

TWENTY EIGHTH ANNUAL REPORT 2022



FIRST IMROOZ MODARABA



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.



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MODARABA INFORMATION

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



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CHAIRMAN REPORT

Dear Certificate Holders,

I am pleased to present report on the affairs of First Imrooz Modaraba for the year ended June 30, 2022, on the overall performance of the Board of Directors and effectiveness of the role played by the Board in achieving Modaraba's strategic objectives.

The year under review was the most challenging year and with continued growth. This year, the Modaraba achieved annual turnover of Rs. 1,379 million as compared to Rs. 1,080 million last year 2021. However, cost of sales also increased to Rs. 1,197 million as compared to 864 million in 2021 due to intensified pressure on exchange rate.

Pakistan's economy is facing underlying macroeconomic imbalances and associated risks leading to depleting foreign exchange reserves. Appropriate government policies will be required to keep business sectors moving along with mitigating these risks.

The Board is assisted by Audit and HR Committees. The Board continued to assist the Management in setting strategic directions of the business, keeping in view the macro economic factors in mind for growth of the business of the Modaraba. Board is aware of Shariah Compliance Framework and advises the Management to ensure that all transactions are in complete compliance to Shariah rules and principles, as also advised by the Shariah advisor.

Ameed Riaz
Chairman
Board of Directors

October 06, 2022



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چیمبر میں رپورٹ

معزز سرٹیفکیٹ ہولڈرز،

مجھے فرسٹ امروز مضاربہ کے 30 جون 2022ء کو ختم ہونے والے سال کے معاملات پر بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی اور مضاربہ کے اسٹریٹجک مقاصد کے حصول میں بورڈ کی طرف سے ادا کیے گئے مؤثر کردار کی رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

زیر نظر سال مشکل رہا لیکن مسلسل ترقی کے تسلسل کے ساتھ اس سال مضاربہ کی مصنوعات کی فروخت 1,379 ملین روپے رہی ہے جو کہ پچھلے سال 1,080 ملین تھی۔ اگرچہ، قیمت خرید کی لاگت بھی بڑھ کر 1,197 ملین روپے ہو گئی جو پچھلے سال 2021 کے مقابلے 864 ملین روپے تھی۔ جس کی بنیادی وجہ غیر ملکی زرمبادلہ کی شرح پر شدید دباؤ تھا۔

پاکستان کی معیشت کو بنیادی معاشی عدم توازن اور اس سے منسلک خطرات کا سامنا ہے جس کی وجہ سے زرمبادلہ کے ذخائر کم ہو رہے ہیں۔ ان خطرات کو کم کرنے کے ساتھ ساتھ کاروباری شعبوں کو متحرک رکھنے کے لیے مناسب حکومتی پالیسیوں کی ضرورت ہوگی۔

بورڈ کو آڈٹ اور ایچ آر کمیٹیوں کی مدد بھی حاصل رہی۔ بورڈ نے مضاربہ کے کاروبار کی ترقی کے لیے وسیع اقتصادی عوامل کو مد نظر رکھتے ہوئے کاروبار کی حکمت عملی کی سمتوں کو ترتیب دینے میں انتظامیہ کی مدد جاری رکھے ہوئے ہے۔ بورڈ شریعہ کمپلائنس فریم ورک سے واقف ہے اور انتظامیہ کو مشورہ دیتا ہے کہ وہ اس بات کو یقینی بنائے کہ تمام لین دین شرعی قوانین اور اصولوں کی عین مطابق ہوں، جن پر شریعہ مشیر کی مشاورت بھی شامل ہو۔

عمید ریاض

چیمبر میں

بورڈ آف ڈائریکٹرز

106 اکتوبر، 2022



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REPORT OF THE DIRECTORS

The Board of Directors of A.R Management Services (Private) Limited, the management company of First Imrooz Modaraba, is pleased to present annual report of First Imrooz Modaraba along with audited financial statements for the year ended June 30, 2022.

1. Operating Results

The financial results of the Modaraba are summarized below:

	(Rupees in million)	
	2022	2021
Profit before taxation	86.848	113.192
Taxation	62.479	49.007
Profit after taxation	<u>24.369</u>	<u>64.185</u>
Appropriations		
Transfer to Statutory Reserve @ 05% (2021: 20%)	1.218	12.837
Profit after appropriation	<u>23.151</u>	<u>51.348</u>
Earnings per certificate – basic & diluted	<u>8.12</u>	<u>21.40</u>

2. Review of Financial Performance

Alhumdullilah, the business sectors we operate in registered good economic growth and recovered from COVID slow down, consequently an increase in sales volume of the products of Modaraba for the year ended 30 June 2022 to Rs. 1,379 million as compared to Rs. 1,080 million last year.

However, the gross profit has decreased to Rs. 182.007 million as against Rs. 215.644 million of the corresponding year. This is attributable to adverse foreign exchange rates, global inflation and higher freight costs.

Operating expenses increased to Rs. 94.897 million (6.9% of sales) as compared to Rs. 82.972 million (7.7% of sales) of last year 2021.

Reversal of previous provision of doubtful debts due to recovery and curtailment gain on discontinuation of gratuity scheme contributed towards increase in Other Income for the year to Rs. 8.969 million as compared to Rs. 2.831 million of last year 2021.

Mainly due to the extreme depreciation of Pak Rupee and very high freight costs, the Modaraba's annual profit arrived at Rs. 24.369 million as compared to Rs. 64.185 million of last year 2021.

After considering these results, the Board of Directors has decided to transfer 5% of the profit to the statutory reserve and to pay a final profit distribution @ 55% i.e. Rs 5.50 per certificate to the certificate holders.



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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, 2023. 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	2022	2021	2020	2019	2018	2017	2016
Fixed Assets	9.677	5.350	6.898	10.118	12.968	13.346	14.459
Working Capital	188.830	235.432	191.934	159.261	146.929	145.007	145.027
Certificate Holders Equity	183.737	202.382	161.259	138.183	134.860	137.472	140.173
Paid-up Certificate Capital	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Sales	1,378.793	1,080.003	555.117	705.649	897.590	734.216	827.864
Gross Profit	182.007	215.644	126.368	132.777	143.937	118.611	128.668
Profit before Taxation	86.848	113.192	56.646	58.569	73.104	65.031	80.885
Profit Distribution – Cash	55%	155%	75%	50%	56.67%	100%	120%
Earnings per Certificate-Rs.	8.12	21.40	11.7	8.44	10.18	11.1	14.01
Break-up value per Certificate-Rs.	61.25	67.46	53.75	46.39	44.95	45.82	46.72



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- 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 Directors	Mr. Omar Muhammad Khan Mrs. Saadat Ikram
C) Independent Director	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	4



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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

Omar Mohammad Khan
Director

06 October, 2022



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ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مسرت کے ساتھ مضاربہ کے سالانہ نتائج برائے 30 جون، 2022ء بمعہ آڈٹ رپورٹ پیش کرتے ہیں۔

نمایاں مالیاتی نکات

مضاربہ کے مالیاتی نتائج مندرجہ ذیل ہیں:

(ملین روپیوں میں)		
30-Jun-21	30-Jun-22	
113.192	86.848	قبل از ٹیکس منافع
49.007	62.479	ٹیکس
64.185	24.369	بعد از ٹیکس منافع
12.837	1.218	قانون کے مطابق دستوری ذخائر میں منافع کی 5 فیصد منتقلی (20:2021 فیصد)
51.348	23.151	بعد از منتقلی منافع
21.40	8.12	فی کس شیر آمدنی (بنیادی اور تحلیل شدہ) روپے

کارکردگی کا جائزہ

الحمد للہ، ہم جن کاروباری شعبے سے تعلق رکھتے ہیں وہ بہتر معاشی نمو میں ہیں اور COVID کے منفی اثرات سے نکل چکے ہیں، اس کے نتیجے میں 30 جون، 2022ء کو ختم ہونے والے سال کے لیے مضاربہ کی مصنوعات کی فروخت بڑھ کر 1,379 ملین روپے رہی جو کہ پچھلے سال 1,080 ملین تھی۔

تاہم مجموعی منافع کم ہو کر 182.007 ملین روپے رہ گیا ہے جبکہ پچھلے سال یہ 215.644 ملین روپے تھا۔ اس کی وجہ غیر ملکی زر مبادلہ کی منفی شرح، عالمی افراط زر اور زیادہ مال برداری کے اخراجات ہیں۔



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انتظامی اخراجات بڑھ کر 94.897 ملین روپے (فروخت کا 6.9%) رہے جو کہ پچھلے سال 82.972 ملین (فروخت کا 7.7%) تھے۔

حالیہ سال میں دیگر آمدنی 8.969 ملین روپے رہی جب کہ گزشتہ سال میں یہ 2.831 ملین روپے تھی۔ اس اضافے کی وجہ پچھلے سال میں ممکنہ عدم وصولی کے خدشے کے پیش نظر مختص کی گئی رقم کام ہونا ہے اور اس کے ساتھ گریجویٹ فنڈ کی بندش پر اس کی تعین ادائیگی رقم کام ہونا ہے۔

بنیادی طور پر پاک روپے کی قدر میں انتہائی گراوٹ اور بہت زیادہ مال برداری کے اخراجات کی وجہ سے مضاربہ کا سالانہ منافع 24.369 ملین روپے تک پہنچ گیا جو گزشتہ سال 2021ء میں 64.185 ملین روپے تھا۔

حالیہ نتائج کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے فیصلہ کیا ہے کہ منافع کا 5 فیصد دستوری ذخائر میں منتقل کیا جائے اور اس منتقلی کے بعد نقد منافع بحساب 5.50 روپے فی سٹیفیکٹ یعنی 55 فیصد کے حساب سے سٹیفیکٹ مالکان میں تقسیم کیا جائے۔

آڈیٹر

موجودہ آڈیٹر زبی ڈی ابراہیم اینڈ کو۔ چارٹرڈ اکاؤنٹنٹس ریٹائر ہونے کے بعد 30 جون، 2023ء 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 امروزمضاربہ کی انتظامی کمپنی اے آر مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کی انتظامیہ کے تیار کردہ مالی گوشواروں میں اسکے واضح امور، عملدرآمد کے نتائج، کیش فلواورایکونٹی 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 بروے 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



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- (5) انٹرنل کنٹرول کا نظام موجود ہے اور اُسے مؤثر 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	2022	2021	2020	2019	2018	2017	2016
Fixed Assets	9.677	5.350	6.898	10.118	12.968	13.346	14.46
Working Capital	188.830	235.432	191.934	159.261	146.929	145.007	145.03
Certificate Holders Equity	183.737	202.382	161.259	138.183	134.860	137.472	140.17
Paid-up Certificate Capital	30	30.00	30.00	30.00	30.00	30.00	30.00
Sales	1378.793	1,080.003	555.117	705.649	897.590	734.216	827.86
Gross Profit	182.007	215.644	126.368	132.777	143.937	118.611	128.67
Profit after Taxation	86.848	113.192	56.646	58.015	73.104	65.031	80.885
Profit Distribution – Cash	55%	155%	75%	50%	56.67%	100%	120%
Earnings per Certificate-Rs.	8.12	21.40	11.70	8.44	10.18	11.10	14.01
Break-up value per Certificate-Rs.	61.25	67.46	53.75	46.39	44.95	45.82	46.72

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

منتقلی کی قیمتوں کا تعین

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



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بورڈ کی تشکیل

قسم	نام
ایگزیکٹو ڈائریکٹرز	جناب نوید ریاض جناب عمید ریاض
نان ایگزیکٹو ڈائریکٹرز / آزاد ڈائریکٹرز	جناب عمر محمد خان محترمہ سعادت اکرام
غیر جانبدار ڈائریکٹر	جناب علی الدین احمد

ڈائریکٹرز کا معاوضہ

چیف ایگزیکٹو ڈائریکٹر 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

4	جناب نوید ریاض
4	جناب عمید ریاض
4	جناب عمر محمد خان
4	محترمہ سعادت اکرام
4	جناب علی الدین احمد



FIRST IMROOZ MODARABA

اعتراف نامہ

بورڈ اس موقع پر رجسٹرار مضاربہ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے دیگر کام کی مسلسل رہنمائی اور مدد کے لئے اپنے تشکر کا اظہار کرتا ہے۔ بورڈ اس کے علاوہ اپنے سرٹیفکیٹ مالکان، رفقاءے 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
عمر محمد خان
ڈائریکٹر
06 اکتوبر، 2022ء



FIRST IMROOZ MODARABA

First Imrooz Modaraba

TEN YEARS AT A GLANCE

(Rupees in million)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
									-----Restated-----	
Balance Sheet Information										
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	153.737	172.382	131.259	109.163	104.861	107.472	110.173	99.628	87.475	100.971
Certificate holders' equity	183.737	202.382	161.259	139.163	134.861	137.472	140.173	129.628	117.475	130.971
Deferred liability - staff gratuity	12.737	36.443	34.840	30.196	25.037	21.263	19.429	16.376	15.362	15.493
Qard-e-Hasna from Modaraba management company	55.000	-	15.800	-	120.000	34.300	-	-	-	-
Musawamah / Murabaha / Musharaka / Salam financing	74.120	63.780	88.664	74.637	35.230	34.371	35.013	26.886	29.308	33.623
Current liabilities	690.402	358.079	166.173	171.869	255.192	212.043	180.340	146.238	140.708	162.152
Fixed Assets	9.677	5.350	6.898	10.119	12.969	13.347	14.459	6.979	7.413	4.575
Stock-in-trade	648.475	304.553	215.103	212.679	265.574	258.027	129.910	162.806	164.743	187.303
Trade debtors	200.167	269.762	116.713	98.603	113.779	83.997	129.336	107.237	75.593	81.998
Investments	-	-	-	-	-	-	-	-	-	-
Current assets	879.232	593.511	358.107	331.110	402.120	357.050	325.367	285.263	266.132	304.042
Operational Results										
Sales	1,378.793	1,080.003	555.117	705.649	897.589	734.216	827.864	730.551	624.104	641.673
Cost of sales	1,196.786	864.359	428.749	572.872	753.652	615.605	699.196	624.519	543.741	550.759
Gross profit	182.007	215.644	126.368	132.777	143.937	118.611	128.668	106.032	80.363	90.914
Other income	8.969	2.831	1.110	1.541	0.508	2.138	1.102	0.702	2.969	2.329
Financial charges	4.625	5.287	7.303	8.101	2.564	2.346	2.063	3.777	2.595	3.761
Workers welfare fund	1.726	2.310	1.156	1.195	6.254	(1.072)	-	-	-	-
Operating expenses	94.897	82.972	62.373	66.453	62.522	54.444	46.822	43.088	37.674	31.497
(Diminution) / unrealised appreciation on remeasurement of investment - net	-	-	-	-	-	-	-	-	-	-
Operating profit	87.110	132.673	63.995	66.324	81.415	64.167	81.846	62.944	42.689	59.417
Profit payable to the modaraba company as their remuneration	2.880	14.715	-	-	-	-	-	-	-	-
Profit before tax	86.848	113.192	56.646	58.568	73.105	65.031	80.885	59.869	43.063	57.985
Taxation	62.479	49.007	21.531	33.259	42.554	31.732	38.868	32.716	26.547	25.235
Profit after tax	24.369	64.185	35.115	25.310	30.551	33.299	42.017	27.153	16.516	32.750
Transfer to statutory reserve	1.218	12.837	10.534	8.858	12.220	1.665	2.101	1.357	0.826	1.637
	5%	20%	30%	35%	40%	5%	5%	5%	5%	5%
Profit Distribution										
Profit distribution	16.500	46.500	22.500	15.000	17.010	30.000	36.000	27.000	15.000	30.000
Rate per certificate	55.00%	155.00%	75.0%	50.0%	56.7%	100.0%	120.0%	90.0%	50.0%	100.0%
Financial Ratios										
Gross profit - % of sales	13.20%	19.97%	22.76%	18.82%	16.04%	16.15%	15.54%	14.51%	12.88%	14.17%
Operating expenses - % of sales	6.88%	7.68%	11.24%	9.42%	6.97%	7.42%	5.66%	5.90%	6.04%	4.91%
Operating profit - % of sales	6.32%	12.28%	11.53%	9.40%	9.07%	8.74%	9.89%	8.62%	6.84%	9.26%
Profit before tax - % of sales & other income	6.26%	10.45%	10.18%	8.28%	8.14%	8.83%	9.76%	8.19%	6.87%	9.00%
Profit after tax - % of sales & other income	1.76%	5.93%	6.31%	3.58%	3.40%	4.52%	5.07%	3.71%	2.63%	5.09%
Return to Certificate holders										
Return on equity - before tax	47.27%	55.93%	35.13%	42.09%	54.21%	47.30%	57.70%	46.19%	36.66%	44.27%
Return on equity - after tax	13.26%	31.71%	21.78%	18.19%	22.65%	24.22%	29.98%	20.95%	14.06%	25.01%
Earning per certificate - Rs.	8.12	21.40	11.70	8.44	10.18	11.10	14.01	9.05	5.51	10.92
Profit distribution per certificate - Rs.	5.50	15.50	7.50	5.00	5.67	10.00	12.00	9.00	5.00	10.00
Market price per certificate - Rs.	166.90	147.00	89.36	155.59	219.57	230.50	115.00	53.00	53.72	60.76
Break-up value per certificate - Rs.	61.25	67.46	53.75	46.39	44.95	45.82	46.72	43.21	39.16	43.66

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **FIRST IMROOZ MODARABA** ("the Modaraba") as at June 30, 2022 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, 2022 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, 2022 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: 06 OCT 2022

UDIN: AR202210166NjDHXy4Ub

CHARTERED ACCOUNTANTS

Engagement Partner: Tariq Feroz Khan



FIRST IMROOZ MODARABA

BALANCE SHEET AS AT JUNE 30, 2022

	Note	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	8,061,008	4,687,975
Intangible assets	6	1,017,325	551,588
Long term deposits	7	598,202	110,702
		<u>9,676,535</u>	<u>5,350,265</u>
CURRENT ASSETS			
Stock in trade	8	648,475,057	304,552,995
Trade debtors	9	200,167,444	269,762,090
Advances, deposits and prepayments	10	16,215,838	2,900,808
Taxation	11	9,353,350	4,576,541
Cash at banks	12	5,020,220	11,718,112
		<u>879,231,909</u>	<u>593,510,546</u>
TOTAL ASSETS		<u>888,908,444</u>	<u>598,860,811</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
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	118,733,257	117,514,820
Revenue reserve	15	35,003,813	54,867,344
		<u>183,737,070</u>	<u>202,382,164</u>
NON-CURRENT LIABILITIES			
Defined benefit plan - staff gratuity	16	12,737,449	36,442,617
Deferred capital grant	17	-	27,953
Obligation under financing facilities - secured	19	2,032,364	1,929,314
Deferred taxation	18	-	-
		<u>14,769,813</u>	<u>38,399,884</u>
CURRENT LIABILITIES			
Current portion of obligation under financing facilities - secured	19	72,059,243	63,517,555
Current portion of deferred capital grant	17	27,953	234,207
Qard-e-Hasana from Modaraba Management Company	20	55,000,000	-
Creditors, accrued and other liabilities	21	563,314,365	294,327,001
		<u>690,401,561</u>	<u>358,078,763</u>
TOTAL EQUITY AND LIABILITIES		<u>888,908,444</u>	<u>598,860,811</u>
CONTINGENCIES AND COMMITMENTS	22		

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

NAVEED RIAZ
CHIEF EXECUTIVE

OMAR MOHAMMAD KHAN
DIRECTOR

MRS. SAADAT IKRAM
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER



FIRST IMROOZ MODARABA

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Sales	23	1,378,792,562	1,080,003,051
Cost of sales	24	(1,196,785,688)	(864,358,663)
Gross profit		182,006,874	215,644,388
Operating expenses	25	(94,897,284)	(82,971,740)
Operating profit		87,109,590	132,672,648
Financial charges	26	(4,625,083)	(5,286,567)
Other income	27	8,968,778	2,830,821
		91,453,285	130,216,902
Modaraba Management Company's fee	28	(2,879,844)	(14,714,510)
Provision for Sindh Workers' Welfare Fund		(1,725,724)	(2,310,048)
Profit before taxation		86,847,717	113,192,344
Taxation	29	(62,478,981)	(49,007,027)
Profit for the year		24,368,736	64,185,317
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss:			
Gain/(Loss) on remeasurement of defined benefit liability		3,486,170	(561,875)
Total comprehensive income		27,854,906	63,623,442
Earnings per certificate - basic and diluted	30	8.12	21.40

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

**NAVEED RIAZ
CHIEF EXECUTIVE**

**OMAR MOHAMMAD KHAN
DIRECTOR**

**MRS. SAADAT IKRAM
DIRECTOR**

**MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER**



FIRST IMROOZ MODARABA

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	86,847,717	113,192,344
Adjustments for non-cash and other items:		
Depreciation of property and equipment	2,559,954	3,423,276
Amortization of intangible assets	214,263	78,798
Gain on disposal of property and equipment	(108,842)	(1,955,104)
Reversal of provision of doubtful debts	(10,471,621)	-
Provision for doubtful debts	4,248,734	10,471,621
Doubtful debts written off	-	-
Amortization of deferred capital grant	(234,207)	(509,091)
Murabaha charges	-	1,411,142
Musharaka charges	543,864	1,760,249
Salam charges	358,513	790,805
Musawamah charges	3,722,706	1,324,371
Curtailement gain net of staff gratuity expense	(477,473)	-
Staff gratuity	-	4,395,047
	<u>355,891</u>	<u>21,191,114</u>
Operating profit before working capital changes	87,203,608	134,383,458
Working capital changes		
(Increase) / decrease in current assets		
Stock in trade	(343,922,062)	(89,449,559)
Trade debtors	75,817,533	(163,520,515)
Advances, deposits and prepayments	(13,802,530)	(2,015,889)
	<u>(281,907,059)</u>	<u>(254,985,963)</u>
Increase in current liabilities		
Creditors, accrued and other liabilities	266,690,398	232,998,801
Cash generated from operations	71,986,947	112,396,296
Murabaha charges paid	-	(1,653,379)
Musharaka charges paid	(384,682)	(3,204,206)
Salam charges paid	(135,657)	(148,835)
Musawamah charges paid	(3,342,015)	(867,257)
Income tax paid	(67,255,790)	(47,148,664)
Staff gratuity paid	(19,741,525)	(3,354,390)
Net cash (used in) / generated from operating activities	<u>(18,872,722)</u>	<u>56,019,565</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,984,163)	(1,457,671)
Purchase of intangible assets	(680,000)	(630,386)
Proceeds from disposal of property and equipment	160,018	2,089,000
Net cash (used in) / generated from investing activities	<u>(6,504,145)</u>	<u>943</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(44,731,556)	(21,784,641)
Receipts of Qard-e-Hasana from Modaraba Management Company	149,300,000	23,000,000
Repayment of Qard-e-Hasana to Modaraba Management Company	(94,300,000)	(38,800,000)
Receipts from Murabaha finances	-	42,337,716
Repayment of Murabaha finances	-	(58,225,063)
Receipts from Salam finances	-	5,506,517
Repayment of Salam finances	(6,088,133)	(3,550,324)
Receipts from Musharaka finances	707,959,624	144,205,436
Repayment of Musharaka finances	(698,460,960)	(205,962,781)
Receipts of Musawamah finances	230,000,000	151,996,824
Repayment of Musawamah finances	(225,000,000)	(101,996,824)
Net cash generated / (used in) financing activities	<u>18,678,975</u>	<u>(63,273,140)</u>
Net decrease in cash and cash equivalents	(6,697,892)	(7,252,632)
Cash and cash equivalents at beginning of the year	11,718,112	18,970,744
Cash and cash equivalents at end of the year	<u>5,020,220</u>	<u>11,718,112</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

NAVEED RIAZ
CHIEF EXECUTIVE

OMAR MOHAMMAD KHAN
DIRECTOR

MRS. SAADAT IKRAM
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER



FIRST IMROOZ MODARABA

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

	Paid-up certificate capital	Statutory reserve	Revenue reserve (Un-appropriated profit)	Total
----- Rupees -----				
Balance at July 01, 2020	30,000,000	104,677,757	26,580,965	161,258,722
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
Transaction with owners				
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)	-
Balance at July 01, 2021	<u>30,000,000</u>	<u>117,514,820</u>	<u>54,867,344</u>	<u>202,382,164</u>
Profit for the year	-	-	24,368,736	24,368,736
Other comprehensive income	-	-	3,486,170	3,486,170
Total comprehensive income for the year	-	-	27,854,906	27,854,906
Transaction with owners				
Profit distribution for the year ended June 30, 2021 at Rs. 15.50 per certificate	-	-	(46,500,000)	(46,500,000)
Transfer to statutory reserve @ 5% (Note 14)	-	1,218,437	(1,218,437)	-
Balance at June 30, 2022	<u>30,000,000</u>	<u>118,733,257</u>	<u>35,003,813</u>	<u>183,737,070</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

**NAVEED RIAZ
CHIEF EXECUTIVE**

**OMAR MOHAMMAD KHAN
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DIRECTOR**

**MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER**



FIRST IMROOZ MODARABA

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

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 Modaraba has entered into rental agreements for the use of premises and warehouses of its associated companies, the details of which are as under;

- (i) Principal place of business of the Modaraba: Room No. 405, 4th Floor, Beaumont Plaza, Beaumont Road, Civil Line Quarters, Karachi, Sindh, Pakistan.
- (ii) Karachi warehouse: C-28, S.I.T.E, Karachi.
- (iii) Lahore branch / warehouse: Plots # 125-S, Small Industries Area, Kot Lakhpat, Lahore.

Transaction-wise details of the above arrangements have been presented in note 35 to these financial statements.

1.3 It is a multi purpose, perpetual Modaraba and is mainly engaged in domestic and international trading activities. The Modaraba primarily trades in industrial raw materials, catering to numerous industries like paint, coatings, pharmaceuticals, food, agriculture, personal care, household, textile etc.

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 Regulations 2021 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.



FIRST IMROOZ MODARABA

Securities and Exchange Commission of Pakistan (SECP) vide S.R.O 1827 (I)/2022 dated September 29, 2022 has deferred the effective date for applicability of International Financial Reporting Standard (IFRS) 9 - 'Financial Instruments' for Non-Banking Finance Companies and Modarabas. The said standard has superseded International Accounting Standard (IAS) 39 - 'Financial Instruments: Recognition and Measurement'. IFRS 9 is now effective for reporting period / year ending on or after June 30, 2024. The Modaraba has already adopted IFRS 9 from the year ended June 30, 2019. We hereby bring this to the attention of the Board.

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.

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. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations and not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
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

Modaraba has early adopted the IFRS 9 in the year ended June 30, 2019.



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 Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
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
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

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
IFRS 17	Insurance Contracts



FIRST IMROOZ MODARABA

4. SIGNIFICANT ACCOUNTING 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 29);
- 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.



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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 and 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.



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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 S.R.O. 284 (I)/2021 dated March 05, 2021 required a Modaraba to transfer not less than 20% and not more than 50% of its after tax profits till such time the reserve equaled 100% of the paid up certificate capital. Thereafter, a sum not less than 5% and not more than 20% of the after tax profits was to be transferred. However, subsequent to the year end as per S.R.O. 1547 (I)/2022 dated August 15, 2022, certain amendments have been made to the Modaraba Regulations, 2021 where such requirement has been made optional.

4.8 Staff retirement benefits

(a) 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, 2022 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.

(b) Defined contribution plan - Provident fund

The Modaraba also operates an approved funded contributory provident fund scheme for all its employees who are eligible under the scheme. Equal monthly contributions at the rate of 8.33 percent of basic salary are made by both Modaraba and its employees.



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4.9 Murabaha Financing

Murabaha 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 Murabaha 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 and 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.



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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

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 and 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 balance sheet 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 designated as at fair value through profit and loss:

- (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.



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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.



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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 when control of asset is transferred.

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 single performance obligation on delivery of goods to the customer and recognizes the revenue.



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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 and loss, in line with the recognition of interest expenses with which the grant is compensating.

	Note	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
5. PROPERTY AND EQUIPMENT			
Tangible assets - owned	5.1	<u>8,061,008</u>	<u>4,687,975</u>



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5.1 Tangible assets - owned

Particulars	2 0 2 2							Rate of depreciation per annum
	Cost			Accumulated depreciation			Carrying value as at June 30, 2022	
	As at July 01, 2021	Additions/ (disposals) during the year	As at June 30, 2022	As at July 01, 2021	Charge for the year / (adjustment)	As at June 30, 2022		
	----- Rupees -----						%	
Leasehold improvements	2,400,125	-	2,400,125	1,920,097	240,012	2,160,109	240,016	10
Furniture and fittings	1,107,930	43,000	1,150,930	814,552	41,639	856,191	294,739	10
Vehicles	14,690,278	2,988,000 (192,000)	17,486,278	13,341,390	962,897 (188,463)	14,115,824	3,370,454	20
Office equipment	5,086,111	1,033,313 (136,126)	5,983,298	4,451,851	335,973 (88,487)	4,699,337	1,283,961	20
Electrical appliances	672,260	-	672,260	174,269	67,226	241,495	430,765	10
Computer equipment	7,210,325	1,919,850	9,130,175	5,776,895	912,207	6,689,102	2,441,073	25
Total	31,167,029	5,984,163 (328,126)	36,823,066	26,479,054	2,559,954 (276,950)	28,762,058	8,061,008	

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
Total	31,010,606	1,831,771 (1,675,348)	31,167,029	24,597,230	3,423,276 (1,541,452)	26,479,054	4,687,975	



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	Note	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
6. INTANGIBLE ASSETS			
Intangible assets	6.1	<u>1,017,325</u>	<u>551,588</u>

6.1 Intangible assets

Particulars	Cost			Accumulated amortization			Carrying value as at June 30, 2022	Rate of amortization per annum
	As at July 01, 2021	Additions during the year	As at June 30, 2022	As at July 01, 2021	Charge for the year	As at June 30, 2022		
	-----Rupees-----							%
Licensed computer software	2,749,266	680,000	3,429,266	2,197,678	214,263	2,411,941	1,017,325	25
Website Development Cost	2,000,000	-	2,000,000	2,000,000	-	2,000,000	-	25
Total	4,749,266	680,000	5,429,266	4,197,678	214,263	4,411,941	1,017,325	

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 computer software	2,118,880	630,386	2,749,266	2,118,880	78,798	2,197,678	551,588	25
Website Development Cost	2,000,000	-	2,000,000	2,000,000	-	2,000,000	-	25
Total	4,118,880	630,386	4,749,266	4,118,880	78,798	4,197,678	551,588	

	Note	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
7. LONG TERM DEPOSITS			
Deposits	7.1	<u>598,202</u>	<u>110,702</u>

7.1 This includes amount of Rs. 0.387 million deposited with Bank Al-Habib Limited for obtaining vehicle on Diminishing Musharaka financing.

8. STOCK IN TRADE

In hand		190,284,416	86,454,398
In bonded warehouse		358,484,064	131,416,576
In transit		101,237,364	86,682,021
Provision for slow moving and obsolete stock	8.1	<u>(1,530,787)</u>	-
		<u>648,475,057</u>	<u>304,552,995</u>



	Note	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
8.1 Provision for slow moving and obsolete stock			
Balance at July 01,		-	-
Provision for the year		1,530,787	-
Reversal during the year		-	-
Balance as at June 30,		<u>1,530,787</u>	<u>-</u>
9. TRADE DEBTORS			
Unsecured - considered good		203,994,868	269,762,090
Unsecured - considered doubtful		5,366,487	15,416,798
		<u>209,361,355</u>	<u>285,178,888</u>
Less: Provision for expected credit losses	9.1	<u>(9,193,911)</u>	<u>(15,416,798)</u>
		<u>200,167,444</u>	<u>269,762,090</u>
9.1 Provision for expected credit losses			
Opening provision		15,416,798	4,945,177
Provision made during the year	9.3	4,248,734	10,471,621
Provision reversed during the year		(10,471,621)	-
		(6,222,887)	10,471,621
Write off		-	-
		<u>9,193,911</u>	<u>15,416,798</u>
9.2 Ageing analysis			
Not overdue		79,356,053	51,794,075
Past due 31-90 days		62,700,112	199,186,582
Past due 91-180 days		61,938,703	2,047,984
Past due 181-365 days		-	12,989,620
Past due 365 days		5,366,487	19,160,627
		<u>209,361,355</u>	<u>285,178,888</u>
Provision for expected credit losses		<u>(9,193,911)</u>	<u>(15,416,798)</u>
		<u>200,167,444</u>	<u>269,762,090</u>
9.3			
As at the balance sheet date, provision against trade debts has been recognized based on expected credit loss (ECL) model under IFRS 9.			



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	Note	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
10. ADVANCES, DEPOSITS AND PREPAYMENTS			
Deposits		1,155,003	1,699,370
Prepayments		899,323	657,438
Sales tax adjustable		14,036,673	-
Advances		124,839	544,000
		<u>16,215,838</u>	<u>2,900,808</u>
11. TAXATION			
Opening balance		4,576,541	6,434,904
Paid during the year		67,255,790	47,148,664
Provision for taxation	29	(62,478,981)	(49,007,027)
		<u>9,353,350</u>	<u>4,576,541</u>
12. CASH AT BANKS			
Munafa account	12.1	139,967	4,001,550
Current accounts		4,880,253	7,716,562
		<u>5,020,220</u>	<u>11,718,112</u>
12.1	This represents account maintained with Soneri Mustaqeem Islamic Banking and carries profit at rate ranging from 3% to 6% (2021: 2.75% to 4%) per annum.		
13. ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL			
		2022	2021
Number of certificates	Modaraba certificates of		
	Rs. 10/- each fully paid		
	in cash		
		<u>3,000,000</u>	<u>3,000,000</u>
		<u>30,000,000</u>	<u>30,000,000</u>

The Modaraba Management Company holds 600,000 certificates (2021: 600,000).

The Modaraba has only one class of certificate capital and each certificate carries equal rights.



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	Note	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
14. STATUTORY RESERVE			
Balance as on July 01		117,514,820	104,677,757
Transferred during the year		1,218,437	12,837,063
		<u>118,733,257</u>	<u>117,514,820</u>
<p>During the year, the Modaraba has transferred 5% (2021: 20%) of its after tax profits to statutory reserve.</p>			
15. REVENUE RESERVE			
Balance as on July 01		54,867,344	26,580,965
Profit distribution		(46,500,000)	(22,500,000)
Total comprehensive income		27,854,906	63,623,442
Transferred to statutory reserve		(1,218,437)	(12,837,063)
		<u>35,003,813</u>	<u>54,867,344</u>
15.1	<p>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. However, as per S.R.O. 1547 (I)/2022 dated August 15, 2022, certain amendments have been made to the Modaraba Regulations, 2021 where the requirement to distribute 90% net annual profit has been made optional.</p>		
16. DEFINED BENEFIT PLAN - STAFF GRATUITY			
Net liability in the balance sheet			
Present value of defined benefit obligation		<u>12,737,449</u>	<u>36,442,617</u>
16.1 (Income) / expense recognized in profit and loss account			
Current service cost		1,639,464	1,576,201
Finance cost		2,657,185	2,818,846
Curtailement gain on cessation of staff gratuity		(4,774,122)	-
		<u>(477,473)</u>	<u>4,395,047</u>
16.2 Remeasurement (gain) / loss recognized in other comprehensive income			
Actuarial (gain) / loss		<u>(3,486,170)</u>	<u>561,875</u>



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	Note	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
16.3 Movement in defined benefit obligation			
Opening defined benefit obligation		36,442,617	34,840,085
Current service cost		1,639,464	1,576,201
Finance cost		2,657,185	2,818,846
Actuarial loss (gain) / loss		(3,486,170)	561,875
Curtailment gain on cessation of staff gratuity		(4,774,122)	-
Benefits paid		(19,741,525)	(3,354,390)
		12,737,449	36,442,617
16.4 Movement in net liability in the balance sheet			
Balance as at July 01		36,442,617	34,840,085
Charge for the year		4,296,649	4,395,047
Remeasurement (gain) / loss recognized in other comprehensive income		(3,486,170)	561,875
Curtailment gain on cessation of staff gratuity		(4,774,122)	-
Payments made during the year		(19,741,525)	(3,354,390)
Balance as at June 30		12,737,449	36,442,617
16.5 The principal assumptions used in the valuation of gratuity			
Discount rate (per annum)		13.25%	10.00%
Expected increment rate (per annum)		-	9.00%
Withdrawal rates		Moderate	Moderate
Mortality rate		SLIC 2001 - 2005	SLIC 2001 - 2005
Duration (years)		-	3.84

16.6 With effect from the year ended June 30, 2022, the Board of Directors of the Modaraba in their meeting held on April 26, 2022 have decided to cease the Gratuity Scheme in operation as a provident fund scheme is already in place at the Modaraba. The defined benefit liability determined under the Actuarial Valuation Report dated July 20, 2022 for the year ended June 30, 2022 shall be deemed to be full and final liability of the Modaraba towards the employees concerned. However the management is continuing its Provident Fund Scheme.



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	Note	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
17. DEFERRED CAPITAL GRANT			
Capital grant	17.1	27,953	262,160
Current portion shown under current liability		(27,953)	(234,207)
		<u>-</u>	<u>27,953</u>

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

Opening balance	262,160	130,570
Addition during the year	-	640,681
Amortized during the year	(234,207)	(509,091)
Closing balance	<u>27,953</u>	<u>262,160</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 (2021: Rs. 5.507 million) specifically for payment of salaries and wages of Modaraba's employees. Based on ICAP guidance 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, 2022 comprise of the following:

	Balance as at July 1, 2020	Recognised in profit and loss account	Balance as at June 30, 2021	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at June 30, 2022
(Rupees)						
Deferred tax liability on:						
Accelerated tax depreciation and amortization (Credit balance)	60,275	85,918	146,193	-	-	146,193
	<u>60,275</u>	<u>85,918</u>	<u>146,193</u>	<u>-</u>	<u>-</u>	<u>146,193</u>
	Balance as at July 1, 2020	Recognised in profit and loss account	Balance as at June 30, 2021	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at June 30, 2022
(Rupees)						
Deferred tax assets on:						
Accelerated tax depreciation and amortization (Debit balance)	60,275	85,918	146,193	-	-	146,193
Provision for gratuity	-	-	-	-	-	-
Provision for doubtful debts	-	-	-	-	-	-
	<u>60,275</u>	<u>85,918</u>	<u>146,193</u>	<u>-</u>	<u>-</u>	<u>146,193</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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As at June 30, 2022, the Modaraba has unrecognised aggregated deferred tax debits amounting to Rs. 8.320 million (2021: Rs. 16.945 million).

	Note	June 30, 2022 (Rupees)	June 30, 2021 (Rupees)
19. CURRENT PORTION OF OBLIGATION UNDER FINANCING FACILITIES - SECURED			
Musharaka financing facility	19.1 & 19.2	17,742,833	8,244,169
Less: non-current portion under Musharaka financing facility		(2,032,364)	-
Current portion under Musharaka financing facility		15,710,469	8,244,169
Salam financing facility	19.3	1,348,774	7,202,700
Less: non-current portion under Salam financing facility		-	(1,929,314)
Current portion under Salam financing facility		1,348,774	5,273,386
Musawamah financing facility	19.4	55,000,000	50,000,000
		<u>72,059,243</u>	<u>63,517,555</u>

- 19.1 The Modaraba has availed Running Musharaka Financing facility from Bank AL Habib Limited with sanctioned limit of Rs. 15 million (2021: Rs. 15 million). This facility has been obtained to finance working capital requirements of the Modaraba and carries profit at the rate 1.5% (2021: 1.5%) over 3 months average KIBOR.
- 19.2 During the year, the Modaraba has obtained Diminishing Musharaka financing facility with a sanctioned limit of Rs. 10 million from Bank Al Habib Limited for the purchase of locally manufactured brand new / used commercial and non-commercial vehicles for Modaraba's / staff use. The facility carries profit at the rate 2.25% over 1 year KIBOR and is repayable within 5 years from the date of delivery of vehicle(s).
- 19.3 The Modaraba has availed Salam financing facility from Soneri Bank Limited amounting to Rs. Nil (2021 : Rs 11.052 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.



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19.4 The Modaraba has availed Musawamah financing facility from Bank Al Habib Limited with a sanctioned limit of Rs. 130 million (2021: 130 million) to finance sale of inventory owned by the Modaraba. The facility carries profit at the rate 1.5% (2021: 1.5%) over 3 months average KIBOR.

19.5 Musharaka financing facility and Musawamah financing facility from Bank Al Habib Limited are secured against Registered Hypothecation Charge over current assets, including stocks & book debts of the Modaraba amounting to Rs. 267 million (including 25% margin), Registered Specific Hypothecation Charge over vehicle(s) from Rs. 10 million, HPA marking over vehicle(s) in excise and taxation department acquired through Bank Al Habib Limited under Diminishing Musharaka arrangement and personal guarantees of directors of the Modaraba for Rs. 267 million each while Salam financing facility is secured against equitable mortgage charge over immovable properties and personal guarantees of directors.

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
20. QARD-E-HASANA FROM MODARABA MANAGEMENT COMPANY			
Qard-e-Hasana	20.1	<u>55,000,000</u>	<u>-</u>

20.1 During the year, the Modaraba obtained Qard-e-Hasana from its management company, A R Management Services (Private) Limited.

21. CREDITORS, ACCRUED AND OTHER LIABILITIES

Import bills payable		527,430,689	245,346,602
Creditors		2,473,348	1,111,092
Accrued liabilities		7,018,019	6,360,103
Sales tax payable		-	8,469,216
Unclaimed profit distribution		9,177,967	7,409,524
Sindh Workers' Welfare Fund	21.1	12,641,678	10,915,954
Management fee payable to Modaraba Management Company	28.1	4,572,664	14,714,510
		<u>563,314,365</u>	<u>294,327,001</u>

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



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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 basis.

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.

22.2 Commitments

22.2.1 Post dated cheques to Collector of Customs amounting to Rs. 157.335 million (2021: Rs. 58.561 million) on account of custom dues and taxes on goods at bonded warehouse.



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22.2.2 Commitments in respect of outstanding letters of credit as at year end for trading stock amount to Rs. 10.658 million (2021: Rs. Nil).

	June 30, 2022 Rupees	June 30, 2021 Rupees
23. SALES		
Sales	<u>1,378,792,562</u>	<u>1,080,003,051</u>

Sales tax of Rs. 250.787 million (2021 : Rs. 193.994 million) has been charged and deposited on these sales.

24. COST OF SALES

Opening stock at July 01	86,454,398	126,112,324
Purchases	1,300,615,706	824,700,737
Closing stock at June 30	(190,284,416)	(86,454,398)
	<u>1,196,785,688</u>	<u>864,358,663</u>

25. OPERATING EXPENSES

Salaries and other staff benefits	25.1	55,580,086	39,269,299
Staff gratuity	16.1	-	4,395,047
Provident fund		2,015,330	1,511,996
Rent, rates and taxes		7,082,860	3,707,718
Travelling and conveyance		1,169,686	662,826
Depreciation	5.1	2,559,954	3,423,276
Amortization	6	214,263	78,798
Cartage		1,805,396	1,551,588
Provision for doubtful debts	9.1	-	10,471,621
Vehicles running and maintenance		3,341,470	2,175,598
Insurance		1,884,477	1,467,956
Legal and professional		11,793,096	6,429,508
Security charges		1,086,143	1,063,429
Fees and subscriptions		1,034,379	1,035,957
Repairs and maintenance		625,112	672,507
Postage and telephone		622,270	1,478,554
Lease / Ijarah		-	447,601
Bank charges		789,297	1,242,310
Auditors' remuneration	25.2	592,866	543,510
Electricity		867,818	402,951
Sample clearance		620,728	290,447



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	June 30, 2022 Rupees	June 30, 2021 Rupees
Entertainment	287,855	225,174
Printing and stationery	198,111	76,952
Packing material	-	96,115
Cleaning and washing	136,960	165,002
Newspaper Ads	59,300	86,000
Others	529,827	-
	94,897,284	82,971,740

25.1 Remuneration of Chief Executive, Directors and Executives

	2022				2021			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rupees							
Managerial remuneration	-	-	33,251,058	33,251,058	-	-	25,051,404	25,051,404
Fixed bonuses	-	-	6,199,683	6,199,683	-	-	2,419,948	2,419,948
Staff retirement benefits	-	-	2,015,330	2,015,330	-	-	1,511,996	1,511,996
Medical	-	-	1,130,836	1,130,836	-	-	1,235,199	1,235,199
Utilities	-	-	14,848,534	14,848,534	-	-	10,326,621	10,326,621
Others	-	-	149,975	149,975	-	-	236,127	236,127
	-	-	57,595,416	57,595,416	-	-	40,781,295	40,781,295
Number of employees	1	5	21	27	1	5	19	

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

	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
25.2 Auditors' remuneration			
Annual audit		363,000	330,000
Half yearly review		90,750	82,500
Review of code of corporate governance		16,500	16,500
CDC certification		16,500	16,500
Annual free float certificate		16,500	16,500
Out of pocket expenses		45,700	41,250
		548,950	503,250
Sales tax		43,916	40,260
		592,866	543,510



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	Note	June 30, 2022 Rupees	June 30, 2021 Rupees
26. FINANCIAL CHARGES			
Murabaha charges		-	1,411,142
Musharaka charges		543,864	1,760,249
Salam charges		358,513	790,805
Musawamah charges		3,722,706	1,324,371
		<u>4,625,083</u>	<u>5,286,567</u>
27. OTHER INCOME			
Gain on disposal of property and equipment		108,842	1,955,104
Return on Munafa account		1,925,369	366,626
Amortization of deferred capital grant		234,207	509,091
Reversal of provision for doubtful debts	9.1	6,222,887	-
Curtailment gain net of staff gratuity expense		477,473	-
		<u>8,968,778</u>	<u>2,830,821</u>
28. MODARABA MANAGEMENT COMPANY'S FEE			
Modaraba Management Company's fee		4,572,664	13,021,690
Reversal of Modaraba Management Company's fee	28.2	(1,692,820)	-
		<u>2,879,844</u>	<u>13,021,690</u>
Provision for Sindh Sales Tax on Modaraba Management Company's fee		594,446	1,692,820
		<u>3,474,290</u>	<u>14,714,510</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, 2022 has been recognized at 5% (2021: 10%) of the profit for the year before charging such remuneration.		
28.2	In prior year the Modaraba Management Company was not registered with Sindh Revenue Board (SRB) and therefore, the Modaraba recorded the total sales tax as expense in that year. However, in the current year the Modaraba Management Company has obtained the registration certificate from Sindh Revenue Board (SRB) and the Modaraba has claimed adjustment of sales tax and has recorded the reversal of the sales tax as income in current year.		
29. TAXATION			
Current tax for the year		<u>62,478,981</u>	<u>49,007,027</u>



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Current tax

Under Division II, Part I of the 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.

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.

	June 30, 2022 Rupees	June 30, 2021 Rupees
30. EARNINGS PER CERTIFICATE - BASIC AND DILUTED		
Profit for the year (Rupees)	24,368,736	64,185,317
Number of Modaraba certificates	3,000,000	3,000,000
Earnings per certificate (Rupees)	8.12	21.40

Diluted EPC is determined by adjusting the profit and 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, 2021	Financing cash inflows	Financing cash outflows	Non Cash changes - Transfer current portion	June 30, 2022
	Rupees				
Obligation under financing facilities - secured	65,446,869	937,959,624	(929,314,886)	-	74,091,607
Deferred capital grant	262,160	-	(234,207)	-	27,953
Qard-e-Hasana from Modaraba Management Company	-	149,300,000	(94,300,000)	-	55,000,000
Unclaimed profit distribution	7,409,524	-	(44,731,556)	46,500,000	9,177,968
	July 01, 2020	Financing cash inflows	Financing cash outflows	Non Cash changes - Transfer current portion	June 30, 2021
	Rupees				
Obligation under financing facilities - secured	91,266,958	343,405,812	(369,225,901)	-	65,446,869
Deferred capital grant	130,570	640,681	(509,091)	-	262,160
Qard-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



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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.

In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit distributed to certificate holders, issue new certificates or sell assets to reduce debt.

The Modaraba's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as obligations under financing facilities (short term and long term) less cash and bank balances.

The gearing ratio of the Modaraba at year end is as follows:

	2022	2021
Debts	74,091,607	65,446,869
Cash and bank balances	(5,020,220)	(11,718,112)
Net debt	<u>69,071,387</u>	<u>53,728,757</u>
Equity	<u>183,737,070</u>	<u>202,382,164</u>
Net debt to equity ratio	<u>0.38:1</u>	<u>0.27:1</u>

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.



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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, 2022, the total foreign currency risk exposure was Rs. 527.430 million (2021: Rs. 245.346 million) in respect of import bills payable.

Foreign currency sensitivity analysis

	Increase / decrease in (%)	Effect on profit before tax (Rupees)
As at June 30, 2022	+2	10,548,614
	-2	(10,548,614)
As at June 30, 2021	+2	4,906,932
	-2	(4,906,932)

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. 206.940 million (2021: Rs. 283.29 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 9 (2021: 5) major customers that owed the Modaraba Rs. 169.742 million (2021: 222.743 million) and accounted for approximately 81.08% (2021: 78.46%) of all trade debtors. The Modaraba does not hold collateral as security against any trade debtors.



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The provision of Rs. 9.193 million (2021: Rs. 15.416 million) has been recorded by the Modaraba as required under expected credit loss model of IFRS 9 'Financial Instruments'.

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, 2022 Rupees	June 30, 2021 Rupees
Bank Alfalah Limited	A1+	AA+	3,669,435	5,058,714
Soneri Bank Limited	A1+	AA-	1,350,785	5,696,413
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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:



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

As at year ended June 30, 2022, the Modaraba does not hold any material financial asset or liability measured at fair value. 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, 2022						
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	
Rupees						
Financial assets						
At amortized cost						
Trade debtors	-	-	200,167,444	-	200,167,444	200,167,444
Deposits	-	-	1,155,003	598,202	1,753,205	1,753,205
Cash at banks	139,967	-	139,967	4,880,253	4,880,253	5,020,220
	139,967	-	139,967	206,202,700	598,202	206,800,902
						206,940,869

June 30, 2022						
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	
Rupees						
Financial liabilities						
At amortized cost						
Creditors, accrued and other liabilities	-	-	550,672,687	-	550,672,687	550,672,687
Obligation under Musharaka finances	-	-	15,710,469	2,032,364	17,742,833	17,742,833
Obligation under Salam finances	-	-	1,348,774	-	1,348,774	1,348,774
Obligation under Musawamah finances	-	-	55,000,000	-	55,000,000	55,000,000
	-	-	622,731,930	2,032,364	624,764,294	624,764,294
On-balance sheet gap	139,967	-	139,967	(416,529,230)	(1,434,162)	(417,823,425)

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	
Rupees						
Financial assets						
At amortized cost						
Trade debtors	-	-	269,762,090	-	269,762,090	269,762,090
Deposits	-	-	1,699,370	110,702	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	110,702	279,288,724
						283,290,274
Financial liabilities						
At amortized cost						
Creditors, accrued and other liabilities	-	-	274,941,831	-	274,941,831	274,941,831
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)	(1,818,612)	(61,099,976)
						(57,098,426)



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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:

Relationship with the	Nature of transactions	June 30, 2022 Rupees	June 30, 2021 Rupees
Management Company			
A R Management Services (Private) Limited	Dividend paid to Modaraba Management Company	9,300,000	4,500,000
	Modaraba Management Company's fees	4,572,664	13,021,690
	Provision for Sindh Sales Tax on Modaraba Management Company's fees	594,446	1,692,820
	Modaraba Management Company's fees paid	13,198,785	-
	Receipt of Qard-e-Hasana	149,300,000	23,000,000
	Repayment of Qard-e-Hasana	94,300,000	38,800,000
		June 30, 2022 Rupees	June 30, 2021 Rupees
Associated companies / other related parties			
Group companies	Share of common expenses	2,629,205	1,074,338
Ashraf Riaz (Private) Limited	Principal office rent	1,226,600	-
EMI (Pakistan) Limited	Warehouse rent	3,120,000	2,781,000
Ashraf Riaz Knitwear Limited	Warehouse rent	2,700,000	900,000
Directors / Key Management Personnel			
Directors	Dividend paid	11,667,700	5,646,750



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35.1	Year end balances		June 30, 2022	June 30, 2021
	Relationship with the Modaraba	Nature of balances		
	Management Company			
	A R Management Services (Private) Limited	Modaraba Management Company's fees payable	4,572,664	13,021,690
		Sindh Sales Tax on Modaraba Management Company's fees payable	594,446	1,692,820
		Qard-e-Hasana payable	55,000,000	-

35.2 No remuneration has been paid to Chief Executive or Directors of the Modaraba.

36. NUMBER OF EMPLOYEES

Total employees of the Modaraba at the year end	27	25
Average employees of the Modaraba during the year	26	23

37. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Modaraba Management Company in its meeting held on 06-Oct-2022 approved a final profit distribution of Rs. 5.50 per certificate, amounting to Rs. 16,500,000 for the year ended June 30, 2022.

38. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of the Modaraba Management Company and authorize for issue on 06-Oct-2022.

39. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation.

40. GENERAL

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

OMAR MOHAMMAD KHAN
DIRECTOR

MRS. SAADAT IKRAM
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER



FIRST IMROOZ MODARABA

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, 2022

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 Directors	Mr. Omar Mohammad Khan Mrs. Saadat Ikram
C) Independent Director	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.



FIRST IMROOZ MODARABA

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. 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 following committees comprising of members given below:

Committee	Name of members and Chairman
a) Audit Committee	Chairman : Mr. Aliuddin Ahmed Member : Mrs. Saadat Ikram Member : Mr. Omar Mohammad Khan
b) HR and Remuneration Committee	Chairman : Mr. Aliuddin Ahmed Member : Mr. Omar Mohammad Khan Member : Mrs. Saadat Ikram Member : Mr. Ameer Riaz

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:

Committee	Frequency of meetings
a) Audit Committee	Four quarterly meetings during the financial year ended June 30, 2022
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.



FIRST IMROOZ MODARABA

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

AMEED RIAZ
Chairman
Karachi: October 06, 2022



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Sarwar Shaheed Road
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Pakistan

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, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the 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, 2022.

KARACHI

DATED: **06 OCT 2022**

UDIN: CR202210166dqa9Wylc5

BDO Ebrahim & Co.

CHARTERED ACCOUNTANTS

Engagement Partner: Tariq Feroz Khan

BDO Ebrahim & Co. Chartered Accountants

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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-22

Date: 6-10-22

Annual Shari'ah Review Report of
First Imrooz Modaraba
For the year ended June 30, 2022

*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, 2022 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. In addition, two members of sales team attended the training program on "Negotiation Skills" 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



FIRST IMROOZ MODARABA

Observations:

I have inquired and checked the systems and business transactions of Modaraba and found them in line with the guidelines issued by SECP vide Circular No. 8 of 2012 dated 03-02-2012, whereby Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) was introduced.

- 1) With reference to the insurance coverage, it is observed that the Modaraba has availed insurance coverage facility from Takaful Window of EFU General Insurance Ltd.
- 2) Further, 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 06, 2022





FIRST IMROOZ MODARABA

PATTERN OF HOLDINGS OF THE CERTIFICATES BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2022

(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		
115	:	1	100	:	8,650
186	:	101	500	:	90,143
14	:	501	1000	:	13,500
24	:	1001	5000	:	82,219
12	:	5001	10000	:	87,301
7	:	10001	100000	:	213,687
9	:	100001	above	:	2,504,500
367					3,000,000

Categories of Certificate Holders	:	Number	:	Certificates Held	:	Percentage
Individuals	:	364	:	2,397,100	:	79.90
Joint Stock Companies	:	1	:	2,400	:	0.08
Modaraba Company	:	1	:	600,000	:	20.00
Others	:	1	:	500	:	0.02
	:	367	:	3,000,000	:	100.00



FIRST IMROOZ MODARABA

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 Monagement Company		600,000
DIRECTORS, CEO THEIR SPOUSE & MINOR CHILDREN		
Mr. Naveed Riaz	Chief Executive	273,800
Mrs. Ismat Riaz w/o Mr. Naveed Riaz		259,000
Mr. Ameer Riaz	Director	246,000
Mrs. Roqaiya Riaz w/o Mr. Ameer 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		2,400
N H Securities (Pvt) Limited		500

CERTIFICATE HOLDERS HOLDING 10% OR MORE

A R Management Services (Pvt) Limited
Modaraba Monagement Company

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.



FIRST IMROOZ MODARABA

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that Annual Review Meeting of certificate holders of First Imrooz Modaraba will be held on Friday, 28 October, 2022 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, 2022.

The Certificate Holders whose names appear on the Register of Certificate Holders of First Imrooz Modaraba as on October 14, 2022 will be eligible to attend the Annual Review Meeting.

By order of the Board

October 07, 2022

Shabbir Ahmed Jamsa

COMPANY SECRETARY

Note:















1. The Certificate Transfer Book will remain closed from October 15, 2022 to October 28, 2022 (both days inclusive) for the purpose of attending Annual Review Meeting. All transfer received in order up to close of business on October 14, 2022 at our Registrar's office M/s F.D. Registrar Services (Pvt) Limited, 17th 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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Managed By
A R MANAGEMENT SERVICES (PRIVATE) LIMITED



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