep a tight leash on imports and discourage unnecessary dollar

outflows. The imports are expected to decrease by 14% YoY to USD 63bn as we will witness volumetric compression in several segments of the economy. Thus we expect the current account deficit to ease to USD 7.6bn (2.0% of GDP) in FY23 compared to expected current account deficit of USD 16.5bn (4.2% of GDP) in FY22.

Successful resumption of the IMF program will be a key prerequisite to keep the financial account in positive zone as we await funding commitment from friendly countries. Sustaining remittances along with bilateral and multilateral flows would also be crucial in managing our external position. USD/PKR is trading in a range of 225-230 due to ensuing political uncertainty and delay in IMF tranche. We expect

DIRECTORS' REPORT

Rupee to recover post disbursement of IMF tranche along with receipts from friendly countries. We expect however USD/PKR to depreciate by the close of fiscal year to 235.

CPI based inflation for June 2022 clocked at 21.3% on the back of increase in petroleum and electricity prices as the relief measures announced by the previous government were reversed. We will witness the second round impact of currency devaluation and petroleum price increase which will keep inflation elevated for the remainder of the year. We expect FY23 average inflation to clock at 21.8%. SBP increased the policy rate to 15% to slowdown aggregate demand and ward off inflationary pressures. Increasing interest rate to unnecessarily higher level impacts fiscal position and does little to tame cost push inflation. We thus expect SBP to balance monetary tightening and fiscal costs by maintaining negative interest rates

From capital market perspective, particularly equities, the correction in stock prices has further opened up valuation. The market has priced in the interest rate increase and currency depreciation. Market cap to GDP ratio has declined to 10.1%, a discount of 52% from its historical average. Similarly, risk premiums are close to 8.3%, compared to historical average of 2.2% signifying deep discount at which market is trading. We believe a micro view of sectors and stock will remain important and investment selection should focus on companies which trade at a deep discount to their intrinsic value. The market is currently trading at PER of 4.7x, while offering a dividend yield of 9.5%.

For debt holders, we expect Money Market Funds to continue to seamlessly mirror policy rates throughout the year. On the other hand, government bonds yields may continue to remain at elevated levels given inflationary pressure. We remain cautious at the current levels of bond yields and would continue to monitor the data points to capitalize on opportunities.

Mutual Fund Industry Review

The Net Assets of the open end mutual fund industry increased by about 19.2% during FY22 to PKR 1,214bn. Total money market funds grew by about 43.8% since June 2021. Within the money market sphere, the conventional funds dominated with a growth of about 56.4% to PKR 446bn while Islamic funds increased by 24.1% to PKR 225bn. In addition, the total fixed Income funds increased by about 21.9% since June 2021, as the conventional income funds rose by 27.9% to PKR 161bn. Equity and related funds declined by 23.1% as market witnessed a decline in FY22 eroding AUMS as concern over macroeconomic and geopolitical factors kept investors at bay.

In terms of the segment share, Money Market funds were the leader with a share of around 55.3%, followed by Income funds with a share of 24.6% and Equity and Equity related funds having a share of 18.9% as at the end of FY22.

Mutual Fund Industry Outlook

Increase in interest rates would encourage higher flows in the money market funds. Prevailing yields of near 15% in fixed income funds are ideal for investors with a short term horizon and low risk profile. However recent correction in stock prices has opened up valuations and long term investors would look to add equity exposure at these highly attractive levels. Our operations remained seamless and given our competitive edge due to aggressive investment in digital access and online customer experience, the environment provides an opportunity with growing number of investors available online.

COMPANY'S PERFORMANCE REVIEW

During the year Pakistan's economy faced several challenges including global commodity prices and high inflation. Domestic energy and metal prices rose significantly in line with the global trends. The impact of Covid 19 continued in the financial year 2021-2022 which has further accentuated the need on Company to expedite digital adoption required for reshaping the AMC/ Investment services architecture in Pakistan; the transformation is imperative to support enhanced customer experiences deducible from the adoption of advanced e-investments avenues. We would continue to lead the market position through focused initiatives encompassing launch of innovative and customer centric solutions, penetration of emerging markets, adoption of digital avenues and instilling effective cost management techniques.

Driving customer centricity would continue to remain a key area of focus for the next year; We are committed in maintaining our unique positioning as a diversified financial institution with a robust

DIRECTORS' REPORT

heritage and strong reputation through enriched service offerings and products tailored to meet requirements of our esteemed customers; hence, enabling Company to grow its AUMs base manifold.

We use Net Promoter Score (NPS) as a metric to gauge loyalty and satisfaction of our valued customers. At the close of financial year ended June 30, 2022 our NPS stood at 45%. We started the year with NPS of 8% and an increase of 37% during the year is evident of the fact that our efforts are translating in to improved customer experience.

During the year the Company's AUMs grew by 21% from Rs. 155 billion to Rs. 187 billion as on June 30, 2022. Increased AUMs resulted in increase in Company's core revenue by over Rs. 97 million and compared to Rs.752 million in FY 2021, the Company recorded gross management/ investment advisory fee of Rs. 850 million in FY 2022. During the year investment income contributed negatively towards the net income. The Company had made significant investment in equity based funds and the KSE 100 registered negative return of 12.28% versus 37.58% return in FY 2021. During the year, there was an investment loss of Rs. 32.61 million (FY 2021: Rs. 188.19 million) resulting in decrease in investment income by Rs. 221 million. Despite increase in core revenue, negative return on investment led to decline in net profit before taxation which was recorded at Rs. 293.6 million (FY 2021: Rs. 484.7 million) and net profit after taxation of Rs. 173.4 million (FY 2021:Rs. 376.4 million). With interest yield at over 15% and expected better performance of the Stock Exchange in FY 2023, we expect the assets under management to grow further going forward contributing to the revenue growth and profitability.

The earnings per share of current financial year ended June 30, 2022 is Rs. 2.41 per share as compared to Rs. 5.23 per share in the previous financial year ended June 30, 2021.

The Board has proposed a final dividend of 10 per cent (Re. 1 per share) for the year ended June 30, 2022 as compared to 27.5 per cent (Rs. 2.75 per share) for the year ended June 30, 2021. This is in addition to the interim dividend of 20 per cent (Rs. 2 per share) (FY 2021: 22.5 per cent (Rs. 2.25 per share)

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

The value of contribution of employees in pension funds is Rs. 31.77 million (Rs. 27.28 million for the year ended June 30, 2021).

PRINCIPAL RISKS AND UNCERTAINTIES

Assets under management (AUM) which is the life blood of asset management industry showed promising growth in FY22 and crossed Rs. 1.25 trillion. This relates to business risk averseness of corporates due to uncertain economic conditions and unclear policy directions complimented by better returns offered and awareness created by Asset Management Companies. To attract new clients and facilitate existing clients in this highly competitive industry, Asset Management Companies (AMCs) continued to offer more and more online and Mobile based services. However, these web based services are prone to hacking and cyber- attacks. These solutions require substantial costs to develop, maintain and protect while the demand for delivery of superior returns is not allowing increment in management fee. Thus, this continues to put pressure on margins of Asset Management Companies (AMCs). To cover up expenses and being profitable, the only remedy is higher AUMs.

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

CORPORATE SOCIAL RESPONSIBILITY AND IMPACT ON ENVIRONMENT

To help save the environment and play our part towards the betterment of the country, the Company initiated and launched the **"#ConserveToPreserve"** campaign. Keeping in mind the increasing energy and fuel prices, we allowed our maximum workforce to work from home. This allowed the employees not to only save on their travel costs but help save the environment as well.

DIRECTORS' REPORT

ASSET MANAGER RATING

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

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

	As at June 30, 2022	As at June 30, 2021	
	-----Stability rating-----		Rating agency
Pakistan Cash Management Fund	AA + (f)	AA + (f)	PACRA
Pakistan Income Fund	AA - (f)	A + (f)	PACRA
MCB Pakistan Sovereign Fund	AA - (f)	AA - (f)	PACRA
Pakistan Income Enhancement Fund	A + (f)	A + (f)	PACRA
MCB DCF Income Fund	AA - (f)	AA - (f)	PACRA
MCB Cash Management Optimizer	AA + (f)	AA + (f)	PACRA
Alhamra Islamic Income Fund	AA- (f)	AA- (f)	PACRA
Alhamra Daily Dividend Fund	AA- (f)	AA- (f)	PACRA
Alhamra Islamic Money Market Fund	AA + (f)	AA (f)	PACRA

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

HOLDING COMPANY

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

CORPORATE GOVERNANCE

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

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

The details of above are as under:

Sr. No.	Name	Status	Membership in other Board Committees
1.	Mr. Haroun Rashid	Non-Executive Director	None
2.	Mr. Nasim Beg	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee
3.	Mr. Ahmed Jahangir	Non-Executive Director	(i) Audit Committee; and (ii) HR&R* Committee.
4.	Mr. Kashif A. Habib	Non-Executive Director	(i) Audit Committee

DIRECTORS' REPORT

5.	Syed Savail Meekal Hussain	Independent Director	(i) (ii)	Audit Committee HR&R* Committee
6.	Mirza Qamar Beg	Independent Director	(i) (ii)	Audit Committee (Chairman); and HR&R* Committee (Chairman).
7.	Ms. Mavra Adil Khan	Independent Director	(i)	HR&R* Committee
8.	Mr. Muhammad Saqib Saleem	Executive Director	(i)	HR&R* Committee

* HR&R stands for Human Resource and Remuneration

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

The Board of Directors is pleased to report that:

- a. The financial statements, present fairly the state of affairs, the results of operations, cash flows and changes in equity;
- b. Proper books of accounts of the Company have been maintained;
- c. Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards have been followed in the preparation of financial statements and any departures there from have been adequately disclosed and explained;
- e. The system of internal control is sound in design and has been effectively implemented and monitored with ongoing efforts to improve it further;
- f. There are no significant doubts upon the Company's ability to continue as going concern;
- g. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- h. Key operating and financial data of the last 6 years in summarized form is annexed;
- i. The outstanding taxes, statutory charges and duties, if any, have been fully disclosed in the audited financial statements, for details please refer note no. 17.1, 17.2 and 18;
- j. The Board of Directors is ultimately responsible for Company's system of internal control and for reviewing its effectiveness. The Board, whilst maintaining its overall responsibility, has delegated the detailed design and operation of the system of internal controls to the Chief Executive. Company's system of internal controls comprises of clear governance structures, authority limits and accountabilities, well-understood policies and procedures. The Board meets quarterly to consider Company's financial performance, financial and operating budgets, business growth and developmental plans, capital expenditure proposals and other key performance indicators. The Audit Committee receives reports on the system of internal financial controls from the external and internal auditors and reviews the process for monitoring the effectiveness of internal controls;

DIRECTORS' REPORT

- k. As at June 30, 2022, the Company is in compliance with the requirements of Directors' Training Program, as contained in Regulation No. 19 of the Code;
- l. The Directors' Remuneration Policy (The Policy) was approved by the Board of Directors in their 144th meeting held on September 14, 2018. The main features of the Policy are as under:
- (i) With effect from September 14, 2018 each non-executive director will be paid a sum of rupees seventy five thousand (75,000) for attending the Board meeting / committees of the Board;
 - (ii) The Vice Chairman of the Board is entitled to certain perks and perquisites on account of the additional responsibilities, which have been disclosed in the annexed audited financial statements, for details please refer note 30;
 - (iii) Payment for any extra services shall not be made to any executive director. However, if a non-executive director perform any special services, the remuneration of the same will be pre-decided by the Board and in the absence of the quorum, by the general meeting of members of the Company;
 - (iv) Remuneration to executive director(s) shall be decided by the Board on recommendation of the Human Resource and Remuneration Committee based on the role and responsibilities of the executive director and shall reflect the individual's roles, experience and responsibilities; and
 - (v) Non-executive directors are not covered under any post retirement scheme of the Company.
- m. The detailed pattern of shareholding as on June 30, 2022 is annexed;
- n. A formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and Committees of the Board;
- o. There are no contracts or arrangements entered into with any of the Related Parties requiring disclosure under Section 208 of the Companies Act, 2017:
- p. **Meeting of the Directors**

During the year, nine (9) meetings of the Board of Directors were held. The attendance of each Director is as follows:

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mr. Haroun Rashid	9	9	8	1
2. Mr. Nasim Beg	9	9	9	-
3. Mr. Ahmed Jahangir	9	9	8	1
4. Mirza Qamar Beg	9	9	9	-
5. Syed Savail Meekal Hussain	9	9	8	1
6. Mr. Kashif A. Habib	9	9	7	2
7. Ms. Mavra Adil Khan	9	9	7	2
8. Mr. Muhammad Saqib Saleem (CEO)	9	9	9	-

DIRECTORS' REPORT

q. Meeting of the Audit Committee.

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

Name of Persons	Number of meetings held	Number of meetings		
		Attendance required	Attended	Leave granted
1. Mirza Qamar Beg (Chairman)	9	9	9	-
2. Mr. Nasim Beg	9	9	9	-
3. Mr. Ahmed Jahangir	9	9	8	1
4. Mr. Kashif A. Habib	9	9	6	3
5. Syed Savail Meekal Hussain	9	9	9	-

r. Meeting of the Human Resource and Remuneration Committee.

During the year, five (5) meeting of the Human Resource and Remuneration Committee were held. The attendance of each participant is as follows:

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

AUDITORS

The current auditors, M/s A.F. Ferguson & Co. Chartered Accountants, have completed their engagement for the year ended June 30, 2022 and shall retire on the conclusion of the 22nd Annual General Meeting.

The Audit Committee considered and recommended the re-appointment of M/s A.F. Ferguson & Co. Chartered Accountants as statutory auditors of the Company for the year ending June 30, 2023 and the Board of Directors also endorsed the recommendation of the Audit Committee to comply with the requirements of Code of Corporate Governance.

ACKNOWLEDGEMENT

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

DIRECTORS' REPORT

For and on behalf of Board



Muhammad Saqib Saleem
Chief Executive Officer
Karachi: August 15, 2022.



Nasim Beg
Director and Vice Chairman

ڈائریکٹرز رپورٹ

۲۔ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی میٹنگ دوران سال ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی پانچ (5) میٹنگز منعقد ہوئیں۔ شرکاء کی حاضری درج ذیل ہے:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز	
-	5	5	5	۱۔ مرزا قمر بیگ (چیئر مین)
3	2	5	5	۲۔ جناب احمد جہانگیر
3	2	5	5	۳۔ جناب نسیم بیگ
-	5	5	5	۴۔ محترمہ ماوراء عادل خان
3	2	5	5	۵۔ سید سادیل میکان حسین
-	5	5	5	۶۔ جناب محمد ثاقب سلیم (سی ای او)

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگون اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2022 کو ختم ہونے والے سال کے لیے اپنی مصروفیات مکمل کر لی ہیں اور 22 ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔

آڈٹ کمیٹی نے 30 جون 2023 کو ختم ہونے والے سال کے لیے میسرز اے ایف فرگون اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو کمیٹی کے قانونی آڈیٹرز کے طور پر دوبارہ تقرری پر غور کیا اور سفارش کی اور بورڈ آف ڈائریکٹرز نے بھی آڈٹ کمیٹی کی سفارش کی توثیق کی۔ تاکہ کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کی جاسکے۔

اظہار تشکر

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

منجانب ڈائریکٹرز



نسیم بیگ
ڈائریکٹر / وائس چیئر مین



محمد ثاقب سلیم
چیف ایگزیکٹو آفیسر
15 اگست 2022ء

ڈائریکٹرز رپورٹ

(iv) ایگزیکٹو ڈائریکٹر کا معاوضہ ہیومن ریسورس اینڈ ریمونریشن کمیٹی کی تجویز پر بورڈ طے کرے گا جو ایگزیکٹو ڈائریکٹر کے کمپنی میں کردار اور اس کی ذمہ داریوں کی بنیاد پر ہوگی اور اس کے کمپنی میں کردار، تجربے اور ذمہ داریوں کی عکاسی کرتی ہوگی؛ اور

(v) Non ایگزیکٹو ڈائریکٹر کمپنی کی کسی بھی بعد از ریٹائرمنٹ اسکیم کے تحت نہیں آتے۔

m. 30 جون 2022ء کو حصص یافتگی کا تفصیلی خاکہ ملحق ہے؛

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

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

p. ڈائریکٹرز کی میٹنگز

دوران سال بورڈ آف ڈائریکٹرز کی نو (9) میٹنگز منعقد ہوئیں۔ ڈائریکٹرز کی حاضری کی تفصیلات درج ذیل ہیں:

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز	
1	8	9	9	۱۔ جناب ہارون رشید
-	9	9	9	۲۔ جناب نسیم بیگ
1	8	9	9	۳۔ جناب احمد جہانگیر
-	9	9	9	۴۔ مرزا قمر بیگ
1	8	9	9	۵۔ سید ساویل میکان حسین
2	7	9	9	۶۔ جناب کاشف اے حبیب
2	7	9	9	۷۔ محترمہ ماوراء عادل خان
-	9	9	9	۸۔ جناب محمد ثاقب سلیم

q. آڈٹ کمیٹی کی میٹنگ

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

میٹنگز کی تعداد				نام
منظور شدہ رخصت	حاضری	مطلوبہ حاضری	منعقدہ میٹنگز	
-	9	9	9	۱۔ مرزا قمر بیگ (چیئر مین)
-	9	9	9	۲۔ جناب نسیم بیگ
1	8	9	9	۳۔ جناب احمد جہانگیر
3	6	9	9	۴۔ جناب کاشف اے حبیب
-	9	9	9	۵۔ سید ساویل میکان حسین

ڈائریکٹر رپورٹ

تفصیلات درج ذیل ہیں:

نمبر شمار	نام	عہدہ	دیگر بورڈ کمیٹیوں میں ذمہ داری
1.	جناب ہارون رشید	Non ایگزیکٹو ڈائریکٹر	کوئی نہیں
2.	جناب نسیم بیگ	Non ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی اور (ii) ایچ آر اینڈ آر کمیٹی *
3.	جناب احمد جہانگیر	Non ایگزیکٹو ڈائریکٹر	(i) آڈٹ کمیٹی اور (ii) ایچ آر اینڈ آر کمیٹی *
4.	جناب کاشف اسے صیب	Non ایگزیکٹو ڈائریکٹر	آڈٹ کمیٹی
5.	سید ساول میاں حسین	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی اور (ii) ایچ آر اینڈ آر کمیٹی *
6.	جناب مرزا قمر بیگ	خود مختار ڈائریکٹر	(i) آڈٹ کمیٹی (چیز مین) اور (ii) ایچ آر اینڈ آر کمیٹی * (چیز مین)
7.	محترمہ مہارہ عادل خان	خود مختار ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *
8.	جناب محمد ثاقب سلیم	ایگزیکٹو ڈائریکٹر	ایچ آر اینڈ آر کمیٹی *

* ایچ آر اینڈ آر: ہیومن ریسورس اینڈ ریسرچ

بورڈ آف ڈائریکٹرز کمیٹی کے تمام اہم معاملات کا جائزہ لینے میں شامل، لیکن یہاں تک محدود نہیں، کمیٹی کی حکمت عملی کی سمت، سالانہ کاروباری منصوبہ جات اور اہداف، فیصلے اور طویل المیعاد سرمایہ کاریاں۔ بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے اعلیٰ معیار قائم رکھنے کے لیے بے غرض ہے۔

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

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

b. کمیٹی کی درست بیکس آف اکاؤنٹس تیاری گئی ہیں؛

c. مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا ہر قاعدہ کیساتھ اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے، محلول اور جتنا اعداد و ارقام پختی ہیں؛

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

e. انٹرئل کنٹرول کا نظام مضبوط پر استوار اور موثر انداز میں نافذ کیا گیا ہے اور اس کی موثر نگرانی کی جاتی ہے، اور اسے مزید بہتر بنانے کی کوششیں جاری ہیں؛

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

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

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

i. واجب الادا ٹیکس، قانونی چارہ جاز اور دیگر چیزیں (محصولات اور چنگی وغیرہ) کو (اگر کوئی ہے تو) آڈٹ شدہ مالیاتی گوشواروں میں مکمل طور پر ظاہر کیا گیا ہے۔ تفصیلات کے لیے نوٹ 17.1، 17.2 اور 18 ملاحظہ کیجیے۔

j. کمیٹی کے انٹرئل کنٹرول (اندرونی معاملات کی نگرانی) کے نظام اور اس کی موثریت کا جائزہ لینے کی حتمی ذمہ داری بورڈ آف ڈائریکٹرز کی ہے۔ بورڈ نے اپنی مجموعی ذمہ داری قائم رکھتے ہوئے انٹرئل کنٹرولز کے نظام سے تفصیلی خاکے اور اس پر عمل درآمد کو چیف ایگزیکٹو کو تنویض کر دیا ہے۔ کمیٹی کے انٹرئل کنٹرولز کا نظام گورننس کی واضح ساخت، اختیارات کی حدود اور احتسابات، واضح پالیسیوں اور طریقوں پر مشتمل ہے۔ کمیٹی کی مالیاتی کارکردگی، مالیاتی اور آپریٹنگ بجٹوں، کاروباری اور ترقیاتی منصوبوں، کنٹرول اخراجات کی تجاویز، اور کارکردگی کی دیگر کلیدی علامات کا جائزہ لینے کے لیے بورڈ کی سہ ماہیہ بنیادوں پر اجلاس ہوتا ہے۔ آڈٹ کمیٹی کو بیرونی اور اندرونی آڈیٹرز سے انٹرئل فنانسئل کنٹرولز کے نظام کی رپورٹ موصول ہوتی ہے اور وہ اس کا جائزہ لیتی ہے تاکہ انٹرئل کنٹرولز کی موثریت کی نگرانی کر سکے۔

k. 30 جون 2022 کو کمیٹی، کوڈ کے ریگولیشن نمبر 19 کے مطابق ڈائریکٹرز ٹینک پروگرام کی شرائط پر تعمیل پورا ہے۔

l. بورڈ آف ڈائریکٹرز نے 14 ستمبر 2018 کو، منصفانہ 144 ویں اجلاس میں ڈائریکٹرز ریسرچ اینڈ انویسٹمنٹس (پالیسی) (پالیسی) کو منظور کیا۔ پالیسی کی بنیادی نکات درج ذیل ہیں:

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

(ii) بورڈ کا نائب چیئر مین اضافی ذمہ داریوں، جن کو ملحق آڈٹ شدہ مالیاتی گوشواروں (نوٹ 30 ملاحظہ فرمائیے) میں ظاہر کیا گیا ہے، کی بدولت کچھ مخصوص مراعات اور اختیارات کا حقدار ہے؛

(iii) کسی بھی ایگزیکٹو ڈائریکٹر کو اضافی خدمات کا معاوضہ نہیں دیا جائے گا۔ تاہم اگر کوئی نان ایگزیکٹو ڈائریکٹر کوئی خصوصی خدمات دیتا ہے تو بورڈ اس کا معاوضہ پہلے سے طے کرے گا، اور مکمل

حاضری (کوزم) کی عدم موجودگی کی صورت میں کمیٹی کے ارکان کے عمومی اجلاس میں ملے کیا جائے گا۔

ڈائریکٹر رپورٹ

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

	30 جون 2021ء	30 جون 2022ء	
درجہ بندی کرنے والی ایجنسی	استحکام کی درجہ بندی		
پاکستان کیش منیجمنٹ فنڈ	AA + (f)	AA + (f)	پاکرا A
پاکستان انکم فنڈ	A + (f)	AA - (f)	پاکرا A
ایم سی بی پاکستان Sovereign فنڈ	AA - (f)	AA - (f)	پاکرا A
پاکستان انکم انویسٹمنٹ فنڈ	A + (f)	A + (f)	پاکرا
ایم سی بی ڈی سی ایف انکم فنڈ	AA - (f)	AA - (f)	پاکرا A
ایم سی بی کیش منیجمنٹ آپٹیمائزر	AA + (f)	AA + (f)	پاکرا A
انہراء اسلامک انکم فنڈ	AA - (f)	AA - (f)	پاکرا A
انہراء ڈی بی ڈی پیڈ فنڈ	AA - (f)	AA - (f)	پاکرا A
انہراء اسلامک منی مارکیٹ فنڈ	AA (f)	AA + (f)	پاکرا A

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

ہولڈنگ کمپنی

ایم سی بی عارف صیب سیونگ انڈیا انویسٹمنٹس لمیٹڈ کی parent کمپنی ایم سی بی بینک لمیٹڈ ہے جو کمپنی کے 51.33 فیصد واجب الاداء عمومی حصص کی حامل ہے۔

کارپوریٹ گورننس

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

4 Non ایگزیکٹو ڈائریکٹرز؛

3 خود مختار ڈائریکٹرز؛ اور

1 ایگزیکٹو ڈائریکٹر (CEO)

ڈائریکٹر رپورٹ

(مالی سال 2021: 188.19 ملین روپے)۔ بنیادی محصولات میں اضافے کے باوجود سرمایہ کاری پر منفی منافع ٹیکس سے قبل خالص منافع میں کمی کا باعث بنا جو کہ 293.6 ملین روپے پر یکاڑ کیا گیا (مالی سال 2021: 484.7 ملین روپے) اور ٹیکس کے بعد خالص منافع 173.4 ملین روپے (مالی سال 2021: 376.4 ملین روپے)۔ 15% سے زیادہ سود کی پیداوار اور مالی سال 2023ء میں اسٹاک ایکسچینج کی بہتر کارکردگی کے ساتھ ہم توقع کرتے ہیں کہ زیر انتظام اثاثے مزید بڑھیں گے اور آمدنی میں اضافہ اور منافع میں حصہ ڈالیں گے۔

30 جون 2022 کو ختم ہونے والے موجودہ مالی سال کی فی شیئر آمدنی 2.41 روپے ہے۔ جو 30 جون 2021 کو ختم ہونے والے پچھلے مالی سال میں 5.23 فی شیئر تھی۔

بورڈ نے 30 جون 2022 کو ختم ہونے والے سال کے لئے فائل ڈویڈنڈ 10 فیصد (1 روپے فی حصص) تجویز کیا ہے جبکہ 30 جون 2021 کو ختم ہونے والے سال کا فائل ڈویڈنڈ 27.5 فیصد (2.75 روپے فی حصص) تھا یہ عبوری ڈویڈنڈ 20 فیصد (2 روپے فی حصص) کے علاوہ ہے (مالی سال 2021: 22.5 فیصد (2.25 روپے فی حصص))۔

کمپنی کے بورڈ آف ڈائریکٹرز کی مجموعی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ کمپنی کا اندرونی مالیاتی کنٹرول کا انتظام کافی ہے اور موثر طریقے سے کام کر رہا ہے۔

منٹیشن فنڈز میں ملازمین کی سرمایہ کاری کی مالیت 31.77 روپے ہے (30 جون 2021 کو ختم ہونے والے سال کیلئے 27.28 ملین روپے) تھا۔

بنیادی خطرات اور غیر یقینی عناصر

اثاثہ جات تحت الانتظامیہ (اے یو ایم) نے، جو اثاثہ جاتی انتظام کی صنعت میں شررگ کی حیثیت رکھتی ہے، مالی سال 2022ء میں اُمید افزا ترقی کا مظاہرہ کیا اور 1.25 ٹریلین روپے سے سہقت لے گئے۔ اس کا تعلق کووڈ 19 کے باعث کارپوریٹ اداروں کے کاروباری خطرات سے احتراز کے ساتھ ساتھ اثاثہ جاتی انتظام کی کمپنیوں کی جانب سے پیدا کردہ آگاہی سے ہے۔ کارپوریٹ ٹیکسز چونکہ مالیاتی اعتبار سے آگاہی کا حامل شعبہ ہے اس لئے عوام الناس کی نسبت میوچل فنڈز سرمایہ کاری کی جانب زیادہ مائل ہے۔ بھرپور مسابقت والی اس صنعت کی طرف لوگوں کو مائل کرنے کے لئے اثاثہ جاتی انتظام کی کمپنیوں (اے ایم سی) نے زیادہ سے زیادہ آن لائن اور موہل حل متعارف کرانے کا سلسلہ جاری رکھا۔ تاہم اس نوعیت کی انٹرنیٹ پر مبنی خدمات میں ہیکنگ اور سائبر حملوں کا خطرہ رہتا ہے۔ ان اقدامات کو شروع کرنے اور چلانے میں خطیر لاگت آتی ہے، جبکہ بھرپور منافع کی مانگ کے باعث منجھٹ فیس میں اضافہ ممکن نہیں ہو پا رہا ہے۔ چنانچہ اے ایم سی کی آمدنی پر دباؤ پڑنے کا سلسلہ بدستور قائم ہے۔ اخراجات پورے کرنے اور منافع بخش ہونے کا واحد حل اثاثہ جات تحت الانتظامیہ (اے یو ایم) میں اضافہ ہے۔

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

کارپوریٹ سماجی اور ماحول پر اثر

ماحول کو بچانے اور ملک کی بہتری کے لیے اپنا کردار ادا کرنے کے لیے، کمپنی نے "Conserve To Preserve" مہم شروع کی۔ توانائی اور ایندھن کی بڑھتی ہوئی قیمتوں کو مد نظر رکھتے ہوئے، ہم نے اپنی زیادہ سے زیادہ افرادی قوت کو گھر سے کام کرنے کی اجازت دی۔ اس سے ملازمین کو نہ صرف اپنے سفری اخراجات میں بچت ہوتی ہے بلکہ ماحول کو بچانے میں بھی مدد ملتی ہے۔

اثاثہ جاتی انتظام کی درجہ بندی

کمپنی نے AM1 کی اعلیٰ ترین اثاثہ منیجر کی درجہ بندی برقرار رکھی۔ یہ درجہ بندی اثاثہ منیجرز میں سے ایک کے طور پر کمپنی کی پوزیشن کی عکاسی کرتی ہے، جو مضبوط کنٹرول ماحول، ساختہ سرمایہ کاری کے عمل، گلد کوئٹس فریم ورک اور اعلیٰ انتظامی ٹیم سے بھرپور تعاون یافتہ ہے۔

ڈائریکٹرز رپورٹ

کی جاتی چاہیے جو اپنی اندرونی قدر میں بھرپور کمی پر تجارت کرتی ہیں۔ موجودہ طور پر مارکیٹ میں $4.7x$ کے PER پر تجارت ہو رہی ہے جبکہ ڈی بی پی کی سطح 9.5 فیصد پر ہے۔
حاصلین قرض کے لیے ہم توقع کرتے ہیں کہ بازارز کے فنڈ سال بھر بلا رکاوٹ پالیسی شرحوں کی عکاسی جاری رکھیں گے۔ دوسری جانب حکومتی پابند زمتوقع پیداواری فہم میں شامل ہو چکے ہیں۔ ہم بانڈز کے منافع جات کی موجودہ سطحوں پر مضابط ہیں اور ڈیٹا پائپلنٹس کی نگرانی جاری رکھیں گے تاکہ مواقع سے فائدہ اٹھایا جاسکے۔

میوہل فنڈ صنعت کا جائزہ

اوپن اینڈ میوہل فنڈ صنعت کے net اثاثہ جات مالی سال 2022ء کے دوران تقریباً 19.2 فیصد بڑھ کر 1,214 بلین روپے ہو گئے۔ Money مارکیٹ کی مجموعی فنڈز میں جون 2021ء سے اب تک تقریباً 43.8 فیصد اضافہ ہوا ہے۔ Money مارکیٹ کے دائرہ کار میں روایتی فنڈز حاوی رہے کیونکہ تقریباً 56.4 فیصد بڑھ کر 446 بلین روپے ہو گئے، جبکہ اسلامک فنڈز 24.1 فیصد بڑھ کر 225 بلین روپے ہو گئے۔ مزید برآں، مجموعی گلسڈ آفم فنڈز میں جون 2021ء سے اب تک تقریباً 21.9 فیصد اضافہ ہوا کیونکہ روایتی آفم فنڈز 27.9 فیصد بڑھ کر 161 بلین روپے ہو گئے۔ ایکویٹی اور متعلقہ فنڈز 23.1 فیصد کم ہو گئے جس کی وجہ مالی سال 2022ء میں مارکیٹ میں انحطاط اور اثاثہ جات تحت الانتظامیہ میں کمی ہے کیونکہ مجموعی معاشی و جغرافیائی سیاسی عوامل سے متعلق خدشات سرمایہ کاروں کی حوصلہ شکنی کا سبب بنے۔

شعبہ جاتی اعتبار سے مالی سال 2022ء کے اختتام پر Money مارکیٹ فنڈز تقریباً 55.3 فیصد حصے کے ساتھ سب سے آگے تھے، جبکہ دوسرے نمبر پر آفم فنڈز تھے جن کا 24.6 فیصد حصہ تھا، اور تیسرے نمبر پر ایکویٹی فنڈز اور متعلقہ فنڈز تھے جن کا 18.9 فیصد حصہ تھا۔

میوہل فنڈ کی صنعت کے مستقبل کا منظر

سود کی شرحوں میں اضافے سے Money مارکیٹ فنڈز میں آمدورفت کی حوصلہ افزائی ہوگی۔ فنانس ایکٹ 2023ء میں حالیہ تبدیلیوں سے بھی سرمایہ کاروں کو ترغیب ملے گی کہ وہ میوہل فنڈز کے ذریعے بچت اور سرمایہ کاری کریں۔ گلسڈ آفم فنڈز میں رائج الوقت تقریباً 15 فیصد منافع جات ایسے سرمایہ کاروں کے لیے موزوں ترین ہیں جو مختصر میعاد میں رہنا چاہتے ہیں اور زیادہ خطرہ مول لینا نہیں چاہتے۔ تاہم اسٹاک کی قیمتوں میں حالیہ تصحیح نے تعینات قدر کو مل دی ہیں اور طویل المیعاد سرمایہ کار ان پُرکشش سطحوں پر ایکویٹی میں مزید پیسہ لگانا چاہیں گے۔ ہمارے آپریشنز بلا رکاوٹ جاری رہے، اور ڈیجیٹل رسائی اور آن لائن سہولیات میں بھرپور سرمایہ کاری کے نتیجے میں ہمیں جو بہت حاصل ہے اس کی بدولت ہم آن لائن کام کرنے والے سرمایہ کاروں کی بڑھتی ہوئی تعداد سے استفادہ کر سکتے ہیں۔

کمپنی کی کارکردگی کا جائزہ

سال کے دوران پاکستان کی معیشت کو متعدد چیلنجز کا سامنا کرنا پڑا جن میں اشیاء کی عالمی قیمتوں اور بلند افراط زر شامل ہیں۔ عالمی رجحانات کے مطابق گھریلو توانائی اور دھات کی قیمتوں میں نمایاں اضافہ ہوا۔ کوڈ 19 کا اثر مالی سال 2021-2022ء میں رہا جس نے کمپنی کی پاکستان میں AMC سرمایہ کاری کی خدمات کے فن تعمیر کو کافی شکل دینے کے لئے درکار ڈیجیٹل اپنانے میں تیزی لانے کی ضرورت کو مزید بڑھا دیا ہے۔ اعلیٰ درجے کی ای سرمایہ کاری کی راہوں کو اپنانے سے تخفیف شدہ صارفین کے بہتر تجربہ کی حمایت کے لئے تبدیلی ضروری ہے۔ ہمجدید اور کسٹمر سینٹرک سلوشنز کے اجرا واء بھرتی ہوئی مکارکیٹوں میں رسائی ڈیجیٹل راسے اپنانے اور لاگت کے انتظام کی موثر تکنیکوں کو شامل کرنے پر مرکوز اقدامات کے ذریعے مارکیٹ کی پوزیشن کو آگے بڑھاتے رہیں گے۔

گاہک کی مرکزیت کو آگے بڑھانا اگلے سال کے لئے توجہ کا ایک اہم شعبہ رہے گا۔ ہم ایک متنوع مالیاتی ادارے کے طور پر ایک مضبوط ورثے اور مضبوط ساکھ کے ساتھ اپنی منفرد پوزیشن کو برقرار رکھنے کے لئے پرعزم ہیں اور ہمارے معزز صارفین کی ضروریات کو پورا کرنے کے لئے تیار کردہ پروڈکٹس کے ذریعے افزودہ خدمات کی پیشکش اور لہذا کمپنی کو اس قابل بناتا ہے کہ وہ اپنے Aums کی بنیاد کو کئی گنا بڑھا سکے۔

ہم اپنے قابل قدر گاہکوں کی وفاداری اور مطمئنان کا اندازہ لگانے کیلئے نیٹ پروموزسکور (NPS) کو بطور میٹرک استعمال کرتے ہیں 30 جون 2022 کو ختم ہونے والے مالی سال کے اختتام پر ہمارا NPS 45% رہا۔ ہم نے سال کا آغاز 8% کے NPS کے ساتھ کیا تھا اور سال کے دوران 37% کا اضافہ اس حقیقت کا ثبوت ہے کہ ہماری کوششیں صارفین کے بہتر تجربے میں ترجمہ کر رہی ہیں۔

سال کے دوران کمپنی کے AUMs 21 فیصد اضافے کے ساتھ 155 بلین روپے سے بڑھ کر 187 بلین روپے ہو گئے جس کے نتیجے میں کمپنی کی بنیادی آمدنی میں 97 بلین روپے سے زیادہ کا اضافہ ہوا۔ اور مالی سال 2021ء میں 752 بلین روپے کے مقابلے میں کمپنی نے مجموعی منجمنٹ/سرمایہ کاری ایڈوائزر فیس مالی سال 2022ء میں 850 بلین روپے پر یکا روڈ کی۔ سال کے دوران سرمایہ کاری کی آمدنی نے خالص آمدنی میں منفی کردار ادا کیا کمپنی نے ایکویٹی پر مبنی فنڈز میں نمایاں سرمایہ کاری کی تھی اور کے ایس ای 100 انڈیکس نے مالی سال 2021 کے 37.58 فیصد کے مقابلے میں اس سال منفی 12.28 فیصد ریزن حاصل کیا۔ اس لئے مالی سال 2022 میں سرمایہ کاری کی آمدنی میں 221 بلین روپے کی کمی واقع ہوئی۔ اور سال کے دوران کمپنی کو سرمایہ کاری میں 32.61 ملین روپے کا نقصان ہوا

ڈائریکٹر رپورٹ

ایکویٹی مارکیٹ کا جائزہ

مالی سال 2021ء میں 38 فیصد بھر پور منافع پوسٹ کرنے کے بعد بیج مارک KSE-100 انڈیکس میں مالی سال 2022ء میں 12.3 فیصد چھج ہوئی اور 5,815 پوائنٹس کم ہو کر اختتام سال پر 41,541 پوائنٹس تھا۔ بازار سال بھر غیر مستحکم رہا لیکن مالی سال کی نصف آخر میں مسلسل کا شکار رہا کیونکہ روس یوکرین جنگ کے باعث متعدد مجموعی معاشیاتی اشارے مزید بگڑ گئے جس سے خارجی اکاؤنٹ کی صورتحال پر تشویش میں اضافہ ہو گیا۔

بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے، تیزی سے گھٹتے ہوئے ذخائر (روپے کا پوسٹ ترین سطح تک پہنچنا یعنی 211 روپے فی ڈالر) Moody's کا پاکستان کے مستقبل کے منظر نامے کی درجہ بندی میں کمی کرنا اور آئی ایم ایف کے چھٹے اور ساتویں جائزے میں تاخیر سے سرمایہ کاروں میں دہالیہ ہونے کی تشویش پیدا ہو گئی۔ علاوہ ازیں، عالمی سطح پر اشیاء کی super cycle کے باعث پیدا ہونے والی بلند مہنگائی کا ماحول، روپے کی قدر میں کمی اور سود کی بڑھتی ہوئی شرحوں نے سرمایہ کاروں کی پریکٹیسوں میں مزید اضافہ کیا۔ مزید برآں، بجٹ بھی مارکیٹ کے لیے منفی واقعہ ثابت ہوا جس میں تکلیف دہ لیکن ضروری اقدامات کیے گئے تاکہ آئی ایم ایف کی سمت کے مطابق آمدنی کے حصول میں بہتری آئے اور اخراجات پر قابو پایا جاسکے۔

دوران سال کساد اور کمیکل کارکردگی میں سبقت لے جانے والے شعبے تھے جنہوں نے پلٹریب 13.9 فیصد اور 6.1 فیصد منافع پوسٹ کیا۔ اس کے برعکس سینٹ کز ورتین کارکردگی کا مظاہرہ کرنے والا شعبہ تھا جس نے 43.8 فیصد منفی منافع پوسٹ کیا اور اس کی وجہ کوئٹہ کی بڑھتی ہوئی بین الاقوامی قیمتیں تھیں (YoY +189 فیصد کے نتیجے میں 332 ڈالر فی ٹن)۔ مالی سال 2022ء کے دوران اوسط تجارتی حجم اور قدر میں پلٹریب 45 فیصد (291 ملین حصص) کی اور 54 فیصد (55 ملین ڈالر) ہوئی۔

دوران سال MSCI نے پاکستان کی درجہ بندی کو امریکہ مارکیٹس انڈیکس سے تبدیل کر کے غیر مارکیٹس انڈیکس کر دیا۔ اس کے نتیجے میں غیر ملکی سرمایہ کاروں نے 298 ملین ڈالر مالیت کی ایکویٹیز نکال لیں۔ جسکے بڑے خریدار افراد اور اداروں کے بعد بینک یا DFIs تھے جنہوں نے پلٹریب 157 ملین ڈالر کی مالیت کے حصص اور 115 ملین ڈالر کے حصص خریدے۔

معیشت اور مارکیٹ - مستقبل کا منظر نامہ

حکومت نے متعدد دخت فیصلے کیے ہیں بشمول پٹرول، بجلی اور گیس کی قیمتوں میں اضافہ، تاکہ آئی ایم ایف کی شرائط پوری کی جاسکیں۔ علاوہ ازیں، سود کی شرح کو بڑھا کر 15 فیصد کیا ہے اور مالی سال 2023ء کے بجٹ میں تبدیلیاں کی ہیں تاکہ مالی سال 2023ء میں بنیادی مالیاتی surplus کو بچا جاسکے۔ ان اقدامات کے نتیجے میں آئی ایم ایف کے ساتھ اسٹاف سطح کا ایک کامیاب معاہدہ ہو گیا ہے جس کے بعد ایکٹو فیڈ فیڈ فیڈ (ای ای ایف ایف) کے مشترکہ ساتویں اور آٹھویں جائزے کے تحت فنڈ سے 1.2 بلین ڈالر کے اجراء کی راہیں ہموار ہوں گی۔ مزید برآں، حکومت آئی ایم ایف کو اس بات کے لیے قائل کرنے میں کامیاب ہوئی ہے کہ فنڈنگ کم 1 بلین ڈالر سے 7 بلین ڈالر کیا جائے اور ستمبر 2022ء کی بجائے جون 2023ء تک مدت کے توسیع کی جائے۔ آئی ایم ایف پروگرام سے خارجی اکاؤنٹ مستحکم ہو گا اور پالیسی سازوں کو درکار مختصر مدت میں بلا رکاوٹ مالیاتی نظم و ضبط اور پیکٹ شدہ تجارتی اکاؤنٹ پالیسیوں اور طویل مدت میں قابل ترقی کے لیے معاشی پالیسیوں پر ارتکاز توجہ کے لیے راہ فراہم ہوگی۔

پاکستان کی مجموعی ملکی پیداوار (جی ڈی پی) مالی سال 2022ء میں 6.0 فیصد تھی۔ زرعی، صنعتی اور خدمات کے شعبوں نے پلٹریب 4.4 فیصد، 7.2 فیصد اور 6.2 فیصد ترقی کی۔ تاہم ہم سمجھتے ہیں کہ مالی سال 2023ء میں جی ڈی پی کی ترقی میں 2.5 سے 3.0 فیصد تک کی بڑی کمی آئے گی۔ مالیاتی سختی اور روپے کی قدر میں کمی کے نتیجے میں معیشت میں سست رفتاری آئے گی اور اس کا اثر صنعتی ترقی پر پڑے گا۔ مزید برآں حکومت درآدات میں کمی پر توجہ مرکوز کر رہی ہے تاکہ کرنٹ اکاؤنٹ خسارہ کم کیا جاسکے جس سے خدمات کے شعبے کی ترقی متاثر ہوگی۔

بین الاقوامی اشیاء اپنی حالیہ بلندی سے نیچے آگئی ہیں لیکن توانائی کی قیمتیں بلندی پر ڈٹی ہوئی ہیں۔ ہم امید کرتے ہیں کہ حکومت درآدات پر مضبوط لگام دے کر رکھے گی اور ڈالر کے غیر ضروری خارجی بہاؤ کی حوصلہ شکنی کرے گی۔ درآدات متوقع طور پر 14 فیصد YoY کم ہو کر 63 بلین ڈالر ہو جائیں گی کیونکہ ہم دیکھیں گے کہ معیشت کے متعدد شعبوں کے حجم سٹو جائیں گے۔ چنانچہ ہمیں امید ہے کہ مالی سال 2023ء میں کرنٹ اکاؤنٹ خسارہ 7.6 بلین ڈالر (جی ڈی پی کا 2.0 فیصد) کم ہوگا جبکہ اس کے مقابلہ میں مالی سال 2022ء میں متوقع کرنٹ اکاؤنٹ خسارہ 16.5 بلین ڈالر (جی ڈی پی کا 4.2 فیصد) تھا۔

آئی ایم ایف پروگرام کی کامیابی مالیاتی اکاؤنٹ کو مثبت حدود میں رکھنے کے لیے کلیدی شرط ہوگی، اور ہم دوست ممالک سے فنڈنگ کے منتظر بھی ہیں۔ باقاعدگی کے ساتھ ہونے والی ترسیلات اور اس کے ساتھ ساتھ دوطرفہ اور کثیر الجہتی بہاؤ بھی ہماری خارجی صورتحال کو سنبھالنے میں اہم کردار ادا کریں گے۔ ڈالر اور روپے کی تجارت 225-230 کی حدود میں ہو رہی ہے جس کی وجہ متوقع سیاسی غیر یقینی حالات اور آئی ایم ایف کی قسط میں تاخیر ہے۔ ہم سمجھتے ہیں کہ آئی ایم ایف کی قسط کے اجراء اور دوست ممالک سے حصول کے بعد روپے کی قدر بحال ہوگی۔ تاہم مالی سال کے اختتام تک روپے کی ڈالر کے مقابلے میں قدر میں متوقع طور پر کمی آئے گی اور یہ 235 تک پہنچ سکتا ہے۔

جی ڈی پی اپنی پہلی مہنگائی جون 2022ء کے لیے 21.3 فیصد کی سطح پر تھی جس کی وجہ پٹرول اور بجلی کی قیمتوں میں اضافہ تھا کیونکہ سابقہ حکومت کے اعلان کردہ امدادی اقدامات روک دیئے گئے۔ ہم روپے کی قدر میں کمی کے اثر کا دوسرا دور دیکھیں گے اور پٹرول کی قیمت میں اضافہ بھی ہوگا جس کے باعث سال کے بقیہ حصے میں مہنگائی بلند رہے گی۔ مالی سال 2023ء میں مہنگائی کا اوسط 21.8 فیصد متوقع ہے۔ ایس بی پی نے پالیسی شرح کو بڑھا کر 15 فیصد کر دیا تاکہ مجموعی مانگ کی رفتار اور مہنگائی کے دباؤ میں کمی لائی جاسکے۔ سود کی شرحوں میں غیر ضروری بلند سطح تک اضافے سے مالیاتی صورتحال متاثر ہوتی ہے اور cost-push مہنگائی کو قابو کرنے میں کوئی قابل ذکر مدد نہیں ملتی۔ چنانچہ ہم امید کرتے ہیں کہ ایس بی پی اپنی منفی شرح سود پر قرار رکھنے کے ذریعے مالیاتی سختی اور لاگتوں کو متوازن کرے گا۔

کمیونل مارکیٹ، خصوصاً ایکویٹیز، کے نقطہ نظر سے اسٹاک کی قیمتوں میں بھی سے تعین قدر مزید کھل گئی ہے۔ مارکیٹ نے شرح سود میں اضافے اور روپے کی قدر میں کمی کو مد نظر رکھا ہے۔ مارکیٹ cap جی ڈی پی کے ساتھ تناسب کم ہو کر 10.1 فیصد ہو گیا ہے جو اس کے تاریخی اوسط سے 52 فیصد کی ہے۔ اسی طرح، خطرات کے پریئم 8.3 فیصد کے قریب ہیں، اور ان کے تاریخی اوسط 2.2 فیصد سے موازنہ کرنے پر اس بھر پور کمی کا پتہ چلتا ہے جس پر مارکیٹ میں تجارت ہو رہی ہے۔ ہم سمجھتے ہیں کہ اسٹاک اور شعبہ جات کا مجموعی تاظر اہم رہے گا اور سرمایہ کاری کے انتخاب کے لیے ان کھینچ پرتوجہ مرکوز

ڈائریکٹر رپورٹ

ایم سی بی عارف حبیب سیونگزنڈ انویسٹمنٹس لمیٹڈ (ایم سی بی ای ایچ) کے بورڈ آف ڈائریکٹرز کی جانب سے ایم سی بی ای ایچ کے معاملات برائے سال محترمہ 30 جون 2022ء کی رپورٹ پیش خدمت ہے۔

بنیادی کاروبار

کمپنی ایک غیر بینکاری مالیاتی ادارہ ہے جو بینکاری اینڈ انشورنس کمیشن آف پاکستان کے قانونی دائرہ کار کے تحت اثاثہ جاتی انتظام کی کمپنی، سرمایہ کاری، ہشیر اور عیش فائدہ منظم کے طور پر لائسنس شدہ ہے۔

کاروبار کا ماحول

معیشت اور بازار کا جائزہ

مالی سال 2022ء پاکستان کے لیے مشکل سال رہا کیونکہ ملک کو مجموعی معاشیاتی جہت میں متعدد چیلنج درپیش رہے اور ساتھ ساتھ سیاسی صورتحال بھی غیر یقینی رہی۔ اگرچہ معیشت نے کووڈ چیلنج کا بہتر انداز میں مقابلہ کیا لیکن عالمی معیشتوں کی بحالی اور نجی ریسرچ رسد میں رکاوٹوں کے باعث عالمی سطح پر اشیاء کی قیمتوں میں اضافہ ہوا جس سے تجارتی خسارے پر دباؤ میں بھی اضافہ ہوا۔ روس یوکرین جنگ کے نتیجے میں اشیاء کی قیمتیں مزید بڑھ گئیں جس کے باعث دوران سال اب تک کے سب سے بڑے درآمداتی بل نے پہلے سے پھیلتے ہوئے تجارتی خسارے کو مزید متاثر کیا۔ توانائی اور اشیائے خورد و نوش کی قیمتوں میں اضافے کے ساتھ ساتھ زرمبادلہ کی کمزور شرح کے نتیجے میں مقامی سطح پر مہنگائی میں تیزی سے اضافہ ہوا۔ اشیاء کی قیمتوں سے ہونے والی مہنگائی کے رجحانات بھی عالمی معیشتوں میں واضح نظر آئے، خصوصاً امریکا اور یورپی نئے میں، اور اس کے نتیجے میں ہونے والی مالیاتی سختی کے باعث وسیع تر کساد بازاری کا خوف پیدا ہو گیا ہے۔

پاکستان کی معیشت پہلے ہی مجموعی معاشیاتی چیلنجوں سے نہرو آ رہی تھی اور سیاسی افراتفری نے حالات میں مزید بگاڑ پیدا کر دیا۔ بڑھتی ہوئی سیاسی لہجیل کے نتیجے میں عوامی سطح کے اقدامات کیے گئے، مثلاً ایندھن اور بجلی کی سبسڈیز، جس سے مطلوبہ مالیاتی ترامیم کا مشکل ہو گیا۔ علاوہ ازیں، ملکی قیادت میں غیر متوقع تبدیلی اور اس سے پیدا ہونے والی سیاسی غیر یقینی صورتحال کے نتیجے میں آئی ایم ایف پروگرام کے لیے درکار پالیسی اقدامات اور ترامیم میں تاخیر ہوئی۔

مالی سال 2022ء کے ابتدائی گیارہ ماہ میں ملک کا CAD یعنی کرنٹ اکاؤنٹ خسارہ 15.2 بلین ڈالر تھا جبکہ گزشتہ سال مائش مدت میں 1.1 بلین ڈالر تھا۔ یہ مالی سال 2018ء کے ابتدائی گیارہ ماہ میں ہونے والے 15.9 CAD بلین ڈالر کے بعد اب تک کا سب سے بڑا خسارہ تھا۔ اس خسارے کی بنیادی وجہ مالی سال 2022ء کے ابتدائی گیارہ ماہ میں درآمدات میں 36.5 فیصد اضافہ تھا جبکہ اس کے بالمقابل برآمدات میں اضافہ 26.7 فیصد تھا۔ تجارتی خسارہ 45.5 فیصد بڑھ کر 36.1 بلین ڈالر ہو گیا جبکہ گزشتہ سال مائش مدت میں 24.8 بلین ڈالر تھا۔ درآمدات میں اس بے قابو اضافے کی بنیادی وجہ ہماری اشیاء کے دائرہ کار بشمول خام مل، پامیل اور کھانے کی تاریخی بلند قیمتیں اور اس کے ساتھ ساتھ یکپارہ یکسین درآمدات تھی۔

مالی سال 2022ء میں مرکزی بینک کے زرمبادلہ کے ذخائر میں 7.4 بلین ڈالر کی کمی ہوئی جس کی وجہ کرنٹ اکاؤنٹ خسارہ اور قرضوں کی ادائیگیوں میں اضافہ ہے۔ علاوہ ازیں، آئی ایم ایف پروگرام میں تاخیر کے نتیجے میں دیگر غیر ملکی آمدات سے رفتاری کا شکار ہو گئیں اور اس کے باعث زرمبادلہ کے ذخائر کم ہو کر 9.8 بلین ڈالر ہو گئے جس کا مطلب 1.7 ماہ کا درآمداتی cover بننا ہے۔ اس اخراجی بہاؤ اور اس کے ساتھ ساتھ پھیلتے ہوئے کرنٹ اکاؤنٹ خسارے کے نتیجے میں مالی سال کے آغاز سے لے کر اب تک روپیہ ڈالر کے مقابلے میں 23.0 فیصد کمزور ہو گیا۔

مہنگائی بے حد تشویشناک رہی کیونکہ اشیاء کی بڑھتی ہوئی قیمتوں نے پالیسی سازوں کے لیے متعدد چیلنج پیدا کرنے کا سلسلہ جاری رکھا۔ ہیڈ لائن مہنگائی، جس کی ترجمانی CPI سے ہوتی ہے، کا اوسط مالی سال 2022ء میں 12.1 فیصد تھا جبکہ مالی سال 2021ء میں 8.9 فیصد تھا۔ اس اضافے کی بنیادی وجہ اشیائے خورد و نوش کی قیمتوں میں اضافہ، توانائی (بجلی اور ایندھن، دونوں) کی لاگتوں میں اضافہ، اور روپے کی قدر میں کمی کا دوسرا ذریعہ، جس کے باعث درآمد شدہ اشیاء کی قیمتیں بلند رہیں۔ بنیادی مہنگائی، جس کی پیمائش اشیائے خورد و نوش اور توانائی کے علاوہ سے ہوتی ہے، میں بھی اضافے کا رجحان نظر آیا اور جون 2022ء میں 12.3 فیصد اضافہ ہوا جبکہ جون 2021ء میں 6.9 فیصد تھا۔ اگلے مالی سال میں 20 فیصد سے زائد کی توقعات کے ساتھ ساتھ کمزور مالیاتی ڈھانچے کے نتیجے میں SBP نے پالیسی شرح میں زبردستی سال میں مجموعی طور پر 625 بیسیس پوائنٹس (bps) کا اضافہ کر کے اسے 13.75 فیصد کر دیا تاکہ مہنگائی کے دباؤ کا مقابلہ کیا جاسکے اور مجموعی طور پر ملکی مانگ کی رفتار میں کمی لائی جاسکے۔ جولائی 2022ء میں SBP نے پالیسی شرح میں مزید 125 bps کا اضافہ کر کے اسے 15 فیصد کر دیا۔

مالیاتی جہت میں ایف بی آر کی ٹیکس وصولی مالی سال 2022ء میں 29.1 فیصد بڑھ کر 6,125 بلین روپے ہوئی جبکہ گزشتہ سال مائش مدت کے دوران 4,744 بلین روپے تھی۔ یہ جہ سے 25 بلین زائد تھا۔ ٹیکس وصولی میں بہتری کی بنیادی وجہ درآمدات میں اضافے کی بدولت کسٹمز دیوٹی میں اضافہ اور زیادہ سیلز ٹیکس کی وصولی ہے۔

دوسری بات یہ کہ بازاروں کے منافع میں مالی سال 2022ء میں قابل ذکر اضافہ ہوا ہے کیونکہ SBP نے مالیاتی سختی کا پتھر شروع کر دیا تھا۔ روپے کی قدر میں کمی کے ساتھ ساتھ توانائی کی مسلسل بلند قیمتوں سے مہنگائی پر دباؤ میں اضافہ ہوگا، اور ہماری توقع کے مطابق مہنگائی کا اوسط درمیانی مدت میں بلند رہے گا۔ تین سالہ، پانچ سالہ اور دس سالہ بانڈز کے منافعوں میں دوران مدت یا ترتیب 4.5 فیصد، 3.4 فیصد اور 3.0 فیصد اضافہ ہوا۔

**PATTERN OF SHAREHOLING
AS AT JUNE 30, 2022**

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MR. NASIM BEG	4	29,822	0.04
MR. MUHAMMAD SAQIB SALEEM	1	500	0.00
MIRZA QAMAR BEG	1	500	0.00
MRS. MAVRA ADIL KHAN	1	100	0.00
SYED SAVAIL MEEKAL HUSSAIN	1	500	0.00
HAROUN RASHID	1	500	0.00
AHMED JAHANGIR	1	500	0.00
MOHAMMAD KASHIF	1	4	0.00
Associated Companies, undertakings and related parties			
MCB BANK LIMITED - TREASURY	1	36,956,768	51.33
ARIF HABIB CORPORATION LIMITED	1	21,664,167	30.09
ADAMJEE INSURANCE COMPANY LIMITED	1	5,462,000	7.59
NIT and ICP	-	-	-
Banks Development Financial Institutions, Non-Banking Financial Institutions	1	70	0.00
Insurance Companies	-	-	-
Modarabas and Mutual Funds	3	2,158,500	3.00
General Public			
a. Local	798	2,623,713	3.64
b. Foreign	10	6,570	0.01
Foreign Companies	1	2,036,500	2.83
Others	16	1,059,286	1.47
Totals	843	72,000,000	100.00

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

**PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2022**

# Of Shareholders	Shareholdings'Slab			Total Shares Held
256	1	To	100	4,818
132	101	To	500	46,965
196	501	To	1000	136,436
173	1001	To	5000	378,989
34	5001	To	10000	267,416
15	10001	To	15000	187,401
6	15001	To	20000	109,522
5	20001	To	25000	110,438
2	25001	To	30000	56,000
2	30001	To	35000	61,500
1	35001	To	40000	38,500
1	45001	To	50000	50,000
2	50001	To	55000	106,400
2	55001	To	60000	116,800
1	65001	To	70000	66,500
1	75001	To	80000	77,880
1	90001	To	95000	92,000
1	135001	To	140000	140,000
1	155001	To	160000	157,000
1	165001	To	170000	169,000
1	250001	To	255000	255,000
1	255001	To	260000	260,000
1	345001	To	350000	350,000
1	640001	To	645000	640,500
1	895001	To	900000	900,000
1	1100001	To	1105000	1,101,500
1	2035001	To	2040000	2,036,500
1	5460001	To	5465000	5,462,000
1	21660001	To	21665000	21,664,167
1	36955001	To	36960000	36,956,768
843				72,000,000

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

NAME OF COMPANY: MCB-ARIF HABIB SAVINGS AND INVESTMENTS LIMITED
YEAR ENDED: JUNE 30, 2022

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

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

9. Following Directors have obtained Directors' Training Program:

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

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

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

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

(a) Audit Committee

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

(b) Human Resource and Remuneration Committee

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

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

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

Sr. No.	Particulars of Meeting	Date of Meetings
1.	1 st meeting of the Committee for the year	August 04, 2021
2.	2 nd meeting of the Committee for the year	August 06, 2021
3.	3 rd meeting of the Committee for the year	September 15, 2021
4.	4 th meeting of the Committee for the year	October 20, 2021
5.	5 th meeting of the Committee for the year	October 21, 2021

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

Sr. No.	Particulars of Meeting	Date of Meetings
6.	6 th meeting of the Committee for the year	February 04, 2022
7.	7 th meeting of the Committee for the year	February 07, 2022
8.	8 th meeting of the Committee for the year	April 18, 2022
9.	9 th meeting of the Committee for the year	April 19, 2022

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

Sr. No.	Particulars of Meeting	Date of Meetings
1.	24 th meeting of the Committee	July 30, 2021
2.	25 th meeting of the Committee	November 18, 2021
3.	26 th meeting of the Committee	January 04, 2022
4.	27 th meeting of the Committee	January 25, 2022
5.	28 th meeting of the Committee	May 31, 2022

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



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

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



A.F. FERGUSON & Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MCB-Arif Habib Savings and Investments Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of MCB-Arif Habib Savings and Investments Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

A.F. Ferguson & Co.

Chartered Accountants

Engagement partner: **Noman Abbas Sheikh**

Karachi

Date: September 22, 2022

UDIN: CR202210061ze|TVPfq8

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

* KARACHI * LAHORE * ISLAMABAD

FINANCIAL & BUSINESS HIGHLIGHTS

		2017	2018	2019	2020	2021	2022
Pre tax Margin	%	36	27	12	41	49	33
Net Margin	%	25	17	3	31	38	30
Performance							
Return on assets	%	9	6	1	11	16	8
Return on equity	%	13	8	2	17	23	12
Leverage							
Gearing (T-Debt:Equity)	times	0.43	0.43	0.40	0.46	0.48	0.56
Interest Coverage Ratio	times	472.94	477.53	18.75	40.90	64.12	50.56
Liquidity							
Current Ratio	times	2.06	2.07	2.15	2.11	1.98	1.73
Valuation							
Earnings per share	Rs.	2.81	1.72	0.34	3.58	5.23	2.41
No. of ordinary shares		72	72	72	72	72	72
Historical trend							
Management fee (Rs. in million)		664	702	731	674	752	850
Operating profit [PBIT] (Rs. in million)		285	196	81	337	477	299
Profit before tax (Rs. in million)		286	197	85	345	485	294
Profit after tax (Rs. in million)		202	124	24	258	376	173
Share capital (Rs. in million)		720	720	720	720	720	720
Shareholders equity (Rs. in million)		1,580	1,568	1,462	1,551	1,603	1434
Total assets (Rs. in million)		2,264	2,244	2,044	2,266	2,376	2233

AUDITOR'S REPORT TO THE MEMBERS



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REPORT

To the members of MCB-Arif Habib Savings and Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of MCB-Arif Habib Savings and Investments Limited (the Company), which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and 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 profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at June 30, 2022 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key audit matters:

S.No.	Key audit matter	How the matter was addressed in our audit
1	Valuation of investments (Refer notes 3.3, 6 and 11 of the annexed financial statements)	
	The investments of Rs 1,114,550 million as at June 30, 2022 held by the Company constitute a significant component of total assets of the Company. These represent investment in units of mutual funds and pension funds under the management of the Company and are classified as 'financial assets at fair value through profit or loss'.	Our audit procedures included the following: <ul style="list-style-type: none">• Checked that the investments were valued appropriately in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.

A.F.F.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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AUDITOR'S REPORT TO THE MEMBERS

2



A.F. FERGUSON & Co.

S.No.	Key audit matter	How the matter was addressed in our audit
	The proper valuation of the investments portfolio of the Company as at June 30, 2022 was considered a significant area and therefore we considered this as a key audit matter.	<ul style="list-style-type: none">• Checked that net unrealised appreciation and diminution arising on the subsequent measurement of investments were appropriately accounted for in the financial statements.• Obtained account statements for checking the existence of the investments portfolio as at June 30, 2022 and traced balances in these statements with the books and records of the Company.• Re-performed valuation to assess that investments are carried as per the valuation methodology specified in the accounting policies.• Checked the relevant presentation and disclosures made in the financial statements to ascertain whether these are complied with the accounting and reporting standards as applicable in Pakistan.

Other Matter

The financial statements of the Company for the year ended June 30, 2021 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 23, 2021.

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

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

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

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A.F. FERGUSON & CO.

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.



A.F. FERGUSON & Co.

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 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: September 22, 2022
UDIN: AR202210061Gy7klF6JB

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022	2021	2020
		----- Rupees -----		
ASSETS				
Non-current assets				
Property and equipment	4	76,688,447	74,509,576	106,248,683
Intangible assets	5	312,168,996	284,280,323	295,498,678
Long term investments	6	605,901,373	638,596,952	533,563,426
Long term loans and prepayments	7	23,896,199	14,161,597	7,062,588
Long term deposits		5,523,103	4,994,903	5,289,229
		<u>1,024,178,118</u>	<u>1,016,543,351</u>	<u>947,662,604</u>
Current assets				
Receivable from funds under management	8	546,112,389	533,657,299	527,042,040
Loans and advances	9	7,663,910	2,377,576	4,201,445
Deposits, prepayments and other receivables	10	68,682,229	54,073,241	40,912,108
Accrued mark-up on savings accounts		48,905	22,487	24,966
Short term investments	11	508,913,355	685,758,449	661,620,881
Taxation - net	12	25,729,009	39,149,452	64,293,766
Cash and bank balances	13	51,523,257	43,929,106	19,814,591
		<u>1,208,673,054</u>	<u>1,358,967,610</u>	<u>1,317,909,797</u>
Total assets		<u><u>2,232,851,172</u></u>	<u><u>2,375,510,961</u></u>	<u><u>2,265,572,401</u></u>
EQUITY AND LIABILITIES				
Share capital and reserves				
Authorised share capital				
72,000,000 (2021: 72,000,000) ordinary shares of Rs 10 each	14.1	<u>720,000,000</u>	<u>720,000,000</u>	<u>720,000,000</u>
Issued, subscribed and paid-up share capital	14.2	<u>720,000,000</u>	<u>720,000,000</u>	<u>720,000,000</u>
Reserves		<u>714,491,234</u>	<u>883,129,589</u>	<u>830,695,426</u>
Total equity		<u>1,434,491,234</u>	<u>1,603,129,589</u>	<u>1,550,695,426</u>
Non-current liabilities				
Deferred taxation - net	15	74,117,465	67,176,622	55,968,562
Lease liability against right-of-use-assets	16	24,762,567	18,001,467	33,454,709
Current liabilities				
Current portion of lease liability against right-of-use-assets	16	20,073,011	32,347,100	27,191,338
Trade and other payables	17	674,196,391	650,183,189	593,676,366
Unclaimed dividend		5,210,504	4,672,994	4,586,000
		<u>699,479,906</u>	<u>687,203,283</u>	<u>625,453,704</u>
Total liabilities		<u>798,359,938</u>	<u>772,381,372</u>	<u>714,876,975</u>
Total equity and liabilities		<u><u>2,232,851,172</u></u>	<u><u>2,375,510,961</u></u>	<u><u>2,265,572,401</u></u>
CONTINGENCIES AND COMMITMENTS				
	18			

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



Chief Executive Officer



Chief Financial Officer



Director

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

	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
REVENUE			
Management and investment advisory fee	19	849,581,990	752,077,846
Sales load and other related income	20	62,785,780	52,056,974
Profit on savings accounts		2,156,554	1,366,115
Income on government securities		508,583	-
Dividend income on short term investments		5,409,349	19,588,106
Gain on sale of short term investments - net	21	4,689,353	49,793,111
Unrealised (diminution) / appreciation on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	6 & 11	(43,219,728)	118,812,729
Total revenue		<u>881,911,881</u>	<u>993,694,881</u>
EXPENSES			
Administrative expenses	22	480,177,746	415,320,802
Selling and distribution expenses	23	93,773,219	71,651,600
Total expenses		<u>573,950,965</u>	<u>486,972,402</u>
Financial charges	24	5,923,413	7,443,547
Other expenses	25	10,016,466	18,014,540
		15,939,879	25,458,087
Other income	26	1,550,533	3,441,389
Profit for the year before taxation		<u>293,571,570</u>	<u>484,705,781</u>
Taxation - net	27	(120,209,925)	(108,271,618)
Profit for the year after taxation		<u>173,361,645</u>	<u>376,434,163</u>
Earnings per share			
	28	<u>2.41</u>	<u>5.23</u>

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



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	----- Rupees -----	-----
Profit for the year after taxation	173,361,645	376,434,163
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>173,361,645</u>	<u>376,434,163</u>

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



Chief Executive Officer



Chief Financial Officer



Director

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

	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserve	Total
	Share premium	Deficit on amalgamation	Sub-total	Unappropriated profit		
	----- (Rupees) -----					
Balance as at July 1, 2020	720,000,000	396,000,000	(60,000,000)	336,000,000	494,695,426	1,550,695,426
Profit after taxation for the year	-	-	-	-	376,434,163	376,434,163
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year ended June 30, 2021	-	-	-	-	376,434,163	376,434,163
Transaction with owners recorded directly in equity						
Final dividend for the year ended June 30, 2020 at Rs. 2.25 per share declared on October 19, 2020	-	-	-	-	(162,000,000)	(162,000,000)
Interim dividend for the year ended June 30, 2021 at Rs. 2.25 per share declared on February 8, 2021	-	-	-	-	(162,000,000)	(162,000,000)
Balance as at June 30, 2021	720,000,000	396,000,000	(60,000,000)	336,000,000	547,129,589	1,603,129,589
Profit after taxation for the year	-	-	-	-	173,361,645	173,361,645
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year ended June 30, 2022	-	-	-	-	173,361,645	173,361,645
Transaction with owners recorded directly in equity						
Final dividend for the year ended June 30, 2021 at Rs 2.75 per share declared on October 26, 2021	-	-	-	-	(198,000,000)	(198,000,000)
Interim dividend for the year ended June 30, 2022 at Rs 2.00 per share declared on February 08, 2022	-	-	-	-	(144,000,000)	(144,000,000)
Balance as at June 30, 2022	720,000,000	396,000,000	(60,000,000)	336,000,000	378,491,234	1,434,491,234

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



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 ----- Rupees -----	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		293,571,570	484,705,781
Adjustment for non-cash and other items:			
Depreciation	4.1.1	47,860,645	50,056,803
Amortisation	5.1	10,740,827	11,779,098
Write-off / impairment of property and equipment	25	-	4,768,237
Interest expense on lease liability against right-of-use-asset	24	5,476,998	7,001,516
Unrealised diminution / (appreciation) on re-measurement of investments classified as 'financial assets at fair value through profit or loss' - net	6 & 11	43,219,728	(118,812,729)
Gain on sale of short term investments - net	21	(4,689,353)	(49,793,111)
Gain on disposal of fixed assets	26	(21,167)	(2,461,340)
Profit on savings accounts		(2,156,554)	(1,366,115)
Dividend income on short term investments		(5,409,349)	(19,588,106)
		95,021,775	(118,415,747)
Operating cash inflow before working capital changes		388,593,345	366,290,034
Movement in working capital			
(Increase) / decrease in current assets			
Receivable from funds under management		(12,455,090)	(6,615,259)
Loans and advances		(5,286,334)	1,823,869
Deposits, prepayments and other receivables		(14,608,988)	(13,161,133)
		(32,350,412)	(17,952,523)
Increase in current liabilities			
Trade and other payables		24,013,202	56,506,823
Unclaimed dividend		537,510	86,994
		24,550,712	56,593,817
Net cash generated from operations		380,793,645	404,931,328
Taxes paid		(99,848,639)	(71,919,244)
Long term loans and prepayments		(9,734,602)	(7,099,009)
Long term deposits		(528,200)	294,326
		(110,111,441)	(78,723,927)
Net cash generated from operating activities		270,682,204	326,207,401
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(20,164,712)	(13,716,804)
Additions to intangible assets		(38,629,500)	-
Sale of short term investments - net		171,010,298	38,735,316
Profit received on savings accounts		2,130,136	1,368,594
Dividend received on short term investments		5,409,349	19,588,106
Proceeds from disposal of fixed assets		80,000	9,602,625
Net cash generated from investing activities		119,835,571	55,577,837
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(342,000,000)	(324,000,000)
Lease rentals paid against right-of-use assets		(40,923,624)	(33,670,723)
Net cash used in financing activities		(382,923,624)	(357,670,723)
Net increase in cash and cash equivalents during the year		7,594,151	24,114,515
Cash and cash equivalents at the beginning of the year		43,929,106	19,814,591
Cash and cash equivalents at the end of the year	13	51,523,257	43,929,106

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



Chief Executive Officer



Chief Financial Officer



Director

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

1 STATUS AND NATURE OF BUSINESS

- 1.1** MCB-Arif Habib Savings and Investments Limited (the Company) was incorporated in the name of Arif Habib Investment Management Limited (AHIML) on August 30, 2000 as an unquoted public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). In the year 2008, AHIML was listed on the Karachi Stock Exchange Limited (now the Pakistan Stock Exchange Limited) by way of offer for sale of shares by few of its existing shareholders to the general public. In the same financial year, the name of AHIML was changed from "Arif Habib Investment Management Limited" to "Arif Habib Investments Limited" (AHIL). On January 19, 2011, a transfer agreement was signed between Arif Habib Corporation Limited (AHCL) [the then Parent Company of AHIL] and MCB Bank Limited (MCB Bank) [the then Parent Company of MCB Asset Management Company Limited (MCB AMC)] for the transfer of the entire business of MCB AMC to AHIL to achieve synergies in business operations and to have access to a wider distribution network. The scheme of amalgamation ("the Scheme") was approved by the shareholders of AHIL and MCB AMC in their respective extraordinary general meetings held on May 21, 2011. The Scheme was also approved by the Securities and Exchange Commission of Pakistan (SECP) on June 27, 2011 (the effective date). In accordance with the terms contained in the Scheme, the Company became a subsidiary of MCB Bank Limited from the year ended June 30, 2011, which owns 51.33% share capital of in the Company till date. Pursuant to the merger of MCB AMC with and into AHIL, the name of AHIL has been changed to MCB - Arif Habib Savings and Investments Limited with effect from May 23, 2013.
- 1.2** The principal activities of the Company are floating and managing Collective Investment Schemes, Voluntary Pension Schemes and providing investment advisory services. The registered office of the Company is situated at 2nd Floor, Adamjee House, I.I Chundrigar Road, Karachi, Pakistan. The Company is a subsidiary of MCB Bank Limited (Parent Company) which owns 51.33% share capital of the Company. The Parent Company's registered office is situated at MCB Building, 15-Main Gulberg, Jail Road, Lahore, Pakistan. The Company operates various branches all over Pakistan.
- 1.3** The Company is registered as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) to carry on the business of investment advisor and asset management under the said rules. Further, the Company is registered as a Pension Fund Manager under the Voluntary Pension System Rules, 2005.
- 1.4** The Company has been assigned an Asset Manager rating of 'AM1' by the Pakistan Credit Rating Agency Limited (PACRA) dated October 6, 2021 (2021: 'AM1' dated October 6, 2020).
- 1.5** The Company currently manages the following collective investment schemes and voluntary pension schemes:

	Net asset value as at	
	June 30, 2022	June 30, 2021
	----- Rupees -----	
Open-end Collective Investment Schemes (CISs)		
Pakistan Income Fund	3,210,024,732	9,595,354,583
MCB Pakistan Stock Market Fund	8,875,332,211	12,397,182,476
MCB Pakistan Sovereign Fund	610,370,828	737,930,248
Pakistan Capital Market Fund	381,608,943	466,662,815
Pakistan Cash Management Fund	5,705,266,175	3,118,616,441
Pakistan Income Enhancement Fund	870,358,432	629,596,167
MCB Pakistan Asset Allocation Fund	837,982,501	912,063,438
MCB DCF Income Fund	4,617,314,828	3,645,950,358
MCB Cash Management Optimizer	64,153,167,773	34,029,663,208
Alhamra Islamic Money Market Fund	11,894,221,247	15,257,630,223
Alhamra Islamic Asset Allocation Fund	1,689,070,592	2,334,888,036
Alhamra Islamic Stock Fund	2,430,343,452	3,410,180,025
Alhamra Islamic Income Fund	4,783,374,897	5,575,115,700
Alhamra Daily Dividend Fund	7,652,101,092	2,278,569,316
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)	145,408,899	123,058,843
Alhamra Wada Fund (Alhamra Wada Plan I)	658,476,391	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)	225,157,255	-
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)	109,655,821	-
Voluntary Pension Funds		
Pakistan Pension Fund	2,106,812,510	1,933,145,875
Alhamra Islamic Pension Fund	1,450,158,599	1,354,136,142
	<u>122,406,207,178</u>	<u>97,799,743,894</u>

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

1.6 The Company is also managing investments under discretionary portfolio management agreements, the details of which are given in note 19.3 to these financial statements.

1.7 In accordance with the requirements of Rule 9 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the Company has obtained sufficient insurance coverage from Jubilee General Insurance Company Limited against any losses that may be incurred as a result of employee's fraud or gross negligence. Jubilee General Insurance Company Limited has been assigned a credit rating of 'AA++ (ifs)' by Pakistan Credit Rating Agency Limited (PACRA) dated March 31, 2022 (2021: 'AA+' dated November 5, 2020).

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 (IFRSs Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984;
- 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).

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

Further, the Securities and Exchange Commission of Pakistan (SECP) has directed vide SRO 56(I)/2016 dated January 28, 2016 that the requirements of IFRS 10, 'Consolidated financial statements', are not applicable in case of investments made by companies in mutual funds established under the Trust Deed structure. Accordingly, implications of IFRS 10 in respect of the Company's investment in mutual funds managed by it have not been considered in these financial statements.

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

2.2.1 There are certain amendments to the standards and new interpretations that are mandatory for the Company's accounting periods beginning on July 1, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

2.3 Standards, interpretations and amendments to the published accounting and reporting standards that are not yet effective:

2.3.1 The following amendments with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

Amendments	Effective date (annual periods beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2024
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IAS 16, - 'Property, plant and equipment' (amendments)	January 1, 2022
- IAS 37, - 'Provisions, contingent liabilities and contingent assets' (amendments)	January 1, 2022
- IAS 12, - 'Income taxes' (amendments)	January 1, 2023

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

2.3.2 There are certain other standards, amendments and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

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

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires the management to exercise its judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- estimation of useful lives and residual values of operating fixed assets (notes 3.1.1 and 4.1);
- estimation of useful lives of intangible assets (notes 3.2 and 5.1);
- impairment of non-financial assets (note 3.5);
- provision for taxation (notes 3.4, 15 and 27);
- lease liability and right-of-use assets (notes 3.15, 4.1 and 16);
- other provisions (notes 3.9 and 17); and
- classification, valuation and impairment of financial assets (notes 3.3.1.1, 3.3.1.2 and 10.3).

2.5 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the following:

- Right-of-use assets and their related lease liability are carried at present value of future lease rentals adjusted for any lease payments made at or before the commencement date of the lease; and
- Investments are carried at fair value as disclosed in notes 3.3, 6 and 11 to these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Fixed assets

3.1.1 Property and equipment

3.1.1.1 Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably. Depreciation is charged at the rates specified in note 4.1 using the straight line method. Depreciation on additions is charged from the month when the asset becomes available for use while on disposals no depreciation is charged in the month of disposal. The residual values and useful lives are reviewed and adjusted, if significant, at each reporting date to reflect the current best estimate.

Normal repairs and maintenance are charged to income as and when incurred. However, major repairs and renewals are capitalised. Gains and losses on disposals of assets, if any, are included in the statement of profit or loss in the year / period in which the disposal is made.

Depreciation related to right-of-use assets is charged over the period of the lease term.

3.1.2 Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to the relevant category of property and equipment as and when these become available for use.

3.2 Intangible assets

Intangible assets are measured initially at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any.

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

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

3.2.1 Intangible assets with indefinite useful life

Intangible assets with indefinite useful life are stated at cost less accumulated impairment losses, if any.

3.2.2 Intangible assets with definite useful life

Intangible assets with definite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised at the rates specified in note 5.1 using the straight line method. Amortisation is charged from the month when the asset is available for use while no amortisation is charged in the month of disposal. The useful life and amortisation method is reviewed and adjusted, if appropriate, at each reporting date.

Gains or losses on disposal of assets, if any, are included in the statement of profit or loss in the year / period in which they arise.

3.3 Financial instruments

3.3.1 Financial assets

3.3.1.1 Classification and subsequent measurement

The Company has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt and equity instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of open-end mutual funds.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated as FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.3.1.2.

b) Fair value through other comprehensive income (FVOCI):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated as FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, recognised and measured as described in note 3.3.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit or loss.

c) Fair value through profit or loss (FVPL):

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit or loss in the period in which it arises.

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

(ii) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are required to be measured in the statement of financial position at fair value, with gains and losses recognised in the statement of profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income for equity securities classified under FVOCI are to be recognised in the statement of profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is to be recognised in other comprehensive income and is not recycled to the statement of profit or loss on derecognition.

3.3.1.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

3.3.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- (i) the Company transfers substantially all the risks and rewards of ownership; or
- (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

When the Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards, these transactions are accounted for as 'pass through' transfers that result in derecognition if the

- (i) has no obligation to make payments unless it collects equivalent amounts from the assets;
- (ii) is prohibited from selling or pledging the assets; and
- (iii) has an obligation to remit any cash it collects from the assets without material delay.

3.3.1.4 Regular way contracts

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

3.3.2 Financial liabilities

Financial liabilities are measured at fair value upon initial recognition and subsequently measured at amortised cost except for:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

3.3.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the statement of profit or loss.

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

3.3.3 Initial recognition

Financial assets and financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

3.3.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.3.5 Business model

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

3.3.6 Solely payment of principal and interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

3.3.7 Reclassifications

The Company reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

3.3.8 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is re-measured to its fair value and the resultant gain or loss is recognised in the statement of profit or loss.

3.4 Taxation

Current

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

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax asset is recognised for all deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax is charged or credited to the statement of profit or loss if the tax relates to items that are charged or credited to the statement of profit or loss and to other comprehensive income if the tax relates to items that are charged or credited to other comprehensive income.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been substantively enacted at the reporting date.

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

3.5 Impairment of non-financial assets

The carrying amount of the assets is reviewed at each reporting date to determine whether there is any indication of impairment loss. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in the statement of profit or loss.

3.6 Staff retirement benefits

The Company operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and balances with banks in current and savings accounts.

3.8 Trade and other payables

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

3.9 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. The amount recognised represents the best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate. Provisions are not recognised for future operating losses.

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until the inflow of economic benefits is virtually certain.

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.10 Revenue recognition

- Management fee from collective investment schemes and voluntary pension schemes is calculated by charging the specified rates within the limit allowed under the NBFC Regulations to the net assets of such schemes as at the close of business of each calendar day. The performance obligation is satisfied at the close of business day for each scheme and payment is generally due at the end of each month;
- Investment advisory fee from the discretionary portfolios is calculated on a daily basis by charging specified rates to the net assets of the portfolios as stated in the respective agreements with the clients. The performance obligation is satisfied at the close of business day for each portfolio and payment is generally due either at the end of each quarter or six months based on the agreement terms;
- Performance based remuneration for investment advisory services and management of discretionary portfolio are accrued once the terms of the contract are honoured and the Company achieves the performance condition at the end of the period. The performance obligation is, therefore, satisfied at the end of agreement period or at the time of termination of agreement and payment becomes due at the end of the aforementioned period;
- Capital gains / losses arising on sale of investments is recognised in the statement of profit or loss on the date at which transaction takes place;

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

- Load income is recognised once the services are provided to the unit holders in connection with their investments in collective investment schemes managed by the Company. The performance obligation is satisfied at the time of providing the service to the unit holders and payment becomes due at the end of each month;
- Dividend income is recorded when the right to receive the dividend is established;
- Profit on bank deposits and investments is recognised on an accrual basis;
- Mark-up on loans to employees is recognised on an accrual basis; and
- Other income is recognised on an accrual basis.

3.11 Earnings per share

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

3.12 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are not recognised in the financial statements in the period in which such dividends are declared / transfers are made.

3.13 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3.14 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistani Rupees at the foreign exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating those at the statement of financial position date. Exchange gains / losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to the statement of profit or loss.

3.15 Lease liability and right-of-use assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

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

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

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

The lease liability is remeasured when the Company reassesses the reasonable certainty to exercise extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase an underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right of use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions, the same is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the standalone price for the increase in scope adjusted to reflect the circumstances of the particular contract, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right-of-use asset is depreciated using the straight line method in accordance with the rates specified in note to these financial statements and after taking into account residual values, if any. The useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. The right of use asset is adjusted for certain remeasurements of the lease liability.

4	PROPERTY AND EQUIPMENT	Note	2022	2021
			----- Rupees -----	
	Operating fixed assets	4.1	69,650,447	72,679,237
	Capital work-in-progress	4.2	7,038,000	1,830,339
			<u>76,688,447</u>	<u>74,509,576</u>

4.1 Operating fixed assets

The following is the statement of operating fixed assets:

	June 30, 2022					
	Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Right-of-use assets - Leasehold buildings
	----- (Rupees) -----					
As at July 1, 2021						
Cost	61,402,064	19,252,265	8,182,368	13,388,935	4,237,270	105,099,764
Accumulated depreciation	(44,367,298)	(15,674,244)	(5,291,723)	(5,798,064)	(2,385,539)	(58,081,180)
Accumulated impairment	-	-	(725,917)	(6,559,464)	-	(7,285,381)
Net book value	<u>17,034,766</u>	<u>3,578,021</u>	<u>2,164,728</u>	<u>1,031,407</u>	<u>1,851,731</u>	<u>47,018,584</u>
Year ended June 30, 2022						
Opening net book value	17,034,766	3,578,021	2,164,728	1,031,407	1,851,731	47,018,584
Additions (at cost)	6,326,485	2,873,936	1,949,047	3,807,583	-	30,006,779
Disposals						
Cost	(1,393,538)	(265,781)	-	-	-	(1,659,319)
Accumulated depreciation	1,337,998	262,488	-	-	-	1,600,486
	(55,540)	(3,293)	-	-	-	(58,833)
Depreciation charge for the year	(9,208,115)	(2,056,793)	(1,703,012)	(1,480,201)	(984,564)	(32,427,960)
Effect of termination	-	-	-	-	-	(73,142)
Closing net book value	<u>14,097,596</u>	<u>4,391,871</u>	<u>2,410,763</u>	<u>3,358,789</u>	<u>867,167</u>	<u>44,524,261</u>
As at June 30, 2022						
Cost	66,335,011	21,860,420	10,131,415	17,196,518	4,237,270	135,033,401
Accumulated depreciation	(52,237,415)	(17,468,549)	(6,994,735)	(7,278,265)	(3,370,103)	(90,509,140)
Accumulated impairment loss	-	-	(725,917)	(6,559,464)	-	(7,285,381)
Net book value	<u>14,097,596</u>	<u>4,391,871</u>	<u>2,410,763</u>	<u>3,358,789</u>	<u>867,167</u>	<u>44,524,261</u>
Depreciation rate (% per annum)	<u>25%</u>	<u>20% - 50%</u>	<u>25% - 67%</u>	<u>25% - 50%</u>	<u>25%</u>	<u>20% - 33%</u>

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

	June 30, 2021					
	Computers	Office equipment	Furniture and fixtures	Leasehold improvements	Vehicles	Right-of-use assets - Leasehold buildings
	(Rupees)					
As at July 1, 2020						
Cost	55,234,935	28,793,272	17,221,864	45,978,793	4,237,270	88,678,176
Accumulated depreciation	(35,925,068)	(21,960,664)	(9,542,085)	(24,138,932)	(1,328,060)	(27,793,297)
Accumulated impairment losses	-	(561,390)	(3,248,387)	(9,397,744)	-	-
Net book value	19,309,867	6,271,218	4,431,392	12,442,117	2,909,210	60,884,879
Year ended June 30, 2021						
Opening net book value	19,309,867	6,271,218	4,431,392	12,442,117	2,909,210	60,884,879
Additions (at cost)	7,118,523	1,637,661	1,675,844	893,694	-	22,768,921
Disposals						
Cost	(951,394)	(11,178,668)	(10,715,340)	(13,002,140)	-	-
Accumulated depreciation	948,407	8,741,313	5,964,183	7,130,213	-	-
Accumulated impairment	-	561,390	2,522,470	2,838,280	-	-
	(2,987)	(1,875,965)	(2,228,687)	(3,033,647)	-	-
Write-offs						
Cost	-	-	-	(20,481,412)	-	-
Accumulated depreciation	-	-	-	15,713,175	-	-
	-	-	-	(4,768,237)	-	-
Depreciation charge for the year	(9,390,637)	(2,454,893)	(1,713,821)	(4,502,520)	(1,057,479)	(30,937,453)
Effect of modification	-	-	-	-	-	(5,697,763)
Closing net book value	17,034,766	3,578,021	2,164,728	1,031,407	1,851,731	47,018,584
As at June 30, 2021						
Cost	61,402,064	19,252,265	8,182,368	13,388,935	4,237,270	105,749,334
Accumulated depreciation	(44,367,298)	(15,674,244)	(5,291,723)	(5,798,064)	(2,385,539)	(58,730,750)
Accumulated impairment loss	-	-	(725,917)	(6,559,464)	-	-
Net book value	17,034,766	3,578,021	2,164,728	1,031,407	1,851,731	47,018,584
Depreciation rate (% per annum)	25%	20% - 50%	25% - 67%	25% - 50%	25%	20% - 33%

	Note	2022	2021
		Rupees	
4.1.1 Depreciation charge for the year has been allocated as follows:			
Administrative expenses	22	33,216,457	36,903,122
Selling and distribution expenses	23	14,644,188	13,153,681
		47,860,645	50,056,803

4.1.2 The operating fixed assets includes items costing Rs. 57.114 million (2021: Rs. 76.143 million) which are fully depreciated as of June 30, 2022 but are still in active use of the Company.

4.1.3 The details of operating fixed assets disposed of during the year are as follows:

	Cost	Accumulated depreciation and impairment	Net book value	Sale proceeds	Gain on disposal	Mode of disposal	Particulars of buyer
	Rupees						
Assets having book value of not more than five million rupees disposed of during the year							
	1,659,319	1,600,486	58,833	80,000	21,167	Negotiation / Auction	Various
June 30, 2022	1,659,319	1,600,486	58,833	80,000	21,167		
June 30, 2021	35,847,542	28,706,256	7,141,286	9,602,625	2,461,339		

	2022	2021
	Rupees	
4.2 Capital work-in-progress		
Computer equipment	7,038,000	-
Leasehold improvements	-	1,830,339
	7,038,000	1,830,339

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

5	INTANGIBLE ASSETS	Note	2022 ----- Rupees -----	2021 -----
	Definite life			
	Computer software	5.1	38,042,063	10,153,390
	Indefinite life			
	Goodwill	5.1	82,126,933	82,126,933
	Management rights	5.1	192,000,000	192,000,000
			274,126,933	274,126,933
			312,168,996	284,280,323

5.1 Following is the statement of intangible assets:

June 30, 2022				
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at July 1, 2021				
Cost	83,033,817	82,126,933	192,000,000	357,160,750
Accumulated amortisation	(72,880,427)	-	-	(72,880,427)
Net book value	10,153,390	82,126,933	192,000,000	284,280,323
Year ended June 30, 2022				
Opening net book value	10,153,390	82,126,933	192,000,000	284,280,323
Additions	38,629,500	-	-	38,629,500
Amortisation charge for the year	(10,740,827)	-	-	(10,740,827)
Closing net book value	38,042,063	82,126,933	192,000,000	312,168,996
As at June 30, 2022				
Cost	121,663,317	82,126,933	192,000,000	395,790,250
Accumulated amortisation	(83,621,254)	-	-	(83,621,254)
Net book value	38,042,063	82,126,933	192,000,000	312,168,996
Amortisation rate (% per annum)	25% - 33%			

June 30, 2021				
	Computer software	Goodwill	Management rights	Total
	(Rupees)			
As at July 1, 2020				
Cost	82,473,074	82,126,933	192,000,000	356,600,007
Accumulated amortisation	(61,101,329)	-	-	(61,101,329)
Net book value	21,371,745	82,126,933	192,000,000	295,498,678
Year ended June 30, 2021				
Opening net book value	21,371,745	82,126,933	192,000,000	295,498,678
Additions	560,743	-	-	560,743
Amortisation charge for the year	(11,779,098)	-	-	(11,779,098)
Closing net book value	10,153,390	82,126,933	192,000,000	284,280,323
As at June 30, 2021				
Cost	83,033,817	82,126,933	192,000,000	357,160,750
Accumulated amortisation	(72,880,427)	-	-	(72,880,427)
Net book value	10,153,390	82,126,933	192,000,000	284,280,323
Amortisation rate (% per annum)	25% - 33%			

5.2 Intangible assets includes items costing Rs. 21.344 million (2021: Rs.15.557 million) which are fully amortised as of June 30, 2022 but are still in active use of the Company.

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

5.3 Pursuant to the scheme of amalgamation for the transfer of the entire business of MCB AMC to AHIL including all the properties, rights, title and interest as disclosed in note 1.1 to these financial statements which was entered between AHCL and MCB Bank, intangible assets comprising of management rights and goodwill aggregating to Rs. 192 million and Rs. 82.127 million were recognised in the financial statements for the year ended June 30, 2011.

5.4 In accordance with the requirements of International Accounting Standard (IAS) 36: 'Impairment of assets', an entity shall test an intangible asset with an indefinite useful life and goodwill acquired in a business combination for impairment annually by comparing its carrying amount with its recoverable amount, irrespective of whether there is any indication that it may be impaired. Therefore, the management has tested whether management rights with indefinite useful life and goodwill have suffered any impairment as at June 30, 2022. The recoverable amounts for management rights and goodwill are based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets prepared by the management covering a five-year period. Cash flows beyond those periods are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts specific to the industry in which the Company operates. Following are the key assumptions for determination of value-in-use for goodwill and management rights:

5.4.1 Key assumptions used to determine the recoverable amounts

The growth rates and cost to income ratios used to estimate future performance are based on past performance, market trends and the management experience of growth rates and cost to income ratios achievable. The management believes that the assumptions used in estimating the future performance of these intangibles are consistent with past performance and trends. The calculation of value-in-use is most sensitive to the following assumptions:

Particulars	2022	2021
- Discount rate	23%	17%
- Terminal growth rate	5%	4%
- Revenue growth rates	12%	7%

	Note	2022	2021
6 LONG TERM INVESTMENTS		Rupees	
At fair value through profit or loss			
Investments in units of pension funds under management	6.1	<u>605,901,373</u>	<u>638,596,952</u>

6.1 Investments in units of pension funds under management

Name of the investee fund	As at July 1, 2021	Purchased during the year	Redeemed during the year	As at June 30, 2022	As at June 30, 2022			As at June 30, 2021		
					Carrying value	Market value	Unrealised (diminution)/ appreciation on re-measurement of investments	Carrying value	Market value	Unrealised (diminution) / appreciation on re-measurement of investments
					(Rupees)			(Rupees)		
Alhamra Islamic Pension Fund - Equity Sub-Fund	305,160	-	-	305,160	195,064,349	161,002,394	(34,061,955)	142,381,534	195,064,349	52,682,815
Alhamra Islamic Pension Fund - Debt Sub-Fund	289,051	-	-	289,051	70,100,720	75,592,695	5,491,975	66,212,980	70,100,720	3,887,740
Alhamra Islamic Pension Fund - Money Market Sub-Fund	281,918	-	-	281,918	61,559,594	66,639,755	5,080,161	58,729,138	61,559,594	2,830,456
Pakistan Pension Fund - Equity Sub-Fund	252,196	-	-	252,196	147,552,310	122,602,561	(24,949,749)	111,135,208	147,552,310	36,417,102
Pakistan Pension Fund - Debt Sub-Fund	253,109	-	-	253,109	80,313,979	87,843,968	7,529,989	75,517,566	80,313,979	4,796,413
Pakistan Pension Fund - Money Market Sub-Fund	300,000	-	-	300,000	84,006,000	92,220,000	8,214,000	79,587,000	84,006,000	4,419,000
					<u>638,596,952</u>	<u>605,901,373</u>	<u>(32,695,579)</u>	<u>533,563,426</u>	<u>638,596,952</u>	<u>105,033,526</u>

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

	Note	2022 ----- Rupees -----	2021 ----- Rupees -----
7 LONG TERM LOANS AND PREPAYMENTS			
Considered good - secured			
Loan to executive		4,226,794	4,306,289
Less: current portion	9	(89,891)	(694,246)
	7.1	4,136,903	3,612,043
Considered good - unsecured			
Loan to director	7.2, 7.3 & 7.4	12,309,656	-
Loans to executives	7.5	5,999,291	5,105,400
Loans to employees	7.5	950,448	769,624
Less: current portion	9	(5,587,826)	(1,175,176)
		13,671,569	4,699,848
		17,808,472	8,311,891
Prepayments			
Prepaid commission against bachat units		21,882,874	16,847,454
Less: current portion	7.6	(15,795,147)	(10,997,748)
		6,087,727	5,849,706
		23,896,199	14,161,597

7.1 This represents loan given to an executive at a rate of 4.5% per annum and was initially recorded at its fair value using an effective rate of 12.36% per annum. This loan is advanced for the purpose of housing finance and is repayable in monthly installments as a deduction from salary having a maximum repayment period of up to twenty years. This loan is secured against the documents of the immovable property acquired and life insurance policy in favour of the Company.

7.2 This represents loan given to Chief Executive Officer at a rate of 1 year KIBOR minus 1% per annum with KIBOR to be reset annually from the date of disbursement and was initially recognised at its fair value using an effective rate of 8.01% per annum. This loan is advanced for the purpose of housing finance and is repayable in monthly installments having a maximum repayment period of up to four years. The loan amount along with additional mark-up (representing difference between the Company's borrowing cost and the rate at which the loan was disbursed) has been repaid subsequent to the year ended June 30, 2022.

	2022 ----- Rupees -----	2021 ----- Rupees -----
7.3 The reconciliation of loan to director is as follows:		
Opening balance	-	-
Add: disbursements during the year	15,000,000	-
Less: recoveries during the year	(2,690,344)	-
Closing balance	12,309,656	-

7.4 The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs. 14.728 million (2021: nil).

7.5 These represent interest free loans given to employees and executives. These loans are provided for booking advance (lease down payment) at 20% of the invoice price at the time of purchasing the vehicle as per the policy of the Company and are repayable in monthly installments as a deduction from salary having a maximum repayment period of up to five years.

7.6 This represents commission paid on the issuance of bachat units of different funds under the management of the Company. The commission amount is amortised over the period of the contract, unless redeemed earlier, in which case it is charged off immediately. However, in the case of early redemption, the unamortised portion is recovered from the investor in the form of back-end load.

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

	Note	2022	2021
		----- Rupees -----	
8 RECEIVABLE FROM FUNDS UNDER MANAGEMENT			
Considered good - unsecured			
Pakistan Income Fund		16,126,269	18,431,896
MCB Pakistan Stock Market Fund		107,167,590	122,311,547
MCB Pakistan Sovereign Fund		34,406,687	34,215,894
Pakistan Capital Market Fund		7,507,087	7,643,048
Pakistan Cash Management Fund		14,838,404	12,243,674
Pakistan Income Enhancement Fund		25,141,625	22,733,982
MCB Pakistan Asset Allocation Fund		37,937,781	37,456,312
MCB DCF Income Fund		139,165,020	137,055,740
MCB Cash Management Optimizer		83,258,472	64,482,664
Alhamra Islamic Money Market Fund		7,672,895	4,532,405
Alhamra Islamic Asset Allocation Fund		13,118,408	15,909,125
Alhamra Islamic Stock Fund		19,601,577	23,772,572
Alhamra Islamic Income Fund		16,928,459	14,454,260
Alhamra Daily Dividend Fund		6,056,186	435,889
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)		20,286	9,888
Alhamra Wada Fund (Alhamra Wada Plan I)		35,783	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)		22,721	-
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)		3,395	-
Pakistan Pension Fund		8,254,655	8,524,272
Alhamra Islamic Pension Fund		4,581,729	5,176,771
Pakistan Sarmaya Mehfooz Fund		4,267,360	4,267,360
	8.1	<u>546,112,389</u>	<u>533,657,299</u>

8.1 The above amounts represent receivable on account of management fee, Sindh sales tax on management fee, sales load charged on selected funds, Sindh sales tax on sales load, selling and marketing expenses and allocated expenses charged to these funds. This also includes Federal Excise Duty receivable from the funds under its management as more fully explained in note 17.2 to these financial statements.

8.2 As per regulation 61 of the NBFC Regulations, the Management Company is entitled to a remuneration equal to an amount not exceeding the maximum rate of management fee as disclosed in the offering document subject to the total expense ratio limit. Keeping in view the maximum allowable threshold, the Management Company is charging its remuneration at the rates as disclosed in note 19.2 to these financial statements.

8.3 In accordance with Regulation 60 of the NBFC Regulations, the Company is entitled to charge fees and expenses related to registrar services, accounting, operation and valuation services, related to a collective investment scheme (CIS).

Therefore, the Company is charging the allocated expenses variably keeping in view the overall return of the Fund and subject to the total expense ratio of the funds as defined under the NBFC Regulations.

8.4 The SECP had allowed asset management companies to charge selling and marketing expenses to all categories of open-end mutual funds (except fund of funds) initially for a period of three years (i.e. from January 1, 2017 till December 31, 2019) subject to a maximum limit of 0.4% per annum of the average annual net assets of the Fund or actual expenses, whichever is lower.

The SECP through its Circular 11 dated July 5, 2019 had removed the maximum cap of 0.4% per annum for charging of selling and marketing expenses to a Fund. Furthermore, the time limit of three years had also been removed in the circular issued by the SECP. The asset management company can charge such expenses to the Fund as per the annual plan and the same should be approved by the Board of Directors of the Company.

The Board of Directors of the Company had approved the annual plan for charging of selling and marketing expenses to the funds under the management of the Company and has given a discretion for charging of selling and marketing expenses directly to the Fund as proposed by the management as per the requirements of SECP Circular 11 dated July 5, 2019. The Company is charging the selling and marketing expenses variably keeping in view the overall return of the Fund and subject to the total expense ratio of the funds as defined under the NBFC Regulations.

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

- 8.5 The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance are as under:

	2022	2021
	----- Rupees -----	----- Rupees -----
Open-end Collective Investment Schemes (CISs)		
- Pakistan Income Fund	22,959,185	19,131,574
- MCB Pakistan Stock Market Fund	124,184,139	122,311,547
- MCB Pakistan Sovereign Fund	34,848,854	35,066,803
- Pakistan Capital Market Fund	7,901,800	8,808,028
- Pakistan Cash Management Fund	14,838,404	12,510,670
- Pakistan Income Enhancement Fund	25,141,626	23,574,569
- MCB Pakistan Asset Allocation Fund	39,182,543	42,848,019
- MCB DCF Income Fund	140,042,887	138,344,648
- MCB Cash Management Optimizer	94,454,109	67,133,009
- Alhamra Islamic Money Market Fund	10,901,521	5,414,394
- Alhamra Islamic Asset Allocation Fund	17,412,498	21,506,032
- Alhamra Islamic Stock Fund	25,734,556	25,530,153
- Alhamra Islamic Income Fund	22,301,965	18,426,787
- Alhamra Daily Dividend Fund	6,056,185	3,544,122
- Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)	649,751	9,888
- Alhamra Wada Fund (Alhamra Wada Plan I)	35,783	-
- MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)	22,721	-
- MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)	3,395	-
- Pakistan Sarmaya Mehfooz Fund	4,267,360	4,267,360
- Alhamra Islamic Active Asset Allocation Fund - Plan I	-	31,332
- Alhamra Islamic Active Asset Allocation Fund - Plan II	-	18,888
Voluntary Pension Funds		
- Pakistan Pension Fund	9,725,124	8,733,457
- Alhamra Islamic Pension Fund	5,452,205	5,202,290

- 8.6 The ageing analysis of receivable from funds under management is as follows:

	From related parties	
	2022	2021
	----- Rupees -----	----- Rupees -----
Not past due	146,477,891	134,022,801
Past due more than one year	399,634,498	399,634,498
	<u>546,112,389</u>	<u>533,657,299</u>

	Note	2022	2021
		----- Rupees -----	----- Rupees -----
9 LOANS AND ADVANCES			
Considered good - secured			
Current portion of loan to executive	7	89,891	694,246
Considered good - unsecured			
Current portion of loans to director, executives and employees	7	5,587,826	1,175,176
Advance to employees, suppliers and contractors		1,986,193	508,154
		<u>7,663,910</u>	<u>2,377,576</u>

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

	Note	2022	2021														
		----- Rupees -----															
10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES																	
Security deposit		-	75,000														
Prepayments																	
Current portion of prepaid commission against bachat units	7	15,795,147	10,997,748														
Prepaid insurance		11,075,978	11,101,389														
Prepaid maintenance		1,794,850	533,132														
Prepaid IT service level agreements		10,272,464	5,180,110														
Prepaid license fee		735,679	179,374														
Prepaid registration fee		-	534,556														
Others		30,001	174,000														
		39,704,119	28,700,309														
Other receivables																	
Considered good - unsecured																	
Advisory fee on account of discretionary and portfolio management																	
Due from related party	10.1	10,456,642	10,279,237														
Due from others	10.2	9,669,730	10,603,744														
		20,126,372	20,882,981														
Considered doubtful																	
Due from others		12,402,117	12,402,117														
Commission receivable		8,483,538	4,217,311														
Others		368,200	197,640														
		41,380,227	37,700,049														
Provision against advisory fee	10.3	(12,402,117)	(12,402,117)														
		68,682,229	54,073,241														
10.1	This includes management fee receivable from Adamjee Life Assurance Company Limited under discretionary portfolio management agreement. The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balance was Rs. 10.943 million (2021: Rs 10.279 million).																
	The ageing analysis of related party balance is as follows:																
		<table><tr><th colspan="2">From related parties</th></tr><tr><th>2022</th><th>2021</th></tr><tr><th colspan="2">----- Rupees -----</th></tr><tr><td>Not past due</td><td>2,913,009</td></tr><tr><td>Past due more than one year</td><td>2,735,604</td></tr><tr><td></td><td>7,543,633</td></tr><tr><td></td><td>10,279,237</td></tr></table>		From related parties		2022	2021	----- Rupees -----		Not past due	2,913,009	Past due more than one year	2,735,604		7,543,633		10,279,237
From related parties																	
2022	2021																
----- Rupees -----																	
Not past due	2,913,009																
Past due more than one year	2,735,604																
	7,543,633																
	10,279,237																
		2,913,009	2,735,604														
		7,543,633	7,543,633														
		10,456,642	10,279,237														
10.2	This represents management fee and performance fee receivable from separately managed accounts under discretionary portfolio management agreements.																
10.3 Provision against advisory fee	Note	2022	2021														
		----- Rupees -----															
Balance as at July 1		12,402,117	12,402,117														
Provision made during the year		-	-														
Balance as at June 30		12,402,117	12,402,117														
11 SHORT TERM INVESTMENTS																	
At fair value through profit or loss																	
Investments in units of other funds under management	11.1	508,648,355	685,758,449														
Investment in shares	11.2	265,000	-														
		508,913,355	685,758,449														

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

11.1 Investments in units of other funds under management

Name of the investee fund	As at July 1, 2021	Purchased / reinvested during the year	Redemed during the year	As at June 30, 2022	As at June 30, 2022			As at June 30, 2021		
					Carrying value	Market value	Unrealised (diminution) / appreciation on re-measurement of investments	Carrying value	Market value	Unrealised appreciation / (diminution) on re-measurement of investments
					----- Number of units -----			----- Rupees -----		
Investments in units of funds under management										
MCB Cash Management Optimizer	64,767	50,465,348	(50,530,115)	-	-	-	-	6,528,287	6,538,775	10,488
MCB Pakistan Stock Market Fund	1,415,390	1,297,038	(1,667,501)	1,044,927	99,549,568	90,390,302	(9,159,266)	134,192,866	146,676,096	12,483,230
Alhamra Islamic Stock Fund	2,164,502	5,359,057	(5,611,672)	1,911,887	18,915,988	17,398,169	(1,517,819)	25,000,000	24,437,229	(562,771)
Pakistan Income Fund	7,152,428	8,753,800	(15,906,228)	-	-	-	-	386,258,093	388,253,829	1,995,736
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)	1,200,000	7,021	-	1,207,021	120,554,382	120,895,058	340,676	120,000,000	119,852,520	(147,480)
MCB Pakistan Asset Allocation Fund	-	1,572,494	(1,572,494)	-	-	-	-	-	-	-
MCB Pakistan Sovereign Fund	-	1,802,776	(1,802,776)	-	-	-	-	-	-	-
Pakistan Cash Management Fund	-	8,673,063	(8,673,063)	-	-	-	-	-	-	-
Alhamra Wada Fund (Alhamra Wada Plan I)	-	500,338	-	500,338	50,033,787	50,033,787	-	-	-	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)	-	1,701,188	-	1,701,188	170,118,779	170,118,779	-	-	-	-
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)	-	600,000	-	600,000	60,000,000	59,812,260	(187,740)	-	-	-
	11,997,087	80,732,123	(85,763,849)	6,965,361	519,172,504	508,648,355	(10,524,149)	671,979,246	685,758,449	13,779,203
	11,997,087	80,732,123	(85,763,849)	6,965,361	519,172,504	508,648,355	(10,524,149)	671,979,246	685,758,449	13,779,203

- 11.2** Mutual Funds Association of Pakistan (MUFAP) has converted into a Self-Regulatory Organization (SRO) upon the directive of SECP and thus, is required to be registered under Section 42 of the Companies Act, 2017. Since it was converted into a SRO, the capital requirements were met from all the Asset Management Companies (AMCs) who are also the members of MUFAP. All AMCs contributed equally towards the share capital of MUFAP by subscribing for 26,500 shares at a par value of Rs. 10 each, raising a total capital of Rs. 5,035,000 comprising of 503,500 shares of Rs. 10 each. Hence, the Company also subscribed for the shares of MUFAP being its member.

	Note	2022	2021
12 TAXATION - NET		----- Rupees -----	
Taxation refundable - net	12.1	25,729,009	39,149,452

- 12.1** This represents tax paid to taxation authorities net of provision for taxation. The status of tax contingencies is given in note 18 to these financial statements.

	Note	2022	2021
13 CASH AND BANK BALANCES		----- Rupees -----	
Cash in hand		4,820	4,822
Balances with banks in:			
Savings accounts	13.1	14,635,761	10,156,387
Current accounts	13.2	36,882,676	33,767,897
		51,518,437	43,924,284
		51,523,257	43,929,106

- 13.1** These include a balance of Rs. 9.643 million (2021: Rs. 5.453 million) maintained with MCB Bank Limited (related party) that carries mark-up at the rate of 12.25% (2021: 5.50%) per annum. Further, it also includes balances of Rs. 0.353 million (2021: Rs. 0.340 million) maintained with MCB Islamic Bank Limited (related party) that carry mark-up at the rate of 5.85% (2021: 6.80%) per annum. Other savings accounts of the Company carry mark-up at the rate of 12.25% (2021: 6.52% to 6.90%) per annum.

- 13.2** These include a balance of Rs. 6.639 million (2021: Rs. 6.455 million) maintained with MCB Bank Limited (related party).

- 13.3** The Company has obtained a facility for short-term running finance under mark-up arrangement available from MCB Bank Limited amounting to Rs. 500 million (2021: Rs. 500 million). This facility carries mark-up at the rate of 3 months KIBOR plus 0.50% (2021: 3 months KIBOR plus 0.5%) per annum. This arrangement is secured by way pledge / lien on the government securities i.e. Pakistan Investment Bonds (PIBs) and Market Treasury Bills (MTBs), cash or near cash instruments in the name of the Company and the units of MCB Cash Management Optimizer under the management of the Company. This facility is renewed on an annual basis and has not yet been utilised by the Company as at June 30, 2022.

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

14 SHARE CAPITAL

14.1 Authorised share capital

2022	2021		2022	2021
Number of shares			Rupees	
<u>72,000,000</u>	<u>72,000,000</u>	Ordinary shares of Rs. 10 each	<u>720,000,000</u>	<u>720,000,000</u>

14.2 Issued, subscribed and paid-up capital

2022	2021		2022	2021
Number of shares			Rupees	
5,000,000	5,000,000	Ordinary shares of Rs. 10 each	50,000,000	50,000,000
31,000,000	31,000,000	Fully paid in cash	310,000,000	310,000,000
36,000,000	36,000,000	Allotted as bonus shares	360,000,000	360,000,000
<u>72,000,000</u>	<u>72,000,000</u>	Issued for consideration other than cash	<u>720,000,000</u>	<u>720,000,000</u>

14.3 The share capital was issued, subscribed and paid-up by the following related parties of the Company:

	2022	2021	2022	2021
	Percentage Holding		Number of shares	
MCB Bank Limited	51.33%	51.33%	36,956,768	36,956,768
Arif Habib Corporation Limited	30.09%	30.09%	21,664,167	21,664,167
Adamjee Insurance Company Limited	7.59%	7.59%	5,462,000	5,462,000
Directors, spouses and their minor children	0.05%	0.07%	32,426	52,426
Others *	-	-	1,204	1,204
			<u>64,116,565</u>	<u>64,136,565</u>

* nil figures due to rounding off difference

Note

15 DEFERRED TAXATION - NET

Deferred tax assets arising on deductible temporary differences

- Lease liability against right-of-use assets
- Provision against advisory fee
- Finance cost on loans to executive and director
- Short term investments

(14,795,741)	(14,601,085)
(4,092,699)	(3,596,614)
(855,639)	(891,989)
(1,949,238)	-
<u>(21,693,317)</u>	<u>(19,089,688)</u>

Deferred tax liabilities arising on taxable temporary differences

- Property and equipment (including right-of-use assets)
- Intangible assets
- Short term investments

7,564,924	9,307,335
88,245,858	75,190,106
-	1,768,869
<u>95,810,782</u>	<u>86,266,310</u>
<u>74,117,465</u>	<u>67,176,622</u>

15.1 Reconciliation of deferred tax liability

Deferred tax liability as at July 1
Recognised in the statement of profit or loss
Recognised in other comprehensive income
Deferred tax liability as at June 30

67,176,622	55,968,562
6,940,843	11,208,060
-	-
<u>74,117,465</u>	<u>67,176,622</u>

16 LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS

The Company has entered into lease agreements in respect of its various rented offices. These were initially measured at the present value of remaining lease payments, discounted using the Company's incremental borrowing rate that ranges from 8.08% per annum to 15.53% per annum. The lease liabilities are subsequently being measured at amortised cost using the effective interest rate method.

The amount of future payments for the leases and the period in which these payments will become due are as follows:

	2022	2021
	Rupees	
Present value of minimum lease payments	44,835,578	50,348,567
Less: current portion	<u>(20,073,011)</u>	<u>(32,347,100)</u>
	<u>24,762,567</u>	<u>18,001,467</u>

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

	2022		2021	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	----- Rupees -----			
Not later than one year	23,839,253	20,073,011	36,357,777	32,347,100
Later than one year and not later than five years	29,476,739	24,762,567	18,814,995	18,001,467
	53,315,992	44,835,578	55,172,772	50,348,567
Less: finance cost allocated to future periods	(8,480,414)	-	(4,824,205)	-
Present value of minimum lease payments	44,835,578	44,835,578	50,348,567	50,348,567
Less: current portion	(20,073,011)	(20,073,011)	(32,347,100)	(32,347,100)
	<u>24,762,567</u>	<u>24,762,567</u>	<u>18,001,467</u>	<u>18,001,467</u>

	Note	2022	2021
		----- Rupees -----	
17 TRADE AND OTHER PAYABLES			
Accrued expenses		54,239,108	46,810,987
Bonus payable		78,712,411	76,618,390
Sindh Workers' Welfare Fund payable	17.1	55,493,826	48,669,050
Sales tax payable on management fee		10,863,039	6,164,585
Federal Excise Duty payable	17.2	412,892,880	412,892,880
Withholding tax payable		7,059,953	2,958,091
Payable to facilitators / distributors		54,935,174	56,069,206
		<u>674,196,391</u>	<u>650,183,189</u>

- 17.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income. The matter was taken up by MUFAP with the Sindh Revenue Board (SRB) collectively on behalf of various asset management companies and their CISs whereby it was contested that AMCs and mutual funds should be excluded from the ambit of the SWWF Act as these were not industrial establishments. The MUFAP has also taken up the matter with the Sindh Finance Ministry to have AMC's / CISs / mutual funds excluded from the applicability of SWWF. In view of the above developments regarding the applicability of SWWF on AMC's / CISs mutual funds, the management as a matter of abundant caution made provision in respect of SWWF on a prudent basis with effect from the date of enactment of the SWWF Act (i.e. starting from July 1, 2014).

- 17.2** The Finance Act, 2013 enlarged the scope of Federal Excise Duty (FED) on financial services to include Asset Management Companies (AMCs) as a result of which FED at the rate of 16 percent on the remuneration of the Company and sales load was applicable with effect from June 13, 2013. The Company was of the view that since the remuneration was already subject to provincial sales tax, further levy of FED would result in double taxation which did not appear to be the spirit of the law. Hence, on September 4, 2013 a constitutional petition was filed with the Sindh High Court (SHC) by the Company together with various other asset management companies challenging the levy of FED.

With effect from July 1, 2016, FED on services provided or rendered by non-banking financial institutions dealing in services which are subject to provincial sales tax has been withdrawn by the Finance Act, 2016.

During the year ended June 30, 2017, the SHC passed an order whereby all notices, proceedings taken or pending, orders made, duty recovered or actions taken under the Federal Excise Act, 2005 in respect of the rendering or providing of services (to the extent as challenged in any relevant petition) were set aside. In response to this, the Deputy Commissioner Inland Revenue has filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan which is pending adjudication.

In view of the above, the Company had discontinued making further provision in respect of FED with effect from July 1, 2016. However, as a matter of abundant caution the provision for FED already made amounting to Rs. 412.893 million is being retained in the financial statements of the Company as the matter is pending before the Supreme Court of Pakistan.

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

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

- 18.1.1** On June 20, 2014, the Punjab Revenue Authority issued a show cause notice no. PRA/AM/70/14/18 to the Company to pay Sales Tax on management fee earned in the province of Punjab under the Punjab Sales Tax on Services Act, 2012 with effect from May 22, 2013. The Management Company jointly with other Asset Management Companies through the trustees of their Collective Investment Schemes challenged the above notice vide a petition filed on July 8, 2014 in the Honourable Sindh High Court (SHC). The SHC has ordered suspension of the show cause notice in its order dated July 10, 2014 till the date of the next hearing of appeals. The management is expecting no outflow of economic resources in this respect as the payments relating to sales tax have already been made to the Sindh Revenue Board and in case decision is made against the Company, the same is required to be settled between the two authorities.
- 18.1.2** On January 30, 2017, the Additional Commissioner Inland Revenue [ACIR] passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2011 after making certain additions / disallowances in the statement of profit or loss and created a demand of Rs. 25.567 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB Asset Management Company (MCB AMC) into the Company etc. The Company then filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the impugned order and a notice of demand issued there against. The CIR(A) annulled the order of the ACIR by deleting demand on all the issues raised therein. Being aggrieved by the decision of CIR(A), an appeal against the order of CIR(A) had been filed before the Appellate Tribunal Inland Revenue [ATIR] by the Commissioner Inland Revenue. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeal, and accordingly, no provision has been recorded in these financial statements for the above matter.
- 18.1.3** The Company was selected for audit by the Commissioner Inland Revenue, Zone III, Large Taxpayers Unit, Karachi for tax year 2014 vide letter dated November 9, 2016. The audit proceedings were conducted by the Deputy Commissioner Inland Revenue [DCIR] and a Show Cause Notice [SCN] dated February 10, 2017 was issued thereafter. Based on a then recent judgment of a superior court, the SCN was challenged by the Company on legal grounds. However, the DCIR did not agree with the legal objections raised and passed an order dated March 24, 2017 under section 122(1) of the Income Tax Ordinance, 2001 after making certain additions / disallowances in the statement of profit or loss and created a demand of Rs. 93.398 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB AMC into the Company etc. An appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] was filed by the Company which had been adjudged in favor of the Company in respect of major disallowances made in the order passed by the DCIR. In respect of the matters confirmed by the CIR(A), the Company had filed an appeal before the ATIR. Being aggrieved by the decision of CIR(A), an appeal has also been filed by the Commissioner Inland Revenue before the ATIR. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeals, and accordingly, no provision has been recorded in these financial statements for the above matter.
- 18.1.4** On March 29, 2017, the Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 amending the assessment for tax year 2012 after making certain additions / disallowances in the statement of profit or loss and created a demand of Rs. 82.841 million. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB AMC into the Company, disallowance of brought forward losses / refunds of prior periods etc. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the impugned order and notice of demand issued there against. The CIR(A) annulled the order of the ACIR by deleting demand on all the issues raised therein. Being aggrieved by the decision of CIR(A), an appeal against the order of CIR(A) had been filed before the Appellate Tribunal Inland Revenue [ATIR] by the Commissioner Inland Revenue. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeals, and accordingly, no provision has been recorded in these financial statements for the above matter.
- 18.1.5** On April 29, 2017, a notice under section 122(9) of the Income Tax Ordinance, 2001 was issued by the Additional Commissioner Inland Revenue (ACIR) to conduct the amendment of assessment proceedings for tax year 2011 of the pre-merger entity MCB AMC. On July 3, 2017, an order under section 122(5A) of the Income Tax Ordinance, 2001, was passed to conclude the said proceedings. A demand of Rs. 4.85 million had been raised by the ACIR by making disallowances mainly pertaining to apportionment of expenses, management / processing fee and related income sharing and disallowance of brought forward losses. The Company then filed an appeal before the CIR(A) against the impugned order and notice of demand issued there against. During the year ended June 30, 2018, order of the CIR(A) was received by the Company whereby the demand on major issues was deleted. In respect of the matters upheld by CIR(A) against the appeal filed by the Company, the Company then filed an appeal before the ATIR for the said issues. Being aggrieved by the decision of CIR(A), an appeal against the order of CIR(A) had been filed before the Appellate Tribunal Inland Revenue [ATIR] by the Commissioner Inland Revenue. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeals, and accordingly, no provision has been recorded in these financial statements for the above matter.

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

18.1.6 On February 29, 2016, the Deputy Commissioner Inland Revenue (DCIR) passed an order under section 122 (1) of the Income Tax Ordinance, 2001 relating to tax year 2010 of MCB AMC making certain additions / disallowances in the return filed by the Company. The assessing officer adjusted the impact of disallowances and reduced the amount refundable in respect of that tax year to Rs 1.947 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the said order. CIR(A) vide its order dated December 11, 2017 deleted the disallowances made by DCIR.

Subsequently, the Company again received a notice of demand amounting to Rs 0.980 million on May 4, 2016 from the Additional Commissioner Inland Revenue (ACIR) against which it filed an appeal before the CIR(A). CIR(A) vide its order dated January 22, 2018 upheld the demand raised by the ACIR. Being aggrieved by the decision of CIR(A), the Company filed an appeal with Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A) which is pending therein. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeals, and accordingly, no provision has been recorded in these financial statements for the above matter.

18.1.7 On November 24, 2017, the Company received two orders pertaining to tax years 2015 and 2016 passed by the Additional Commissioner Inland Revenue (ACIR) and Deputy Commissioner Inland Revenue (DCIR) raising demands of Rs. 119.350 million and Rs. 142.008 million respectively due to certain disallowances in the return filed by the Company for the respective tax years. The disallowances mainly pertained to apportionment of expenses, management / processing fee and related income sharing, amortisation of management rights / goodwill created on merger of the MCB AMC into the Company, treatment of provision for FED as income of the Company etc. The Company filed separate appeals before the CIR(A) against the impugned orders and notices of demand issued there against. During the year ended June 30, 2018, CIR(A) upheld the demands raised by both ACIR and DCIR in both the appeals. Being aggrieved by the decision of CIR(A), the Company had filed appeals with Appellate Tribunal Inland Revenue (ATIR) which is pending therein. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeals, and accordingly, no provision has been recorded in these financial statements for the above matters.

18.1.8 On June 5, 2017, the Company received an order passed by the Assistant Commissioner - Sindh Revenue Board [AC,SRB] wherein a demand of Sindh sales tax of Rs.10.621 million along with penalty of Rs. 6.329 million and default surcharge (to be calculated at the time of payment) was established for short levy and payment of Sindh Sales Tax on its services and for claiming inadmissible input tax during tax periods from July 2011 to June 2015. An appeal against the aforesaid order was filed before the Commissioner Appeals-SRB who upheld the order of the Assistant Commissioner, SRB in its Appellate Order. The Company then filed an appeal before the Appellate Tribunal, SRB against aforesaid order of the Commissioner Appeals, SRB. The Appellate Tribunal, SRB remanded back the case to the Commissioner Appeals - SRB to pass fresh speaking order after verifying the records on merit.

During the year ended June 30, 2021, Commissioner Appeals - SRB issued an order whereby the demand raised by AC SRB amounting to Rs. 10.621 million was upheld. The Company, being aggrieved with the said order, filed an appeal before the Appellate Tribunal, SRB against the aforesaid order. The stay was granted by Appellate Tribunal, SRB on July 6, 2021. After the time period for which stay was granted by Appellate Tribunal, SRB was exhausted, the Company then filed for a stay application with Honourable Sindh High Court (SHC) which was duly granted by SHC. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeal, and accordingly, no provision has been recorded in these financial statements for the above matter.

18.1.9 During the year ended June 30, 2019, the Sindh Revenue Board (SRB) had issued two orders dated October 2, 2018 and October 10, 2018 whereby it raised a demand of Sindh sales tax amounting to Rs. 3.854 million and 1.275 million along with penalty of Rs. 4.047 million and Rs. 1.402 million respectively wherein input tax claimed by the Company against various transactions has been disallowed by the assessing officer on the ground that the output tax against the same has not been offered by the respective vendors. The Company then filed separate appeals against the aforesaid orders before the Commissioner Appeals, SRB. On April 27, 2022, an Order-in-Appeal was issued by Assistant Commissioner, SRB whereby original demand of Rs. 2.695 million, including penalty imposed therein, was reduced to Rs.67,186 which was duly discharged by the Company. However, the appeal filed against the order dated October 2, 2018 is still pending therein. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeal, and accordingly, no provision has been recorded in these financial statements for the above matter.

18.1.10 The Deputy Commissioner Inland Revenue (DCIR) issued a notice dated March 6, 2020 under section 182 of the Income Tax Ordinance, 2001 whereby it initiated proceedings for levy of penalty of Rs. 2.97 million for alleged failure to furnish the return under section 114 by due date. The Company has submitted its reply in consultation with its tax consultant against the said notice. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such response, and accordingly, no provision has been recorded in these financial statements for the above matter.

18.1.11 The Deputy Commissioner Inland Revenue (DCIR) issued a notice dated September 13, 2018 under section 214D of the Income Tax Ordinance, 2001 whereby it requested for audit and furnishing of detail, evidences and information. The Company had submitted its reply in consultation with its tax consultant for dismissing the proceedings initiated under section 214D as the selection of audit was made after the provision of section 214D was omitted via Finance Act, 2018.

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

18.1.12 The Deputy Commissioner Inland Revenue (DCIR) vide notice dated January 17, 2020 issued under section 161(1A) of the Income Tax Ordinance, 2001 initiated proceedings regarding monitoring of withholding taxes pertaining to tax year 2018. The Company had submitted requisite details to the department in response to the said notice.

18.1.13 During the year ended June 30, 2021, the Sindh Revenue Board (SRB) issued a show cause notice on account of short payment of Sindh Sales Tax amounting to Rs. 9.975 million pertaining to tax periods from July 2015 till June 2016. The Assistant Commissioner, SRB vide Order-in-Original No. 966/2021 dated December 13, 2021 raised a demand of Rs. 9.975 million along with a penalty of Rs. 0.499 million. The Company, being aggrieved with the said decision, filed an appeal with Commissioner (Appeals), SRB. The Company also filed for a stay application with the Honourable Sindh High Court (SHC) which was duly granted by SHC on January 17, 2022. The Commissioner (Appeals), SRB vide its order dated February 2, 2022 upheld the demand raised by Assistant Commissioner, SRB. The Company, being aggrieved with the order passed by Commissioner (Appeals), SRB filed an appeal before the Appellate Tribunal, SRB. Subsequent to the year ended June 30, 2022, the Appellate Tribunal, SRB vide an order dated August 10, 2022 upheld the decision of Commissioner (Appeals), SRB. In response to the order of Appellate Tribunal, SRB, the Company has filed an appeal with the SHC. Further, the Company also filed for a stay application with the SHC which has been duly granted by SHC. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeal, and accordingly, no provision has been recorded in these financial statements for the above matter.

18.1.14 On June 20, 2022, a Show Cause Notice (SCN) under section 161(1A) of Income Tax Ordinance, 2001 was issued by Deputy Commissioner Inland Revenue (DCIR) for the tax year 2016. On June 27, 2022, DCIR issued an Order under section 161(1) of Income Tax Ordinance, 2001 whereby it created a demand amounting to Rs. 29.078 million on account of short deduction of withholding taxes. Being aggrieved with the said order, the Company has filed an appeal with Commissioner Appeals Inland Revenue [CIR(A)] which is pending adjudication. Based on the advice of its tax consultant, the management anticipates a favourable outcome of such appeal, and accordingly, no provision has been recorded in these financial statements for the above matter.

18.2 Commitments

There were no commitments outstanding as at June 30, 2022 and June 30, 2021.

19 MANAGEMENT AND INVESTMENT ADVISORY FEE	Note	2022	2021
		----- Rupees -----	
Management fee from collective investment schemes - related parties			
MCB Cash Management Optimizer		116,257,006	113,905,358
MCB Pakistan Asset Allocation Fund		36,821,676	33,024,003
MCB DCF Income Fund		72,376,618	68,375,349
Alhamra Islamic Income Fund		39,471,424	24,059,931
MCB Pakistan Sovereign Fund		8,292,740	13,246,798
Pakistan Capital Market Fund		15,691,003	13,229,329
Pakistan Cash Management Fund		15,415,707	3,693,028
Pakistan Income Enhancement Fund		11,994,533	7,928,518
Pakistan Income Fund		76,408,255	50,679,459
Alhamra Islamic Asset Allocation Fund		79,960,983	69,111,498
MCB Pakistan Stock Market Fund		249,656,296	258,317,102
Alhamra Islamic Stock Fund		72,132,545	78,026,666
Alhamra Islamic Money Market Fund		24,690,598	3,983,829
Alhamra Islamic Active Allocation Fund - Plan I		-	38,678
Alhamra Islamic Active Allocation Fund - Plan II		-	42,489
Alhamra Daily Dividend Fund		14,475,393	6,319,526
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)		70,159	3,297
Alhamra Wada Fund (Alhamra Wada Plan I)		35,784	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)		22,721	-
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)		3,395	-
	19.2	833,776,836	743,984,858
Management fee from pension schemes - related parties			
Alhamra Islamic Pension Fund		21,808,119	20,803,805
Pakistan Pension Fund		32,552,127	31,446,417
	19.2	54,360,246	52,250,222
Investment advisory fee from separately managed accounts	19.3	71,890,567	53,612,886
		960,027,649	849,847,966
Less: Sindh Sales Tax	19.1	(110,445,659)	(97,770,120)
		849,581,990	752,077,846

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

19.1 This pertains to Sindh sales tax levied by the Provincial Government of Sindh at the rate of 13% (2021: 13%) through the Sindh Sales Tax on Services Act, 2011.

19.2 Remuneration for the services rendered by the Management Company has been calculated by applying the following rates on the average annual net assets of the funds determined on a daily basis (unless otherwise stated) in accordance with the provisions of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and the Voluntary Pension System Rules, 2005 (the VPS Rules).

	Note	2022	2021
Open-end Collective Investment Schemes (CISs)			
MCB Cash Management Optimizer	19.2.1	-	-
MCB Pakistan Asset Allocation Fund		3.30%	2.00%
MCB DCF Income Fund		1.50%	1.50%
Alhamra Islamic Income Fund	19.2.2	-	-
MCB Pakistan Sovereign Fund	19.2.3	-	-
Pakistan Capital Market Fund		3.35%	2.00% - 3.35%
Pakistan Cash Management Fund	19.2.4	-	-
Pakistan Income Enhancement Fund	19.2.5	-	-
Pakistan Income Fund	19.2.2	-	-
Alhamra Islamic Asset Allocation Fund		3.30%	2.00% - 3.30%
MCB Pakistan Stock Market Fund		2.00%	2.00%
Alhamra Islamic Stock Fund		2.00%	2.00%
Alhamra Islamic Money Market Fund	19.2.5	-	-
Alhamra Islamic Active Allocation Fund - Plan I *	19.2.7	-	-
Alhamra Islamic Active Allocation Fund - Plan II *	19.2.7	-	-
Alhamra Daily Dividend Fund	19.2.6	-	-
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio) **	19.2.7	-	-
Alhamra Wada Fund (Alhamra Wada Plan I) **	19.2.8	-	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I) **	19.2.8	-	-
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan) **	19.2.9	-	-
Voluntary Pension Funds			
Pakistan Pension Fund		0.5% to 1.5%	1.50%
Alhamra Islamic Pension Fund		0.5% to 1.5%	1.50%
Discretionary portfolio			
Separately managed accounts	19.3	0.07% to 2.00%	0.07% to 2.00%

* These funds have matured during the current year.

** These funds have been launched during the current year.

19.2.1 Upto 7.5% of all gross earnings subject to a minimum fee of 0.25% of net assets per annum.

19.2.2 Upto 10% of all gross earnings subject to a minimum fee of 0.25% of net assets per annum.

19.2.3 Upto 10% of all gross earnings subject to a minimum fee of 0.50% of net assets per annum.

19.2.4 Upto 10% of all gross earnings of the Scheme.

19.2.5 Upto 15% of all gross earnings subject to a minimum fee of 0.25% of net assets per annum.

19.2.6 Upto 20% of all gross earnings subject to a minimum fee of 0.25% of net assets per annum.

19.2.7 10% of accrued bank profit to be calculated on a daily basis.

19.2.8 Upto 15% of all gross earnings of the Scheme.

19.2.9 Upto 4% per annum of the average annual net assets of the Scheme.

19.3 The Company is also managing portfolio of investors under discretionary portfolio management agreements. Investment advisory fee from the discretionary portfolio is calculated on daily / monthly basis by charging specified rates to the net asset value of the portfolio as stated in the respective agreements with the clients. In addition, performance fee is charged to some investors based on the contractual rates at the end of the respective mandates. The details of this portfolio are given below:

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

		2022	2021
Discretionary portfolio			
Number of portfolios		36	37
Total portfolio at cost (in Rupees)		55,580,268,329	46,869,200,755
Total portfolio at market value (in Rupees)		53,160,217,039	47,074,123,165
20 SALES LOAD AND OTHER RELATED INCOME	Note	2022	2021
		----- Rupees -----	
Sales load from collective investment schemes - related parties			
MCB DCF Income Fund		12,861,164	5,167,987
MCB Pakistan Asset Allocation Fund		349,239	820,628
Alhamra Islamic Money Market Fund		4,086	78,797
MCB Pakistan Sovereign Fund		97,005	52,903
MCB Pakistan Stock Market Fund		4,297,845	7,063,951
Pakistan Cash Management Fund		128,672	236,380
Pakistan Capital Market Fund		11,616	46,411
Pakistan Income Enhancement Fund		4,398,374	358,360
Pakistan Income Fund		3,254,385	5,836,367
Alhamra Islamic Income Fund		9,884,283	4,338,591
Alhamra Islamic Stock Fund		1,522,161	1,754,955
Alhamra Islamic Asset Allocation Fund		10,637,644	14,441,421
Alhamra Daily Dividend Fund		9,280,004	106,547
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)		811,302	-
Pakistan Pension Fund		1,712,086	903,539
Alhamra Islamic Pension Fund		1,202,752	961,496
		<u>60,452,618</u>	<u>42,168,332</u>
Less: Sindh Sales Tax	19.1	<u>(6,954,726)</u>	<u>(4,851,224)</u>
		53,497,892	37,317,108
Other related income			
Commission income		6,982,380	12,583,576
Debit card income		2,305,508	2,156,290
		<u>9,287,888</u>	<u>14,739,866</u>
		<u>62,785,780</u>	<u>52,056,974</u>
21 GAIN ON SALE OF SHORT TERM INVESTMENTS - NET			
Gain on redemption of units of collective investment schemes		4,119,880	49,793,111
Gain on sale of Pakistan Investment Bonds (PIBs)		569,473	-
		<u>4,689,353</u>	<u>49,793,111</u>
22 ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits		368,670,313	311,881,716
Legal and professional charges		13,181,497	10,863,917
Shariah advisor fee		720,000	1,091,187
Travelling and conveyance		1,474,772	852,307
Utilities, communication, courier, taxes, etc.		29,483,074	14,802,332
Repairs and maintenance		42,291,615	36,452,655
Office supplies		2,989,713	4,241,423
Directors' meeting fee		8,475,000	10,275,000
Insurance		3,773,368	1,737,088
Depreciation	4.1.1	33,216,457	36,903,122
Amortisation	5.1	10,740,827	11,779,098
Stamp duty and taxes		740,246	888,696
Registrar fee		675,621	679,234
Printing and stationery		3,095,666	4,026,744
Entertainment expense		4,716,099	3,446,844
Fees and subscription		21,737,743	23,626,285
Telephone expenses		3,690,685	5,002,793
		549,672,696	478,550,441
Reimbursement of expenses from			
Collective Investment Schemes (CISs)	8.3	<u>(69,494,950)</u>	<u>(63,229,639)</u>
		<u>480,177,746</u>	<u>415,320,802</u>

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

	Note	2022	2021
		----- Rupees -----	
23 SELLING AND DISTRIBUTION EXPENSES			
Salaries, allowances and other benefits		174,652,046	152,567,297
Commission expense		122,512,434	101,549,220
Marketing and advertising expenses		23,491,508	54,941,453
Depreciation	4.1.1	14,644,188	13,153,681
Branch expenses		12,987,954	10,420,724
Printing and stationery		199,438	1,046,107
		348,487,568	333,678,482
Reimbursement of expenses from Collective Investment Schemes (CISs)	8.4	(254,714,349)	(262,026,882)
		<u>93,773,219</u>	<u>71,651,600</u>
24 FINANCIAL CHARGES			
Interest expense on lease liability against right-of-use-asset		5,476,998	7,001,516
Bank charges		446,415	442,031
		<u>5,923,413</u>	<u>7,443,547</u>
25 OTHER EXPENSES			
Sindh Workers' Welfare Fund	17.1	6,824,776	9,900,000
Auditors' remuneration	25.1	3,191,690	3,346,303
Write-off / impairment of property and equipment		-	4,768,237
		<u>10,016,466</u>	<u>18,014,540</u>
25.1 Auditors' remuneration			
Annual audit fee		2,434,500	2,434,500
Fee for half yearly review of condensed financial statements		348,000	348,000
Other certifications		96,000	96,000
Out of pocket expenses		313,190	467,803
		<u>3,191,690</u>	<u>3,346,303</u>
26 OTHER INCOME			
Interest income on loans to executive and director		1,430,139	537,052
Gain on disposal of fixed assets		21,167	2,461,340
Others		99,227	442,997
		<u>1,550,533</u>	<u>3,441,389</u>
27 TAXATION			
Current			
- for the year		112,344,012	100,510,480
- for prior year		925,070	(3,446,922)
		<u>113,269,082</u>	<u>97,063,558</u>
Deferred	15.1	6,940,843	11,208,060
		<u>120,209,925</u>	<u>108,271,618</u>
27.1 Relationship between income tax expense and accounting profit			
Accounting profit before taxation		293,571,570	484,705,781
Tax rate		29%	29%
Tax on accounting profit at applicable rate		85,135,755	140,564,676
Tax effect of prior years		925,070	(3,446,922)
Tax effect of inadmissible expenses		14,406,492	5,534,684
Tax effect of permanent differences		1,979,185	2,871,000
Tax effect of income taxed at lower rate		(1,781,208)	(37,251,820)
Tax effect of income subject to final tax		(757,309)	-
Tax effect of change in tax rate		2,687,065	-
Tax effect of super tax		13,649,552	-
Others		3,965,323	-
		<u>120,209,925</u>	<u>108,271,618</u>

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

28 EARNINGS PER SHARE

28.1 Basic

Earnings per share has been computed by dividing profit after taxation for the year by the weighted average number of shares outstanding as at year end as follows:

	2022	2021
	----- Rupees -----	
Profit for the year after taxation	173,361,645	376,434,163
	(Number of shares)	
Weighted average number of ordinary shares as at June 30	72,000,000	72,000,000
	----- Rupees -----	
Earnings per share	2.41	5.23

28.2 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2022 and June 30, 2021 which would have any effect on the earnings per share if the option to convert is exercised.

29 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties of the Company comprise of MCB Bank Limited (Parent Company), local associated companies, staff retirement funds, collective investment and pension schemes managed by the Company, directors and key management personnel and their close family members and defined contribution plan. Transactions with related parties are entered into at negotiated prices at commercial terms. The aggregate value of transactions and outstanding balances as at June 30, 2022 with related parties other than those which have been disclosed elsewhere are as follows:

			Year ended	
Name of the related party	Relationship and percentage of shareholding	Nature of transaction	June 30, 2022	June 30, 2021
----- (Rupees) -----				
MCB Bank Limited	Parent company with 51.33% shareholding	Commission and other expenses	26,640,441	39,482,665
		Profit on savings account	1,790,303	1,100,072
		Branch sharing expenses	3,530,832	2,918,040
		Rent as per rental agreement	5,160,000	3,600,000
		Dividend paid	175,544,648	166,305,456
		Sale proceeds on disposal of fixed assets	-	-
		Bank charges	440,763	418,768
MCB Islamic Bank Limited	Subsidiary of Parent Company	Profit on savings account	14,019	14,487
Nishat Real Estate Development Company (Private) Limited	Group Company of Parent Company	Rent as per rental agreement	-	1,078,736
Adamjee Life Assurance Company Limited	Group Company of Parent Company	Investment advisory fee	32,315,167	29,049,502
		Amount paid against insurance	-	2,536,337
Adamjee Insurance Company Limited	Group Company of Parent Company	Amount paid against insurance	18,130,355	18,814,140
		Dividend paid	25,944,500	24,579,000
		Rent as per rental agreement	23,551,172	20,535,625
Arif Habib Corporation Limited	Associate with 30.09% Holding Company	Dividend paid	102,904,793	97,488,752
Mutual Funds Association of Pakistan	Associated Company	Amount paid against membership fee	3,479,566	2,861,389
		Investment in shares	265,000	-

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

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Year ended	
			June 30, 2022	June 30, 2021
			----- (Rupees) -----	
MCB Cash Management Optimizer	Funds under management	Management fee	102,882,306	100,801,203
		Investment in units of funds under management	5,102,139,024	4,282,129,797
		Redemption in units of funds under management	5,127,502,253	4,831,992,057
		Dividend income	1,279,051	13,153,768
		Reimbursement of allocated expenses	29,912,638	23,726,302
		Reimbursement of selling and marketing expenses	31,628,917	-
MCB DCF Income Fund	Funds under management	Management fee	64,050,104	60,509,157
		Sales load	8,216,090	2,388,612
		Back end load	3,165,471	251,941
		Reimbursement of allocated expenses	4,329,712	4,033,944
		Reimbursement of selling and marketing expenses	17,611,281	15,732,381
		Investment in units of funds under management	-	1,014,790
		Redemption in units of funds under management	-	1,015,540
Alhamra Islamic Income Fund	Funds under management	Management fee	34,930,464	21,291,973
		Sales load	8,747,153	1,591,871
		Back end load	124,576	55,080
		Sharia fee paid on behalf of the Fund	720,000	744,193
		Reimbursement of allocated expenses	7,531,750	6,704,743
		Reimbursement of selling and marketing expenses	6,457,756	8,123,665
MCB Pakistan Asset Allocation Fund	Funds under management	Management fee	32,585,554	29,224,782
		Sales load	178,097	377,845
		Reimbursement of allocated expenses	1,078,056	1,244,539
		Reimbursement of selling and marketing expenses	-	11,084,595
		Back end load	18,090	16,391
		Investment in units of funds under management	135,000,000	-
		Redemption in units of funds under management	124,884,199	-
Alhamra Islamic Money Market Fund	Funds under management	Management fee	21,850,087	3,525,512
		Reimbursement of allocated expenses	175,116	20,640
		Reimbursement of selling and marketing expenses	4,443,790	164,905
		Sales load	3,616	76,186
		Sharia fee paid on behalf of the Fund	720,000	276,429
		Investment in units of funds under management	-	1,867,665,457
		Redemption in units of funds under management	-	1,867,631,544
		Dividend income	-	1,388,096
		Other expenses	1,216,507	3,732,839
Alhamra Islamic Stock Fund	Funds under management	Management fee	63,834,111	69,050,147
		Sales load	1,347,045	826,405
		Reimbursement of allocated expenses	3,191,705	3,452,507
		Reimbursement of selling and marketing expenses	41,492,171	44,882,596
		Investment in units of funds under management	50,000,000	-
		Redemption in units of funds under management	50,000,000	25,000,000
Sharia fee paid on behalf of the Fund	720,000	744,193		
MCB Pakistan Sovereign Fund	Funds under management	Management fee	7,338,708	11,722,829
		Sales load	85,845	23,323
		Reimbursement of allocated expenses	696,333	1,262,456
		Reimbursement of selling and marketing expenses	2,375,193	1,767,439
		Investment in units of funds under management	100,000,000	590,222
		Redemption in units of funds under management	100,054,083	590,660

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

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Year ended	
			June 30, 2022	June 30, 2021
			----- (Rupees) -----	
MCB Pakistan Stock Market Fund	Funds under management	Management fee	220,934,775	228,599,206
		Sales load	3,803,403	4,874,861
		Reimbursement of allocated expenses	11,154,549	11,429,960
		Reimbursement of selling and marketing expenses	145,009,132	148,589,484
		Investment in units of funds under management	125,000,000	447,420,886
		Redemption in units of funds under management	165,830,439	465,000,000
Pakistan Capital Market Fund	Funds under management	Management fee	13,885,843	11,707,371
		Sales load	10,280	13,691
		Reimbursement of allocated expenses	444,342	469,096
		Reimbursement of selling and marketing expenses	-	3,879,305
Pakistan Cash Management Fund	Funds under management	Management fee	13,642,219	3,252,880
		Reimbursement of allocated expenses	21,468	1,164,125
		Reimbursement of selling and marketing expenses	2,219,148	-
		Sales load	113,869	39,924
		Dividend income	3,125,089	-
		Investment in units of funds under management	437,710,410	84
Pakistan Income Enhancement Fund	Funds under management	Redemption in units of funds under management	437,710,410	84
		Management fee	10,614,631	7,016,389
		Sales load	3,892,366	160,951
		Reimbursement of allocated expenses	1,066,190	686,426
Pakistan Income Fund	Funds under management	Reimbursement of selling and marketing expenses	315,825	3,195,090
		Management fee	67,617,925	44,849,079
		Sales load	2,879,987	3,723,810
		Reimbursement of allocated expenses	7,075,050	5,309,004
Alhamra Islamic Asset Allocation Fund	Funds under management	Reimbursement of selling and marketing expenses	2,478,950	2,592,765
		Dividend income	-	4,769,279
		Investment in units of funds under management	486,000,000	895,291,631
		Redemption in units of funds under management	881,428,303	512,317,732
		Management fee	70,761,932	61,160,617
		Sales load	801,579	1,107,389
Alhamra Islamic Pension Fund	Funds under management	Back end load	8,612,265	11,240,019
		Reimbursement of allocated expenses	2,144,301	2,442,063
		Reimbursement of selling and marketing expenses	-	19,427,449
		Sharia fee paid on behalf of the Fund	720,000	744,194
Pakistan Pension Fund	Funds under management	Management fee	19,299,220	18,410,447
		Sales load	1,064,382	572,313
Alhamra Islamic Active Asset Allocation Fund - Plan I	Funds under management	Management fee	28,807,192	27,828,686
		Sales load	1,515,120	671,739
Alhamra Islamic Active Asset Allocation Fund - Plan II	Funds under management	Management fee	-	34,228
		Reimbursement of allocated expenses	-	148,370
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)	Funds under management	Management fee	-	37,600
		Reimbursement of allocated expenses	-	143,106
		Management fee	62,088	2,918
		Reimbursement of allocated expenses	170,612	6,590
		Investment in units of funds under management	701,862	120,000,000
		Dividend income	825,720	-
		Sales load	717,966	-

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

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	Year ended	
			June 30, 2022	June 30, 2021
			----- (Rupees) -----	
Alhamra Daily Dividend Fund	Funds under management	Management fee	12,810,082	5,592,499
		Dividend income	-	276,963
		Investment in units of funds under management	-	350,235,419
		Redemption in units of funds under management	-	350,235,419
		Reimbursement of allocated expenses	504,128	2,587,207
		Reimbursement of selling and marketing expenses	682,186	985,766
		Bank charges paid on behalf of the Fund	653,792	720,048
		Sales load	8,212,393	63,029
Alhamra Wada Fund (Alhamra Wada Plan I)	Funds under management	Management fee	31,667	-
		Dividend income	39,750	-
		Investment in units of funds under management	50,033,787	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)	Funds under management	Management fee	20,107	-
		Dividend income	139,740	-
		Investment in units of funds under management	170,118,779	-
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)	Funds under management	Management fee	3,004	-
		Investment in units of funds under management	60,000,000	-
Muhammad Saqib Saleem	Chief Executive Officer	Loan disbursed during the year	15,000,000	-
		Loan repaid during the year	2,690,344	-
		Interest income on loan	902,286	-

Amount outstanding as at year end

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	June 30, 2022	June 30, 2021
			----- (Rupees) -----	
MCB Bank Limited	Parent company with 51.33% shareholding	Bank balances	16,281,569	11,755,764
		Other payable	4,819,798	4,380,075
		Commission payable	7,855,510	4,492,704
MCB Islamic Bank Limited	Subsidiary of the Parent Company	Bank balance	352,709	519,878
		Accrued mark-up on bank balance	-	1,212
Adamjee Life Assurance	Group Company	Advisory fee receivable	2,913,009	2,736,923
Mutual Funds Association of Pakistan	Associated Company	Investment in shares	265,000	-
MCB DCF Income Fund	Funds under management	Remuneration receivable	6,322,448	5,605,112
		Sales load receivable	858,542	36,252
		Receivable against reimbursement of allocated expenses	373,006	330,685
		Receivable against selling and marketing expenses	4,385,006	3,918,724
		Back end load receivable	232,591	171,540
		Investment in units of funds under management	-	-
		Federal excise duty on remuneration	99,060,437	99,060,437
		Federal excise duty on sales load	27,932,990	27,932,990
MCB Pakistan Asset Allocation Fund	Funds under management	Remuneration receivable	2,634,051	2,158,536
		Sales load receivable	32,788	16,558
		Receivable against reimbursement of allocated expenses	70,637	80,913
		Federal excise duty on remuneration	19,027,350	19,027,350
		Federal excise duty on sales load	16,172,955	16,172,955

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

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	June 30, 2022	June 30, 2021
----- (Rupees) -----				
MCB Cash Management Optimizer	Funds under management	Remuneration receivable	19,505,448	9,201,283
		Sales load receivable	-	995,781
		Receivable against reimbursement of allocated expenses	4,674,374	-
		Receivable against selling and marketing expenses	4,793,050	-
		Federal excise duty on remuneration	54,266,812	54,266,812
		Federal excise duty on sales load	18,788	18,788
		Investment in units of funds under management	-	6,538,775
Alhamra Islamic Income Fund	Funds under management	Remuneration receivable	3,872,369	1,793,235
		Sales load receivable	833,794	325,267
		Back end load receivable	-	-
		Receivable against reimbursement of allocated expenses	494,727	608,189
		Receivable against selling and marketing expenses	-	-
		Receivable against shariah advisor fee	60,000	60,000
		Federal excise duty on remuneration	8,639,183	8,639,183
MCB Pakistan Stock Market Fund	Funds under management	Federal excise duty on sales load	3,028,386	3,028,386
		Remuneration receivable	16,523,210	23,299,687
		Sales load receivable	19,449	836,859
		Other receivable	-	-
		Investment in units of funds under management	90,390,302	146,676,096
		Receivable against reimbursement of allocated expenses	731,116	1,030,960
		Receivable against selling and marketing expenses	31,187,196	38,437,423
Pakistan Income Fund	Funds under management	Federal excise duty on remuneration	54,773,935	54,773,935
		Federal excise duty on sales load	3,932,683	3,932,683
		Remuneration receivable	6,139,756	7,651,531
		Sales load receivable	54,993	345,554
		Receivable against reimbursement of allocated expenses	331,676	852,806
		Receivable against selling and marketing expenses	150,400	-
		Investment in units of funds under management	-	388,253,829
MCB Pakistan Sovereign Fund	Funds under management	Federal excise duty on remuneration	9,210,245	9,210,245
		Federal excise duty on sales load	239,199	239,199
		Other receivable	-	132,561
		Remuneration receivable	714,157	663,926
		Sales load receivable	-	8
		Receivable against reimbursement of allocated expenses	50,669	63,516
		Receivable against selling and marketing expenses	444,047	290,630
Pakistan Capital Market Fund	Funds under management	Federal excise duty on remuneration	29,027,974	29,027,974
		Federal excise duty on sales load	4,169,840	4,169,840
		Remuneration receivable	1,210,128	1,338,866
		Sales load receivable	-	-
		Receivable against reimbursement of allocated expenses	31,967	39,190
		Receivable against selling and marketing expenses	-	-
		Federal excise duty on remuneration	5,872,250	5,872,250
Alhamra Islamic Stock Fund	Funds under management	Federal excise duty on sales load	392,742	392,742
		Remuneration receivable	4,723,886	6,456,723
		Sales load receivable	5,110	81,700
		Receivable against reimbursement of allocated expenses	209,022	285,696
		Receivable against selling and marketing expenses	8,789,404	11,074,298
		Receivable against shariah advisor fee	60,000	60,000
		Investment in units of funds under management	17,398,169	24,437,229
		Federal excise duty on remuneration	5,689,242	5,689,242
		Federal excise duty on sales load	124,913	124,913

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

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	June 30, 2022	June 30, 2021
----- (Rupees) -----				
Pakistan Pension Fund	Funds under management	Remuneration receivable	1,991,345	2,547,807
		Sales load receivable	286,845	-
		Investment in units of funds under management	302,666,529	311,872,289
		Federal excise duty on remuneration	5,976,465	5,976,465
Alhamra Islamic Asset Allocation Fund	Funds under management	Remuneration receivable	5,286,782	7,384,899
		Sales load receivable	76,283	404,315
		Back end load receivable	507,423	815,726
		Receivable against reimbursement of allocated expenses	141,775	198,040
		Receivable against selling and marketing expenses	-	-
		Receivable against shariah advisor fee	60,000	60,000
		Federal excise duty on remuneration	5,910,300	5,910,300
		Federal excise duty on sales load	1,135,845	1,135,845
Alhamra Islamic Pension Fund	Funds under management	Remuneration receivable	1,377,536	1,874,842
		Sales load receivable	173,861	271,597
		Investment in units of funds under management	303,234,844	326,724,663
		Federal excise duty on remuneration	3,030,332	3,030,332
Pakistan Sarmaya Mahfooz Fund	Funds under management	Federal excise duty on remuneration	1,960,082	1,960,082
		Federal excise duty on sales load	2,307,278	2,307,278
Pakistan Cash Management Fund	Funds under management	Remuneration receivable	2,832,968	217,783
		Receivable against reimbursement of allocated expenses	-	62,402
		Receivable against selling and marketing expenses	72,552	-
		Sales load receivable	-	30,605
		Investment in units of funds under management	-	-
		Federal excise duty on remuneration	11,932,884	11,932,884
Pakistan Income Enhancement Fund	Funds under management	Remuneration receivable	1,134,740	1,188,734
		Sales load receivable	2,450,213	20,666
		Back end load receivable	-	-
		Other receivable	-	132,561
		Receivable against reimbursement of allocated expenses	70,171	55,991
		Receivable against selling and marketing expenses	150,471	-
		Federal excise duty on remuneration	16,589,808	16,589,808
		Federal excise duty on sales load	4,746,222	4,746,222
Alhamra Islamic Money Market Fund	Funds under management	Remuneration receivable	2,263,698	-
		Sales load receivable	-	7,045
		Receivable against reimbursement of allocated expenses	33,915	-
		Receivable against selling and marketing expenses	889,592	-
		Receivable against shariah advisor fee	60,000	60,000
		Investment in units of funds under management	-	-
		Other payable	-	1,844,136
		Federal excise duty on remuneration	840,741	840,741
		Federal excise duty on sales load	3,584,949	3,624,619
Alhamra Islamic Active Allocation Fund (Alhamra Smart Portfolio)	Funds under management	Remuneration receivable	7,758	3,298
		Receivable against reimbursement of allocated expenses	12,528	6,590
		Investment in units of funds under management	120,895,058	119,852,520
Alhamra Daily Dividend Fund	Funds under management	Remuneration receivable	2,800,809	433,744
		Payable against bank charges	68,480	32,653
		Receivable against reimbursement of allocated expenses	18,897	-
		Receivable against selling and marketing expenses	682,186	-
		Sales load receivable	2,554,294	2,145

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

Name of the related party	Relationship and percentage of shareholding	Nature of transaction	June 30, 2022	June 30, 2021
----- (Rupees) -----				
Alhamra Wada Fund (Alhamra Wada Plan I)	Funds under management	Remuneration receivable	35,784	-
MCB Pakistan Fixed Return Fund (MCB Pakistan Fixed Return Plan I)	Funds under management	Remuneration receivable	22,721	-
MCB Pakistan Opportunity Fund (MCB Pakistan Dividend Yield Plan)	Funds under management	Remuneration receivable	3,395	-
Muhammad Saqib Saleem	Chief Executive Officer	Loan outstanding	12,309,656	-

30 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND EXECUTIVES

	Chief Executive Officer		Directors		Executives	
	2022	2021	2022	2021	2022	2021
----- Rupees -----						
Managerial remuneration	14,610,541	12,431,388	-	-	81,227,585	63,651,045
Bonus	11,285,302	10,000,000	-	-	40,996,418	39,160,000
Retirement benefits	1,228,021	1,104,249	-	-	6,745,689	5,514,234
Rent and house maintenance	6,574,740	5,594,124	-	-	36,552,441	28,642,994
Utilities	1,461,050	1,243,140	-	-	8,122,776	6,365,133
Medical	1,461,050	1,243,140	-	-	8,122,776	6,365,133
Car allowance	5,248,256	4,299,680	-	-	39,559,395	20,380,193
Meeting fee	-	-	8,475,000	10,275,000	-	-
Others	2,393,370	647,890	-	-	21,765,222	2,209,654
	<u>44,262,330</u>	<u>36,563,611</u>	<u>8,475,000</u>	<u>10,275,000</u>	<u>243,092,302</u>	<u>172,288,386</u>
Number of person	<u>1</u>	<u>1</u>	<u>8</u>	<u>8</u>	<u>31</u>	<u>27</u>

30.1 'Executive' means an employee other than the Chief Executive and directors, whose basic salary exceeds Rs 1,200,000 in a financial year.

31 DEFINED CONTRIBUTION PLAN

31.1 The Company operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary. The financial statements of the fund are separately prepared and audited and are not included as part of these financial statements. The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

During the year, an amount of Rs. 15.885 million (2021: Rs. 13.640 million) has been charged to the statement profit or loss in respect of the Company's contributions to the employees provident fund.

31.2 Investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

32 NUMBER OF EMPLOYEES	2022	2021
Number of employees at June 30		
- Permanent	239	293
- Probation	23	8
- Contractual	38	10
Average number of employees during the year		
- Permanent	266	295
- Probation	16	6
- Contractual	24	2

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

33 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

	----- 2022 -----		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees -----		
Long term investments	-	605,901,373	605,901,373
Long term deposits	5,523,103	-	5,523,103
Receivable from funds under management	546,112,389	-	546,112,389
Loans and advances	23,486,189	-	23,486,189
Deposit and other receivables	28,978,110	-	28,978,110
Accrued mark-up on bank balances	48,905	-	48,905
Short term investments	-	508,913,355	508,913,355
Cash and bank balances	51,523,257	-	51,523,257
	<u>655,671,953</u>	<u>1,114,814,728</u>	<u>1,770,486,681</u>

Financial liabilities

	----- 2022 -----		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees -----		
Lease liability against right-of-use assets	44,835,578	-	44,835,578
Unclaimed dividend	5,210,504	-	5,210,504
Trade and other payables	187,886,693	-	187,886,693
	<u>237,932,775</u>	<u>-</u>	<u>237,932,775</u>

Financial assets

	----- 2021 -----		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees -----		
Long term investments	-	638,596,952	638,596,952
Long term deposits	4,994,903	-	4,994,903
Receivable from funds under management	533,657,299	-	533,657,299
Loans and advances	10,181,313	-	10,181,313
Deposit and other receivables	25,372,932	-	25,372,932
Accrued mark-up on bank balances	22,487	-	22,487
Short term investments	-	685,758,449	685,758,449
Cash and bank balances	43,929,106	-	43,929,106
	<u>618,158,040</u>	<u>1,324,355,401</u>	<u>1,942,513,441</u>

Financial liabilities

	----- 2021 -----		
	At amortised cost	At fair value through profit or loss	Total
	----- Rupees -----		
Lease liability against right-of-use assets	50,348,567	-	50,348,567
Unclaimed dividend	4,672,994	-	4,672,994
Trade and other payables	179,498,583	-	179,498,583
	<u>234,520,144</u>	<u>-</u>	<u>234,520,144</u>

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

34.1 Financial risk factors

The Company's activities expose it to certain financial risks which the management monitors and manages through internal risk management on an ongoing basis. In connection with the Company's financing of operations, the finance function ensures adequate and flexible liquidity. This is guaranteed by placing deposits in cash and extremely liquid negotiable instruments and / or using available credit facilities.

Financial risks pertain to market risk, credit risk and liquidity risk. The Company seeks to minimise the effects of these risks by managing financial assets and liabilities to minimise the risk exposures. Compliance with the policies and the exposure limits are reviewed internally on a continuous basis.

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

34.2 Market risk

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

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

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

34.2.1 Currency risk

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

34.2.2 Yield / interest rate risk

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

a) Sensitivity analysis for variable rate instruments

Presently, the Company holds balances with banks which expose the Company to cash flow profit rate risk. In case of 100 basis points increase / decrease in applicable rates on the last repricing date with all other variables held constant, the net profit for the year and net assets of the Company would have been higher / lower by Rs. 0.146 million (2021: Rs. 0.102 million).

b) Sensitivity analysis of fixed rate instruments

As at June 30, 2022, the Company did not hold any fixed rate financial assets that may expose the Company to fair value profit rate risk.

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

The Company's yield / interest rate sensitivity related to financial assets and financial liabilities as at June 30, 2022 can be determined as follows:

		2022						
Effective yield / interest rate		Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
----- (Rupees) -----								
Financial assets								
Long term investments		-	-	-	-	605,901,373	605,901,373	605,901,373
Long term deposits		-	-	-	-	5,523,103	5,523,103	5,523,103
Receivable from funds under management		-	-	-	546,112,389	-	546,112,389	546,112,389
Loans and advances	8.01% - 12.36%	3,658,252	12,878,198	16,536,450	2,019,465	4,930,274	6,949,739	23,486,189
Deposit and other receivables		-	-	-	28,978,110	-	28,978,110	28,978,110
Accrued mark-up on bank balances		-	-	-	48,905	-	48,905	48,905
Short term investments		-	-	-	508,913,355	-	508,913,355	508,913,355
Cash and bank balances	5.85% - 12.25%	14,635,761	-	14,635,761	36,887,496	-	36,887,496	51,523,257
		18,294,013	12,878,198	31,172,211	1,122,959,720	616,354,750	1,739,314,470	1,770,486,681
Financial liabilities								
Lease liability against right-of-use assets	8.08% - 15.53%	20,073,011	24,762,567	44,835,578	-	-	-	44,835,578
Unclaimed dividend		-	-	-	5,210,504	-	5,210,504	5,210,504
Trade and other payables		1,885,182	-	1,885,182	187,886,693	-	187,886,693	189,771,875
		21,958,193	24,762,567	46,720,760	193,097,197	-	193,097,197	239,817,957
On balance sheet gap		(3,664,180)	(11,884,369)	(15,548,549)	929,862,523	616,354,750	1,546,217,273	1,530,668,724
Off balance sheet financial instruments		-	-	-	-	-	-	-
Off balance sheet gap		-	-	-	-	-	-	-
Total interest rate sensitivity gap		(3,664,180)	(11,884,369)	(15,548,549)	929,862,523		1,546,217,273	1,530,668,724
Cumulative interest rate sensitivity gap		(3,664,180)	(15,548,549)	(31,097,098)				

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

2021							
Effective yield / interest rate	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
----- (Rupees) -----							
Financial assets							
Long term investments	-	-	-	-	638,596,952	638,596,952	638,596,952
Long term deposits	-	-	-	-	4,994,903	4,994,903	4,994,903
Receivable from funds under management	-	-	-	533,657,299	-	533,657,299	533,657,299
Loans and advances 12.36%	694,246	3,612,043	4,306,289	1,175,176	4,699,848	5,875,024	10,181,313
Deposit and other receivables	-	-	-	25,372,932	-	25,372,932	25,372,932
Accrued mark-up on bank balances	-	-	-	22,487	-	22,487	22,487
Short term investments	-	-	-	685,758,449	-	685,758,449	685,758,449
Cash and bank balances 5.50% - 6.90%	10,156,387	-	10,156,387	33,772,719	-	33,772,719	43,929,106
	10,850,633	3,612,043	14,462,676	1,279,759,062	648,291,703	1,928,050,765	1,942,513,441
Financial liabilities							
Lease liability against right-of-use assets 8.01% - 14.95%	32,347,100	18,001,467	50,348,567	-	-	-	50,348,567
Unclaimed dividend	-	-	-	4,672,994	-	4,672,994	4,672,994
Trade and other payables	-	-	-	179,498,583	-	179,498,583	179,498,583
	32,347,100	18,001,467	50,348,567	184,171,577	-	184,171,577	234,520,144
On balance sheet gap	(21,496,467)	(14,389,424)	(35,885,891)	1,095,587,485	648,291,703	1,743,879,188	1,707,993,297
Off balance sheet financial instruments	-	-	-	-	-	-	-
Off balance sheet gap	-	-	-	-	-	-	-
Total interest rate sensitivity gap	(21,496,467)	(14,389,424)	(35,885,891)	1,095,587,485		1,743,879,188	1,707,993,297
Cumulative interest rate sensitivity gap	(21,496,467)	(35,885,891)	(71,771,782)				

34.2.3 Price risk

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

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

In case of 1% increase / decrease in the net asset values of the Company's investments in the Funds, the profit for the year after taxation and total comprehensive income for the year of the Company would be higher / lower by Rs 11.148 million (2020: Rs 13.244 million).

34.3 Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation and cause the other party to incur a financial loss. The entire financial assets are subject to the credit risk except for investment in units of funds under the management of the Company. The management believes that the Company's credit risk is minimal as major portion of financial assets comprise of receivables from its Funds under Management which are financially sound. The credit risk on balances with banks is also considered minimal as the balances are kept with sound financial institutions.

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

Credit risk on amounts of receivable from separately managed accounts is minimal due to contractual rights of the Company to settle the receivable before withdrawal / liquidation of underlying investments.

Receivable from funds under management

The latest available ratings of the Funds in which the investments are made or from which amounts are receivable as at June 30, 2022 and June 30, 2021 are as follows:

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

Fund name	2022	2021	Rating agency
MCB Cash Management Optimizer	AA+(f)	AA+(f)	PACRA
MCB DCF Income Fund	AA-(f)	AA-(f)	PACRA
Alhamra Islamic Income Fund	AA-(f)	AA-(f)	PACRA
MCB Pakistan Sovereign Fund	AA-(f)	AA-(f)	PACRA
Pakistan Cash Management Fund	AA+(f)	AA+(f)	PACRA
Pakistan Income Enhancement Fund	A+(f)	A+(f)	PACRA
Pakistan Income Fund	AA-(f)	A+(f)	PACRA
Alhamra Islamic Money Market Fund	AA+(f)	AA(f)	PACRA
Alhamra Daily Dividend Fund	AA-(f)	AA-(f)	PACRA

All other funds are not yet rated.

Bank balances

An analysis of the credit quality of balances with banks is as follows:

	2022		2021		Rating agency
	Short term	Long term	Short term	Long term	
Summit Bank Limited	A-3	BBB-	A-3	BBB-	VIS
MCB Bank Limited	A-1+	AAA	A-1+	AAA	PACRA
Faysal Bank Limited	A-1+	AA	A-1+	AA	PACRA / VIS
Bank Alfalah Limited	A-1+	AA+	A-1+	AA+	PACRA
MCB Islamic Bank Limited	A-1	A	A-1	A	PACRA

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

Details of the Company's concentration of credit risk of financial assets by industrial distribution are as follows:

	2022		2021	
	(Rupees)	(Percentage)	(Rupees)	(Percentage)
Commercial banks	51,567,342	2.91%	43,946,771	2.26%
Mutual funds	546,112,389	30.85%	533,657,299	27.47%
Others	58,257,222	3.29%	40,553,970	2.09%
	<u>655,936,953</u>	<u>37.05%</u>	<u>618,158,040</u>	<u>31.82%</u>

The maximum exposure to credit risk before any credit enhancement as at June 30, 2022 is the carrying amount of the financial assets. Investment in units of funds under the management of the Company, however, are not exposed to credit risk and have been excluded from the above analysis.

34.4 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios and rational investment decisions after taking into consideration the current availability of liquid resources. As at June 30, 2022, the Company's cash and bank balances amounted to Rs. 51.523 million.

The management of the Company believes that it is not exposed to significant level of liquidity risk as its receivables are highly liquid and mostly receivables from its own funds. Furthermore, significant amount is also invested in the Company's own managed funds' units which can anytime be redeemed.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts in the table below are contractual undiscounted cash flows:

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

	2022			
	Contractual cash flows	Carrying amount	Maturity upto one year	Maturity after one year
Financial liabilities	Rupees			
Lease liability against right-of-use assets	53,315,992	44,835,578	23,839,253	29,476,739
Unclaimed dividend	5,210,504	5,210,504	5,210,504	-
Trade and other payables	187,886,693	187,886,693	187,886,693	-
	<u>246,413,189</u>	<u>237,932,775</u>	<u>216,936,450</u>	<u>29,476,739</u>

	2021			
	Contractual cash flows	Carrying amount	Maturity upto one year	Maturity after one year
Financial liabilities	Rupees			
Lease liability against right-of-use assets	55,172,772	50,348,567	36,357,777	18,814,995
Unclaimed dividend	4,672,994	4,672,994	4,672,994	-
Trade and other payables	179,498,583	179,498,583	179,498,583	-
	<u>239,344,349</u>	<u>234,520,144</u>	<u>220,529,354</u>	<u>18,814,995</u>

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 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 responsibilities;
- 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.

Senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

35 CAPITAL RISK MANAGEMENT

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

The Company is subject to externally imposed minimum equity requirement of the NBFC Rules 2003 and the NBFC Regulation 2008 for providing asset management services and investment advisory services and is required to maintain minimum equity of Rs 200 million. The Company's paid up capital is above the minimum required threshold limit.

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

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

36 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

The fair values of investments are based on the net assets value announced by the Company and calculated using market rates at each reporting date. The estimated fair value of all other financial assets and liabilities is considered not to be significantly different from carrying values as the items are either short-term in nature or are periodically repriced.

Fair value hierarchy

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

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

Valuation techniques used in determination of fair values within level 2

Items	Valuation technique
Units of open-end collective investment schemes and voluntary pension schemes	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.

	2022			
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
ASSETS				
Financial assets 'at fair value through profit or loss'				
Investment in units of open-end collective investment schemes and voluntary pension schemes	-	1,114,549,728	-	1,114,549,728
Investment in shares *	-	-	265,000	265,000
	<u>-</u>	<u>1,114,549,728</u>	<u>265,000</u>	<u>1,114,814,728</u>

	2021			
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
ASSETS				
Financial assets 'at fair value through profit or loss'				
Investment in units of open-end collective investment schemes and voluntary pension schemes	-	1,324,355,401	-	1,324,355,401

* These represent shares of Mutual Funds Association of Pakistan which have been carried at cost since their fair value is not considered to be materially different from its carrying amount. Accordingly, the disclosures with respect to level 3 financial assets have not been given.

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

37 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on August 15, 2022 have proposed a final cash dividend in respect of the year ended June 30, 2022 of Re. 1 per share (10%) [(2021: Rs. 5 per share (50%)). These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 15, 2022 by the Board of Directors of the Company.

39 GENERAL

39.1 Figures have been rounded off to the nearest Rupee, unless otherwise specified.

39.2 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. Following major reclassifications have been made during the year:

Description	Reclassified from	Reclassified to	Amount (Rupees)	
			2021	2020
Intangible assets	Fixed assets	Intangible assets	284,280,323	295,498,678
Auditors' remuneration	Administrative expenses	Other expenses	3,346,303	3,333,567
Write-off / impairment of property and equipment	Administrative expenses	Other expenses	4,768,237	4,269,937

39.2.1 The above reclassification in respect of intangible assets is significant and required disclosure of amounts in the statement of financial position as at the beginning of the preceding period as per the requirements of International Financial Reporting Standards. Accordingly, amounts as at July 1, 2020 after taking into account the impact of reclassification of intangible assets have been presented and disclosed on the statement of financial position.



Chief Executive Officer



Chief Financial Officer



Director

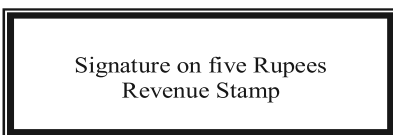
FORM OF PROXY
22nd ANNUAL GENERAL MEETING
On October 24, 2022

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

I/We

_____ of
_____ in the _____ district
_____ being a member of MCB-Arif Habib Savings and Investments
Limited, hereby appoint _____ of _____ as my/our proxy to vote for me/us and
on my/our behalf at the 22nd Annual General Meeting of the Company to be held on Monday,
October 24, 2022 and at any adjournment thereof.

Signed this _____ day of _____ 2022.



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

1. WITNESS:

Signature: _____

Name: _____

Address: _____

CNIC/ Passport No. _____

2. WITNESS:

Signature: _____

Name: _____

Address: _____

CNIC/ Passport No. _____

Shareholder Folio No.

CDC Participant ID No & Sub Account No.

Notes:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at 2nd Floor, Adamjee House, I.I. Chundrigar Road, Karachi, Pakistan not less than 48 working hours (No account shall be taken of any part of the day that is working day) before the time of holding the meeting. A proxy need not be a member of the Company.
2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of the proxy shall be rendered invalid.
3. CDC share holders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.
4. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
5. In case of a corporate entity, the Board of Directors Resolution / Power of Attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
6. Members are requested to notify any change in their address immediately.

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AFFIX
CORRECT
POSTAGE

MCB ARIF HABIB SAVINGS & INVESTMENTS LIMITED

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

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پراکسی فارم
بائیسواں (۲۲واں) سالانہ عمومی اجلاس
۲۴ اکتوبر ۲۰۲۲ء

کمپنی سیکریٹری

ایم سی بی۔ عارف حبیب سیونگنز اینڈ انویسٹمنٹس لمیٹڈ

دوسری منزل، آدجی ہاؤس، آئی آئی چندریگر روڈ

کراچی

میں / ہم _____ جو _____

سے تعلق رکھتے ہیں، ایم سی بی۔ عارف حبیب سیونگنز اینڈ انویسٹمنٹس لمیٹڈ کے رکن / ارکان کی حیثیت سے،

کو، جس / جن کا تعلق _____ سے ہے، 24 اکتوبر 2022ء کو منعقد ہونے والے کمپنی کے بائیسواں سالانہ

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

دستخط کردہ _____ (دن) _____ (ماہ) 2022ء

۵ روپے کے ریونیوڈاکٹ
پر دستخط

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

گواہ نمبر 2

گواہ نمبر 1

دستخط: _____

دستخط: _____

نام: _____

نام: _____

پتہ: _____

پتہ: _____

سی این آئی سی / پاسپورٹ نمبر: _____

سی این آئی سی / پاسپورٹ نمبر: _____

شیئر ہولڈر کا فو لیو نمبر

سی ڈی سی شریک شناخت نمبر اور ذیلی اکاؤنٹ نمبر

اہم نکات:

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

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

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

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

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

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

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AFFIX
CORRECT
POSTAGE

MCB ARIF HABIB SAVINGS & INVESTMENTS LIMITED

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

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

To: _____

Date: _____

Dear Sir/Madam,

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

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

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

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

Note

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

CONSENT FORM FOR VIDEO CONFERENCE FACILITY

MCB Arif Habib Savings and Investments Limited

Form for Video Conference Facility

I/We, _____, of _____, being the member(s) of the Company under Folio No(s). _____/CDC Participant No. _____ and Sub Account No. _____ CDC Investor Account No. _____, and holder of _____ Ordinary Shares, hereby request for video conference facility at _____ for the Annual General Meeting of the Company to be held on October 24, 2022.

Date: _____

Member's Signature

Note:

This Standard Request Form may be sent at Share Registrar of the Company at below mentioned address.

CDC Share Registrar Services Limited

CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi – 74400

Tel: 0800-23275

Email: info@cdcsrsl.com

MCB-Arif Habib Savings and Investments Limited

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

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

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