

# TWENTY SEVENTH ANNUAL REPORT 2021



FIRST IMROOZ MODARABA

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## **VISION / MISSION STATEMENT**

IMROOZ is committed to:

- operate its business activities in accordance with Islamic Sharia'a in its true spirit and zeal.
- employ its funds in the best possible way and to promote and use human talents, to maximize the profit for its certificate holders.
- provide products and services that meet or preferably exceed the need and expectations of its customers in a cost effective manner and to provide satisfactory returns to its certificate holders, principals and stakeholders.
- its policies and performance that it hopes will positively contribute to society and help build a stronger and progressive Pakistan.

## **CODE OF CONDUCT**

1. The objective of Imrooz is to engage efficiently, responsibly and profitably in its businesses. Imrooz seeks a high standard of performance and aims to maintain a long term position in its respective competitive environment.
2. Imrooz recognizes the responsibility:
  - to protect its certificate holder's investment and strive hard to provide them with better return;
  - to maintain and enhance its customer base by providing products and services which offer value in terms of price and quality.
  - to encourage growth of its employees, provide them with good working conditions and competitive terms and conditions of service and treat them without any discriminative policies on the basis of race, religion, gender or any other factor.
  - to conduct business as responsible corporate members of the society, and to comply with obligations enforced by regulatory agencies for improving corporate performance.
3. Imrooz insists on honesty, integrity and fairness in all aspects of their business.
4. Imrooz believes in free and fair business practices in open competitive markets.



FIRST IMROOZ MODARABA

## MODARABA INFORMATION

<b>Modaraba Management Company</b>	A R Management Services (Private) Ltd.
<b>Directors of Modaraba Company</b>	Mr. Naveed Riaz – Chief Executive Mrs. Saadat Ikram Mr. Ameer Riaz Mr. Omar Mohammad Khan Mr. Aliuddin Ahmed
<b>Chief Financial Officer</b>	Mr. Ateed Riaz
<b>Audit Committee</b>	Mr. Aliuddin Ahmed (Chairman) Mr. Omar Mohammad Khan (Member) Mrs. Saadat Ikram (Member) Mr. Ameer Riaz (Member)
<b>Human Resource Committee</b>	Mr. Omar Mohammad Khan (Chairman) Mrs. Saadat Ikram (Member) Mr. Ameer Riaz (Member)
<b>Company Secretary</b>	Mr. Shabbir Ahmed Jamsa
<b>Chief Internal Auditor</b>	Mr. Abbas Kerani
<b>Auditors</b>	M/s. BDO Ebrahim & Co. Chartered Accountants
<b>Bankers</b>	Soneri Bank Limited Bank Alfalah Limited Bank AL Habib Limited
<b>Legal Advisors</b>	Mr. Masood Aziz Advocate Masood Aziz & Associates
<b>Shariah Advisor</b>	Mufti Abdul Qadir
<b>Principal place of business</b>	Room No. 405, 4 <sup>th</sup> Floor Beaumont Plaza, Beaumont Road Civil Lines Quarters, Karachi.
<b>Registered Office of the Modaraba Company</b>	125-S, Small Industrial Area Kot Lakhpat, Lahore.
<b>Certificate Registration Office</b>	F.D. Registrar Services (Pvt) Limited 17 <sup>th</sup> Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi.

## REPORT OF THE DIRECTORS

The Board of Directors of A R Management Services (Private) Limited, the management company of First Imrooz Modaraba, have pleasure in submitting Annual Report of First Imrooz Modaraba along with audited financial statements for the year ended June 30, 2021.

### 1. Operating Results

The financial results of the Modaraba are summarized below:

	(Rupees in million)	
	<i>2021</i>	<i>2020</i>
Profit before taxation	113.192	56.646
Taxation	49.007	21.531
Profit after taxation	<u>64.185</u>	<u>35.115</u>
Appropriations		
Transfer to Statutory Reserve @ 20% (2020 : 30%)	12.837	10.534
Profit after appropriation	<u>51.348</u>	<u>24.581</u>
Earnings per certificate – basic & diluted	Rs. <u>21.40</u>	<u>11.70</u>

### 2. Review of Financial Performance

Alhamdulillah, the turnover of the Modaraba for the year ended 30 June 2021 significantly increased to Rs. 1,080 million as compared to Rs. 555 million last year. The business sectors we operate in registered good economic growth. This growth has resulted in increase in sales volume of the products of Modaraba.

The Gross profit also increased to Rs. 215.644 million as against Rs. 126.368 million. Favorable foreign exchange rates also contributed to increased gross profit.

Operating expenses increased to Rs. 82.972 million as compared to Rs. 63.026 million of last year.

Other income for the year is Rs. 2.831 million as compared to Rs. 1.762 million of last year.

The Modaraba's annual profit arrived at Rs. 64.185 million as compared to Rs. 35.115 million of last year.

After considering these results, the Board of Directors have decided to transfer 20% of the profit to the statutory reserve and to pay a final profit distribution @ 155% i.e. Rs. 15.50 per certificate to the certificate holders.

### 3. Auditors

The present auditors M/s BDO Ebrahim & Co., Chartered Accountants being due for retirement have offered themselves for re-appointment for the year ending June 30, 2022. The Directors have approved their appointment subject to approval of the Registrar, Modaraba Companies and Modaraba.

### 4. Corporate Governance

Your Directors are pleased to report that:

- a) The financial statements, prepared by the management company of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) Approved International Accounting Standards, as applicable in Pakistan to Modarabas, have been followed in preparation of financial statements and any departure therefrom 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 Modaraba'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) Statement summarizing key operating and financial data for the current year as well as for the last six years is given as under:

(Rupees in 'Million)							
Particulars	2021	2020	2019	2018	2017	2016	2015
Fixed Assets	5.350	6.898	10.118	12.968	13.346	14.459	6.979
Working Capital	235.432	191.934	159.261	146.929	145.007	145.027	139.025
Certificate Holders Equity	202.382	161.259	138.183	134.860	137.472	140.173	129.628
Paid-up Certificate Capital	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Sales	1,080.003	555.117	705.649	897.590	734.216	827.864	730.551
Gross Profit	215.644	126.368	132.777	143.937	118.611	128.668	106.032
Profit before Taxation	113.192	56.646	58.569	73.104	65.031	80.885	27.153
Profit Distribution – Cash	155%	75%	50%	56.67%	100%	120%	90%
Earnings per Certificate-Rs.	21.40	11.70	8.44	10.18	11.10	14.01	9.05
Break-up value per Certificate-Rs.	67.46	53.75	46.39	44.95	45.82	46.72	43.21

- i) Pattern of certificate holding of the Modaraba and certificate holders' information as required under the Modaraba Rules and the Listing Regulations of Pakistan Stock Exchange are included in this report.

#### 5. Transfer Pricing

The Directors are pleased to report that the Modaraba has fully complied with the best practices on transfer pricing as contained in the Listing Regulations of Pakistan Stock Exchange.

#### 6. Composition of board

The composition of board is as follows:

Category	Names
A) Executive Directors	Mr. Naveed Riaz Mr. Ameer Riaz
B) Non-Executive/Independent Directors	Mr. Omar Muhammad Khan Mrs. Saadat Ikram Mr. Aliuddin Ahmed

#### 7. Remuneration Policy of Chief Executive and Directors

No remuneration is paid to Chief Executive and Directors.

#### 8. Board Meetings

During the year, four (4) meetings of the Board of Directors were held. Attendance by each director is as follows.

	<u>Attended</u>
Mr. Naveed Riaz	4
Mr. Ameer Riaz	4
Mr. Omar Mohammad Khan	4
Mrs. Saadat Ikram	4
Mr. Aliuddin Ahmed	1



## **9. Acknowledgement**

The Board wishes to express its thanks for continued guidance and support extended by the Registrar Modaraba and other officials of Securities and Exchange Commission of Pakistan. The Board also wishes to thank its certificate holders, colleagues, investors, bankers and business associates for their continued support and co-operation and above all appreciates the dedication and hard work of each staff member of the Modaraba.

For and on behalf of the Board of Directors

**Naveed Riaz**  
Chief Executive

**Ameed Riaz**  
Director

04 October, 2021



## ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر بیجمنٹ سروئز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مضاربہ کے سالانہ نتائج برائے 30 جون، 2021ء بعد آڈٹ رپورٹ پیش کرنے پر مسرت محسوس کرتے ہیں۔

## نمایاں مالیاتی نکات

مضاربہ کے مالیاتی نتائج مندرجہ ذیل ہیں:

(ملین روپیوں میں)		
30-Jun-20	30-Jun-21	
56.646	113.192	قبل از ٹیکس منافع
21.531	49.007	ٹیکس
35.115	64.185	بعد از ٹیکس منافع
10.534	12.837	قانون کے مطابق دستوری ذخائر میں منافع کی 20 فیصد منتقلی (2020:30 فیصد)
24.581	51.348	بعد از منتقلی منافع
11.70	21.40	نی کس شیر آمدنی (بنیادی اور تحلیل شدہ) روپے

## کارکردگی کا جائزہ

الحمد للہ زیر غور حالیہ سال کے دوران مضاربہ کی فروخت 1,080 ملین روپے تک رہی جبکہ اسکے مقابلے میں گذشتہ سال میں 555 ملین روپے تھی۔ جن کاروباری شعبوں میں ہم کام کرتے ہیں انہوں نے اچھی معاشی نمونہ پیش کی۔ اس ترقی کے نتیجے میں موڈر ابا کی مصنوعات کی فروخت کے حجم میں اضافہ ہوا ہے۔

کل منافع بھی 126.368 ملین روپے سے بڑھ کر 215.644 ملین روپے رہا۔ سازگار زر مبادلہ کی شرح نے بھی مجموعی منافع میں اضافہ کیا۔

آپریٹنگ اخراجات بڑھ کر 82.972 ملین روپے رہے جبکہ اسکے مقابلے میں گذشتہ سال 63.026 ملین روپے تھے۔



FIRST IMROOZ MODARABA

اس حالیہ سال میں دیگر آمدنی 2.831 ملین روپے رہی جب کہ گزشتہ سال میں یہ 1.762 ملین روپے تھی۔

سال کے اختتام پر مضاربہ کا منافع 64.185 ملین روپے رہا، جبکہ گزشتہ مقابل سال یہ 35.115 ملین روپے تھا۔

حالیہ نتائج کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے کہ منافع کا 20 فیصد دستوری ذخائر میں منتقل کیا جائے اور اس منتقلی کے بعد نقد منافع بحساب 15.50 روپے فی سرٹیفکیٹ یعنی 155 فیصد کے حساب سے سرٹیفکیٹ مالکان میں تقسیم کیا جائے۔

## آڈیٹر

موجودہ آڈیٹرز بی ڈی ادا براہیم اینڈ کو۔ چارٹرڈ اکاؤنٹنٹس ریٹائرڈ ہونے کے بعد 30 جون، 2022ء کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کر رہے ہیں۔ ڈائریکٹرز نے ان کی تقرری کے لئے منظوری دے دی ہے جو کہ رجسٹرار مضاربہ کی منظوری سے مشروط ہے۔

## کارپوریٹ گورننس

ہمارے ڈائریکٹرز رپورٹ کرتے ہیں:

- (1) فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کی انتظامیہ کے تیار کردہ مالی گوشواروں میں اسکے واضح امور، عملدرآمد کے نتائج، کیش فلوا اور ایکوسیٹ میں تبدیلیاں پیش کی گئی ہیں۔
- (2) مضاربہ کے اکاؤنٹ کی کتابوں کو باقاعدگی سے تیار کیا ہے۔
- (3) مالی گوشواروں اور اکاؤنٹنگ تخمینوں کی تیاری میں متعلقہ موزوں اکاؤنٹنگ پالیسیاں بروئے کار لائی گئی ہیں اور یہ مناسب فیصلوں پر مبنی ہیں۔
- (4) بین الاقوامی اکاؤنٹنگ سٹینڈرڈز جو کہ پاکستان میں قابل عمل ہیں اور مالی گوشواروں کی تیاری میں باقاعدگی سے اس پہ عمل کیا جاتا ہے
- (5) انٹرنل کنٹرول کا نظام موجود ہے اور اسے موثر طریقے سے لاگو کیا گیا ہے۔
- (6) جاری ادارہ کی حیثیت سے مضاربہ کے لئے کوئی اہم شکوک و شبہات نہیں ہیں۔
- (7) لسٹنگ کے ضابطے میں موجود کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بے ضابطگی نہیں ہوئی ہے۔

(8) گزشتہ چھ سال اور موجودہ سال کے اہم آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ حسب ذیل ہے:

(Rupees in 'Million)							
Particulars	2021	2020	2019	2018	2017	2016	2015
Fixed Assets	5.350	6.898	10.118	12.968	13.346	14.46	6.979
Working Capital	235.432	191.934	159.261	146.929	145.007	145.03	139.025
Certificate Holders Equity	202.382	161.259	138.183	134.860	137.472	140.17	129.628
Paid-up Certificate Capital	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Sales	1,080.003	555.117	705.649	897.590	734.216	827.86	730.551
Gross Profit	215.644	126.368	132.777	143.937	118.611	128.67	106.032
Profit after Taxation	113.192	56.646	58.015	73.104	65.031	80.885	27.153
Profit Distribution – Cash	155%	75%	50%	56.67%	100%	120%	90%
Earnings per Certificate-Rs.	21.40	11.70	8.44	10.18	11.10	14.01	9.05
Break-up value per Certificate-Rs.	67.46	53.75	46.39	44.95	45.82	46.72	43.21

(9) پاکستان اسٹاک ایکسچینج کی فہرست سازی کے قواعد و ضوابط کے تحت خاکہ برائے مضاربہ سرٹیفکیٹ مالکان کی تفصیلی معلومات اس رپورٹ میں شامل ہیں۔

## منتقلی کی قیمتوں کا تعین

آپ کے ڈائریکٹرز رپورٹ کرتے ہیں کہ پاکستان اسٹاک ایکسچینج لمیٹڈ کی لسٹنگ ریگولیشن کے مطابق مضاربہ مکمل طور منتقلی کی قیمتوں کے تعین کے اصولوں پر بہترین طریقوں کے ساتھ عمل پیرا ہیں۔

## بورڈ کی تشکیل

قسم	نام
ایگزیکوٹو ڈائریکٹرز	جناب نوید ریاض جناب عمید ریاض
نان ایگزیکوٹو / آزاد ڈائریکٹرز	جناب عمر محمد خان محترمہ سعادت اکرام جناب علی الدین احمد

## ڈائریکٹرز کا مشاہرہ

چیف ایگزیکٹو ایڈیٹر اور ڈائریکٹرز کو کوئی معاوضہ نہیں دیا جاتا ہے۔

## بورڈ کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد کیے گئے تھے۔ ہر ایک ڈائریکٹر کی طرف سے حاضری مندرجہ ذیل ہے:

شرکت کی تعداد	جناب
4	جناب نوید ریاض
4	جناب عمید ریاض
4	جناب عمر محمد خان
4	محترمہ سعادت اکرام
1	جناب علی الدین احمد

## اعتراف نامہ

بورڈ اس موقع پر جسٹرار مضاربہ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے دیگر حکام کی مسلسل رہنمائی اور مدد کے لئے اپنے تشکر کا اظہار کرتا ہے۔ بورڈ اس کے علاوہ اپنے سرٹیفکیٹ مالکان، رہتائے کار، سرمایہ کاروں، بینکاروں اور کاروباری پارٹیوں کی رہنمائی اور خصوصاً مضاربہ کے تمام ملازمین کی شبانہ روز محنت اور لگن کے لئے ان سب کا شکر گزار ہے۔

منجانب بورڈ

نوید ریاض  
چیف ایگزیکٹو ایڈیٹر

عمید ریاض  
ڈائریکٹر

04 اکتوبر، 2021ء

# First Imrooz Modaraba

## TEN YEARS AT A GLANCE

(Rupees in million)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
	-----Restated-----									
<b>Balance Sheet Information</b>										
Authorized capital	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000
Certificate capital	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000	30.000
Statutory reserve & surplus	172.382	131.259	109.163	104.861	107.472	110.173	99.628	87.475	100.971	87.565
Certificate holders' equity	202.382	161.259	139.163	134.861	137.472	140.173	129.628	117.475	130.971	117.565
Deferred liability - staff gratuity	36.443	34.840	30.196	25.037	21.263	19.429	16.376	15.362	15.493	13.125
Qard-e-Hasna from Modaraba management company	-	15.800	-	120.000	34.300	-	-	-	-	31.000
Musawamah / Murabaha / Musharaka / Salam financing	63.780	88.664	74.637	35.230	34.371	35.013	26.886	29.308	33.623	43.018
Current liabilities	358.079	166.173	171.869	255.192	212.043	180.340	146.238	140.708	162.152	217.317
Fixed Assets	5.350	6.898	10.119	12.969	13.347	14.459	6.979	7.413	4.575	6.274
Stock-in-trade	304.553	215.103	212.679	265.574	258.027	129.910	162.806	164.743	187.303	182.523
Trade debtors	269.762	116.713	98.603	113.779	83.997	129.336	107.237	75.593	81.998	122.180
Investments	-	-	-	-	-	-	-	-	-	1.104
Current assets	593.511	358.107	331.110	402.120	357.050	325.367	285.263	266.132	304.042	341.734
<b>Operational Results</b>										
Sales	1,080.003	555.117	705.649	897.589	734.216	827.864	730.551	624.104	641.673	711.425
Cost of sales	864.359	428.749	572.872	753.652	615.605	699.196	624.519	543.741	550.759	612.621
Gross profit	215.644	126.368	132.777	143.937	118.611	128.668	106.032	80.363	90.914	98.804
Other income	2.831	1.110	1.541	0.508	2.138	1.102	0.702	2.969	2.329	2.108
Financial charges	5.287	7.303	8.101	2.564	2.346	2.063	3.777	2.595	3.761	5.076
Workers welfare fund	2.310	1.156	1.195	6.254	(1.072)	-	-	-	-	-
Operating expenses	82.972	62.373	66.453	62.522	54.444	46.822	43.088	37.674	31.497	35.348
(Diminution) / unrealised appreciation on remeasurement of investment - net	-	-	-	-	-	-	-	-	-	(0.030)
Operating profit	132.673	63.995	66.324	81.415	64.167	81.846	62.944	42.689	59.417	63.456
Profit payable to the modaraba company as their remuneration	14.715	-	-	-	-	-	-	-	-	5.441
Profit before tax	113.192	56.646	58.568	73.105	65.031	80.885	59.869	43.063	57.985	55.017
Taxation	49.007	21.531	33.259	42.554	31.732	38.868	32.716	26.547	25.235	30.418
Profit after tax	64.185	35.115	25.310	30.551	33.299	42.017	27.153	16.516	32.750	24.599
Transfer to statutory reserve	12.837	10.534	8.858	12.220	1.665	2.101	1.357	0.826	1.637	4.920
	20%	30%	35%	40%	5%	5%	5%	5%	5%	20%
<b>Profit Distribution</b>										
Profit distribution	46.500	22.500	15.000	17.010	30.000	36.000	27.000	15.000	30.000	19.500
Rate per certificate	155.00%	75.0%	50.0%	56.7%	100.0%	120.0%	90.0%	50.0%	100.0%	65.0%
<b>Financial Ratios</b>										
Gross profit - % of sales	19.97%	22.76%	18.82%	16.04%	16.15%	15.54%	14.51%	12.88%	14.17%	13.89%
Operating expenses - % of sales	7.68%	11.24%	9.42%	6.97%	7.42%	5.66%	5.90%	6.04%	4.91%	4.97%
Operating profit - % of sales	12.28%	11.53%	9.40%	9.07%	8.74%	9.89%	8.62%	6.84%	9.26%	8.92%
Profit before tax - % of sales & other income	10.45%	10.18%	8.28%	8.14%	8.83%	9.76%	8.19%	6.87%	9.00%	7.71%
Profit after tax - % of sales & other income	5.93%	6.31%	3.58%	3.40%	4.52%	5.07%	3.71%	2.63%	5.09%	3.45%
<b>Return to Certificate holders</b>										
Return on equity - before tax	55.93%	35.13%	42.09%	54.21%	47.30%	57.70%	46.19%	36.66%	44.27%	46.80%
Return on equity - after tax	31.71%	21.78%	18.19%	22.65%	24.22%	29.98%	20.95%	14.06%	25.01%	20.92%
Earning per certificate - Rs.	21.40	11.70	8.44	10.18	11.10	14.01	9.05	5.51	10.92	8.20
Profit distribution per certificate - Rs.	15.50	7.50	5.00	5.67	10.00	12.00	9.00	5.00	10.00	6.50
Market price per certificate - Rs.	147.00	89.36	155.59	219.57	230.50	115.00	53.00	53.72	60.76	52.61
Break-up value per certificate - Rs.	67.46	53.75	46.39	44.95	45.82	46.72	43.21	39.16	43.66	39.19

## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of FIRST IMROOZ MODARABA ("the Modaraba") as at June 30, 2021 and the related profit and loss account, the statement of comprehensive income, the cash flow statement and the statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year ended June 30, 2021 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

These financial statements are the Modaraba Management Company's [A.R Management Company (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any 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 and significant estimates made by the Modaraba Management Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion proper books of account have been kept by the Modaraba in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation And Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2020 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and



- d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KARACHI

DATED: 04 OCT 2021



CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

**BALANCE SHEET  
AS AT JUNE 30, 2021**

	Note	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	5	4,687,975	6,413,376
Intangible assets	6	551,588	-
Long term deposits	7	110,702	484,802
		<u>5,350,265</u>	<u>6,898,178</u>
<b>CURRENT ASSETS</b>			
Stock in trade	8	304,552,995	215,103,436
Trade debtors	9	269,762,090	116,713,196
Advances, deposits and prepayments	10	2,900,808	884,919
Taxation	11	4,576,541	6,434,904
Cash at banks	12	11,718,112	18,970,744
		<u>593,510,546</u>	<u>358,107,199</u>
<b>TOTAL ASSETS</b>		<u><u>598,860,811</u></u>	<u><u>365,005,377</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized capital			
10,000,000 Modaraba certificates of Rs. 10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up certificate capital	13	30,000,000	30,000,000
Statutory reserve	14	117,514,820	104,677,757
Revenue reserve	15	54,867,344	26,580,965
		<u>202,382,164</u>	<u>161,258,722</u>
<b>NON-CURRENT LIABILITIES</b>			
Defined benefit plan - staff gratuity	16	36,442,617	34,840,085
Deferred capital grant	17	27,953	130,570
Obligation under financing facilities - secured	19	1,929,314	2,602,678
Deferred taxation	18	-	-
		<u>38,399,884</u>	<u>37,573,333</u>
<b>CURRENT LIABILITIES</b>			
Obligation under financing facilities - secured	19	63,517,555	88,664,280
Current portion of deferred capital grant	17	234,207	-
Qard-e-Hasana from Modaraba Management Company	20	-	15,800,000
Creditors, accrued and other liabilities	21	294,327,001	61,709,042
		<u>358,078,763</u>	<u>166,173,322</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>598,860,811</u></u>	<u><u>365,005,377</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	22		

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

**For A R Management Services (Private) Limited  
(Modaraba Management Company)**

**NAVEED RIAZ**  
CHIEF EXECUTIVE

**AMEED RIAZ**  
DIRECTOR

**MRS. SAADAT IKRAM**  
DIRECTOR

**ATEED RIAZ**  
CHIEF FINANCIAL OFFICER



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
Sales	23	1,080,003,051	555,117,368
Cost of sales	24	(864,358,663)	(428,749,272)
Gross profit		215,644,388	126,368,096
Operating expenses	25	(82,971,740)	(63,025,876)
Operating profit		132,672,648	63,342,220
Financial charges	26	(5,286,567)	(7,302,670)
Other income	27	2,830,821	1,762,287
		130,216,902	57,801,837
Modaraba Management Company's fees	28	(14,714,510)	-
Provision for Sindh Workers' Welfare Fund		(2,310,048)	(1,156,037)
Profit before taxation		113,192,344	56,645,800
Taxation	29	(49,007,027)	(21,531,245)
Profit for the year		64,185,317	35,114,555
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to profit or loss:			
Remeasurement of defined benefit liability		(561,875)	1,980,632
Total comprehensive income		63,623,442	37,095,187
Earnings per certificate - basic and diluted	30	21.40	11.70

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

**For A R Management Services (Private) Limited  
(Modaraba Management Company)**

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## FIRST IMROOZ MODARABA

### CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	113,192,344	56,645,800
Adjustments for non-cash and other items:		
Depreciation of property and equipment	3,423,276	3,863,922
Amortization of intangible assets	78,798	333,323
Gain on disposal of property and equipment	(1,955,104)	(926,877)
Provision / (reversal) of provision) for doubtful debts	10,471,621	(652,715)
Doubtful debts written off	-	(49,725)
Amortization of deferred capital grant	(509,091)	-
Murabaha charges	1,411,142	1,696,999
Musharaka charges	1,760,249	5,605,671
Salam charges	790,805	-
Musawamah charges	1,324,371	-
Staff gratuity	4,395,047	8,493,864
	<u>21,191,114</u>	<u>18,364,462</u>
Operating profit before working capital changes	134,383,458	75,010,262
<b>Changes in operating assets and liabilities</b>		
(Increase) / decrease in current assets		
Stock in trade	(89,449,559)	(2,424,428)
Trade debtors	(163,520,515)	(17,408,070)
Advances, deposits and prepayments	(2,015,889)	152,498
	<u>(254,985,963)</u>	<u>(19,680,000)</u>
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	232,998,801	(35,930,274)
Cash generated from operations	112,396,296	19,399,988
Murabaha charges paid	(1,653,379)	(1,830,507)
Musharaka charges paid	(3,204,206)	(5,684,848)
Salam charges paid	(148,835)	-
Musawamah charges paid	(867,257)	-
Income tax paid	(47,148,664)	(20,515,839)
Staff gratuity paid	(3,354,390)	(1,869,780)
Net cash generated from / (used in) operating activities	<u>56,019,565</u>	<u>(10,500,986)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,457,671)	(1,022,980)
Purchase of intangible assets	(630,386)	-
Proceeds from disposal of property and equipment	2,089,000	967,000
Net cash generated from / (used in) investing activities	943	(55,980)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(21,784,641)	(14,379,278)
Receipts of Qard-e-Hasana from Modaraba Management Company	23,000,000	101,000,000
Repayment of Qard-e-Hasana to Modaraba Management Company	(38,800,000)	(85,200,000)
Receipts from Murabaha finances	42,337,716	35,906,476
Repayment of Murabaha finances	(58,225,063)	(51,603,921)
Receipts from Salam finances	5,506,517	5,508,667
Repayment of Salam finances	(3,550,324)	-
Receipts from Musharaka finances	144,205,436	26,948,816
Repayment of Musbaraka finances	(205,962,781)	-
Receipts of Musawamah finances	151,996,824	-
Repayment of Musawamah finances	(101,996,824)	-
Net cash (used in) / generated from financing activities	<u>(63,273,140)</u>	<u>18,180,760</u>
Net (decrease) / increase in cash and cash equivalents	(7,252,632)	7,623,794
Cash and cash equivalents at beginning of the year	18,970,744	11,346,950
Cash and cash equivalents at end of the year	<u>11,718,112</u>	<u>18,970,744</u>

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

For A R Management Services (Private) Limited  
(Modaraba Management Company)

NAVEED RIAZ  
CHIEF EXECUTIVE

AMEED RIAZ  
DIRECTOR

MRS. SAADAT IKRAM  
DIRECTOR

ATEED RIAZ  
CHIEF FINANCIAL OFFICER



**FIRST IMROOZ MODARABA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Paid-up certificate capital	Statutory reserve	Revenue reserve (Un-appropriated profit)	Total
	----- Rupees -----			
<b>Balance at July 01, 2019</b>	30,000,000	94,143,390	15,020,145	139,163,535
Profit for the year	-	-	35,114,555	35,114,555
Other comprehensive income	-	-	1,980,632	1,980,632
Total comprehensive income for the year	-	-	37,095,187	37,095,187
<b>Transaction with owners</b>				
Profit distribution for the year ended June 30, 2019 at Rs. 5 per certificate	-	-	(15,000,000)	(15,000,000)
Transfer to statutory reserve @ 30% (Note 14)	-	10,534,367	(10,534,367)	-
<b>Balance at July 01, 2020</b>	<u>30,000,000</u>	<u>104,677,757</u>	<u>26,580,965</u>	<u>161,258,722</u>
Profit for the year	-	-	64,185,317	64,185,317
Other comprehensive income	-	-	(561,875)	(561,875)
Total comprehensive income for the year	-	-	63,623,442	63,623,442
<b>Transaction with owners</b>				
Profit distribution for the year ended June 30, 2020 at Rs. 7.50 per certificate	-	-	(22,500,000)	(22,500,000)
Transfer to statutory reserve @ 20% (Note 14)	-	12,837,063	(12,837,063)	-
<b>Balance at June 30, 2021</b>	<u>30,000,000</u>	<u>117,514,820</u>	<u>54,867,344</u>	<u>202,382,164</u>

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

**For A R Management Services (Private) Limited**  
**(Modaraba Management Company)**

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DIRECTOR

**MRS. SAADAT IKRAM**  
DIRECTOR

**ATEED RIAZ**  
CHIEF FINANCIAL OFFICER



FIRST IMROOZ MODARABA

**FIRST IMROOZ MODARABA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**1 NATURE STATUS AND OF BUSINESS**

- 1.1 First Imrooz Modaraba (the Modaraba) was formed on September 27, 1993 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Rules framed there under and is managed by A R Management Services (Private) Limited (the Modaraba Management Company). The Modaraba commenced its commercial operations from March 01, 1994. The Modaraba is listed on Pakistan Stock Exchange.
- 1.2 The principal place of the business of the Modaraba is situated at room No. 405, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Line Quarters, Karachi, in the province of Sindh, Pakistan.
- 1.3 It is a multi purpose, perpetual Modaraba and is mainly engaged in domestic and international trading activities.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

- 2.1.1 These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (the Modaraba Regulations) together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas. Wherever the requirements of the Modaraba Regulations differ from the requirements of these standards, the requirements of the Modaraba Regulations take precedence.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for recognition of defined benefit plan - staff gratuity at present value. These financial statements have been prepared following accrual basis of accounting except for cash flow statement.



### 2.3 Functional and presentation currency

Items included in the financial statements of the Modaraba are measured using the currency of the primary economic environment in which the Modaraba operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Modaraba's functional and presentation currency.

## 3. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED STANDARDS

### 3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Modaraba's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Certain annual improvements have also been made to a number of IFRSs.	



## FIRST IMROOZ MODARABA

### 3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than certain additional disclosures.

	<b>Effective date (annual periods beginning on or after)</b>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards; and

IFRS 17 Insurance Contracts.



#### **4. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN**

The preparation of financial statements in conformity with the approved accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- Estimates of residual values, useful lives and depreciation methods of tangible assets (notes 4.1 and 5);
- Estimates of residual values, useful lives and amortization methods of intangible assets (notes 4.2 and 6);
- Provision for taxation (note 4.5, 11, 18 and 27);
- Provision for doubtful debts (note 4.18.1 and 9.1);
- Provision for staff gratuity (note 4.8 and 16);
- Deferred capital grant (note 4.24 and 17);
- Deferred taxation (note 4.5 and 18).

##### **4.1 Property and equipment**

Property and equipment is stated at cost less accumulated depreciation. Depreciation is charged to income at the rates specified in note 5 by using straight line method. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

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

Gains / (losses) on disposal of property and equipment are accounted for in the year in which they arise.

Subsequent costs are recognized as an asset, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the year in which they are incurred.

#### **4.2 Intangible assets**

Intangible assets are stated at cost less accumulated amortization. Cost of such assets are amortized on a straight line basis over a period of four years.

Amortization on additions is charged for full month in which an asset is acquired or capitalized, while no amortization is charged from the month in which an asset is disposed off.

#### **4.3 Stock in trade**

Stock-in-trade is stated at the lower of cost determined by first in first out method and net realizable value. The cost includes costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price in the ordinary course of business less cost to be incurred to make sale. Goods in transit are stated at invoice value plus other charges paid thereon till reporting date.

#### **4.4 Trade debtors and other receivables**

Trade debtors and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts as per Prudential Regulations for Modarabas and using expected credit losses model (ECL) as required by IFRS 9 as at year end date. Balances considered bad and irrecoverable are written off when identified.

#### **4.5 Current and deferred income tax**

The tax expense for the year comprises current and deferred tax. Tax expense is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the related tax expense is also recognized in other comprehensive income or directly in equity, respectively.

##### **4.5.1 Current**

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable / receivable in respect of previous years.



#### **4.5.2 Deferred**

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

#### **4.6 Cash at banks**

Cash at banks is carried at nominal value.

##### **4.6.1 Cash and cash equivalent**

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purpose of cash flow statement, cash and cash equivalents consist of balances with banks.

#### **4.7 Statutory reserve**

Regulation 13 of the Modaraba Regulations, 2021 issued by SECP vide SRO 284(I)/2021 dated March 05, 2021 requires a Modaraba to transfer not less than 20% and not more than 50% of its after tax profits till such time the reserve equals 100% of the paid up certificate capital. Thereafter, a sum not less than 5% and not more than 20% of the after tax profits is to be transferred.

#### **4.8 Defined benefit plan - Staff gratuity**

The Modaraba operates an unfunded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the scheme. Modaraba's obligations under the scheme is determined on the basis of actuarial valuation. Most recent valuation was carried out by a qualified actuary in accordance with IAS 19 Employees Benefits on June 30, 2021 using the Projected Unit Credit Method.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for actuarial gains and losses. Actuarial gains and losses arising from the actuarial valuation are recognized immediately and presented in other comprehensive income.

#### **4.9 Murabaha Financing**

Morabaha transactions are reflected as payable at the invoiced amount by the facility provider. Actual sales and purchases are not reflected as the goods are purchased by the Modaraba as agent of the facility provider and all documents relating to purchase are in name of the Modaraba. However the profit on that sale revenue not due for payment is deferred by recording a debit to "Deferred Morabaha Profit" account.

#### **4.10 Musharaka Financing**

Modaraba enters into financing with facility providers based on Shirkat-ul-aqd (contractual partnership) in its' operating business. Under this mechanism, the Modaraba can withdraw and return funds to the facility provider subject to running musharaka financing limit during the musharaka period. The Modaraba pays the provisional profit which is subject to final settlement based on the actual results of the business / transaction.

#### **4.11 Salam Financing**

Salam is an Islamic mode of finance. Under this transaction structure, the facility provider will give an order to Modaraba for supplying of goods and upon delivery of the goods, facility provider will appoint Modaraba as its agent for selling of Salam goods in market. Modaraba will pay sale price to facility provider after receipts of sale proceeds.

#### **4.12 Musawamah Financing**

Musawmah is an Islamic mode of finance. Under this transaction structure, the facility provider will provide funds to Modaraba against available goods and will appoint Modaraba as its agent for selling of goods in market. Modaraba will pay sale price to facility provider after receipts of sale proceeds.

#### **4.13 Leases**

The Modaraba has only short term leases of godown premises, as lessor can get these premises vacated by serving short notice. Payments associated with short-term leases of godown premises are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

#### **4.14 Ijarah**

Ijarah rentals are recognized as expense on an accrual basis, as and when rentals become due to pay.

#### **4.15 Qard-e-Hasana**

A loan not carrying any markup and contracted between the Modaraba and other party for short term period is recognized in current liability as qard-e-hasana.

#### **4.16 Trade creditors and other payables**

Liabilities for trade creditors and other payables are carried at fair value of the consideration to be paid in future for goods received and services obtained whether billed to the Modaraba or not.



#### **4.17 Provisions**

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

#### **4.18 Financial instruments**

Financial assets and financial liabilities are recognized when the Modaraba becomes a party to the contractual provisions of the instrument and de-recognized when the Modaraba loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

##### **4.18.1 Financial assets**

The Modaraba classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Modaraba as at statement of financial position date are carried at amortized cost.

##### **Amortized cost**

A financial asset is measured at amortized cost if it meets both the following conditions and is not

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **Provision for doubtful debts**

The Modaraba recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Modaraba measures loss allowance at an amount equal to lifetime ECLs or Prudential Regulations for Modarabas whichever is higher.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Modaraba is exposed to credit risk.

At each reporting date, the Modaraba assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Modaraba has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

#### **4.18.2 Financial liabilities**

All financial liabilities are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument.

##### **Recognition and measurement**

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

##### **Derecognition**

The financial assets are de-recognized when the Modaraba loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

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

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **4.20 Foreign currency transactions**

Transactions in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange prevailing at the reporting date, while those covered under forward exchange contracts are valued at the contractual rates. Exchange gains and losses are included in profit and loss account currently.



#### 4.21 Impairment

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

The Modaraba assesses at each reporting date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss for other assets subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized as income.

#### 4.22 Revenue recognition

Revenue from sale of goods is measured at the fair value of the consideration received or receivable and represents amount receivable for goods provided in the normal course of business following the below steps.

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the Modaraba satisfies a performance obligation

For each sale transaction, purchase order forms a contract between the Modaraba and a customer and the goods to be delivered under that contract are the Modaraba's identified performance obligation, the contract contains determined and allocated transaction price. The Modaraba satisfies a performance obligation on delivery of goods to the customer and recognizes the revenue.

Profit on Munafa account is recognized on accrual basis.

IFRS 15 requires disaggregation of recognized revenue in such categories which depict that how the nature, amount, timing and uncertainty of the revenue and cash flows are affected by the economic factors. As complete revenue of the Modaraba come from local trading of imported chemicals, therefore disclosure of this single category can be used to assess the effects of economic factors.

#### 4.23 Segment reporting

An operating segment is a component of the Modaraba that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Modaraba's other components. The Modaraba has only one segment at the reporting date.

#### 4.24 Deferred Capital Grant

The Deferred Capital Grant is measured upon initial recognition as the difference between fair value of the loan and loan proceeds. The fair value of the loan is the present value of the loan proceed received, discounted using the prevailing market rates of interest for a similar instrument. Subsequently, the grant is recognized in statement of profit or loss, in line with the recognition of interest expenses with which the grant is compensating.

	Note	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
<b>5. PROPERTY AND EQUIPMENT</b>			
Tangible assets - owned	5.1	<u>4,687,975</u>	<u>6,413,376</u>

5.1 Tangible assets - owned

Particulars	2 0 2 1							Rate of depreciation per annum
	Cost			Accumulated depreciation			Carrying value as at June 30, 2021	
	As at July 01, 2020	Additions/ (disposals) during the year	As at June 30, 2021	As at July 01, 2020	Charge for the year / (adjustment)	As at June 30, 2021		
----- Rupees -----							%	
Leasehold improvements	2,400,125	-	2,400,125	1,680,085	240,012	1,920,097	480,028	10
Furniture and fittings	915,622	192,308	1,107,930	777,371	37,181	814,552	293,378	10
Vehicles	15,991,526	374,100 (1,675,348)	14,690,278	12,782,609	2,100,233 (1,541,452)	13,341,390	1,348,888	20
Office equipment	4,720,711	365,400	5,086,111	4,180,744	271,107	4,451,851	634,260	20
Electrical appliances	499,260	173,000	672,260	122,895	51,374	174,269	497,991	10
Computer equipment	6,483,362	726,963	7,210,325	5,053,526	723,369	5,776,895	1,433,430	25
<b>Total</b>	<b>31,010,606</b>	<b>1,831,771 (1,675,348)</b>	<b>31,167,029</b>	<b>24,597,230</b>	<b>3,423,276 (1,541,452)</b>	<b>26,479,054</b>	<b>4,687,975</b>	

Particulars	2 0 2 0							Rate of depreciation per annum
	Cost			Accumulated depreciation			Carrying value as at June 30, 2020	
	As at July 01, 2019	Additions/ (disposals) during the year	As at June 30, 2020	As at July 01, 2019	Charge for the year / (adjustment)	As at June 30, 2020		
----- Rupees -----							%	
Leasehold improvements	2,400,125	-	2,400,125	1,440,073	240,012	1,680,085	720,040	10
Furniture and fittings	915,622	-	915,622	757,823	19,548	777,371	138,251	10
Vehicles	17,762,501	- (1,770,975)	15,991,526	11,901,797	2,651,784 (1,770,972)	12,782,609	3,208,917	20
Office equipment	4,752,711	18,500 (50,500)	4,720,711	3,923,667	267,457 (10,380)	4,180,744	539,967	20
Electrical appliances	429,050	70,210	499,260	75,303	47,592	122,895	376,365	10
Computer equipment	5,549,092	934,270	6,483,362	4,415,997	637,529	5,053,526	1,429,836	25
<b>Total</b>	<b>31,809,101</b>	<b>1,022,980 (1,821,475)</b>	<b>31,010,606</b>	<b>22,514,660</b>	<b>3,863,922 (1,781,352)</b>	<b>24,597,230</b>	<b>6,413,376</b>	





## FIRST IMROOZ MODARABA

### 6. INTANGIBLE ASSETS

Particulars	Cost			Accumulated amortization			Carrying value as at June 30, 2021	Rate of amortization per annum
	As at July 01, 2020	Additions during the year	As at June 30, 2021	As at July 01, 2020	Charge for the year	As at June 30, 2021		
	-----Rupees-----							%
Licensed computers software	2,118,880	630,386	2,749,266	2,118,880	78,798	2,197,678	51,588	25
Website Development Cost	2,000,000	-	2,000,000	2,000,000	-	2,000,000	-	25
<b>Total</b>	<b>4,118,880</b>	<b>630,386</b>	<b>4,749,266</b>	<b>4,118,880</b>	<b>78,798</b>	<b>4,197,678</b>	<b>51,588</b>	

Particulars	Cost			Accumulated amortization			Carrying value as at June 30, 2020	Rate of amortization per annum
	As at July 01, 2019	Additions during the year	As at June 30, 2020	As at July 01, 2019	Charge for the year	As at June 30, 2020		
	-----Rupees-----							%
Licensed computers software	2,118,880	-	2,118,880	2,118,878	2	2,118,880	-	25
Website Development Cost	2,000,000	-	2,000,000	1,666,679	333,321	2,000,000	-	25
<b>Total</b>	<b>4,118,880</b>	<b>-</b>	<b>4,118,880</b>	<b>3,785,557</b>	<b>333,321</b>	<b>4,118,880</b>	<b>-</b>	

	Note	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
<b>7. LONG TERM DEPOSITS</b>			
Deposits		110,702	484,802
<b>8. STOCK IN TRADE</b>			
In hand		86,454,398	126,112,324
In bonded warehouse		131,416,576	80,600,325
In transit		86,682,021	8,390,787
		<u>304,552,995</u>	<u>215,103,436</u>
<b>9. TRADE DEBTORS</b>			
Unsecured - considered good		269,762,090	116,713,196
Unsecured - considered doubtful		15,416,798	4,945,177
		<u>285,178,888</u>	<u>121,658,373</u>
Less: Provision for doubtful debts	9.1	(15,416,798)	(4,945,177)
		<u>269,762,090</u>	<u>116,713,196</u>
<b>9.1 Provision for doubtful debts</b>			
Opening provision		4,945,177	5,647,617
Provision / (reversal of provision) made during the year		10,471,621	(652,715)
Write off		-	(49,725)
		<u>15,416,798</u>	<u>4,945,177</u>





FIRST IMROOZ MODARABA

	Note	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
<b>10. ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Deposits		1,699,370	280,000
Prepayments		657,438	196,919
Advances		544,000	408,000
		<u>2,900,808</u>	<u>884,919</u>
<b>11. TAXATION</b>			
Opening balance		6,434,904	7,450,310
Paid during the year		47,148,664	20,515,839
Provision for taxation	29	(49,007,027)	(21,531,245)
		<u>4,576,541</u>	<u>6,434,904</u>
<b>12. CASH AT BANKS</b>			
Munafa account	12.1	4,001,550	16,060,439
Current accounts		7,716,562	2,910,305
		<u>11,718,112</u>	<u>18,970,744</u>

12.1 This carries profit at rate ranging from 2.75% to 4% (2020 : 2.75% to 6%) per annum.

**13. ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL**

2021	2020		
Number of certificates	Modaraba certificates of		
	Rs. 10 each fully paid in		
<u>3,000,000</u>	<u>3,000,000</u>	cash	<u>30,000,000</u> <u>30,000,000</u>

The Modaraba Management Company holds 600,000 certificates (2020 : 600,000).

**14. STATUTORY RESERVE**

Balance as on July 01	104,677,757	94,143,390
Transferred during the year	12,837,063	10,534,367
	<u>117,514,820</u>	<u>104,677,757</u>

During the year, the Modaraba has transferred 20% (2020 : 30%) of its after tax profits to statutory reserve.



FIRST IMROOZ MODARABA

	<b>Note</b>	<b>June 30, 2021 (Rupees)</b>	<b>June 30, 2020 (Rupees)</b>
<b>15. REVENUE RESERVE</b>			
Balance as on July 01		26,580,965	15,020,145
Profit distribution		(22,500,000)	(15,000,000)
Total comprehensive income		63,623,442	37,095,187
Transferred to statutory reserve		<u>(12,837,063)</u>	<u>(10,534,367)</u>
		<u>54,867,344</u>	<u>26,580,965</u>
<b>15.1</b>	As per Regulation 32 of the Modaraba Regulations, 2021 issued by SECP vide SRO 284(I)/2021 dated March 05, 2021, a Modaraba shall distribute 90% of its net annual profits, after appropriation to reserves, amongst its certificate holders.		
<b>15.2</b>	The Modaraba intends to distribute 90% of its net annual profits, after appropriation to reserves, amongst its certificate holders.		
<b>16. DEFINED BENEFIT PLAN - STAFF GRATUITY</b>			
<b>Net liability in the balance sheet</b>			
Present value of defined benefit obligation		<u>36,442,617</u>	<u>34,840,085</u>
<b>16.1 Expense recognized in profit and loss account</b>			
Current service cost		1,576,201	4,324,066
Finance cost		2,818,846	4,169,798
		<u>4,395,047</u>	<u>8,493,864</u>
<b>16.2 Remeasurement loss / (gain) recognized in other comprehensive income</b>			
Actuarial loss / (gain)		<u>561,875</u>	<u>(1,980,632)</u>
<b>16.3 Movement in defined benefit obligation</b>			
Opening defined benefit obligation		34,840,085	30,196,633
Current service cost		1,576,201	4,324,066
Finance cost		2,818,846	4,169,798
Actuarial loss / (gain)		561,875	(1,980,632)
Benefits paid		<u>(3,354,390)</u>	<u>(1,869,780)</u>
		<u>36,442,617</u>	<u>34,840,085</u>



FIRST IMROOZ MODARABA

	Note	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
<b>16.4 Movement in net liability in the balance sheet</b>			
Balance as at July 01		34,840,085	30,196,633
Charge for the year		4,395,047	8,493,864
Remeasurement loss / (gain) recognized in other comprehensive income		561,875	(1,980,632)
Payments made during the year		(3,354,390)	(1,869,780)
Balance as at June 30		<u>36,442,617</u>	<u>34,840,085</u>

**16.5 The principal assumptions used in the valuation of gratuity**

	2021	2020
Discount rate (per annum)	10.00%	8.50%
Expected increment rate (per annum)	9.00%	7.50%
Withdrawal rates	Moderate	Moderate
Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005
Duration (years)	3.84	4.54

**16.6 Sensitivity analysis**

Particulars	Percentage change	Present value of defined benefit obligation
Current liability		36,442,617
+1% Discount Rate	(3.68)%	35,102,257
-1% Discount Rate	3.99%	37,897,448
+1% Salary Increase Rate	4.47%	38,070,893
-1% Salary Increase Rate	(4.19)%	34,917,142
+10% Withdrawal Rates	0.00%	36,443,504
-10% Withdrawal Rates	0.00%	36,442,113
1 Year Mortality age set back	0.01%	36,446,142
1 Year Mortality age set forward	(0.01)%	36,439,078

**16.7 The scheme exposes the Modaraba to the actuarial risks such as:**

Salary risk - The risk that the final salary at the time of cessation of service is greater than what the Modaraba has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.





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Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to market yields at the reporting date on high quality Government Bonds. A decrease in yields will increase plan liabilities.

Withdrawal risk - The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

16.8 The expected gratuity expense for the year ended June 30, 2022 is Rs. 5.081 million.

	Note	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
<b>17. DEFERRED CAPITAL GRANT</b>			
Capital grant	17.1	262,160	130,570
Current portion shown under current liability		(234,207)	-
		<u>27,953</u>	<u>130,570</u>

17.1 Following is the movement in capital grant during the year:

Opening balance	130,570	-
Addition during the year	640,681	130,570
Amortized during the year	(509,091)	-
Closing balance	<u>262,160</u>	<u>130,570</u>

The Modaraba received Salam financing facility from Soneri Bank Limited under Refinancing scheme of the State Bank of Pakistan amounting Rs. 5.507 million (2020 : Rs. 5.545 million) specifically for payment of salaries and wages of Modaraba's employees. ICAP has issued the guidance for accounting of the said financing through circular No. 11/2020, and based on this, the Modaraba recognized the deferred capital grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.

## 18. DEFERRED TAXATION

18.1 The deferred tax balance as at June 30, 2021 comprise of the following:

	Balance as at July 1, 2019	Recognized in profit and loss account	Balance as at June 30, 2020	Recognized in profit and loss account	Recognized in other comprehensive income	Balance as at June 30, 2021
	(Rupees)					
<b>Deferred tax liability on:</b>						
Accelerated tax depreciation and amortization (Credit balance)	-	60,275	60,275	85,918	-	146,193
	-	60,275	60,275	85,918	-	146,193



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	Balance as at July 1, 2019	Recognised in profit and loss account	Balance as at June 30, 2020	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at June 30, 2021
(Rupees)						
<b>Deferred tax assets on:</b>						
Accelerated tax depreciation and amortization (Debit balance)	-	60,275	60,275	85,918	-	146,193
Provision for gratuity	-	-	-	-	-	-
Provision for doubtful debts	-	-	-	-	-	-
	-	60,275	60,275	85,918	-	146,193
	-	-	-	-	-	-

As at June 30, 2021, the Modaraba has aggregated deferred tax debits amounting to Rs. 17.031 million (2020 : Rs. 11.525 million) out of which deferred tax liability amounting to Rs. 0.085 million (2020 : Rs. 0.060 million) has been recognized and remaining balance of Rs. 16.945 million (2020 : Rs. 11.464 million) remains unrecognized.

	Note	June 30, 2021 (Rupees)	June 30, 2020 (Rupees)
<b>19. OBLIGATION UNDER FINANCING FACILITIES - SECURED</b>			
Murabaha financing facility	19.1	-	15,887,347
Musharaka financing facility	19.2	8,244,169	70,001,514
Salam financing facility	19.3	7,202,700	5,378,097
Non-current portion under salam financing facility		(1,929,314)	(2,602,678)
Current portion under salam financing facility		5,273,386	2,775,419
Musawamah financing facility	19.4	50,000,000	-
		<u>63,517,555</u>	<u>88,664,280</u>



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- 19.1 The Modaraba has availed this facility from Soneri Bank Limited. Sanctioned limit is Rs. Nil (2020 : Rs. 40 million). During the year, the whole amount is fully repaid.
- 19.2 The Modaraba has availed Running Musharaka Financing facility from Bank AL Habib Limited with sanctioned limit of Rs. 15 million (2020 : Running Musharaka financing facility from Soneri Bank Limited with a sanctioned limit of Rs. 90 million, which was fully repaid during the year.) in order to meet working capital requirement.
- 19.3 The Modaraba has availed Salam financing facility from Soneri Bank Limited amounting to Rs. 11.052 million (2020 : Rs 5.545 million). The Modaraba has taken this facility offered by State Bank of Pakistan under the name of "Islamic SBP Refinance" for payment of wages and salaries for six months from April 2020 to September 2020 to cater the economic turmoil due to COVID-19. The tenor of the financing is nineteen months inclusive of the grace period and are repayable in eight equal quarterly installments starting from March 2021 and going till December 2022 (2020 : The tenor of the financing is nineteen months inclusive of the grace period and are repayable in four equal quarterly installments starting from January 2021 and going till October 2021).
- 19.4 The Modaraba has availed Musawamah finance facility from Bank Al Habib Limited with a sanctioned limit of Rs. 130 million (2020 : Nil) to finance its working capital requirements.
- 19.5 All facilities are secured against hypothecation charge on current assets (stock in trade and trade debts) of the Modaraba.

	<b>Note</b>	<b>June 30, 2021 Rupees</b>	<b>June 30, 2020 Rupees</b>
<b>20. QARD-E-HASANA FROM MODARABA MANAGEMENT</b>			
Qard-e- Hasana		-	15,800,000

During the last year, the Modaraba obtained the Qard-e-Hasana from its management company, A R Management Services (Private) Limited, which was fully repaid during the current year.

## 21. CREDITORS, ACCRUED AND OTHER

Import bills payable		245,346,602	31,592,755
Creditors		1,111,092	360,298
Accrued liabilities		6,360,103	6,047,078
Sales tax payable		8,469,216	8,408,840
Unclaimed profit distribution		7,409,524	6,694,165
Sindh Workers' Welfare Fund	21.1	10,915,954	8,605,906
Management fees payable to Modaraba Management Company	28.1	14,714,510	-
		<u>294,327,001</u>	<u>61,709,042</u>





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- 21.1 This represents the provision for Sindh Workers' Welfare Fund for the periods from June 30, 2014 till year end date.

The Sindh Workers Welfare Fund Act, 2014 (Sindh WWF Act) was passed by the Sindh Assembly on June 04, 2015 and as per Section 5(1) of the Sindh WWF Act, contributions are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's account year ended on June 30, 2014. As per definitions Section 2(g) of the Sindh WWF Act, the Modarabas were considered to be an industrial establishment, despite the fact that even remotely they could not be considered as industrial establishment due to their nature of business. Further the issue of apportionment of income relevant to the province of Sindh also needs to be clarified. The NBF & Modaraba Association of Pakistan is contemplating to file petition against such levy, as Sindh High Court has granted stay to various Banks and Financial Institutions in Suit No.610 of 2017. However, the management of the Modaraba in consultation with the legal advisor has decided to record a provision on prudent

## 22. CONTINGENCIES AND COMMITMENTS

### 22.1 Contingencies

- 22.1.1 The Collectorate of Customs (Adjudication-II), Karachi issued a show cause notice No. Adj-II/Coll/SCN-370/DIT-KHI/ Cont.Rep/ 188-Appg-I/ First Imrooz Modaraba/2018 dated September 03, 2018 to the Modaraba for recovery of Customs Duty, Additional Customs Duty, Sales Tax and Income Tax in aggregate to Rs. 4.267 million on the grounds that declared value of specified imported goods were lower than the assessable value.

The Modaraba has filed its response to said show cause notice stating that the Collectorate has no legal jurisdiction to deal with such cases at post clearance stage and valuation ruling is not applicable where the goods were assessed and released.

However, The Collectorate of Customs (Adjudication-II), Karachi passed the Order on March 28, 2019 creating aggregate demand of Rs. 5.267 million, which includes Customs Duty, Additional Customs Duty, Sales Tax, Income Tax and Penalty. The Modaraba has filed an appeal before the Honorable Custom Excise and Sales Tax Appellate Tribunal, Karachi Bench. The Appellate Tribunal has been requested to grant stay on the disputed demand.

Since the matter is pending before the Appellate Tribunal and the management is confident of favorable outcome, therefore the management has not recorded any provision for the said amount in these financial statement.

- 22.1.2 Post dated cheques to Collector of Customs amounting to Rs. 58.561 million (2020 : Rs. 51.232 million) on account of custom dues and taxes on goods at bonded warehouse.



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### 22.2 Commitments

Commitments in respect of outstanding letters of credit as at year end date for trading stock are amounting to Rs. Nil (2020 : Rs. 14.591 million).

	<b>June 30, 2021 Rupees</b>	<b>June 30, 2020 Rupees</b>
<b>23. SALES</b>		
Sales	<u>1,080,003,051</u>	<u>555,117,368</u>

Sales tax of Rs. 193.994 million (2020 : Rs. 99.723 million) has been charged and deposited on these sales.

### 24. COST OF SALES

Opening stock at July 01	126,112,324	143,231,062
Purchases	824,700,737	411,630,534
Closing stock at June 30	<u>(86,454,398)</u>	<u>(126,112,324)</u>
	<u>864,358,663</u>	<u>428,749,272</u>

### 25. OPERATING EXPENSES

Salaries and other staff benefits	25.1	40,781,295	28,819,893
Staff gratuity	16.1	4,395,047	8,493,864
Rent, rates and taxes		3,707,718	3,717,260
Travelling and conveyance		662,826	3,318,232
Depreciation	5.1	3,423,276	3,863,922
Amortization	6	78,798	333,323
Cartage		1,551,588	1,539,690
Provision for doubtful debts	9.1	10,471,621	-
Vehicles running and maintenance		2,175,598	1,577,392
Insurance		1,467,956	1,586,868
Legal and professional		6,429,508	3,019,188
Security charges		1,063,429	831,421
Fees and subscriptions		1,035,957	1,114,673
Repairs and maintenance		672,507	433,365
Postage and telephone		1,478,554	1,157,910
Lease / Ijarah		447,601	1,448,676
Bank charges		1,242,310	362,243





FIRST IMROOZ MODARABA

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
Auditors' remuneration	25.2	543,510	525,690
Electricity		402,951	81,133
Sample clearance		290,447	329,462
Entertainment		225,174	196,833
Printing and stationery		76,952	113,382
Packing material		96,115	58,358
Cleaning and washing		165,002	26,127
Newspaper Ads		86,000	39,875
Others		-	37,096
		<u>82,971,740</u>	<u>63,025,876</u>

**25.1 Remuneration of officers and employees**

	2021			2020		
	Officers	Other employees	Total	Officers	Other employees	Total
	Rupees					
Remuneration	21,199,762	6,271,590	27,471,352	13,408,852	5,202,447	18,611,299
Allowances	8,228,368	2,098,253	10,326,621	5,111,354	2,823,426	7,934,780
Medical expenses	667,570	567,629	1,235,199	512,675	471,452	984,127
Provident fund	1,243,996	268,000	1,511,996	765,107	291,674	1,056,781
EOBI	50,700	121,375	172,075	50,700	131,950	182,650
SES SI	-	64,052	64,052	-	50,256	50,256
	<u>31,390,396</u>	<u>9,390,899</u>	<u>40,781,295</u>	<u>19,848,688</u>	<u>8,971,205</u>	<u>28,819,893</u>
Number of employees	9	16	25	6	16	22

In addition to above, some of the officers and other employees have been provided with vehicles maintained by the Modaraba.

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>25.2 Auditors' remuneration</b>			
Annual audit		330,000	330,000
Half yearly review		82,500	82,500
Review of code of corporate governance		16,500	16,500
CDC certification		16,500	16,500
Annual free float certificate		16,500	-
Out of pocket expenses		41,250	41,250
		<u>503,250</u>	<u>486,750</u>
Sales tax		40,260	38,940
		<u>543,510</u>	<u>525,690</u>



FIRST IMROOZ MODARABA

		<b>June 30, 2021 Rupees</b>	<b>June 30, 2020 Rupees</b>
<b>26. FINANCIAL CHARGES</b>	<b>Note</b>		
Murabaha charges		1,411,142	1,696,999
Musharaka charges		1,760,249	5,605,671
Salam charges		790,805	-
Musawamah charges		1,324,371	-
		<u>5,286,567</u>	<u>7,302,670</u>
<b>27. OTHER INCOME</b>			
Gain on disposal of property and equipment		1,955,104	926,877
Return on Munafa account		366,626	182,695
Amortization of deferred capital grant		509,091	-
Reversal of provision for doubtful debts	9.1	-	652,715
		<u>2,830,821</u>	<u>1,762,287</u>
<b>28. MODARABA MANAGEMENT COMPANY'S FEES</b>			
Modaraba Management Company's fees		13,021,690	-
Provision for Sindh Sales Tax on Modaraba Management fees		1,692,820	-
		<u>14,714,510</u>	<u>-</u>
28.1	The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the year ended June 30, 2021 has been recognized at 10% (2020 : Nil) of the profit for the year before charging such remuneration.		
<b>29. TAXATION</b>			
Current tax for the year		<u>49,007,027</u>	<u>21,531,245</u>

**Current tax**

After Finance Act, 2019, the tax collected on import stage as per Section 148 of the Income Tax Ordinance, 2001, with respect to commercial importer has now been changed from final tax regime to minimum tax regime.





## FIRST IMROOZ MODARABA

As per Division II, First Schedule to the Income Tax Ordinance, 2001, the income of the Modaraba is liable to be taxed at 29%. However, tax charge due to minimum tax regime is significantly higher than normal.

The tax exemption by virtue of Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 has been withdrawn through a Tax Laws (Second amendment), 2021 dated March 21, 2021 which is subsequently adopted in Finance Act, 2021. But a new section 242 has been added in the Income Tax Ordinance, 2001 through Finance Act, 2021 by virtue of which, the Modaraba may avail the exemption till June 30, 2021 subject to the fulfillment of condition that not less than 90 percent of its total profits, as reduced by the amount transferred to the mandatory reserve, as required under the provisions of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, are distributed amongst the certificate holders. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ended June 30, 2021. Accordingly, no provision for taxation on non trading income of the Modaraba has been made for the year.

Reconciliation between tax expense and accounting profit has not been presented due to the fact that Modaraba's substantial income falls under minimum tax regime and minimum tax is higher than normal tax, alternate corporate tax and turnover tax.

	Note	June 30, 2021 Rupees	June 30, 2020 Rupees
<b>30. EARNINGS PER CERTIFICATE - BASIC AND DILUTED</b>			
Profit for the year (Rupees)		64,185,317	35,114,555
Number of Modaraba certificates		3,000,000	3,000,000
Earnings per certificate (Rupees)		21.40	11.70

Diluted EPC is determined by adjusting the profit or loss attributable to certificate holders and the weighted average number of certificates outstanding for the effects of all dilutive potential certificate.

### 31. CHANGES ARISING FROM FINANCING ACTIVITIES

The table below states changes in the Modaraba's liabilities arising from financing activities, including cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Modaraba's cash flows as cash flow statement from financing activities.

	July 01, 2020	Financing cash inflows	Financing cash outflows	Non Cash changes - Transfer current portion	June 30, 2021
	-----Rupees-----				
Obligation under financing facilities - secured	91,397,528	344,046,493	(369,734,992)	-	65,709,029
Qud-e-Hasana from Modaraba Management Company	15,800,000	23,000,000	(38,800,000)	-	-
Unclaimed profit distribution	6,694,165	-	(21,784,641)	22,500,000	7,409,524
	July 01, 2019	Financing cash inflows	Financing cash outflows	Non Cash changes - Transfer current portion	June 30, 2020
	-----Rupees-----				
Obligation under financing facilities - secured	74,637,490	68,363,959	(51,603,921)	-	91,397,528
Qud-e-Hasana from Modaraba Management Company	-	101,000,000	(85,200,000)	-	15,800,000
Unclaimed profit distribution	6,073,443	-	(14,379,278)	15,000,000	6,694,165

## 32. CAPITAL RISK MANAGEMENT

The Modaraba's objectives when managing capital are to safeguard the Modaraba's ability to continue as a going concern in order to provide returns for certificate holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Modaraba's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

## 33. FINANCIAL RISK MANAGEMENT

33.1 The Modaraba's activities expose it to a variety of financial risks i.e. market risk, credit risk and liquidity risk.

### 33.1.1 Market risk management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: profit rate risk, currency risk and other price risk, such as equity risk.

#### a) Profit rate risk management

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

The Modaraba has no significant profit-bearing assets apart from bank deposits in Munafa account. The Modaraba availed Morabaha finance on which repurchase price is fixed and does not vary, therefore profit rate sensitivity has not been computed.



**b) Foreign exchange risk management**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba's exposure to the risk of changes in foreign exchange rates relates primarily to the Modaraba's operating activities. As at June 30, 2021, the total foreign currency risk exposure was Rs. 245.349 million (2020 : Rs. 31.593 million) in respect of import bills payable.

**Foreign currency sensitivity analysis**

	<b>Increase / decrease in (%)</b>	<b>Effect on profit before tax (Rupees)</b>
As at June 30, 2021	+2	4,906,980
	-2	(4,906,980)
As at June 30, 2020	+2	631,860
	-2	(631,860)

**c) Equity price risk management**

Since there is no equity investment, therefore, the Modaraba is not exposed to any equity price risk.

**33.1.2 Credit risk and concentration of credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter party to the financial instrument fails to perform as contracted. Total financial assets of Rs. 283.29 million (2020 : Rs. 136.455 million) are subject to credit risk.

**a) Credit risk related to trade debtors**

The Modaraba has adopted a policy of only dealing with creditworthy counterparties. The Modaraba's exposure and the credit ratings of its counterparties are continuously monitored. The Modaraba does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Modaraba has 5 (2020 : 5) major customers that owed the Modaraba Rs. 222.743 (2020 : 86.632) million and accounted for approximately 78.46% (2020 : 71.21%) of all trade debtors. The Modaraba does not hold collateral as security against any trade debtors.

The provision of Rs. 15.416 million (2020 : Rs. 4.945 million) has been recorded by the Modaraba as required under Prudential Regulation of Modarabas.

**b) Credit risk related bank balances**

Credit risk from balances with banks is managed by finance department in accordance with the Modaraba's policy. The analysis below summarizes the credit quality of the Modaraba's bank balances.

Banks	Short term	Long term	June 30, 2021 Rupees	June 30, 2020 Rupees
Bank Alfalah Limited	A1+	AA+	5,058,714	709,333
Soneri Bank Limited	A1+	AA-	5,696,413	18,261,411
Bank AL Habib Limited	A1+	AAA	962,985	-

**31.1.3 Liquidity risk management**

Liquidity risk reflects the Modaraba's inability in raising funds to meet commitments. Management closely monitors the Modaraba's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

**34. FAIR VALUE OF FINANCIAL INSTRUMENTS**

As at year ended June 30, 2021, the Modaraba does not hold any financial asset or liability measured at fair value. Therefore, fair value hierarchies have not been disclosed.

Further, carrying value of all financial assets and liabilities reflected in financial statements approximate their fair value.

**34.1 Financial assets and liabilities**

	June 30, 2021						Total
	Profit bearing			Non-Profit bearing			
	Maturity up to one year	Maturity after one year up to five years	Subtotal	Maturity up to one year	Maturity after one year up to five years	Subtotal	
<b>Rupees</b>							
<b>Financial assets:</b>							
At amortized cost							
Trade debtors	-	-	-	269,762,090	-	269,762,090	269,762,090
Deposits	-	-	-	1,699,370	180,702	1,810,072	1,810,072
Cash at banks	4,001,550	-	4,001,550	7,716,562	-	7,716,562	11,718,112
	4,001,550	-	4,001,550	279,178,022	180,702	279,288,724	283,290,274



## FIRST IMROOZ MODARABA

June 30, 2021						
Profit bearing			Non-Profit bearing			Total
Maturity up to one year	Maturity after one year up to five years	Subtotal	Maturity up to one year	Maturity after one year up to five years	Subtotal	
<b>Financial liabilities:</b>						
<b>At amortized cost</b>						
Creditors, accrued and other liabilities	-	-	274,941,831	-	274,941,831	274,941,831
Obligation under Mudharaba finances	-	-	-	-	-	-
Obligation under Musharaka finances	-	-	8,244,169	-	8,244,169	8,244,169
Obligation under Salam finances	-	-	5,273,386	1,929,314	7,202,700	7,202,700
Obligation under Musawamah finances	-	-	50,000,000	-	50,000,000	50,000,000
	-	-	338,459,386	1,929,314	340,388,700	340,388,700
On-balance sheet gap	4,001,550	-	4,001,550	(59,281,364)	(61,099,936)	(57,098,426)
<b>June 30, 2020</b>						
Profit bearing			Non-Profit bearing			Total
Maturity up to one year	Maturity after one year up to five years	Subtotal	Maturity up to one year	Maturity after one year up to five years	Subtotal	
<b>Financial assets:</b>						
<b>At amortized cost</b>						
Trade debtors	-	-	116,713,196	-	116,713,196	116,713,196
Deposits	-	-	280,000	484,802	764,802	764,802
Cash at banks	16,000,439	-	16,000,439	2,910,308	2,910,308	18,970,744
	16,000,439	-	16,000,439	119,903,508	120,388,308	136,448,742
<b>Financial liabilities:</b>						
<b>At amortized cost</b>						
Creditors, accrued and other liabilities	-	-	44,694,296	-	44,694,296	44,694,296
Obligation under Mudharaba finances	-	-	15,887,347	-	15,887,347	15,887,347
Obligation under Musharaka finances	-	-	70,001,514	-	70,001,514	70,001,514
Obligation under Salam finances	-	-	2,775,489	2,602,678	5,378,097	5,378,097
	-	-	133,358,646	2,602,678	135,961,254	135,961,254
On-balance sheet gap	16,000,439	-	16,000,439	(13,455,078)	(15,572,951)	487,488

### 35. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Modaraba include the management company, associated undertakings, directors of the management company and key management personnel. Significant transactions with related parties are as follows:

	June 30, 2021 Rupees	June 30, 2020 Rupees
Dividend paid to Modaraba Management Company	4,500,000	3,000,000
Dividend paid to key management personnel	5,646,750	3,764,500
Share of common expenses to group companies	1,074,338	1,535,049
Warehouse rent to group companies	3,681,000	3,681,000
Receipt of Qard-e-Hasana from Modaraba Management Company	23,000,000	101,000,000
Repayment of Qard-e-Hasana to Modaraba Management Company	38,800,000	85,200,000
Management Fee to Modaraba Management Company	13,021,690	-





## FIRST IMROOZ MODARABA

### 36. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Modaraba Management Company in its meeting held on 04-10-2021 approved a final profit distribution of Rs. 15.50 per certificate, amounting to Rs. 46,500,000 for the year ended June 30, 2021.

### 37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of the Modaraba Management Company and authorize for issue on 04-10-2021.

### 38. GENERAL

#### 38.1 Significant event during the year

The novel coronavirus (COVID-19) emerged in and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the outbreak “Public Health Emergency of International Concern”.

Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard predicting at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Modaraba’s financial condition or results of operations except those disclosed in notes to the financial statements.

#### 38.2 Amounts have been presented and rounded off to the nearest Rupee.

### **For A R Management Services (Private) Limited (Modaraba Management Company)**

**NAVEED RIAZ**  
CHIEF EXECUTIVE

**AMEED RIAZ**  
DIRECTOR

**MRS. SAADAT IKRAM**  
DIRECTOR

**ATEED RIAZ**  
CHIEF FINANCIAL OFFICER



**Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019**

**First Imrooz Modaraba (the Modaraba) managed by A R Management Services (Private) Limited (the Management Company)  
Year ended June 30, 2021**

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

1. The total number of directors are 5 as per the following:
  - a. Male: 4 (Four)
  - b. Female: 1 (One)

2. The composition of board is as follows:

Category	Names
A) Executive Directors	Mr. Naveed Riaz Mr. Ameer Riaz
B) Non-Executive/Independent Directors	Mr. Omar Muhammad Khan Mrs. Saadat Ikram Mr. Aliuddin Ahmed

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



FIRST IMROOZ MODARABA

9. All the directors of the Management Company have minimum of 14 years of education and 16 years of experience on the board of a listed Management Company and therefore are exempted from director's training program.
10. There was no appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year.
11. The CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

<b>Committee</b>	<b>Name of members and Chairman</b>
a) Audit Committee	Chairman : Mr. Aliuddin Ahmed Member : Mrs. Sadat Ikram Member : Mr. Omar Muhammad Khan Member : Mr. Ameer Riaz
b) HR and Remuneration Committee	Chairman : Mr. Omar Muhammad Khan Member : Mrs. Sadat Ikram Member : Mr. Ameer Riaz

The management is in process of ensuring that the chairmen of both the above committees be independent director.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committee were as per following:

<b>Committee</b>	<b>Frequency of meetings</b>
a) Audit Committee	Four quarterly meetings during the financial year ended June 30, 2021
b) HR and Remuneration Committee	One meeting held during the year

15. The board has set up an effective internal audit function and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Management Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Management 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 the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.



FIRST IMROOZ MODARABA

18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

AMEED RIAZ

Chairman

Karachi: October 04, 2021

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE HOLDERS OF FIRST IMROOZ MODARABA ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of AR Management Services (Private) Limited (the Modaraba Management Company) for and on behalf of First Imrooz Modaraba (the Modaraba) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2021.

**KARACHI**

**DATED: OCTOBER 4, 2021**



**CHARTERED ACCOUNTANTS**

Engagement Partner: Zulfikar Ali Causer





FIRST IMROOZ MODARABA

**Mufti Abdul Qadir**

**Shariah Advisor**

Shahadatu Tahfeez-ul-Quran  
Shahadat-ul-Aalamiyyah  
Shahadat-ul-Takhassus fil Figh wal Ifta

MA (Islamic Studies), MA (Arabic)  
PGD (Islamic Banking & Finance)  
MIBF (Masters in Islamic Banking & Finance)

Ref: ASRR-21

Date: 01-10-21

**Annual Shari'ah Review Report of**  
**First Imrooz Modaraba**  
**For the year ended June 30, 2021**

*In the name of Allah, The Most Beneficent, The Most Merciful,  
All praise is due to Allah, and Allah's Peace and Blessings be upon His Final Messenger, his pure family, his noble  
Companions, and all those who follow them with righteousness until the Day of Judgment.*

I have conducted the Shari'ah review of First Imrooz Modaraba managed by A R Management Services (Pvt) Limited, the Modaraba Management Company for the year ended June 30, 2021 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that, in my opinion:

i. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;

ii. Following were the major developments took place during the year:  
Training and Development: The key staff of the First Imrooz Modaraba is fully equipped with Shari'ah compliant business modes and all relevant industry tools through training. However no any training session has been attended by staff members of the Modaraba during the period.

iii. The agreement(s) entered into by the Modaraba are Shari'ah compliant and have been executed on the formats as approved by the Religious Board and all the related conditions have been met;

iv. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Regulations for Modarabas.

v. There have been no earnings that have been realized from the sources or by means prohibited by Shari'ah which could have been credited to charity accounts

*Abdul Qadir*

B-41 Block N, North Nazimabad Karachi, Near Sakhi Hassan Post Office 74700, Pakistan  
Cell Number: 0321-2103451, Email Address: [abdulqadirh\\_22@yahoo.com](mailto:abdulqadirh_22@yahoo.com), [abdulqadirh\\_22@hotmail.com](mailto:abdulqadirh_22@hotmail.com)

**Observations:**

I have pointed out some issues to be settled in view of SECP Circular No. 8 of 2012 dated 03-02-2012, whereby Shari'ah Compliance and Audit Mechanism (SCSAM) was introduced.

- 1) With reference to the insurance coverage, it is observed that the Modaraba has already shifted all the insurance coverage from EFU General Insurance Ltd to EFU Takaful Window as it became functional for corporate sector.
- 2) It has been noticed that all the surplus funds in the Modaraba are always and invariably placed with Islamic Banking Institutions.

**Recommendations:**

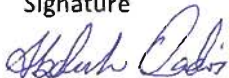
The management should continue its endeavor to comply with the rulings of Shari'ah in its business operation and future transactions.

**Conclusion:**

Based on the above mentioned facts I am of the view that the business operations of First Imrooz Modaraba are Shari'ah Compliant, to the best of my knowledge.

*May Allah make us successful in this world and hereafter and forgive our mistakes.*

Signature



Abdul Qadir  
Shari'ah Advisor

Dated: October 01, 2021



**PATTERN OF HOLDINGS OF THE CERTIFICATES  
BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2021**

(on Form No. XII prescribed under Rule 14 of the Modaraba Companies & Modaraba Rules, 1981)

Number of Certificate Holders	:	Certificate Holding		:	Total Certificates Held	
		From	To			
109	:	1	:	100	:	8,251
191	:	101	:	500	:	92,361
17	:	501	:	1000	:	15,413
25	:	1001	:	5000	:	90,722
11	:	5001	:	10000	:	90,466
7	:	10001	:	100000	:	198,287
9	:	100001	:	above	:	2,504,500
<b>369</b>						<b>3,000,000</b>

Categories of Certificate Holders	:	Number	:	Certificates Held	:	Percentage
Individuals	:	365	:	2,396,000	:	79.87
Joint Stock Companies	:	2	:	1,000	:	0.03
Modaraba Company	:	2	:	603,000	:	20.10
	:	<b>369</b>	:	<b>3,000,000</b>	:	<b>100.00</b>



**CERTIFICATE HOLDERS INFORMATION  
AS PER REQUIREMENT OF LISTING REGULATIONS  
OF THE PAKISTAN STOCK EXCHANGE**

**ASSOCIATED COMPANIES**

**SHARES HELD**

A R Management Services (Pvt) Limited Modaraba Management Company	600,000
--	---------

**DIRECTORS, CEO THEIR  
SPOUSE & MINOR CHILDREN**

Mr. Ateed Riaz	Chief Finance Officer	271,900
Mr. Naveed Riaz	Chief Executive	240,300
Mrs. Ismat Riaz w/o Mr. Naveed Riaz		259,000
Mr. Aameed Riaz	Director	240,200
Mrs. Roqaiya Riaz w/o Mr. Aameed Riaz		259,200
Mr. Ikramul Haque		53,400

**BANKS, DEVELOPMENT FINANCE INSTITUTIONS,  
NON-BANKING FINANCE INSTITUTIONS, INSURANCE  
COMPANIES, MODARABAS, MUTUAL FUNDS, ETC.**

First Al Noor Modaraba	3,000
N H Securities (Pvt) Limited	500
MRA Securities Limited	500

**CERTIFICATE HOLDERS HOLDING 10% OR MORE**

A R Management Services (Pvt) Limited

**TRADES IN THE MODARABA CERTIFICATES**

None of the Directors, CEO, CFO, Company Secretary and their spouses and minor children has traded in the certificates of the Modaraba during the year.

## NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that Annual Review Meeting of certificate holders of First Imrooz Modaraba will be held on Wednesday, 27 October, 2021 at 11:30 a.m. at Registered Office of the Modaraba Company situated at 125-S, Small Industrial Area, Kot Lakhpat, Lahore, to review the performance of the Modaraba for the year ended June 30, 2021.

The Certificate Holders whose names appear on the Register of Certificate Holders of First Imrooz Modaraba as on October 14, 2021 will be eligible to attend the Annual Review Meeting.

By order of the Board

October 06, 2021

Shabbir Ahmed Jamsa

COMPANY SECRETARY

### **Note:**

1. The Certificate Transfer Book will remain closed from October 14, 2021 to October 27, 2021 (both days inclusive) for the purpose of attending Annual Review Meeting. All transfer received in order up to close of business on October 13, 2021 at our Registrar's office M/s F.D. Registrar Services (Pvt) Limited, 17<sup>th</sup> Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi, will be considered in time.

2. CDC Certificate Holders desiring to attend the meeting are requested to bring their original CNIC, Account and participant's ID number for identification purpose.

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\*Mobile apps are also available for download for android and ios devices



Managed by  
**A R MANAGEMENT SERVICES (PRIVATE) LIMITED**



**FIRST IMROOZ MODARABA**

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