

ANNUAL REPORT  
2013



Building Upon Our Strengths



**GENERAL**

EFU GENERAL INSURANCE LTD.



## BUILDING UPON OUR STRENGTHS

EFU HAS THE STRENGTH TO POWER ITS PROGRESS.

DURING OUR EIGHTY YEARS WE HAVE SEEN MANY CHANGES TAKING PLACE; GLOBALLY, IN OUR OWN COUNTRY, AND IN OUR INDUSTRY.

WE HAVE OURSELVES UNDERGONE MANY TRANSFORMATIONS – EXPANDING, IMPROVING, RISING TO HIGHER LEVELS. THE ONE THING ABOUT US THAT HAS NOT CHANGED IS THE PASSION TO DO THINGS RIGHT. IT HAS MANY DIMENSIONS, WHICH WE CALL OUR PILLARS OF STRENGTH. EACH OF THESE PILLARS COMPLEMENTS THE VITALITY AND VIBRANCY OF ALL THE OTHERS.

IT IS THESE PILLARS OF OUR STRENGTH THAT HAVE EMPOWERED US TO BE IN THE FOREFRONT OF PAKISTAN'S INSURANCE INDUSTRY, CARRYING US FORWARD YEAR AFTER YEAR, WITH CONTINUED SUCCESS AND ACHIEVEMENT.



## Key Information

Rating:  
Insurer Financial Strength

# AA+

Written Premium

**13 882**  
Million

Earned Premium

**13 270**  
Million

Net Premium  
Revenue

**6 342**  
Million

Underwriting  
Result

**772**  
Million

Breakup Value

**95.26**  
Rupees

Shareholders  
Equity

**11 908**  
Million

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An insurer is carried forward by customers



## CUSTOMER TRUST - OUR GREATEST STRENGTH



The business of insurance eventually crystallizes to credibility and trust.

Your Company, since inception, places the highest value on customer trust. All that we do is always aimed at enhancing the trust and confidence our customers invest us with.

With over eight decades and millions of interactions down the road, earning and enhancing customer trust is the keystone of our corporate culture. This is the guiding light that illuminates the path ahead for everyone in the EFU family when transacting with both existing customers and new prospects. Our success with this practice is evidenced by two very important facts. Many of our customers insure with us in multiple classes of business. Secondly, many of our customers happily refer us to their associates and acquaintances.

Insurance isn't an off-the-shelf product. Every policy that we sell envisages a relationship for a certain time-frame. Our philosophy and practice is to endeavour to extend these relationships beyond the time-frames mandated by the policy contracts.

Over eight decades of being the first choice insurer for knowledgeable customers is testimony that we build trustworthy and trusted relationships as we go about building our business.





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Insurers who deliver on promises  
keep moving to the next higher level

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**THE STRENGTH  
TO DELIVER ON WHAT WE PROMISE**

The ability to deliver on promises is key for any insurance services provider. It is a question of the strength of the insurer's asset base and the quality of the insurer's strategic alliances with re-insurers.

At EFU we constantly enhance our asset base, maintain a liquidity ratio above that mandated by statutory requirements and have standing treaties with the finest and most highly regarded re-insurers in the world.

Our assets, financial strength and single-minded management focus on being credible enable us to take advantage of the growth trends that are transforming our industry. We are always in a position to execute our growth strategies in an increasingly complex and competitive marketplace.

Based on this solid foundation, our company consistently delivers on our promises to customers and all stakeholders.

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The position of market leader should be  
treated as a platform for improved performance

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## THE STRENGTH OF LEADERSHIP

Where leadership brings onerous responsibilities, it is also a source of strength to your company's management and field force alike.

We are Pakistan's most recognized and acknowledged insurance brand, at home and abroad. This gives us an edge in the market, and in some ways eases the way for our people on the sales front.

We treat our position of market leader as a platform to serve our customers and community still better. The strength of leadership enables us to be constantly in an upgrade mode. We keep abreast with the most recent advances in our field worldwide, adopting or adapting all that is applicable in our environment. This, inter alia, empowers us to continuously hone our skills, add to our expertise, to better equip ourselves to face the challenges of the future.





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Being the market leader  
demands of an insurer to blaze new trails

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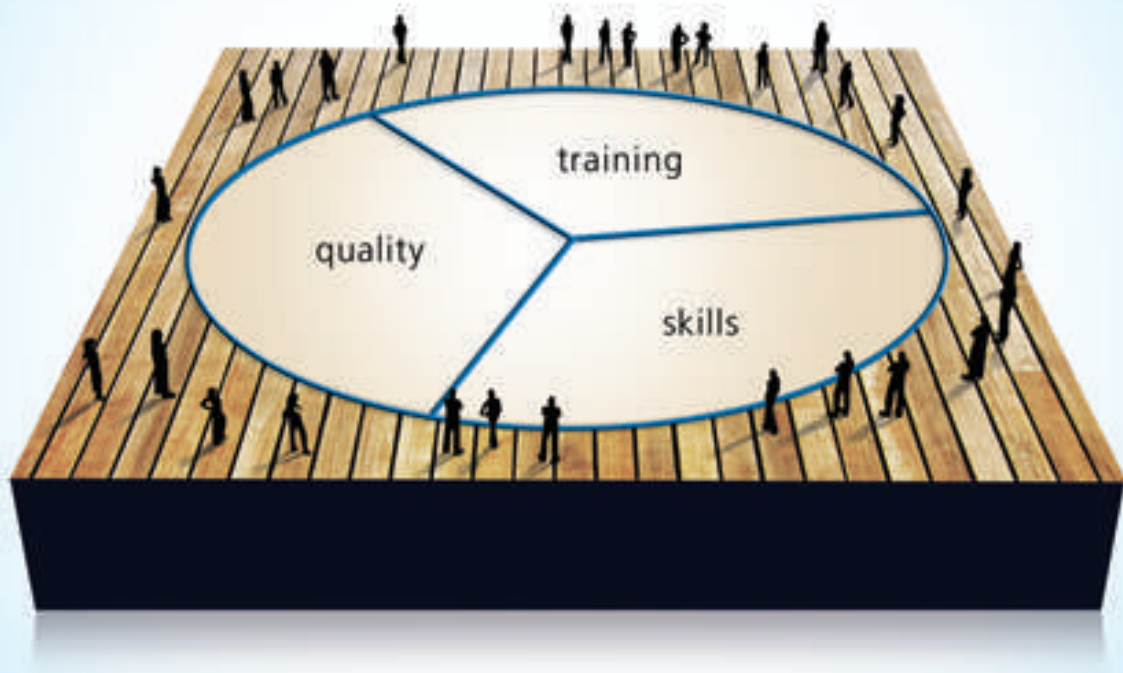
## THE STRENGTH TO INNOVATE

Our leadership position also gives us the strength to innovate; to help improve the operational climate for the entire industry in general.

With our fingers on the pulse of development, we continue to evolve new products as we foresee new needs for insurance protection. These, over time, become industry standards.

We were the first to define risk management as an independent discipline of insurance practice. Our risk managers work closely with clients to survey and assess potential risks. Their determinations on the gravity of possible hazards and their advice enable clients to institute first response systems and procedures. These, in turn result in a safer society.





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An insurer must continuously  
enhance the quality of its human resource

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## THE STRENGTH TO INVEST IN SUPERIOR HUMAN RESOURCE



An insurance company, as a service provider relies very heavily on its human resource to transform promises into perceivable benefits for customers.

Human resource needs to be continuously replenished and enhanced. Recruiting the finest talent available and grooming them into top of the line professional practitioners requires financial strength, stability and sustained effort.

Your company was the first to institute formal training regimes for staff, and still retains leadership in skills sets development for insurance practitioners. It is no surprise that in addition to being the first choice insurance company for customers, we are also the first choice employer for those who desire to make a career of insurance.

We could not be more proud of the quality of our people. We are confident that the skills and expertise, resourcefulness and commitment they demonstrate daily in the field will see us mastering the competitive challenges of the future and propel us to even greater achievements.

One of our abiding goals is to set the standards for performance in our industry as the future transforms into the present. This is possible only when a company operates from a position of indubitable strength.





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It is necessary for an insurer to enhance  
easy interaction between customer and company

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**THE STRENGTH TO REMAIN AT  
THE LEADING EDGE OF TECHNOLOGY**



The world is moving into the e-economy at a breakneck speed. Pakistan, perforce, needs to keep abreast with these developments in this era of globalization.

At EFU General, we view technology as a facilitator of interactions between company and customers. Everything else that we do can be subsumed under this head. Our robust financial health enables us to continue investing in superior technological solutions. The outcome is a seamless flow of information both within the company and between company and customers.

We believe that shorter turnaround times and enhanced quality of information extend our ability to serve all stakeholders better. The final outcome is customer satisfaction. Satisfied customers mean business growth.





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Continuity of success for an insurer means sustaining growth without compromising quality of product and service

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## THE STRENGTH TO SUSTAIN GROWTH

Sustainability is a key issue of size and scale. As business expands, quantity engenders changes in quality.

Success lies in sustaining the rate of growth without compromising on the quality of product and service. Over eighty years of growth and leadership demonstrate our strength to absorb challenges, provide appropriate responses and be able to do it without hiccups. Over and above that, it also testifies to our capacity to adapt to changing paradigms.

Shifts in the global political and economic environment will always impact business, wherever business is pursued. Our strength to sustain our leadership flows from the unique bank of customer trust, that we carry forward into our 82nd year of superior service.

With professionalism underpinned by a passion to do things right by our customers, we have provided insurance protection to generations of discerning customers. This passion continues unabated. It is this sustained passion that propels us into the 9th EFU decade with confidence and commitment.

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## VISION & MISSION

### VISION

To continue our journey to be better than the best.

### OUR VALUES

Our philosophy is to be the leading company with service above par, with integrity, excellence and professionalism. Following are our core values:

#### INTEGRITY & ETHICS

Conduct business with ethics, dignity, fairness and transparency.

#### EXCELLENCE

We measure our performance by results but more by quality of service.

### MISSION

To provide services beyond expectation with a will to go an extra mile. In the process, continue to upgrade technology, human resource and reinsurance protection.

#### PROFESSIONALISM

We believe professionalism is perfection. Business resources are utilized in a manner to achieve optimum returns on resources.

#### OUR PEOPLE

In EFU we work like a family. Everyone is treated with respect and without any discrimination.

#### CORPORATE SOCIAL RESPONSIBILITY

We donate to various institutions in health and education sectors, for improving the lifestyle of common man.

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## STRATEGIC OBJECTIVES

- Retain leadership position in the market
- Explore opportunities by introducing new products and diversifying current product portfolio
- Pursue continuous improvement and technological advancement
- Enhance corporate capabilities and motivation through skill enhancement, management development and reward programs

## RISK IDENTIFICATION, EVALUATION AND MANAGEMENT

Risk is a multi-dimensional phenomenon and a constant feature of everyday life. Fires, accidents, thefts, explosions, natural calamities and terrorism are the more common types of risk the community faces.

The dimensions and effects of such loss events have since long assumed major significance for whole economies. The question of how to predict and prevent such risks is accordingly the subject of intensive discussion both in the political sphere and among the public at large.

The complex realities of modern economic life and the growing awareness of the public at large place increasing demand on companies to pursue appropriate and far-sighted policies about risk. The same applies to insurers in determining their underwriting policies. The rapid development of new technologies and the changing nature of production processes necessitate a constant analysis of risk profiles. Both entrepreneurs and insurers therefore face enormously increased need for analytical and advisory services.

EFU works closely with clients to identify various risk exposures and then provide specific insurance proposals. This helps in loss prevention and reducing the cost of protection.

Our market-driven team of inspired and technically qualified insurance personnel, comprises specialists in civil and mechanical engineering, metallurgy, electronics, and other disciplines. They are on call for necessary professional advice at all times. Our linkages with overseas specialists are of major value to our clients. In addition to insurance protection, it is our practice to provide risk reduction advice to clients and assist them in developing preventive capabilities to avert mishaps and disasters.

### **BUSINESS RISKS**

The Company continuously monitors and controls the risks to the business. The following are the major risks faced by the Company:

#### **Economic and Political Risk**

Volatile economic, political and financial market conditions coupled with power shortage in the country may cause hurdle in overall business scenario of the country. The insurance sector will also face challenges arising from the economic and political scenario. The Company has cautious underwriting approach to deal with such risks and increase market share without compromising profitability.

#### **Insurance Risk**

The principal risk the Company faces under insurance contracts is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claims. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy aims to minimize insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits.

#### **Credit Risk**

The Company monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in several industries and by continually assessing the credit worthiness of counter parties.

#### **Liquidity Risk**

The Company manages its liquidity by ensuring it has sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

**Market Risk**

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in government securities, equity and term finance certificate markets. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.

**Interest Rate Risk**

The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its financial assets are denominated.

**Investment Risk**

The company manages its market price risk by maintaining a diversified investment portfolio and monitors developments in equity and term finance certificate and money markets.

**Reinsurance Risk**

The Company's arrangement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor the operations of the Company are substantially dependent upon any single reinsurance contract. The Company obtains reinsurance cover only from companies with sound financial health. Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such reinsurance arrangements is that the Company may not suffer ultimate net insurance losses beyond the Company's risk appetite in any one year.

**IT Risk**

To meet the challenges of changing business environment, EFU has successfully migrated its Enterprise Information on to its in house developed IT system in oracle environment. Your Company also implemented Business Intelligence Tool to help in better decision making, meet the business challenges, enhance controls and provide better services to customers.

## PRODUCT PORTFOLIO

EFU General provides a full range of insurance services to fulfill the needs of all of its customers being commercial and individual clients. Our product portfolio includes:

### **PROPERTY (FIRE & ENGINEERING)**

Our portfolio comprises of a broad spread of quality business ranging from simple residential property to very large sophisticated industrial risks. These would include activities involving complex risks relating to Oil & Gas exploration / development, petrochemicals and other major industrials. The fire portfolio in the main comprises of operational risks other than power generating industry.

The engineering part of the portfolio would include in the main construction risks be it simple civil work or major infrastructure projects like dams, highways etc. Other engineering risks would include coverage for breakdown of plant / machinery.

The insurance covers include both material damage as well as loss of revenue due to business interruption following the material damage.

### **MARINE AVIATION & TRANSPORT**

#### **Marine Cargo**

Insurance coverage is provided for goods in transit from all over the world to Pakistan and vice versa by all means of conveyance i.e. sea, air and land. Special insurance products are also offered for large project cargoes and this class also includes for such projects, loss of revenue insurance.

#### **Marine Hull & Aviation**

Coverage is provided for the insurances of ships, other vessels and aircraft ranging from small single general aviation to airlines. This insurance includes both physical damage as well as liabilities to third parties and passengers.

### **MOTOR**

EFU provides a full range of products for all kinds of vehicles being either private or commercial and the coverage includes physical damage including theft and liabilities as required under law. Ancillary products are also offered for personal accident to drivers, passengers, and the like.

### **MISCELLANEOUS**

All other insurance products of various types to suit individual client requirements are also available like banker's blanket, personal accident, travel, liability, money, stock brokers, credit cards, asset value, event cancellation and other like insurances.

Also, specialised insurance covers are offered to crops covering loss due to natural calamities and viral / bacterial attacks.

### **VALUE ADDED SERVICES**

We provide SMS "HELP" service to our customer in respect of Motor Insurance which helps our customers receive important emergency contact numbers via SMS, in case of any accident. We also provide SMS confirmation of Claim, SMS claim guidance and electronic survey reporting services to our customers in respect of Motor Insurance.

We have also introduced On-Line eCover note facility in respect of Marine Cargo Insurance which will facilitate our designated customers, who are authorized to use this facility, to capture and prepare Marine Cargo Cover notes instantly.

In addition, our qualified engineers provide recommendations and guidance to our Property Insurance clients on various aspects of industrial safety including protection measures as well as sharing of information on latest techniques as per international standards.



## POLICY AND PROCEDURE FOR STAKEHOLDER ENGAGEMENT

### **Institutional Investors**

The Company convenes Annual General Meeting in accordance with the Companies Ordinance, 1984. The Company's financial reports are published every quarter and are also placed on Company's website for the shareholders and potential investors.

In compliance with the Code of Corporate Governance under the listing regulations of the stock exchange, the Company notifies information to the Stock Exchanges from time to time. This helps the shareholders remain connected with the Company. The dates of Board of Directors meetings and financial results are notified to Stock Exchanges.

### **Customers**

We believe in customer trust and satisfaction being our strength over the years. To help improve customer service and meet their needs and expectation, feedback from customers is sought. In this regard, the Company's website has dedicated customer feedback section for an ongoing relationship with them.

### **Banks**

We understand the importance of these stakeholders and ensure continuous interaction with them and manage our relationships.

### **Media**

We continuously engage with media through issuing press releases, briefings and advertisements campaigns. We have also dedicated section on our Company's website for public relations. The website may be accessed at [www.efuinsurance.com](http://www.efuinsurance.com).

### **Regulators**

To maintain compliance with applicable laws and regulations, the applicable statutory returns and forms are filed with various regulatory bodies and federal and provisional taxation authorities.

## SHARE PRICE SENSITIVITY ANALYSIS

**Company news and performance:** Company-specific factors that can affect the share price are:

- **Earnings** - News releases on earnings and profits and future estimated earnings develop investor interest in the stock of a company.
- **Announcement of dividends** - Expected distribution from earning could increase the share prices in expectation of realisation of profit on investment.
- **Introduction of a new insurance product** - This could lead to positive earnings growth which in return affects share prices.
- **Industry performance** - Government policies specific to industry like Takaful business could result in movement of stock price.
- **Investor sentiments / confidence** - Positive economic reforms can attract investors.
- **Economic and other shocks** - An economic outlook could include expectations for inflation, productivity growth, unemployment and balance of trade. Changes around the world can affect both the economy and stock prices. An act of terrorism can also lead to a downturn in economic activity and a fall in stock prices.
- **Change in government policies** - Government policies could be perceived as positive or negative for businesses. The policies may lead to changes in inflation and interest rates, which in turn may affect stock prices.

## WHISTLE BLOWING POLICY

In compliance with the Code of Corporate Governance the Company has adopted Whistle Blowing Policy. The company has an established Code of Ethics which sets out the standards of conduct expected in the management of its business. All employees are expected to carry out their duties in a manner that is consistent with the Code. If employees become aware of circumstances which are not in compliance with the Code, they may communicate their concerns to the Managing Director.





## SWOT ANALYSIS

### Strengths

- We are a Company with broad customer base.
- We work as a family, with employee loyalty and commitment to the Company and generations of families are associated with us.
- We own two prominent buildings in Karachi and Lahore.
- We have team of Technical Officers and our quality of Technical as well as Marketing Team is considered as the best in the country.

### Opportunities

- As soon as Takaful Business Window operations are allowed by SECP, we will commence Takaful business.
- Expected growth in Economic Sector of Pakistan due to recent change in economic policies, privatization plans and implementation of GSP Plus in 2014 and beyond.

### Threats

- Emergence of Captive Insurance Companies by Group and / or Financial Institutions.
- Continued law and order situation increases cost of operations and reduced growth in certain geographical areas.
- Country's law and order situation restricts new reinsurers to look at Pakistan market.
- Loss of technical hands to Middle Eastern markets due to economic revival there.

## ACCESS TO REPORTS AND ENQUIRIES

### Annual Report

Annual report can be downloaded from the Company's website: [www.efuinsurance.com](http://www.efuinsurance.com); or printed copies obtained by writing to:

The Company Secretary  
EFU General Insurance Limited  
EFU House  
M.A. Jinnah Road  
Karachi 74000  
Pakistan

### Quarterly Reports

The Company publishes interim reports at the end of first, second and third quarters of the financial year. The interim reports can be accessed at website: [www.efuinsurance.com](http://www.efuinsurance.com); or printed copies can be obtained from the Company Secretary.

### Shareholders' Enquiries

Shareholders' enquiries about their holding, dividends or share certificates etc. can be directed to Share Registrar at the following address:

Technology Trade (Pvt.) Ltd.  
Dagja House 241-C  
Block-2, P.E.C.H.S.  
Off Shakra-e-Quaideen  
Karachi  
Tel: 34391316-7  
Fax: 34391318

### Stock Exchange Listing

The shares of the company are listed on Karachi and Lahore Stock Exchanges. The symbol code is EFUG.



## COMPANY INFORMATION

### Chairman

Saifuddin N. Zoomkawala

### Managing Director & Chief Executive

Hasanali Abdullah

### Directors

Rafique R. Bhimjee  
Abdul Rehman Haji Habib  
Jahangir Siddiqui  
Muneer R. Bhimjee  
Taher G. Sachak  
Ali Raza Siddiqui

### Chief Financial Officer & Corporate Secretary

Altaf Qamruddin Gokal, F.C.A.

### Legal Advisor

Mohammad Ali Sayeed

### Advisors

Akhtar K. Alavi, A.C.I.I.  
Salim Rafik Sidiki, B.A. (Hons), M.A.  
S.C. (Hamid) Subjally  
Syed Mehdi Imam, M.A.

### Audit Committee

Muneer R. Bhimjee  
Taher G. Sachak  
Abdul Rehman Haji Habib

### Investment Committee

Saifuddin N. Zoomkawala  
Hasanali Abdullah  
Rafique R. Bhimjee  
Jahangir Siddiqui

### Human Resource & Remuneration Committee

Saifuddin N. Zoomkawala  
Rafique R. Bhimjee  
Hasanali Abdullah

### Auditors

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
601, 6th Floor  
Progressive Plaza  
Beaumont Road  
Karachi

### Registrar

Technology Trade (Pvt.) Ltd.  
Dagia House 241-C  
Block-2, P.E.C.H.S.  
Off Shahra-e-Quaideen  
Karachi

### Website

[www.efuinsurance.com](http://www.efuinsurance.com)

### Registered Office

Dodhy Building, 2nd Floor  
52-E, Jinnah Avenue  
(Blue Area)  
Islamabad

### Main Offices

EFU House  
M. A. Jinnah Road  
Karachi

Co-operative Insurance Building  
23, Shahrah-e-Quaid-e-Azam  
Lahore

## DIRECTORS' PROFILE



**1. Saifuddin N. Zoomkawala**  
Chairman

**1. Mr. Saifuddin N. Zoomkawala - Chairman:** He has been associated with EFU Group since 1964. He also worked as General Manager for Credit & Commerce Insurance Company at UAE, an insurance company of EFU group. He served as Managing Director of EFU General Insurance Limited from July 10, 1990 till July 2011 when he was elected Chairman of the Company.

He is also the Chairman Allianz EFU Health Insurance Limited and Director of EFU Life Assurance Limited, and EFU Services (Pvt.) Limited, all being EFU Group Companies. He was also the Chairman of EFU Life Assurance Limited from February 1999 to July 2011.

**In addition to EFU Group companies he is also associated with:**

SAARC CCI Council on Financial Services & Insurance - Chairman, SAARC Chamber of Commerce & Industry - Member Executive Committee, Board of Investment, Government of Pakistan - Member, Community Development Board, Planning & Development Department, Government of Sindh - Member, Investment Consultative Group, Sindh Board of Investment, Government of Sindh - Member, Insurance Industry Reform Committee - Member and Academic Council for Pakistan Insurance Institute - Member.

**He is also associated with the following social institutions:**

Aga Khan Resource Committee - Member, Shaukat Khanum Memorial Trust and Research Centre - Member Board of Governor, Burhani Hospital, Karachi - Member Trustee, Cupola Cares Foundation - Member, Sindh Institute of Urology and Transplantation, Karachi - Member Board, Fakhre-Imdad Foundation - Member Board of Directors and IBA Advisory Council - Member.

**2. Mr. Hasanali Abdullah - Managing Director & Chief Executive:**

Mr. Hasanali Abdullah qualified as Chartered Accountant from Institute of Chartered Accountants of Pakistan in 1973. He is also a "Certified Director" from Pakistan Institute of Corporate Governance.

He was associated with Hyder Bhimji & Company, Chartered Accountants and Karachi Rolling Mills Limited from 1964 to 1979. He has been associated with EFU General Insurance Limited since 1979. Having served in various capacities and is Managing Director & Chief Executive of EFU General Insurance Limited since July 2011.



**2. Hasanali Abdullah**  
Managing Director &  
Chief Executive



**3. Rafique R. Bhimjee**  
Director

He is also Director of EFU Life Assurance Limited, Allianz EFU Health Insurance Limited and EFU Services (Pvt.) Limited.

In addition to EFU Group companies, he is Executive Committee Member of The Insurance Association of Pakistan, Vice Chairman of Pakistan Insurance Institute, Director of Tourism Promotion Services (Pakistan) Limited (owners of Serena Hotels in Pakistan), Honorary Treasurer of Aga Khan Hospital & Medical College Foundation, Member National Committee of Pakistan of Aga Khan University Foundation, Geneva.

He has served on the Boards, Council and Committees of various Aga Khan Development Network institutions from 1976 to 2002. He has been Director of Pakistan Institute of Corporate Governance in 2011, Chairman of Insurance Association of Pakistan for the years 2008 and 2010-11 and Executive Committee Member of Federation of Pakistan Chambers of Commerce & Industries for 2011.

**3. Mr. Rafique R. Bhimjee - Director:** Mr. Rafique R. Bhimjee has a B.Sc. (Hons) in Management Science from the University of Warwick & MBA in Finance from Cass Business School at City University in London. He is a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Rafique Bhimjee has worked overseas in New York at Merrill Lynch Asset Management and with Abu Dhabi Investment Authority in Abu Dhabi.

He is associated with EFU group since August 22, 1991 when he was co-opted as Director on the Board of Directors of EFU General Insurance Limited. He was the Chairman of EFU General Insurance Limited from February 1999 to July 2011 and was elected Chairman of EFU Life Assurance Limited in July 2011. Mr. Rafique Bhimjee is also Director of Allianz EFU Health Insurance Limited, EFU Services (Pvt.) Limited and International Foundation & Garments (Pakistan) (Pvt.) Limited.

**4. Mr. Abdul Rehman Haji Habib - Director:** Mr. Abdul Rehman Haji Habib belongs to Business community. He was Chairman of Arag Group. In 1971 - 72 he was President of Karachi Chamber of Commerce & Industry and in 1976 - 77 he was President of the Federation of Pakistan Chamber of Commerce & Industry. He is associated with EFU for the last 30 years.



**4. Abdul Rehman Haji Habib**  
Director



**5. Jahangir Siddiqui**  
Director

**5. Mr. Jahangir Siddiqui - Director:** Mr. Jahangir Siddiqui is one of Pakistan's leading entrepreneurs. He established JS Group in 1970 and has been responsible for developing Pakistan's financial sector as well as opening up its capital markets to foreign investors. Under his leadership, JS Group has grown to be one of Pakistan's largest conglomerates.

He retired as CEO of JS Group in 1999 and has since advised and chaired the boards of some key JS Group companies. While he was operationally involved in JS Group, he was responsible for establishing joint ventures with leading global firms for JS Group companies including those in securities broking with Bear Stearns & Co. Inc. and IFC, asset management with Invesco plc and IFC, health insurance with Allianz AG and Islamic banking with Dubai Bank PJSC.

He has been appointed by the Government of Pakistan as a member of the boards of a number of Government bodies including the Privatisation Commission, Economic Advisory Board and the Exchange Reforms Committee. As a member of the Exchange Reforms Committee he was crucial in developing the plan through which Pakistan's capital markets were opened up to foreign investors.

He has been associated with the Karachi Stock Exchange in various capacities including as President for two terms. During his terms he was able to introduce key initiatives including the establishment of the Central Depository Company of Pakistan (which made all settlements at all stock exchanges in Pakistan paperless).

He dedicates a significant amount of time and his wealth to philanthropic activities. In addition to his own charitable work through his family foundations, he works with a number of other organizations whose causes he supports. As Chairman of the Board of Trustees Endowment Fund Trust for Preservation of the Heritage of Sindh he is responsible for the preservation of heritage and culture in Sindh province. He also serves on the boards of Institute of Business Management (IoBM) and Sukkur Institute of Business Administration.

He holds a Bachelors Degree in Commerce from the University of Sindh.



**6. Muneer R. Bhimjee**  
Director



**7. Taher G. Sachak**  
Director



**8. Ali Raza Siddiqui**  
Director

**6. Mr. Muneer R. Bhimjee - Director:** Mr. Muneer R. Bhimjee, Director is a Graduate (Hons) in Economics, London. He is also a Director of International Foundation Garments (Pakistan) (Pvt.) Limited and EFU Life Assurance Limited. He is associated with EFU since July 1993.

**7. Mr. Taher G. Sachak - Director:** Mr. Taher G. Sachak has studied in UK and is a graduate in Business Studies from Bournemouth University, and also has a post-graduate Diploma in Management Studies from Liverpool University. Following his studies he joined the British Civil Service and after 5 years decided to pursue a career in life assurance. He held executive positions in major UK Life Assurance Companies, Allied Dunbar, Trident Life and finally Century Life before coming to Pakistan in 1994 to join EFU Life.

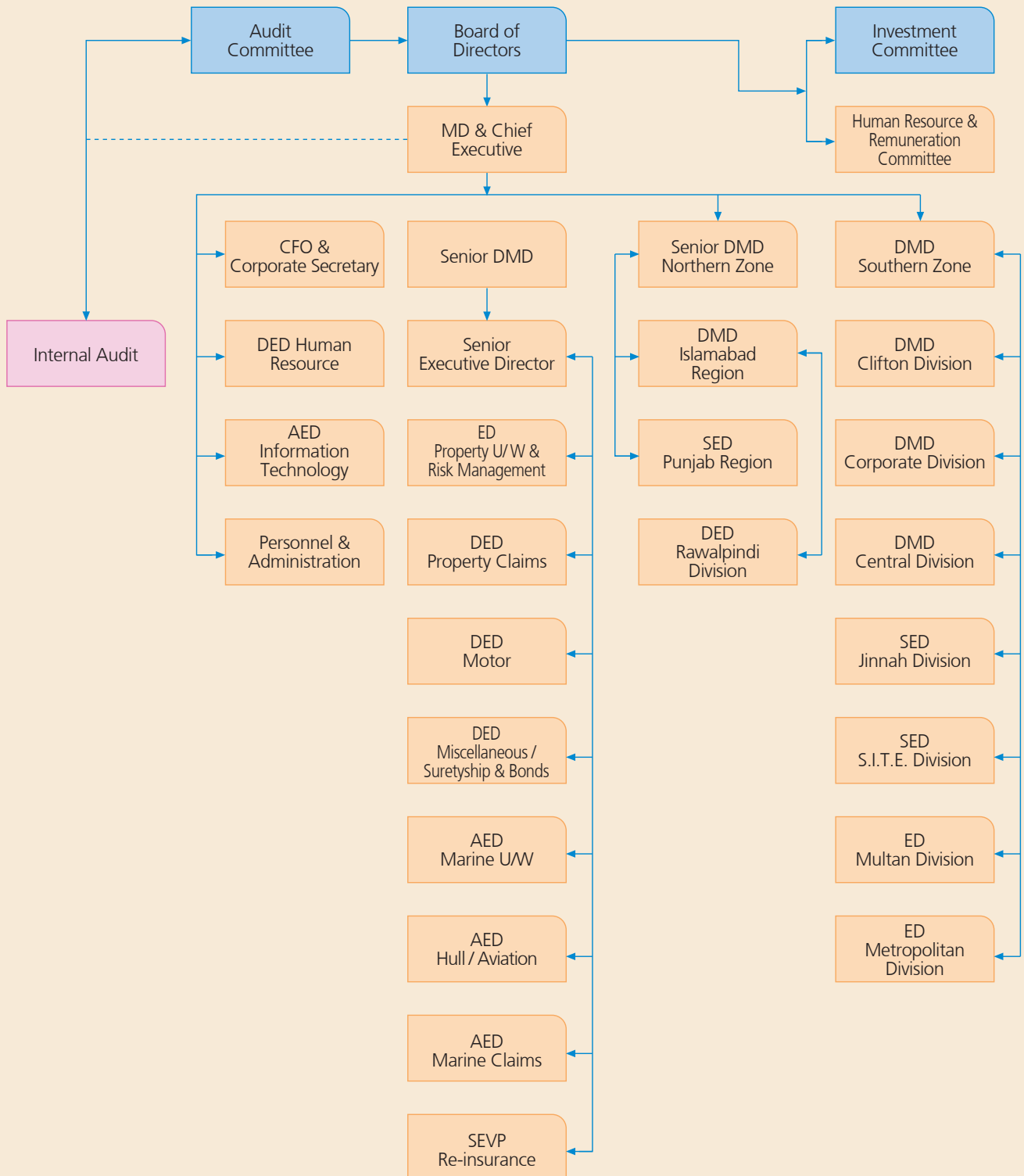
His particular expertise lies in sales management and marketing. He helped introduce new concepts and products in Pakistan such as "unit linking" and "critical illness". These innovations introduced by EFU Life gave the average investor the opportunity, for the first time in Pakistan, to avail the latest products marketed in the West.

He is also a Director of EFU General Insurance and Vice Chairman of Allianz EFU Health and Director of Institute of Capital Markets and a "Certified Director" from Pakistan Institute of Corporate Governance.

**8. Mr. Ali Raza Siddiqui - Director:** Mr. Siddiqui is a Partner at JS Private Equity. From 2005 - 2010, he was an Executive Director at JS Investments Limited. Prior to joining JS Group he was Assistant Vice President at AIM Investments in Houston, a wholly owned subsidiary of INVESCO plc. (formerly known as AMVESCAP plc). At AIM, Mr. Siddiqui was part of a team responsible for the management of USD 60 billion in fixed income assets.

Mr. Siddiqui also serves on the Boards of Bank Islami Pakistan Limited, Pakistan International Bulk Terminals and the Mahvash & Jahangir Siddiqui Foundation. He holds a Bachelors Degree from Cornell University with double majors in Economics and Government.

## ORGANISATION CHART





## MANAGEMENT

### Managing Director

Hasanali Abdullah, F.C.A.

### Senior Deputy Managing Director

Mahmood Lotia, A.C.I.I.  
Qamber Hamid, LL.B., LL.M.

### Deputy Managing Director

Abdur Rahman Khandia, A.C.I.I.  
Jaffer Dossa  
M. Akbar Awan  
Nudrat Ali  
S. Salman Rashid, M.Sc.

### Senior Executive Directors

Khurram Ali Khan, B.E.  
Muhammad Iqbal Lodhia  
S. M. Haider, M.Sc.  
Shaukat Saeed Ahmed

### Executive Directors

Altaf Qamruddin Gokal, F.C.A.  
K. M. Anwer Pasha, B.B.A.  
Kamran Arshad Inam, M.B.A., B.E.  
M. Shehzad Habib  
Muhammad Iqbal Dada, M.A., A.C.I.I.  
Syed Kamran Rashid  
Syed Rizwan Hussain, M.B.A.

### Deputy Executive Directors

Abdul Sattar Baloch  
Aftab Fakhruddin, B.E., Dip C.I.I.  
Darius H. Sidhwa, F.C.I.I.  
Imran Ahmed, M.B.A., B.E., A.C.I.I.  
Khalid Usman  
Khurram Nasim, B.S. (Ins.)  
M. Shoaib Razzak Bramchari  
Mahmood Ali Khan, M.A.  
Muhammad Bashir Seja  
S. Aftab Hussain Zaidi, M.A., M.B.A.  
Salim Razzak Bramchari, A.C.I.I.  
Satwat Mahmood Butt, M.B.A.

### Assistant Executive Directors

Abdul Hameed Qureshi, M.Sc.  
Ahmed Hussain Zuberi, M.B.A.  
Ali Kausar  
Badar Amin Sissodia  
Javed Iqbal Barry, M.B.A., LL.B., F.C.I.I.  
Jawahar Ali Kassim  
Kausar Ali Zuberi  
Khalid Ashfaq Ahmed  
Khozema T. Haider Mota  
Muhammad Sohail Nazir, M.Sc., A.C.I.I.  
Musakhar-uz-Zaman, B.E.  
Syed Amir Aftab  
Syed Asim Iqbal, M.B.A.  
Syed Basit Hussain  
Yawar Aminuddin

### Senior Executive Vice Presidents

Aamir Ahmad  
Abdul Wahid  
Aslam A. Ghole, F.C.I.S.  
Babar A. Sheikh  
Javed Akhtar Shaikh, B.B.A.  
Mansoor Abbas Abbasi, B.E.  
Mazhar H. Qureshi  
Muhammad Kamil Khan, M.A.  
Muhammad Nasir, M.B.A., EMS  
Muhammad Rizwanul Haq  
Muhammad Shoaib, M.A.  
Muhammad Arif Khan  
Muhammad Naeem M. Hanif  
Muhammad Rashid Akmal, M.B.A.  
Munawar Salemwala, F.C.A.  
Pervez Ahmad, M.B.A.  
Ross Masood M.B.E.  
Shaharyar Jalees, M. A.  
Shamim Pervez, M.B.A.  
Shazim Altaf Kothawala  
Syed Ahmad Hassan, M.B.A.  
Syed Abid Raza Rizvi, M.Com  
Syed Sadiq Ali Jafri  
Syed Shahid Hussain, L.L.B.  
Zafar Ali Khokhar, M.A.  
Zarar Ibn Zahoor Bandey, B.A.

### Executive Vice Presidents

Abdul Hameed  
Abdul Majeed  
Abdul Qadir Memon, M.Sc.  
Abdul Razzak A. Sattar  
Ali Raza  
Arshad Ali Khan, A.C.M.A.  
Atif Anwar, F.C.C.A.  
Faisal Gulzar  
Fakhruddin Saifee  
Irfan Raja Jagirani  
Iftikharuddin, L.L.B.  
Liaquat Ali Khan, F.C.I.I., A.M.P.I.M.  
Malik Firdaus Alam  
Masroor Hussain  
Muhammad Afzal Khan, E.M.B.A.  
Muhammad Amin Sattar, M.Com  
Muhammad Haji Hashim, L.L.B.  
Muhammad Naeem Shaikh, A.C.I.I.  
Muhammad Pervaiz  
Muhammad Arshad Khan  
Muhammad Azhar Ali  
Muhammad Ilyas Khan, A.C.I.I.  
Muhammad Najeeb Anwar  
Muhammad Razaq Chaudhry  
Muhammad Sohail  
Muhammad Tawheed Alam, M.B.A., B.E.  
Muhammad Yousuf Jagirani, M.A.  
Murtaza Noorani, F.C.C.A, C.A.T.  
Nadeem Ahmad Khan  
Rashid Muhammad Iqbal  
Riaz Ahmad, M.B.A.  
Shahzad Zakaria  
Suleman Shamsuddin, A.C.A.  
Syed Farhan Ali Bokhari, M.B.A.  
Zia Mahmood, M.B.A.

### Senior Vice Presidents

Aamer Ali Khan, M.B.A.  
Abdul Bari  
Abdul Mateen Farooqui, M.Sc.  
Abdul Rashid  
Abdul Shakoor Piracha  
Ali Ghulam Ali, A.C.A.

Amanullah Khan  
Anjum Kamal Khan, M.B.A.  
Asghar Ali  
Farhat Iqbal  
Farman Ali Afridi  
Fatima Bano, M.B.A., A.C.I.I.  
Ghulam Haider, M.Sc.  
Hasan Riaz, M.B.A.  
Imran Ahmed  
Imran Saleem, M.B.A., M.C.S.  
Inayatullah Chaoudhry  
Inayatullah Khalil  
Javed Iqbal Khan  
Kamran Bashir, M.B.A.  
Kashif Gul, B.E.  
Liaquat Imran  
M. A. Qayum, M.Com  
Ms. Ansa Azhar. A.C.I.I.  
Muhammad Idrees Abbasi  
Muhammad Hussain  
Muhammad Khalid Ahmed Khan  
Muhammad Mujtaba  
Muhammad Naseem  
Muhammad Salahuddin  
Muhammad Siddique  
Nadeemuddin Farooqi, L.L.B.  
Quaid Johar  
Rao Abdul Hafeez Khan  
Rizwan Ahmed, M.B.A.  
S. Anwar Hasnain  
S. M. Aamir Kazmi, L.L.B.  
S. M. Shamim  
S. Tayyab Hussain Gardezi, M.Sc.  
Shah Asghar Abbas, M.B.A.  
Shahab Khan  
Shahid Abdullah Godil, M.B.A.  
Syed Nazish Ali, A.C.I.I.  
Umair Ali Khan, M.A.  
Usman Ali, B.A., L.L.B.  
Zahid Hussain, A.C.I.I.  
Zia Ur Rehman  
Zohair Sharif  
Zulfiqar Ali Khan, M.Sc., A.C.I.I.

#### **Vice Presidents**

Abdul Aziz  
Agha Ali Khan  
Amir Arif Bhatti  
Arslan Ihsan  
Asadullah Khan  
Ashfaque Ahmed  
Asif Mehmood  
Aziz Ahmed  
Bashir Maqsood, M.B.A.  
Dr. Ghulam Jaffar, Ph.D.  
Farkhanda Jabeen, A.C.I.I.  
Farrukh Ahmad Qureshi  
Farwah Ali Khan  
Haider R. Rizvi, B.S.  
Haseeb Ahmad Bajwa, L.L.B.  
Ikramul Ghani, M.A.  
Imran Yasin, M.B.E., A.C.I.I.  
Irfan Ahmad, A.C.M.A., C.I.A.  
Kaleem Imtiaz, M.A.  
Khawaja Samiullah  
Kiran Alwani, A.C.I.I.  
M. Saghiruddin, M.Com  
Mansoor Ahmed  
Mansoor Hassan Khan  
Mirza Mutahir Hussain  
Muhammad Adil Khan  
Muhammad Hanif  
Muhammad Saleem  
Mohsin Ali Baig  
Muhammad Ilyas  
Muhammad Khalil Khan  
Muhammad Naeem Ahsan  
Muhammad Owais Alam, M.B.A.  
Muhammad Saleem Gaho  
Muhammad Shahjahan Khan  
Muhammad Sirajuddin  
Muhammad Waqas, A.C.I.I.  
Nadeem Ahmed  
Naseer Ahmad  
Nausherwan Haji  
Qasim Ayub  
Quaid Johar  
Rahim Khowaja, M.A.  
Rana Zafar Iqbal

Reaz Hussain Siddiqui, L.L.B.  
Riazuddin, M.A.  
S. Asim Ijaz  
S. Ferozuddin Haider  
S. Khaliluddin  
S. M. Adnan Ashraf Jelani, A.C.I.I.  
Saifullah  
Salimullah Khan, M.Com.  
Salma Ghani, B.B.A.  
Shadab Mohammad Khan  
Shahab Saleem  
Shaikh Mohammad Yousuf  
Shaista Batool, B.E.  
Sikandar Kasbati  
Sirajuddin  
Syed Ishaq Kamal Hashimi, M.B.A.  
Tariq Mahmood  
Waqar Ahmed, M.Sc.  
Waqar Hasan Qureshi  
Waseem Ahmed  
Zohaib A. Khan, M.B.A., L.L.B.

#### **Assistant Vice Presidents**

Abdul Rashid Yaqoob  
Aftab Ahmed, L.L.B.  
Ali Farman, M.A.  
Aliya Jaffer Dossa  
Amjad Irshad, B.B.A.  
Anwer Mahmood  
Arshad Hameed  
Atif Haider Khan, M.B.A.  
Faiz Muhammad  
Farnazia Khatri, M.B.A.  
Farooq Shaikat  
Fazal Hussain  
Feroz Ali  
Fouzia Naz  
Habib Ali  
Hassan Aziz, M.Sc.  
Imran Ahmed Siddiqui, LL.B.  
Imran Qasim  
Imtiaz Ahmed  
Intikhab Ahmed  
Israr Gul, M.A.  
Kausar Hamad, M.B.A.





Mansoor Hassan Siddiqi, M.Sc.  
 Maqsood Ahmed  
 Maria N. Jagirani  
 Mazhar Ali  
 Mohammad Amin Memon  
 Mohammad Mustafa Ismail  
 Mohammad Shoaib  
 Muhammad Ahmed  
 Muhammad Ali  
 Muhammad Ali  
 Muhammad Anwar Amdani  
 Muhammad Asif  
 Muhammad Maroof Chaudhry  
 Muhammad Mushtaq  
 Muhammad Owais Jagirani  
 Muhammad Sarwar  
 Muhammad Taufiq  
 Muhammad Usman  
 Muhammad Usman  
 Muhammad Waqas, M.Sc.  
 Muhammad Yasir H. Choudhry  
 Naif Javaid, M.B.A.  
 Najma Riaz, M.A.  
 Naseem Ahmed  
 Nayyar Sultana, L.L.B.  
 Nida Altaf, B.E.  
 Noman Shahid, M.B.A.  
 Noor Asghar Khan  
 Noushad Alam Siddiqui, M.B.A.  
 Onaib-ur-Rehman, M.B.A.  
 Raja Azhar Rafique  
 Rao Nafees Murtaza  
 Rizwan Ifikhar  
 S. Arshad Sajjad Rizvi, M.B.A.  
 S. Hussain Alam Kazmi, B.Sc. (Ins.)  
 S. Kamran Shemsher Ali, B.Sc. (Ins.)  
 S. M. Farhan Asfi  
 S. Mahmood Razi  
 Saeed Ahmed  
 Saleem Hameed Qureshi  
 Sarfaraz Mehmood Khan  
 Sarfaraz Mohammad Khan  
 Shahbaz Khan

Shaheena Ashfaq, M.A.  
 Syed Mohammad Saleem  
 Syed Mudassar Ali  
 Syed Zee Waqar  
 Syed Zubair Ali  
 Waheed Yousuf, M.B.A.  
 Zainul Abedin

#### Chief Medical Officer

Dr. Mohbat Ali Khowaja

#### Marketing Executives

#### Senior Executive Directors

Altaf Kothawala  
 Jahangir Anwar Shaikh

#### Executive Directors

Adul Razzak Baramchari  
 Abdul Wahab Polani  
 Ali Safdar  
 Muhammad Khalid Saleem, M.A.  
 Saleem Tariq Ahmed

#### Deputy Executive Directors

Agha S. U. Khan  
 Haroon Haji Sattar Dada  
 Mir Babar Ali, M.B.A.

#### Assistant Executive Directors

Abdul Wahab  
 Akhtar Kothawala  
 Khalid Mehmood Mirza  
 Muhammad Hussain  
 Muhammad Sheeraz  
 Shahab Khan, B.C.S.  
 Syed Jaweed Envor, L.L.B.  
 Syed Saad Jafri  
 Tauqir Hussain Abdullah  
 Yousuf Alavi

#### Senior Executive Vice Presidents

Aamir Ali Khan  
 Adeel Ahmed  
 Anis Mehmood  
 Azmat Maqbool, M.B.A.  
 Imran Ali Khan  
 Mrs. Nargis Mehmood  
 Muhammad Aamir Khadeli, M.B.A.  
 Muhammad Iqbal, M.A.  
 Muhammad Shakeel, M.B.A.  
 Muhammad Umer Memon  
 Muhammad Umer, M.A.  
 Muhammad Younus  
 Muhammad Younus Khadeli  
 Rizwan Siddiqui  
 Rashid Habib, M.A.  
 S. Ashad H. Rizvi  
 S. Shahid Mahmood, M.A.  
 Shahid Younus  
 Syed Imran Zaidi, M.B.A.

#### Executive Vice Presidents

A. Ghaffar A. Karim  
 Amin Yaqoob, M.A.  
 Azharul Hassan Chishty  
 Ejaz Ahmed  
 Faisal Khalid, M.Sc.  
 Jameel Masood  
 M. Arif Bhatti  
 Malik Akhtar Rafique  
 Ms. Shazia Rahil Razzak  
 Muhammad Farooq  
 Muhammad Imran Naeem  
 Muhammad Javed  
 Muhammad Mushtaq Najam Butt  
 Muhammad Shoaib, B.B.A.  
 Muneeb Farooq Kothawala  
 Saleem Ullah Tahir  
 Shahzeb Lodhi, B.C.S.  
 Syed Baqar Hasan, M.A.

Syed Iftikhar Haider Zaidi, M.A.  
Syed Shahid Raza  
Usman Ali Khan

**Senior Vice Presidents**

Bashir Ahmed Sangi  
Faisal Hassan  
Faisal Mahmood Jaffery  
Farid Khan  
Imdadullah Awan  
Kayomarz H. Sethna  
Kh. Zulqarnain Rasheed  
Ms. Shela Farooq Kothawala  
Mahnoor Atif  
Mian Abdul Razak Raza, B.Ed.  
Muhammad Saleem Babar, M.B.A.  
Muhammad Shamim Siddiqui  
Naeem Ullah Jan  
Ramesh Malraj Bherwani  
Rashid A. Islam  
S. Sohail Haider Abidi  
Saad Wahid  
Shakil Wahid  
Somia Ali  
Tahir Ali Zuberi  
Wasif Mubeen, L.L.B.  
Wasim Ahmed

**Vice Presidents**

Abul Nasar  
Ahmed Saeed Khan  
Ashiq Hussain Bhatti  
Babar Zeeshan  
Hamid-Us-Salam  
Javed Aslam Awan

M. Anis-ur-Rehman  
M. Ashraf Samana  
M. Nadeem Shaikh  
Ms. Fauzia Khawja  
Ms. Sadia Khanum  
Mubashir Saleem  
Muhammad Asif Jawed, M.A.  
Muhammad Arfeen  
Muhammad Iftikhar Siddiqui  
Muhammad Niamatullah  
Muhammad Rehan Iqbal Booti  
Muhammad Siddiq  
Muhammad Tayyab Nazir  
Muhammad Zia-ul-Haq  
Rana Khalid Manzoor  
Rashid Umer Burney  
Shahid Raza Kazmi  
Shaikh Muhammad Jamil  
Sohail Raza  
Syed Abdul Ghaffar, M.A.  
Syed Abid Raza  
Syed Mobin A. Niazi  
Syed Rashid Ali  
Syed Rizwan Haider, M.Sc.  
Tariq Jamil, M.B.E  
Waleed Polani  
Zakaullah Khan

**Assistant Vice Presidents**

Abdul Qadir  
Agha Lal Bux  
Ahmed Nawaz, M.A.  
Ali Hasnain Shah  
Arshad Iqbal, M.B.A.  
Farhan Sattar  
Hassan Abbas Shigri

Imran Naseem  
Jalaluddin Ahmed  
Javed Iqbal Cheema  
Khadim Hussain  
M.A. Qayyum Khan  
Mrs. Shagufta Asrar Ahmed  
Ms. Shahida Aslam  
Muhammad Aamir Hanif  
Muhammad Awais Memon  
Muhammad Azim Hanif  
Muhammad Murtaza Ispahani  
Muhammad Musarat Hussain, M.Sc.  
Muhammad Naveed Asghar  
Nadeem A. Siddiqui  
Parvez Baig  
Qamar Aziz  
S. Shakeel Hassan Bakhtiar  
Shahid Iqbal  
Syed Mojiz Hasan  
Syed Muhammad Iftikhar  
Syed Muhammad Waseem  
Syed Rais Ahmed  
Syed Zulfiqar Mehdi  
Tauseef Hussain Khan



## FINANCIAL CALENDAR

### Results

First quarter ended 31 March 2013	Announcement Date	April 29, 2013
Half year ended 30 June 2013	Announcement Date	July 24, 2013
Third quarter ended 30 September 2013	Announcement Date	October 28, 2013
Year ended 31 December 2013	Announcement Date	February 14, 2014

### Dividends

Final Cash 2013	Announcement Date	February 14, 2014
	Entitlement Date	March 27, 2014
	Statutory limit upto which payable	May 04, 2014
Final Bonus Shares 2013	Announcement Date	February 14, 2014
	Entitlement Date	March 27, 2014
	Statutory limit upto issue	May 04, 2014
Interim Cash 2013	Announcement Date	July 24, 2013
	Entitlement Date	August 12, 2013
	Paid on	August 22, 2013
	Statutory limit upto which payable	September 11, 2013

**Date of Issuance of Annual Report 2013**

**March 08, 2014**

**Date of Annual General Meeting**

**April 05, 2014**

## NOTICE OF MEETING

Notice is hereby given that the 81st Annual General Meeting of the Shareholders of E F U General Insurance Limited will be held at Al-Malik Centre, 70 W, F-7/G-7, Jinnah Avenue, (Blue Area), Islamabad on Saturday April 5, 2014 at 10 a.m. to:

**A. ORDINARY BUSINESS:**

1. confirm the minutes of the 80th Annual General Meeting held on April 4, 2013.
2. receive, consider and approve the Audited Financial Statements for the year ended December 31, 2013 together with the Directors' and Auditors' reports thereon.
3. consider and if thought fit to approve the payment of Final Dividend at the rate of Rs. 4 per share as recommended by the Board of Directors and also approve the 10% Interim Dividend already paid to the Shareholders for the year ended December 31, 2013.
4. appoint Auditors for the year 2014 and fix their remuneration.

**B. SPECIAL BUSINESS:**

5. consider and if thought fit to pass the following Ordinary Resolution with or without modification(s):

RESOLVED that a sum of Rs. 350,000,000 out of the free reserves of the Company be capitalised and applied to the issue of 35,000,000 Ordinary Shares of Rs.10/- each and allotted as fully paid Bonus Shares to the Members, who are registered in the Books of the Company at the close of business on March 27, 2014 in the proportion of seven new shares for every twenty five existing Ordinary Shares held and that such new shares shall rank pari passu with the existing Ordinary Shares of the Company.

Further resolved that the members' fractional entitlement to Bonus Shares may be consolidated and sold in the stock market and the net sale proceeds of such fractional entitlements when realized be paid to a charitable institution.

That for the purpose of giving effect to the foregoing, the Managing Director/Chief Executive or the Corporate Secretary be and are hereby singly authorised to give such directions as may be necessary and settle any questions or any difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractions.

6. consider and if thought fit to pass the following Special Resolution with or without modification(s):

RESOLVED that consent of the Company be and is hereby accorded to further invest maximum of Rs. 100,000,000 (Rupees One hundred million only) in the shares of EFU Life Assurance Ltd., an associated public limited company.

This investment be made from time to time as the Managing Director (Chief Executive) and/or other Attorney(s) of the Company may deem fit.

FURTHER RESOLVED that Chief Executive or Corporate Secretary be and are hereby individually authorized to fulfill all legal and corporate formalities for making the above investment.

FURTHER RESOLVED that the Special Resolution be and is hereby passed for the purpose of compliance of Section 208 of the Companies Ordinance, 1984.

7. consider and if thought fit to pass the following Special Resolution with or without modification(s):

RESOLVED that the Authorised Share Capital of the Company be and is hereby increased from Rs.1,500,000,000 to Rs. 2,000,000,000 by the creation of 50,000,000 new shares of Rs.10/- each and the Memorandum and Articles of Association of the Company be amended as under:



That the words and figures "Rs.1,500,000,000 (Rupees One billion and five hundred million) divided into Rs. 150,000,000 Ordinary Shares of Rs.10/- each" appearing in Clause V of Memorandum of Association and Clause 4 of Articles of Association of the Company be substituted with word and figures "Rs. 2,000,000,000 (Rupees Two billion) divided into 200,000,000 Ordinary Shares of Rs.10/- each.

8. transact any other matter with the permission of the Chair.

Attached to this notice of meeting being sent to the members is a statement under Section 160(1) (b) of the Companies Ordinance, 1984 setting forth all material facts concerning the resolutions contained in item 5, 6 and 7 of the notice.

By Order of the Board

ALTAF QAMRUDDIN GOKAL  
Chief Financial Officer  
& Corporate Secretary

Karachi 14 February 2014

#### NOTES

1. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote in respect of him. Form of proxy must be deposited at the Company's Registered Office not later than 48 hours before the time appointed for the meeting.
2. CDC Account holders are advised to follow the following guidelines of the Securities and Exchange Commission of Pakistan.

#### A. For attending the meeting:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

#### B. For appointing proxies:

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

3. The Share Transfer Books of the Company will be closed from March 28, 2014 to April 5, 2014 (both days inclusive). Transfers received in order by our Shares Registrar, Technology Trade (Pvt) Ltd., Dagia House, 241-C, Block-2, P.E.C.H.S., Shahrah-e-Quaideen, Karachi at the close of business on March 27, 2014 will be considered in time to attend and vote at the meeting and for the entitlement of Dividend and Bonus Shares.
4. Members are requested to communicate to our Shares Registrar of any change in their addresses.

Statement under section 160 of the Companies Ordinance, 1984 pertaining to the Special business:

This statement sets out the material facts pertaining to the Special business to be transacted at the Annual General Meeting of the Company to be held on April 5, 2014:

1. Item 5 regarding Bonus issue:

Your Directors have recommended the issue of Bonus Shares in the proportion of seven new shares for every twenty five existing Ordinary Shares held at the close of business on March 27, 2014. The Directors are interested in this business to the extent of their entitlement to Bonus Shares as Members.

2. Item 6 regarding investment in associated company:

The details and information to be furnished regarding item No. 6 investment in associated company are as under:

EFU Life Assurance Ltd. (EFU Life) is the leading life insurance company in the private sector in the country. As on December 31, 2013 it had asset base of Rs. 49 billion. Its After tax profit for the years 2013, 2012 and 2011 have been Rs. 929.11 million, Rs. 914.12 million and Rs. 578.37 million respectively. EFU Life as on December 31, 2013 has Paid-up Capital of Rs. One billion, General Reserve of Rs. 500.5 million and Accumulated Surplus of Rs. 1,032.87 million.

The information required under Companies (Investment in Associated Companies or Associated Undertakings) Regulation, 2012 is as under:

Regulation No. 3(1) a:

- i) **Name of Associated Company along with criteria based on which the associated relationship is established;**  
EFU Life Assurance Ltd. being associated on the basis of more than 20 % holding by EFU General Insurance Limited.
- ii) **Purpose, benefits and period of investment;**  
Long-term strategic investment for better return and capital appreciation by way of purchase from time to time from the Stock Exchange at a price ruling on the date of purchase.
- iii) **Maximum amount of investment;**  
Rs. 100 million in Ordinary shares of Rs. 10 each.
- iv) **Maximum price at which securities will be acquired;**  
Not more than the price quoted on Stock Exchange.
- v) **Maximum number of securities to be acquired;**  
Equivalent to the amount of Investment.
- vi) **Number of securities and percentage thereof held before and after the proposed investment;**  
42,974,440 shares (42.97 %) held to date i.e. before proposed investment. Number of Shares and



percentage after proposed investment will depend on the prevailing prices at the time of actual acquisition of shares which could vary with the market price at which shares are purchased in future.

- vii) **Average of the preceding twelve weekly average price of the security intended to be acquired;**  
Rs. 100.85 per share
- viii) **In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1);**  
Not applicable
- ix) **Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;**  
As on December 31, 2013 Rs. 25.33
- x) **Earning per share of the associated company or associated undertaking for the last three years;**  
Year ended December 31, 2013 - Rs. 9.29  
Year ended December 31, 2012 - Rs. 9.14  
Year ended December 31, 2011 - Rs. 6.80
- xi) **Sources of fund from which securities will be acquired;**  
Internal generation.
- xii) **Where the securities are intended to be acquired using borrowed funds,-**
  - (I) justification for investment through borrowings; and
  - (II) detail of guarantees and assets pledged for obtaining such funds;
 Not applicable
- xiii) **Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment;**  
Not applicable
- xiv) **Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;**  
No Director or Chief Executive has any interest in the proposed investments, except in their individual capacities as "Directors / Chief Executive" and / or as shareholders of the Company.
- xv) **Any other important details necessary for the members to understand the transaction;**  
None
- xvi) **In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely,-**
  - (I) description of the project and its history since conceptualization;
  - (II) starting and expected dated of completion of work;
  - (III) time by which such project shall become commercially operational; and
  - (IV) expected time by which the project shall start paying return on investment;
 Not applicable

Regulation No. 3(3)

**The Directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for the proposed investment.**

The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment in shares of EFU Life Assurance Ltd.

Regulation No. 4

**Other information to be disclosed to the members:**

**1) If the associated company or associated undertaking in which the investment is being made or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 208 of the Ordinance.**

EFU Life Assurance Ltd. is holding 8,516,316 Shares to date of the investing company EFU General Insurance Ltd. No Director or Chief Executive has any interest in the investing Company except in their individual capacities as "Directors / Chief Executive" and / or as shareholders of the investing Company. The Shareholding of the Directors is Mr. Saifuddin N. Zoomkawala 200,000, Mr. Hasanali Abdullah 221,100, Mr. Rafique R. Bhimjee 10,362,460 Mr. Jahangir Siddiqui 10,956, Mr. Muneer R. Bhimjee 9,978,590 and Mr. Taher G. Sachak 1,280.

3. Item 7 regarding increase in Authorised Capital:

The Authorised Share Capital of EFU General Insurance Limited at present is Rs.1, 500,000,000. In order to take care of expansion, it is considered necessary to increase the Authorised Share Capital from Rs.1, 500,000,000 to Rs. 2,000,000,000.



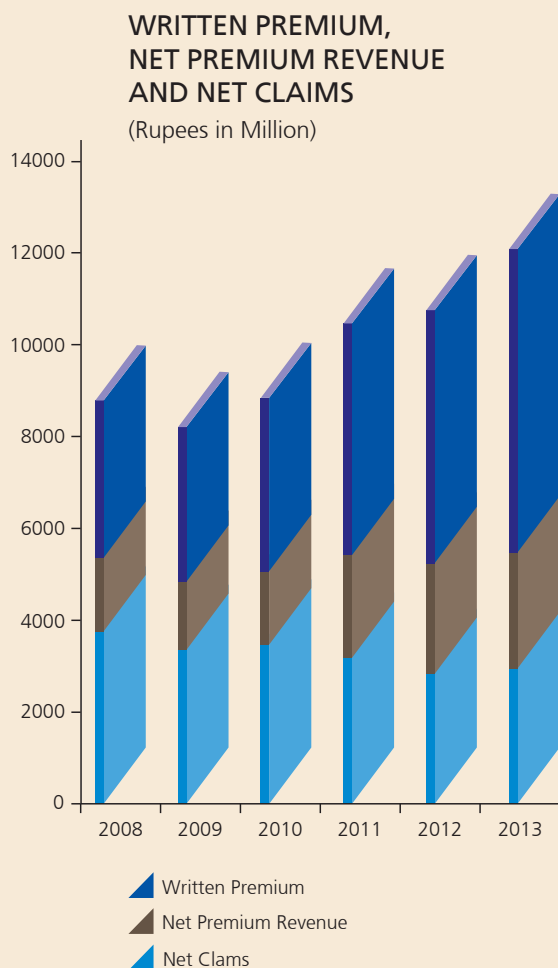
## REPORT OF THE DIRECTORS TO MEMBERS

The Directors of your Company are pleased to present the Eighty First Annual Report of the Company for the year ended December 31, 2013.

The Year 2013 was a satisfactory year for the Company because of higher volume of premium written and improvement in underwriting results as compared to the previous year. The Company's written premium for the year increased by 12 % to Rs. 13.9 billion compared to Rs. 12.4 billion in 2012. The net premium revenue was Rs. 6.3 billion compared to Rs. 6.0 billion in 2012.

The total Underwriting Profit of the Company for the year under review was Rs. 772 million as against Rs. 679 million in 2012. The overall claims ratio was 54 % as against 55 % in 2012.

The growth in premium income and underwriting profit was achieved despite the fact that the year



2013 was full of challenges for the insurance industry in Pakistan. Your company was however able to maintain its leading position in the industry because of the professionalism and technical expertise that has built up over the years and recognized by our clients who continue to place their confidence in the company. In 2013 the management continued to focus on providing the best service to its clients including offering of risk management services to minimize the probabilities of claims to the mutual benefit of both the clients and the Company.

The segment wise performance was as follows:

### FIRE AND PROPERTY

The Written premium increased by 20 % to Rs. 7,945 million as compared to Rs. 6,597 million in 2012. The claims as percentage of net premium revenue were 47 % as against 46 % in 2012 and the Underwriting profit for the year was Rs. 180 million compared to Rs. 206 million in 2012.

### MARINE, AVIATION AND TRANSPORT

The Written premium was Rs. 2,008 million as compared to Rs. 2,157 million in 2012. The Claims as percentage of net premium revenue were 53 % as against 52 % in 2012 and the underwriting profit for the year was Rs. 165 million compared to Rs. 163 million in 2012.

### MOTOR

The Written premium increased by 6 % to Rs. 2,763 million as compared to Rs. 2,599 million in 2012. The Claims as percentage of net premium revenue were 57 % as against 63 % in 2012. Improved underwriting and claims compared to 2012 resulted in increased underwriting profit at Rs. 272 million compared to Rs. 118 million in 2012.

### OTHERS

The Written premium increased by 16 % to Rs. 1,166 million compared to Rs. 1,007 million in 2012. The Claims as percentage of net premium revenue were 64% as against 46 % in 2012. The underwriting profit for the year was Rs. 154 million compared to Rs. 193 million in 2012.

### Investment Income

Taking advantage of 49% increase in the KSE100 Index in 2013 your company realized capital gains of Rs. 432 million as against Rs. 165 million in 2012. In addition, your company earned dividend income of Rs. 267 million (as against Rs. 225 million last year i.e.

increase of 19 %). The company's total Investment income was Rs. 772 million as against Rs. 851 million. The decline is primarily due to lower reversal of impairment provision of Rs. 33 million as against Rs. 375 million in 2012. The market value of Available for Sale equity investment stood at Rs. 7.1 billion as on 31 December 2013. Share of profit from EFU Life Assurance Limited an associated company for the year was Rs. 399 million compared to Rs. 390 million last year.

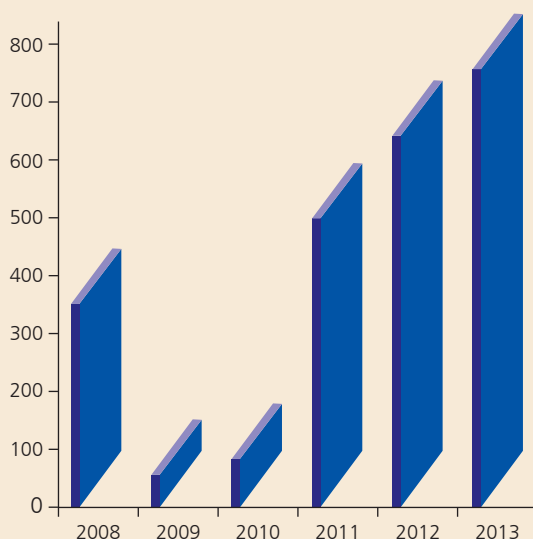
Your Company's investment in associated company, EFU Life Assurance Limited, is being accounted for using equity method of accounting in accordance with the requirements of IAS 28. The carrying amount of investment in EFU Life was tested for impairment based on value in use by independent actuary. No impairment has been recognized in the current year as the recoverable amount calculated by the independent actuary is higher than the carrying amount.

#### Information Technology

Your company has successfully migrated its Enterprise Information on to its in house developed IT System in Oracle environment. Your company also implemented Business Intelligence Tool to help in better decision making, meet the business challenges, enhance controls and provide better services to customers.

#### UNDERWRITING RESULTS

(Rupees in Million)



Your Company has also introduced On-line eCover note facility with which Customers can capture and prepare Marine Cargo Cover notes instantly.

#### Earnings per share

Your Company has reported earnings per share of Rs. 11.14 in 2013 as compared to Rs. 12.52 in 2012.

#### Appropriation and Dividend

The Company made a profit before tax of Rs. 1,623 million in the year ended 2013 as compared to Rs. 1,614 million in 2012. The After tax profit was Rs. 1,392 million as compared to Rs. 1,564 million in 2012.

Your Directors have recommended a final cash dividend of Rs. 4 per share (40%) and issue of seven new bonus shares for every twenty five existing shares (28%) to the shareholders whose names appear in the share register of the Company at the close of business on March 27, 2014. This cash dividend is in addition to interim cash dividend of Re. 1 per share (10%) declared during the year.

Rupees '000

#### The amount available for appropriation is:

Amount brought forward from previous year	368 262
Other comprehensive income	9 533
Profit after tax for the year	<u>1 392 232</u>
Amount available for appropriation	1 770 027

The Directors recommend that this amount be appropriated in the following manner:

#### Less: Appropriation

Interim Dividend 2013 @ 10% (2012: 10%)	125 000
Proposed final cash dividend 2013 @ 40% (2012: 40%)	500 000
Transfer to proposed Issue of Bonus Share 2013 @ 28% (2012: Nil)	350 000
Transfer to general reserve	<u>500 000</u>
	1 475 000
Carry forward to next year	<u>295 027</u>



### Market Share

Based on the available published financial statements as of 30 September 2013, your company has market share of 29 % of the private non-life insurance sector business in Pakistan and is the highest for any single company in the country. The statistics are compiled and published by The Insurance Association of Pakistan.

### Credit Rating

Financial strength ratings have become increasingly important factors in establishing the competitive position of insurance companies. Rating agencies review their ratings and rating methodologies on a recurring basis.

In December 2013, JCR-VIS has improved EFU General's financial strength rating to AA+ with 'Stable' outlook.

### Human Resource

Your Company believes that Quality Human Resource is the key to a productive and performance oriented work culture. We strive to ensure employee satisfaction by creating a performance based and transparent work environment.

Learning is part of the company culture. Each employee, at all levels, is conscious of the need to upgrade continuously his/her knowledge and skills. Guiding and coaching is provided to each employee via on the job training and mentoring to make each one progress in his/her position. Formal training programs organized are purpose oriented and designed to improve relevant skills and competencies. We focus on quality trainings through different in-house, local and foreign learning institutions on technical and soft skill trainings which are based on Training Needs Assessment of the employees.

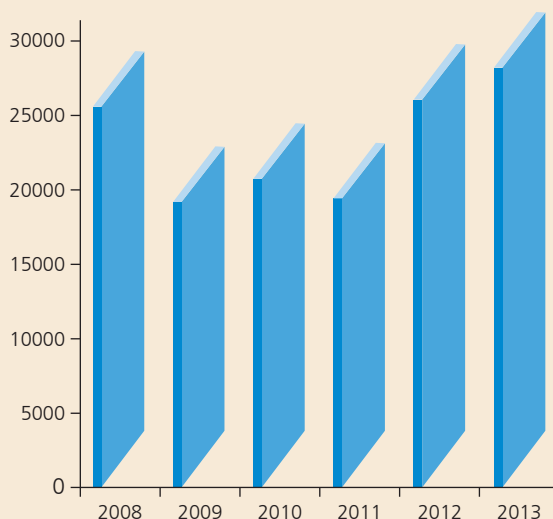
We provide guidance to our employees to get world renowned insurance qualification - ACII from Chartered Institute of Insurance (CII) - UK. We have 22 highly motivated and experienced chartered insurers. We have a team of 17 professional engineers, 11 professional accountants and Certified HR Professional.

We at EFU provide equal opportunities to our employees. We are amongst very few companies in Pakistan having multicomunities employees. We even have employees whose parents and grandparents were also associated with the company. About 10 % of employees are females. Physically challenged persons are also employed by us.

Your company received the following awards in the year 2013

### TOTAL ADJUSTED ASSETS

(Rupees in Million)



Awards	Period	Organizer
Brands of the Year Award	2011-12	Brands Foundation
Star Brands of Pakistan Award	2011-12	Brands Foundation
8th Consumers Choice Award	2012	Consumers Association of Pakistan
1st Achievement Award / Gold Medal	2013	Federation of Pakistan Chamber of Commerce and Industry (FPCCI)
Environment Excellence Award	2013	National Forum of Environment and Health Pakistan (NFEH)

### **Significant Entity's Objectives**

Your company will continue to lay emphasis on being the preferred insurer in the local market as well as maintaining its leadership in the industry.

### **Critical Performance Indicators**

The critical performance indicators against stated objectives of the Company are stated as under:

- Improving underwriting results
- Improved overheads
- Continue to be market leader
- Customer satisfaction
- Increasing shareholders wealth

### **Analysis of How the Entity's Performance Met / Exceeded Short of Forward-Looking Disclosures made in Prior Periods**

Your company had set financial targets for 2013 with target of being the largest and the best company in the insurance sector and pleased to report that your company continues to maintain the lead position. Your Company registered business growth of 12 % for the year 2013, the company's un-appropriated reserves increased to Rs. 10.7 billion from Rs. 9.9 billion in 2012. The company continues to lay emphasis on being the preferred insurer.

### **Analysis of the Prospects of the Company including Targets for Financial and Non-Financial Measures.**

Over the years, quality of service, customer satisfaction and employees motivation are the key areas where management has always taken necessary measures for improvement. The company believes its strength is in the satisfaction of its customers. During the year, management conducted various training courses for the development of employees at various levels.

The key performance indicators devised for achieving the management objective are to maximize customer satisfaction, improve underwriting results, curtailing overhead costs, increasing shareholders wealth and continue to be market leader.

### **Prospects for 2014**

Our vision to be better than the best and sustain our position as the leading empowered insurer in the country remains central to all our actions and we are confident that, through delivery of our key strategic areas of focus - customer-driven business; financial and investment strategy based on further strengthening

the balance sheet; sound risk management policies and operational agility by maintaining quality leadership, we will deliver against our future growth aspirations. The stress on underwriting discipline, with the aim to improve underwriting profitability will be the key factor of Company's operation in 2014.

### **Reinsurance**

Your company continues to enjoy very sound reinsurance arrangements which are placed with leading international securities, with major participation by SCOR Global P&C, Swiss Reinsurance Company, Asia Capital Reinsurance, Hannover Reinsurance, Mapfre Asistencia and Lloyds of London all of them are A rated.

### **Related Party Transactions**

At each board meeting the Board of Directors approves Company's transactions with Associated Companies/ Related parties. All the transactions executed with related parties are on arm's length basis.

### **Capital Management and Liquidity**

The Company has a policy to maintain a strong capital position. Your company carefully administers its liquidity to ensure its ability to meet its insurance obligations efficiently. The company has been able to operate and honor its obligations through the cash flow generated from its core business as well as investment and other income. The cash and other equivalents for the year increased to Rs. 2,083 million as compared to of Rs. 1,670 million in 2012.

### **Board Committees**

Your company maintains following three board committees.

### **Audit Committee**

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance. The principal responsibility of the Internal Auditors is to conduct periodic audits to ensure adequacy in



operational controls, consistency in application of policies and procedures, compliance with laws and regulations. The Board's Audit Committee comprises of the following members:

1. Mr. Muneer R. Bhimjee
2. Mr. Taher G. Sachak
3. Mr. Abdul Rehman Haji Habib

#### **Investment Committee**

The company has a Board level investment committee that meets on quarterly basis to review the investment portfolio. The committee is also responsible for developing the investment policy for the company. The Board's Investment Committee comprises of the following members:

1. Mr. Saifuddin N. Zoomkawala
2. Mr. Hasanali Abdullah
3. Mr. Rafique R. Bhimjee
4. Mr. Jahangir Siddiqui

#### **Human Resource and Remuneration Committee**

The committee is responsible for recommending to the board human resource management policies of the company as well as the selection, evaluation and compensation of key officers of the company. The Board's Human Resource and Remuneration Committee comprises of the following members:

1. Mr. Saifuddin N. Zoomkawala
2. Mr. Rafique R. Bhimjee
3. Mr. Hasanali Abdullah

#### **Management Committee**

As part of the Corporate Governance, your Company maintains following three management committees which meet at least once every quarter:

#### **Underwriting Committee**

The underwriting committee formulates the underwriting policy of your Company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. The committee regularly reviews the underwriting and premium policies of the company with due regard to relevant factors such as its business portfolio and the market development.

#### **Claims Settlement Committee**

This committee devises the claims settling policy of the Company. It oversees the claims position of your

Company and ensures that adequate claims reserves are made. Particular attention is paid to significant claims cases or events, which give rise to a series of claims. The Claims Settlement Committee determines the circumstances under which the claims dispute to be brought to its attention and decides how to deal with such claims disputes. It also oversees the implementation of the measures for combating fraudulent claims cases.

#### **Reinsurance and Coinsurance Committee**

This committee ensures that adequate reinsurance arrangements are made for the insurance company's businesses. It peruses the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, makes appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance program for future reference.

#### **Risks to Business**

Business risks and mitigation factors are described in detail on page 17 of this Annual Report.

#### **Corporate Social Responsibility**

##### **Business Ethics and Consumer Protection**

The Board has adopted the statement of ethics and business practices. All employees are informed of this and are required to observe these rules of conduct in relation to business and regulations. Statement of Ethics and business practices are based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

##### **Sports Activities**

To encourage healthy activities, the Company maintains an in-house Sports club which includes Table Tennis, Snooker, Chess and other board games for male and female employees. In addition Gym facilities have also been provided for male and female employees. The Company also has Cricket teams. All these sporting facilities are participated by employees of all cadres and well appreciated by all.

##### **Environment**

Your company is committed for the energy conservation and healthy environment. The company

has installed energy savers to conserve energy. At the same time we minimize the use of lights during lunch break.

### **Occupational Safety and Health**

Fire extinguishers have been installed at various points at working premises. Further, the Company has a dedicated medical facility which include clinic and a full time Chief Medical Officer at Karachi to take care of employees and their families' health matters and also advise on preventive health care.

### **Scholarship Awards**

To encourage academic endeavors within the employees' families, scholarship of Rs. 20,000 per child is awarded to those children of staff who pass matriculation or intermediate examinations with 70 % plus marks.

### **Relationship with other Stakeholders**

Your Company tries to maintain good relationship with:

- Its employees by providing good work environment;
- Its clients through building trust and providing quality service;
- The business community through honest and fair dealing;
- The government through promoting free enterprise along with competitive market system and comply with applicable laws; and
- The society in general through providing safe and healthy workplace and provide employees the opportunity to improve their skills

### **National - Cause Donations and Welfare spending for under - privileged classes**

Your Company, being a responsible corporate citizen donates generously every year. In 2013, the company donated Rs. 7.4 million to various charitable organizations including, Institute of Business Administration, Sindh Institute of Urology and Transplantation, The Kidney Centre, Shaikat Khanum Memorial Trust, Burhani Medical Welfare Association, Fakhr e Imdad Foundation, Chiniot Anjuman Islamia, Aman Foundation.

### **Contribution to National Exchequer**

Your company contributes substantially to the national economy in terms of taxes and duties and the

contribution is increasing as the company is growing. This year the Company contributed Rs. 3.0 billion to the National Exchequer in the form of Federal Excise Duty, Sales Tax, Custom Duties, Income Tax, Policy Stamps, etc.

### **Key Sources of Estimating Uncertainty**

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingencies. These estimates are based on experience and various other assumptions that management and the Board believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The key areas of estimating uncertainty, which may have a significant effect on the amounts recognized in the financial statements, are discussed below:

#### **Provision for unearned premiums**

The unearned premium reserve is the unexpired portion of the premium which relates to business in force at the balance sheet date. Unearned premiums have been calculated by applying 1/24th method as specified in the SEC (Insurance) Rules, 2002.

#### **Premium deficiency reserve (liability adequacy test)**

The expected future liability is estimated by reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The movement in the premium deficiency reserve is recognized as an expense or income in the profit and loss account for the year.

#### **Provision for outstanding claims (including IBNR)**

A liability for outstanding claims is recognized in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of expected future payments.

#### **Employees' retirement benefits**

Your company operates defined benefit pension fund and defined benefit gratuity fund for its employees.



The accounting treatment is carried out in accordance with IAS 19 - Employee Benefits. The amounts recognized in respect of the above schemes represent the present value of defined obligations adjusted for unrecognized actuarial gains and losses as reduced by the fair value of plan assets.

#### Deferred taxation

Deferred tax is recognized using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

#### Impairment in value of investments

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each balance sheet date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

#### Investment properties

The investment properties are accounted for under the cost model in accordance with International Accounting Standard (IAS) 40, Investment Property.

Valuation of investment properties are also carried out by an independent valuer having relevant professional qualifications. The fair value is determined on the basis of professional assessment of the current prices in an active market for similar properties in the same location and condition.

#### Useful lives of fixed assets

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

#### Premium due but unpaid

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

#### Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the regulatory authorities have been duly complied with. A statement to this effect is annexed with the report.

The Directors of your Company were elected at the Extraordinary General Meeting held on July 9, 2011 for a term of three years expiring on July 9, 2014.

The number of meetings attended by each Director is given hereunder:

Sr. no.	Name of Directors	Number of meetings attended
1	Saifuddin N. Zoomkawala <i>(Non-Executive Director)</i>	4 out of 4
2	Hasanali Abdullah <i>(Executive Director)</i>	4 out of 4
3	Rafique R. Bhimjee <i>(Non-Executive Director)</i>	3 out of 4
4	Abdul Rehman Haji Habib <i>(Non-Executive Director)</i>	4 out of 4
5	Jahangir Siddiqui <i>(Non-Executive Director)</i>	3 out of 4
6	Muneer R. Bhimjee <i>(Non-Executive Director)</i>	3 out of 4
7	Taher G. Sachak <i>(Non-Executive Director)</i>	4 out of 4
8	Ali Raza Siddiqui <i>(Non-Executive Director)</i>	4 out of 4

Leave of absence was granted to the Directors who could not attend Board meetings.

#### Statement of Ethics and Business Practices

The Board has adopted the statement of ethics and business practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

#### Corporate and Financial Reporting Framework

a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity.

- b) Proper books of accounts have been maintained by the Company.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- d) The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- h) The key operating and financial data for the last six years is annexed.
- i) The value of investments of provident, gratuity and pension funds based on their audited accounts, as on December 31, 2013 were:

Provident Fund	Rs. 536 Million
Gratuity Fund	Rs. 300 Million
Pension Fund	Rs. 203 Million

The value of investments includes accrued interest.

- j) Trading of shares by Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children were:

<u>Purchase of shares</u>	<u>No. of shares</u>
Mr. Hasanali Abdullah	50,500
Mr. Qamber Hamid	11,000

<u>Sale of shares</u>	<u>No. of shares</u>
Mr. Saifuddin Zoomkawala	22,667
Mrs. Lulua Saifuddin	53,594
Mr. Jaffer Dossa	5,000

- k) The statement of pattern of shareholding in the Company as at 31 December 2013 is included with the Report.

Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire and being willing to continue as suggested by Audit Committee are recommended for reappointment as Auditors of the Company for the ensuing year.

We would like to thank our valued customers for their continued patronage and support and to Pakistan Reinsurance Company Limited, Securities and Exchange Commission of Pakistan and State Bank of Pakistan for their guidance and assistance.

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 14 February 2014





## KEY FINANCIAL DATA

(Rupees in Million)

	2013	2012	2011	2010	2009	2008	
Written Premium	13 882	12 360	12 043	10 232	9 614	9 699	
Earned Premium	13 270	12 001	11 433	9 699	9 695	9 598	
Net Premium Revenue	6 342	6 009	6 224	5 847	5 570	6 137	
Underwriting Result	772	679	693	112	67	371	
Investment & Other Income	1 408	1 481	654	7	1 163	( 5 311 )	
Profit / (Loss) before tax	1 623	1 614	842	( 360 )	801	( 5 443 )	
Profit / (Loss) after tax	1 392	1 564	561	( 413 )	732	( 5 471 )	
Paid-up Capital	1 250	1 250	1 250	1 250	1 150	1 150	
Shareholders' Equity	11 908	11 131	9 996	9 591	10 464	10 106	
Breakup Value per Share (Rs.)	95.26	89.05	79.97	76.73	91.00	87.88	
Investments & Properties	15 002	13 611	12 552	11 899	12 886	12 091	
Cash & Bank Balances	2 083	1 670	1 758	1 707	1 350	1 304	
Total Assets Book Value	28 939	29 036	24 378	24 542	21 939	21 230	
Dividend	%	50.00	50.00	27.50	12.50	40.00	32.50
Bonus	%	28.00	–	–	–	8.696	–

## VERTICAL ANALYSIS OF BALANCE SHEET & INCOME STATEMENT

	2013		2012	
	Rupees	%	Rupees	%
<b>Balance Sheet</b>				
Cash and Bank Deposits	2 083 142	7.20	1 669 886	5.75
Loans to Employees	2 309	0.01	2 612	0.01
Investments	14 771 234	51.04	13 404 717	46.13
Investment Properties	230 408	0.80	206 657	0.71
Deferred Taxation	-	-	-	-
Other Assets	10 991 033	37.98	12 902 913	44.40
Fixed Assets	860 411	2.97	870 643	3.00
<b>Total Assets</b>	<b>28 938 537</b>	<b>100.00</b>	<b>29 057 428</b>	<b>100.00</b>
Total Equity	11 907 929	41.15	11 131 164	38.31
Underwriting Provisions	13 027 980	45.02	14 598 695	50.24
Deferred Liabilities	85 815	0.30	88 322	0.30
Creditors and Accruals	3 349 002	11.57	2 708 652	9.32
Other Liabilities	567 811	1.96	530 595	1.83
<b>Total Equity and Liabilities</b>	<b>28 938 537</b>	<b>100.00</b>	<b>29 057 428</b>	<b>100.00</b>
<b>Profit and Loss Account</b>				
<b>Written Premium</b>	<b>13 882 077</b>		<b>12 359 958</b>	
<b>Net Premium Revenue</b>	<b>6 341 517</b>	<b>100.00</b>	<b>6 008 956</b>	<b>100.00</b>
Net Claims	3 406 415	53.72	3 297 441	54.88
Change in premium deficiency reserve	-	-	-	-
Management Expenses	1 374 718	21.68	1 284 717	21.38
Net Commission	788 536	12.43	748 005	12.45
Investment Income / (Loss)	771 958	12.17	850 792	14.16
Rental Income	101 037	1.59	98 482	1.64
Profit on deposits	113 299	1.79	115 777	1.93
Other Income	22 876	0.36	25 905	0.43
Share of Profit / (Loss) of Associate	398 562	6.28	390 185	6.49
General and Administration expenses	524 246	8.27	512 542	8.53
Workers' welfare fund	32 458	0.51	33 496	0.56
Profit / (Loss) before tax	1 622 876	25.58	1 613 896	26.85
Taxation - net	230 644	3.64	49 450	0.82
Profit / (Loss) after tax	1 392 232	21.94	1 564 446	26.03



Rupees '000

2011		2010		2009		2008	
Rupees	%	Rupees	%	Rupees	%	Rupees	%
1 758 119	7.21	1 706 571	6.95	1 349 606	6.15	1 303 684	6.15
2 448	0.01	3 293	0.01	2 775	0.01	2 880	0.01
12 332 678	50.59	11 663 731	47.53	12 643 728	57.63	11 831 998	55.73
219 408	0.90	235 703	0.96	242 110	1.10	259 084	1.22
–	–	115 012	0.47	33 657	0.15	74 729	0.35
9 305 740	38.17	10 108 274	41.19	7 121 599	32.47	7 223 793	34.03
759 645	3.12	709 085	2.89	545 475	2.49	533 524	2.51
<b>24 378 038</b>	<b>100.00</b>	<b>24 541 669</b>	<b>100.00</b>	<b>21 938 950</b>	<b>100.00</b>	<b>21 229 692</b>	<b>100.00</b>
9 995 869	41.00	9 591 171	39.07	10 464 492	47.70	10 105 943	47.60
11 684 182	47.93	12 707 217	51.78	9 710 098	44.26	9 541 238	44.94
58 646	0.24	40 847	0.17	24 379	0.11	42 111	0.20
2 205 323	9.05	1 830 011	7.46	1 439 213	6.56	1 301 638	6.14
434 018	1.78	372 423	1.52	300 768	1.37	238 762	1.12
<b>24 378 038</b>	<b>100.00</b>	<b>24 541 669</b>	<b>100.00</b>	<b>21 938 950</b>	<b>100.00</b>	<b>21 229 692</b>	<b>100.00</b>
<b>12 042 667</b>		<b>10 231 650</b>		<b>9 614 014</b>		<b>9 698 670</b>	
<b>6 224 495</b>	<b>100.00</b>	<b>5 846 591</b>	<b>100.00</b>	<b>5 570 211</b>	<b>100.00</b>	<b>6 136 944</b>	<b>100.00</b>
3 707 552	59.57	3 941 583	67.41	3 911 444	70.22	4 369 507	71.20
( 57 029 )	( 0.92 )	2 129	0.04	54 900	0.99	( 32 308 )	( 0.53 )
1 193 858	19.18	1 134 685	19.41	1 076 139	19.32	1 001 268	16.32
686 766	11.03	656 319	11.23	461 193	8.28	427 044	6.96
185 101	2.97	( 357 955 )	( 6.12 )	673 524	12.09	( 5 299 619 )	( 86.36 )
86 846	1.40	83 513	1.43	86 079	1.55	82 895	1.35
110 924	1.78	87 232	1.49	93 133	1.67	61 163	1.00
26 938	0.43	43 120	0.74	15 003	0.27	33 094	0.54
243 918	3.92	151 114	2.59	295 196	5.30	( 188 525 )	( 3.07 )
488 700	7.85	478 662	8.19	411 916	7.39	502 010	8.18
16 831	0.27	–	–	16 111	0.29	1 353	0.02
841 544	13.52	( 359 763 )	( 6.15 )	801 443	14.39	( 5 442 922 )	( 88.69 )
280 596	4.51	53 558	0.92	69 144	1.24	28 304	0.46
560 948	9.01	( 413 321 )	( 7.07 )	732 299	13.15	( 5 471 226 )	( 89.15 )

## HORIZONTAL ANALYSIS OF BALANCE SHEET & INCOME STATEMENT

	2013	2012	2011	2010
<b>Balance Sheet</b>				
Cash and Bank Deposits	2 083 142	1 669 886	1 758 119	1 706 571
Loans to Employees	2 309	2 612	2 448	3 293
Investments	14 771 234	13 404 717	12 332 678	11 663 731
Investment Properties	230 408	206 657	219 408	235 703
Deferred Taxation	–	–	–	115 012
Other Assets	10 991 033	12 902 913	9 305 740	10 108 274
Fixed Assets	860 411	870 643	759 645	709 085
<b>Total Assets</b>	<b>28 938 537</b>	<b>29 057 428</b>	<b>24 378 038</b>	<b>24 541 669</b>
<b>Profit and Loss Account</b>				
Total Equity	11 907 929	11 131 164	9 995 869	9 591 171
Underwriting Provisions	13 027 980	14 598 695	11 684 182	12 707 217
Deferred Liabilities	85 815	88 322	58 646	40 847
Creditors and Accruals	3 349 002	2 708 652	2 205 323	1 830 011
Other Liabilities	567 811	530 595	434 018	372 423
<b>Total Equity and Liabilities</b>	<b>28 938 537</b>	<b>29 057 428</b>	<b>24 378 038</b>	<b>24 541 669</b>
<b>Profit and Loss Account</b>				
<b>Written Premium</b>	<b>13 882 077</b>	<b>12 359 958</b>	<b>12 042 667</b>	<b>10 231 650</b>
<b>Net Premium Revenue</b>	<b>6 341 517</b>	<b>6 008 956</b>	<b>6 224 495</b>	<b>5 846 591</b>
Net Claims	3 406 415	3 297 441	3 707 552	3 941 583
Change in premium deficiency reserve	–	–	( 57 029 )	2 129
Management Expenses	1 374 718	1 284 717	1 193 858	1 134 685
Net Commission	788 536	748 005	686 766	656 319
Investment Income / (Loss)	771 958	850 792	185 101	( 357 955 )
Rental Income	101 037	98 482	86 846	83 513
Profit on Deposits	113 299	115 777	110 924	87 232
Other Income	22 876	25 905	26 938	43 120
Share of Profit / (Loss) of Associate	398 562	390 185	243 918	151 114
General and Administration expenses	524 246	512 542	488 700	478 662
Worker's Welfare fund	32 458	33 496	16 831	–
Profit / (Loss) before tax	1 622 876	1 613 896	841 544	( 359 763 )
Taxation - net	230 644	49 450	280 596	53 558
Profit / (Loss) after tax	1 392 232	1 564 446	560 948	( 413 321 )



Rupees '000		% Increase / (decrease) over preceding year					
2009	2008	2013	2012	2011	2010	2009	2008
1 349 606	1 303 684	24.75	( 5.02 )	3.02	26.45	3.52	12.11
2 775	2 880	( 11.60 )	6.70	( 25.66 )	18.67	( 3.65 )	( 23.61 )
12 643 728	11 831 998	10.19	8.69	5.74	( 7.75 )	6.86	( 36.37 )
242 110	259 084	11.49	( 5.81 )	( 6.91 )	( 2.65 )	( 6.55 )	( 4.92 )
33 657	74 729	–	–	( 100.00 )	241.72	( 54.96 )	( 11.23 )
7 121 599	7 223 793	( 14.82 )	38.66	( 7.94 )	41.94	( 1.41 )	5.51
545 475	533 524	( 1.18 )	14.61	7.13	29.99	2.24	25.52
<b>21 938 950</b>	<b>21 229 692</b>	<b>( 0.41 )</b>	<b>19.20</b>	<b>( 0.67 )</b>	<b>11.86</b>	<b>3.34</b>	<b>( 22.49 )</b>
10 464 492	10 105 943	6.98	11.36	4.22	( 8.35 )	3.55	( 37.53 )
9 710 098	9 541 238	( 10.76 )	24.94	( 8.05 )	30.87	1.77	( 0.92 )
24 379	42 111	( 2.84 )	50.60	43.57	67.55	( 42.11 )	–
1 439 213	1 301 638	23.64	22.82	20.51	27.15	10.57	( 8.96 )
300 768	238 762	7.01	22.25	16.54	23.82	25.97	55.76
<b>21 938 950</b>	<b>21 229 692</b>	<b>( 0.41 )</b>	<b>19.20</b>	<b>( 0.67 )</b>	<b>11.86</b>	<b>3.34</b>	<b>( 22.49 )</b>
<b>9 614 014</b>	<b>9 698 670</b>	<b>12.31</b>	<b>2.63</b>	<b>17.70</b>	<b>6.42</b>	<b>( 0.87 )</b>	<b>8.23</b>
<b>5 570 211</b>	<b>6 136 944</b>	<b>5.53</b>	<b>( 3.46 )</b>	<b>6.46</b>	<b>4.96</b>	<b>( 9.23 )</b>	<b>0.43</b>
3 911 444	4 369 507	3.30	( 11.06 )	( 5.94 )	0.77	( 10.48 )	( 14.19 )
54 900	( 32 308 )	–	100.00	( 2 778.68 )	( 96.12 )	269.93	( 200.00 )
1 076 139	1 001 268	7.01	7.61	5.21	5.44	7.48	19.24
461 193	427 044	5.42	8.92	4.64	42.31	8.00	32.15
673 524	( 5 299 619 )	( 9.27 )	359.64	151.71	( 153.15 )	112.71	( 135.78 )
86 079	82 895	2.59	13.40	3.99	( 2.98 )	3.84	9.70
93 133	61 163	( 2.14 )	4.38	27.16	( 6.34 )	52.27	25.70
15 003	33 094	( 11.69 )	( 3.83 )	( 37.53 )	187.41	( 54.67 )	( 56.43 )
295 196	( 188 525 )	2.15	59.97	61.41	( 48.81 )	256.58	–
411 916	502 010	2.28	4.88	2.10	16.20	( 17.95 )	32.72
16 111	1 353	( 3.10 )	99.01	100.00	( 100.00 )	1 090.76	100.00
801 443	( 5 442 922 )	0.56	91.78	333.92	( 144.89 )	114.72	( 137.65 )
69 144	28 304	366.42	( 82.38 )	423.91	( 22.54 )	144.29	135.82
732 299	( 5 471 226 )	( 11.01 )	178.89	235.72	( 156.44 )	113.38	( 137.64 )

## CASH FLOW SUMMARY

Rupees '000

	2013	2012	2011	2010	2009	2008
<b>Cash Flow Summary</b>						
Operating Activities	1 219 270	292 396	434 352	140 125	204 961	( 507 154 )
Investing Activities	( 194 042 )	76 842	( 230 740 )	665 075	212 343	1 228 271
Financing Activities	( 611 972 )	( 457 471 )	( 152 064 )	( 448 234 )	( 371 382 )	( 580 309 )
Cash and Cash Equivalents at year end	2 083 142	1 669 886	1 758 119	1 706 572	1 349 606	1 303 684

## FINANCIAL RATIOS

		2013	2012	2011	2010	2009	2008
<b>Profitability</b>							
Profit / (Loss) after Tax / Net Premium	%	21.95	26.04	9.01	( 7.07 )	13.15	( 89.15 )
Profit / (Loss) before Tax / Net Premium	%	25.59	26.86	13.52	( 6.15 )	14.39	( 88.69 )
Underwriting Result / Net Premium	%	12.17	11.30	11.14	1.91	1.19	6.05
Underwriting Result / Written Premium	%	5.56	5.49	5.76	1.09	0.69	3.83
Profit / (Loss) before Tax / Total Income	%	22.08	22.73	12.68	( 6.31 )	12.45	( 536.52 )
Profit / (Loss) after Tax / Total Income	%	18.94	22.03	8.46	( 7.25 )	11.37	( 539.31 )
Profit / (Loss) before Tax / Written Premium	%	11.69	13.06	6.99	( 3.52 )	8.34	( 56.12 )
Profit / (Loss) after Tax / Written Premium	%	10.03	12.66	4.66	( 4.04 )	7.62	( 56.41 )
Combined ratio	%	95.09	96.16	96.89	105.33	104.28	101.69
Management Expenses / Net Premium	%	21.68	21.38	19.18	19.41	19.32	16.32
Net Claims / Net Premium	%	53.72	54.88	59.56	67.42	70.22	71.20
Net Commission / Net Premium	%	12.43	12.45	11.03	11.23	8.28	6.96
General & Administration Expense / Net Premium	%	7.26	7.45	7.12	7.27	6.46	7.21
<b>Return to Share Holders</b>							
Return on Assets	%	4.81	5.38	2.30	( 1.68 )	3.34	( 25.77 )
Return on Equity	%	11.69	14.05	5.61	( 4.31 )	7.00	( 54.14 )
Earnings per Share	Rs.	11.14	12.52	4.49	( 3.31 )	5.86	( 43.77 )
Earnings Growth	%	( 11.01 )	178.89	235.72	( 156.44 )	113.38	( 137.64 )
Price to Earnings Ratio	Times	8.25	6.83	8.50	( 13.32 )	16.66	( 3.04 )
Dividend Yield	%	5.44	5.85	7.21	2.84	4.10	2.44
Breakup Value per Share	Rs.	95.26	89.05	79.97	76.73	91.00	87.88



		2013	2012	2011	2010	2009	2008
<b>Market Data</b>							
Face Value (per share)	Rs.	10.00	10.00	10.00	10.00	10.00	10.00
Market Price per share at the end of the year	Rs.	91.92	85.50	38.15	44.04	97.60	133.01
Market Price per share - Highest during the year	Rs.	99.20	100.56	45.00	102.85	144.75	816.90
Market Price per share - Lowest during the year	Rs.	77.32	36.51	29.01	34.76	60.83	133.01
Karachi Stock Exchange Index	Points	25 261	16 905	11 348	12 022	9 387	5 766
Market Capitalization	(Rs. M)	11 490	10 688	4 769	5 505	11 224	15 296
Price to Book Value	Times	0.96	0.96	0.48	0.57	1.07	1.51
Cash Dividend Per Share	Rs.	5.00	5.00	2.75	1.25	4.00	3.25
Cash Dividend	%	50.00	50.00	27.50	12.50	40.00	32.50
Stock Dividend	%	28.00	Nil	Nil	Nil	8.70	Nil
Dividend Pay out	%	44.88	39.95	61.28	( 37.80 )	68.28	( 7.43 )
Dividend Cover	Times	2.23	2.50	1.63	( 2.65 )	1.46	( 13.47 )
<b>Performance / Liquidity</b>							
Current Ratio	Times	1.07	1.03	0.99	0.96	1.05	1.04
Cash / Current Liabilities	%	12.29	9.36	12.27	11.45	11.79	11.76
Total Assets Turnover	Times	0.22	0.21	0.26	0.24	0.25	0.29
Fixed Assets Turnover	Times	7.37	6.90	8.19	8.25	10.21	11.50
Total Liabilities / Equity	Times	1.43	1.61	1.44	1.56	1.10	1.10
Paid-up capital / Total Assets	%	41.15	38.31	41.00	39.08	47.70	47.60
Earning Assets / Total Assets	%	51.85	46.85	51.50	48.50	58.75	56.97
Equity / Total Assets	%	41.15	38.31	41.00	39.08	47.70	47.60
Return on Capital Employed	%	13.63	14.50	8.42	( 3.75 )	7.66	( 53.86 )

The company has improved underwriting over the last few years through improvement in underwriting ratios i.e.

- underwriting result to net premium ratio;
- underwriting result to written premium ratio;
- net claims to net premium ratio.

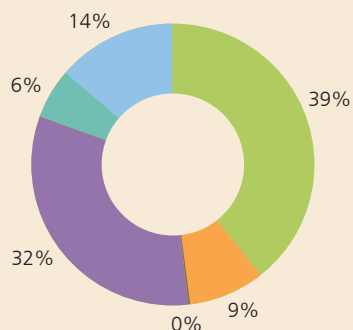
The company has consistently paid dividends which has strengthened dividend yield over the last few years. Simultaneously, this has resulted in increase in shareholders' wealth through increased market capitalization.

## STATEMENT OF VALUE ADDED

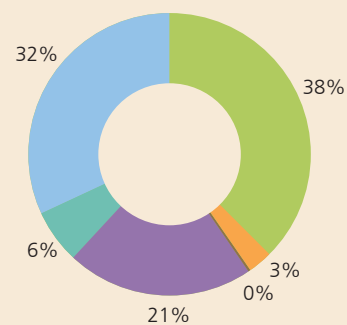
Rupees '000

	2013	2012
<b>Wealth generated</b>		
Net premium revenue	6 341 517	6 008 956
Investment income	1 170 520	1 240 977
Rental income	101 037	98 482
Profit on deposit	113 299	115 777
Other income	22 876	25 905
	7 749 249	7 490 097
Less: Claims, Commission & Expenses (excluding employees remuneration, depreciation and donations)	( 4 722 672 )	( 4 556 605 )
<b>Net wealth generated</b>	<b>3 026 577</b>	<b>2 933 492</b>
<b>Wealth distribution</b>		
Employees remuneration	1 191 131	1 100 833
Income tax and WWF	263 102	82 946
Contribution to society / donations	7 368	5 211
<b>Distribution</b>		
Cash Dividend	625 000	625 000
Stock Dividend	350 000	-
	975 000	625 000
<b>Retained in equity</b>		
Depreciation	172 744	180 056
Retained earnings	417 232	939 446
	3 026 577	2 933 492

**Value Added - 2013**



**Value Added - 2012**



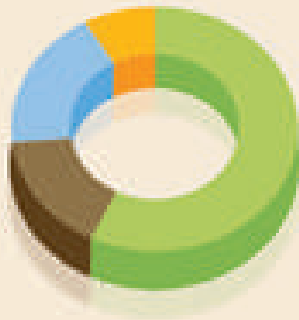
■ Employees Remuneration     ■ Contribution to Society / Donations     ■ Depreciation  
■ Income Tax and WWF     ■ Distribution to Shareholders     ■ Retained Earnings









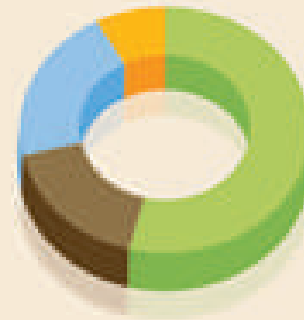
## ANALYSIS OF FINANCIAL STATEMENTS





Gross Premium - 2013



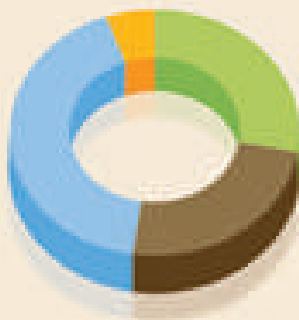
	Fire & Property	57%
	Marine, Aviation & Transport	15%
	Motor	20%
	Miscellaneous	8%





Gross Premium - 2012



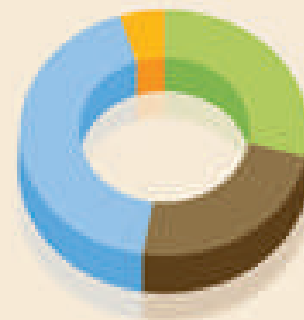
	Fire & Property	54%
	Marine, Aviation & Transport	17%
	Motor	21%
	Miscellaneous	8%





Net Premium Revenue - 2013



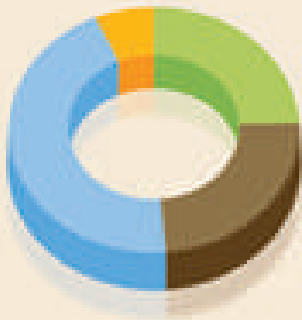
	Fire & Property	28%
	Marine, Aviation & Transport	24%
	Motor	42%
	Miscellaneous	6%





Net Premium Revenue - 2012



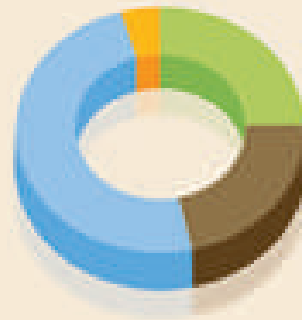
	Fire & Property	29%
	Marine, Aviation & Transport	23%
	Motor	43%
	Miscellaneous	5%





Net Claims - 2013



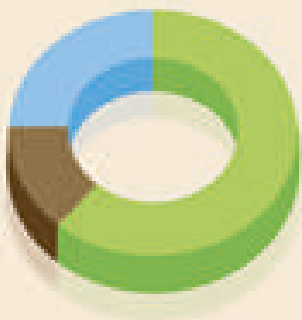
	Fire & Property	25%
	Marine, Aviation & Transport	24%
	Motor	44%
	Miscellaneous	7%




Net Claims - 2012



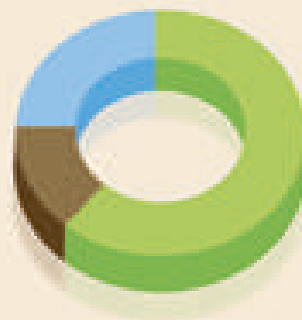
	Fire & Property	25%
	Marine, Aviation & Transport	22%
	Motor	49%
	Miscellaneous	4%




Combined Expenses - 2013



	Net Claims	61%
	Net Commission	14%
	Expenses	25%

Combined Expenses - 2012





	Net Claims	62%
	Net Commission	14%
	Expenses	24%





### Analysis of Income - 2013



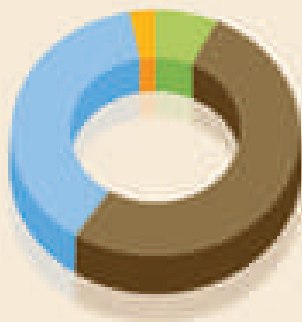
	Underwriting Profit	48%
	Investment and Other Income	52%





### Analysis of Income - 2012



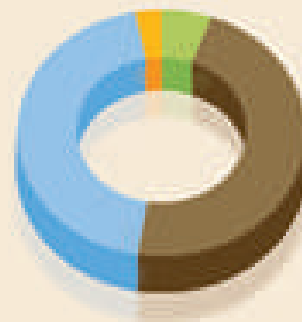
	Underwriting Profit	41%
	Investment and Other Income	59%





### Total Assets - 2013



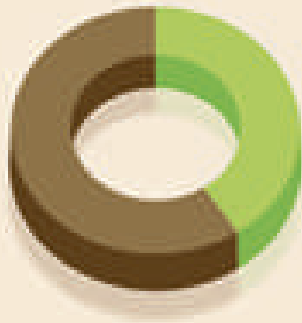
	Cash & Bank Deposits	7%
	Investment and Property	52%
	Other Assets including Reinsurance Recoveries	38%
	Fixed Assets	3%

### Total Assets - 2012



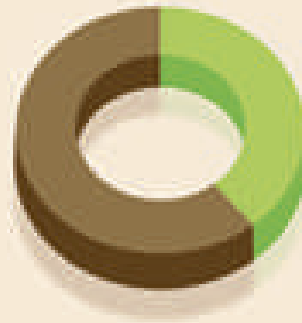
	Cash & Bank Deposits	6%
	Investment and Property	47%
	Other Assets including Reinsurance Recoveries	44%
	Fixed Assets	3%

Total Equity and Liabilities - 2013



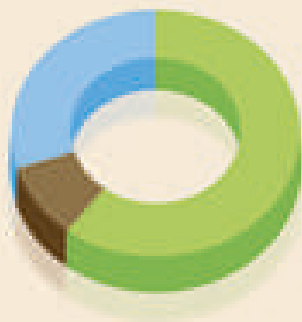
 Equity	41%
 Liabilities	59%



Total Equity and Liabilities - 2012



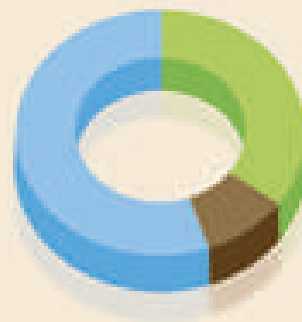
 Equity	38%
 Liabilities	62%




Cash Flow Analysis - 2013



 Operating Activities	60%
 Investing Activities	10%
 Financing Activities	30%

Cash Flow Analysis - 2012

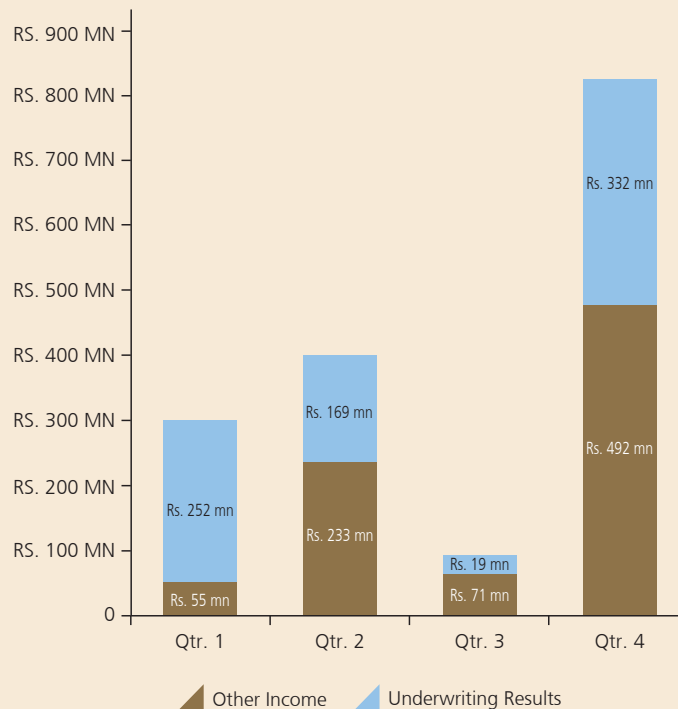


 Operating Activities	35%
 Investing Activities	9%
 Financing Activities	56%



## ANALYSIS OF VARIATION IN RESULTS REPORTED IN QUARTERLY ACCOUNTS

### PROFIT BEFORE TAX



**Qtr 1:** The Company reported Profit before tax of Rs. 307 million in the first quarter mainly due to overall improvement in underwriting results.

**Qtr 2:** The quarter witnessed marginal increase in profit and reported Profit before tax of Rs. 402 million. The investment income was substantially increased to Rs.238 million during the second quarter mainly due to reversal of impairment.

**Qtr 3:** Due to increase in losses the third quarter remained subdued and reported a Profit before tax of Rs. 90 million.

**Qtr 4:** The last quarter witnessed significant increase in investment income and share of profit of associate. On the other hand the underwriting results also improved with increase in premium coupled with decreased claim losses. Profit before tax stood at 824 million for the forth quarter.

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of non-executive Directors on its Board. At present the Board includes:

<u>Category</u>	<u>Names</u>
Executive Director	Mr. Hasanali Abdullah
Non Executive Directors	Mr. Saifuddin N. Zoomkawala Mr. Rafique R. Bhimjee Mr. Abdul Rehman Haji Habib Mr. Jahangir Siddiqui Mr. Muneer R. Bhimjee Mr. Taher G. Sachak Mr. Ali Raza Siddiqui

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board including appointment and determination of remuneration and terms and conditions of employment of CEO other executive and non executive directors have been taken by the Board.
7. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The management of the Company has submitted a Booklet to the Board of Directors on 26 October 2013 to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities. The course Booklet also apprised the Directors about changes in Code of Corporate Governance. As per the Code Directors of the Company having 15 years of experience on the Board of listed company and 14 years of education are exempted from directors' training program. Seven out of eight Board members of the Company qualify for exemption under the provision of the Code. The Company will however, arrange training program for all directors as provided under the Code.
9. There was no new appointment of CFO & Corporate Secretary or Head of Internal Audit during the year. The Board had however, approved the increase in remuneration of CFO & Corporate Secretary and the Head of Internal Audit Deptt. on the recommendation of Audit Committee.



10. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
13. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
14. The Board has formed an Audit Committee. It comprises of three non-executive Directors including the Chairman of the Committee.
15. The meeting of underwriting, claims settlement, reinsurance and coinsurance and investment committees were held at least once every quarter.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The Company has an effective team for internal audit. The team is fully conversant with the policies and procedures of the Company and is involved in the internal audit function on full time basis.
19. All related party transactions entered during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by the Audit committee and Board of Directors alongwith pricing method.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim / final results and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
23. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. We confirm that all other material principles contained in the Code have been complied with.

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 14 February 2014

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## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

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We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2013 prepared by the Board of Directors of EFU General Insurance Limited (the Company) to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's 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.

Further, the Listing Regulations require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2013.

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ERNST & YOUNG FORD RHODES SIDAT HYDER  
Chartered Accountants

Karachi 14 February 2014





## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income;
- (iv) statement of changes in equity;
- (v) statement of cash flows;
- (vi) statement of premiums;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income

of EFU General Insurance Limited (the Company) as at 31 December 2013 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3, with which we concur;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2013 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; 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 the Ordinance.

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ERNST & YOUNG FORD RHODES SIDAT HYDER  
Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Karachi 14 February 2014

## BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	2013	2012
<b>Share capital and reserves</b>			
Authorised share capital			
150 000 000 (2012: 150 000 000)			
ordinary shares of Rs.10 each		1 500 000	1 500 000
Issued, subscribed and paid-up share capital	4	1 250 000	1 250 000
Reserves and retained earnings	5	10 657 929	9 881 164
		11 907 929	11 131 164
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		6 622 140	8 865 759
Provision for unearned premium		6 118 483	5 506 694
Commission income unearned		287 357	226 242
Total underwriting provisions		13 027 980	14 598 695
<b>Deferred liabilities</b>			
Deferred taxation	6	85 815	88 322
<b>Creditors and accruals</b>			
Premiums received in advance		9 012	12 346
Amounts due to other insurers / reinsurers		2 351 337	1 748 262
Accrued expenses		182 773	175 220
Agent balances		561 261	528 065
Unearned rentals		52 766	48 318
Other creditors and accruals	7	191 853	196 441
		3 349 002	2 708 652
<b>Other liabilities</b>			
Other deposits		487 022	462 833
Unclaimed dividends		80 789	67 762
		567 811	530 595
<b>Total liabilities</b>		17 030 608	17 926 264
<b>Total equity and liabilities</b>		28 938 537	29 057 428
<b>Contingencies</b>	8		

Rupees '000

	Note	2013	2012
<b>Cash and bank deposits</b>			
Cash and other equivalents	9	2 898	6 173
Current and other accounts	10	1 279 637	1 009 728
Deposits maturing within 12 months	11	800 607	653 985
		2 083 142	1 669 886
<b>Loans - secured considered good</b>			
To employees	12	2 309	2 612
<b>Investments</b>	13	14 771 234	13 404 717
<b>Investment properties</b>	14	230 408	206 657
<b>Current assets - others</b>			
Premiums due but unpaid - net	15	2 843 331	2 755 247
Amounts due from other insurers / reinsurers		45 949	69 099
Salvage recoveries accrued		13 843	12 745
Accrued investment income	16	18 147	32 623
Reinsurance recoveries against outstanding claims		4 137 638	6 560 947
Taxation - payments less provision		9 838	109 989
Deferred commission expense		567 544	567 510
Prepayments	17	3 292 038	2 711 440
Security deposits		5 857	8 104
Sundry receivables	18	56 848	75 209
		10 991 033	12 902 913
<b>Fixed assets - tangible and intangibles</b>	19		
Land and buildings		315 264	281 771
Furniture, fixtures and office equipments		378 593	383 822
Vehicles		157 633	167 719
Computer softwares		405	1 743
Capital work-in-progress	19.3	8 516	35 588
		860 411	870 643
<b>Total assets</b>		<b>28 938 537</b>	<b>29 057 428</b>

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 14 February 2014

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

Rupees '000

	Note	Fire & property damage	Marine, aviation & transport	Motor	Others	Treaty	Aggregate 2013	Restated Aggregate 2012
<b>Revenue account</b>								
Net premium revenue	20	1 781 257	1 540 270	2 658 759	361 246	( 15 )	6 341 517	6 008 956
Net claims		( 838 931 )	( 820 300 )	( 1 515 421 )	( 231 836 )	73	( 3 406 415 )	( 3 297 441 )
Management expenses	21	( 355 018 )	( 306 987 )	( 640 714 )	( 71 999 )	–	( 1 374 718 )	( 1 284 717 )
Net commission		( 406 966 )	( 247 516 )	( 230 221 )	96 161	6	( 788 536 )	( 748 005 )
<b>Underwriting result</b>		<u>180 342</u>	<u>165 467</u>	<u>272 403</u>	<u>153 572</u>	<u>64</u>	<u>771 848</u>	<u>678 793</u>
Investment income							771 958	850 792
Rental income							101 037	98 482
Profit on deposits							113 299	115 777
Other income	22						22 876	25 905
Share of profit of an associate	13.1.1						398 562	390 185
General and administration expenses	23						( 524 246 )	( 512 542 )
Workers' welfare fund							( 32 458 )	( 33 496 )
							<u>851 028</u>	<u>935 103</u>
<b>Profit before tax</b>							<u>1 622 876</u>	<u>1 613 896</u>
Provision for taxation	24						( 230 644 )	( 49 450 )
<b>Profit after tax</b>							<u>1 392 232</u>	<u>1 564 446</u>
<b>Profit and loss appropriation account</b>								
Balance at commencement of the year							1 518 262	582 967
Profit after tax for the year							1 392 232	1 564 446
Other comprehensive income							9 533	39 599
Final dividend for 2012 Rs. 4.00 per share (2011: Rs. 2.75 per share)							( 500 000 )	( 343 750 )
Interim dividend for 2013 Re. 1.00 per share (2012: Re. 1.00 per share)							( 125 000 )	( 125 000 )
Transfer to general reserve							( 650 000 )	( 200 000 )
<b>Balance unappropriated profit at end of the year</b>							<u>1 645 027</u>	<u>1 518 262</u>
Earnings per share - basic and diluted	25					(Rupees)	<u>11.14</u>	<u>12.52</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 14 February 2014



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

Rupees '000

	2013	Restated 2012
Profit for the year	1 392 232	1 564 446
Other comprehensive income		
<i>Item not to be re-classified to profit and loss account in subsequent period:</i>		
Actuarial gains on defined benefit plans - net of deferred tax	9 533	39 599
<b>Total comprehensive income for the year</b>	<b>1 401 765</b>	<b>1 604 045</b>

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 14 February 2014

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

Rupees '000

	Share capital	General reserve	Reserve for exceptional losses	Unappropriated profit / (loss)	Total
Balance as at 1 January 2012	1 250 000	8 150 000	12 902	582 967	9 995 869
<b>Total comprehensive income for the year ended 31 December 2012</b>					
Profit for the year (Restated)	-	-	-	1 564 446	1 564 446
Other comprehensive income (Restated)	-	-	-	39 599	39 599
	-	-	-	1 604 045	1 604 045
<b>Transactions with owners, recorded directly in equity</b>					
Final dividend paid for the year 2011 at the rate of Rs. 2.75 per share	-	-	-	( 343 750 )	( 343 750 )
Interim dividend paid for the year 2012 at the rate of Re. 1.00 per share	-	-	-	( 125 000 )	( 125 000 )
Transfer to general reserve	-	200 000	-	( 200 000 )	-
Balance as at 31 December 2012	<u>1 250 000</u>	<u>8 350 000</u>	<u>12 902</u>	<u>1 518 262</u>	<u>11 131 164</u>
Balance as at 1 January 2013	1 250 000	8 350 000	12 902	1 518 262	11 131 164
<b>Total comprehensive income for the year ended 31 December 2013</b>					
Profit for the year	-	-	-	1 392 232	1 392 232
Other comprehensive income	-	-	-	9 533	9 533
	-	-	-	1 401 765	1 401 765
<b>Transactions with owners, recorded directly in equity</b>					
Final dividend paid for the year 2012 at the rate of Rs. 4.00 per share	-	-	-	( 500 000 )	( 500 000 )
Interim dividend paid for the year 2013 at the rate of Re. 1.00 per share	-	-	-	( 125 000 )	( 125 000 )
Transfer to general reserve	-	650 000	-	( 650 000 )	-
Balance as at 31 December 2013	<u>1 250 000</u>	<u>9 000 000</u>	<u>12 902</u>	<u>1 645 027</u>	<u>11 907 929</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 14 February 2014

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

Rupees '000

	2013	Restated 2012
<b>Operating activities</b>		
a) Underwriting activities		
Premiums received	13 790 674	11 703 644
Reinsurance premiums paid	( 6 909 512 )	( 5 844 105 )
Claims paid	( 5 803 538 )	( 5 662 660 )
Reinsurance and other recoveries received	2 598 850	2 396 604
Commissions paid	( 1 345 481 )	( 1 207 452 )
Commissions received	651 223	476 379
Management expenses paid	( 1 283 425 )	( 1 196 169 )
Net cash inflow from underwriting activities	1 698 791	666 241
b) Other operating activities		
Income tax paid	( 137 911 )	( 53 735 )
General and administration expenses	( 411 101 )	( 365 257 )
Other operating payments	38 272	( 79 357 )
Other operating receipts	30 920	124 658
Loans advanced	( 366 )	( 1 091 )
Loans repayments received	666	937
Net cash outflow from other operating activities	( 479 520 )	( 373 845 )
<b>Total cash inflow from all operating activities</b>	<b>1 219 271</b>	<b>292 396</b>
<b>Investment activities</b>		
Profit / return received	168 870	217 743
Dividends received	475 068	459 407
Rentals received	48 887	37 565
Payments for investments	( 9 037 621 )	( 3 069 235 )
Proceeds from disposal of investments	8 325 601	2 693 073
Fixed capital expenditures	( 192 153 )	( 288 151 )
Proceeds from disposal of fixed assets	17 305	26 440
<b>Total cash (outflow) / inflow from investing activities</b>	<b>( 194 043 )</b>	<b>76 842</b>
<b>Financing activities</b>		
Dividends paid	( 611 972 )	( 457 471 )
<b>Net cash inflow / (outflow) from all activities</b>	<b>413 256</b>	<b>( 88 233 )</b>
Cash at the beginning of the year	1 669 886	1 758 119
<b>Cash at the end of the year</b>	<b>2 083 142</b>	<b>1 669 886</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	1 219 271	292 396
Depreciation / amortisation expense	( 172 744 )	( 180 056 )
Rentals and investment income	816 396	889 460
Profit on deposits	113 299	115 777
Other income	11 556	20 245
Share of profit of an associate	398 562	390 185
(Decrease) / increase in assets other than cash	( 1 907 241 )	3 577 816
Decrease / (increase) in liabilities other than running finance	913 133	( 3 541 377 )
<b>Profit after taxation</b>	<b>1 392 232</b>	<b>1 564 446</b>
<b>Definition of cash</b>		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	2 898	6 173
Current and other accounts	1 279 637	1 009 728
Deposits maturing within 12 months	800 607	653 985
	<b>2 083 142</b>	<b>1 669 886</b>

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 14 February 2014

## STATEMENT OF PREMIUMS FOR THE YEAR ENDED 31 DECEMBER 2013

Rupees '000

Class	Premiums				Reinsurance				Net premium revenue 2013	Net premium revenue 2012
	Written	Unearned premium reserve		Earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense		
		Opening	Closing			Opening	Closing			
<b>Direct and facultative</b>										
Fire and property damage	7 945 028	3 293 564	3 896 805	7 341 787	6 263 898	2 146 857	2 850 225	5 560 530	1 781 257	1 767 065
Marine, aviation and transport	2 007 813	573 944	437 619	2 144 138	442 708	256 690	95 530	603 868	1 540 270	1 372 506
Motor	2 762 972	1 214 781	1 304 949	2 672 804	14 655	150	760	14 045	2 658 759	2 550 099
Miscellaneous	1 166 279	424 405	479 110	1 111 574	791 328	282 554	323 554	750 328	361 246	319 228
Total	<u>13 882 092</u>	<u>5 506 694</u>	<u>6 118 483</u>	<u>13 270 303</u>	<u>7 512 589</u>	<u>2 686 251</u>	<u>3 270 069</u>	<u>6 928 771</u>	<u>6 341 532</u>	<u>6 008 898</u>
<b>Treaty - proportional</b>	( 15 )	-	-	( 15 )	-	-	-	-	( 15 )	58
Grand total	<u><u>13 882 077</u></u>	<u><u>5 506 694</u></u>	<u><u>6 118 483</u></u>	<u><u>13 270 288</u></u>	<u><u>7 512 589</u></u>	<u><u>2 686 251</u></u>	<u><u>3 270 069</u></u>	<u><u>6 928 771</u></u>	<u><u>6 341 517</u></u>	<u><u>6 008 956</u></u>

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 14 February 2014





## STATEMENT OF CLAIMS FOR THE YEAR ENDED 31 DECEMBER 2013

Rupees '000

Class	Claims				Reinsurance				Net claims expense 2013	Net claims expense 2012
	Paid	Outstanding		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue		
		Opening	Closing			Opening	Closing			
<b>Direct and facultative</b>										
Fire and property damage	2 920 483	6 321 786	4 090 104	688 801	2 168 949	5 481 973	3 162 894	( 150 130 )	838 931	814 377
Marine, aviation and transport	965 713	1 124 428	955 872	797 157	114 013	647 961	510 805	( 23 143 )	820 300	719 949
Motor	1 443 575	892 832	964 739	1 515 482	( 138 )	3 800	3 999	61	1 515 421	1 615 488
Miscellaneous	472 669	523 146	607 931	557 454	292 892	427 214	459 940	325 618	231 836	146 463
<b>Total</b>	<b>5 802 440</b>	<b>8 862 192</b>	<b>6 618 646</b>	<b>3 558 894</b>	<b>2 575 716</b>	<b>6 560 948</b>	<b>4 137 638</b>	<b>152 406</b>	<b>3 406 488</b>	<b>3 296 277</b>
<b>Treaty - proportional</b>	<b>-</b>	<b>3 567</b>	<b>3 494</b>	<b>( 73 )</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 73 )</b>	<b>1 164</b>
<b>Grand total</b>	<b>5 802 440</b>	<b>8 865 759</b>	<b>6 622 140</b>	<b>3 558 821</b>	<b>2 575 716</b>	<b>6 560 948</b>	<b>4 137 638</b>	<b>152 406</b>	<b>3 406 415</b>	<b>3 297 441</b>

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 14 February 2014

## STATEMENT OF EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2013

Rupees '000

Class	Paid or payable	Commission		Net expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net	Net
		Deferred Opening	Deferred Closing					underwriting expenses	underwriting expenses
								2013	2012
<b>Direct and facultative</b>									
Fire and property damage	759 088	374 863	357 561	776 390	355 018	1 131 408	369 424	761 984	747 006
Marine, aviation and transport	278 209	55 472	56 537	277 144	306 987	584 131	29 628	554 503	489 337
Motor	243 426	102 772	115 895	230 303	640 714	871 017	82	870 935	816 359
Miscellaneous	97 961	34 403	37 551	94 813	71 999	166 812	190 974	( 24 162 )	( 19 986 )
Total	1 378 684	567 510	567 544	1 378 650	1 374 718	2 753 368	590 108	2 163 260	2 032 716
<b>Treaty - proportional</b>	( 6 )	-	-	( 6 )	-	( 6 )	-	( 6 )	6
Grand total	1 378 678	567 510	567 544	1 378 644	1 374 718	2 753 362	590 108	2 163 254	2 032 722

Note: Commission from reinsurers is arrived at after taking impact of opening and closing unearned commission.

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 14 February 2014



## STATEMENT OF INVESTMENT INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

Rupees '000

	2013	2012
<b>Income from non - trading investments</b>		
Return on government securities	25 184	60 590
Return on other fixed income securities and deposits	14 922	26 242
Amortisation of premium relative to par	663	( 561 )
Dividend income	266 562	225 457
Gain on sale of non-trading investments	431 912	164 812
	739 243	476 540
<b>Reversal for impairment - available for sale investments - net</b>	33 339	374 852
<b>Investment related expenses</b>	( 624 )	( 600 )
<b>Net investment income</b>	771 958	850 792

The annexed notes 1 to 33 form an integral part of these financial statements.

RAFIQUE R. BHIMJEE  
Director

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Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 14 February 2014

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

### 1. Status and nature of business

EFU General Insurance Limited (the Company) was incorporated as a public limited company on 2 September 1932. The Company is listed on the Karachi and Lahore Stock Exchanges and is engaged in non-life insurance business comprising of fire & property, marine, motor, miscellaneous etc.

The registered office of the Company is situated in Islamabad while the principal place of business is located at EFU House, M.A. Jinnah Road, Karachi. The Company operates through 56 (2012: 57) branches in Pakistan including a branch in Export Processing Zone (EPZ).

### 2. Basis of preparation

These financial statements have been prepared in accordance with the format prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

#### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for obligation under certain employee retirement benefits which are measured at present value.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousand.

#### 2.4 Use of judgments and estimates

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

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

	<u>Note</u>
- Provision for unearned premiums	3.3
- Premium deficiency reserve	3.4
- Provision for outstanding claims (including IBNR)	3.6
- Employees' retirement benefits	3.10
- Taxation	3.11
- Impairment in value of investments	3.21
- Useful lives of fixed assets	3.16
- Premium due but unpaid	3.15 & 15



2.5 Standards, amendments and interpretations to the published standards that are not yet effective

2.5.1 The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

<u>Standard or Interpretation</u>	<u>Effective date (annual periods beginning)</u>
IAS 32 - Offsetting Financial Assets and Financial Liabilities - (Amendment)	01 January 2014
IAS 36 - Recoverable Amount for Non-Financial Assets - (Amendment)	01 January 2014
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)	01 January 2014
IFRIC 21 - Levies	01 January 2014

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

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

<u>Standard</u>	<u>IASB Effective date (annual periods beginning on or after)</u>
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 - Consolidated Financial Statements	01 January 2013
IFRS 11 - Joint Arrangements	01 January 2013
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 - Fair Value Measurement	01 January 2013

2.5.3 In November 2012, the SECP vide its notifications SRO No. 1383 / 2012 and SRO No. 1384 / 2012 published revised draft of insurance accounting regulations and draft amendments in SEC (Insurance) Rules, 2002 respectively. While these regulations and amendments are not yet effective.

### 3. Summary of significant accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

#### i) New and revised and amended standards and interpretations

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 1 - Presentation of Financial Statements - Presentation of items of other comprehensive income - (Amendment)
IAS 19 - Employee Benefits - (Revised)
IFRS 7 - Financial Instruments: Disclosures - (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
IFRIC 20 - Stripping costs in the production phase of a surface mine

## Improvements to Accounting Standards Issued by the IASB

- IAS 1 - Presentation of Financial Statements - Clarification of the requirements for comparative information
- IAS 16 - Property, Plant and Equipment - Clarification of Servicing Equipment
- IAS 32 - Financial Instruments: Presentation - Tax Effects of Distribution to Holders of Equity Instruments
- IAS 34 - Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements except as explained below:

### ii) Change in accounting policy

During the year, the Company has adopted Revised IAS 19 - 'Employee Benefits'. As per revised standard, actuarial gains and losses for defined benefit plans are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expenses). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.

The adoption of above revised standard has resulted in change in accounting policy of the Company related to recognition of actuarial gains and losses to recognize actuarial gains and losses in total in other comprehensive income in the period in which they occur. Previously, actuarial gains and losses were recognised in total in the profit and loss account in the period in which they arose as were allowed under the relevant provision of previous IAS 19.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements has been re-stated. The impact of the said changes on these financial statements is as under:

	Rupees '000	
	<u>2013</u>	<u>2012</u>
Net increase in other comprehensive income	9 533	39 599
Net decrease in profit and loss account	9 533	39 599

### 3.1 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Company underwrites non-life insurance contracts that can be categorised into Fire and Property Damage, Marine, Aviation and Transport, Motor, Miscellaneous and Treaty contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those which fall under Treaty. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

Fire and Property insurance contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Marine, Aviation and Transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

Motor insurance covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.



All other insurances like cash in hand, cash in transit, personal accident, infidelity, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, mobilisation and performance bonds, workers compensation etc. are included under Miscellaneous Insurance cover.

### 3.2 Premium

For all the insurance contracts, premiums including administrative surcharge received / receivable under a policy are recognised as written at the time of issuance of policy. Where premiums for a policy are payable in instalments, full premium for the duration of the policy is recognised as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

### 3.3 Provision for unearned premiums

The unearned premium reserve is the unexpired portion of the premium including administrative surcharge which relates to business in force at the balance sheet date. Unearned premiums have been calculated by applying 1/24th method as specified in the SEC (Insurance) Rules, 2002.

### 3.4 Premium deficiency reserve (liability adequacy test)

At each balance sheet date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after balance sheet date in respect of policies in force at balance sheet date with the carrying amount of unearned premium liability. Any deficiency is recognised by establishing a provision (premium deficiency reserve) to meet the deficit.

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable.

The movement in the premium deficiency reserve is recognised as an expense or income in the profit and loss account for the year.

The expected ultimate net claim ratios for the unexpired periods of policies in force at balance sheet date for each class of business is as follows:

	<u>2013</u>	<u>2012</u>
- Fire and property damage	48%	53%
- Marine, aviation and transport	56%	57%
- Motor	62%	64%
- Miscellaneous	50%	47%

### 3.5 Claims

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes related external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

### 3.6 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognised in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

### 3.6.1 Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the balance sheet date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognised outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

### 3.6.2 Claims incurred but not reported

The provision for claims incurred but not reported at balance sheet date (IBNR) is based on an analysis of the past claims reporting pattern experienced by the Company. The provision for IBNR has been accounted for on the basis whereby all claims incurred before 31 December 2012 but reported up to 31 December 2013 were aggregated and the ratio of such claims to outstanding claims at 31 December 2012 has been applied to outstanding claims except exceptional losses at 31 December 2013 to arrive at liability for IBNR. The analysis has been carried out separately for each class of business.

### 3.7 Reinsurance contracts

Contracts entered into by the Company with reinsurers under which the Company cedes insurance risks assumed during normal course of its business and according to which the Company is compensated for losses on insurance contracts issued by the Company are classified as reinsurance contracts held.

Reinsurance premium is recognised as an expense at the time the reinsurance is ceded. Commission on reinsurance cessions are recognised in accordance with the policy of recognising premium revenue.

Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims. Reinsurance recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Reinsurance liabilities represent balances due to reinsurance companies and are primarily premiums payable for reinsurance contracts and are recognised at the same time when reinsurance premiums are recognised as an expense.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired.

An impairment review of reinsurance assets is performed at each balance sheet date. If there is an objective evidence that the asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account.

### 3.8 Commission

#### 3.8.1 Commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

#### 3.8.2 Commission income

Commission from reinsurers is deferred and recognised as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit / commission, if any, under the terms of reinsurance arrangements is recognised when the Company's right to receive the same is established.

### 3.9 Revenue recognition

#### 3.9.1 Premium

The revenue recognition policy for premiums is given under note 3.2.

#### 3.9.2 Investment income

Return on investments, profit and loss sharing accounts and bank deposits are recognised using effective interest rate method.

Profit or loss on sale of investments is recognised at the time of sale.

Dividend income is recognised when right to receive such dividend is established.





### 3.9.3 Rental income

Rental income on investment properties is recognised over the term of lease.

### 3.9.4 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 3.8.

## 3.10 Employees' retirement benefits

### 3.10.1 Defined benefit plans

The Company operates the following employee defined benefit plans:

- Funded gratuity scheme

The Company operates an approved gratuity fund for all employees who complete qualifying period of service.

- Funded pension scheme

Defined benefit funded pension for all eligible officers.

These funds are administered by trustees. The pension plan is a career average salary plan and the gratuity plan is a final basic salary plan. The actuarial valuation of both the plans is carried out on a yearly basis using the Projected Unit Credit Method and contributions to the plans are made accordingly.

Actuarial gains and losses are recognised in other comprehensive income in the year in which they arise. [Note 3 (ii) ]

### 3.10.2 Defined contribution plan

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary.

## 3.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in other comprehensive income or below equity, in which case it is recognised in other comprehensive income or below equity.

### 3.11.1 Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

### 3.11.2 Deferred

Deferred tax is recognised using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

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

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.

## 3.12 Creditors, accruals and provisions

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

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

### 3.13 Investments

All investments are initially recognised at the fair value of the consideration given and include transaction costs except for held for trading in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments.

#### 3.13.1 Fair value through profit or loss - held for trading

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognised directly in the profit and loss account. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established.

#### 3.13.2 Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are considered as available for sale. After initial recognition, these are stated at lower of cost or market value (if the fall in market value is other than temporary) in accordance with the requirements of SEC (Insurance) Rules, 2002.

A fall in market value is treated as other than temporary if there is a significant or prolonged decline in fair value of security below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share prices.

In case of fixed income securities where the cost is different from the redemption value, such difference is amortised uniformly between the date of acquisition and the date of maturity in determining "cost".

#### 3.13.3 Investment in associates

Entities in which the Company has significant influence but not control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting.

Under equity method of accounting, the investments are initially recognised at cost; thereafter its carrying amount is increased or decreased for the Company's share of post acquisition changes in the net assets of the associate and dividend distributions. Goodwill relating to an associate is included in carrying amount of the investment and is not amortised. The Company's share of the profit and loss of the associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognised in the associates' profit and loss account are recognised directly in other comprehensive income of the Company.

After application of equity method, the carrying amount of investment in associate is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit and loss account.

#### 3.13.4 Derivatives

Derivative instruments held by the Company primarily comprise of future contracts in the capital market. These are initially recognized at fair value and are subsequently remeasured at fair value. The fair value of future contracts is calculated as being the net difference between the contract price and the closing price reported on the primary exchange of the future contracts. Derivatives with positive market values (unrealized gains) are included in assets and derivatives with negative market values (unrealized losses) are included in liabilities in the balance sheet. The resultant gains and losses are included in the profit and loss account.



### 3.14 Investment properties

The investment properties are accounted for under the cost model in accordance with International Accounting Standard (IAS) 40, Investment Property, where;

- Leasehold land is stated at cost.
- Building on leasehold land is depreciated to its estimated salvage value on straight line basis over its useful life at the rate of 5%.
- Installations forming a part of building on leasehold land but having separate useful lives are depreciated to their estimated salvage values on straight line basis over their useful lives at the rate of 10%.

Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as operating fixed assets.

### 3.15 Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognised when due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is objective evidence that the insurance receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit and loss account.

### 3.16 Fixed assets

#### 3.16.1 Tangibles

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated on the straight line basis using the following rates:

- Buildings	5%
- Furniture, fixtures and office equipments	10%
- Vehicles	20%
- Computers	30%
- Computer softwares	33%

The assets' residual values, useful lives and method for depreciation are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to fixed assets is charged from the month in which an asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to profit and loss account currently.

Gains or losses on disposal of fixed assets are included in profit & loss account currently.

#### 3.16.2 Intangibles

Material computer software licenses acquired are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years using the straight line method. Impairment losses, if any, are deducted from the carrying amount of the intangible assets.

Amortisation on additions to intangibles is charged from the month in which an asset is available for use, while no amortisation is charged for the month in which the asset is disposed off.

Cost associated with maintaining computer software programmes are recognised as an expense when incurred.

The assets' residual values, useful lives and method for amortisation are reviewed at each financial year end and adjusted if impact on amortisation is significant.

### 3.16.3 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. It consists of advances made to suppliers in respect of tangible and intangible fixed assets.

### 3.17 Expenses of management

Expenses of management have been allocated to various revenue accounts on equitable basis.

### 3.18 Compensated absences

The liability towards compensated absences accumulated by the employees is provided in the period in which they are earned.

### 3.19 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and bank deposits.

### 3.20 Foreign currencies

Revenue transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions. Income and expense amounts relating to foreign branches have been translated at the applicable exchange rates. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on the balance sheet date. Exchange gains or losses, if any, are taken into profit and loss account.

### 3.21 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non financial assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognised in the profit and loss account. Provisions for impairment are reviewed at each balance sheet date and are adjusted to reflect the current best estimates. Changes in the provisions are recognised as income or expense.

### 3.22 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other insurers / reinsurers, accrued expenses, agents balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of financial assets and financial liabilities is taken to income directly.

### 3.23 Offsetting of financial assets and financial liabilities

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



### 3.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. 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 all dilutive potential ordinary shares.

### 3.25 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

The Company has four primary business segments for reporting purposes namely, fire & property, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.1.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

### 3.26 Dividend and bonus shares

Dividend to shareholders is recognised as liability in the period in which it is approved. Similarly, reserve for issue of bonus shares is recognised in the year in which such issue is approved.

## 4. Issued, subscribed and paid-up share capital

Number of shares '000			Rupees '000	
2013	2012		2013	2012
250	250	Ordinary shares of Rs. 10 each, fully paid in cash	2 500	2 500
124 750	124 750	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	1 247 500	1 247 500
<u>125 000</u>	<u>125 000</u>		<u>1 250 000</u>	<u>1 250 000</u>

- 4.1 As at 31 December 2013, EFU Life Assurance Limited, an associated undertaking, held 8 516 316 (31 December 2012: 8 516 316) ordinary shares of Rs.10 each.

## 5. Reserves and retained earnings

	Note	2013	2012
General reserve		9 000 000	8 350 000
Reserve for exceptional losses	5.1	12 902	12 902
Retained earnings		1 645 027	1 518 262
		<u>10 657 929</u>	<u>9 881 164</u>

- 5.1 The reserve for exceptional losses was created prior to 1979 and was charged to income in accordance with the provisions of the repealed Income Tax Act, 1922 and has been so retained to date.

	Note	2013	2012
<b>6. Deferred taxation</b>			
Deferred tax liability / (asset) arising in respect of:			
– accelerated tax depreciation		59 016	54 585
– provision for doubtful debts		( 8 840 )	( 9 100 )
– impairment on TFCs		( 8 432 )	( 5 125 )
– share of profit from associate		39 160	26 640
– defined benefit plans		4 911	21 322
		<u>85 815</u>	<u>88 322</u>
<b>7. Other creditors and accruals</b>			
Federal insurance fee payable		9 618	8 807
Federal excise duty payable		146 691	132 133
Workers' welfare fund payable		32 458	33 498
Staff retirement benefits	18.1	–	7 666
Sundry creditors		3 086	14 337
		<u>191 853</u>	<u>196 441</u>

## 8. Contingencies

The income tax assessments of the Company have been finalised upto Tax Year 2013 (Financial year ending 31 December 2012).

The Company has filed appeals with Income Tax Appellate Tribunal (ITAT) in respect of assessment years 1999-2000 and 2000-2001 in respect of disallowance of management expenses, provision for gratuity and bonus. If the appeals are decided against the Company, a tax liability of Rs. 13 million would be payable.

The Company has filed appeal for the Tax year 2008 with Income Tax Appellate Tribunal (ITAT) in respect of addition made by Commissioner of Income Tax (Appeals) on Reinsurance Premium. If the appeal is decided against the Company, a tax liability of Rs. 5.3 million would be payable.

The department has filed appeals for the Tax years 2005 to 2007 before Honourable Supreme Court against the decision of the Honourable High Court in respect of proration of management expenses and if the appeals are decided against the Company, a tax liability of Rs. 37 million would be payable.

The department has filed appeal for the assessment year 2002-2003 before Honourable High Court against the order of Income Tax Appellate Tribunal (ITAT) in respect of estimated liability of claims, excess perquisites and retrocession commission. If the appeal is decided against the Company, a tax liability of Rs. 71 million would be payable.

The department has filed appeal for the Tax year 2008 before Income Tax Appellate Tribunal (ITAT) against the order of Commissioner of Income Tax (Appeals) in respect of Capital gain. If the appeal is decided against the Company, a tax liability of Rs. 5 094 million would be payable. The department has been over ruled by the Income Tax Appellate Tribunal (ITAT) on the identical case of capital gain tax liability.

No provision has been made in these financial statements for the above contingencies as the management, based on tax adviser's opinion, is confident that the decision in this respect will be received in the favour of the Company.



Rupees '000

	Note	2013	2012
<b>9. Cash and other equivalents</b>			
Policy stamps in hand & bond papers		2 898	6 173
		<u>2 898</u>	<u>6 173</u>
<b>10. Current and other accounts</b>			
Current accounts		278 689	187 505
Saving accounts	10.1	1 000 948	822 223
		<u>1 279 637</u>	<u>1 009 728</u>

- 10.1 The rate of return on saving accounts from various banks ranges from 6% to 10.5% per annum (2012: 5% to 10.5% per annum) depending on the size of average deposits.

Rupees '000

	Note	2013	2012
<b>11. Deposits maturing within 12 months</b>			
Term deposits certificates - local currency	11.1	710 724	594 723
Term deposits certificates - foreign currency	11.2	89 883	59 262
		<u>800 607</u>	<u>653 985</u>

- 11.1 The rate of return on term deposit certificates issued by various banks ranges from 7% to 9.30% per annum (2012: 5% to 11.25% per annum) depending on tenor. These term deposit certificates have maturities upto April 2014.

- 11.2 The rate of return on foreign currency term deposit certificates issued by various banks is 1% per annum (2012: 1% per annum) depending on tenor. These term deposit certificates have maturities upto February 2014.

Rupees '000

	Note	2013	2012
<b>12. Loans - secured considered good</b>			
Secured, considered good	12.1	3 148	3 495
Current portion	18	( 839 )	( 883 )
		<u>2 309</u>	<u>2 612</u>

- 12.1 This represents housing and vehicle loan to employees. These loans are recoverable over a period of two to ten years and are secured against documents of property / vehicles.

Rupees '000

	Note	2013	2012
<b>13. Investments</b>			
Investment in associate	13.1	9 191 362	8 981 526
Available for sale	13.2	5 579 872	4 423 191
		<u>14 771 234</u>	<u>13 404 717</u>

13.1 Investment in associate

Rupees '000

Number of shares		Face value per share (Rupees)	Name of associate	Note		
2013	2012				2013	2012
42 974 440	36 290 835	Rs. 10	EFU Life Assurance Limited incorporated in Pakistan (Chief Executive: Taher G. Sachak)	13.1.1	11 178 362	10 968 526
			Provision for impairment	13.1.3	( 1 987 000 )	( 1 987 000 )
					<u>9 191 362</u>	<u>8 981 526</u>

Market value of investment and percentage of holding in associate are Rs. 3 511 million and 42.97% respectively (2012: Rs. 3 383 million and 42.70%)

Rupees '000

13.1.1 Movement of investment in associate

	2013	2012
Opening balance	10 968 526	10 782 997
Purchases during the year	20 590	29 319
Share in profit of associate	398 562	390 185
Dividend received	( 209 316 )	( 233 975 )
Closing balance	<u>11 178 362</u>	<u>10 968 526</u>

13.1.2 Summarised financial information in respect of associate based on its financial statements as at 31 December 2013 (2012: 31 December 2012) is set out below:

Rupees '000

	2013	2012
Total assets	2 597 040	2 157 800
Total liabilities	( 63 668 )	( 63 542 )
Net assets	<u>2 533 372</u>	<u>2 094 258</u>
Company's share of net assets of its associate	<u>1 088 590</u>	<u>894 248</u>
Total revenue	<u>14 058 930</u>	<u>11 873 842</u>
Profit after tax	<u>929 114</u>	<u>914 118</u>

13.1.3 The carrying amount of the investment in EFU Life Assurance Limited has been tested for impairment as at 31 December 2013 based on "value in use", in accordance with IAS 36 - Impairment of Assets. The "value in use" calculations were carried out by an independent actuary using cash flow projections which are based on the budget and forecasts approved by the management of the investee company up to ten years. The following significant assumptions were used for the purpose of "value in use" computations:

- Discount rate : 18 % (2012: 18 %)
- Terminal growth rate : 14 % (2012: 14 %)





Rupees '000

	Note	2013	2012
13.2 Available for sale	13.2.2		
In related parties	13.3.1		
Mutual funds		253 316	83 316
Ordinary shares		2 121 922	2 121 922
Fixed income securities			
Term finance certificates	13.3.3	–	30 439
		2 375 238	2 235 677
Provision for impairment – net of reversals		( 1 912 418 )	( 1 773 648 )
		462 820	462 029
Others	13.3.2		
Mutual funds		2 436 050	529 999
Ordinary shares		2 470 083	2 986 439
Preference shares		20 000	20 000
Fixed income securities			
Government securities	13.3.3	232 396	609 380
Term finance certificates	13.3.3	111 986	191 151
		5 270 515	4 336 969
Provision for impairment – net of reversals		( 153 463 )	( 375 807 )
		5 117 052	3 961 162
		5 579 872	4 423 191

13.2.1 The fair value of available for sale - equity securities as at 31 December 2013 is Rs. 7 100 million (2012: Rs. 4 147 million) and fixed income securities as at 31 December 2013 is Rs. 320 million (2012: Rs. 836 million).

13.2.2 As per the Company's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 31 December 2013 would have been higher by Rs. 1 841 million (2012: higher by Rs. 560 million).

## 13.3.1 In related parties - quoted

Rupees '000

Number of shares / certificates / units		Face value per share / unit	Name of entity		
2013	2012			2013	2012
<b>Mutual funds</b>					
<b>Open end mutual funds</b>					
2 204 625	547 404	100	JS Cash Fund	225 000	55 000
725 580	569 709	100	JS Large Capital Fund	28 316	28 316
<u>2 930 205</u>	<u>1 117 113</u>			<u>253 316</u>	<u>83 316</u>
<b>Ordinary shares</b>					
<b>Commercial banks</b>					
6 603 975	6 603 975	10	Bank Islami Pakistan Limited	76 797	76 797
<b>Financial services</b>					
17 809 897	17 809 897	10	Jahangir Siddiqui & Company Limited	2 045 125	2 045 125
<u>24 413 872</u>	<u>24 413 872</u>			<u>2 121 922</u>	<u>2 121 922</u>

## 13.3.2 Others - quoted

Number of shares / certificates / units		Face value per share / unit	Name of entity		
2013	2012			2013	2012
<b>Mutual funds</b>					
<b>Open end mutual funds</b>					
27 032 782	7 033 987	10	ABL Cash Fund	270 000	70 000
–	391 336	50	Alfalah GHP Value Fund	–	19 999
2 421 513	501 216	100	Askari Sovereign Cash Fund	244 000	50 000
39 890	60 205	500	Atlas Money Market Fund	20 000	30 000
2 245 857	539 372	100	Faysal Money Market Fund	228 000	55 000
2 031 123	99 919	100	First Habib Cash Fund	203 000	10 000
2 517 389	544 138	100	HBL Money Market Fund	254 000	55 000
960 768	–	100	Lakson Money Market Fund	96 000	–
150 269	–	100	MCB Cash Management Optimizer Fund	15 000	–
277 725	198 101	100	MCB Dynamic Cash Fund	28 046	20 000
1 040 412	–	50	Meezan Cash Fund	52 000	–
3 378 911	–	50	Meezan Sovereign Fund	170 000	–
28 930 603	8 005 660	10	NAFA Government Securities Liquid Fund	290 000	80 000
864 704	99 640	100	PICIC Cash Fund	87 000	10 000
3 985 700	1 103 379	50	Pakistan Cash Management Fund	199 000	55 000
1 206 352	–	100	UBL Government Securities Fund	121 000	–
1 584 245	754 991	100	UBL Liquidity Plus Fund	159 004	75 000
<u>78 668 243</u>	<u>19 331 944</u>			<u>2 436 050</u>	<u>529 999</u>

Rupees '000

Number of shares		Face value per share	Name of entity		
2013	2012			2013	2012
<b>Ordinary shares</b>					
<b>Oil and gas</b>					
550 000	550 000	10	Attock Petroleum Limited	189 556	210 620
–	695 000	10	Attock Refinery Limited	–	91 555
350 000	350 000	10	National Refinery Limited	92 570	92 570
250 000	400 000	10	Oil & Gas Development Company Limited	41 196	64 280
300 000	525 000	10	Pakistan Oilfields Limited	108 513	174 170
1 072 500	893 750	10	Pakistan Petroleum Limited	115 285	115 285
–	100 000	10	Pakistan State Oil Company Limited	–	22 918
268 112	270 312	10	Shell (Pakistan) Limited	70 276	71 000
<b>Chemicals</b>					
94 600	189 062	10	Archroma Pakistan Limited	9 891	26 344
1 452 092	1 506 592	10	Dawood Hercules Limited	90 538	107 677
–	50 000	10	Engro Corporation Limited	–	4 962
250 000	–	10	Fatima Fertilizer Company Limited	6 009	–
2 000 700	2 175 000	10	Fauji Fertilizer Limited	210 038	237 964
50 000	51 225	10	ICI Pakistan Limited	8 077	8 275
300 000	308 400	10	Linde Pakistan Limited	38 702	39 785
<b>Industrial metal and mining</b>					
1 242 240	1 242 240	10	International Industries Limited	63 110	63 110
<b>Construction and materials (cement)</b>					
46 100	304 452	10	Akzo Nobel Pakistan Limited	3 939	49 180
–	107 500	10	Attock Cement Limited	–	9 651
300 000	493 000	10	D.G. Khan Cement Limited	15 377	23 869
–	360 000	10	Fauji Cement Limited	–	2 489
–	55 400	10	Lucky Cement Limited	–	7 933
<b>General industrials</b>					
975 000	975 000	10	Cherat Packaging Limited	86 526	86 526
375 000	408 745	10	Packages Limited	52 890	57 650
350 000	403 273	5	Thal Limited	20 644	26 106
<b>Electronic and electrical goods</b>					
122 540	122 540	10	Pakistan Cables Limited	11 084	11 084
<b>Industrial transportation</b>					
–	125 000	10	Pakistan Int'l Bulk Terminal Limited	–	–
<b>Automobile and parts</b>					
215 100	215 100	10	General Tyre & Rubber Company Limited	5 326	5 326
141 800	150 000	10	Indus Motor Company Limited	29 019	30 697
<b>Beverages</b>					
531 659	483 327	10	Murree Brewery Pakistan Limited	40 487	40 487
<b>Food producers</b>					
78 800	78 800	10	Shahtaj Sugar Limited	9 112	9 112
–	1 500	50	Unilever Pakistan Limited	–	3 479
<b>Household goods</b>					
–	96 500	10	Nina Industries Limited	–	965

Rupees '000

Number of shares		Face value per share	Name of entity	Rupees '000	
2013	2012			2013	2012
<b>Personal goods (textiles)</b>					
2 380 260	2 380 260	10	Azgard Nine Limited	48 366	48 366
309 776	309 776	10	Bata (Pakistan) Limited	279 875	279 875
500 000	1 300 200	10	Nishat Chunian Limited	7 287	26 574
1 000 000	1 742 500	10	Nishat Mills Limited	47 201	100 561
854 000	854 000	10	Samin Textiles Limited	9 881	9 881
<b>Pharma and bio tech</b>					
964 441	964 441	10	Ferozsons Laboratories Limited	99 227	99 227
300 000	331 771	10	Glaxosmithkline Pakistan Limited	21 090	28 038
19 200	19 200	10	Sanofi Aventis Pakistan Limited	5 096	5 096
1 134 032	923 102	10	Searle Pakistan Limited	32 171	36 151
16 000	17 720	100	Wyeth Pakistan Limited	32 404	35 887
<b>Media</b>					
2 086 326	1 490 233	10	Hum Network Limited	72 713	72 713
<b>Fixed line telecommunication</b>					
–	225 000		Callmate Telips Telecom Limited	–	887
–	500 000	10	Pakistan Telecommunication Company Ltd.	–	8 261
<b>Electricity</b>					
500 000	1 000 000	10	Hub Power Company Limited	21 398	42 018
500 000	200 000	10	Kot Addu Power Company Limited	28 018	9 475
500 000	500 000	10	Nishat Chunian Power Limited	9 467	9 467
206 000	–	10	Pakgen Power Limited	4 560	–
<b>Multiutilities (gas and water)</b>					
–	200 000	10	Sui Northern Gas & Pipeline Limited	–	5 004
–	200 000	10	Sui Southern Gas Company Limited	–	4 454
<b>Commercial banks</b>					
200 000	265 000	10	Allied Bank Limited	12 517	19 238
650 000	654 500	10	Bank Al-Habib Limited	17 430	17 598
500 000	621 093	10	Habib Bank Limited	33 388	56 281
750 000	776 462	10	Habib Metropolitan Bank Limited	16 190	17 009
–	100 000	10	National Bank of Pakistan	–	4 669
380 000	528 458	10	United Bank Limited	29 313	40 333
<b>Non life insurance</b>					
1 414 661	220 000	10	Adamjee Insurance Company Limited	48 940	25 071
634 837	634 837	5	Habib Insurance Limited	29 987	29 987
150 000	129 600	10	Jubilee General Insurance Limited	11 310	11 243
6 500 000	6 567 200	10	Pakistan Reinsurance Limited	168 248	169 987
<b>Life insurance</b>					
924 965	924 965	10	Jubilee Life Insurance Limited	65 841	65 841
<b>Financial services</b>					
–	412 390	10	First Dawood Investment Bank Limited	–	12 178
<u>34 690 741</u>	<u>38 679 426</u>			<u>2 470 083</u>	<u>2 986 439</u>
<b>Preference shares</b>					
2 000 000	2 000 000	10	Household goods Pakistan Electron Limited	20 000	20 000



## 13.3.3 Fixed income securities

Rupees '000

Name of investment	Maturity year	Effective yield %	Profit payment	Face value	2013	2012
<b>Government securities</b>						
3 Years Pakistan Investment Bonds	2014	12.14	Half yearly	50 000	49 943	62 316
5 Years Pakistan Investment Bonds	2016	12.62	Half yearly	9 000	8 773	8 702
10 Years Pakistan Investment Bonds	2017	13.25	Half yearly	1 000	897	15 140
12 Months Treasury Bills	2014	9.80	On maturity	43 500	41 690	93 317
6 Months Treasury Bills	–	–	–	–	–	103 809
3 Months Treasury Bills	2014	9.55 - 9.65	On maturity	131 500	131 093	326 096
					232 396	609 380
The amount of Pakistan Investment Bonds includes Rs. 128 million (2012: Rs. 132 million) deposited with the State Bank of Pakistan as required by Section 29 of the Insurance Ordinance, 2000.						
<b>Term Finance Certificates (TFCs) – quoted</b>						
In related parties						
Jahangir Siddiqui & Company Limited - 5th Issue	2013	13.70	Half yearly	–	–	30 439
Others						
New Allied Electronics Limited	2012	17.03	Quarterly	4 481	4 481	4 481
Pakistan Mobile Communications Limited - 3rd Issue	2013	12.36	Half yearly	–	–	4 160
Askari Bank Limited - 2nd Issue	2013	11.00	Half yearly	–	–	35 921
Pakistan Mobile Communications Limited - 6th Issue	2013	18.00	Half yearly	–	–	5 703
Financial Receivable Securitization Company Limited	2014	11.07	Half yearly	833	833	2 499
United Bank Limited - 3rd Issue	2014	10.72	Half yearly	13 087	13 087	26 174
Allied Bank Limited	2014	11.74	Half yearly	14 964	14 993	30 024
Engro Fertilizers Limited	2016	12.55	Half yearly	37 955	37 955	41 552
Agritech Limited - 3rd Issue (B)	2017	11.00	Half yearly	5 665	5 665	5 665
Agritech Limited - 3rd Issue (A)	2019	13.35	Quarterly	34 972	34 972	34 972
					111 986	191 151
					344 382	830 970

## 14. Investment properties

Rupees '000

		2013									
		Cost					Depreciation				Written down value
		As at 01 January	Additions	Disposals/ Adjustments	As at 31 December	Rate %	As at 01 January	For the year	Disposals/ Adjustments	As at 31 December	As at 31 December
Leasehold land		47 468	–	–	47 468		–	–	–	–	47 468
Buildings		356 600	–	–	356 600	5	207 648	17 830	–	225 478	131 122
Lifts and other installations		15 864	46 388	2 653	59 599	10	5 627	4 807	2 653	7 781	51 818
		<u>419 932</u>	<u>46 388</u>	<u>2 653</u>	<u>463 667</u>		<u>213 275</u>	<u>22 637</u>	<u>2 653</u>	<u>233 259</u>	<u>230 408</u>
		2012									
		Cost					Depreciation				Written down value
		As at 01 January	Additions	Disposals/ Adjustments	As at 31 December	Rate %	As at 01 January	For the year	Disposals/ Adjustments	As at 31 December	As at 31 December
Leasehold land		47 468	–	–	47 468		–	–	–	–	47 468
Buildings		356 600	–	–	356 600	5	189 818	17 830	–	207 648	148 952
Lifts and other installations		9 693	6 171	–	15 864	10	4 535	1 092	–	5 627	10 237
		<u>413 761</u>	<u>6 171</u>	<u>–</u>	<u>419 932</u>		<u>194 353</u>	<u>18 922</u>	<u>–</u>	<u>213 275</u>	<u>206 657</u>

14.1 The market value of land and buildings is estimated at Rs. 1 492 million (2012: Rs. 1 303 million). The valuations have been carried out by independent valuers. Rental income from these properties amounts to Rs. 101 million (2012: Rs. 98 million).

Rupees '000

	2013	2012
<b>15. Premiums due but unpaid – net – unsecured</b>		
Considered good	2 843 331	2 755 247
Considered doubtful	26 000	26 000
	<u>2 869 331</u>	<u>2 781 247</u>
Provision for doubtful balances	(26 000)	(26 000)
	<u>2 843 331</u>	<u>2 755 247</u>
<b>16. Accrued investment income</b>		
Return accrued on fixed income securities	5 512	10 433
Dividend income	4 450	3 640
Return on bank deposits	8 185	18 550
	<u>18 147</u>	<u>32 623</u>

Rupees '000

	Note	2013	2012
<b>17. Prepayments</b>			
Prepaid reinsurance premium ceded		3 270 069	2 686 251
Prepaid rent		14 632	15 773
Others		7 337	9 416
		<u>3 292 038</u>	<u>2 711 440</u>
<b>18. Sundry receivables</b>			
Advances to employees		1 335	2 500
Advances to suppliers and contractors		22 652	13 692
Current portion of loans to employees	12	839	883
Receivable from gratuity and pension fund	18.1	31 393	34 147
Compensation on income tax refunds		–	23 987
Others		629	–
		<u>56 848</u>	<u>75 209</u>

**18.1 Staff retirement benefits**

The latest actuarial valuation, at 31 December 2013, uses a discount rate of 12.75% (2012: 11.50%) for defined benefit obligation and plan assets. Basic salary and pension increases to average 9.25% and 4.50% (2012: 9.50% and 3.25%) respectively per annum in the long term.

Rupees '000

	2013		Restated 2012	
	Pension	Gratuity	Pension	Gratuity
<b>Obligation</b>				
At beginning of the year	186 508	243 486	166 581	240 330
Current service cost	1 563	12 559	1 598	12 841
Interest cost	20 629	27 253	22 427	32 533
Remeasurement due to:				
Change in demographic assumptions	–	–	17 180	1 129
Change in financial assumptions	( 358 )	–	–	( 20 827 )
Experience	1 468	( 1 567 )	( 8 071 )	( 6 073 )
Benefits paid	( 14 250 )	( 13 003 )	( 13 207 )	( 16 447 )
At end of the year	<u>195 560</u>	<u>268 728</u>	<u>186 508</u>	<u>243 486</u>
<b>Plan assets</b>				
At beginning of the year	178 842	277 633	149 514	212 592
Interest income	19 831	31 180	20 103	30 553
Remeasurement due to:				
Investment return	13 206	781	21 062	23 197
Contributions by company	291	–	275	27 738
Contributions by employees	1 170	–	1 095	–
Benefits paid	( 14 250 )	( 13 003 )	( 13 207 )	( 16 447 )
At end of the year	<u>199 090</u>	<u>296 591</u>	<u>178 842</u>	<u>277 633</u>

Rupees '000

	2013		Restated 2012	
	Pension	Gratuity	Pension	Gratuity
<b>Defined benefit cost</b>				
Service cost				
Current service cost	1 563	12 559	1 598	12 841
Less: employee contributions	( 1 170 )	–	( 1 095 )	–
Net interest	798	( 3 927 )	2 324	1 980
Chargeable in profit and loss account	1 191	8 632	2 827	14 821
Remeasurement due to:				
Change in demographic assumptions	–	–	17 180	1 129
Change in financial assumptions	( 358 )	–	–	( 20 827 )
Experience on obligation	1 468	( 1 567 )	( 8 071 )	( 6 073 )
Investment return	( 13 206 )	( 781 )	( 21 062 )	( 23 197 )
<b>Chargeable in statement of comprehensive income</b>	<b>( 12 096 )</b>	<b>( 2 348 )</b>	<b>( 11 953 )</b>	<b>( 48 968 )</b>
<b>Total defined benefit cost</b>	<b>( 10 905 )</b>	<b>6 284</b>	<b>( 9 126 )</b>	<b>( 34 147 )</b>
<b>Net liability (asset)</b>				
At beginning of the year	7 666	( 34 147 )	17 067	27 738
Defined benefit cost	( 10 905 )	6 284	( 9 126 )	( 34 147 )
Paid	( 291 )	–	( 275 )	( 27 738 )
At end of the year	<b>( 3 530 )</b>	<b>( 27 863 )</b>	<b>7 666</b>	<b>( 34 147 )</b>
<b>Reconciliation</b>				
Obligation	195 560	268 728	186 508	243 486
Plan assets	( 199 090 )	( 296 591 )	( 178 842 )	( 277 633 )
Net liability (asset)	<b>( 3 530 )</b>	<b>( 27 863 )</b>	<b>7 666</b>	<b>( 34 147 )</b>

Rupees '000

	Pension				Gratuity			
	2013		2012		2013		2012	
<b>Fund investments</b>								
Debt	49%	96 869	57%	102 236	75%	222 517	77%	214 973
Equity	29%	57 440	26%	46 903	22%	65 133	21%	56 902
NIT	22%	44 273	17%	29 542	3%	8 063	2%	5 380
Cash	0%	508	0%	161	0%	878	0%	378
	<b>100%</b>	<b>199 090</b>	<b>100%</b>	<b>178 842</b>	<b>100%</b>	<b>296 591</b>	<b>100%</b>	<b>277 633</b>

The expected charge to pension and gratuity fund for the year 2014 amounts to Rs. 9.7 million.

Impact on obligation of 1% change in assumption

Assumptions	1% increase	1% decrease
Discount rate	( 27 867 )	31 532
Salary increase	17 132	( 15 551 )
Pension increase	15 242	( 13 590 )

Weighted average duration of the plan is 7.4 years.





Rupees '000

**Projected payments**

Company contributions 2014

Benefit payments:

2014

2015

2016

2017

2018

2019 - 2023

Pension

Gratuity

291

-

18 561

64 057

19 797

17 924

20 595

14 045

22 727

35 971

23 951

26 598

134 205

239 687

**19. Fixed assets – tangibles and intangibles**

Rupees '000

	2013									
	Cost				Rate %	Depreciation / Amortisation				Written down value
	As at 01 January	Additions	Disposals / Adjustments	As at 31 December		As at 01 January	For the year	Disposals / Adjustments	As at 31 December	As at 31 December
<b>Tangibles</b>										
Leasehold land	5 580	-	-	5 580	-	-	-	-	-	5 580
Buildings	384 623	54 091	290	438 424	5	108 432	20 495	187	128 740	309 684
Furniture and fixtures	421 064	20 619	4 772	436 911	10	215 694	33 881	3 562	246 013	190 898
Office equipments	215 521	28 610	-	244 131	10	57 507	22 241	-	79 748	164 383
Computers	121 606	16 433	292	137 747	30	101 168	13 559	292	114 435	23 312
Vehicles	443 803	53 393	27 684	469 512	20	276 084	58 343	22 548	311 879	157 633
<b>Intangibles</b>										
Computer softwares	74 546	250	-	74 796	33	72 803	1 588	-	74 391	405
	<u>1 666 743</u>	<u>173 396</u>	<u>33 038</u>	<u>1 807 101</u>		<u>831 688</u>	<u>150 107</u>	<u>26 589</u>	<u>955 206</u>	<u>851 895</u>
	2012									
	Cost				Rate %	Depreciation / Amortisation				Written down value
	As at 01 January	Additions	Disposals / Adjustments	As at 31 December		As at 01 January	For the year	Disposals / Adjustments	As at 31 December	As at 31 December
<b>Tangibles</b>										
Leasehold land	5 580	-	-	5 580	-	-	-	-	-	5 580
Buildings	334 023	53 345	2 745	384 623	5	90 423	18 386	377	108 432	276 191
Furniture and fixtures	366 579	59 769	5 284	421 064	10	189 692	30 637	4 635	215 694	205 370
Office equipments	193 761	24 387	2 627	215 521	10	39 191	20 350	2 034	57 507	158 014
Computers	110 831	13 056	2 281	121 606	30	86 339	16 527	1 698	101 168	20 438
Vehicles	374 537	106 688	37 422	443 803	20	253 485	54 365	31 766	276 084	167 719
<b>Intangibles</b>										
Computer softwares	74 176	370	-	74 546	33	51 935	20 868	-	72 803	1 743
	<u>1 459 487</u>	<u>257 615</u>	<u>50 359</u>	<u>1 666 743</u>		<u>711 065</u>	<u>161 133</u>	<u>40 510</u>	<u>831 688</u>	<u>835 055</u>

19.1 The market value of land and buildings is estimated at Rs. 1 250 million (2012: Rs. 1 069 million). The valuations have been carried out by independent valuers.

19.2 Details of tangible assets disposed off during the year are as follows:

Mode of disposal	Rupees '000				Sold to
	Original cost	Accumulated depreciation	Book value	Sale proceeds	
Buildings					
EFU House Karachi (Negotiation)	290	187	103	300	Burhani Construction Company Karachi
	<u>290</u>	<u>187</u>	<u>103</u>	<u>300</u>	
Furniture & fixtures (Negotiation)	2 140	982	1 158	700	Danpak Food Industries Karachi
Written down value below Rs. 50,000	2 632	2 580	52	154	Various
	<u>4 772</u>	<u>3 562</u>	<u>1 210</u>	<u>854</u>	
Computer					
Written down value below Rs. 50,000	292	292	–	12	Various
	<u>292</u>	<u>292</u>	<u>–</u>	<u>12</u>	
Vehicles (Negotiation)	571	285	286	325	Raj Kumar, Karachi
	864	691	173	250	Mrs. Mairaj Nadir, Karachi
	550	174	376	450	Masood Bin Shamsheer, Karachi
	1 260	21	1 239	–	Theft
	1 021	120	901	–	Theft
	1 829	548	1 281	–	Theft
	90	30	60	–	Theft
Written down value below Rs. 50,000	21 499	20 679	820	13 227	Various
	<u>27 684</u>	<u>22 548</u>	<u>5 136</u>	<u>14 252</u>	

Rupees '000

	Note	2013	2012
19.3 Capital work-in-progress			
Buildings – improvements		8 418	33 803
Advances – to suppliers		98	1 785
		<u>8 516</u>	<u>35 588</u>
<b>20. Net premium revenue</b>			
Premium revenue (net of reinsurance)		6 046 538	5 718 977
Administrative surcharge	20.1	294 979	289 979
		<u>6 341 517</u>	<u>6 008 956</u>

20.1 Administrative surcharge  
Premium written and net premium revenue include administrative surcharge, class wise detail of which is given below:

Rupees '000

	Note	2013	2012
Fire and property damage		36 745	31 639
Marine, aviation and transport		50 277	45 335
Motor		196 680	203 285
Miscellaneous		11 277	9 720
		<u>294 979</u>	<u>289 979</u>

Rupees '000

	Note	2013	2012
<b>21. Management expenses</b>			
Salaries, wages and benefits	21.1	920 411	844 519
Bonus to staff		79 137	78 112
Rent, rates and taxes		33 185	30 885
Telephone		11 430	12 563
Postage		4 922	5 419
Gas and electricity		35 942	33 665
Printing and stationery		21 907	24 727
Travelling and entertainment		52 740	48 325
Depreciation		86 665	82 357
Repairs and maintenance		9 714	9 538
Charges for vehicle tracking devices		110 803	109 750
Other expenses		7 862	4 857
		<u>1 374 718</u>	<u>1 284 717</u>

21.1 These include Rs. 15.04 million (2012: Rs. 15.14 million) being contribution for employees' provident fund.

Rupees '000

	Note	2013	Restated 2012
<b>22. Other income</b>			
<b>Income from financial assets</b>			
Interest on loans to employees		142	154
Others		–	2 763
<b>Income from non-financial assets</b>			
Gain on sale of fixed assets		11 415	16 608
Exchange gain		11 319	5 660
Others		–	720
		<u>22 876</u>	<u>25 905</u>
<b>23. General and administration expenses</b>			
Salaries, wages and benefits	23.1	175 092	161 474
Bonus to staff		16 491	16 728
Gratuity	18.1	8 632	14 821
Rent, rates and taxes		1 174	1 301
Telephone		2 031	1 858
Postage		1 043	1 214
Gas and electricity		11 430	11 182
Printing and stationery		5 803	5 615
Travelling and entertainment		27 831	17 341
Depreciation		86 079	97 698
Repairs and maintenance		17 999	13 767
Auditors' remuneration	23.2	1 853	1 805
Legal and professional charges		3 815	4 506
Publicity		52 906	29 280
Property management expenses		56 598	59 921
Donations	23.3	7 368	5 211
Provision for doubtful debts		–	24 907
Statutory levies		25 460	21 574
Other expenses		22 641	22 339
		<u>524 246</u>	<u>512 542</u>

23.1 These include Rs. 3.50 million (2012: Rs. 3.30 million) being contribution for employees' provident fund.

Rupees '000

	2013	2012
23.2 Auditors' remuneration		
Audit fee		
Ernst & Young Ford Rhodes Sidat Hyder	1 525	1 425
Interim review		
Ernst & Young Ford Rhodes Sidat Hyder	125	100
Audit of financial statements of provident fund, gratuity and pension fund (Hyder Bhimji & Co.)	75	75
Out of pocket expenses	128	205
	<u>1 853</u>	<u>1 805</u>

## 23.3 Donations

Donations include the following in whom a director is interested:

Rupees '000

Name of director	Interest in donee	Name & address of donee	2013	2012
Saifuddin N. Zoomkawala	Board member	Shaukat Khanum Memorial Trust 7A Block R-3, M.A. Johar Town, Lahore	250	250
	Board member	Sindh Institute of Urology and Transplantation Civil Hospital Karachi, Pakistan	250	250
	Member	Institute of Business Administration Garden, Kayani Shaheed Road, Karachi	1 667	100

Rupees '000

## 24. Provision for taxation

	2013	2012
For the year		
Current	216 740	222 594
Prior year		
Minimum tax adjustment	–	( 185 636 )
Others	–	4 137
	–	( 181 499 )
Deferred	13 904	8 355
	<u>230 644</u>	<u>49 450</u>

## 24.1 Reconciliation of tax charge

Effective tax rate %

	2013	2012
Tax at the applicable rate of 34% (2012: 35%)	34.00	35.00
Tax effects of minimum tax	–	( 11.50 )
Tax effects of deductions not allowed	0.76	0.86
Tax effects of reduced rates	( 19.85 )	( 13.11 )
Tax effects of exempt income	( 0.70 )	( 8.45 )
Tax effects of prior year tax charge	–	0.26
Average effective tax rate charged on income	<u>14.21</u>	<u>3.06</u>



## 25. Earnings per share

Rupees '000

		2013	Restated 2012
<b>25.1 Basic earnings per share</b>			
Profit for the year	(Rupees '000)	1 392 232	1 564 446
Weighted average number of ordinary shares	(Numbers '000)	125 000	125 000
Earnings per share	(Rupees)	11.14	12.52

## 25.2 Diluted earnings per share

No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

## 26. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

Rupees '000

	2013				2012			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Managerial remuneration	13 500	–	153 157	166 657	11 700	–	135 414	147 114
Bonus	4 225	–	27 077	31 302	3 675	–	24 678	28 353
Retirement benefits	1 792	–	10 613	12 405	1 559	–	10 516	12 075
Utilities	241	–	11 861	12 102	167	–	10 338	10 505
Medical expenses	1 326	–	5 475	6 801	1 199	–	3 565	4 764
Leave passage	718	–	2 611	3 329	–	–	2 348	2 348
<b>Total</b>	<b>21 802</b>	<b>–</b>	<b>210 794</b>	<b>232 596</b>	<b>18 300</b>	<b>–</b>	<b>186 859</b>	<b>205 159</b>
Number of persons	1	–	101	102	1	–	92	93

26.1 Chief Executive and certain Executives are also provided with free use of Company cars and certain items of household furniture and fixtures in accordance with their entitlements. The Chief Executive is not given any rent allowance but is provided with maintained furnished accommodation. The Chairman is provided with free use of Company cars, maintained furnished accommodation, medical insurance cover and residential utilities.

## 27. Segment reporting

Rupees '000

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Treaty		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	Restated 2012
Corporate segment assets	7 620 077	9 212 345	1 180 598	1 425 107	524 891	431 936	1 552 808	1 582 412	–	–	10 878 374	12 651 800
Corporate unallocated assets											18 060 163	16 405 628
<b>Total assets</b>											<b>28 938 537</b>	<b>29 057 428</b>
Corporate segment liabilities	10 405 610	11 359 443	1 664 416	2 007 951	2 344 045	2 166 967	2 019 047	1 812 272	3 494	3 567	16 436 612	17 350 200
Corporate unallocated liabilities											593 996	576 064
<b>Total liabilities</b>											<b>17 030 608</b>	<b>17 926 264</b>
Capital expenditures	–	–	–	–	–	–	–	–	–	–	192 153	288 151
Segment depreciation	–	–	–	–	–	–	–	–	–	–	–	–
Unallocated depreciation											172 744	180 056
<b>Total depreciation</b>											<b>172 744</b>	<b>180 056</b>

Location	External premium less reinsurance by geographical segments		Carrying amount of assets by geographical segments		Carrying amount of liabilities excluding branch account by geographical segments		Capital expenditures	
	2013	2012	2013	2012	2013	2012	2013	2012
Pakistan	6 319 358	5 990 114	28 781 798	28 967 366	16 939 719	17 880 857	192 153	288 151
EPZ *	22 159	18 842	156 151	89 474	90 889	45 407	–	–
Saudi Arabia **	–	–	588	588	–	–	–	–
Total	<u>6 341 517</u>	<u>6 008 956</u>	<u>28 938 537</u>	<u>29 057 428</u>	<u>17 030 608</u>	<u>17 926 264</u>	<u>192 153</u>	<u>288 151</u>

\* This represents US Dollar equivalent in Pak Rupees

\*\* This represents US Dollar and Saudi Riyal equivalent in Pak Rupees

## 28. Management of insurance and financial risk

### 28.1 Insurance risk

The principal risk the Company faces under insurance contracts is the possibility that the insured event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy aims to minimise insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Company underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of insurance are generally regarded as short-term insurance contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate insurance risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such reinsurance arrangements is that the Company may not suffer ultimate net insurance losses beyond the Company's risk appetite in any one year.

The Company's arrangement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor the operations of the Company are substantially dependent upon any single reinsurance contract. The Company obtains reinsurance cover only from companies with sound financial health.

#### 28.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Company manages these risk through the measures described above. The Company has limited its exposure to catastrophic and riot events by use of reinsurance arrangements.

The Company monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business at balance sheet date:

Class	2013				2012			
	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
	%	%	%	%	%	%	%	%
Fire and property damage	62	37	64	37	71	36	60	41
Marine, aviation & transport	14	18	7	12	13	21	10	11
Motor	15	39	21	46	10	39	22	43
Miscellaneous	9	6	8	5	6	4	8	5
	100	100	100	100	100	100	100	100



The Company also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

The Company's class wise major gross risk exposure is as follows:

Rupees '000

Class	2013	2012
Fire and property damage	98 145 000	94 218 000
Marine, aviation and transport	81 270 000	81 270 000
Motor	37 000	30 000
Miscellaneous	19 340 000	19 340 000

Since the Company operates in Pakistan only, hence, all the insurance risks relate to policies written in Pakistan.

#### 28.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date. The details of estimation of outstanding claims (including IBNR) are given under note 3.6.2.

#### 28.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of balance sheet date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

#### 28.1.4 Sensitivity analysis

The Company believes that the claim liabilities under insurance contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the profit before tax and shareholders' equity of the changes in the claim liabilities net of reinsurance is analysed below. The sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all other assumptions constant.

Rupees '000

	Profit before tax		Shareholders' equity	
	2013	2012	2013	2012
<b>Impact of change in claim liabilities by + 10</b>				
Fire and property damage	( 92 721 )	( 83 981 )	( 61 196 )	( 54 588 )
Marine, aviation and transport	( 44 507 )	( 47 647 )	( 29 374 )	( 30 971 )
Motor	( 96 074 )	( 88 903 )	( 63 409 )	( 57 787 )
Miscellaneous	( 14 799 )	( 9 593 )	( 9 767 )	( 6 235 )
	<u>( 248 101 )</u>	<u>( 230 124 )</u>	<u>( 163 746 )</u>	<u>( 149 581 )</u>
<b>Impact of change in claim liabilities by - 10</b>				
Fire and property damage	92 721	83 981	61 196	54 588
Marine, aviation and transport	44 507	47 647	29 374	30 971
Motor	96 074	88 903	63 409	57 787
Miscellaneous	14 799	9 593	9 767	6 235
	<u>248 101</u>	<u>230 124</u>	<u>163 746</u>	<u>149 581</u>

### 28.1.5 Claim development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Claims which involve litigation and, in the case of Marine general average adjustments take longer for the final amounts to be determined. In addition, for the accident year 2010 we have also included losses on account of floods exceeding one year. Also, the passenger liability settlements on the Air Blue crash have been included for accident year 2010 as these claims are continuing to be settled but still there are pending cases which have exceeded one year. All amounts are presented in gross numbers before re-insurance. Claims of last five years are given below:

Rupees '000

Accident year	2009	2010	2011	2012	2013
Estimate of ultimate claims costs:					
- At end of accident year	42 228	284 637	84 819	57 244	-
- One year later	59 667	2 737 321	48 767	22 848	-
- Two years later	58 685	3 756 125	59 293	-	-
- Three years later	44 600	3 005 747	-	-	-
- Four years later	64 451	-	-	-	-
Current estimate of cumulative claims	64 451	3 055 747	59 293	22 848	-
Cumulative payments to date	10 378	2 603 441	26 268	1 952	-
Liability recognised in the balance sheet	<u>54 073</u>	<u>452 306</u>	<u>33 025</u>	<u>20 896</u>	<u>-</u>

### 28.2 Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, interest rate risk and other price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.





The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

### 28.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Company believes it is not exposed to any major concentration of credit risk.

The carrying amounts of the following financial assets represent the Company's maximum exposure to credit risk:

Rupees '000

	2013	2012
<b>Financial assets</b>		
Bank balances and deposits	2 080 244	1 663 713
Loan to employees	3 148	3 495
Investments (Term Finance Certificates)	111 986	221 590
Premiums due but unpaid - net - unsecured	2 843 331	2 755 247
Amount due from other insurers / reinsurers	45 949	69 099
Accrued investment income	18 147	32 623
Reinsurance recoveries against outstanding claims	4 137 638	6 560 947
Security deposits	5 857	8 104
Sundry receivables	56 009	74 326
	<u>9 302 309</u>	<u>11 389 144</u>

The credit quality of Company's bank balances and deposits can be assessed with reference to external credit ratings as follows:

Rupees '000

Rating	2013	2012
AAA	471 488	68 922
AA+	983 625	1 139 452
AA	167 650	123 043
AA-	168 791	118 011
A+	240 612	197 890
A	12 949	757
A-	34 970	15 550
BBB	159	88
	<u>2 080 244</u>	<u>1 663 713</u>

The credit quality of Company's investment in term finance certificates and commercial paper can be assessed with reference to external credit ratings as follows:

Rupees '000

Rating	Short Term	Rating Agency	2013	2012
Jahangir Siddiqui & Company Limited - 5th Issue	AA+	PACRA	–	30 439
New Allied Electronics Limited	N/A	–	4 481	4 481
Pakistan Mobile Communications Limited - 3rd Issue	AA	PACRA	–	4 160
Pakistan Mobile Communications Limited - 6th Issue	AA	PACRA	–	5 703
Askari Bank Limited - 2nd Issue	AA-	PACRA	–	35 921
Financial Receivable Securitization Company Limited	A+	PACRA	833	2 499
United Bank Limited - 3rd Issue	AA	JCR-VIS	13 087	26 174
Allied Bank Limited	AA	JCR-VIS	14 993	30 024
Engro Fertilizers Limited	AA	PACRA	37 955	41 552
Agritech Limited - 3rd Issue (B)	D	PACRA	5 665	5 665
Agritech Limited - 3rd Issue (A)	D	PACRA	34 972	34 972
			<u>111 986</u>	<u>221 590</u>

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2013, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 2 528 million (2012: 2 487 million) and Rs. 315 million (2012: 268 million) respectively.

The credit quality of amounts due from other insurers / reinsurers and claim recoveries from reinsurers can be assessed with reference to external credit ratings as follows:

Rupees '000

Rating	2013		2012	
	Amounts due from insurers / reinsurers	Reinsurance recoveries against outstanding claims	Amounts due from insurers / reinsurers	Reinsurance recoveries against outstanding claims
A or above (including Pakistan Reinsurance Company Limited)	16 076	3 846 513	25 728	6 423 997
B or above	12 224	248 141	13 859	89 747
Others	17 649	42 984	29 512	47 203
	<u>45 949</u>	<u>4 137 638</u>	<u>69 099</u>	<u>6 560 947</u>

As at 31 December 2013, the amounts due from insurers / reinsurers includes amount receivable within one year and above one year amounting to Rs. 23 million (2012: 49 million) and Rs. 23 million (2012: 20 million) respectively.

### 28.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected re-insurance recoveries.



The objective of the Company's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Company's liabilities as at balance sheet date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

Rupees '000

	2013		
	Carrying amount	Up to one year	Greater than one year
<b>Financial liabilities</b>			
Provision for outstanding claims (including IBNR)	6 622 140	6 622 140	–
Amounts due to other insurers / reinsurers	2 351 337	2 351 337	–
Accrued expenses	182 773	182 773	–
Agent balances	561 261	561 261	–
Other creditors and accruals	3 086	3 086	–
Other deposits	487 022	487 022	–
Unclaimed dividends	80 789	80 789	–
	<u>10 288 408</u>	<u>10 288 408</u>	<u>–</u>

	2012		
	Carrying amount	Up to one year	Greater than one year
<b>Financial liabilities</b>			
Provision for outstanding claims (including IBNR)	8 865 759	8 865 759	–
Amounts due to other insurers / reinsurers	1 748 262	1 748 262	–
Accrued expenses	175 220	175 220	–
Agent balances	528 065	528 065	–
Other creditors and accruals	14 337	14 337	–
Other deposits	462 833	462 833	–
Unclaimed dividends	67 762	67 762	–
	<u>11 862 238</u>	<u>11 862 238</u>	<u>–</u>

### 28.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates markets. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.

#### 28.2.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company has securities and deposits that are subject to interest rate risk. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its financial assets are denominated.

The information about Company's exposure to interest rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

Rupees '000

	2013						
	Interest / mark-up bearing					Non-interest / mark-up bearing	Total
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total		
<b>Financial assets</b>							
Cash and other equivalents	6.0-10.5	2 080 244	–	–	2 080 244	2 898	2 083 142
Loans to employees	4.73	839	1 678	620	3 137	11	3 148
Investments	11.06	251 638	50 458	17 486	319 582	14 451 652	14 771 234
Premiums due but unpaid-net-unsecured		–	–	–	–	2 843 331	2 843 331
Premiums due from other insurers / reinsurers		–	–	–	–	45 949	45 949
Accrued investment income		–	–	–	–	18 147	18 147
Reinsurance recoveries against outstanding claims		–	–	–	–	4 137 638	4 137 638
Security deposits		–	–	–	–	5 857	5 857
Sundry receivables		–	–	–	–	56 009	56 009
		<u>2 332 721</u>	<u>52 136</u>	<u>18 106</u>	<u>2 402 963</u>	<u>21 561 492</u>	<u>23 964 455</u>
<b>Financial liabilities</b>							
Provision for outstanding claims (including IBNR)		–	–	–	–	6 622 140	6 622 140
Amount due to other insurers / reinsurers		–	–	–	–	2 351 337	2 351 337
Accrued expenses		–	–	–	–	182 773	182 773
Agent balances		–	–	–	–	561 261	561 261
Other creditors and accruals		–	–	–	–	3 086	3 086
Other deposits		–	–	–	–	487 022	487 022
Unclaimed dividends		–	–	–	–	80 789	80 789
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>10 288 408</u>	<u>10 288 408</u>
On-balance sheet sensitivity gap		<u>2 332 721</u>	<u>52 136</u>	<u>18 106</u>	<u>2 402 963</u>		
Total yield / mark-up rate risk sensitivity gap		<u>2 332 721</u>	<u>52 136</u>	<u>18 106</u>	<u>2 402 963</u>		



	2012						Rupees '000	
	Interest / mark-up bearing					Non-interest / mark-up bearing	Total	
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total			
<b>Financial assets</b>								
Cash and other equivalents	5.0-11.25	1 663 713	–	–	1 663 713	6 173	1 669 886	
Loans to employees	4.35	883	1 803	798	3 484	11	3 495	
Investments	10.39	626 504	163 597	26 230	816 331	12 588 386	13 404 717	
Premiums due but unpaid-net-unsecured		–	–	–	–	2 755 247	2 755 247	
Premiums due from other insurers / reinsurers		–	–	–	–	69 099	69 099	
Accrued investment income		–	–	–	–	32 623	32 623	
Reinsurance recoveries against outstanding claims		–	–	–	–	6 560 947	6 560 947	
Security deposits		–	–	–	–	8 104	8 104	
Sundry receivables		–	–	–	–	74 326	74 326	
		<u>2 291 100</u>	<u>165 400</u>	<u>27 028</u>	<u>2 483 528</u>	<u>22 094 916</u>	<u>24 578 444</u>	
<b>Financial liabilities</b>								
Provision for outstanding claims (including IBNR)		–	–	–	–	8 865 759	8 865 759	
Amount due to other insurers / reinsurers		–	–	–	–	1 748 262	1 748 262	
Accrued expenses		–	–	–	–	175 220	175 220	
Agent balances		–	–	–	–	528 065	528 065	
Other creditors and accruals		–	–	–	–	14 337	14 337	
Other deposits		–	–	–	–	462 833	462 833	
Unclaimed dividends		–	–	–	–	67 762	67 762	
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>11 862 238</u>	<u>11 862 238</u>	
On-balance sheet sensitivity gap		<u>2 291 100</u>	<u>165 400</u>	<u>27 028</u>	<u>2 483 528</u>			
Total yield / mark-up rate risk sensitivity gap		<u>2 291 100</u>	<u>165 400</u>	<u>27 028</u>	<u>2 483 528</u>			

#### Sensitivity analysis

As on 31 December 2013, the Company had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
31 December 2013	100	10 881	7 073
	( 100 )	( 10 881 )	( 7 073 )
31 December 2012	100	10 292	6 690
	( 100 )	( 10 292 )	( 6 690 )

### 28.2.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

### 28.2.3.3 Other price risk

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

The Company's equity investments amounting to Rs. 10 611 million are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Company limits market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets.

The Company also has strategic equity investments in its associate amounting to Rs. 9 191 million which is held for long term. The management monitors these strategic investments based on the underlying business and economic characteristic of the investee rather than the short term price fluctuations.

The table below summarises Company's market price risk as of 31 December 2013 and 2012. It shows the effect of a 10% increase and 10% decrease in the market prices of equity investments as on those dates on Company's profit and equity.

Had all equity investments, other than associates, been measured at fair values as required by IAS 39, Financial Instruments: Recognition and Measurement, the impact of hypothetical change would be as follows:

					Rupees '000
	<u>Fair value</u>	<u>Price change</u>	<u>Estimated fair value</u>	<u>Effect on profit and loss before tax</u>	<u>Effect on shareholders' equity</u>
31 December 2013	7 099 705	10% increase	7 809 676	–	709 971
		10% decrease	6 389 735	–	( 709 971 )
31 December 2012	4 147 459	10% increase	4 562 205	–	414 746
		10% decrease	3 732 713	–	( 414 746 )

### 28.3 Fair value

The fair value of all major financial assets are estimated to be not significantly different from their carrying values except for quoted investments, details of which are given in note no. 13 to these financial statements.

### 28.4 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and meet the regulatory, solvency and paid up capital requirements so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

## 29. Non-adjusting event after the balance sheet date

The Board of Directors in its meeting held on 14 February 2014 have announced a final cash dividend in respect of the year ended 31 December 2013 of Rs. 4.00 per share, 40% (2012: Rs. 4.00 per share, 40%) and bonus share in proportion of 7 new shares for every 25 existing ordinary shares @ 28% (2012: Nil). In addition, the Board of Directors have also approved the transfer to general reserve from un-appropriated profit amounting to Rs. 500 million (2012: Rs. 650 million transfers to general reserve from un-appropriated profit). These financial statements for the year ended 31 December 2013 do not include the effect of these appropriations which will be accounted for subsequent to the year end.



### 30. Related party transactions

Related parties comprise of directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Rupees '000

	2013	2012
<b>Transactions</b>		
<b>Associated company</b>		
Premiums written	14 999	11 375
Premiums paid	11 699	7 063
Claims received	3 369	7 997
Claims paid	5 342	6 105
Claims lodged	3 369	7 997
Investments made	20 590	29 317
Dividends received	209 316	233 975
Dividends paid	42 582	31 936
Expenses recovered	1 000	2 400
Bonus shares received	64 042	–
<b>Key management personnel</b>		
Premiums written	750	910
Claims paid	99	55
Dividends paid	1 296	904
Compensation	122 090	112 285
<b>Others</b>		
Premiums written	82 881	49 933
Premiums paid	8 086	6 849
Claims paid	41 126	24 658
Claims lodged	6 539	3 166
Commissions paid	–	18
Investments made	917 000	100 000
Dividends received	13 357	–
Investments sold	747 000	45 000
Dividends paid	308 669	225 519
Bank deposits	–	75 000
Brokerage paid	598	1 376
Profit on TFC	888	4 169
<b>Employees' funds</b>		
Contributions to provident fund	18 560	18 437
Contributions to gratuity fund	8 632	14 821
Contributions to pension fund	1 191	2 827
Dividends paid	3 221	2 416

Rupees '000

	2013	2012
<b>Balances</b>		
Others		
Balances receivable	1 353	595
Balances payable	( 227 )	( 91 )
Deposits maturing within 12 months	145 500	145 500
Bank balances	95 502	49 470
<b>Employees' funds receivable / (payable)</b>		
EFU gratuity fund	27 863	34 147
EFU pension fund	3 530	( 7 666 )

### 31. Corresponding figures

- 31.1 Corresponding figures have been reclassified, wherever necessary, to facilitate comparisons. No significant reclassification/ restatement were made during the current year except as disclosed in note 3 (ii) to the financial statements.
- 31.2 Figures have been rounded off to the nearest thousand rupees.

### 32. Number of employees

Number of employees as at 31 December 2013 was 1 217 (2012: 1 252).

### 33. Date of authorisation for issue of financial statements

These financial statements were authorised for issue by the Board of Directors in its meeting held on 14 February 2014.

RAFIQUE R. BHIMJEE  
Director

TAHER G. SACHAK  
Director

HASANALI ABDULLAH  
Managing Director & Chief Executive

SAIFUDDIN N. ZOOMKAWALA  
Chairman

Karachi 14 February 2014





## PATTERN OF SHAREHOLDING AS AT 31 DECEMBER 2013

Number of shareholders	Shareholdings		Shares held
	From	To	
332	1	100	11 781
433	101	500	116 545
186	501	1 000	135 358
351	1 001	5 000	845 992
129	5 001	10 000	957 329
55	10 001	15 000	675 124
30	15 001	20 000	526 305
27	20 001	25 000	619 109
12	25 001	30 000	340 655
14	30 001	35 000	454 203
4	35 001	40 000	150 500
9	40 001	45 000	389 250
15	45 001	50 000	746 763
1	50 001	55 000	54 347
5	55 001	60 000	294 109
7	60 001	65 000	438 750
4	65 001	70 000	273 312
5	70 001	75 000	373 420
1	75 001	80 000	78 200
2	80 001	85 000	165 419
1	85 001	90 000	85 327
1	90 001	95 000	93 000
5	95 001	100 000	490 982
1	100 001	105 000	102 375
1	105 001	110 000	108 289
2	110 001	115 000	222 791
1	115 001	120 000	118 146
3	125 001	130 000	381 896
1	130 001	135 000	130 022
1	140 001	145 000	140 164
2	145 001	150 000	298 500
1	165 001	170 000	166 006
1	175 001	180 000	175 500
1	190 001	195 000	190 153
1	195 001	200 000	200 000
1	215 001	220 000	215 138
1	220 001	225 000	221 100
1	230 001	235 000	232 177
1	240 001	245 000	244 836
6	245 001	250 000	1 500 000
1	285 001	290 000	289 128
1	330 001	335 000	331 680
1	350 001	355 000	350 487
1	375 001	380 000	378 121
4	495 001	500 000	1 995 114
1	600 001	605 000	600 592
1	635 001	640 000	638 506
1	690 001	695 000	691 456
1	795 001	800 000	797 311
1	835 001	840 000	839 983
1	995 001	1 000 000	1 000 000
1	1 570 001	1 575 000	1 573 083
1	2 175 001	2 180 000	2 175 901
1	2 695 001	2 700 000	2 697 298
1	4 455 001	4 460 000	4 459 639
1	5 455 001	5 460 000	5 457 178
1	7 235 001	7 240 000	7 236 994
1	7 605 001	7 610 000	7 603 800
1	8 515 001	8 520 000	8 516 316
1	8 585 001	8 590 000	8 585 535
1	9 975 001	9 980 000	9 978 590
1	10 360 001	10 365 000	10 362 460
1	15 175 001	15 180 000	15 178 500
1	20 295 001	20 300 000	20 299 455
<b>1682</b>			<b>125 000 000</b>

Categories of shareholders	Shareholders	Shares held	Percentage
Associated Companies, Undertakings and Related Parties	7	41 523 495	33.22
Mutual Funds	3	164 303	0.13
CEO, Directors, their spouses and minor children	10	22 120 125	17.70
Executives	17	325 314	0.26
Public sector companies & corporations	1	2 697 298	2.16
Joint Stock companies	37	284 039	0.23
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Co. Modaraba and Pension Funds	10	1 023 316	0.82
Foreign Investors (repatriable basis)	6	7 755 270	6.20
Charitable Institutions	2	15 280 875	12.22
Administrator of Abandoned Properties Organization	1	5 457 178	4.37
Individuals / Others	1 588	28 368 787	22.69
<b>Total</b>	<b>1 682</b>	<b>125 000 000</b>	<b>100.00</b>

#### Information as required under the Code of Corporate Governance

Categories of shareholders	Shareholders	Shares held
<b>Associated companies, undertakings and related parties</b>		
EFU Life Assurance Ltd.	1	8 516 316
Trustees EFU General Insurance Ltd. Staff Provident Fund	1	378 121
Trustees EFU General Insurance Ltd. Emp. Gratuity Fund	1	140 164
Trustee EFU General Insurance Ltd. Officers Pension Fund	1	126 000
Jahangir Siddiqui & Co. Ltd.	1	20 299 455
Jahangir Siddiqui & Sons Limited	1	4 459 639
Jahangir Siddiqui Securities Services Limited	1	7 603 800
<b>Mutual Funds</b>		
CDC - Trustee AKD Index Tracker Fund		15 782
MCBFSL-Trustee NAMCO Balanced Fund		148 500
Prudential Stock Fund Ltd		21
<b>CEO, Directors, their spouses and minor children</b>		
Rafique R. Bhimjee	1	10 362 460
Saifuddin N. Zoomkawala	1	200 000
Abdul Rehman Haji Habib	1	5 256
Jahangir Siddiqui	1	10 956
Muneer R. Bhimjee	1	9 978 590
Hasanali Abdullah	1	221 100
Taher G. Sachak	1	1 280
Ali Raza Siddiqui	1	500
Mrs. Naila Bhimjee W/o. Rafique R. Bhimjee	1	839 983
Mrs. Lulua Saifuddin W/o. Saifuddin N. Zoomkawala	1	500 000
<b>Shareholders holding 5% or more voting interest</b>		
Jahangir Siddiqui & Co. Ltd.		20 299 455
Managing Committee Of Ebrahim Alibhai Foundation		15 178 500
Rafique R. Bhimjee		10 362 460
Muneer R. Bhimjee		9 978 590
Bano R. Bhimjee		8 585 535
EFU Life Assurance Ltd.		8 516 316
Jahangir Siddiqui Securities Services Limited		7 603 800
Castle Hill Limited		7 236 994



## GLOSSARY

- Authorised Share Capital - The maximum value of share that a Company can issue.
- Bonus Shares - Free shares given to current shareholders out of profit.
- Book Value - The value of an asset as entered in a company's books.
- Capital Expenditure - The cost of long-term improvements and fixed assets.
- Capital Gain - Portion of the total gain recognised on the sale of investments.
- Commission - Remuneration to an intermediary for services such as selling and servicing an insurer's products.
- Claims - The amount payable under a contract of insurance arising from occurrence of an insured event.
- Claims Incurred - The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
- Corporate Social Responsibility - Is a process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.
- Deferred Commission - Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.
- Deferred Tax - An accounting concept (also known as future income taxes), meaning a future tax liability or asset in respect of taxable temporary differences.
- Defined Benefit Plans - Are post-employment benefit plans.
- Depreciation - Is the systematic allocation of the cost of an asset over its useful life.
- Doubtful Debts - Is a debt where circumstances have rendered its ultimate recovery uncertain.
- Earnings per Share - Amounts of After Tax profit or loss attributable to ordinary shareholders of the entity.
- Equity Method - Method of accounting whereby the investment is initially recognized at cost and adjusted periodically for the post-acquisition change in the investor's share of net assets of the investee.
- Exchange Gain (Loss) - Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
- Facultative Reinsurance - The reinsurer assumes a share of selected individual risks. The primary insurer can offer an individual risk in reinsurance, which the reinsurer accepts on a case by case basis.
- Fair Value - The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing business partners in an arm's length transaction.
- General Insurance - All kinds of non-life Insurance i.e, Fire, Marine, Motor and all Other Insurance as defined in the Insurance Ordinance 2000.
- Gross Premium - Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance
- Group Health Insurance - A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.

- Human Resource Development - A framework for the expansion of within an organization through the development of both the organization and the individual to achieve performance improvement.
- Impairment - The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
- Incurred But Not Reported (IBNR) - Claim incurred but not reported to the insurer until the financial statements reporting date.
- Inflation - A general increase in prices and fall in the purchasing value of money.
- Insurance Contract - A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder for a specified uncertain future event at an agreed consideration.
- Insurer Financial Strength Rating - Provides an assessment of the financial strength of an insurance company.
- Intangible - An identifiable non-monetary asset without physical substance.
- Internal Control - An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
- Loss Ratio - Percentage ratio of claims expenses to premium.
- Market Share - The portion of a market controlled by a particular company or product.
- Market Value - The highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.
- National Exchequer - The account into which tax funds and other public funds are deposited.
- Net Asset Value - The value of all tangible and intangible assets of a company minus its liabilities
- Net Premium Revenue - Gross written premium less Reinsurance expense
- Non-Life Insurance - Non Life Insurance and General Insurance have the identical meaning.
- Outstanding Claim - A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims
- Paid up Capital - The amount paid or contributed by shareholders in exchange for shares of a company's Stock.
- Premium - The amount that has to be paid as consideration for the insurance cover provided by an insurer.
- Present Value - Future amounts that have been discounted to the present.
- Proxy - Power of attorney by which the shareholder transfers the voting rights to another shareholder.
- Quoted - Being listed on a Stock Exchange.
- Registered Office - The registered office is an address which is registered with the government registrar as the official address of a company.
- Reinsurance - A method of insurance arranged by insurers to share the exposure of risks accepted.
- Reinsurance Commission - Commission received or receivable in respect of premium paid or payable to a reinsurer.



- Reinsurance Premium - The premium payable to the reinsurer in respect of reinsurance contract.
- Related Party - Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
- Retrocession - Transfer of risk from a reinsurer to another reinsurer.
- Revenue Reserves - Reserve that is normally regarded as available for distribution through the profit and loss account, including general reserves and other specific reserves created out of profit and unappropriated profit.
- Risk - Condition in which there is a possibility of loss.
- Risk Management - Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
- Statutory levies - Fee charged (levied) by a government on a product, income, or activity.
- Strategic Objective - A broadly defined objective that an organization must achieve to make its strategy succeed.
- Subsequent Event-Non Adjusting - Are events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading.
- Takaful - An Islamic concept of insurance.
- Tangible - An asset whose value depends on particular physical properties.
- Term Finance Certificate - A debt instrument issued by an entity to raise funds.
- Underwriting Profit - This is the profit generated purely from the General Insurance business without taking into account the investment income and other non-technical income and expenses.
- Unearned Premium - It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.

## BRANCH NETWORK

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Advisor

Zia Mahmood, M.B.A.  
Executive Vice President

Mohammad Sirajuddin  
Vice President

Muhammad Anwar Amdani  
Assistant Vice President

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Abdul Sattar Baloch  
Dy. Executive Director

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Senior Executive Vice President

Faisal Gulzar  
Executive Vice President

Mohammad Naeem Shaikh, A.C.I.I  
Executive Vice President

Abdul Rashid  
Senior Vice President

Amanullah Khan  
Senior Vice President

Aziz Ahmed  
Vice President

Kaleem Imtiaz  
Vice President

M. Hanif  
Vice President

Shahab Saleem  
Vice President

Sirajuddin  
Vice President

Waseem Ahmed  
Vice President

Abdul Rashid Yaqoob  
Asstt. Vice President

Faiz Muhammad  
Asstt. Vice President

Kausar Hamad  
Assistant Vice President

Rizwan Siddiqui  
Senior Executive Vice President  
(Development)

Muhammad Javed  
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(Development)

S. Iftikhar Haider Zaidi  
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Kayomarz H. Sethna  
Senior Vice President (Development)

Mohammed Shamim Siddiqui  
Senior Vice President (Development)

Shakil Wahid  
Senior Vice President (Development)

M. Nadeem Sheikh  
Vice President (Development)

Mrs. Sadia Khanum  
Vice President (Development)

Syed Rashid Ali  
Vice President (Development)

Nadeem Ahmed Siddiqui  
Asstt. Vice President (Development)

Tauseef Hussain Khan  
Asstt. Vice President (Development)

Ayaz Ahmed Bhutto  
Dy. Chief Manager (Development)

Raja Jamil Ahmed  
Dy. Chief Manager (Development)

S. Muhammad Asim Hassan  
Dy. Chief Manager (Development)

Shaheen Pervaiz  
Manager (Development)

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35640511

Shahab Khan  
Senior Vice President

Kamran Bashir, M.B.A.  
Senior Vice President

Mansoor Hassan Khan  
Vice President

Syed Jaweed Envor  
Assistant Executive Director  
(Development)

Syed Imran Zaidi  
Senior Executive Vice President  
(Development)

### Central Division Unit 'A'

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Syed Kamran Rashid  
Executive Director



Adeel Ahmed  
Senior Executive Vice President  
(Development)

Faisal Mahmood Jaffery  
Senior Vice President (Development)

Wasif Mubeen  
Senior Vice President (Development)

Muhammad Siddiq  
Vice President (Development)

Syed Mobin A. Niazi  
Vice President (Development)

S. Shakeel Hassan Bakhtiar  
Asstt. Vice President (Development)

Syed Mohammad Waseem  
Asstt. Vice President (Development)

Syed Muhammad Iftikhar  
Asstt. Vice President (Development)

Aman Nazar Muhammad  
Manager (Development)

#### Central Division Unit 'B'

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Assistant Executive Director

Khalid Mahmood Mirza  
Assistant Executive Director  
(Development)

Anis Mehmood  
Senior Executive Vice President  
(Development)

Azmat Maqbool, M.B.A.  
Senior Executive Vice President  
(Development)

Mrs. Nargis Mehmood  
Senior Executive Vice President  
(Development)

S. Shahid Mahmood  
Senior Executive Vice President  
(Development)

A. Ghaffar A. Karim  
Executive Vice President  
(Development)

M. A. Qayyum Khan  
Asstt. Vice President (Development)

Faiq Hanif  
Chief Manager (Development)

Syed Ali Haider Rizvi  
Chief Manager (Development)

Syed Irfan Akhtar  
Chief Manager (Development)

Anjum Akhtar  
Manager (Development)

Mrs. Anjum Sultana  
Manager (Development)

Mrs. Ghazala Zubair  
Manager (Development)

Muhammad Salim  
Manager (Development)

#### Central Division Unit 'C'

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35640403-05. Fax: 35214420

Aamir Ahmed  
Senior Executive Vice President

Saleem Tariq Ahmed  
Executive Director (Development)

Muhammad Asif Javed  
Vice President (Development)

Sohail Raza  
Vice President (Development)

Ahmed Nawaz  
Asstt. Vice President (Development)

#### Central Division Unit 'D'

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Syed Rizwan Hussain  
Executive Director

#### City Branch

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Ali Kausar  
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Abdul Mateen Farooqi, M.Sc.  
Senior Vice President

Rizwana Iftikhar  
Asstt. Vice President

Syed Zulfiqar Mehdi  
Asstt. Vice President (Development)

M. Abrar Khan  
Chief Manager (Development)

Maneck B. Javat  
Manager (Development)

Muhammad Abdullah  
Manager (Development)

#### Clifton Division

311 & 312 Clifton Centre, Block 5  
Clifton, Karachi  
35873151-3 - 35837031-3  
35873338-9 - 35875120 - 35830866  
35810267-9 - 35810270  
35830697-8 - 35293242-3  
35293240 Fax: 35873136  
35836860 - 32201619

Nudrat Ali  
Deputy Managing Director

K. M. Anwer Pasha  
Executive Director

Muhammad Bashir Seja  
Deputy Executive Director

Khuzema T. Haider Mota  
Asstt. Executive Director

Musakhar-uz-Zaman, B.E.  
Asstt. Executive Director

Yawar Aminuddin  
Assistant Executive Director

Mohammad Arif Khan  
Senior Executive Vice President

Syed Sadiq Ali Jafri  
Senior Executive Vice President

Abdul Hameed  
Executive Vice President

Ali Raza  
Executive Vice President

Riaz Ahmed  
Executive Vice President

Muhammad Siddique  
Senior Vice President

Asif Mehmood  
Vice President

Muhammad Saleem Gaho  
Vice President

Waqar Hasan Qureshi  
Vice President

Aliya Jaffer Dossa  
Assistant Vice President

Naif Javaid  
Assistant Vice President

Syed Zubair Ali  
Assistant Vice President

Agha S. U. Khan  
Dy. Executive Director  
(Development)

Shahab Khan  
Asstt. Executive Director  
(Development)

Syed Saad Jafri  
Asstt. Executive Director  
(Development)

Tauqir Hussain Abdullah  
Asstt. Executive Director  
(Development)

Yousuf Alvi  
Asstt. Executive Director (Development)

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Senior Executive Vice President  
(Development)

Shahzeb Lodhi  
Executive Vice President  
(Development)

Kh. Zulqarnain Rasheed  
Senior Vice President (Development)

Saad Wahid  
Senior Vice President (Development)

Muhammad Niamatullah  
Vice President (Development)

Syed Rizwan Haider, M.Sc.  
Vice President (Development)

Pervaiz Baig  
Asstt. Vice President (Development)

Syed Raees Ahmad  
Asstt. Vice President (Development)

Hasan Sajjad Rizvi  
Manager (Development)

Irfan Khan  
Manager (Development)

Shamim Rizvi  
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Deputy Managing Director

Abdul Wahid  
Senior Executive Vice President

Abdul Majeed  
Executive Vice President

Nadeem Ahmad Khan  
Executive Vice President

M.A. Qayyum, M.Com.  
Senior Vice President

M. Khalid Ahmed Khan  
Senior Vice President

Ms. Ansa Azhar, A.C.I.I.  
Senior Vice President

S. M. Shamim  
Senior Vice President

Syed Nazish Ali, A.C.I.I.  
Senior Vice President

Umair Ali Khan, M.A., A.C.I.I.  
Senior Vice President

Ashfaque Ahmed  
Vice President

Muhammad Adil Khan  
Vice President

Shadab Muhammad Khan  
Vice President

Feroz Ali  
Asstt. Vice President

Imran Qasim  
Asstt. Vice President

Mohammad Khalid Saleem, M.A.  
Executive Director (Development)

Haroon Haji Sattar Dada  
Dy. Executive Director  
(Development)

Mir Babar Ali, M.B.A.  
Dy. Executive Director  
(Development)





Imran Ali Khan  
Senior Executive Vice President  
(Development)

S. Ashad H. Rizvi  
Senior Executive Vice President  
(Development)

Faisal Khalid  
Executive Vice President (Development)

Jameel Masood  
Executive Vice President  
(Development)

Syed Baqar Hasan, M.A.  
Executive Vice President (Development)

Farid Khan  
Senior Vice President (Development)

Mahnoor Atif  
Senior Vice President (Development)

Mohammad Rehan Iqbal Booti  
Vice President (Development)

Rashid Umar Burney  
Vice President (Development)

Mohammad Mussarrat Hussain  
Siddiqui, M.Sc.  
Asstt. Vice President (Development)

Qamar Aziz  
Asstt. Vice President (Development)

Siraj Ahmed Alvi  
Chief Manager (Development)

Ms. Vina Hussain  
Dy. Chief Manager (Development)

Ali Mohammad Memon  
Manager (Development)

Dr. Kishore Kumar Pagarani  
Manager (Development)

Khalid Diwan  
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32313471-90 - 32331611-2  
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Senior Executive Director  
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Faisal Hasan  
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Amjad Irshad  
Asstt. Vice President

Israr Gul  
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Mohammad Asif  
Asstt. Vice President

Sarfraz Mohammad Khan  
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Rashid A. Islam  
Senior Vice President  
(Development)

Tahir Ali Zuberi  
Senior Vice President  
(Development)

Hamid-us-Salam  
Vice President (Development)

Noman Khan  
Chief Manager (Development)

Abdul Nasir  
Chief Manager (Development)

Omar Maqsood  
Dy. Chief Manager (Development)

Syed Hasan Ali  
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Noor Asghar Khan  
Asstt. Vice President

Muhammad Imran Naeem  
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(Development)

Abdul Aziz  
Manager (Development)

#### Export Processing Zone Branch

Plote C-1, Sector B-III, Export  
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35082095. Fax: 35084819

Syed Kamran Rashid  
Executive Director

Nadeem Ahmed  
Vice President

#### Indus Branch

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Ahmed Hussain Zuberi  
Asstt. Executive Director

M. Saghiruddin  
Vice President

Muhammad Usman  
Asstt. Vice President

Muhammad Iftikhar Siddiqui  
Vice President (Development)

### Jinnah Division

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32312238 - 32313854-55  
32314783-84 - 32312328  
32200495. Fax: 32311668

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Abdul Razzak A. Sattar  
Executive Vice President

Muhammad Mujtaba  
Senior Vice President

Abdul Bari  
Senior Vice President

Zia-ur-Rahman  
Senior Vice President

Asadullah Khan  
Vice President

Muhammad Saleem  
Vice President

Mazhar Ali  
Asstt. Vice President

Muhammad Hussain  
Assistant Executive Director  
(Development)

Muhammad Sheeraz  
Assistant Executive Director  
(Development)

Aamir Ali Khan  
Senior Executive Vice President  
(Development)

Ramesh Mulraj Bherwani  
Senior Vice President (Development)

Javed Aslam Awan  
Vice President (Development)

Muhammad Arfeen  
Vice President (Development)

Abdul Qadir Khanani  
Asstt. Vice President  
(Development)

Farhan Sattar  
Assistant Vice President  
(Development)

Jalaluddin Ahmed  
Asstt. Vice President (Development)

Muhammad Aamir Hanif  
Asstt. Vice President (Development)

Muhammad Azim Hanif  
Asstt. Vice President (Development)

Syed Athar Ali  
Chief Manager (Development)

M. Jawed Farooqui  
Chief Manager (Development)

Arif Farooq  
Dy. Chief Manager (Development)

Hashmatullah Khan  
Dy. Chief Manager (Development)

Muhammad Iqbal Nini  
Dy. Chief Manager (Development)

Syed Nisar Ahmed  
Dy. Chief Manager (Development)

Muhammad Mubeen Akram  
Manager (Development)

Muhammad Naseem Qureshi  
Manager (Development)

Muhammad Navid Farooqui  
Manager (Development)

Muhammad Qadir  
Manager (Development)

Musarrat Zaman Shah  
Manager (Development)

Shah Sultan  
Manager (Development)

Shahid Naqvi  
Manager (Development)

### Jinnah Division (A.W.P. Unit)

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32200599 - 32200623  
32313471-90. Fax: 32200571

Abdul Wahab Polani  
Executive Director (Development)

Abdul Aziz  
Vice President

Waleed Polani  
Vice President (Development)

### Mehran Branch

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32200151. Fax: 32201538

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Waqar Ahmed, M.Sc.  
Vice President

Syed Abdul Ghaffar  
Vice President (Development)

Babar Zeeshan  
Vice President (Development)

Kirshan Lal  
Manager (Development)

Syed Kashif Ali  
Manager (Development)

### Metropolitan Division

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32202902-5 - 32202904  
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Muhammad Iqbal Dada, M. A., A.C.I.I.  
Executive Director



Shazim Altaf Kothawala  
Senior Executive Vice President

Fakhruddin Saifee  
Executive Vice President

Shahzad Zakaria  
Executive Vice President

Shahid A. Godil  
Senior Vice President

Altaf Kothawala  
Senior Executive Director  
(Development)

Akhtar Kothawala  
Assistant Executive Director  
(Development)

Muhammad Umer Memon  
Senior Executive Vice President  
(Development)

Amin Yaqoob, M.A.  
Executive Vice President  
(Development)

Muhammad Shoaib, B.B.A.  
Executive Vice President  
(Development)

Muneeb Farooq Kothawala  
Executive Vice President  
(Development)

Ms. Shazia Rahil Razzak  
Executive Vice President  
(Development)

Ms. Shela Farooq Kothawala  
Senior Vice President  
(Development)

Agha Lal Bux  
Asstt. Vice President  
(Development)

Ikram-ul-Haq  
Chief Manager (Development)

Saeedullah Makhdoom  
Manager (Development)

Shahida Khan  
Manager (Development)

### Metropolitan (A.K. Unit)

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Syed Basit Hussain  
Asstt. Executive Director

Mohammad Shoaib  
Senior Executive Vice President

Asghar Ali  
Senior Vice President

Habib Ali  
Assistant Vice President

Muhammad Mustafa Ismail  
Asstt. Vice President

M. Aamir Khadeli  
Senior Executive Vice President  
(Development)

M. Younus Khadeli  
Senior Executive Vice President  
(Development)

Abul Nasar  
Vice President (Development)

### Port View Branch

6th Floor EFU House  
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32201957-60 - 32313471-90  
Ext.: 283. Fax: 32201961

Khalid Usman  
Deputy Executive Director

Muhammad Shoaib  
Asstt. Vice President

Abdul Wahab  
Asstt. Executive Director  
(Development)

### S.I.T.E. Division

1st Floor, EFU House, Karachi  
32313471-90

S. M. Haider, M.Sc.  
Senior Executive Director

Khalid Ashfaq Ahmed  
Assistant Executive Director

Syed Amir Aftab  
Assistant Executive Director

Syed Asim Iqbal  
Assistant Executive Director

Mohammad Idrees Abbasi  
Senior Vice President

Muhammad Naseem  
Senior Vice President

Shah Asghar Abbas  
Senior Vice President

S. Ferozuddin Haider  
Vice President

S. Khaliluddin  
Vice President

Shaista Batool, B.E.  
Vice President

Noman Shahid  
Asstt. Vice President

Ali Safdar  
Executive Director (Development)

Mohammad Younus  
Senior Executive Vice President  
(Development)

Syed Shahid Raza  
Executive Vice President (Development)

Wasim Ahmed  
Senior Vice President (Development)

M. Anis-ur-Rehman  
Vice President (Development)

M. Ashraf Samana  
Vice President (Development)

Mohammad Ziaul Haq  
Vice President (Development)

Syed Abid Raza  
Vice President (Development)

Imran Naseem  
Asstt. Vice President (Development)

M. Murtaza Ispahani  
Asstt. Vice President (Development)

Syed Qamar Raza  
Dy. Chief Manager (Development)

Zeeshan Ali  
Manager (Development)

Liaquat Imran  
Senior Vice President (Auto Leasing Unit)

Syed Sohail Haider Abidi  
Senior Vice President (Development)  
(Auto Leasing Unit)

Hassan Abbas Shigri  
Asstt. Vice President (Development)  
(Auto Leasing Unit)

Shahida Aslam  
Asstt. Vice President (Development)  
(Auto Leasing Unit)

Syed Mojiz Hassan  
Asstt. Vice President (Development)  
(Auto Leasing Unit)

Muhammad Tariq  
Dy. Chief Manager (Development)  
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Salim Razak Bramchari  
Dy. Executive Director

Muhammad Shoaib Razzak Bramchari  
Dy. Executive Director

Muhammad Rashid Akmal, M.B.A.  
Senior Executive Vice President

Sikandar Kasbati  
Vice President

Syed Mudassar Ali  
Assistant Vice President

Zain ul Abedin  
Assistant Vice President

Abdul Razzak Bramchari  
Executive Director (Development)

#### **HYDERABAD Hyderabad Branch**

Al-Falah Chambers, Jinnah Road  
2611397 - 2631088  
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Muhammad Amin Sattar, M.Com  
Executive Vice President

Saleem Hameed Qureshi  
Asstt. Vice President

Muhammad Awais Memon  
Asstt. Vice President  
(Development)

#### **SUKKUR (Sub-Office)**

9, Glamour Centre, 1st Floor  
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Mohammad Ameen Memon  
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#### **MULTAN Multan Division**

Rajput Commercial Centre  
Tareen Road. 4780372 - 45800901  
4513723 - 4580773 - 4510317  
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M. Shehzad Habib  
Executive Director

Muhammad Azhar Ali  
Executive Vice President

Mansoor Ahmed  
Vice President

Tariq Mahmood  
Vice President

Muhammad Usman  
Assistant Vice President

Muhammad Sarwar  
Assistant Vice President

Rashid Habib  
Senior Executive Vice President  
(Development)

Shahid Younus  
Senior Executive Vice President  
(Development)

M. Mushtaq Najam Butt  
Executive Vice President  
(Development)

Tariq Jamil  
Vice President (Development)

Ali Hasnain Shah  
Asstt. Vice President  
(Development)

Khadim Hussain  
Asstt. Vice President  
(Development)

Hammad Akhtar Sheikh  
Chief Manager (Development)

Malik Rashid Aziz  
Dy. Chief Manager  
(Development)

Muhammad Zubair  
Manager (Development)

Adeel Ahmed  
Manager (Development)



#### **D. G. Khan (Sub-Office)**

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Javed Iqbal Cheema  
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#### **RAHIM YAR KHAN (Sub-Office)**

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Mian Abdul Razzak Raza  
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#### **BAHAWALPUR (Sub-Office)**

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Executive Vice President  
(Development)

#### **CHISTIAN (Sub-Office)**

105 - E, Chistian. 0632-503989

Shahid Iqbal  
Asstt. Vice President  
(Development)

#### **LAYYAH (Sub-Office)**

Opposite Bank of Punjab  
Chowbara Road, Layyah

Amjad Ali  
Manager (Development)

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Martin Yaqoob

#### **NORTHERN ZONE**

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Qamber Hamid, LL.B., LL.M.  
Senior Deputy Managing Director/  
Zonal Head

Zahid Hussain A.C.I.I.  
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#### **PUNJAB REGION**

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Shaukat Saeed Ahmed  
Senior Executive Director

Maqsood Ahmed  
Assistaant Vice President

#### **LAHORE**

##### **Al - Falah Branch**

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Senior Vice President

Muhammad Iqbal  
Senior Executive Vice President  
(Development)

Shahid Raza Kazmi  
Vice President (Development)

Mrs. Ghazala Ambreen  
Manager (Development)

#### **Al Hamd Branch**

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Senior Executive Vice President

Saleemullah Tahir  
Executive Vice President  
(Development)

Ahmed Saeed Khan  
Vice President (Development)

Mubashir Saleem  
Vice President (Development)

Muhammad Latif Bhatti  
Chief Manager (Development)

#### **Al-Muqet Branch**

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35691081-82  
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Muhammad Razaq Chaudhry  
Executive Vice President

S. Kamran Shamsher Ali, B.Sc. (Ins.)  
Assistant Vice President

#### **Bank Square Branch**

Al - Khush Building  
Bank Square, Lahore  
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Babar A. Sheik  
Senior Executive Vice President

### City Branch

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Zarrar Ibn Zahoor Bandey  
Senior Executive Vice President

Farwah Ali Khan, A.C.I.I.  
Vice President

### Egerton Road Branch

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36365826 - 36306454 36302695  
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Mian Ikram Ellahi  
Manager (Development)

### Gulberg Branch

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Senior Executive Vice President

Imran Yasin, M.B.A, F.C.I.I.  
Vice President

Naseer Ahmad  
Vice President

Muhammad Farooq  
Executive Vice President  
(Development)

Qamer-ul-Hasan Ansari  
Manager (Development)

### Gulberg Arcade Unit

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Dy. Executive Director

Shaikh Muhammad Jamil  
Vice President (Development)

Rana Khalid Manzoor  
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Muhammad Naveed Asghar  
Asstt. Vice President (Development)

Ather Qureshi  
Manager (Development)

### Ichhra Branch

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37533731-32. Fax: 37585814

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Ashiq Hussain Bhatti  
Vice President (Development)

Mian Sikander Sheraz  
Deputy Chief Manager (Development)

### Lahore Division

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37244178 37350616 - 37312196  
37323130 37353566  
Fax: 37357966

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S. Farhan Ali Bokhari, M.B.A.  
Executive Vice President

Rao Abdul Hafeez Khan  
Senior Vice President

Usman Ali, L.L.B., M.B.A.  
Senior Vice President

Nausherwan Haji  
Vice President

Fazal Hussain  
Asstt. Vice President

Raja Azhar Rafique  
Asstt. Vice President

Fauzia Khawaja  
Vice President (Development)

Muhammad Tayyab Nazir  
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Saqib Riaz  
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### Leeds Centre Branch

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Zulfiqar Ali Khan, A.C.I.I.  
Senior Vice President

Farooq Shaukat  
Asstt. Vice President

Azharul Hassan Chishty  
Executive Vice President  
(Development)

Muhammad Salim Babar  
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### Model Branch

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S. Tayyab Hassan Gardezi, M.Sc.  
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Farkhanda Jabeen, A.C.I.I.  
Vice President

#### New Garden Town Branch

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Mohammad Sohail  
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#### New Unit Branch Lahore

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Bashir Maqsood, M.B.A.  
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Haji Muhammad Shakeel  
Senior Executive Vice President  
(Development)

Amer Saleem Khan  
Manager (Development)

Asif Ikram Bhatti  
Manager (Development)

Humaira Arshad  
Manager (Development)

#### FAISALABAD Faisalabad Main Branch

Ahmed Plaza, Bilal Road  
Faisalabad  
2610363 - 2610368 - 2610566  
2625001. Fax: 32611667

Mahmood Ali Khan, M.A.  
Deputy Executive Director

Ikram Ul Ghani, M.A.  
Vice President

Usman Ali Khan  
Executive Vice President  
(Development)

Shagufta Asrar Ahmad  
Asstt. Vice President  
(Development)

Ch. Abdul Razzak  
Manager (Development)

Tariq Nawaz Adil  
Manager (Development)

#### City Branch

16 Chenab Market  
Susan Road, Madina Town  
Faisalabad  
8732902 - 8734649 - 8714642  
Fax: 8733402

Dr. Ghulam Jaffar, Ph.D  
Vice President

#### GUJRANWALA Gujranwala Branch

3rd Floor, Din Plaza  
G.T. Road, Gujranwala  
845883-84 - 3842593  
Fax: 840883

M. Amer Arif Bhatti  
Vice President

Mohammad Arif Bhatti  
Executive Vice President  
(Development)

#### G. T. Road Branch

2nd Floor, Zaheer Plaza  
G.T. Road, Gujranwala  
3859290 - 3253224.  
Fax: 3859190

Qasim Ayub  
Vice President

#### SAHIWAL Sahiwal Branch

1st Floor, Sattar Complex  
Stadium Road. 4220522 - 4221622  
Fax: 4220622

Inayatullah Choudhry  
Senior Vice President

Muhammad Ashfaq  
Manager (Development)

#### SARGODHA Sargodha Branch

1st Floor, Improvement Trust Plaza  
26, Fatima Jinnah Road  
3721381 - 3728253. Fax: 3729023

Abdul Shakoor Piracha  
Senior Vice President

#### SIALKOT Sialkot Branch

1st Floor, Riaz Plaza, Paris Road  
Sialkot. 4267001-3  
Fax: 052-4267583

Mohammad Naeem Ahsan  
Vice President

Ahmed Waqas Afzal  
Manager (Development)

Mudassir Atif  
Manager (Development)

Mujahid Ali  
Manager (Development)

#### ISLAMABAD REGION

2nd Floor, Ferozsons Building  
32 Saddar Road, Rawalpindi Cantt.,  
Rawalpindi. 5514323 - 5563065-  
5562024 2271372 - 5516085  
Fax: 5565406

M. Akbar Awan  
Deputy Managing Director/  
Regional Head

Muhammad Khalil Khan  
Vice President

#### Islamabad Main Branch

2nd Floor, Dodhy Building, 52-E  
Blue Area, Jinnah Avenue  
Islamabad. 2604772-4 - 2271375  
2271373 2823868 - 2875018  
2875084. Fax: 2271376

Malik Firdaus Alam  
Executive Vice President

M. Maroof Chaudhry  
Assistant Vice President

Ejaz Ahmed  
Executive Vice President (Development)

Imdadullah Awan  
Senior Vice President (Development)

Ms. Somia Ali  
Senior Vice President (Development)

Zaka Ullah Khan  
Vice President (Development)

Qazi Altaf Hussain  
Manager (Development)

Atif Muzaffar  
Manager (Development)

#### Rawalpindi Division

2nd Floor, Ferozsons Building  
32 Saddar Road, Rawalpindi Cantt.  
Rawalpindi  
5794634 - 5563065 5562024  
5516085 - 5514323. Fax: 5565406

Syed Aftab Hussain Zaidi, M.A., M.B.A.  
Deputy Executive Director

Zafar Ali Khokhar, M.A.  
Senior Executive Vice President

Arslan Ahsan  
Vice President

Saifullah  
Vice President

Onaib-ur-Rehman  
Assistant Vice President

Akhtar Ali  
Manager (Development)

#### City Branch Rawalpindi

2nd Floor, Ferozsons Building  
32 Saddar Road, Rawalpindi Cantt.  
Rawalpindi. 5516085 - 5516882  
5794684. Fax: 5794685

Agha Ali Khan  
Vice President

Faraz Javed  
Chief Manager (Development)

Shehzad Akhtar  
Chief Manager (Development)

Syed Zeeshan Abbas Abidi  
Chief Manager (Development)

Suhail Siddiq Khan  
Manager (Development)

#### ABBOTTABAD

116 Iqbal Shopping Complex  
Mall Road. 336371

Kamran Sami Khan  
Manager (Development)

#### GOTH MACHI Goth Machi Branch

6, Commercial Area (F.F.C.)  
Distt. Sadiqabad  
5873001-9 - 5786420-9  
Ext: 5154. Fax: 5786359

Altaf Hussain  
Branch Manager

#### Peshawar Branch

11/4, Shahrah-e-Pehlavi, Peshawar  
5272185 - 5275487 - 5278476  
5284384. Fax: 5271709

S. M. Aamir Kazmi  
Senior Vice President

Salimullah Khan, M.Com  
Vice President

Ali Farman  
Assistant Vice President

Najma Riaz  
Assistant Vice President

Zia-ul-Hassan  
Manager (Development)

#### Jamrud Road Branch

7 -10, Upper Ground Floor  
Azam Tower, Jamrud Road  
Peshawar  
5846120 - 5850190  
Fax: 5846121

Farman Ali Afridi B.E.  
Senior Vice President

Naeem Ullah Jan  
Senior Vice President  
(Development)

#### MARDAN Mardan Branch

Dr. Zawar Hussain Building  
(Najeeb Clinic)  
337-B, The Mall, Mardan  
0937-862294. Fax: 866096

Inayatullah Khalil  
Senior Vice President

Arshad Iqbal  
Asstt. Vice President (Development)

Khizer Hayat  
Manager (Development)

#### ABBOTTABAD (Sub-Office)

Al-Asif Plaza, Mansehra Road  
334186

Ijaz Ali  
Manager (Development)





# E F U GENERAL INSURANCE LIMITED

## Form Of Proxy

I / We \_\_\_\_\_

of \_\_\_\_\_

being a member of E F U GENERAL INSURANCE LIMITED hereby appoint

Mr. \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 81st Annual General Meeting of the Company to be held on Saturday 5 April 2014 at 10:00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

### WITNESSES:

1. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC Or  
Passport No: \_\_\_\_\_



*Signature of Member(s)*

2. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC Or  
Passport No: \_\_\_\_\_

Shareholder's Folio No. \_\_\_\_\_

and / or CDC

Participant I.D.No. \_\_\_\_\_

and Sub Account No. \_\_\_\_\_

### Important:

This form of Proxy, duly completed, must be deposited at the Company's Registered Office at Dodhy Building, 2nd Floor, 52-E, Jinnah Avenue, (Blue Area) Islamabad, not later than 48 hours before the time appointed for the meeting.

CDC Shareholders and their Proxies are each requested to attach attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.

CDC Shareholders or their Proxies are requested to bring with them their Original Computerized National Identity Card or Passport alongwith the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.